

**Estimates and Financial Operations Committee
2020-21 Budget Estimates and 2019-20 Annual Report - Questions Prior to
Hearing (Round 2)**

Department of Primary Industries and Regional Development

The Committee asked:

1. In 2019-20, did your agency receive a qualified audit or 'matter of significance' or an 'emphasis of matter' from the Auditor General:
 - (a) If so, outline the reason and your plan to remedy the issue by 2020-21?

Answer

The Department of Primary Industries and Regional Development (DPIRD) received the following qualified audits and a matter of significant from the Auditor General:

- Qualified Audit Finance Controls – DPIRD did not have an effective process to regularly monitor and control restricted cash balances.

Prior to April 2020, DPIRD identified the risk of a shortfall in consolidated account cash and sought and received supplementary funding in May 2020 to rectify the shortfall. Consequently, in April 2020, DPIRD implemented a process to regularly monitor restricted and unrestricted cash balances. This model was used to calculate all end month cash balances for 2019-20 and DPIRD confirmed that no restricted funds had been used to fund operations throughout the year. The model will continue to be used to monitor cash balances going forward. This qualification has been resolved.

- Qualified Audit General Computer Controls – identified significant weaknesses in general computer controls which could result in unauthorised access to sensitive information and increased risk of information loss.

DPIRD has a State Emergency Coordinating Committee rating of zero (very low maturity) and the Office of the Auditor General (OAG) recently identified two significant findings in relation to cyber security:

- Vulnerability Management; and
- Remote Access Management.

Both issues relate to investment levels in Information and Communications Technology (ICT) over an extended period of time. To address these issues, DPIRD has prioritised ICT investment and implemented an internal program of work called Digital Foundations that will address some of the key cyber security issues and progressively increase the maturity of its ICT security over the next 12 to 24 months.

Other key priorities for 2020-21 are:

- implementation of Security Information Event Management and integration with DGov Security Operations Centre;
- improvement of user account management and password security;
- improvement of cyber security response training;
- performance of regular network penetration testing, and
- implementation of security tools and practices to better harden applications.

These items will also address increasing DPIRD's Cyber Security maturity and the current OAG findings.

- Matter of significance - the Western Australian Agricultural Authority (WAAA) was established by the *Biosecurity and Agricultural Management Act 2007* (BAM Act) as a body corporate that is governed by the Minister for Agriculture and Food. Although WAAA has financial transactions and assets and liabilities, the BAM Act does not require it to report these separately. However, for financial accountability purposes, the BAM Act requires WAAA's activities to be regarded as services under the control of DPIRD. Consequentially, DPIRD has included WAAA's income, expenses, assets and liabilities in its financial statements as though they relate to the Department. DPIRD does not separately account for these transactions or disclose them in its financial statements. DPIRD has now explored options to address this issue with both the OAG and the State Solicitor's Office. DPIRD intends to liaise further with the OAG to settle an appropriate mechanism to capture this information in DPIRD's financial statements so this arrangement is made clear on reading these statements, and so that the OAG does not need to highlight this arrangement by way of identifying it as a matter of significance in future reports.

2. With respect to the Voluntary Targeted Separation Scheme:
- (a) Have all separations been completed; and
 - (b) If not, when do you expect the remaining separations to occur?

Answer

- (a) Yes.
- (b) Not applicable.

3. With respect to machinery of government changes in 2017, does your agency have fully integrated financial, HR, administrative and IT systems:
- (a) If not, what changes remain to be implemented; and
 - (b) If changes remain outstanding, what is the timeframe for completion?

Answer

- (a-b) DPIRD has some integrated systems within former agency networked environments. DPIRD has made progress in connecting former agency IT assets to facilitate data sharing and collaboration, establishing an approved DPIRD IT

Strategy and establishing planning and procurement processes to enable finalisation of Machinery of Government IT initiatives. Outstanding actions are as follows:

- General IT systems and network consolidation
 - DPIRD Digital Identity - build and testing process for this initiative is underway and scheduled for completion in the second quarter of 2021.
 - DPIRD Telecommunications - planning and tender process is underway for conversion to the mandated GovNext Telecommunication Services. A tender is scheduled for release in December 2020. Telecommunication Services Implementation and conversion will occur across the 2020-21 to 2021-22 financial years.
 - Planning, rationalisation, build and conversion of infrastructure and applications to cloud platforms for DPIRD is underway. This activity will continue across the 2020-21 to 2021-22 financial years.
- CORE Business Systems
 - 1 DPIRD Financial Management Systems – the evaluation for Tender award began in February 2020 and preferred vendor contract negotiations are forecast to be completed by November 2020. Design, Build and Implementation is scheduled to begin in the first half of 2021. ‘Go live’ is forecast for quarter three 2021, however is dependent on the design, build and testing outcomes. An Oracle Analytics Tool has also been implemented to consolidate financial reporting across DPIRD’s three legacy systems, ensuring the integrity of current financial reporting and providing staff with the necessary tools to perform responsible and appropriate management of DPIRD expenditure.
 - 1 DPIRD Human Resource Management System – Design, Build and Implementation has begun. ‘Go live’ is forecast to occur by quarter three 2021, however specific timelines are still dependent on finalising build and testing activities.
 - Electronic Document Management System – tender evaluation commenced in May 2020 and a preferred Vendor was selected in mid-July 2020. Negotiations commenced in June 2020 and will be finalised in October 2020, ready for award. Design, Build and Implementation is scheduled to begin in the second half of 2020. ‘Go live’ is forecast for quarter three 2021 but is dependent on the design, build and testing outcomes.

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**LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES
AND FINANCIAL OPERATIONS
ANSWERS TO QUESTIONS PRIOR TO HEARING (ROUND 2)**

Department of Primary Industries and Regional Development

Hon Alison Xamon MLC asked:

1. I refer to the WA State Budget 2020-21, page 227, 11. Animal Welfare:
 - (a) What specific funding has been allocated to support appropriate compliance activities to improve animal welfare outcomes, and how many FTEs are engaged in these activities; and
 - (b) What specific funding if any, is being provided to publicise the introduction of the new Animal Welfare (Transport, Saleyards and Depots) (Cattle and Sheep) Regulations 2020?

Answer

- (a) As part of the 2017 Machinery of Government reforms, the Department of Primary Industries and Regional Development merged the enforcement and education functions of its former agencies into a single compliance directorate with responsibilities across all relevant legislation, including animal welfare.

The compliance directorate includes 120 field-based compliance positions with responsibility for delivering enforcement and education services. This includes 12 positions which have a primary focus on animal welfare and now provides a greater pool of competent officers capable of being deployed to address identified compliance risks.

- (b) Implementation of the Regulations will initially focus on education and raising awareness of legal requirements. After an introductory period, the Regulations will be enforced. DPIRDs Livestock Compliance Inspectors have commenced an education program with livestock transport operators and livestock depots. This program along with meetings with peak industry bodies and the publication of information on the DPIRD website, are considered normal department activities and are not costed separately.

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**LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES
AND FINANCIAL OPERATIONS
ANSWERS TO QUESTIONS PRIOR TO HEARING (ROUND 2)**

Department of Primary Industries and Regional Development

Hon Diane Evers MLC asked:

1. I refer to the Southern Forest Irrigation Scheme (SFIS) and I ask:
 - (a) Why has the total RfR expenditure for the SFIS in the Royalties for Regions table (BP3 pg 173) reduced since last budget;
 - (b) Please explain the reduction of \$11.9m in 2023-24, in the Department of Primary and Industries and Regional Development's spending changes table (pg 225); and
 - (c) Has the proposed SFIS project now been cancelled?

Answer

- (a-b) The Royalties for Regions funding allocation has been deferred beyond the forward estimates to 2024-25 to accommodate COVID-19 recovery expenditure.
- (c) No.

2. I refer to the Metronet Funding and Expenditure Table in BP3 page 137 and I ask:
 - (a) What does the funding of \$12.7m from Royalties for Regions relate to in the metronet project?

Answer

The construction of a multi storey carpark at the Mandurah Train Station in the Peel region.

3. I refer to the line item 'Greenbushes Lithium Supply Chain - Feasibility Study in the Spending table on page 225, and I ask:
 - (a) Please provide an overview of this study and the \$3.78 million cost for 2020-21?

Answer

This is a budget allocation for the State's contribution to a full feasibility study into the viability of a rail-based supply chain solution to support the South West lithium industry. Lithium mineral concentrate from the Greenbushes mine is currently transported by road. The proposed study is a partnership with Talison Lithium and Arc Infrastructure.

It was planned the study would build on preliminary work to date, include design work and analyse new loading facilities at Greenbushes, the reactivation of the rail

line between Picton and Greenbushes and new multi-user unloading facilities at Kwinana Bulk Terminal and the Port of Bunbury. However, due to changes to underlying global conditions in the lithium industry, there are discussions underway about the timing of this study.

4. I refer to the line item 'Community Resource Centres' in the 'Details of Controlled Grants and Subsidies' table on page 240, and I ask:
- (a) Please provide details on these amounts;
 - (b) Please advise why the grants have dropped from \$3.06m (2019-20 Actual) to \$653,000 in 2020-21 Budget Estimate and then reduces to \$0 in the forward estimates; and
 - (c) Are these amounts in addition to the \$13 million per annum to Community Resource Centres as detailed in the RfR Spending table in BP3?

Answer

- (a-c) The Community Resource Network (CRN) program total budget is included in DPIRD supplies and services. The total budget, including grants, for the CRN program is \$13 million per annum, as per the Royalties for Regions spending table in BP3. As grants are not budgeted separately, amounts are not included in the forward estimates.

Actual spend on grants was \$3.6 million in 2018-19 and \$3.06 million in 2019-20, when there was an underspend of \$0.653 million which was carried over into the 2020-21 Budget. This \$0.653 million carryover is in addition to the \$13 million for 2020-21.

5. I refer to the line item 'Regional School Bus Services' and the amounts of \$79.9 million per annum, in the Royalties for Regions Expenditure table on page 175, and I ask:
- (a) Is this expenditure related to additional regional buses:
 - (i) If yes, please details which areas they will be attributable to;
 - (ii) If no, please provide details of these amounts;
 - (iii) If no, where were these amounts previously shown in the budget and under which agency; and
 - (iv) If no, why have these costs now been shifted to Royalties for Regions?

Answer

This funding ensures the continued provision of the vital regional 'orange' school bus services that support students to attend school regularly.

6. I refer to the \$52.11 million total cost of service for Prescribed Burning and Fire Management on page 681 (BP2), and I ask:
- (a) Please provide a breakdown of these costs, including how much is specifically in relation to prescribed burning activities and how much is relation to other fire management activities?

Answer

This question has been referred to the Minister for Environment.

7. I refer to BP2 page 227, paragraph 12 on the Pastoral Lands reform and I ask:
- (a) please provide more details on the reform and how it will enhance social, environmental and economic outcomes;
 - (b) what is the timeframe for the reform; and
 - (c) what is the total amount being spent on the reform (noting the Spending table on page 225 shows amounts for 2020-21 to 2022-23)?

Answer

- (a) The Pastoral Lands Reform package sets out measures aimed at enhancing land management, improving security of tenure and encouraging development and diversification on the pastoral estate.

Pastoral Lands Reform measures will be implemented through a three-year Monitoring and Compliance Development Project, which will be jointly led by the Department of Primary Industries and Regional Development (DPIRD) and the Department of Planning, Lands and Heritage (DPLH), and supported by amendments to the *Lands Administration Act 1997*.

The Development Project will address the longer-term monitoring and compliance requirements that are needed for improved management of the pastoral estate. Regional land condition standards will be developed and a risk-based pastoral land management program will be designed, based on improved on-ground and satellite monitoring that will inform the frequency and intensity of monitoring on individual leases. This work will result in more reliable information about rangeland condition and generate confidence that the pastoral estate is managed appropriately, increasing certainty for pastoralists.

- (b) Funding for the Development Project has been allocated over three years from 2020-21 until 2022-23. The project has commenced and it is expected that the supporting legislative amendments will be finalised during this period.
- (c) Funding of \$7.6 million has been approved for this project, which consists of a \$3.8 million State Budget allocation and \$3.8 million from a reprioritisation of funds across DPIRD and DPLH.

8. I refer to BP2 page 227, Paragraph 11 which states 'the Department will strengthen the State's animal welfare framework by modernising legislation, regulating animal welfare standards, and undertaking appropriate compliance activities to improve animal welfare outcomes', and I ask:
- (a) Please list the activities and projects this refers to; and
 - (b) Please advise how much is budgeted for per annum for each of those in (a).

Answer

- (a) As part of the 2017 Machinery of Government reforms, DPIRD merged the enforcement and education functions of its former agencies into a single compliance directorate with responsibility for all relevant legislation, including animal welfare.

The compliance directorate includes 120 field-based compliance positions with responsibility for delivering enforcement and education services. This includes 12 positions which have a primary focus on animal welfare and now provides a greater pool of competent officers capable of being deployed to address identified compliance risks.

Activities and projects are as follows:

- Broad education program with livestock owners, livestock transporters, and livestock premises in respect to practices that support good animal welfare outcomes.
- Regular and routine inspections at congregation points for livestock (saleyards, abattoirs).
- Inspections of intensive livestock industry premises.
- Response to public reports of livestock cruelty.
- Enhancing capability to gather and analyse intelligence on livestock owners and premises that require education or inspection in respect to livestock welfare practices.
- Review and implementation of Legislation and Standards and Guidelines for animal welfare outcomes including:
 - Review of the *Animal Welfare Act* and, depending on the Government response to the Review, the development of amendments to the *Animal Welfare Act* and Regulations.
 - Implementation of the *Animal Welfare (Transport and Saleyards) (Cattle and Sheep) Regulations 2020*, giving legal effect to the Australian Animal Welfare Standards and Guidelines for Land Transport and the Australian Animal Welfare Standards and Guidelines for Saleyards and Depots, as applicable to cattle and sheep.
 - Amendment of the *Animal Welfare (General) Regulations* to facilitate implementation of the *Animal Welfare (Transport and Saleyards) (Cattle and Sheep) Regulations 2020*.
 - Drafting of the *Animal Welfare (Dogs) Regulations* to implement the Dog Standards and Guidelines (WA), contributing to the Stop Puppy Farming Initiative.
 - Drafting *Animal Welfare (Cattle) Regulations* and *Animal Welfare (Sheep) Regulations*, to give effect to the Australian Animal Welfare Standards and Guidelines for Cattle, and Sheep, respectively.

- Drafting Animal Welfare (Transport and Saleyards) Regulations, giving effect to the Australian Animal Welfare Standards and Guidelines for Land Transport and the Australian Animal Welfare Standards and Guidelines for Saleyards and Depots in relation to livestock animals other than sheep and cattle.
 - Review of Part 2 of the *Animal Welfare Act* and Scientific Licensing Regulations to address inconsistencies and gaps in relation to the Scientific Use of Animals.
 - Amendment of the *Animal Welfare (General) Regulations* in relation to the use of electrical devices, and other matters relevant to animal welfare.
 - Western Australia contribution to the development of Australian Animal Welfare Standards and Guidelines for poultry; pigs; processing establishments (abattoirs) and to the review of existing standards in relation to horses.
- (b) The budget for compliance is not separated by individual activity. Items listed in (a) under the review and implementation of Legislation and Standards and Guidelines for animal welfare outcomes are encompassed within the Department's Animal Welfare policy branch with an estimated budget allocation of \$1.7 million per annum for those activities.
9. I refer to BP2 page 227, paragraph 10 regarding the carbon economy and the State's rangelands and agricultural regions:
- (a) Please table a copy of the policy framework; and
 - (b) Please provide more details on the opportunities for carbon sequestration referred to in this paragraph?

Answer

- (a) Please refer to tabled paper xxx.
- (b) To date, the types of carbon farming projects in Western Australia have been predominantly human-induced regeneration (HIR), environmental plantings and savanna burning fire management.

At this time there are two (multi-State) beef herd management projects in Western Australia. Soil carbon and beef herd management could add another layer to a pastoral enterprise, boosting productivity. The opportunity to develop new carbon farming methods applicable to Western Australia's unique landscapes, soils, vegetation, and seascapes, and the application of new technology to measure carbon levels across large and remote areas could significantly increase the number of carbon farming projects across the State.

10. I refer to the reduction in funding for the Declared Pest Account, totalling \$8.9 million from 2020-21 to 2022-23 (BP2 page 225), and I ask:
- (a) please advise why funding has been reduced, including which projects or programs will no longer be funded?

Answer

- (a) In 2016, the State Government approved the Implementing the Western Australian Wild Dog Action Plan, which erroneously included an increase in regulatory fees from recognised biosecurity groups and an increase in appropriation to match funding under the *Biosecurity and Agriculture Management Act 2007*. This reduction did not impact on any projects or programs.
11. I refer to the North West Aboriginal Housing Initiative as detailed in the Royalties for regions expenditure table on page 177 of BP3 and I ask:
- (a) Last years budget papers budgeted for \$79.9 million from 2019-20 to 22-23, however the current budget shows only \$59.8 million across 2020-21 to 2023-24 with zero Actuals for 2019-20. Has the project amount been reduced; and
- (b) Noting that there were delays due to COVID-19 and accessibility in 2019-20, is the government anticipating further delays with this project given the majority of the expenditure now appears in 2023-24:
- (i) If no, why has expenditure predominately been delayed to the 2023-24 outyear when there is significant need for this project now?

Answer

- (a) Some funding for this program has been pushed out to beyond the forward estimates to allow budgetary space for the State Government's COVID-19 Response. Funds remaining outside the forward estimates will be activated when the Expressions of Interest and business case development process is completed.
- (b) No. Several business cases are expected to be presented to the Expenditure Review Committee in November 2020 for funding consideration.
12. Please detail the 'Other Grants and subsidies' amount of \$2.358 million in the Details of Controlled grants and subsidies table on page 241 (BP2) (2019-20 actual) and if these grants have ceased given there is no budget beyond the 2019-20 year?

Answer

Please refer to tabled paper xxx.

13. Please provide explain why 'Other receipts' of \$24 million in 2019-20 Actuals, as detailed on page 243 (BP2), were higher than the budgeted amount of \$5.6 million?

Answer

Other Receipts in 2019-20 Actual was higher than budget due to the unbudgeted return of unspent Royalties for Regions grant allocations from the previous financial year.

14. An amount over \$160 million is shown on the balance sheet as the asset amounts receivable for services. The note at 6.2 indicates this is for leave liability and asset replacement. Where on the balance sheet is the corresponding liability?

Answer

The amounts receivable for services value of \$160 million is the result of the accumulation of the non-cash service appropriations that DPIRD has received each year for the delivery of its service outputs. The majority of the \$160 million relates to DPIRD's asset replacement program and the result of the depreciation credits that are associated with the use of existing assets to deliver its services.

DPIRD has the ability to drawdown funds from the amounts receivable for services (holding account) at future dates, subject to Government approval. The drawdown of funds from the holding account will be used by DPIRD to assist with the replacement of existing assets as part of its capital works program.

There is no corresponding liability for the \$160 million in the balance sheet.

15. What is the Regional Development Leverage Unit as shown on p241 and why was it delayed in 19/20?

Answer

The Regional Development Leverage Unit is a DPIRD-administered program that provides a platform to attract, facilitate and maximise third party investment to deliver on the Government's priority of jobs and economic diversification. The Leverage Fund supports initiatives that:

- identify opportunities for third-party investment from the Commonwealth, private sector and other parties; and
- focus on projects that maximise the opportunity for economic diversification in the regions.

The program was operational in 2019-20.

