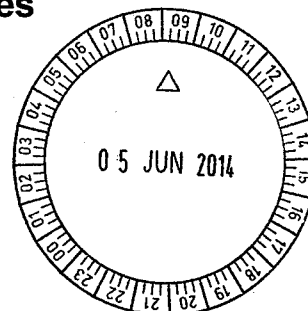




PUBLIC

9/6/2014

**Hon Ken Baston MLC
Minister for Agriculture and Food; Fisheries**



Our ref: 47-04563

Ms Hannah Moore
Committee Clerk
Estimates and Financial Operations Committee
Parliament House
PERTH WA 6000

Dear Ms Moore

**QUESTIONS PRIOR TO HEARING – 2014/15 LEGISLATIVE COUNCIL
ESTIMATES HEARINGS**

I refer to the correspondence dated 16 May 2014 from the Hon Ken Travers MLC regarding the abovementioned matter.

Please find attached the responses to the questions in the format requested.

Yours sincerely

**KEN BASTON MLC
MINISTER FOR FISHERIES**

4 JUN 2014

Att.

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Friday 13 June 2014

Department of Fisheries

Question 1: Hon Alanna Clohesy MLC asked –

I refer to Budget Paper No2, Volume 2, “Spending Changes” at page 588, and ask-

- a) Procurement Savings – How did the Department meet the procurement saving in 2013-14 and how is it planning to meet the procurement saving of \$1.24 million in 2014-15?*

Answer: The procurement saving in 2013-14 was based on a 10% saving on procurement over the last three months of the 2013-14 financial year. The Department was able to meet this target by tighter control over contract spending, reduction of non-essential spending and cancelling low priority projects.

In 2014-15, the Department has been given a \$2.343 million procurement savings target, which is based on 15% of “non-essential” goods and services, which includes:

- Consultancy
- Staff travel
- Equipment Repairs and Maintenance
- Communications expense
- Consumable expense
- Administration expense; and
- All other expenses.

The Department plans to meet part of its saving target by reducing staff travel expenses. The target will also be achieved by greater use of online facilities, rather than attending conferences. Consultancy costs will be rationalised by utilising internal resources rather than consultants where possible. Equipment repairs and maintenance, communications expense and consumables will be reduced by careful management of contracts and common user agreements to get maximum value for procurement.

- b) Aquatic Biosecurity – The Budget estimates a saving of \$24.2 million on aquatic biosecurity in the forward estimates. Please outline how these savings are being made, including the spending on programs being cancelled, reduced or deferred.*

Answer: The “apparent” savings of \$24.2 million on aquatic biosecurity in the forward estimates are based on the removal of costs that are unlikely to eventuate to Government. In the 2013-14, State Budget the Government allowed for additional expense from 2015-16 based on “contingent” costs in the event that shipping/ports do not carry out risk mitigation in regard to aquatic pest infestations and the agency would then be required to take remedial action. This method of accounting for the potential cost appeared to artificially inflate the forward estimates. The forward estimates now reflect revised expenditure forecasts without the contingency. There is no cancellation, reduction or deferral of expense.

Question 2: Hon Alanna Clohesy MLC asked –

I refer to Budget Paper No2, Volume 2, “Significant Issues Impacting the Agency” at page 590, and ask -

- a) Point two states that “More resources are being invested into the Department to enable it to conduct new and continuing activities...” in relation to shark hazard mitigation. With the exception of the Shark Monitoring Network Expansion program which appears on page 593, please list the additional resources invested into the Department and the new and continuing activities that these resources are funding.*

Answer: In 2014-15 Government funded \$2.15 million for shark hazard mitigation initiatives, including the Shark Monitoring Network Expansion program. Funding for programs excluding the Shark Monitoring Network Expansion program include:

- Shark Research \$150,000;
- Shark Response Unit and Community Engagement \$450,000;
- Additional Community Awareness Initiatives \$50,000; and
- Imminent Threat Operational Response \$500,000.

The Shark Monitoring Network Expansion program was funded for \$700,000 recurrent and \$300,000 capital funding in 2014-15.

Question 3: Hon Alanna Clohesy MLC asked –

I refer to Budget Paper No2, Volume 2, at page 594, “Funded By” and ask -

- a) Asset Sales are listed as raising \$1.53 million in 2014-15. What assets are being sold to raise these funds?*

Answer: The \$1.53 million relates mainly to the sale of the patrol vessel PV Walcott (\$1.2 million). The remaining assets sold relate to the sale of numerous smaller vessels which are being replaced at the end of their working life.

Question 4: Hon Lynn MacLaren MLC asked –

I refer to Budget Paper No2, Volume 2, “Appropriations, Expenses and Cash Assets” at page 589 and ask -

- a) Under “Expenses”, could you please explain the key drivers for the estimated actual Total Cost of Services in 2013-14 being just under \$96 million, compared to the 2013-14 budgeted amount being just under \$89 million?*

Answer: The key items for the increase of costs between the 2013-14 Budget and the 2013-14 Estimated Actual budget are:

- Deficit Funding (\$6 million);
- Purchase of gillnet licences for the Roebuck Bay Marine Park (\$1.64 million);
- Voluntary Fisheries Adjustment Scheme rollover of loans – additional interest payment (\$0.2 million);
- Corrective Measures - Procurement savings – (reduction of \$0.7 million); and
- Reflow of Royalties for Regions funding – (reduction of \$0.2 million).

- b) Similarly, could you please explain why estimated actual Net Cost of Services costs in 2013-14 are nearly \$61.4 million, when the Budgeted Net Cost of Services in 2013-14 were just over \$50 million?*

Answer: The key items for the increase of Net Cost of Service between the 2013-14 Budget and the 2013-14 Estimated Actual budget are:

- Deficit Funding (\$6 million);
- Transfer of \$4.7 million from revenue to appropriation due to delays in implementing a cost recovery regime for Biosecurity Management;
- Purchase of gillnet licences for the Roebuck Bay Marine Park (\$1.64 million);
- Corrective Measures - Procurement savings – (reduction of \$0.7 million); and
- Reflow of Royalties for Regions funding – (reduction of \$0.2 million).

- c) In other words, in relation to blowouts in Total and Net Cost of Services, in what area(s) of the Dept’s activities did these unplanned extra costs occur?*

Answer: The Deficit Funding (\$6 million) provided by Government was a budget baseline adjustment to reflect the longstanding budget shortfall for Fisheries, relative to the services requested by Government. This adjustment, in effect, was provided to close the \$7.5 million deficit achieved in 2012-13. Government provided additional funding for new items over and above this deficit funding including:

- Purchase of gillnet licenses for the Roebuck Bay Marine Park (\$1.64 million);
- Funding for the removal of Camp Infrastructure and Remediation on Beacon Island (\$1.6 million)
- Salary and non-salary cost increases (escalation) (\$3 million); and
- Voluntary Fisheries Adjustment Scheme rollover of loans – additional interest payment (\$0.2 million).

Question 5: Hon Lynn MacLaren MLC asked –

I refer to Budget Paper No2, Volume 2, “Service Summary” at page 590 and ask -

- a) What is the reason for the projected decrease in expenses incurred through “Fisheries Management” of about \$5 million annually over the forward estimates compared to the 2012-13 actual budget and the estimated 2013-14 budget? Where will the savings occur in Fisheries Management? (What specific activities will be affected?)*

Answer: The main reasons for the reduction in expenses for “Fisheries Management” between the 2012-13 Actual and 2013-14 Estimated Actual budget is due mainly to:

- Strategic planning and environmental approvals for aquaculture zones funded in 2012-13 (\$1 million);
- Royalties for Regions reflow of funding for marine park management (\$0.5 million);
- Reduced spending on NRM Demersal Scalefish – South Coast (\$0.2 million);
- Transfer of Midwest Aquaculture Development Zone to Research (\$0.4 million); and
- Proportion of Fisheries budget deficit and procurement savings (\$0.3 million).

The savings between 2012-13 Actual and 2013-14 Estimated Actual budget is attributable to reduced funding due to the completion of specific projects, transfer of functions and the absorption of Government savings initiatives. The operational capability of Fisheries Management has not been reduced by these reductions.

- b) What caused the expenses associated with enforcement and education to increase from \$40.6 million in the estimated 2013-14 budget to nearly \$47 million in the 2013-14 estimated actual budget? Are any of these extra expenses associated, directly or indirectly, with the cost of the summer 2014 drumline operations?*

Answer: The increase between the 2013-14 Budget and the 2013-14 Estimated Actual budget is due mainly to:

- Budget deficit funding – Enforcement and Education portion of the \$6 million additional funding; and
- Fisheries and Marine Officer reclassification.

None of these additional expenses were provided in the budget for 2014 drum line operations.

Question 6: Hon Lynn MacLaren MLC asked –

I refer to Budget Paper No2, Volume 2, “Significant Issues Impacting the Agency” at page 590, bullet 2, and ask -

- a) Regarding the sentence beginning “more resources are being invested into the Department”, could you please give the total figure in dollars that is being additionally invested into the Department?*

Answer: The total figure for Shark Mitigation Strategies provided to the Department from 2011-12 to 2017-18 is \$8.35 million. This includes \$2.15 million provided in 2014-15.

- b) *For each of the two actions listed in this sentence, could you please give a dollar figure for what is being “additionally” invested into them including:*
- i) *“additional funding to expand the shark monitoring network, research and electronic tagging of shark”;*
 - ii) *additional community awareness programs to increase public awareness of the risks of shark attacks and how to deal with those risks”.*

Answer: The additional funding provided in 2014-15 for;

- i) expanding the shark monitoring network, research and electronic tagging of sharks is \$1.15 million;
 - ii) additional community awareness programs to increase public awareness of the risks of shark attacks and how to deal with those risks – Government provided an additional \$50,000 to the existing funding of \$450,000 for the Shark response Unit and Community Engagement.
- c) *Why is the cost of drum lining operations omitted in this description of additional funding for shark hazard mitigation measures?*

Answer: The drum lining policy is not a Department of Fisheries policy initiative and funding will be recouped to the Department from the Department of Premier and Cabinet.

Question 7: Hon Lynn MacLaren MLC asked –

I refer to budget Paper No2, Volume 2, “Outcomes and Key Effectiveness Indicators” at page 591, and ask -

- a) *Regarding the outcome “Conservation and sustainable development of the State’s fish resources”, and the line item “satisfaction rating of the broader community and stakeholders as to their perceptions of the extent to which the Department is achieving aquatic resources management objectives, how is this rating assessed?*

Answer: The information used to assess the satisfaction rating of the broader community is collected via an annual community perceptions telephone based, random survey design undertaken by a third party provider. Respondents are asked to rate the Department of Fisheries in the management across four areas: (1) commercial fisheries, (2) recreational fisheries, (3) aquaculture and pearling; and (4) protection of the aquatic environment. Rating options include “very poor”, “poor”, “good” or “very good”.

The information used to assess stakeholder satisfaction rates are collected via biennial surveys (most recently in 2012-13) using a similar set of questions to the community survey but by defined stakeholder representatives. The next stakeholder survey will be completed, as planned, next financial year (2014-15).

Satisfaction rates for both the community and stakeholder assessments are calculated for each of the four management areas as the proportion of respondents who rated the Department's management of that particular area as "good" or "very good". The overall satisfaction rate is an average of the satisfaction ratings across these four management areas.

b) In what month was the assessment of 'community' perceptions for the 2013-14 year conducted?

Answer: The 2013/14 community perception survey is currently being conducted, with completion expected by the 30 June 2014.

c) In what month will assessment be conducted of 'community' perceptions for the 2014-15 year be conducted?

Answer: Community surveys are conducted over a 2 – 3 week period usually between March and June each year to align as much as possible with the financial year. Survey respondents are asked about their experiences in the 12 months prior to the interview date.

d) Has the Department conducted any assessment on whether its involvement in drum line operations this summer affected broader community perceptions of the extent to which the Department is achieving aquatic resources management objectives?

Answer: The current survey of community satisfaction already includes their perceptions of the Department's performance in the "protection of the aquatic environment".

e) If no to 4) (sic), why not?

Answer: Not applicable

Question 8: Hon Lynn MacLaren MLC asked –

I refer to Budget Paper No2, Volume 2, "Fisheries Management – Services and Key Efficiency Indicators" at page 592, and ask -

a) What happened to explain the difference between the 93 full-time employee equivalents in the 2013-14 budget and the estimated actual 80 full time-equivalent employees in 2013-14. That is, were there a large number of resignations for example?

Answer: The difference in full-time employee equivalents between the 2013-14 Budget and the 2013-14 Estimated Actual budget is due to a difference in allocation of operational and administrative staff mainly caused by the "funding gap" in the 2013-14 Budget. The FTE for the whole Department did not change between the 2013-14 Budget (461 FTE) and the 2013-14 Estimated Actual Budget (461 FTE). The allocation of FTE is consistent between the 2012-13 Actual, 2013-14 Estimated Actual and 2014-15 Budget Estimate while the 2013-14 Budget FTE allocation was incorrect.

b) *Do the 93 employees referred to here include Fisheries and Marine Officers (FMO's)?*

Answer: No, except in a small number of situations where FMO's may work on Fisheries Management projects.

c) *If yes to 2), how many individual Fisheries and Marine Officers were employed at the outset of the 2013-14 budget year and how many now?*

Answer: Not applicable

d) *Do employees listed as working in this area of the Department's operations include anyone involved in operating drum lines or otherwise involved in shark hazard mitigation?*

Answer: No. Shark hazard mitigation initiatives are reflected in Enforcement and Education and Research and Assessment services.

e) *Why did the average cost per hour of fisheries management in the estimated budget for 2013-14 exceed the 2013-14 budgeted cost (\$213/hour versus \$178/hour)? Is this to do with people working after-hours/weekends etc? Is it related to FMO's operating drum lines off Perth 7 days per week over Jan-April 2014?*

Answer: The increase in average cost per hour for Fisheries Management increased from \$178 to \$213 per hour is primarily due to the following funding increases:

- Fisheries Management allocation of Deficit Funding;
- Purchase of gillnet licences for the Roebuck Bay Marine Park;
- Corrective Measures - Procurement savings; and
- Reflow of Royalties for Regions funding.

The role of FMO's operating drum lines is not a significant factor in the overall increase.

Question 9: Hon Lynn MacLaren MLC asked –

I refer to Budget Paper No2, Volume 2, "Enforcement and Education" at page 592, table 2, and ask-

a) *What happened to explain the difference between the 216 full-time employee equivalents in the 2013-14 budget and the estimated actual 180 full time-equivalent employees in 2013-14. That is, were there a large number of resignations?*

Answer: The difference in full-time employee equivalents between the 2013-14 Budget and the 2013-14 Estimated Actual budget is due to a difference in allocation of operational and administrative staff mainly caused by the "funding gap" in the 2013-14 Budget. The FTE for the whole Department did not change between the 2013-14 Budget (461 FTE) and the 2013-14 Estimated Actual Budget (461 FTE). The allocation of FTE is consistent between the

2012-13 Actual, 2013-14 Estimated Actual and 2014-15 Budget Estimate while the 2013-14 Budget FTE allocation was incorrect.

b) Do the 180 employees referred to here include Fisheries and Marine Officers (FMO's)?

Answer: Yes

c) If yes to 2), how many individual Fisheries and Marine Officers were employed at the outset of the 2013-14 budget year and how many now?

Answer: There were 120 Fisheries and Marine Officers employed at 1 July 2013 and 109 at 26 May 2014.

d) Do employees listed as working in this area of the Department's operations include anyone involved in operating drum lines, or otherwise involved in shark hazard mitigation?

Answer: Yes

e) Why did the average cost per hour of enforcement and education in the estimated budget for 2013-14 exceed the 2013-14 budgeted cost (\$193/hour versus \$180/hour)? Is this to do with people working after-hours/weekends etc? Is it related to FMO's operating drum lines off Perth 7 days a week over Jan-April 2014?

Answer: The increase in average cost per hour for Enforcement and Education increased from \$180 to \$193 per hour is primarily due to the following funding increases/decreases:

- Enforcement and Education allocation of Deficit Funding;
- Fisheries Management Officer reclassification;
- Corrective Measures - Procurement savings; and
- Reflow of Royalties for Regions funding.

The role of FMO's operating drum lines is not a significant factor in the overall increase.

Question 10: Hon Lynn MacLaren MLC asked –

I refer to Budget Paper No2, Volume 2, "Asset Investment Program" at page 593, paragraph 4, and ask -

a) Regarding the paragraph beginning 'As part of a package of additional Shark Mitigation Strategies introduced in 2012-13,' Could you please refer me to the 2012-13 document outlining this package of additional shark mitigation strategies?

Answer: The Government funded three additional Shark Mitigation Strategies commencing in 2012-13. These programs were:

- Community Awareness Programs (\$150,000 recurrent funding over three years commencing in 2013-14);
- Shark Monitoring and Tagging Program (\$1.4 million over two years recurrent funding commencing in 2013-14, plus \$0.6 million capital works funding over two years commencing in 2013-14); and
- Track, Catch and Destroy Sharks (\$2 million over four years commencing in 2012-13)

The document outlining this package of funding is the 2013-14 State Budget Part 6, Division 35 at page 420 under the heading of “Spending Changes” and Page 426 Asset Investment Program under “New Works”.