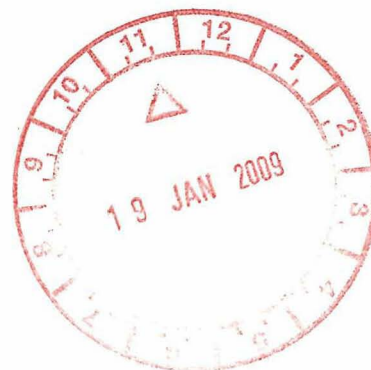




Premier of Western Australia



Hon Sue Ellery MLC
Acting Convenor
Subcommittee Inquiry into Public Sector
Expenditure
Standing Committee on Estimates and
Financial Operations
Parliament House
PERTH WA 6000

Dear Ms Ellery

INQUIRY INTO PUBLIC SECTOR EXPENDITURE

I refer to your recent letters to Government agencies inviting them to provide written submissions on the matters referred to in the terms of reference of the above Inquiry.

As you will be aware the genesis of the 3% efficiency dividend was the decision of the former Government to propose such a dividend prior to the last election. This decision was made following four years where growth averaged 8.7% per year. The current Government also committed to that dividend prior to the election.

Application of efficiency dividends always present significant challenges given the differing impacts such dividends have on agencies and the capacity of agencies to deal with the dividends in terms of policy and operations. The changed and more difficult economic environment, globally and locally, will also add to the challenges.

While the Government has committed to the 3% efficiency dividend, it will ensure that adverse or unintended impacts of efficiency dividend proposals on policy and operations are considered and dealt with appropriately as part of any deliberations. Nevertheless there remains a need for efficiency savings to be made, hence the request for agencies to put forward proposals for consideration by respective Ministers and subsequently the Economic and Expenditure Review Committee.

The fact that we are involved in a deliberative process means initial proposals put forward by Departments may not be accepted, in part, or at all.

While Departments have been required to put forward proposals for consideration, individual Ministers may seek to adjust or reject those proposals and/or suggest alternatives. That is entirely appropriate. Similarly the Economic and Expenditure Review Committee may amend or reject proposals or suggest alternatives.

The information requested by the Committee relates to the implementation of the 3% efficiency dividend, which is a matter of Government policy. In accordance with Legislative Council Standing Order 331, it is not appropriate that Government agencies make submissions in relation to matters of policy.

It is intended that details of the savings identified will be summarised in the 2009/10 budget. Public sector agencies will be in a position to respond during the estimates review process conducted by the Standing Committee on Estimates and Financial Operations, following the tabling of the 2009/10 budget. As yet however, those policy decisions have not been made. Once the policy decisions of Government have been made, Ministers may be in a position to respond.

Finally, I can advise that the Premier has requested that the Treasurer meet with you to further discuss the process being undertaken and to explore with you options for keeping your Committee briefed.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Kim Hames', written in a cursive style.

Dr Kim Hames MLA
ACTING PREMIER

19 JAN 2009