

**STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS –
REPORT 76 – 2018-19 BUDGET CYCLE**

Recommendation 1: The Treasurer direct the Department of Treasury to work with agencies to minimise the proportion of 'Other' categories in their agency financial statements.

Supported.

Agency financial statements contained within Budget Paper No. 2 are generated from Treasury's Budget systems, which map accounts to the reported categories for consistency and comparison across statements. The system flags when 'Other Expenses' are greater than 10% of the Total Cost of Services in the Income Statement, however this check is not applied to all categories in the financial statements.

Specific disclosures can be made in agency financial statements, and this is at the discretion of the agency and the responsible Minister for the Budget statement.

For the 2019-20 Budget, Treasury will review agency financial statements to identify 'Other' categories that represent more than 10% of the overall category and seek advice from the relevant agencies whether it warrants an item being separately identified. Treasury's Budget system can then be updated to map the specific accounts to those agencies so that in future it is automated in the system.

Recommendation 2: The Treasurer direct the Department of Treasury to encourage all agencies to provide project-level data in the asset investment program tables. If there is a concern about the number of projects, the asset investment program should, at a minimum, identify the larger projects.

Supported.

The majority of agency Budget statements currently list discrete projects in the Asset Investment Program (AIP) table, along with rolling programs such as information and communications technology replacement, ongoing maintenance and minor asset replacement programs. There is no restriction on the number of projects the agency can enter in Treasury's Budget systems. It is determined on a case-by-case basis by the agency, which takes into consideration the materiality of sub-projects within an overall program or works.

For the 2019-20 Budget, as part of communication to agencies regarding preparation of Budget statements, Treasury will highlight that where possible, project-level data is included in the AIP table. Where excessive detail results in summary disclosures (on the grounds of materiality and excessive length of project disclosure), further detail can also be obtained from agencies during Estimates Hearings and other Parliamentary processes if required.

Recommendation 3: The Treasurer amend the Royalties for Regions table in Budget Paper No. 3 to show the responsible agency and the source of sub-funding for each project.

Not Supported.

The current structure of Chapter 7 of Budget Paper No.3 (Investing in Regional Western Australia) represents this Government's intention to better integrate the RfR program into the overall Budget process and report on themes (e.g. 'Investing in Jobs') rather than funding sources. It is considered that the disclosure of each project by agency and the source of sub-funding for each project would materially increase the size of Chapter 7 in Budget Paper No. 3 for minimal value from a disclosure perspective.

A list of existing RfR projects in more granular detail is provided in the annual Royalties for Regions Progress Report (available at the Department of Primary Industries and Regional Development Website¹). The report has historically been released in December or January of the following financial year, and lists RfR project by region (Chapter 2), by category (Chapter 3) and by fund/subsidiary account and responsible agency (Chapter 4).

Recommendation 4: The Minister for Transport show service summary data on an adjusted and unadjusted basis in the agency statements of the Commissioner of Main Roads.

This recommendation presents a trade-off between comparability across agencies and activity costs of Main Roads that are more reflective of its capital-focused operations. Mains Roads will continue to work with the Department of Treasury on improving the presentation of the Service Summary Table.

¹ <http://www.drd.wa.gov.au/Publications/Documents/2016-17%20Royalties%20for%20Regions%20Progress%20Report.pdf>