



MINISTER FOR STATE DEVELOPMENT; FINANCE; INNOVATION

Your Ref: EHW17
Our Ref: 42-79884

Hon Ken Travers MLC
Chair
Standing Committee on Estimates and Financial Operations
Parliament House
PERTH WA 6000

Attn: Mr M Warner, Committee Clerk

Dear Mr Travers

2016-17 BUDGET ESTIMATES HEARINGS – GENERIC QUESTIONS TO AGENCIES

Thank you for your letter dated 30 May 2016 regarding generic questions asked of the Department of Finance as part of the 2016-17 Budget Estimates hearings process.

As requested, attached are responses to the generic questions.

Yours sincerely

**HON BILL MARMION MLA
MINISTER FOR STATE DEVELOPMENT; FINANCE; INNOVATION**

Att.

17 JUN 2016

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

Department of Finance

The Committee asked:

Agency Expenditure Review Program

- 1.1 How will the savings measures identified in the Budget be achieved by your agency?

Answer: The savings measures will be achieved largely through a reduction in salary expenditure. Over the forward estimates period, the Department of Finance's budgeted full-time employee equivalent (FTE) will reduce by around 200.

- 1.2 What are the risks to achieving the savings identified?

Answer: The savings measures identified aim to minimise any risk or impact on government and the community.

- 1.3 Are there any low priority programs your agency is ceasing or reducing? If so, please provide details.

Answer: The focus of savings initiatives are internal efficiencies, including:

- reducing the cost and improving the scalability of delivering capital works projects for client agencies;
- streamlining procurement across government by simplifying processes and increasing the threshold for involving the Department from \$50,000 to \$250,000;
- removing the need for agencies to involve the Department in minor works (those below \$5,000) along with reduced red tape for industry prequalification; and
- significantly reducing the Department's spend on ICT and accommodation.

National Partnership Agreements

- 1.4 Please provide a list of:

- a) All national partnership agreements under which your agency receives funding.
- b) The expiry dates of those agreements.
- c) How much was received in 2015-16 under the agreements and the budgeted amount for 2016-17.

Answer: Nil

- 1.5 Please provide details of the value of the impact on your agency's budget resulting from the expiry of those agreements.

Answer: Not applicable

- 1.6 Will the State be making up the loss in funding resulting from the expiry of agreements?

Answer: Not applicable

- 1.7 If so, how and, if not, please provide details of any cuts that will need to be made and the implications for service delivery by your agency?

Answer: Not applicable

Commonwealth grants

- 1.8 Please provide the same information requested for national partnership agreements above for any Commonwealth grants received by your agency?

Answer: Please refer to Budget Paper 3, Chapter 4 'General Government Revenue' (pp. 87-88) and Appendix 2 'General Government Operating Revenue' (p. 235) for details of all Commonwealth grants to the State. General revenue grants and National Specific Purpose Payments are intended to be ongoing.

10-year Strategic Asset Investment Plans

- 1.9 Please provide a copy of your 10-year Strategic Asset Investment Plan.

Answer: Strategic Asset Plans (SAPs) are prepared for Treasury as part of the Budget process to inform decision-making by the Economic and Expenditure Reform Committee and Cabinet. Disclosure of these plans would reveal the deliberations and decisions of both bodies and are therefore considered Cabinet-in-Confidence. Until such time as specific programs within a SAP have been considered and approved to proceed they remain indicative. Additionally, and understandably, 10-year SAPs are subject to a wide variety of exigencies including but not limited to priorities of the government of the day; changes in circumstances; changes in technologies and external events.

Infrastructure requirements

- 1.10 What are your agency's infrastructure requirements for the next 10 years? Specifically:

- a) What infrastructure needs to be replaced, upgraded or built to meet demand?
- b) What allocation has been made in the Budget for the planning and delivery of these requirements?
 - i. Is the allocation in capital works?
- c) In what timeframe will the requirements be delivered?

Answer: Please see answer to 1.9. Funded infrastructure programs are detailed for each agency in the Asset Investment Program section of their financial statements as reported in Budget Paper No. 2. These programs currently cover the period 2016-17 to 2019-20. Any infrastructure requirements outside this period are subject to further budget deliberations and remain Cabinet-in-Confidence.

Sale of vehicles

1.11 How many vehicles does your agency expect to sell in the 2015-16 financial year?

Answer: Nil – the Department leases its fleet.

1.12 How many vehicles does your agency expect to sell in the 2016-17 financial year?

Answer: Nil

1.13 What is the estimated total proceeds from the sales in each of the above financial years and how will those funds be allocated?

Answer: Not applicable

1.14 Will any of the sales in 2016-17 be part of the Agency Expenditure Review program and, if yes, how many?

Answer: Not applicable

1.15 What will be the impact on agency staff (that is, what alternative arrangements have been made for their transport)? What will be the cost of any alternative transport arrangements compared to the cost of retaining the vehicles?

Answer: Not applicable

Full-time/contract staff

1.16 What is the estimated total number of FTE staff in your agency for the 2015-16 and 2016-17 financial years?

Answer: For 2015-16, estimated actual FTE staff is 1,175 and for 2016-17, budgeted FTE staff is 1,165.

1.17 In each financial year, what proportion of your staff are engaged in:

a) A contract of service (permanent staff)?

Answer: 96.2 per cent

b) A contract for service (contractors)?

Answer: For 2015-16, contract for service staff represented an additional 3.8 per cent.

1.18 Of those staff that are engaged by a contract for service, please explain why they are not engaged as permanent staff?

Answer: Contract for service staff were engaged because:

- the required expertise and specialist skills were unavailable within the public sector and could only be recruited externally; and
- a need arose to fill a position on very short notice for which the appropriate expertise within the public sector could not be readily made available.

1.19 What is the cost to the agency of engaging contracted staff, including contract preparation, negotiation, payroll modifications, (that is, where the contracts are renewed for staff on six-month contracts) and cost of HR staff who manage the contracts?

Answer: The cost to the Department for engaging contract staff and managing contracts is considered negligible, given that contractors only represent 3.8 per cent of the total workforce.

- 1.20 Are staff employed as contractors paid at a different rate to those who are permanent employees in a similar role and, if so, please provide details and explain why?

Answer: Staff in similar roles would be paid at a comparable rate.

Media monitoring

- 1.21 How much does your agency spend on media monitoring, for example, newspaper clippings?

Answer:

- 2014-15 – \$26,287 actual spend
- 2015-16 – \$21,201 estimated actual spend
- 2016-17 – the Department has not yet set a budget

- 1.22 Who provides this service to your agency?

Answer: iSentia

- 1.23 What types of media monitoring services are provided to your agency? Please provide details.

Answer: Web hosting for internet access to a clipping service and a daily clipping service.

- 1.24 On what basis is this service provided, that is, ongoing contract or on a fee-for-service basis? Please provide details.

Answer: Fixed term contract with an option to extend.