LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

QON No. 47

STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
JEREMY HANSON MLA (CHAIR), MICHAEL PETTERSSON MLA (DEPUTY CHAIR), MARK PARTON MLA, SUZANNE ORR MLA

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Inquiry into referred 2016–17 Annual and Financial Reports
ANSWER TO QUESTION ON NOTICE

Asked by MR COE MLA:

Chief Minister, Treasury and Economic Development Directorate 2016/17 Annual Report, Economic Capital Works, Output 8.1

In relation to Finances:

1. What factors have led to the significant increase in the Revenue - Controlled Recurrent Payments in 2017 from 2016?
2. Why where the user charges over $2 million less than the budgeted amount?
3. What reasons led to the value of resources received free of charge being less than half of what was budgeted?
4. The Revenue captured was more than $3 million short of what was originally predicted in the budget:
   a. What impact has this had on Procurement and Capital Works
5. What did the increase in Employee Expenses relate to?
6. Please outline what the $1.4 million in other expenses covered.

Mr BARR MLA: The answer to the Member's question is as follows:–

1. The increase compared to 2015-16 is mainly due to the increased funding provided in 2016-17 for implementation of the Smart Modern Strategic procurement reform initiative.
2. This variance is mainly due to lower than budgeted management fees received from Directorates for the delivery of capital works projects.
3. This decrease is mainly due to the lower than budgeted levels of legal advice provided by the Justice and Community Safety Directorate outside of the standing arrangements for retained advice.
4. (a) Procurement and Capital Works' resources continue to be managed judiciously to support the government's policy directions in the areas of capital works delivery, procurement policy development and advice, and contract and prequalification management.
5. Employee expenses have increased by $1.9 million from budget but are $1.1 million below the 2015-16 actual outcome. The increase from the 2016-17 original budget is due to an underestimation of employee costs, attributable to a small increase in FTE from the budgeted number, and a change to salaries resultant from the introduction of the Infrastructure Officer and Infrastructure Manager employee classifications. Increased employee costs were offset by a reduction in administrative expenses.

6. The expenses mainly reflect an increase in the provision for doubtful debts reflecting the likelihood that aged debt relating to procurement fees (from ACT Government agencies) and contract payments (to suppliers) where the projects have been acquitted and the funds returned to consolidated revenue, may not be recovered. This expense is offset by savings in agency project delivery costs.

Approved for circulation to the Standing Committee on Economic Development and Tourism

Signature: Andrew Barr

Date: 24.11.2017

By the Treasurer, Mr Andrew Barr MLA