

LEGISLATIVE COUNCIL

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Tuesday, 4 November 2014

Department of Finance

[Supplementary Information No C1]

Question: Hon A Clohessy

What was the nature of the 34 outstanding claims that were required to be resolved with Diploma in respect of the Hale House construction?

Answer:

The 34 outstanding claims covered a number of variation costs submitted by the contractor, Diploma, in response to instructions issued by the Superintendent's Representative. The variation claims related to a number of different items and which were generally due to:

- differences in estimated quantities allowed in the Bill of Quantities compared to actual measured items (for example, removal of spoil from the site being greater than anticipated);
- certain restoration works to the heritage buildings that were not evident at time of preparation of the contract documentation (for example, strengthening of floor joists, repair and restoration of floorboards, and brick restoration work to the ceremonial entrance);
- certain improvements/changes to the design, construction methodology and materials made during the construction period to improve the longevity, constructability or effectiveness of design (for example, additional access panels, additional painting to pelmets, hatches and services); and
- out-of-scope items (for example, new crossovers to Parliament Place and Havelock Street).

The variations were standard for a complicated heritage project of this type and were outstanding due to the contractor not having submitted sufficient information to validate its quoted costs.



[Supplementary Information No C2]

Question: Hon K Travers

What work has taken place between the Department of Finance, Building Management and Works and the Department of Parks and Wildlife (DPaW) in respect of the design or fitout of a new office in Bunbury for DPaW or the consequential impact of DPaW vacating its existing office accommodation?

Answer:

Building Management and Works has been assisting DPaW to undertake planning and scoping works, including the formulation of a project brief for new headquarters in Bunbury. Building Management and Works has not had any involvement to date in assessing the impact of DPaW vacating its existing office accommodation.

[Supplementary Information No C6]

Question: Hon P Katsambanis

How many of the 4,133 people who received the energy concession extension scheme payment in 2013-14:

- 1. applied for it online?; and*
- 2. applied for it in paper form?*

Answer:

- 1. 3,554 paid applications were made online.*
- 2. 579 paid applications were made in paper form.*

[Supplementary Information No C7]

Question: Hon K Doust

What is the current implementation status of the recommendation of the Small Business Commissioner's report in relation to greater use of qualitative data when engaging a head contractor?

Answer:

From 1 July 2014, the use of two-stage tendering has become the default procurement strategy for construction contracts valued at over \$5 million. In the first stage of such processes, a qualitative assessment is undertaken to identify a shortlist of tenderers that are then invited to submit a price to undertake the works. The criteria used in such assessments is developed on a project-by-project basis, but would generally address matters such as methodology, experience, personnel and local content.

The Department of Finance is considering expanding the use of qualitative assessment to single-stage tendering where it is sensible to do so, noting that qualitative assessment can increase the costs of tendering for both industry and government. As part of that consideration, the lessons learnt from the increased use of qualitative assessment in two-stage tendering will be reviewed. Due to the reduction in the State Government's non-residential building program, the instances where two-stage tendering has been adopted has been less than originally envisaged with five tenders being evaluated under this system since 1 July 2014. Therefore, in order to ensure that an appropriate number of two-stage tendering processes are included in this review, the intention is that the lessons learnt review will occur in the second half of 2015.

[Supplementary Information No C8]

Question: Hon A Clohessy

1. *The 223 figure represented a net decrease in the Department of Finance's actual 2013-14 FTE when compared with the 2013-14 original budget. In terms of the actual reduction in FTE in 2013-14 when compared with 2012-13:*
 - a. *How many were as the result of the decommissioning of Shared Services?*
 - b. *Of those, how many were moved to agency roles elsewhere in the public sector (including to other roles in the Department of Finance)?*
 - c. *How many departed the public sector under voluntary severance arrangements?*
 - d. *How many departed the public sector under involuntary severance arrangements?*
2. *What other Department of Finance business units in 2013-14 experienced a net reduction in their FTE? Of these:*
 - a. *How many departed the public sector under voluntary severance arrangements?*
 - b. *How many departed the public sector under involuntary severance arrangements?*

Answer:

1. a. 209
b. 165
c. 44 through voluntary severance arrangements and three through substituted severance arrangements
d. Nil
2. Government Procurement was the only other Department of Finance business unit to experience a net reduction in FTE in 2013-14 when compared with 2012-13
 - a. Two
 - b. Nil

[Supplementary Information No C9]

Question: Hon P Katsambanis

1. *In relation to the ERA microeconomic reform inquiry report, which recommendations is the Economic Reform Unit either involved in working on, or leading, their implementation?*
2. *In relation to the report recommendations, is the Unit involved in any public consultation to gain community views?*

Answer:

1. The Economic Regulatory Authority's report made 46 recommendations, covering infrastructure, regulatory burden, State taxes and barriers to competition.

When responding to the Report, the Government noted that it was not considering changes to Royalties for Regions (Recommendations 4 and 5) or the Domestic Gas Reservation Policy (Recommendations 42 and 43) and was not considering the sale of Keystart (Recommendation 44).

Individual departments are responsible for considering and responding to the other recommendations in the Report. The Economic Reform Unit has held conversations with departments on some of these recommendations, and has offered its assistance. Further engagement on these recommendations is planned for early in 2015.

2. Recommendations 12-27 in the Economic Regulation Authority's report specifically address compliance costs and regulatory burdens. The Economic Reform Unit within the Department of Finance is leading the consideration of these issues. Work in this area is well underway with the Unit consulting extensively with over 40 representatives from regulatory departments and agencies across the State. Changes have already been made in some areas, with guidance material being updated, processes streamlined, and new training activities have commenced aimed at improving how regulation is made in Western Australia.

The Unit is not engaged in broad public consultation on the report's recommendations, although some targeted conversations have been held with industry representatives on the regulatory recommendations.

[Supplementary Information No C10]

Question: Hon K Travers

1. *How many additional land tax payers were added to the tax base in 2013-14 when compared with 2012-13?*
2. *How many individual taxable properties increased in value to exceed the \$300,000 tax-free threshold in 2013-14?*
3. *When is the last time the land tax, tax-free threshold was increased?*

Answer:

1. Approximately 2,400 additional taxpayers. In 2012-13, there were around 108,600 land taxpayers and in 2013-14 around 111,000 land taxpayers.
2. The number of taxable properties in both 2012-13 and 2013-14 was around 283,000.

Specific records are not available to identify the number of properties that increased in value to exceed the \$300,000 threshold.

This arises because the threshold for land tax is triggered when an owner's total land holding valuation exceeds \$300,000. That is, land tax is not assessed on an individual property basis, but rather by the aggregated value of land owned by an owner at 30 June each year.



Notwithstanding the number of properties assessed in the two assessment years were similar, the individual properties assessed were not identical between the years as:

- land subdivisions and purchases of taxable land introduced new taxpayers into the base compared to the previous financial year, while at the same time other properties became exempt (for example, principal place of residence or exempt farming land and therefore dropped out of the taxable base) and other taxpayers sold land;
- owners acquired further properties, which took their taxable land holdings above the \$300,000 taxable threshold limit for the land tax scale (via aggregation of taxable valuations of each lot owned, rather than on the basis of an increase in the value of the existing land holding); or
- a land item had a change in exemption status for the property concerned – that is, its value was already above the taxable threshold but it was exempt and therefore not liable for assessment in the previous year.

Information cannot be readily extracted to identify the number of properties that have been assessed in the above scenarios.

3. The taxable threshold was increased from \$250,000 to \$300,000 from the 2008-09 land tax year.

[Supplementary Information No C11]

Question: Hon K Travers

What was the change in the number of registered employers at 30 June 2014 paying payroll tax in Western Australia when compared with the same time a year earlier?

Answer:

The number of registered payroll tax clients who paid payroll tax in 2013-14 was 16,879 compared with 16,094 registered payroll tax clients in 2012-13, an increase of 785.

[Supplementary Information No C12]

Question: Hon K Travers

What was the average taxable value of property owned by a land tax payer when the \$300,000 threshold was established, and what was the average taxable value of property owned by a land tax payer in the 2013-14 assessment year?

Answer:

Precise data to respond to this request is not available for the following reasons:

1. Land tax is based on the aggregate unimproved value of land of an owner as at 30 June each year.



2. In the 2008-09 land tax assessment year when the \$300,000 taxable threshold was introduced, there were around 106,000 taxpayers assessed for land tax. These owners collectively owned around 278,000 properties. However, that property number includes exempt land that the owner may have also owned (for example, principal place of residence or exempt farming land). Accordingly, it is not possible to readily derive an average value for taxable land items.
3. Similarly, for the 2013-14 land tax assessment year, there were around 111,000 taxpayers assessed and in total those assessments contained around 283,000 land items (that is, taxable and exempt lots).
4. Taking the land item count (which includes both taxable and exempt land) in each year and comparing that with the total taxable value of assessments issued in each year, the average value of each lot owned by a land tax payer (taxable or exempt) was approximately \$398,000 in 2008-09 and \$402,000 in 2013-14.

[Supplementary Information No C13]

Question: Hon A Clohessy

With regard to the Directors General ICT Committee on page 13:

1. *when was it established?*
2. *which agencies comprise its membership?*
3. *how many times has it met since it was established?; and*
4. *what actionable decisions has the Committee made to date?*

Answer:

1. The Directors General ICT Steering Committee was formed in March 2014.
2. Agencies represented include:
 - Landgate;
 - Department of Agriculture and Food;
 - Department of Housing;
 - Department of Health;
 - Department of Education; and
 - Western Australia Police.
3. The Committee has met four times.
4. The Directors General ICT Steering Committee provides leadership on ICT investment across the sector with a view to improving government service delivery outcomes and achieving savings for government. The Committee fosters collaboration through sharing information. It does not have oversight of ICT projects managed by individual agencies.

