



**ATTORNEY GENERAL; MINISTER FOR COMMERCE**

Our Ref: 44-11176

**PUBLIC**  
11/8/2014

Mrs Hannah Moore  
Clerk to Estimates and Financial Operations Committee  
Legislative Council  
Parliament House  
PERTH WA 6000

Dear Mrs Moore

**LEGISLATIVE COUNCIL ESTIMATES COMMITTEE HEARING - DEPARTMENT OF  
COMMERCE 2014-15 BUDGET ESTIMATES – QUESTIONS ON NOTICE & ADDITIONAL  
QUESTIONS**

Please find attached responses to five questions on notice (Supplementary Information B1 – B5) and nine additional questions on notice submitted by Legislative Council Members.

Submitted for your consideration.

Yours sincerely

Hon. Michael Mischin MLC  
**ATTORNEY GENERAL; MINISTER FOR COMMERCE**

att.

27 JUN 2014

## ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

### QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

**Tuesday, 10 June 2014**

#### **Department of Commerce**

*The Standing Committee of Estimates and Financial Operations asked -*

- (1) *We refer to Budget Paper Two, page 488, will the Department still receive fees from travel agents after deregulation?*

No, deregulation will involve repeal of the *Travel Agents Act 1985*. Fees previously collected under this Act will no longer be received and where paid in advance would be refunded.

- a) If not, what is the revenue foregone from deregulating the industry?*

Revenue from licensing and associated fees of \$188,000 was estimated for 2014-15 and each year of the forwarded estimates.

- (2) *We refer to Budget Paper Two, page 489 and Budget Paper three, page 147, if the Department is spending \$51.9 million over five years on Royalties for Regions related programs, which includes \$45 million on the Regional Telecommunications Project, what will the remaining \$6.9 million be spent on?*

The \$6.9 million comprises of a \$5 million increase (\$0.5 million in 2013-14 and \$1.5 million per year from 2014-15 to 2016-17) for Supporting Small Business (Regional Buy Local Initiatives); \$0.2 million adjustment in District Allowance payments over the forward estimates; and the balance relating to 2012-13 carryovers of the Regional Mobile Communications Project in 2013-14.

- (3) *We refer to Budget Paper Two, page 492, for the Consumer Protection service, what is the relationship between the average cost per inspection or investigation and the fees and charges charged by the Department for those services?*

- a) What level of cost recovery does the Department achieve for inspections or investigations?*

The licencing fees for various regulated occupations provide revenue which contributes to the cost of the inspections and investigations relevant to those industries. The government's general approach to regulatory programs is to set fees and charges at levels which cover the costs of the programs. However, this is not done if full cost recovery would raise fees and charges to a level that adversely impacts industry participants.

The level of cost recovery from fees and charges for regulatory programs administered by Consumer Protection varies according to the level of fees and charges, and other sources of industry-specific funding as illustrated by the following list. The number of participants in each industry and economies of scale influence the ability to set fees and charges at levels commensurate with cost recovery. In addition, the nature of participants is taken into consideration when setting fees, as in the case of incorporated associations, many of which are clubs and community service groups.

Real Estate and Business Agents Act 1978	19% from fees and charges 100% from all industry-specific funding sources
Settlement Agents Act 1981	23% from fees and charges 100% from all industry-specific funding sources
Employment Agents Act 1976	97%
Motor Vehicle Repairers Act 2003	53%
Debt Collectors Licensing Act 1964	45%
Cooperatives Act 2009	44%
Land Valuers Licensing Act 1979	43%
Motor Vehicle Dealers Act 1973	32%
Associations Incorporations Act 1987	12%
Limited Partnerships Act 1909	10%

- (4) *We refer to Budget Paper Two, page 489, why has spending and staffing of the Safety, Employment Protection and Construction Standards service been reduced?*

The cost of service has decreased principally due to the accommodation savings due to the relocation to Cannington, the Labour Relations program rationalisation measures announced in the 2013-14 budget and government corrective measures and savings levied. The 2013-14 estimated actual also includes the once off voluntary severance scheme payments of \$2.4 million for the *Safety, Employment Protection and Construction Standards* service.

- (5) *We refer to Budget Paper Two, page 496, which grants and subsidies programs funded by Royalties for Regions are expected to be completed in 2013-14?*

The Regional Buy Local Initiatives, Pilbara Fabrication and Services Common Use Facility (Pilbara Cities Initiative), and Regional Mobile Communications Project were budgeted to be completed in 2013-14. Regional Development has been advised by Commerce that these programs will continue into 2014-15 and carryovers would be sought at Mid-Year Review.

- (6) *We refer to Budget Paper Two, page 497, the current value of holding account receivables is estimated to be zero in 2015-16, 2016-17 and 2017-18, and ask –*

*a) Why has the current value of holding account receivables declined to zero in 2015-16?*

Treasury maintains a holding account for each agency, to receive credits for the non-cash component of its appropriation related to depreciation and amortisation. These amounts are used as a provision for the future replacement of assets. Current holding account receivables represent the approved drawdowns from the holding account for the next year. Commerce has not negotiated any holding account drawdowns to replace assets beyond 2015-16.

*b) Is the Asset Investment Program being funded by drawdowns from current holding account receivables?*

The asset investment program funding is disclosed within the table on page 494. Holding account drawdowns of \$2.8 million are provided in 2014-15 and 2015-16. The balance of the asset investment program is funded by internal funds and balances which includes capital appropriations carryover from prior years and drawdowns on cash balances.

- (7) *We refer to Budget Paper Two, page 497, why is the non-current value of holding account receivables expected to increase from \$4.2 million in 2013-14 to \$21.5 million by 2017-18?*

The non-current holding account receivables recognised the net accumulated balance of depreciation and amortisation expenses less drawdowns to fund asset replacement in the Asset Investment Program. The account is expected to increase over the forward estimates because depreciation and amortisation of existing assets exceeds the approved drawdowns from the account. Commerce has approved holding account drawdowns of \$2.8 million in 2014-15 and 2015-16 but has not negotiated any future drawdowns beyond 2015-16.

- (8) *We refer to Budget Paper Two, page 497, why will the value of intangibles decline from \$14.6 million in 2013-14 to \$5.3 million in 2017-18?*

Intangibles are recognised at their carrying amount, which is the net of each asset's capital cost less its accumulated amortisation. Intangibles comprise principally of information system assets which have a three year useful life. Over the forward estimates most intangible assets will become fully amortised and will have a nil carrying amount. Capital works are being undertaken which will gradually recognise additional intangible information system assets but at a lesser rate than the amortisation of the existing intangible assets.

- (9) *We refer to Budget Paper Two, page 499, why has the level of detail for regulatory fees changed since the 2013-14 Budget?*

The disclosure of administered non-retained regulatory fees within the "Details of Administered Transactions" table on page 650 was amended from individually disclosing each Act (as per the 2013-14 budget papers) to an aggregate of all Acts (as per the 2014-15 budget papers). This was undertaken at the discretion of Commerce and was designed to provide consistency with other disclosures within the budget papers which are not listed at the individual Act level. Commerce continues to collect and remit fees to the Consolidated Account per individual Act and thus continues to provide the same level of disclosure to Treasury.