

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

2012–13 BUDGET ESTIMATES HEARINGS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
THURSDAY, 7 JUNE 2012**

**SESSION TWO
DEPARTMENT OF FINANCE**

Members

**Hon Giz Watson (Chair)
Hon Philip Gardiner (Deputy Chair)
Hon Liz Behjat
Hon Ken Travers
Hon Ljiljanna Ravlich**

Hearing commenced at 1.33 pm

HON SIMON O'BRIEN

Minister for Finance, examined:

MS ANNE NOLAN

Director General, sworn and examined:

MS JENNIFER MCGRATH

Acting Executive Director, Building Management and Works, sworn and examined:

MS STEPHANIE BLACK

Executive Director, Office of Shared Services, sworn and examined:

MR ROD ALDERTON

Executive Director, Government Procurement, sworn and examined:

MR ROY PICARDO

Acting Director, Finance and Business Services, and Acting Chief Finance Officer, sworn and examined:

MR BILL SULLIVAN

Commissioner of State Revenue, sworn and examined:

The CHAIR: On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you to today's hearing. Before we begin, I must ask public servants to take either the oath or affirmation.

[Witnesses took the oath or affirmation.]

The CHAIR: You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

The Witnesses: Yes.

The CHAIR: This hearing is being held in public although there is discretion available to the committee to hear evidence in private, either on its own motion or at the request of a witness. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia, and the committee values your assistance. These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. It will greatly assist Hansard if when referring to the budget statements, volumes or the consolidated account estimates, members give the page number, item, program, amount, and so on in preface to their questions. If supplementary information is to be provided, I ask your cooperation in ensuring that it is delivered to the committee clerk within 10 working days of receipt of the questions. Should you be unable to meet this deadline, please advise the committee clerk immediately. The committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. For the benefit of members and Hansard I ask the minister to introduce his advisers to the committee, and for each adviser to please state their full name, contact address and the capacity in which they appear before the committee.

[Witnesses introduced.]

The CHAIR: I ask members to indicate whether they have any questions.

Hon LJILJANNA RAVLICH: Thank you, Madam Chair. I want to pick up on a question that I asked in a previous session. I refer to page 440 of the *Budget Statements* and the item “Financial and Economic Responsibility: Responsibly managing the State’s finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.” My question is also about results-based service delivery. I want to know whether the government trading enterprise advisory and monitoring unit is established and when it became operational.

Hon SIMON O’BRIEN: I am going to ask the director general to respond to that. As we discussed earlier, we are keen to help. If we can deal with your inquiry now, we will, although we may have to save some because the office falls under Minister Collier. To the extent that we can deal with it, we will.

Ms Nolan: On 1 April this year the Office of Energy ceased to exist. As a consequence of that, the Public Utilities Office was established within the Department of Finance. All the staff and functions of the Office of Energy were transferred to the Public Utilities Office within the Department of Finance. As to a GT monitoring unit, I am not quite sure what the member is specifically referring to, but one role of the Public Utilities Office is to provide advice on the energy trading enterprises to the Minister for Energy. Therefore, that is one of its roles. As to whether we have a monitoring unit, that is yet to be determined, but we are providing advice to the Minister for Energy.

Hon LJILJANNA RAVLICH: Let me put it this way: are government trading enterprises being looked at in terms of the appropriateness of their ownership and governance structures by the Department of Finance?

Hon SIMON O’BRIEN: As we have just heard, the office provides advice to the Minister for Energy. That is probably outside my capacity to respond. In terms of other government trading enterprises, again, it is outside of my immediate area. I am sorry about that, because it is part of the —

Hon LJILJANNA RAVLICH: That is all right. When I asked the question before, you said that it comes under Finance.

Hon SIMON O’BRIEN: Well, it does, but there is a part of the Department of Finance that reports to the Minister for Energy.

Hon LJILJANNA RAVLICH: All right. I was asking whether a committee has been set up generally to review government trading enterprises to ensure that the governance and ownership of each business is appropriate for delivering government policy objectives. If so, what is that office and where is it situated?

Hon SIMON O’BRIEN: Not in the Department of Finance, that is for sure.

Hon LJILJANNA RAVLICH: Do you know where it would be if it is not in your department?

Hon SIMON O’BRIEN: I do not know of it.

Hon LJILJANNA RAVLICH: You are a minister of the Crown and you do not know about the existence of such an office?

Hon SIMON O’BRIEN: You have been a bit —

Hon LJILJANNA RAVLICH: I am just asking. Do you know where it is? It is a fair enough question.

Hon SIMON O’BRIEN: No, I do not know. The division for which I am responsible does not contain any such office.

Hon LJILJANNA RAVLICH: And you do not know of the existence of such an office?

Hon SIMON O'BRIEN: I am not prepared to entertain questions about things that are outside my ministerial role.

The CHAIR: The minister has indicated that he does not know, so I do not think you are going to get any further with that question.

Hon LJILJANNA RAVLICH: I do not think I will, but the minister is perhaps not being as open as he could be, because I am sure that the minister does know something.

[1.40 pm]

Hon SIMON O'BRIEN: What I have indicated, is that firstly, I take exception to this suggestion that I am not being open or not trying to assist the committee. I think your experience, Madam Chair, over four years, is that I am always keen to assist this committee. I do not have responsibility for any such committee that the member is talking about, however it is known, and she is the one who has been calling it different things. So I am not able to assist her. This is a hearing of the standing committee of the Parliament. I am not here to gossip or to say, "Oh, I have heard we have set something up or there is someone doing something about it." I am responsible for my division and that is the matter being examined today; I am not going to speculate.

Hon LJILJANNA RAVLICH: Minister, does any part of your division, then, fund any function that looks at the relative merits of outsourcing, rationalising or de-corporatising government trading enterprises and the impact of these options on their governance?

Hon SIMON O'BRIEN: The simple answer is no.

Hon PHILIP GARDINER: Just a couple at this stage. I refer to the "Decommissioning of Office of Shared Services" on page 439. I just want to understand the line item "Decommissioning of Office of Shared Services — Process and Write Off". My calculation is that for three years from the 2011–12 estimated actual and the next two years, there is a total of \$180 million for decommissioning. Then, apparently, to me, there is \$112 million of revenue, if you like, coming in. Can someone just explain what the relationship is to the high cost of decommissioning and then how the revenue comes back in or what that means?

Hon SIMON O'BRIEN: I am going to ask Stephanie Black to give you the detail. What we have to understand is that the services provided through the Office of Shared Services are essential functions that have to be provided in some way anyway to sustain the employment of the very many public servants that they are provided services to over a large number of agencies. So, it is not as if a decision to go down the extra path simply means that we are adding more and more money to the cost of a discrete function. If you notice in the two out years, and Mrs Black will talk about this in a moment, there are actually some savings noted there. Again that indicates that the Office of Shared Services will not be spending money that was otherwise in forward estimates; however, those functions will still be picked up by the agencies themselves that will be providing their own human resources management in future. I will ask Mrs Black if she could address your specific line item question.

Ms Black: With the decommissioning of Shared Services and the line item for process and write-off it is the cost to run the decommissioning office during the program, which will take two years, and it also takes into account accelerated depreciation of the assets of Shared Services. The line item above that is the cost for agencies, which is relevant because the agencies' costs are currently globally allocated to the Department of Finance administered fund. Those will be transferred to agencies as their business cases are approved jointly by the Departments of Treasury and Finance. So the total cost of decommissioning is around \$196 million, not counting depreciation, and it is more with depreciation. That includes the cost of the decommissioning office and the cost to agencies. The reason we are still showing revenue in the out years is because the funding to agencies has not been allocated yet and the funding to agencies is net of their current funding to pay

fees to Shared Services. So when they receive their funding for the decommissioning projects, it will be net of what they already pay for Shared Services. We are still showing revenue in the out years because that global allocation has not happened and the adjustments to our revenue will happen at the same time as each agency receives its funding. The reason that there are savings shown in the out years on that line item about process and write-off is it is against the existing consolidated fund contribution, so we will actually be spending less than our existing consolidated fund contribution, though that again will be adjusted.

Hon PHILIP GARDINER: Can I just pick up on that. First of all, I was hoping that you were going to say that the first three years, which I calculated as roughly \$180 million was including, as the minister said, depreciation, but you calculated a \$190 million cost of decommissioning without depreciation.

Ms Black: Yes, but I was including 2011–12.

Hon PHILIP GARDINER: Yes, I was too. I beg your pardon; I was just adding up the \$66.9 million, \$69.8 million and \$44.9 million to be about \$180 million. They are the first three items just in that one line item. I am not actually counting the line item above. Are you with me?

Ms Black: Yes, I am.

Hon PHILIP GARDINER: The line with \$66 918 000 is the one I am adding up; I am adding up the first three numbers.

Ms Black: But that is not actually the cost because the adjustments have not been made to the forward estimates for the Department of Finance's cost.

Hon PHILIP GARDINER: No; so that will be a recoup, if you like, or really I presume that it was expenditure planned in the course of normal operations when Shared Services was going to be an ongoing business, but the \$112 million of those two out years written down, I guess, is just saving the expense. Is that what that means?

[1.50 pm]

Ms Black: Yes. So in the line item that is the agency role that costs —

Hon PHILIP GARDINER: Yes; the one above.

Ms Black: That is just the cost for agencies. What I was talking about before included capital costs. This is just the recurrent costs. This is 70 per cent of the total cost. The other 30 per cent is in capital, so that is where the \$196 million comes. The agency rollout costs —

Hon PHILIP GARDINER: They total 82 over the four years you have got there, is my rough calculation.

Ms Black: That is right. And that is 70 per cent of the total cost.

Hon PHILIP GARDINER: It is 70 per cent of total cost, yes.

Ms Black: Because the other 30 per cent is in capital, and it shows on another page in the budget papers. That is in the agency rollout costs, and then in the process and write-off, that does include the depreciation and the cost of the decommissioning office.

Hon PHILIP GARDINER: So that is 82, plus roughly the other 30 per cent—which is roughly, say, 34 or 35—which is 117. Then to 190, which is the number you first said, that is the accelerated depreciation, is it?

Ms Black: The depreciation is \$141 million over three years.

Hon PHILIP GARDINER: The depreciation was \$141 million, did you say?

Ms Black: Over three years.

Hon PHILIP GARDINER: I guess the question you must always be thinking about is really the cost of winding it up, whether that is more expensive than the cost of reinvigorating the individual services and the individual agencies.

Ms Black: That work was —

Hon PHILIP GARDINER: Done previously. And are the numbers backing up what that conclusion originally was that was reached?

Ms Black: Definitely, yes.

Hon PHILIP GARDINER: So really the shared service is justifiably a mistake.

Ms Black: Yes.

Hon PHILIP GARDINER: Thank you.

Hon KEN TRAVERS: I notice that the amount we are collecting from payroll tax is going up quite significantly in dollar terms. I was wondering if you were able to tell us how many businesses are paying payroll tax and how that compares. Do you have the numbers that have paid it over the last few years, going back to 2008—would be good, if you have it, but however far back you can take us?

Hon SIMON O'BRIEN: Have you got a reference there, Ken?

Hon KEN TRAVERS: One of the documents that I was looking at was obviously the taxation revenue figure on page 91 in table 5 of budget paper No 3. Obviously you are the organisation that administers that. That shows that the estimated revenue is going to be \$3.368 billion in payroll tax—11 per cent growth. Last year you achieved 15 per cent growth, and then we can go back to the budget papers in 2008–09 where it was \$2.2 billion. We have seen almost a 50 per cent increase in the amount of payroll tax, but I am interested in the number of actual businesses that are now paying payroll tax in Western Australia.

Hon SIMON O'BRIEN: At the time the Treasurer announced a payroll tax rebate in respect of this coming financial year, we did quote the numbers of employers in round figures that were likely to benefit. There was a total there of the order of some 6 700 employers. But I am going to ask the Commissioner of State Revenue if he has a more definitive figure. I think he wanted to know how many total entities paid payroll tax.

Hon KEN TRAVERS: As far back as you can go for the number that were paying it in each of the previous financial years. Just before he answers that, minister, you said you have announced it 2012–13. The payroll tax rebate is actually paid in 2013–14, is it not?

Hon SIMON O'BRIEN: Yes, it is the same arrangements as we have discussed before in this place. They will be paid in respect of the year 2012–13 payroll tax liability. The actual rebate itself will actually be delivered in the first part of the following financial year for the obvious reason that, until you know what payroll tax liability has been otherwise incurred and paid, it is a bit hard to organise a rebate.

Mr Sullivan: I have some figures for actuals that go back to 2007–08 in terms of payroll tax clients that we have registered. The figure for 2007–08 was 11 423; for 2008–09 it was 12 683; for 2009–10 it was 14 326; for 2010–11, it was 15 593. I do not have final numbers, quite clearly, for 2011–12, as it is still going, so I do not have that figure available to us. What I can share with you is our estimated actual sitting behind the KPIs around this as well as the expectation in relation to 2012–13. In 2011–12 the estimated actual number of payroll tax clients is expected to be 16 516. In terms of the underlying expectation for 2012–13, our expectation is 17 200 payroll tax clients. The growth in those numbers reflects effectively the growth in the economy and particular employment within Western Australia which brings people towards the payroll tax thresholds. It is driven by growth in employment numbers and growth in wages figures.

Hon KEN TRAVERS: Do you have any projections into the forward estimates, or do you only go to 2012–13 in terms of your projections of the number of people who will be paying it?

Mr Sullivan: In terms of out years, no, we have not. We rely largely on Treasury's view in relation to both employment growth and also in terms of wages growth, because ultimately that will determine the nature and number of businesses that will be brought into the payroll tax base.

Hon KEN TRAVERS: Does the department do any modelling about the average size of a business that pays payroll tax? So in 2007–08 when there were 11 000, was the average size, say, 20 employees? What would it be today, the average number of employees for a business that starts to pay payroll tax?

Mr Sullivan: We do not do that modelling. That work is done by the Treasury department.

Hon KEN TRAVERS: So you do not have access to it at all?

Mr Sullivan: I have not got any data available to me, no.

Hon KEN TRAVERS: I wonder if you are able to take that on notice—whether it is something that the minister would be able to get for us. I assumed that it would be your organisation that would be doing that, and we have just had Treasury in. So it is in terms of the average number of employees for a business that starts to pay payroll tax.

[2.00 pm]

Hon SIMON O'BRIEN: The Treasury is actually responsible for doing that modelling, but I think, as a representative of the Treasurer in this capacity, can I take that on notice? We are inventing a whole new procedure here, which I hope does not set a precedent and it takes on.

Hon KEN TRAVERS: We can just call Treasury back on Monday and do it with you then.

Hon SIMON O'BRIEN: Let us stick with my plan A before you get all silly now. One way or another I will make sure that between the two departments I will provide a response to that question.

[*Supplementary Information No B1.*]

Hon KEN TRAVERS: The other question I had, there were a couple of measures that were deferred by the government back in 2009—the harmonisation of grouping provisions and the transfer of non-real business assets. One was due to come in, I think, the harmonisation on 1 July this year and the transfer of non-real business assets from next year. Is that still going to occur—the changes, or the abolition of transfer duty on non-real business assets, I should actually say.

Hon SIMON O'BRIEN: It is all going ahead as legislated as necessary for that to occur. In terms of the budget, as members can see from page 439, there is actually a line item there, “Major Spending Changes”, which shows that the payroll tax grouping exclusion has actually been—or the funding to do that has been delivered in the budget to the tune of about \$1.3 million per annum prospectively.

Hon KEN TRAVERS: If that is the case, can we get how much has actually been collected as a result of deferring the harmonisation of grouping provisions between 1 July, when I think it was originally intended to be commenced, and 1 July this year?

Hon SIMON O'BRIEN: When it is going to start.

Hon KEN TRAVERS: Yes. Are we able to get how much actual revenue has been collected as a result of that deferral?

Hon SIMON O'BRIEN: I will see whether we have got that immediately to hand. The Commissioner of State Revenue can give you an explanation as to why that is a difficult exercise. I will ask him to do that.

Mr Sullivan: Unfortunately, we will not be able to calculate that and the reason is that at this point in time those businesses that have been grouped based on commonly controlled business provisions, which will change from 1 July 2012, would currently be within the base. Those provisions will operate in a way that a person who believes that the new legislation would allow them to be excluded from a group, will require them to apply to the commissioner for the commissioner to examine their circumstances as to whether they should then be de-grouped. At this point in time, we do not know who will be actually making an application. Over and above that, the reason the additional resource is required is that it is quite an extensive exercise for us to determine whether or not the exercise of discretion will be warranted. In essence, it comes down to establishing that two members of a group operate independently of each other and are not connected. Currently, it is sufficient through common control/ownership that they are grouped and at this point in time there is no discretion for de-grouping to take place. To be able to generate, if you like, the additional revenue, as you described, that is being collected as a result of the deferral of that change, we would not know at this point in time what the amount would be that would be deferred. That exercise will take at least two or so years to work its way through in terms of people making application and, ultimately, it will sit with the business community as to whether or not they make that application.

Hon KEN TRAVERS: I understand that to that degree, but at the time of the deferral, there was an estimation done of the additional revenue that would be collected. Is there no ability to give us an estimation of whether that estimation was correct and whether it has gone up or down since that original estimation was done as to additional revenue that would be collected by that deferral?

Mr Sullivan: Again, those revenue estimates are calculated by the Treasury department as opposed to us. So, they would be the only people who could give you that answer; I am sorry.

Hon KEN TRAVERS: What about the transfer due to non-real business assets? Surely you will be able to tell us how much you have collected since 1 July 2010, including how much you expect to collect up to 1 July 2013 from transfer duty on non-real assets.

Mr Sullivan: The difficulty there—I am not trying to be obstructive—is that when we raise an assessment, we will look at the dutiable property that is there. At this point in time, there is no purpose in either the taxpayer, in many cases, breaking out those values between real property and non-real property or, in many cases, ourselves, because in both cases they will be dutiable property. We do not collect that information broken out. We certainly look at total valuation. For example, if you are talking about someone purchasing a business and it is the purchaser of the business who is liable for the duty, that purchaser of the business would lodge with us the transfer documents. We would then assess them based on the consideration paid or the dutiable value of the property being transferred, whichever is higher. If we are satisfied with that, we do not break it down item by item, necessarily. The difficulty again is looking backwards. We have had no reason to actually do that break out. We are very keen on keeping red tape down for business. Nor have we put them to the expense of breaking out the business valuations for each of the individual assets within a categorisation of real and non-real property. Again, all I can point you to would be the Treasury department and their assumed methodology that sits behind those estimates. Again, that is something the Treasury has put together, not us. The only thing we can report is what is shown in the budget papers in terms of transfer duty.

Hon KEN TRAVERS: If it is possible, is the minister prepared to take on board and see if he can seek through Treasury their modelling as to what their current estimation is of the impact of those measures, the harmonisation grouping provisions and the transfer duty on non-real business assets?

Hon SIMON O'BRIEN: Madam Chair, I know it is a little irregular, but I think I might take that on for the reason being that probably members are perhaps not that aware, understandably so, of where policy and operational matters are divided between the relatively new Departments of Finance and Treasury. So in a representative capacity, I think I can do that. If the member can communicate the detail of the question to me and my office, I will follow that up with the Treasurer.

[2.10 pm]

[*Supplementary Information No B2.*]

Hon LJILJANNA RAVLICH: Can I then ask whether the minister could obtain information in relation to my question regarding the government trading enterprises and seek to get the answer to that question, and if it is not in his agency, perhaps from Treasury?

Hon SIMON O'BRIEN: Madam Chair, I have just passed a note to the honourable member after our earlier exchange —

Hon LJILJANNA RAVLICH: I was just popping out.

Hon SIMON O'BRIEN: — asking her if she could just give me the name of this committee or body that she has been referring to.

Hon LJILJANNA RAVLICH: Yes.

Hon SIMON O'BRIEN: And that was my intention, because clearly there is some entity that you have become aware of and maybe we are not referring to it by the right name, but I am keen to help.

Hon LJILJANNA RAVLICH: If I give you the function, then you might be able to work out what the name is, because I do not have the benefit of being a minister in the government and, as we see before us, things change very quickly. Now we are dealing with one agency that was split into two and we are finding it a bit difficult to work out what belongs where.

Hon SIMON O'BRIEN: It is all right, I am from the government and I am here to help!

Hon LJILJANNA RAVLICH: I know you are, Hon Simon O'Brien, and we appreciate it very much.

Hon SIMON O'BRIEN: Madam Chair, I do want to follow-up this matter but I am not sure what the name of this body is that the member is referring to, but she seems to have some name. If she does not know that, then I cannot help; I cannot chase a mirage.

Hon LJILJANNA RAVLICH: Madam Chair, I shall make it very easy. A recommendation from the Economic Audit Committee refers specifically to the formation of a committee, which has some very clear time frames and time lines, and the responsible agencies are the Departments of Treasury and Finance. I will give you all the relevant sections and the recommendation numbers and, minister, I would ask that you provide me with as much information as you can in respect of the progress of that committee or those committees where they exist. Thank you, Madam Chair.

The CHAIR: I will give that a supplementary information number, and the minister can consider how he wants to respond.

[*Supplementary Information No B3.*]

Hon SIMON O'BRIEN: Madam Chair, I am actually intrigued to find out what it is that the member is on about, and so I am going to go and make some further inquiries. If I can assist the member or the committee, I will do so, though obviously it is going well outside the purview of these hearings to do so; but in a spirit of cooperation I will see what I can do.

The CHAIR: Thank you, minister. I think perhaps some of the confusion, as was said, is with changes that have taken place and so members are not sure what falls under what.

Hon LJILJANNA RAVLICH: And if it is Treasury, you should definitely be able to help.

Hon KEN TRAVERS: With respect to page 439, I am interested in the First Home Owner Grant Act payments. I am a bit hesitant to ask this question on whether the department does the modelling for determining your estimations of first home owner grants; and if you do, what was the basis and can you provide us with the underpinning assumptions for your modelling in terms of the amount that you expect to spend on first home owner grants over the 2012–13 financial year and the forward estimates. It is on page 439.

The CHAIR: It is a third of the way down the page.

Hon SIMON O'BRIEN: Madam Chair, it is in fact Treasury that has responsibility for consulting with suppliers on first homes in industry to assess the likely impact of the policy in an upcoming budget year. And armed with that information, that then informs the Treasurer and the budget processes. It is a function of Treasury, and I think I have described how it happens and the member can fill in the dots. Based on that figure, the budget then allocates a certain amount to the Office of State Revenue to deliver to first home owner grant applicants. By way of information, and this might assist the member, the estimate for the 2012–13 financial year is 16 000 payments. In 2011–12 the estimated actual is 15 100. In 2010–11 the actual was 12 584.

Hon KEN TRAVERS: I am sorry, minister, can I get you to run past those again? I got a bit lost there.

Hon SIMON O'BRIEN: Sure. Obviously it will be going into *Hansard*. But just quickly, in 2012–13 the estimate is 16 000. In 2011–12 the estimated actual is 15 100. In 2010–11 the actual was 12 584; and in 2009–10, 21 556. Does the member want some more?

Hon KEN TRAVERS: Yes.

Hon SIMON O'BRIEN: In 2008–09 it was 20 491; and in 2007–08, 15 887. I have got 2006–07 to hand as well, which was 12 712.

Hon KEN TRAVERS: I think you said in the 2011–12 financial year it was 15 100.

Hon SIMON O'BRIEN: Yes.

Hon KEN TRAVERS: In the month-to-month data, have we seen a drop-off in the number of applications in April and May? Also do you break down those figures by new homes versus established homes, or do you just have a generic figure? Do you record whether it is a new home?

Hon SIMON O'BRIEN: The figures are available and provided through to Treasury, which actually displays them on a website. They are generally available about two weeks after we provide them. We do have some information on the number of applications received in the individual months of 2011–12. I think it might be better if I ask Bill Sullivan to discuss the answer that you are searching for, or interpret the information and provide you the answer now.

[2.20 pm]

Mr Sullivan: Sorry, but I do not have the exact numbers readily at hand. As the minister has pointed out, that information is readily available from the WA Treasury website. We provide it through to them after we have reconciled at the end of the month. By merely going to that website, you will find those. They are consistently updated, probably about 15 days after the close of the month. My recollection is that things were very subdued in the first home market in the first and second quarters of 2011–12 but there had been a marked improvement in first home buyer activity in probably the second month of the calendar year, and that has increased. I am not aware of any recent drop-off. I believe that the numbers are at an improved level relative to what they were in the back half of last year. In terms of the break-up, I believe those Treasury numbers on their website will give you a break-up between both established and newly-constructed homes and I think also owner-builders.

Hon KEN TRAVERS: I will look at the website. As an organisation, you do not have a running total of what you would expect in each month and then what you get? Do you do a running tally of what your estimated budget is for that month versus what you actually then get in terms of applications for first home owners?

Mr Sullivan: No, it is very much subject to the whim of the market, which is influenced by a range of things, not the least of which is finance, availability of land, building approvals and the like. It is

very, very difficult to forecast, as I am sure the building industry itself finds when it is trying to forecast its own needs in terms of labour and supplies.

Hon SIMON O'BRIEN: The advice to the member that there is a website run by another agency which would be of assistance to him in finding the information he wants is offered as a helpful gesture. I do not want it to be taken in a forum such as this that I would tell anyone to go and look it up somewhere else. We are here to assist the committee.

Hon KEN TRAVERS: Only if you are having to do it in a representative capacity!

Hon SIMON O'BRIEN: I am trying to do it in this capacity now. If the member is happy with the advice that he has, that enables him to access the information immediately. Obviously, if I were to offer to provide it on notice, that would take some days, but there is no discourtesy intended by just providing him that.

Hon KEN TRAVERS: I find it interesting that it is recorded on the Treasury website, not the Finance website, considering Finance is now the agency responsible for administering it. I have since found it while we have been talking.

Hon SIMON O'BRIEN: Treasury does all sorts of mysterious things.

Hon KEN TRAVERS: I refer to page 441. The first service summary line item is "State Fleet Service". Are you able to give us—I am happy if you need to take it on notice—a breakdown of the number of vehicles that that represents from 2010 through to the end of the forward estimates?

Hon SIMON O'BRIEN: I think the honourable member wants to inquire after an initiative that I think dates back from August 2009 to reduce the cost of the government vehicle fleet by 2012–13. I might ask Rod Alderton to provide the specific figures that the member is chasing and if there is any more follow-up, perhaps he can come back to me.

Mr Alderton: The original baseline for calculating the fleet reduction was 11 772. The overall aim was to reduce the vehicle fleet by around about 10 per cent, or 1 177 vehicles. Front-line vehicles are excluded from that figure. It represents a fleet size of just under 11 000 over the estimates, and reducing slowly, although it does account slightly for an expected increase in the cost of new vehicles over the forward estimates as well. It is about 11 000.

Hon KEN TRAVERS: You said that front-line —

Mr Alderton: Front-line vehicles, such as police vehicles —

Hon KEN TRAVERS: — are excluded. Are they excluded from the 10 per cent or are they excluded from that 11 772?

Mr Alderton: They are excluded from the 10 per cent.

Hon KEN TRAVERS: But they are included in that 11 722?

Mr Alderton: Yes, they are.

Hon KEN TRAVERS: Am I able to get a number—I am happy if you take it on notice—starting with the 2010–11 financial year and then 2011–12 and then through the budget years of how many vehicles you expect to have in the government fleet?

Mr Alderton: I can take that as a supplementary and provide you with a figure by agency.

[*Supplementary Information No B4.*]

Hon KEN TRAVERS: Whilst we are on the state fleet, I notice that your profitability of the state fleet has almost doubled. In your note you say it is partly because of higher second-hand vehicles sales and also because of lease overruns. Could you explain to me how the lease overruns result in an increased profit?

Mr Alderton: The lease overrun occurred mainly because of the international market turmoil that happened with overseas vehicle suppliers, which meant that the lease terms for a lot of the existing vehicles had to be extended. When you extend the lease terms of vehicles, the rental rate goes up and hence the income increases.

Hon KEN TRAVERS: Why does the rental rate go up?

Mr Alderton: Because it costs more to maintain the vehicles over the life of the vehicle.

Hon KEN TRAVERS: Your profitability goes up but the actual cost of providing those vehicles has increased as well, so the cost to the state has actually gone up at the same time.

Mr Alderton: The cost to the state does increase when the vehicle lease is overrun. That is true.

Hon KEN TRAVERS: What additional cost has the state incurred as a result of those lease overruns?

Mr Alderton: I cannot provide that information today; I will take it as a supplementary.

[*Supplementary Information No B5.*]

Hon PHILIP GARDINER: I refer to “Facilitate the Development and Management of Agency Specific Contracts” at the top of page 446. Can you explain what kind of contracts that refers to? I will tell you where I am going. A total of \$29.8 million was spent last year and \$30.6 million will be spent this year. I want to test whether we are getting the return for it. What are the agency specific contracts to which you refer?

[2.30 pm]

Hon SIMON O'BRIEN: Although this is at face value a very complex and detailed matter, it is actually quite easy to address. I ask Mr Alderton to answer the question!

The CHAIR: Mr Alderton, thank goodness you are here!

Mr Alderton: The Department of Finance provides support services to government agencies to help them put together goods and services contracts. This refers to the area called client procurement services and also in the ICT area where we basically facilitate the whole contracting process for government agencies definitely over the public tender threshold of \$150 000 and often also for procurements over \$20 000. We do around about 2 500 contracts each year for various government agencies around the state.

Hon PHILIP GARDINER: How do you measure the effectiveness of what you are doing when you spend \$30.6 million on it? The indicator suggests that the cost of facilitating as a percentage of the contract awarded is two per cent. That is the cost of it. How do you know you are saving more than two per cent?

Mr Alderton: Sorry, I did not catch the last part of your question.

Hon PHILIP GARDINER: How do you know you are saving more than two per cent, which is the cost per contract that you are saying is your efficiency indicator?

Mr Alderton: The first part of your question was about how we test the effectiveness. We test the effectiveness through client surveys we conduct quite regularly of all the agencies that we do work for. Generally we have a baseline for our client satisfaction in the effectiveness surveys of around about 85 per cent. In this particular area we exceed that all the time, quite often getting 95 per cent-plus with most clients. The indicator that you see there refers to the cost of the service divided into the actual contract or value.

Hon PHILIP GARDINER: If we were to do anything differently, probably what you would be doing is decentralising this back to the agencies. What are the potential costs of doing that compared with the cost it is costing Finance to do it?

Mr Alderton: It is not actually a centralised provided service. Most of these resources are actually sitting in the agencies. They are employed by us, the Department of Finance, but a vast bulk of these resources are located in the agencies, working with the agencies. It is what is actually called a centre-led model. It is not as if they all sitting at Osborne Park remotely from the agencies; the vast bulk are actually sitting in the agencies.

Hon PHILIP GARDINER: I refer to the outcomes table at the top of page 443. This is the outcome: “A sustainable, efficient, secure and affordable energy sector”. How does this interact with the Office of Energy, in another agency?

Hon SIMON O’BRIEN: Here we have this shared responsibility with ministers. I will ask the director general to respond to your question and, hopefully, that will be satisfactory for your purposes.

Ms Nolan: In the past the Office of Energy was a separate agency and, as has been mentioned earlier, the Office of Energy is now part of the Public Utilities Office. That is why data is being provided under the Department of Finance’s heading. It is one and the same as the Office of Energy.

Hon PHILIP GARDINER: Okay. So it is to do with that change.

Ms Nolan: Yes.

Hon PHILIP GARDINER: I see. Note 9 talks about the rescheduling of some projects. Really, that rescheduling of projects is about relocating it from the Office of Energy to the public utilities group. Is that what that means or does it mean something else?

Ms Nolan: Largely it is about—over the course of the year some of the priorities changed within the Office of Energy. There were some staffing issues and, as a consequence, not quite as much was achieved as was anticipated at the beginning of the year.

Hon PHILIP GARDINER: That is what I was a little bit worried about. The achievement of the objectives was 81 per cent actual in 2010–11, and then in the next budget it was put at 100 per cent, but the estimated actual now is only 77 per cent. But again you put it at 100 per cent. What was driving that volatility?

Ms Nolan: It is largely a function of the extent to which the programs or the policies can be delivered. There is a change in priorities, and obviously we are striving to achieve 100 per cent of the outcome of the business plan, the operational plan for the agency. Over the course of 2011-12 that was not achieved, but we hope with new management and a reinvigoration of the Public Utilities Office focusing on energy that we will be able to achieve our work program.

Hon PHILIP GARDINER: Is it a relatively simple strategy that you have in place? Getting 100 per cent of anything is pretty hard. I am trying to get an idea of the complexity of achieving a policy and program objective for this affordable energy sector.

Ms Nolan: I think we can say that within the energy sector it is a fairly challenging and complex environment, so “simple” would not be a word we would use to describe the range of challenges. But the 100 per cent is certainly aspirational.

Hon PHILIP GARDINER: Is it realistic also?

Ms Nolan: We hope it is realistic, but, you know, I have had responsibility for the office for less than three months. Hopefully, from the start of 2012-13, we can put in place an achievable work program without compromising quality and achieve our outcomes as government would desire— aspirational and challenging.

Hon PHILIP GARDINER: Aspirational, in my mind, is just saying that we will have a fantastic wet year for agriculture now, but we know that the only reality check is after it has happened.

Ms Nolan: It is raining today.

Hon PHILIP GARDINER: Yes, I know a little bit happened last night, but that is not enough. It has to go the full term before you know whether you are off the hook—or more on the hook. I will follow that with interest.

I refer to page 441 and “Building Management and Works”, which is accountable for the major projects such as the stadium. Is that right?

Hon SIMON O’BRIEN: No.

Hon PHILIP GARDINER: The Entertainment Centre?

Hon SIMON O’BRIEN: No. I will ask Jennifer McGrath, our acting ED, who is doing a great job, to give the committee a quick thumbnail sketch of what it is. You may recall when the Department of Treasury and Finance was broken into the two departments, we created a new Department of Finance. The Office of Strategic Projects was retained with the Treasurer, under Richard Mann, who was here today for a previous hearing. It has, I think, about 17 or 18 projects that, for strategic and risk reasons, are being allocated to that office. However, the vast majority of non-residential government building is actually this agency. There are about 61 projects valued between \$10 million and \$100 million on the go about now. So it is a big portfolio. I will ask Jennifer to give a quick overview.

Ms McGrath: To add to what the minister has just said, Building Management and Works looks after new buildings—non-residential buildings—typically ones that are under \$100 million, and the ones that are over \$100 million are looked after by strategic projects.

Hon PHILIP GARDINER: The challenging building environment is affecting your sector. I thought it might affect the bigger sector. Is it affecting your sector as well? In the lower housing sector, I do not think it is such a challenging environment.

Ms McGrath: It is a difficult environment for construction companies and consultants that we are using in the private sector. A lot of them are under a fair bit of financial distress at the moment. A few builders have gone into administration over the last couple of months. We normally only have a couple a year. There are more at the moment. So it is a difficult time for them.

[2.40 pm]

Hon PHILIP GARDINER: I thought that might have been making it an easier time for you who are building new buildings.

Ms McGrath: Yes. In one way it is good in that we get very good prices, but we do have to be careful as we do not want builders going broke on us in the middle of projects. We do a lot of work around the financial viability of companies as part of the process of awarding the contract.

Hon SIMON O’BRIEN: It might be worth adding, as the member is clearly interested in this, that in these times the fact that the state government has got a record building program going on is also assisting that sector. Although there is a lot happening, as the member would know, in certain mineral resource projects and construction related to those, the fact is that there are other sectors of the construction industry that are a little bit softer, to put it mildly. It is of mutual benefit to the sector and the government that we have embarked on this program at the moment. While we are at it, I am very pleased with the results I see Building Management and Works achieving in terms of bringing in good quality projects on time and on budget.

Hon PHILIP GARDINER: I guess what threw me in that dot point is that there is a marked improvement in projects being completed on time and on budget, but it was the word “despite” that got me. I would have thought, based on what I have heard, that that is a result of the environment in which building supplies are becoming more readily available. That is what I think you meant in your explanation.

Hon SIMON O'BRIEN: If I may, in part it is also the framework of strategic asset management, which has become well established over the last couple of years and is approaching its maturity. This is a feature of what BMW is being able to provide to government as a centralised builder assisting a whole variety of agencies and their projects. For example, we are imposing, through BMW, the discipline of ensuring that planning, scoping and other matters that have to be done up-front are done properly so that we do not have budget blow-outs and what have you; we make sure that there are adequate contingencies and so on. I will ask Ms McGrath if she wants to add a little.

Ms McGrath: Just adding to what the minister has said, probably what we were aiming at there is that our main function is project management. A challenge for us has been getting the right staff—qualified, experienced staff—at a time when a lot of good project managers were competing with the mining industry and that boom.

Hon PHILIP GARDINER: I can understand that part of the challenge, but I thought you were implying earlier that because companies are going bust, that means it is releasing resources that you are able to take advantage of in getting lower costs and on-time results for your program.

Ms McGrath: A bit of both. Our job is mainly for the project management side. We do a lot of things to try to attract, retain and build up the skills of people because, as I mentioned, the good people are going to the mining sector—we are competing with that. But on the other side of things, the non-residential building industry, especially in the metropolitan area, is really tight. That puts pressure on us. We get good prices, which is great for the projects, but we also need to make sure that those organisations do not fall over in the middle of the project.

The CHAIR: Hon Philip Gardiner, we finish at three o'clock. I have a couple of other members.

Hon PHILIP GARDINER: Okay. I am all done.

Hon MAX TRENORDEN: I did not realise we finished at three o'clock, Madam Chair; I will take all that time up with Shared Services! I have got my chance, minister. Can we just go through it? I was only joking; it will not take long.

Hon SIMON O'BRIEN: I am pleased. I am very proud of what we have been doing with Shared Services since we took it over.

Hon MAX TRENORDEN: Let us start there, because that is what I wanted to know. What is the replacement for the Oracle program, which, I might say, I told everyone at the start would never work. I was clearly right at the time. I was told by everyone in the industry that it would not work and it did not work. What has replaced the Shared Services program? From 2013, what will be the operative mode?

Hon SIMON O'BRIEN: I think if I go to Mrs Black, that might be the best way to do it.

Hon MAX TRENORDEN: I am just interested to see what the future will be.

Ms Black: The program to decommission Shared Services commenced on 1 January this year. It involves the 59 agencies that are currently rolled into Shared Services getting their own new systems and processes in place ready to take their data back from Shared Services. A number of those agencies will work together, so there will be about 22 new environments. Those agencies will decommission in turn; we have got about 13 happening over the next six months. Their new systems will be their choice. Large agencies are likely to continue using Oracle's financial system. We have a government licence, and they can take advantage of that. Oracle's financial system is a mature system that is used widely and successfully in non-client agencies of Shared Services. It is very unlikely that any agency will use the Oracle payroll system because of the significant problems found with that. The agencies will make choices about using a different payroll system. Some medium and small agencies will not use Oracle financials; it is overkill for their needs. The government procurement business unit of the Department of Finance has worked with the decommissioning office to establish new CUAs for finance payroll systems and services, so that

agencies will have a choice from the new CUAs about their new systems and the services that they employ. Some agencies will implement their new finance and payroll systems internally and run them internally, and some will outsource at least parts of those new services. Does that answer the question?

Hon MAX TRENORDEN: In part. We are all aware that a lot of agencies have been running a dual system for a couple of years anyhow. People did not trust the Oracle process so they had to run their own programs—doubling the costs. I have some comfort that some of the bigger agencies were running their own system anyhow, so they have a mature process that they can rely on, I presume. The question really becomes: how are you, as an agency, going to make sure that each of these different activities are successful considering the track record—it is not your track record; we can say that it is our track record?

Hon SIMON O'BRIEN: Again, I thank the member for his ongoing interest in what is an important area of activity. What we have got to do is a difficult operation, because we have to fix some problems that you have identified and then some. The process of decommissioning is complex; it has to be done live, and we have many tens of thousands of public servants who all have to be paid, for example, every pay —

Hon MAX TRENORDEN: The correct amount.

Hon SIMON O'BRIEN: — the correct amount. It is not acceptable to us if in this process any agency misses a pay, even for a day or anything. We have set ourselves very high standards. The planning for the rollout, as we call it, has been meticulous. You will notice that it is due to finish by December next year. People might say, “Why not just do it tomorrow?” It is because we are doing it right; we are making sure that we have the right systems available for each of the agencies. Mrs Black referred, for example, to the 22 environments that we are going to have. There are some good reasons that we would have some agencies that want to group together for the provision of services. So we are not throwing the proverbial baby out with the bathwater; there is a limited shared capacity there.

[2.50 pm]

Hon MAX TRENORDEN: Minister, can I ask you a question related to that? One of the really painful issues when Shared Services was born was that a lot of FTEs who used to do that role were removed from agencies. You are saying that if there are going to be 22 new operatives, let us say systems or environments, surely FTEs are going to have to go into those areas.

Hon SIMON O'BRIEN: Yes. And I will ask Mrs Black to give you the detail on that in a moment, but I want to stress at the outset that it has been everyone's priority, right from the day we announced this, to recognise that this is about a people issue; it is not about a computer systems issue per se, it is about people. That includes some hundreds of people who are involved in the Shared Services operation and their morale. So, for most of them of course, and I am going to ask Mrs Black to comment now about this, the desire is to repatriate them back to other agencies, so the functions can continue. I have got to tell you that the initial response, particularly that by those who are proactive, is about getting killed in the rush with volunteers. You will relate that to my recent response to you to indicate that why we are rolling everyone out, 59 agencies over the next 18 months, is that we have to make sure that the show goes on, even if it is a shrinking game, so it is a very delicate balancing act. But in terms of the FTEs that are out there that need to be accommodated, Stephanie can you give a response.

Ms Black: There were around 400 permanent public servants at Shared Services about five months ago. All of those people need to find work within the public sector. About 150 of those people are direct operational people doing the finance and payroll operations for agencies. Those people have been allocated back to agencies, mainly to the large and medium agencies, and they will be placed there. As those agencies decommission or rollout, they will take their new payroll and finance

teams from us and we will no longer need them, because we will not be servicing that agency anymore. With the other 200 or so people, we have already placed a number of people into opportunities in other agencies outside of that process, so we have another about 200 people who need to be found meaningful work in the public sector. We are working with those people on an individual basis on their career aspirations and their career progression. We are asking for and receiving cooperation from all government agencies, and that includes non-client agencies of Shared Services, to alert us when they have roles coming up that will be suitable for our support staff and our people will be placed into funded roles, so there will be no cost to the government to place those people. For the operational people who will make up the new finance and payroll teams, the agencies will be funded through their business case to pay the salaries of those people when they take back those functions.

Hon MAX TRENORDEN: Can I actually go to the budget then, minister, for a tick, because if we go back to the debate of this morning, there is approximately \$80 million in Treasury's figures for Shared Services and there is \$74 million on your own budget figures for the ongoing costs of Shared Services. Why do they not line up? Just to make it easier for you, on page 447, if you add up—this is not exact; I said approximately—the two years there, it is \$74 million. If you go to page 297 referred to this morning in the Treasury's debate, going out to 2015–16 it adds up to approximately \$80 million. We have five minutes to go, so perhaps again, if you want to give me some detail on that as supplementary information, I will be happy to take it.

Hon SIMON O'BRIEN: If that would be most convenient for the committee, Madam Chair, we will go back to this *Hansard*, we will go back to those two pages and the two votes and provide you with the explanatory reconciliation that you are after. It does make sense, Max, I tell you, but you want to find out.

Hon MAX TRENORDEN: I am sure; I am not saying that the figures are wrong; I am just wondering where that \$6 million is actually going to be expended, because I am sure it is going to be.

[*Supplementary Information No B6.*]

Hon MAX TRENORDEN: Minister, has there been a global figure put on the debacle?

Hon SIMON O'BRIEN: I am sorry?

Hon MAX TRENORDEN: Has there been a global figure on the cost of the debacle?

Hon SIMON O'BRIEN: This is a difficult question to answer. As you indicated in an earlier question, I am not defensive about any of this, because I am not the author of anything; I have been given the job to sort it out. To the extent that it is possible to answer the question and recognising that these functions have to be delivered to, in this case, about 30 000 or more public servants across 59 agencies, it is difficult to work out what the excess or unnecessary cost is, as it were. I will ask Mrs Black to field the question as best we can for your purposes.

Ms Black: By our calculations, the total net cost of Shared Services business to date is around \$470 million and that comprises \$280 million recurrent and \$190 million capital expenditure. Shared Services will close down at the end of the next calendar year and over its life the total cost is expected to be about \$560 million. There is no planned capital expenditure on Shared Services over 2012–13 and 2014–15. The capital expenditure showing in the budget for the Department of Finance for this will be allocated to agencies for their new systems.

Hon MAX TRENORDEN: I appreciate that figure, because I did not think you would have even been able to give me a guesstimate. It is a terrible, terrible figure and it is something that just should not have happened.

The CHAIR: Perhaps one more question and then I might need to go to Hon Ken Travers.

Hon MAX TRENORDEN: I am happy to pass it up. Shared Services was my primary interest.

Hon KEN TRAVERS: I want to go to the “Master Planning Strategy—Government Office Accommodation” under the asset investment program on page 451. I assume that the expressions of interest that were called for some time ago for the location of government offices in strategic activity centres across the Perth metropolitan area and Bunbury would be included under this, but when I asked a question earlier in the house, I was told there was no money for those. I was wondering whether you could tell me where that expression of interest process is up to.

Hon SIMON O’BRIEN: It is quite advanced. It is before cabinet and I am looking forward to an announcement fairly soon. I mean, I am very keen to announce what we have, although I cannot do it now, and as you say, it is not part of the budget in that sense. One of the reasons we have not announced what we are doing and that we are holding off for a bit is that there are all sorts of considerations with staff of agencies who may be having a move within or even outside the metropolitan area in future and that is a very sensitive thing, so we want to make sure that the announcement is well managed to make sure that people do not get upset about speculation about what might be happening. But the short answer to your question is that the consultation has happened, I have subsequently taken the matter back to cabinet and the decision of cabinet is about to be, shortly I hope, announced.

[3.00 pm]

Hon KEN TRAVERS: But where would it be funded from? Is there money in the budget that will fund this program, or does it require additional funding over and above what is in the budget papers before us to fund the conclusion of that expression of interest process?

Hon SIMON O’BRIEN: I think it is fair to say that it is all covered in this and previous budget rounds. I cannot really expand on that much more without divulging a cabinet decision that has not been announced. In terms of the pursuing of the direction that we are going in in developing business cases, obviously that will then raise the subject of additional funding, which is something for a future time.

Hon KEN TRAVERS: Minister, I understand that you cannot divulge a cabinet process, but surely you can tell me whether in these budget papers before us there is any money allocated for this purpose.

Hon SIMON O’BRIEN: No.

Hon KEN TRAVERS: So, nowhere in the Department of Finance is there any money allocated for the purpose of locating government offices or paying the rent—what about paying the rent—on the offices in strategic activity centres, or Bunbury?

Hon SIMON O’BRIEN: Perhaps you are inferring by your question that any future course we would be following is going to cost the taxpayer more. That is not necessarily the case. In fact, one of the purposes of our government accommodation strategy that we have been pursuing is actually to save money over the long term. But in noting that there is no additional funding in this budget does not mean that we have not had the funds to do the work up to now, and in future we will be preparing the business cases to get the funding for future phases of the government accommodation operation. I might add that a very substantial government office accommodation program has been going for some little while and is still in operation; it is still in transit. We are actually doing it but it is with existing moneys that we have got.

Hon KEN TRAVERS: So the master planning strategy money on page 451, what is that actually for, then—“Master Planning Strategy — Government Office Accommodation”?

Hon SIMON O’BRIEN: That is what I was just referring to—the implementation of that. That is ongoing. That is for places like old Dumas House, Albert Facey House and the Optima Centre.

Hon KEN TRAVERS: Can we get a breakdown—I am happy if it is taken on notice—for that full 225; how it is allocated?

Hon SIMON O'BRIEN: Yes, we can do that. I think I have already publicly announced all of that, but I am more than happy to provide that.

[Supplementary Information No B7.]

The CHAIR: We need to conclude this hearing. The committee will forward any additional questions via you, minister, in writing in the next couple of days, together with the transcript of evidence, which will include any questions that have been taken on notice. If members have any unasked questions, please submit them to the committee clerk via email at the close of the hearing. Responses to these questions will be requested within 10 working days of receipt of the questions. Should the agency be unable to meet this due date, please advise the committee in writing as soon as possible before the due date and include specific reasons as to why the due date cannot be met. Finally, on behalf of the committee I would like to thank you all for your assistance this afternoon. We will close this hearing. For those who may be interested, the next hearing is at 3.30 pm and it is Health, if you are interested in hanging around. Thanks very much.

Hearing concluded at 3.05 pm
