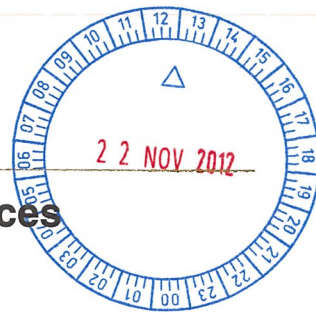




PUBLIC

26/11/12



Treasurer; Minister for Transport; Emergency Services

Our ref: 30-32923
Your ref: A351126

Hon Giz Watson MLC
Chair
Standing Committee on Estimates
and Financial Operations
Legislative Council
Parliament House
PERTH WA 6000

Dear Ms Watson

**STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS 2011-12
AGENCY ANNUAL REPORT HEARINGS - SUPPLEMENTARY INFORMATION FOR
THE DEPARTMENT OF TREASURY**

I refer to the 2 October 2012 Standing Committee on Estimates and Financial Operations hearing on the 2011-12 Agency Annual Report for the Department of Treasury (Treasury)

At the hearing, supplementary information was sought for a number of questions. Please find attached responses from Treasury on these matters (see Attachment 1).

Yours sincerely

**TROY BUSWELL MLA
TREASURER**

Att.

22 NOV 2012

LEGISLATIVE COUNCIL – STANDING COMMITTEE ON ESTIMATES
AND FINANCIAL OPERATIONS

Date of Hearing: 2 October 2012

Division No. 24: Treasury

[Supplementary Information No 41.]

Question:

Hon Lijlanna Ravlich asked – Do you know how much it accounts for in exports?

Answer:

Iron ore

In 2011-12, iron ore accounted for 50.8% of Western Australia's nominal merchandise exports (excluding services).

[Supplementary Information No A2.]

Question:

Hon Ken Travers asked – What does “in-part” mean? Is there a formula to work out how much we will get back?

Answer:

Refer to Budget Papers.

[Supplementary Information No A3.]

Question:

Hon Philip Gardiner asked – I would be interested, just historically, to see whether there are any trends and, if so, what can underlie the trends. Maybe there are no trends; maybe there are just large blobs of investment money which are allocated by the grants commission, but I would be interested just to see if it was possible over the last, say, three or four years. Would that be too much?

Answer:

Refer to Budget Papers.

[Supplementary Information No A4.]

Question:

Hon Philip Gardiner asked – I would be interested in the analysis just to see what was taken up in terms of the regional costing especially. – Cost Estimate for year 7 relocation

Answer:

Refer to the Statement of Risks section in the 2012-13 Budget Papers.

[Supplementary Information No A5.]

Question:

Hon Ljiljanna Ravlich asked – Once again, you have done some work in that area in the Department of Education and the schools curriculum and the standards authority, and you have started work with the Department of Corrective Services, or done some work there, and you are also developing a model or doing some work in the child protection area. This committee, once again, would like to know what the nature of this work is exactly and what is being recommended in relation to enhancing the cost and demand modelling, and so on and so forth, and we were wondering whether you might be able to provide the committee with any information in relation to that?

Answer:

Department of Education

The Department of Treasury worked with the Department of Education to develop a cost and demand model.

School Curriculum and Standards Authority

Treasury developed a financial model for the School Curriculum and Standards Authority.

Department of Corrective Services

Treasury's cost and demand modelling team is currently working with the Department of Corrective Services.

Department for Child Protection

EERC recommended that Treasury undertake a review into the Department for Child Protection's demand model. This review is currently in its very early stages.

[Supplementary Information No A6.]

Question:

The Chair asked - Do you want additional information on the program evaluation?

Answer:

A small team of analysts has been formed following the Economic Audit to support better performance management and evaluation. A key component of the Program Evaluation team has been to support the Value for Money reviews.

[Supplementary Information No A7.]

Question:

Hon Ljiljana Ravlich - Could you please provide the contracts and agreements between the government for Acacia Prison expansion, Queen Elizabeth II Medical Centre car parking, Midland Health Campus and the old Treasury building Cathedral square redevelopment?

Answer:

The contract for the Queen Elizabeth II Medical Centre Car Parking project (with commercial-in-confidence information removed) is available on the Department of Treasury (Treasury) website. The contractual documents for the Midland Health Campus (with commercial-in-confidence information removed) will be available on the Treasury website within six months of contractual close (14 June 2012) in line with the Treasurer's Project Disclosure Policy for Public Private Partnerships Projects.

In regards to Acacia Prison expansion and the Old Treasury building Cathedral square redevelopment requesting this information through Freedom of Information would be more appropriate as it would allow all parties to be consulted.

[Supplementary Information No A8.]*Question:*

Hon Ken Trovers asked - Provide a list of the various statements for each entity and the status in terms of our consideration. Include an explanatory note for the specific reason for delay relating to each entity. Provide a description around what the process has looked like, to give a sense of where it is breaking down.

Answer:

Below provides a table of the status of Statement of Corporate Intent (SCI) for each of the entities for 2011-12 and 2012-13 where the SCI has not been tabled.

Delays can occur for a variety of reasons, including:

1. delays in submitting the SCI to the Treasurer by the Minister;
2. delays with government process; and
3. the content of draft SCIs not matching government objectives or approved financial parameters (i.e. the State Budget).

Once the SCI is finalised by the entity and approved by the portfolio Minister, it is submitted to the Treasurer for concurrence. The Department of Treasury (Treasury) advises the Treasurer on whether to concur to the SCI. Generally, Treasury does not recommend concurrence to a SCI that does not match the approved financial parameters contained in the State Budget, or if the content is not consistent with Government objectives. On occasion this may require extensive liaison between the Treasurer and responsible agency Minister, or between the agency and Treasury. While legislation requires the Treasurer's concurrence to be sought, the Treasurer is not required to give concurrence to a SCI that is not supported. Where concurrence is not provided, the document is not required to be tabled.

2011-12 Statements of Corporate Intent (status as at 10 October 2012)

| Agency | Status | Explanation |
|----------------------------|---------------|-------------------------|
| Esperance Port Authority | Not tabled | Reason 1 and 3 as above |
| Fremantle Port Authority | Not tabled | Reason 1 and 3 as above |
| Horizon Power | Not tabled | Reason 3 as above |
| Insurance Commission of WA | Not tabled | Reason 1 and 3 as above |

2012-13 Statements of Corporate Intent (status as at 10 October 2012)

| Agency | Status | Explanation |
|-----------------------------|---------------|-------------------------|
| Albany Port Authority | Not tabled | Reason 1 as above |
| Broome Port Authority | Not tabled | Reason 1 as above |
| Bunbury Port Authority | Not tabled | Reason 1 as above |
| Dampier Port Authority | Not tabled | Reason 1 as above |
| Esperance Port Authority | Not tabled | Reason 1 as above |
| Forest Products Commission | Not tabled | Reason 3 as above |
| Fremantle Port Authority | Not tabled | Reason 1 as above |
| Geraldton Port Authority | Not tabled | Reason 1 as above |
| Insurance Commission of WA | Not tabled | Reason 1 as above |
| LandCorp | Not tabled | Reason 1 and 3 as above |
| Port Hedland Port Authority | Not tabled | Reason 1 as above |
| Western Power | Not tabled | Reason 1 and 3 as above |

[Supplementary Information No A9.]

Question:

Hon Philip Gardiner asked – Were there modifications to the SCIs in relation to the three per cent dividend strategy? Can there be two or three examples of where SCIs were modified as a result of that three percent (efficiency) dividend

Answer:

There were no modifications to SCIs required in relation to the Government Enterprise efficiency dividends after they had been tabled in Parliament.

[Supplementary Information No A10.1]

Question:

Hon Ken Trovers asked – This has been interpreted as: What is the balance of the Regional Development Fund and does it exceed the \$1 billion cap for the Royalties for Regions Fund?

Answer:

Refer to Budget Papers.

[Supplementary Information No A11.1]

Question:

Hon Ken Trovers asked – This has been interpreted as “What are the balances, projected receipts and payments from material Special Purpose Accounts that receive hypothecated revenue?”

Answer:

Refer to Budget Papers.

[Supplementary Information No A12.]

Question:

The Chair asked – Grange Resources down the south coast?

Answer:

It is difficult to definitively state that the project is either in or out of the forecast.



[Supplementary Information No A13.]

Question:

Hon Ljiljana Ravlich asked – In the cap. It will only, as it were, apply to all government agencies except for the operational staff in the Departments of Health and Education and WA Police; so it will apply to everybody else. Can you just advice the committee how much is going to be saved through that measure?

Answer:

The Department of Treasury does not collect forward-looking FTE data from agencies.

[Supplementary Information No A14.]

Question:

The Chair asked – What does Treasury understand in regard to the number of debtors, the amount owed, the length of time these debts have been outstanding and what have been done to reduce the level of debt?

Answer:

The Forest Products Commission has advised that it has previously provided this information to the committee.

[Supplementary Information No A15.]

Question:

Hon Ljiljana Ravlich asked – FTE Cap across the general Government sector; in other words, who has how many staff? The actual cap applicable to each agency. I want to see also if you have information from 2008 that would provide a benchmark, so there is a comparative.

Answer:

Details for a benchmark can be located in the 2008-09 Budget Papers. Final figures for the current financial year will be available in the 2013-14 Budget Papers.

[Supplementary Information No A16.]

Question:

Hon Ken Travers asked –We are spending \$300 million (on Ord Stage 2), but only expect to sell the land for between \$20 million - \$70 million. Further information is requested on the treatment on Ord Stage 2.

Answer:

Some of the assets will be transferred, for example to local government, at no cost.

[Supplementary Information No A17.]

Question:

Hon Ken Travers asked – How is Elizabeth Quay being treated in that regard and whether or not there is any residual asset that remain on the books after the land is sold that the state attributed a value to?

Answer:

Refer to Budget Papers.

[Supplementary Information No A18.]

Question:

Mr Tim Marney asked – For a government trading enterprise that is investing and is getting a CSO because it doesn't meet its hurdle rate of return, how is that treated?

Answer:

Treatment is dependent on circumstance.



[Supplementary Information No A19.]

Question:

Hon Ken Travers asked – Are there any other projects that fit within that classification where the cost of the asset exceeds the cost of acquiring it?

Answer:

The cost of assets by definition equates to the cost of acquisition.