

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

GENERIC QUESTIONS TO AGENCIES FOR THE 2016/17 BUDGET ESTIMATES HEARING

DEPARTMENT OF REGIONAL DEVELOPMENT

Agency Expenditure Review Program

- 1.1 How will the savings measures identified in the Budget be achieved by your agency?*
- 1.2 What are the risks to achieving the savings identified?*
- 1.3 Are there any low priority programs your agency is ceasing or reducing? If so, please provide details.*

Answer:

As part of the 2016-17 Budget, the Government announced a third tranche of Agency Expenditure Reviews (AERs) to apply to 54 agencies and deliver savings commencing in 2017-18. The Department of Regional Development is one of those agencies.

The objective of AERs is to ensure that, as circumstances change over time, the programs delivered by agencies remain a Government priority and continue to be delivered in an efficient and effective manner.

Savings allocations are to be held at a global level until allocated to agencies as part of the 2016-17 Mid-year Review, with specific savings measures to be announced as part of the 2017-18 Budget. Agency measures to achieve allocated savings will be developed for consideration in the 2017-18 Budget process.

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National partnership agreements

- 1.4 Please provide a list of:
- all national partnership agreements under which your agency receives funding
 - the expiry dates of those agreements
 - how much was received in 2015-16 under the agreements and the budgeted amount for 2016-17
- 1.5 Please provide details of the value of the impact on your agency's budget resulting from the expiry of those agreements.
- 1.6 Will the State be making up the loss in funding resulting from the expiry of agreements?
- 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:

Please refer to Budget Paper 3, Chapter 4 'General Government Revenue' (pp. 81-88) and Appendix 13 (p. 311). Appendix 13 provides a summary list of all National Partnership Agreements (NPAs) and includes funding figures and expiry dates.

As noted in Appendix 13, the NPAs are time limited and it is assumed in the Budget that there is no continued funding (Commonwealth or State) past an NPA's expiry date and that any additional or enhanced services generated by the NPA will cease (unless otherwise identified by footnote (c)).

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Commonwealth grants

1.8 Please provide a list of:

- *all Commonwealth grant agreements under which your agency receives funding*
- *the expiry dates of those agreements*
- *how much was received in 2015-16 under the agreements and the budgeted amount for 2016-17*

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

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

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:

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.

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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.

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Infrastructure requirements

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

- *What infrastructure needs to be replaced, upgraded or built to meet demand?*
- *What allocation has been made in the Budget for the planning and delivery of these requirements? Is the allocation in capital works?*
- *In what time frame 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.

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Sale of vehicles

- 1.11 *How many vehicles does your agency expect to sell in the 2015-16 financial year??*
- 1.12 *How many vehicles does your agency expect to sell in the 2016-17 financial year?*
- 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?*
- 1.14 *Will any of the sales in 2016-17 be part of the Agency Expenditure Review program and, if yes, how many*
- 1.15 *What will be the impact on agency staff (i.e. 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:

- 1.11-1.12 None.
- 1.13 – 1.15 Not applicable.

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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?*
- 1.17 *In each financial year, what proportion of your staff are engaged in:*
- *A contract of service (permanent staff)?*
 - *A contract for services (contracted staff)?*
- 1.18 *Of those staff that are engaged by a contract for services, please explain why they are not engaged as permanent staff.*
- 1.19 *What is the cost to the agency of engaging contracted staff, including contract preparation, negotiation, payroll modifications, (i.e. where the contracts are renewed for staff on 6 month contracts) and cost of HR staff who manage the contracts?*
- 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:

- 1.16 The Department of Regional Development (DRD) has a paid FTE of 149 and estimates a paid FTE of up to 163 in 2016-17. The increase relates to additional FTEs for specific initiatives (eg. Regional Services Reform and WA Open for Business) funded for a finite period and to be filled on a temporary basis.
- 1.17 Contract of Service applies to both permanent staff appointed under s.64(1)(a) of the *Public Sector Management Act 1994* (PSMA) and Fixed Term Contract of service staff employed under s.64(1)(b) of the PSMA and as defined in Public Sector Commissioner's Instruction No.2 – Filling a Public Sector Vacancy.
- DRD's current workforce comprises:
- Contract of service (permanent staff) – 97 FTE
 - Contract of service (temporary staff) – 52 FTE
 - Contract for service (contractors) – 9 FTE
- DRD is undertaking a major organisational restructure, however the workforce composition in 2016-17 is not expected to change significantly.
- 1.18 DRD has utilised contract for service arrangements to backfill vacancies such as leave, acting or secondments out to other agencies and to undertake short term projects or specialist roles.
- 1.19 In relation to the engagement of contractors (contract for services), this function is undertaken by DRD human resource officers. The cost is considered to be of a low level.
- 1.20 Where engaging contractors (contracts for service), DRD utilises the Department of Finance Common User Agreement (CUA) for temporary personnel to purchase support at the classification level commensurate with the existing vacancy plus the contract rate established through the CUA. Contractors are paid by their external employer who then invoices DRD.

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Media monitoring

- 1.21 *How much does your agency spend on media monitoring, for example, newspaper clippings?*
- 1.22 *Who provides this service to your agency?*
- 1.23 *What types of media monitoring services are provided to your agency? Please provide details.*
- 1.24 *On what basis is this service provided, i.e. ongoing contract or on a fee for service basis? Please provide details.*

Answer:

- 1.21 2014-15 - \$44 338 (including GST)
2015-16 - Estimated actual: approximately \$60 000 per annum (inc GST).
2016-17 - Budget estimate: approximately \$60 000 per annum (inc GST).
The cost fluctuates on a month to month basis depending on the volume of media picked up by iSentia.
- 1.22 iSentia Pty Ltd.
- 1.23 Online media portal providing access to press clips, radio and television summaries and online news and reporting functions.
- 1.24 A tender process was undertaken and a contract awarded to iSentia. The contract expires 31 March 2017.