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

Dear Ms Watson

**TRANSCRIPT OF EVIDENCE – SESSION TWO – DEPARTMENT OF FINANCE –
7 JUNE 2012**

I wish to clarify evidence given in relation to my response to Hon Ken Travers MLC at the top of page 11 of the above and related to Supplementary Information No B5.

At the hearing, I stated in part that when the lease term of vehicles is extended the rental rate goes up and hence the income (of State Fleet) increases.

I have since been advised that although State Fleet has the discretion to do so, it has not increased rates to leases going beyond their term. This is due primarily to agencies effectively paying a “penalty” or “premium” when leases go beyond their term, as the lease rate remains the same and would have been lower if the original term selected was longer. This ‘premium’ usually covers any additional financing costs on the vehicle and contributes to State Fleet’s profitability.

I hope this adequately clarifies the matter for the Committee.

Yours sincerely

Rod Alderton
EXECUTIVE DIRECTOR
GOVERNMENT PROCUREMENT

20 June 2012