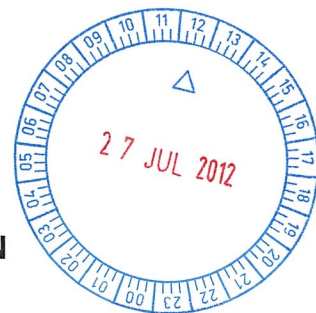


PUBLIC



ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Monday, 25 June 2012

Department of Regional Development and Lands

Question No [Supplementary Information No] A1: Hon Ken Travers asked –

- (1) What I would like is the most recent copy of the 10-year baseline figures for the capital works expenditure, and the information that Mr Rosair said he would provide us with regarding the recurrent expenditure*

Answer:

The Department of Regional Development and Lands (RDL) has undertaken a scoping exercise on the development of a baseline analysis of regional expenditure. Unfortunately, because of the limitations on available data described below, it has not been possible to identify the value of relevant expenditure by the State Government in regional Western Australia in the ten years prior to the introduction of Royalties for Regions.

The data limitations included:

1. insufficient information on recurrent regional spending
2. a comparable attribution for capital expenditure items prior to 2005-06 was not available
3. variations existed between estimated and actual expenditure
4. much of the capital expenditure was classified as 'not attributed' to a particular region.

RDL will continue to work with the Department of Treasury to investigate how more accurate baseline figures can be provided in the future, including the cost impost on agencies. Such information is important as tracking regional expenditure provides a basis for greater regional decision-making.

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Question No [Supplementary Information No] A2: Hon Ken Travers asked –

(1) I am looking for a reconciliation between chapter 7 and the line items in individual agencies' budgets, effectively. That is what I am looking for because we have just talked – I do not want to go through any others here today – about the Ord-East Kimberley expansion and I think it is clear that what appears in chapter 7 does not reconcile automatically with what is appearing the Department of State Development budget. So, what I would like is a reconciliation between those two... you would be able to tell us, "Yes, what's appearing in the Department of State Development's budget reconciles with what's in chapter 7", or "No, there's a variation for this reason".

Answer:

Reconciliation of Ord East Kimberley to the State Budget Papers

	Estim'd	Exp.	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Total	reported	Actual	Estimated	Estimated	Forward	Forward	Forward
	Cost	prev. years	Exp.	Exp.	Exp.	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

STATE DEVELOPMENT ¹

2012-13 Budget Statements

(Budget Paper No. 2 Volume 1)

ASSET INVESTMENT PROGRAM (Page 118)								
Rioir, Ord East Kimberley Exp'n (OEKE)	301,000	26,791	60,147	48,912	113,246	51,904		
Details of Controlled Grants and Subsidies (Page 120)								
OEKE (Aboriginal Dev't Package)	10,000	1,970	4,030	4,000				
Total - State Dev't Budget	311,000	28,761	64,177	52,912	113,246	51,904		

Notes

1) The Department of State Development (DSD) receives the Royalties for Regions funding and disburses the funds to the Department of Regional Development and Lands (RDL) and LandCorp in line with the project expenditure profile. DSD recognises the expenditure in its budget at the time it disburses the funds. The project is captured in the budget of DSD as the lead agency as it cannot be reflected twice in other agencies as this would cause duplication in the State budget.

2) & 3) The information in the table for cost to date has been broken down to reflect amounts reported in previous budget papers on the Ord Project.

	Estim'd	Exp.	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Total	reported	Actual	Estimated	Estimated	Forward	Forward	Forward
	Cost	prev. years	Exp.	Exp.	Exp.	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

REGIONAL DEVELOPMENT AND LANDS: LANDCORP ¹

2012-13 Economic and Fiscal Outlook

(Budget Paper No. 3)

ROYALTIES FOR REGIONS EXPENDITURE (Chapter 7, Table 1, Page 234)

Kimberley Revitalisation

OEKE Project (Asset Investment)	210,000	16,135	51,072	70,820	71,973			
OEKE Project (Operating)	10,000	1,383	824	4,000	3,793			
OEKE Phase 2 (Asset Investment)	91,000				39,096	51,904		
Total - Regional Dev't and LandCorp Budget	311,000	17,518	51,896	74,820	114,862	51,904		

Variance between budgets (held in Restricted Cash)

0 11,243 12,281 (21,908) (1,616) 0

Projected Cash Balances at agency ²

11,243 23,524 1,616 0 0

Notes

1) The expenditure associated with the Ord Project as reported in Chapter 7 of Budget paper No. 3 reflects the real expenditure incurred by RDL and LandCorp and paid to external parties for construction. Chapter 7 reflects the expense limit impact to the State for reporting purposes.

2) The variance between DSD and the Chapter 7 budgets reflects the timing difference between the transfer of funding to RDL and LandCorp and when the project costs are incurred. The unspent funds are held in agency restricted cash at the end of each year and the Chapter 7 estimates clearly account for when the projected cash balance is to be drawn down and expended in full.

Question No [Supplementary Information No] A3: Hon Ljiljanna Ravlich asked –

(3) The list of 40 shires to acquit the 2009-10 funds.

Answer: In the 2009-10 financial year, Country Local Government Fund (CLGF) was allocated to enable country local governments to develop Forward Capital Works Plans (FCWP). An allocation of \$35,000 was provided to 109 country local governments. 109 FCWPs have been approved and local governments can progress to activating projects stated under these plans. As at 3 July 2012, 37 country local governments had not fully acquitted their 2009-10 funds. The list of those local governments who have not acquitted 2009-10 funds are provided below:

1	Beverley	21	Murray
2	Boddington	22	Nannup
3	Brookton	23	Narrogin
4	Bruce Rock	24	Ngaanyatjarraku
5	Coolgardie	25	Nungarin
6	Cranbrook	26	Perenjori
7	Cue	27	Plantagenet
8	Cunderdin	28	Ravensthorpe
9	East Pilbara	29	Toodyay
10	Gingin	30	Trayning
11	Harvey	31	Wandering
12	Irwin	32	Warooka
13	Katanning	33	West Arthur
14	Kent	34	Westonia
15	Kojonup	35	Woodanilling
16	Koorda	36	Yalgoo
17	Meekatharra	37	York
18	Morawa		
19	Mukinbudin		
20	Murchison		

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Question No [Supplementary Information No] A4: Hon Ljiljanna Ravlich asked –

(4) Can you please provide to the committee a schedule of all the audits you have undertaken for the 2009-10, 2010-11 and 2011-12 financial years, and also the outcomes of those audits?

Answer:

Audits for the 2009-10 financial year

- Audit of Royalties for Regions Expenditure - Exploration Incentive Scheme
- Country Age Pension Fuel Card Scheme - Audit of Fully Expended Cards
- Audit of Royalties for Regions Expenditure - Country Local Government Fund
- Regional Grants Scheme – Fraud Risk Assessment
- Royalties for Regions – Governance & Risk Management review
- Kimberley Development Commission – Regional Grants Scheme: Governance review & Fraud Risk Assessment
- Gascoyne Development Commission – Regional Grants Scheme: Governance review & Fraud Risk Assessment
- Peel Development Commission – Regional Grants Scheme: Governance review & Fraud Risk Assessment
- Midwest Development Commission – Regional Grants Scheme: Governance review & Fraud Risk Assessment
- South West Development Commission – Regional Grants Scheme: Fraud Risk Assessment & Governance review
- Pilbara Development Commission – Regional Grants Scheme: Governance review & Fraud Risk Assessment
- Goldfields-Esperance Development Commission – Regional Grants Scheme: Governance review & Fraud Risk Assessment
- Wheatbelt Development Commission – Regional Grants Scheme: Governance review & Fraud Risk Assessment
- Great Southern Development Commission – Regional Grants Scheme: Governance review & Fraud Risk Assessment

Audits for the 2010-11 financial year

- Audit of Royalties for Regions Expenditure - Regional Grants Scheme: Kimberley Development Commission
- Audit of Royalties for Regions Expenditure – Department of Housing – GROH Housing for Workers
- Audit of Royalties for Regions Expenditure – Patient Assisted Travel Scheme: WA Country Health Service



- Audit of Royalties for Regions Expenditure – Regional Airports Development Scheme: Department of Transport
- Audit of Royalties for Regions Expenditure – Community Resource Network
- Audit of Royalties for Regions Expenditure – Boarding Away from Home Allowance: Department of Education

Overall, the finding of audits showed the Royalties for Regions funds used in each of the projects were well managed and monitored. Funded recipients demonstrated sound understanding of the intent of the Royalties for Regions funding.

Audits for the 2011-12 financial year

- Report on the Fraud Control Strategy for the Royalties for Regions Fund and Program
- Audit of Government Regional Officers' Housing Project
- Grant Review: Country Local Government Fund – City of Bunbury
- Grant Review: Country Local Government Fund – Shire of Dundas
- Grant Review: Country Local Government Fund – Shire of Mukinbudin
- Grant Review: Country Local Government Fund – Shire of Manjimup
- Grant Review: Country Local Government Fund – Shire of Bruce Rock

A further six audits have been commenced during the 2011-12 financial year and are yet to be completed. The audit topics are:

- Audit of the administration of a Financial Assistance Deed by the Ord-East Kimberley Expansion Project division of RDL
- Grant Review: Country Local Government Fund – Shire of Menzies
- Grant Review: Country Local Government Fund – Shire of Jerramungup
- Grant Review: Country Local Government Fund – Shire of Three Springs
- Grant Review: Country Local Government Fund – Shire of Carnarvon
- Grant Review: Country Local Government Fund – City of Greater Geraldton

This audit package is yet to be presented to the Minister for Regional Development; Lands. The Minister may table audits in Parliament once they have been presented to him. This is due to occur in August 2012.

Question No [Supplementary Information No] A5: Hon Robin Chapple asked –

(5) Budget paper No 2, page 209, Country Age Pension Fuel Card. The first part of the question is going to be on notice, if I may: in terms of the Country Age Pensioner Fuel Card, could you provide some information as to whether remote Indigenous communities are accessing that in any way, shape or form; and, if so, how does that figure as a percentage against the whole community? (All the remote Indigenous communities).

Is it being accessed, and by which communities and how. (Data)

Answer: The Department of Regional Development does not collect specific data on aboriginality. Information is collected on a regional basis as per the table below:

REGION	JUNE 2012 ISSUES CARDS	TOTAL ELIGIBLE POPULATION (SEE NOTE 1)	RDL ESTIMATED CARDHOLDERS (SEE NOTE 2)
Gascoyne	882	1118	726
Goldfields/Esperance	3337	6414	4169
Great Southern	7045	9568	6219
Kimberley	1370	4103	2667
Midwest	5257	7373	4793
Peel	3295	4856	3157
Pilbara	489	1209	786
South West	16536	23109	15021
Wheatbelt	7703	11263	7321
Total	45914	69013	44859

Note:

- (1) **TOTAL ELIGIBLE POPULATION:** Derived from Centrelink/DVA demographic data for the nine Western Australian regions as at 30 December 2011. Population figures relate to Centrelink Age, Disability and Carer Pensioners. DVA data relates to Service, Age and Veterans Income Support Supplement payments.
- (2) **RDL ESTIMATED CARDHOLDERS:** Centrelink and DVA report on single Pension numbers. The Country Age Pension Fuel Card is issued on a one card per eligible couple basis. For estimation purposes the Department of Regional Development and Lands assumes 70% of the population is partnered, therefore 70% is divided by two (partner) and the remaining 30% are assumed single.

Eligibility for the Country Age Pension Fuel Card Scheme is that a recipient must reside in a local government area within a region as listed in Schedule 1 to the *Regional Development Commissions Act 1993* but excluding the Peel Region, apart from the areas with Post Codes 6211, 6124, 6125 and 6126 which are included and in receipt of a Centrelink Age Pension, Carer Payment, Disability Support Pension, Wife Pension or Widow B Pension or Department of Veterans' Affairs Service Pension, Social Security Age Pension or Income Support Supplement.



Promotion of the scheme is through established networks that reach pensioner groups within regional Western Australia. These include:

- Regional Development Commissions and networks
- Transport Regional Offices
- Community Resource Network
- Centrelink
- Australia Post Offices
- Silver Chain (to be engaged)

Other avenues which promote the availability of the card include:

- RDL Website
- Department for Communities' directory
- Media campaign including print and television
- Media releases

Question No [Supplementary Information No] A6: Hon Ken Travers asked –

(6) Are you able to give us, by region, how many people actually got the fuel card and the estimated number of people who would be eligible for that fuel card for each region?

Answer:

REGION	JUNE 2012 ISSUES CARDS	TOTAL ELIGIBLE POPULATION (SEE NOTE 1)	RDL ESTIMATED CARDHOLDERS (SEE NOTE 2)
Gascoyne	882	1118	726
Goldfields/Esperance	3337	6414	4169
Great Southern	7045	9568	6219
Kimberley	1370	4103	2667
Midwest	5257	7373	4793
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Wheatbelt	7703	11263	7321
Total	45914	69013	44859

Note:

(1) **TOTAL ELIGIBLE POPULATION:** Derived from Centrelink/Department of Veterans Affairs (DVA) demographic data for the nine Western Australian regions as at 30 December 2011. Population figures relate to Centrelink Age, Disability and Carer Pensioners. DVA data relates to Service, Age and Veterans Income Support Supplement payments.

(2) **RDL ESTIMATED CARDHOLDERS:** Centrelink and DVA report on single Pension numbers. The Country Age Pension Fuel Card is issued on a one card per eligible couple basis. For estimation purposes the Department of Regional Development and Lands assumes 70% of the population is partnered, therefore 70% is divided by two (partner) and the remaining 30% are assumed single.

Based on the Department of Regional Development and Lands assumptions the uptake of Fuel Card is reasonable. However data suggests that there are a higher number of single eligible pensioners.

Question No [Supplementary Information No] A7: Hon Robin Chapple asked –

(7) when we come to the Pilbara Cities community projects, I note that in 2014-15 it jumps up to \$56 million. What are you anticipating there?... there seem to be in different bits and pieces. Could we put those together?

Mr Rosair: Definitely we will be in a position to give you a complete outline of the currently allocated money and what it has been allocated to... we can give you an overview plan of the expenditure in this line item to date and we can say what is potentially being considered for the future to come out of it and also the cash flow for those projects that have been approved and are expected to be expended in those out years.

Answer: Pilbara Cities Community projects are intended to support new measures arising from future regional studies and regional planning. These may include opportunities for industry diversification, Indigenous participation, cultural enhancement and infrastructure development.

To date 20 Pilbara Cities Community projects have been approved and detailed in the RfR Progress Report. Recommendations are made through the Pilbara Cities Strategic Directions group to the Minister for Regional Development and approved by Cabinet.

Projects are to be developed through this group and the Pilbara Cities Office for the 2014/15 year.

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Question No [Supplementary Information No] A8: Hon Robin Chapple asked –

(8) I want to talk about the Karratha health campus. I am referring to page 227 of budget paper No 3 – regional investment of \$60 million across the forward estimates to develop the new Karratha health campus at a total cost of \$207 million. Could you identify to the committee- you might want to do this on notice – how much of that is being expended on lifting the level of the area of the Karratha health campus above the flood height levels associated with the area? Currently it is below tidal surge and cyclonic surge areas and it will need to be raised some six to 10 metres above the surrounding area. Why has an upgrade of the existing hospital, which would cost significantly less, not been carried out?

Could you provide some costing of what the site preparation works will be for that facility?

Answer: The preliminary costing for site preparation as identified within the Karratha Health Campus Business Case is \$12.2 million. The scope of works is currently being reviewed to ensure alignment with the Karratha City of the North Plan and logical sequencing of development within the Karratha Town Centre. Costing will be finalised in accordance with the finalised scope of works.

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Question No [Supplementary Information No] A9: Hon Ken Travers asked –

(9) I want, basically, over the forward estimates, starting from the end of this financial year, a reconciliation of basically how much is expected to go into royalties for regions and how much is expected to be expended each year in royalties for regions and what the balance will be at the end of each financial year.

Included in that, I want to get the notional expenditure of the regional development fund within that process as well. If there is anywhere in the department a notional expenditure allocated to specific projects, I would like to know what that notional expenditure is.

Answer: The Regional Development Fund (RDF) will hold unallocated revenue not brought to the expenditure side of the budget until the planning for those projects is complete. The RDF will have amounts of \$38.2 million in 2012-13, \$50.5 million in 2013-14, \$303 million in 2014-15 and \$640.4 million in 2015-16.

Initiatives that could be provided with a notional allocation and thus brought into the budget as expenditure once detailed planning and costing is completed include projects such as the PortLink Inland Freight Corridor, Pilbara Maritime Common Use Support Facility, Karratha to Wickham Road and the Bunbury to Albany Gas Pipeline. All of these projects are currently underway and included in the Royalties for Regions budget but only have funding allocated to undertake planning and feasibility work and not construction.

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Question No [Supplementary Information No] A10: Hon Ken Travers asked –

(10) ...I am interested in how many of the items in chapter 7 are for actual projects, and how many are for notional projects, of which there is still to be a determination of cabinet that those projects will proceed?...

I still would like to have as supplementary information, those items in chapter 7 where there is a formal allocation of money given and signed off by cabinet, and those where it is a notional allocation.

Answer: Royalties for Regions governance requires that all expenditure be supported by a business case that is approved by the Minister for Regional Development and Cabinet.

All Royalties for Regions project line items listed in Chapter 7 are provided with notional allocations and do not become actual committed expenditure until they have a detailed business case assessed by the Department of Regional Development and Lands and then submitted to the Minister for Regional Development; Lands for approval and subsequent approval by Cabinet.

In the 2012-13 State Budget and listed in Chapter 7 are a number of budget line items that have global allocations of funding where specific projects within that allocation require Cabinet approval as part of the governance requirements. These include:

- Performing Arts Regional Tours Boost
- Regional Events Program
- Marine Parks Management (Operating)
- Governance and Leadership Development Program
- Jigalong Essential Services Pilot
- Regional Strategic Projects
- Regional Capital Works Initiative
- Housing our Workers
- Pilbara Cities Strategic Infrastructure
- Pilbara Cities Community Projects
- Gascoyne Development Plan
- Mid West Investment Plan
- Southern Inland Health Initiative
- Regional Schools – Future Expansion
- Regional Schools Plan – Year 7 Relocation
- New Regional and State-wide Initiatives

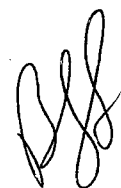


Question No [Supplementary Information No] A11: Hon Ken Travers asked –

(11) ... Can we have a copy of the business cases that were approved during the 2011-12 financial year?

Answer: The business cases that were approved during the 2011-12 financial year form part of Cabinet documents, discussions and deliberations and as such Public Sector officers are required to observe the confidentiality of that information.

Information that is or has been subject to Cabinet's deliberations may not be disclosed except for such purposes as are authorised by the relevant Minister and chief executive officer.

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