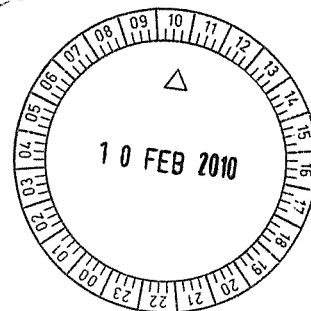




Government of Western Australia  
Department of Treasury and Finance  
Office of the Under Treasurer

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Ms R Jewell  
Committee Clerk  
Estimates and Financial Operations  
Committee  
Legislative Council  
Parliament House  
2 Harvest Terrace  
PERTH WA 6000

Dear Ms Jewell

**REQUEST FOR SUPPLEMENTARY INFORMATION – STANDING COMMITTEE  
ON ESTIMATES AND FINANCIAL OPERATIONS 13 JANUARY 2010**

I refer to your letter of 14 January 2010 requesting confirmation of the transcript of evidence from the Committee hearing held 13 January 2010 regarding the 2009-10 Mid-year Financial Projections Statement, and supplementary questions asked by Members of the Committee.

Please find attached a response to the supplementary questions (Attachment A) and please note that:

- no corrections are required; and
- I have signed and dated the first page and initialled the following pages.

I trust that the attached information is of assistance.

Yours sincerely

Timothy Marney  
UNDER TREASURER

9 February 2010

Enc.

**ATTACHMENT A**

**Supplementary Information NoA1: Hon L Ravlich asked for a comprehensive list of all the decisions that have been made post the cut-off date for the Mid-year financial review.**

**Answer:**

Due to Cabinet confidentiality it is not possible to provide a list of Government decisions since 30 November 2009, the Mid-Year Review cut off date. However, the details of these decisions and the financial impact will be reported in the 2010-11 Budget, consistent with previous practice.

**Supplementary Information NoA2: Hon K Travers asked that, using the six-week average, what would have been the outcome in the Mid-year review regarding a surplus or deficit that would occur at the end of the financial year, particularly when you then have outside commentators saying that they expect the Australian dollar to remain high and particularly if interest rates continue to be increased by the Reserve Bank over the six-month period?**

**Answer:**

As detailed on page 14 of the MYR, the effect of the new exchange rate projections methodology was to increase the revenue estimates by \$35 million in the second half of 2009-10, relative to the previous methodology.

The projected surplus in the MYR, if the methodology that was applied at the time of the 2009-10 Budget was used, would have been \$16 million, all other things equal.

**Supplementary Information NoA3: The Hon P Gardiner asked for an explanation of the difference between net debt and net financial liabilities, as defined by Standard and Poor's.**

**Answer:**

Net financial liabilities is a wider measure of balance sheet liabilities than net debt.

The broadest measure of all financial commitments of a State is the net financial liabilities measure.

Net debt is calculated as the difference between liquid financial assets (including loans made by governments) and financial liabilities that attract a debt servicing cost.

Net financial liabilities take into account net debt and unfunded superannuation.

Using standard Uniform Presentation Framework (UPF) definitions, as reported in the State's whole-of-government balance sheet disclosures, net financial liabilities are calculated by subtracting financial assets (excluding equity assets) from total liabilities.

Credit rating agency Standard and Poor's use an alternative calculation methodology of net financial liabilities for credit rating purposes and it is this measure which is reported in associated media commentary.

The Standard and Poor's method excludes a number of the balance sheet liabilities, namely 'other employee benefits', 'payables' and 'other liabilities'. In addition, there are only two types of financial assets under the Standard and Poor's definition, 'cash and deposits' and 'investments, loans and placements'.

Using standard UPF definitions, net financial liabilities are higher than those used by Standard and Poor's for credit rating purposes for all jurisdictions.

**Supplementary Information NoA4: The Hon L Ravlich asked for an explanation around electricity tariff increases for households.**

**Answer:**

A full breakdown of the tariff increases that are underpinning the parameter assumptions in the MYR are in the following table, which provides the retail tariff assumptions at the time of the 2009-10 Mid-Year Review. Cost reflective tariffs are reached in the shaded area.

**Table 1 – Retail Tariff Increases – 2009-10 MYR\***

	<b>Apr-Jun 2009</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
	%	%	%	%	%	%
A1	10	15	25.9	15.5	11.2	9.4
B1	15	25	39.5	45.6	16.7	11.4
K1	10	15	23.7	16.2	12	9.8
L1	5	10	18	14.4	12.2	9.8
R1	5	10	24.6	13	11.5	8.3
R3	10	10	16.7	13.2	15.2	8.9
L3	10	10	18.4	14.2	14.6	9.7
M1	10	10	26.7	14.5	14.9	9.9
S1	10	10	4.5	13.1	15.4	8.7
T1	10	10	11.5	12.6	14	7.1
W1	55.5	55.5	2.4	14	15.5	7.6
Z1	15	15	23.5	22.6	16.9	13.8

\* Definition of tariff classes follows.

### **2009-10 Mid-Year Review Electricity Tariff Assumptions**

To provide accurate financial forecasts the MYR updated electricity tariffs to reflect known changes around the costs of providing electricity.

Electricity tariffs in the MYR were based on the following assumptions:

- Increases consistent with the Government's announcement (that is, with effect from 1 April 2009 and 1 July 2009).
- Tariff Equalisation Fund (TEF) is still included in network tariffs (TEF based on 2009-10 gazetted amount and budgeted amounts).
- Network Tariff have been updated to reflect better knowledge and actuals, including the actual 2009-10 network tariff increase and resubmission for the Economic Regulation Authority's (ERA) Draft Decision (based on information at the time it assumes no pre-1 July 2010 network tariff increase).

Carbon costs passed through. Carbon estimates have been updated for the delay in the introduction of the Carbon Pollution Reduction Scheme (CPRS).

- From 1 July 2010 contestable tariffs move to cost-reflective levels.
- Non-contestable tariffs move to cost-reflective levels by 1 July 2011.
- The glide path tariff increases to cost-reflectivity for non-contestable tariffs in 2010-11 where possible are the same as assumed in the 2009-10 Budget.
- Once tariffs reach cost-reflective levels they increase by required amount to maintain cost-reflectivity.

It should be noted that the Government is yet to announce electricity tariffs from 2010-11 and this will be considered as part of the 2010-11 Budget process.

### Positive Impact on Corrective Measures

The MYR shows a \$196 million net debt improvement from that initially forecast in the Budget, detailed in Table 2.

**Table 2 - Net Debt Impact of Electricity Tariff Corrective Measures\***

	<b>2009-10 \$m</b>	<b>2010-11 \$m</b>	<b>2011-12 \$m</b>	<b>2012-13 \$m</b>	<b>Total \$m</b>
2009-10 Budget	-59	-160	-200	-126	-546
2009-10 MYR	-153	-262	-201	-126	-742
<i>Change</i>	<i>-94</i>	<i>-102</i>	<i>-1</i>	<i>0</i>	<i>-196</i>

\* Net Debt Impact measures the impact changes to CSO payments.

The Tariff Adjustment Payment CSO funds the difference between an efficient cost-reflective electricity tariff and the Government approved retail electricity tariff. Therefore the CSO amount is impacted by two factors 1) the efficient cost of providing electricity and 2) the retail electricity tariff. Variation in either of these factors will alter the CSO amount and therefore impact on State finances.

The MYR maintains the same underlying retail electricity tariff assumptions as those in the Budget. Consistent with the Budget this includes no pre 1 July 2010 increase.

However, the MYR does update the parameters around the underlying costs of providing electricity and this is the factor that reduces the required CSO payment and improves State finances. The main changes to these costs of production were forecast lower short-term costs as a result of assumed lower network tariffs in 2009-10, as determined by the ERA's Draft Decision, and a delay in the introduction of the CPRS.

It is not increased electricity tariffs and associated revenues that benefit the Government's MYR position. The benefit comes from the MYR updating parameters around the underlying costs of providing electricity, which reduces subsidies paid to Horizon Power and Synergy to maintain electricity tariffs below cost-reflective levels to the benefit of State finances.

## Tariff Definitions

The following table provides definitions of the Synergy and Horizon Power tariff classes, and examples of the customers on each tariff class.

Tariff	Definition	Examples of Customers
<b>A1/A2</b>	<ul style="list-style-type: none"> <li>The A1 Tariff is Synergy's standard residential tariff for private dwellings, and is used solely for residential purposes.</li> <li>The A2 Tariff is a Horizon Power tariff equivalent to the A1 Tariff.</li> </ul>	<ul style="list-style-type: none"> <li>Residential households.</li> </ul>
<b>B1</b>	<ul style="list-style-type: none"> <li>The B1 Tariff is a Synergy tariff for off-peak residential water heating in the six-hour period between 11pm and 6am.</li> </ul>	<ul style="list-style-type: none"> <li>Residential households.</li> </ul>
<b>C1/C2</b>	<ul style="list-style-type: none"> <li>The C1 Tariff is a Synergy tariff for small voluntary and charitable organisations.</li> <li>The C2 Tariff is a Horizon Power tariff equivalent to the C1 Tariff.</li> </ul>	<ul style="list-style-type: none"> <li>Community clubs.</li> <li>Youth groups.</li> <li>Non-profit groups.</li> <li>Fire/rescue groups.</li> </ul>
<b>D1/D2</b>	<ul style="list-style-type: none"> <li>The D1 Tariff is a Synergy tariff available to charitable organisations providing residential accommodation.</li> <li>The D2 Tariff is a Horizon Power tariff equivalent to the D1 Tariff.</li> </ul>	<ul style="list-style-type: none"> <li>Hostels and homes for the aged.</li> <li>Emergency accommodation.</li> </ul>
<b>K1/K2</b>	<ul style="list-style-type: none"> <li>The K1 Tariff is a Synergy tariff for locations where part of the electricity use is for residential purposes, and part is for business purposes.</li> <li>The K2 Tariff is a Horizon Power tariff equivalent to the K1 Tariff.</li> </ul>	<ul style="list-style-type: none"> <li>Farming properties.</li> <li>Commercial properties with a caretaker's residence attached.</li> </ul>
<b>L1/L2</b>	<ul style="list-style-type: none"> <li>The L1 Tariff is Synergy's tariff for small businesses that use low/medium voltage electricity (240/415 volts).</li> <li>The L2 Tariff is a Horizon Power tariff equivalent to the L1 Tariff.</li> </ul>	<ul style="list-style-type: none"> <li>Schools and churches.</li> <li>Hospitals.</li> <li>Shops and factories.</li> <li>Hotels and motels.</li> <li>Sporting complexes.</li> </ul>
<b>M1/M2</b>	<ul style="list-style-type: none"> <li>The M1 Tariff is a Synergy tariff for business customers with high electricity usage and high voltage.</li> <li>The M2 Tariff is a Horizon Power tariff equivalent to the M1 Tariff.</li> </ul>	<ul style="list-style-type: none"> <li>Port authorities.</li> <li>Heavy machinery producers.</li> <li>Mining companies.</li> <li>Government departments.</li> </ul>

Tariff	Definition	Examples of Customers
<b>N2</b>	<ul style="list-style-type: none"> <li>The N2 Tariff is a Horizon Power tariff for supply to commonwealth and foreign government instrumentalities in Horizon Power's non-integrated systems.</li> </ul>	<ul style="list-style-type: none"> <li>US Naval Base (Exmouth)</li> <li>Commonwealth Departments (Defence Agriculture, etc.)</li> <li>Centrelink</li> <li>Bureau of Meteorology.</li> </ul>
<b>P2</b>	<ul style="list-style-type: none"> <li>The P2 Tariff is a Horizon Power tariff for supply to commonwealth and foreign government instrumentalities in Horizon Power's North West Integrated System.</li> </ul>	<ul style="list-style-type: none"> <li>Centrelink</li> <li>Commonwealth Departments (Defence Agriculture, etc.)</li> <li>Bureau of Meteorology.</li> </ul>
<b>R1</b>	<ul style="list-style-type: none"> <li>The R1 Tariff is a Synergy available to non-contestable business customers that consume between 80 and 137 kWh per day, and use more than 20% of their power in off-peak periods. The R1 Tariff is a time-of-use tariff.</li> </ul>	<ul style="list-style-type: none"> <li>Retail.</li> <li>Accommodation.</li> <li>Agriculture.</li> <li>Government.</li> <li>Manufacturing.</li> </ul>
<b>R3</b>	<ul style="list-style-type: none"> <li>The R3 Tariff is a Synergy available to contestable business customers that consume more than 137 kWh per day, and use more than 30% of their power in off-peak periods. The R3 Tariff is a time-of-use tariff</li> </ul>	<ul style="list-style-type: none"> <li>Retail.</li> <li>Accommodation.</li> <li>Agriculture.</li> <li>Government.</li> <li>Manufacturing.</li> </ul>
<b>S1</b>	<ul style="list-style-type: none"> <li>This S1 Tariff is a Synergy tariff for business customers with energy supplied at low/medium voltage (240/415 volts), combined with a moderate to high load factor and higher energy use (6.6kV, 11kV, 22kV or 33kV).</li> </ul>	<ul style="list-style-type: none"> <li>Transport and storage.</li> <li>Business.</li> <li>Manufacturing.</li> <li>Government.</li> <li>Retail.</li> </ul>
<b>T1</b>	<ul style="list-style-type: none"> <li>The T1 Tariff is a Synergy tariff for business customers who use a lot of high voltage energy (6.6kV, 11kV, 22kV or 33kV), combined with a moderate to high load factor.</li> </ul>	<ul style="list-style-type: none"> <li>Government.</li> <li>Transport and storage.</li> <li>Manufacturing.</li> <li>Retail.</li> <li>Business.</li> </ul>
<b>W1/W2</b>	<ul style="list-style-type: none"> <li>The W1 Tariff is a Synergy tariff for traffic lights.</li> <li>The W2 Tariff is a Horizon Power tariff equivalent to the W1 Tariff.</li> </ul>	<ul style="list-style-type: none"> <li>Main Roads.</li> </ul>
<b>Z1</b>	<ul style="list-style-type: none"> <li>Both Synergy and Horizon Power have a series of Z Tariffs for streetlights.</li> </ul>	<ul style="list-style-type: none"> <li>Local Councils.</li> </ul>

**Supplementary Information NoA5: The Hon K Travers asked if the Under Treasurer could identify any expenditure in the current budget that would comply with the Perth Parking Management Act, i.e. purposes that the money raised by the increase in the Perth Parking Levy, could be used for.**

**Answer:**

Expenditure in the MYR that complies with the *Perth Parking Management Act* is as follows.

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<b>PERTH PARKING MANAGEMENT ACT</b>				
Revenue and Expenditure				
	2009-10	2010-11	2011-12	2012-13
	\$m	\$m	\$m	\$m
<b>Revenue</b>				
Projected revenue at 2010-11 review of fees and charges	27.139	28.276	28.870	29.476
<i>Total</i>	<i>27.139</i>	<i>28.276</i>	<i>28.870</i>	<i>29.476</i>
<b>Expenditure</b>				
Grant from Transport to PTA – Cost of Cat bus service	6.767	6.914	6.349	6.185
Grant from Transport to PTA – Free travel zone compensation for loss of revenue	2.812	2.924	3.012	3.012
Cost to administer the Perth Parking Management Act	0.550	0.550	0.550	0.550
<i>Total</i>	<i>10.129</i>	<i>10.388</i>	<i>9.911</i>	<i>9.747</i>

Note: Columns/rows may not add due to rounding.

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Note that any revenue over expenses is retained in the trust fund for any unforeseen expenditure and the replacement of buses, but still subject to Government approval to spend the funds.



**Supplementary Information NoA6: The Hon K Travers asked about table 4 on page 7 of the Mid-year review and wanted to know if there were any other projects included in the \$584 million for Commonwealth funded projects.**

**Answer:**

The table below shows the funding profile from Commonwealth and State sources for major infrastructure projects.

<b>MAJOR INFRASTRUCTURE PROJECTS</b>						
Commonwealth/State Funding						
	2009-10	2010-11	2011-12	2012-13	Beyond	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Commonwealth Contribution</b>						
The Hub (Northbridge Link)	27	38	60	99	12	236
Fiona Stanley Rehabilitation Unit	6	36	82	100	32	256
Swan Health Campus	5	25	40	91	19	180
<i>Total</i>	<i>38</i>	<i>99</i>	<i>183</i>	<i>289</i>	<i>63</i>	<i>672</i>
<b>Spending</b>						
The Hub (Northbridge Link) <sup>(a)</sup>	14	22	80	109	243	468
Fiona Stanley Rehabilitation Unit	6	36	82	100	32	256
Swan Health Campus	4	10	50	120	176	360
Oakajee Port <sup>(b)</sup>	-	-	-	339	-	339
<i>Total Spending</i>	<i>24</i>	<i>68</i>	<i>213</i>	<i>668</i>	<i>450</i>	<i>1,423</i>

(a) Includes \$25 million local government contribution.

(b) Commonwealth contribution assumed to be made direct to proponent.

Note: Columns/rows may not add due to rounding.

**Supplementary Information NoA7: The Hon K Travers referred to table 4 (cont.) on page 8 of the Mid-year review, and asked for a breakdown of the agencies in which those employee costs are included.**

**Answer:**

A breakdown by agency of parameter employee costs included in the 2009-10 mid-year review is shown in the table below.

<b>PARAMETER EMPLOYEE EXPENSES<sup>(a)</sup></b>					
<b>2009-10 Mid-year Review</b>					
<b>Agency</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Education and Training	68.1	94.4	162.3	159.4	484.2
Corrective Services	40.4	44.2	41.9	40.5	167.1
TAFE Colleges	25.5	24.2	25.0	21.6	96.3
Agriculture & Food	16.6	16.1	16.1	16.0	64.8
Attorney General	11.7	15.3	18.2	17.7	62.9
Western Australia Police	10.2	16.2	7.4	6.6	40.4
Commerce	9.9	9.1	10.0	10.0	38.9
Legal Aid Commission of WA	3.7	4.8	3.9	3.6	15.9
Mines and Petroleum	4.7	4.0	3.3	3.2	15.2
Child Protection	2.8	2.8	2.7	1.7	10.0
Disability Services Commission	0.5	-2.3	-2.6	12.8	8.3
Sport and Recreation	1.8	1.8	1.9	1.7	7.2
Swan River Trust	1.3	1.2	1.4	1.9	5.8
Communities	1.9	3.3	0.2	0.0	5.4
WA Health	-45.7	-40.2	-23.3	-5.7	-114.9
All other <sup>(b)</sup>	187.7	197.9	150.5	140.6	676.8
<b>Total</b>	<b>341.1</b>	<b>392.7</b>	<b>418.7</b>	<b>431.7</b>	<b>1,584.2</b>

(a) Comprises salaries, concurrent superannuation, and other employee costs such as subsidised housing.

(b) Includes a central provision to accommodate growth in salaries expenditure across the general government sector equivalent to projected growth in the Wage Price Index and historical average growth in FTE levels, consistent with past practice.

Columns/rows may not add due to rounding.

**Supplementary Information NoA8: The Hon K Travers asked if there was anywhere in the budget that the increased expenditure for Corrective Services is actually included.**

**Answer:**

The following paragraphs were included on page 90 of the mid-year review in relation to asset investment program spending for the Department of Corrective Services.

An urgent requirement to provide 640 additional prison beds has arisen from the implementation of the Government's law and order policies and the tightening of parole conditions by the Prisoner Review Board. The \$48 million cost will be funded through the allocation of funds from the existing Custodial Infrastructure Program. The flow-on recurrent cost of this decision is estimated at \$41 million in 2009-10 and \$169 million over the four years to 2012-13. This flow-on cost is treated as a parameter change for mid-year review disclosure purposes.

This flow-on recurrent cost (treated as a parameter change for mid-year review purposes) relates primarily to operating costs to manage and maintain a prison population of 4,600, funded in accordance with the prisons muster model.

This \$41 million recurrent cost for 2009-10 differs from the \$39 million excess published against Item 96 Delivery of Services in Appendix 4: The Treasurer's Advance as the incorporation of procurement savings (and several other minor items) into the budget of the Department of Corrective Services is also included in the estimate for the impact on the Treasurer's Advance for this item.

**Supplementary Information NoA9: The Hon L Ravlich asked if the Under Treasurer could provide the committee with the projects that are currently significant projects in Western Australia, and also their estimated direct impact on the State's payroll tax revenue over the forward estimates, and when that revenue will be coming in.**

**Answer:**

With the exception of the Gorgon gas project, the payroll tax estimates are not calculated at an individual project level.

Rather, the payroll tax forecasts are based on the most recent actual collections and forecasts of economy-wide growth in wages and employment.

**Supplementary Information NoA10: The Hon K Travers asked for more details on the revenue of each of the public corporations.**

**Supplementary Information NoA11: The Hon K Travers asked for the break-up of tax equivalent payments and dividends for public corporations.**

**Answer 11 and 12:**

The following table outlines the revenue to Government from public corporations and a break up of tax equivalent payments and dividends.

**MID YEAR REVIEW**

**REVENUE TO GOVERNMENT FROM PUBLIC CORPORATIONS**

Details of Payment <sup>1</sup>	2009-10 Budget Estimate \$'000	2010-11 Forward Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000
<b>Horizon Power</b>				
Dividends	-	-	-	15,182
<i>Subtotal</i>	-	-	-	15,182
<b>Synergy</b>				
Income tax expense	29,995	38,580	54,328	68,675
Dividends	44,620	34,994	45,010	51,995
<i>Subtotal</i>	74,615	73,574	99,338	120,670
<b>Verve Energy</b>				
Local Government Rates expense	110	110	110	110
Dividends	11,332	4,209	44,306	35,789
<i>Subtotal</i>	11,442	4,319	44,416	35,899
<b>Western Power</b>				
Income tax expense	26,663	1,779	37,073	136,881
Local Government Rates expense	869	891	915	941
Dividends	43,138	18,259	26,940	105,588
<i>Subtotal</i>	70,670	20,929	64,928	243,410
<b>Water Corporation</b>				
Income tax expense	218,386	207,008	212,728	229,421
Local Government Rates expense	4,569	4,049	4,151	4,254
Dividends	425,685	412,009	394,776	425,070
<i>Subtotal</i>	648,640	623,066	611,655	658,745
<b>Western Australian Land Authority (LandCorp)</b>				
Income tax expense	19,981	43,169	32,202	42,542
Local Government Rates expense	4,124	4,315	4,068	3,987
Dividends	28,846	28,846	28,846	28,846
<i>Subtotal</i>	52,951	76,330	65,116	75,375
<b>Gold Corporation</b>				
Income tax expense	8,686	4,726	4,637	7,571
Local Government Rates expense	110	110	110	110
Dividends	15,991	12,161	6,616	6,492
<i>Subtotal</i>	24,787	16,997	11,363	14,173
<b>Western Australian Treasury Corporation</b>				
Income tax expense	1,725	2,189	2,633	2,806
Dividends	2,319	2,033	2,575	3,093
<i>Subtotal</i>	4,044	4,222	5,208	5,899

<sup>1</sup> Income Tax Expense includes Current Tax Expense amounts only (does not include Deferred Tax Expense).

Details of Payment	2009-10 Budget Estimate \$'000	2010-11 Forward Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000
<b>Albany Port Authority</b>				
Income tax expense	1,653	1,938	2,038	2,202
Local Government Rates expense	100	104	108	120
Dividends	885	1,529	1,793	1,886
<i>Subtotal</i>	<i>2,638</i>	<i>3,571</i>	<i>3,939</i>	<i>4,208</i>
<b>Broome Port Authority</b>				
Income tax expense	219	208	193	175
Local Government Rates expense	15	268	276	284
Dividends	255	243	226	204
<i>Subtotal</i>	<i>489</i>	<i>719</i>	<i>695</i>	<i>663</i>
<b>Bunbury Port Authority</b>				
Income tax expense	3,295	2,774	2,774	2,774
Local Government Rates expense	210	220	220	220
Dividends	725	3,236	3,236	3,236
<i>Subtotal</i>	<i>4,230</i>	<i>6,230</i>	<i>6,230</i>	<i>6,230</i>
<b>Dampier Port Authority</b>				
Income tax expense	2,598	3,740	4,001	4,122
Local Government Rates expense	100	100	100	100
Dividends	1,341	3,032	4,364	4,668
<i>Subtotal</i>	<i>4,039</i>	<i>6,872</i>	<i>8,465</i>	<i>8,890</i>
<b>Esperance Port Authority</b>				
Income tax expense	2,406	3,050	4,747	4,588
Local Government Rates expense	95	100	275	320
Dividends	3,094	2,827	4,737	4,478
<i>Subtotal</i>	<i>5,595</i>	<i>5,977</i>	<i>9,759</i>	<i>9,386</i>
<b>Fremantle Port Authority</b>				
Income tax expense	5,043	3,192	3,217	3,262
Local Government Rates expense	366	379	398	417
Dividends	6,860	5,257	3,247	3,282
<i>Subtotal</i>	<i>12,269</i>	<i>8,828</i>	<i>6,862</i>	<i>6,961</i>
<b>Geraldton Port Authority</b>				
Income tax expense	2,121	9,190	9,190	9,190
Local Government Rates expense	160	160	160	160
Dividends	1,518	13,541	13,456	14,585
<i>Subtotal</i>	<i>3,799</i>	<i>22,891</i>	<i>22,806</i>	<i>23,935</i>
<b>Port Hedland Port Authority</b>				
Income tax expense	2,085	11,288	10,793	8,753
Local Government Rates expense	280	312	327	344
Dividends	2,651	2,235	13,265	12,591
<i>Subtotal</i>	<i>5,016</i>	<i>13,835</i>	<i>24,385</i>	<i>21,688</i>
<b>Bunbury Water Board</b>				
Income tax expense	309	619	756	856
<i>Subtotal</i>	<i>309</i>	<i>619</i>	<i>756</i>	<i>856</i>
<b>Busselton Water Board</b>				
Income tax expense	986	1,006	1,006	1,006
<i>Subtotal</i>	<i>986</i>	<i>1,006</i>	<i>1,006</i>	<i>1,006</i>

Details of Payment	2009-10 Budget Estimate \$'000	2010-11 Forward Estimate \$'000	2011-12 Forward Estimate \$'000	2012-13 Forward Estimate \$'000
<b>Forest Products Commission</b>				
Dividends	-	-	-	1,177
<i>Subtotal</i>	-	-	-	1,177
<b>Subiaco Redevelopment Authority</b>				
Dividends	-	14,000	-	-
<i>Subtotal</i>	-	14,000	-	-
<b>Insurance Commission of WA</b>				
Income tax expense	49,932	35,445	33,387	37,411
<i>Subtotal</i>	49,932	35,445	33,387	37,411
<b>Perth Market Authority</b>				
Local Government Rates expense	125	134	145	155
<i>Subtotal</i>	125	134	145	155
<b>Total Amounts</b>				
Income tax expense	376,083	369,901	415,703	562,235
Local Government Rates expense	11,233	11,252	11,363	11,522
Dividends	589,260	558,411	593,393	716,985
<b>Total</b>	<b>976,576</b>	<b>939,564</b>	<b>1,020,459</b>	<b>1,290,742</b>

**Supplementary Information NoA12: The Hon K Travers asked for what advice the Department of Transport and WA Police provided regarding advertising revenue and presence at special events, respectively.**

**Answer:**

The Department of Transport advised DTF they would not receive any advertising revenue in 2009-10 as in order to generate revenue through advertising, an amendment to the State Trading Concerns (Authorisation) Regulations 1998 is required. The Department is currently going through the process of amending these regulations.

In its Mid Year Review submission, the Western Australia Police advised that savings of \$0.625 million in 2009-10 to be achieved from levying fees for policing sporting and special events was unlikely to eventuate due to delays in the legislative amendments required in the Police Act 1892.

**Supplementary Information NoA13: The Hon L Ravlich asked for information in relation to the cost of the six new departments that the government has created since coming into office.**

**Answer:**

The only instances where there was a cost in establishing a new Department are as below:

- The position of Director of Lands Division was established at a cost of \$0.2 million in 2009-10, and \$0.3 million for 2010-11 to 2012-13 as outlined on page 96 of the Mid-year Review; and
- The position of Director General at Training and Workforce Development was established at a cost of \$0.2 million in 2009-10 and \$0.3 million in 2010-11 to 2012-13 as outlined on page 97 of the Mid-year Review.

It is noted that the establishment of the Major Regional Projects Division mentioned by the Hon L Ravlich, is to facilitate the Royalties for Regions program. This was not a Machinery of Government change.

All other Machinery of Government changes were completed through reallocations of existing funding, as follows:

- \$289.3 million for phase 1 of the transfer from the former Department of Education and Training to the newly created Department of Training and Workforce Development effective from 30 October 2009. A further transfer will be completed once all unresolved issues regarding this split have been concluded;
- \$99.7 million from the former Department of Housing and Works to the Department of Treasury and Finance, following the transfer of all works functions from 1 February 2009;
- \$49.4 million from the former Department of Industry and Resources to the Department of Commerce for costs associated with the delivery of the Science and Innovation Business Division's (SIB's) functions. SIB functions were transferred to Commerce following the abolition of Industry and Resources and the creation of Commerce on 1 January 2009;
- \$48.6 million from the Department of Planning to the Department of Transport associated with the transfer of responsibility for coastal infrastructure, transport planning, and support of the National Transport Commission;
- \$15.7 million from the former Department of Industry and Resources to the Department of State Development for general operational functions and expenses, following the establishment of the Department of State Development on 1 January 2009.

- \$10.9 million from the Department of the Premier and Cabinet to the Public Sector Commission, reflecting the transfer of the Public Sector Management Office and E-Government Policy and Coordination functions, following the creation of the Public Sector Commissioner's position from 1 November 2008;
- \$10.0 million from the Department for Child Protection to the Department for Communities, reflecting the transfer of non-government services and grant programs from 1 July 2008;
- \$6.3 million from the Department of Environment and Conservation to the new Office of the Environmental Protection Authority for the revised administrative support arrangement for the Environmental Protection Authority, effective from 27 November 2009, that will strengthen the provision of independent advice.
- \$5.3 million from the former Department for Planning and Infrastructure to the Commissioner of Main Roads to fund the Daddow Road project, which involves constructing a road bridge over the freight railway within the Kewdale Industrial Precinct;
- \$4.2 million from the former Department of Consumer and Employment Protection to the Department of Mines and Petroleum for costs associated with the delivery of the Resources Safety Division's functions. The Resources Safety Division was transferred to the Department of Mines and Petroleum following the abolition of the Department of Consumer and Employment Protection and the creation of the Department of Mines and Petroleum on 1 January 2009;
- \$4.0 million (administered grants and transfer payments) from the former Department of Industry and Resources to the Department of Commerce for costs associated with SIB grants programs;
- \$2.5 million from the Department of Treasury and Finance to the Department of Commerce for costs associated with the establishment of the Building Commission as a division of the Department of Commerce;
- \$1.8 million from the Department for Communities to the Department for Child Protection for the transfer of the Family and Domestic Violence Policy and Coordination Unit, following the recommendations outlined in the Simpson Report (2008);
- \$1.3 million from the Department for Communities to the former Department of Local Government and Regional Development relating to the transfer of the Office of Multicultural Interests;



- \$1.1 million from the Department of the Premier and Cabinet to the Department of State Development for costs associated with the delivery of the functions of the Office of Development Approvals Coordination. These functions were transferred to the Department of State Development following its establishment on 1 January 2009; \$0.7 million from the Department of Health to the Department of Treasury and Finance for costs associated with the transfer of the Information and Communication Health Procurement function;
- \$0.6 million from the Department of Health to the Department of Treasury and Finance, following the provision of seven additional project officer positions to the existing procurement health cluster originally approved under the Memorandum of Understanding signed by both agencies on 20 March 2006;
- \$0.3 million from the Agriculture Protection Board to the Department of Agriculture and Food for assets already transferred in preparation for the abolition of the Agriculture Protection Board;
- \$0.3 million from the State Supply Commission to the Department of Treasury and Finance, effective from 1 May 2009;
- \$0.2 million from the Western Australia Police to the Office of the Director of Public Prosecutions for the civilianisation of the Perth Children's Court, replacing two police officers with two legal positions;
- \$0.2 million from the Department of Treasury and Finance to the Pilbara Development Commission, reflecting the transfer of funding and responsibilities to facilitate the implementation of the Pilbara Housing Study;
- \$0.1 million from the Public Sector Commission to the Department of Local Government to meet accommodation costs at Dumas House;
- \$0.1 million from the Department of State Development to the Department of Treasury and Finance for costs associated with the employment of a Procurement Manager to provide strategic procurement advice and guidance to support forthcoming State Development projects;
- \$0.1 million from Western Australia Police to the Department of Treasury and Finance for costs associated with procurement management;
- \$0.1 million from the Department of Agriculture and Food to the Department of Treasury and Finance for costs associated with procurement management; \$0.1 million from the Department of Environment and Conservation to the Department of Water in relation to the transfer of the Water Drilling Team;

- \$0.1 million from the Department of Commerce to the Department of Treasury and Finance, following the transfer of the procurement function from 1 July 2004 in line with the procurement reform agenda and re-badging;
- \$44,000 from the Department of Treasury and Finance to the Department of Mines and Petroleum for costs associated with the transfer of a contracts administration officer; and
- \$40,000 from the Legislative Council to the Parliamentary Services Department for costs associated with a records management software license.

**Supplementary Information NoA14: The Hon K Travers referred to the \$250 million land sales mentioned in the Mid-year review and asked for a list of what the land sales will be.**

**Answer:**

As the Government is currently conducting due diligence on a list of options available for land sales, a definitive list is currently unavailable.