

Division 18: Great Southern Development Commission -

Question: Mr Omodei asked: The kind of information I want is looking at the priority assurance dividend and, looking at the 2001-02 budget for the Great Southern Development Commission on page 323, it says that the priority assurance dividend is \$92 000. It then goes up to \$116 000 next year and, looking at the actual budget, it goes from \$1.6 million to \$1.5 million and then to \$2 million. The priority dividend then goes up in 2003-04 to \$170 000. The budget actually goes to \$2.185 million and then the budget drops off in 2004-05 to \$1.385 million, but the priority dividend goes up to \$170 000.

Answer: The priority assurance dividend was calculated by Treasury, using a percentage formula, based on the mid year actuals as at December 2000, of the Great Southern Development Commission and the three out years to 2004-05. Specifically, Treasury's formula was based on the estimated operating costs and capital funding of the Great Southern Development Commission at that point in time.

The priority assurance dividends were set and advised by Treasury in May 2001, whereas the budget statements, which the member for Warren-Blackwood quoted from, were completed in August 2001. There is now no correlation between the budget estimates and priority assurance dividends as pointed out by the member for Warren-Blackwood.

Question: Mr Trenorden asked: I would like to know the difference between the capital user charge and the user charge.

Answer: The Capital User Charge (CUC) is a Treasury calculated charge, based on the value of assets held by an agency. It is paid by Treasury to agencies and recouped back each quarter. It is designed to force agencies to think about their assets, which are ultimately reflected in the State's balance sheet. It is about agencies managing their assets in the light of holding costs of those assets, real market values and disposal values of those assets.

The user charge relates to resources received free of charge between agencies. It is a book value estimate of revenue notionally received by an agency. For example the GSDC notionally receives \$10 000 of value from the Office of the Auditor General for services or resources deployed in auditing the financial operation of GSDC each year.