

APPROPRIATION (CONSOLIDATED ACCOUNT) RECURRENT 2009–10 (SUPPLEMENTARY) BILL 2010
APPROPRIATION (CONSOLIDATED ACCOUNT) CAPITAL 2009–10 (SUPPLEMENTARY) BILL 2010

Second Reading — Cognate Debate

Resumed from an earlier stage of the sitting.

HON SIMON O'BRIEN (South Metropolitan — Minister for Finance) [7.31 pm]: I was closing the second reading debate on the appropriation bills. I will draw my remarks to a close shortly.

I was going through the contributions made by members during the course of the debate. I was dealing with some remarks made by Hon Ken Travers. He made some observations, from a partisan point of view, about some transport-related matters. Something stirs deep in my DNA that makes me want to respond! I am not the Minister for Transport anymore, so we better leave that for another discussion. I put my notes to one side with some little sense of regret. However, I recall Hon Ken Travers, in his speech, touched upon the finance portfolio. That gives me some opportunity to respond as the responsible minister. I will touch upon this matter, having noted the remarks made during the course of the debate. It is worth a response, though it is not a matter germane to the bills before the house. Hon Ken Travers referred to significant commonwealth funding to the state. I think he was claiming that the state government was somehow hiding that funding. It would be remiss of me not to give some response to those themes, although I do not want to get tied up with them because they are not a key part of these bills. They most certainly relate to questions that have been raised about the nature of this government's budgets, the pattern of supplementary appropriations, and related matters.

There have been significant variations in commonwealth funding over the past couple of years. Notably, for example, the Building the Education Revolution funds—the BER funds—meant some very significant dollars flooded into this state and a very large number of projects were undertaken; and undertaken very well by Building Management and Works in this state and by a large number of independent schools that had works performed. However, there is a view that some members wish to perpetuate that this state is somehow awash with money at the moment. I have responded in recent times to claims made about state revenues other than royalties. I have responded to the question of funding of government corporations actually exceeding the receipts from government corporations, to try to provide balance. Another misconception is: because we have commonwealth funding coming to this state we are somehow awash with funding. The commonwealth money is the commonwealth's money, to be spent where the commonwealth dictates. Where we have commonwealth grants, for whatever purpose, coming to this state and going through the state budget, that becomes a part of the budget figures for this state, but it distorts the real picture of the state's finances in a couple of important ways. Firstly, it indicates we have a bigger budgetary cake at our disposal than is the case, with obvious problems for those trying to interpret the figures that are published year by year. It is also the case —

Hon Ken Travers: If that is the case, why do you not provide the answers when members ask how much commonwealth funding is coming in? Instead, I get answers from the Treasurer that refuse to provide the answers. You sign off on them, minister, as the minister representing the Treasurer.

Hon SIMON O'BRIEN: I do not know that that is actually an accurate reflection of what has been asked.

Hon Ken Travers: I will get out the question I asked you.

Hon SIMON O'BRIEN: Feel free to do so.

Commonwealth grants funding is something that this state does not have control over in terms of it being a reflection in our budget. Members will find, particularly with some stimulus funding over the past few years, and looking at the 2009–10 year as a classic example—we will see other evidence shortly of the global financial crisis—where we have had extra dollars in the budget and, apparently, at our collective disposal, federal stimulus funding. I think that has distorted the picture. When we remove those dollars from the state budgets that acquired them, the state budget looks a bit different than it does with those dollars included. I make that point in passing. If members want to debate it on another occasion, no doubt we will do so.

Hon Helen Bullock also made a contribution; I thank her for that. Hon Ljiljana Ravlich had a lot to say about mental health as her subject for this debate. The thing that sticks in my mind is a quote that I jotted down at the time where she said, about herself—I think I quote accurately—"I am no rocket scientist." I can only say "hear, hear" to that!

Hon Ken Travers: You're no comedian!

Hon Sue Ellery: You weren't a very good transport minister either!

Hon Ken Travers: A former failed minister I have heard him referred as!

Hon SIMON O'BRIEN: Only by you!

Hon Ken Travers: And others. It is catching.

Hon Nick Goiran: I think you touched a raw nerve there.

Hon SIMON O'BRIEN: Yes, I think we did.

Hon Sally Talbot then made a contribution. She ranged over a number of matters. I think I have already pointed out a few matters that the honourable member would be interested in. Hon Sally Talbot also observed that these appropriations are from some time ago, and she asked why are we dealing with these appropriations now, rather than at a much earlier time. She is right; the expenditure that we are dealing with in these appropriations is for the 2009–10 financial year. However, the figures that we are dealing with in these appropriations have come from the *Annual Report on State Finances*, which is tabled at the end of September; in this case, September 2010. The bills then had to be produced and authorised by cabinet, they were introduced into the Legislative Assembly in November, and they have now made their way to this house. That is a fairly standard timetable for this type of bill.

Hon Sally Talbot made some telling points about the growth in state debt. I acknowledge that. Although it is not germane to our debate on these bills necessarily, I would point out that a very large part of the budget equation that has been facing this state in recent years, and that will be facing this state in future years, is the goods and services tax relativities. This state will be facing some real challenges, particularly in the years immediately ahead, unless we can get some changes made to the GST apportionment to this state. I invite members to contemplate the fact that in future years, billions of dollars will be taken out of our state budget because of the GST clawback through the national arrangements. I therefore look forward to some positive developments in that area, because we certainly need that for the relief of Western Australia. I hope and think that that is a bipartisan view.

Hon Max Trenorden made a typically well researched, compelling and excellent speech about renewable energy and fuels.

The DEPUTY PRESIDENT (Hon Max Trenorden): That is only because I am in the chair!

Hon SIMON O'BRIEN: It did not hurt, Mr Deputy President! That was a very thought provoking speech, and I thank Hon Max Trenorden for his contribution. I also thank Hon Matt Benson-Lidholm, who spoke about matters affecting the Mid West in particular.

Hon Ed Dermer gave us a lecture about the appropriation process. He did so by recourse to some very old English history. I actually like listening to Hon Ed Dermer make a speech, and I have done for many years, because he does so in a very thoughtful way. When Hon Ed Dermer was Whip for seven and a half or eight years, he was always in the chamber, but he rarely spoke. We actually had a competition on the other side of the house to see if we could goad Hon Ed Dermer into making a contribution, and generally he did not. He was very disciplined about it when in government.

Hon Ken Travers: I think they are inviting you to speak more now, Hon Ed Dermer!

Hon Ed Dermer: I certainly would not be disorderly!

Hon SIMON O'BRIEN: But I would hope that Hon Ed Dermer would not spoil us by giving us too much of a good thing! I did enjoy his speech. The reason I enjoyed his speech is that I am also a student of the history that he was referring to. I liked the way that he had a point to all of that very interesting material, and he wove that in from the start of his speech to his conclusion, and that is what I enjoy about the construction of Hon Ed Dermer's speeches. Hon Ed Dermer reminded us—I think I am fairly representing this—of the old adage that we must look to history to avoid mistakes in the future.

Hon Ed Dermer: It is very helpful .

Hon SIMON O'BRIEN: It is indeed. It is also useful for members in this place to understand where we come from as an institution, and the principles and history that are the roots of this place. Hon Ed Dermer delved deeply back to the Magna Carta, and to a number of pertinent locations in very early parliamentary times. One of the experiences that I had—Hon Matt Benson-Lidholm was there as well—was a visit that we made to the United Kingdom, on parliamentary business, as members of a standing committee on statutes review. We were looking in particular at imperial acts that had been inherited by this jurisdiction. Members will recall that the imperial statutes were adopted in 1832, I think it was, through the actions of Lieutenant Governor Stirling at the time of the creation of the Legislative Council, our immediate forebear, which bears the same name. Of course it is an interesting question as to which imperial acts are still in force in Western Australia, and what that means. That is a subject for another day, and I know Hon Ed Dermer would be very interested in that.

Hon Ed Dermer: We will have to find a way of putting that on the notice paper!

Hon SIMON O'BRIEN: Maybe we will find one and repeal it!

Hon Ken Travers: This is a money bill. You can talk about whatever you like. If Hon Ed Dermer started the conversation, you can reply.

Hon SIMON O'BRIEN: I am showing Hon Ed Dermer the courtesy of listening to what he said and responding in kind.

During that visit to the UK Parliament, we visited the archives where the original bills are held. I will talk about that again at another time and not during the debate on these bills. But it was very useful for us as parliamentary members and parliamentary officers to see where the original acts are kept. The acts that go back to the reign of Henry VII are kept at the location that we visited. If people want to see acts that are older than that, they need to go to the National Archives at Kew, as I understand it. It was interesting to view some of those documents, which were autographed by Henry VIII and Elizabeth I and so on. It was also interesting to view the original copy, and a well-thumbed document it is, of the Australian Constitution. The original document that I asked to see was the Western Australian Constitution, and we perused that as well.

We then asked to see the 1689 Bill of Rights, and someone was sent off to go up a ladder somewhere, in this musty, enormous, Harry Potter-type environment, and duly came back with a red leather container with gold print on it, bearing the abbreviations William III–Mary II, which was the name of the reign, year one, bill No 2. Heaven only knows what the first bill was. It was probably the budget, I would think. But we took out this rolled-up document, which was handwritten on animal hide, and we were able to go through it. We were looking for article 9, just to make sure it is really there, and we found it. It was a remarkable experience to be able to hold in our hands that document, which is so important and even comes into the debates in this place from time to time.

Hon Ed Dermer: I think parliamentary privilege has a lot to do with the Bill of Rights 1689.

Hon SIMON O'BRIEN: Precisely, and that is why I am referring to article 9 itself. We actually scrolled past article 9 the first time, because it is a very hard to read document. We actually said to the curator, “Should we not be wearing white gloves?”, and he said—I will never forget—“No, you’ve got clean hands”. We must have looked at him a bit funny, and he said, “Oh, look, if the cameras from the BBC are here, they like us to wear white gloves because it is a good effect, but you do not really need them”. We examined that priceless document, the original document, and then put it back into safekeeping.

Hon Ken Travers: And the state is better off for this excursion, how?

Hon SIMON O'BRIEN: It is better off because it reinforces to a parliamentarian that there is actual form and substance to the history and the heritage that we all claim to rely on.

Hon Ed Dermer: Again, a very important reminder.

Hon SIMON O'BRIEN: I acknowledge Hon Ed Dermer’s contribution to this debate with that story. Hon Sue Ellery also made a valuable contribution. She referred to the tabled papers and asked me to respond to a number of questions in my reply to the second reading debate; in particular, she noted a reference under “Disabilities” and community protection—there might even be one or two other references—to “Gold State Superannuation Employer Contribution” and I was asked why was this previously unplanned and why was this expenditure necessary. A recommendation was received from the Government Employees Superannuation Board to increase the Gold State Super employer contributions from 12 per cent to 13.5 per cent in the course of 2009–10. That was unforeseen and has been funded. I understand the reason for that was to keep up the level of returns from investments, which was less than anticipated by the board of GESB. That is probably not surprising, given the time we are talking about, and the global financial crisis during which I recall returns from a whole range of investments were down across the board. That is the response to several of the member’s like questions.

Hon Sue Ellery also asked a number of other questions on the Department for Child Protection related to amounts for the ASSIST client information scheme funding, residential care funding and in the area of high needs placement. The specific answers to the questions that Hon Sue Ellery raised were, firstly, that the Economic and Expenditure Reform Committee approved the department’s realigning some unallocated capital funding from the 2011–12 year to the 2009–10 and 2010–11 years; in other words, to bring forward some funding, and having done that it had to be reflected. That was to address the department’s immediate needs in the implementation and support of the ASSIST client information system. Of the transfer of funds, \$3.608 million was allocated to the 2009–10 financial year. In relation to the member’s second question, the amount of \$2.864 million relates to a couple of components: \$1.679 million for maintenance and repairs of residential care facilities. That was approached in September 2009, which was after the budget had been struck; and a further \$1.185 million for program maintenance of the department’s buildings, other than residential care facilities. These two items of expenditure were originally provided as capital funding; however, as this funding was used

for maintenance of properties, it is more appropriate that the funding is transferred to expense capital. The funding was to continue to be used for the purposes for which it was provided, and this change is simply made to manage it correctly from an accounting perspective. It is taken from one category into another, but because it appears as additional in another, it has to be shown in the appropriation bills. That is as I understand it.

In relation to the member's third question, the Department for Child Protection was provided with \$7 million in the 2009–10 financial year to address a temporary shortfall in the cost of providing high needs placements whilst the reform and expansion of residential short-care services was continuing. I am advised that the reform and expansion of residential care services is well underway and has significantly reduced the pressure on high needs placement. I hope that addresses the questions Hon Sue Ellery asked.

Hon Sue Ellery: There was one more question—someone was talking to me so I might have missed the beginning of your answer—about realising less return from the sale of assets.

Hon SIMON O'BRIEN: I will take a moment.

Hon Sue Ellery: If it helps the minister—if he has been briefed or he is looking for notes—I understand that they had some properties in high retail value areas that they wanted to sell to fund residential expansion in other areas.

Hon SIMON O'BRIEN: If the member will just give me a moment.

Hon Sue Ellery: I can ask the minister in committee, if that helps.

Hon Ken Travers: It is mentioned in the document of excesses and transfers that the minister tabled.

Hon SIMON O'BRIEN: I will provide that information, if the member would be kind enough to ask it during the committee stage. In that way I can save time now, because I have copious notes relating to two different bills and I do not want to take time on that just now. I apologise for not responding directly to that.

Hon Kate Doust also spoke, as did Hon Col Holt, along with some other members who I will acknowledge as making a contribution. They asked about money for certain other projects that do not appear in these bills. All I can say about items that do not appear in these bills is that they are not in here—that is the scope of the bill. Members quite properly raised matters of concern, and I acknowledge that they have put those comments on the record.

Hon Adele Farina spoke from her perspective on a number of issues in the South West Region. I was interested in the member's comments because some of them were about projects that I have had a particular involvement with. They are issues in their own right in how they are developed and progressed, and what is the timetable or the scope of works. I note what has been said.

[Quorum formed.]

The DEPUTY PRESIDENT (Hon Max Trenorden): The offending member is not in the chamber, but when the bells ring, members are not to leave the chamber. I will talk to that member myself about what has occurred.

Hon SIMON O'BRIEN: In calling for members to return to the house, Hon Ed Dermer has done it again; he wants to spread the enjoyment of this debate to many!

Hon Michael Mischin: It is good to see the commitment to the parliamentary process of members opposite.

Hon Ken Travers: I would not make that joke after so few of your members were in here two seconds ago.

The DEPUTY PRESIDENT: Order, members! This conversation will not occur across the chamber. It does the chamber no good.

Hon SIMON O'BRIEN: Hon Adele Farina made her contribution quite passionately. She demanded to know why the government was not seeking money for this, that or some other project. The answer to that, in part, is that the 2009–10 supplementary appropriation bills are for past expenditure, not prospective or future expenditure. Implicit in that, these are just supplementary appropriation bills; it is not a mini-budget as such. That is why it contains past initiatives, not current initiatives.

Hon Ken Travers: The volume is such that it almost is a mini-budget. That is the whole problem.

Hon SIMON O'BRIEN: That might be the member's view. However, strictly speaking, this is not a mini-budget. The way we deal with it, the materials that are provided and the nature of the debate are essentially different from the consideration of the regular appropriation bills, which is why I have taken some time to discuss that difference in the course of my remarks tonight.

Finally, Hon Phil Gardiner made a very interesting contribution about agricultural practices. He raised questions of carbon generally and carbon dioxide in particular. It took us quite a long way. We were taken to Mercury and

Venus at one point, but at all times he related those matters to the relevance of the current agricultural activities and those of the wider sectors. I hope that I have done justice to the thoughtful contributions members made during the second reading debate, and that I provided the information that I could provide when it was relevant to do so. I also acknowledge the heartfelt contributions made by members when they were presented with the opportunity to debate these money bills. We will go into the committee stage in a moment, and I will endeavour to address any other matters, if I am capable of addressing them. For now, I again thank members for their contributions and commend the bills to the house.

Questions put and passed.

Bills read a second time.