

SELECT COMMITTEE INTO PUBLIC SECTOR EXPENDITURE

Establishment — Amendment to Motion

Resumed from 26 November on the following motion moved by Hon Sue Ellery (Leader of the Opposition) —

That —

- (1) A select committee of five members is appointed, any three of whom constitute a quorum.
- (2) The committee and the proceedings of the committee are subject to chapter XXII of standing orders and it is to be regarded for all purposes as a committee appointed under that chapter.
- (3) The committee is to inquire into and report on government measures to audit the operational and financial performance of the Western Australian public sector and any other means by which efficiencies in public sector expenditure can be gained, and all the circumstances surrounding the implementation of the three per cent efficiency dividend, including —
 - (a) the impacts of the three per cent efficiency dividend on the general level of service delivery across all agencies, in particular any impacts on service delivery to regional areas;
 - (b) considering alternative methods for achieving a three per cent reduction in government expenditure;
 - (c) whether the efficiency dividend has a disproportionate impact on smaller agencies, including whether or not smaller agencies are disadvantaged by poorer economies of scale or a relative inability to obtain funding for new policy proposals;
 - (d) what measures agencies are taking to implement the efficiency dividend, and the effect on their functions, performance and staffing arrangements; and
 - (e) alternatives to an across-the-board efficiency dividend to encourage efficiency in the public sector, including consideration of whether certain agencies or functions of agencies should be exempt from the efficiency dividend, or whether the rate of the dividend should vary according to agency size or function.
- (4) The committee may present interim reports without a requirement for leave and is to present its final report to the house not later than Tuesday, 12 May 2009.

to which the following amendment was moved by Hon Kim Chance —

- (1) Paragraph (1) — To delete “five” and insert instead —
three
- (2) Paragraph (1) — To delete “three” and insert instead —
two

HON NORMAN MOORE (Mining and Pastoral — Leader of the House) [11.07 am]: When we were debating this motion yesterday I was speaking in respect of the amendment moved by Hon Kim Chance, which was to delete “five” and insert “three”—in other words, to reduce the size of the committee from five to three members. I indicated that the opposition’s motion is fundamentally not acceptable to the government, but we do not have a problem with making the committee membership three in the event that this unfortunate select committee might be appointed. Therefore, I indicate to the house that we will support the amendment moved by Hon Kim Chance and we will see what happens when the debate is concluded.

Amendment put and passed.

Motion, as Amended

HON KEN BASTON (Mining and Pastoral) [11.09 am]: I do not support the motion in its entirety. I want to give some reasons for that. I find it quite interesting that, bearing in mind the opposition moved this motion, only two opposition members have spoken on the motion, and they are Hon Sue Ellery, Leader of the Opposition, and Hon Kim Chance. They were so passionate about it that I thought there might have been a little more activity.

We need to look at the figures from the Western Australian Electoral Commission. The number of people who voted for the Australian Labor Party in the Legislative Assembly was 390 398, and for the Liberal Party it was 418 208. The numbers for this house were also interesting. The number of votes recorded for the ALP was 403 935 and for the Liberal Party it was 442 783, so there were even more voters for the government party than for the Labor Party. One opposition member claimed that the election had been lost by only 64 votes, although

that can be construed as 32 votes if that number is halved. I wanted to make that point about the actual number of voters who voted.

After doing a bit of research on the issue, I note that it is always difficult for people to move from government. I found a website that contained an article about a famous interview in which former Australian foreign minister Gareth Evans described relevance deprivation syndrome. The article on the website, *everything2.com*, states —

A journalist gave a fairly friendly interview and asked him how he was adjusting to retirement. He responded with the usual bit about enjoying time with his family and all that but then quite candidly confessed to suffering a certain Relevance Deprivation Syndrome, remarking on how he had watched a political announcement on the news and been momentarily irritated that he wasn't involved. He resented being ignorant about the reports and briefings that had informed the decisions and felt helpless to effect the situation. He went on to add that this sort of thing was experienced by all politicians to one degree or another and that it was necessary to accept ones new circumstance to avoid becoming something of an embarrassment.

That is probably what Labor members have suffered to a degree and what is behind this motion, because there was some frustration about their not being able to carry out the three per cent cuts that the previous Treasurer had announced he was going to make. The elected government needs to be allowed to get on and do that. We were elected to give that better vision. People voted on that issue. They looked at how we were going to manage the state. That is why many people changed their vote. We have already seen some of those changes, such as the reorganisation of the Department of Industry and Resources to make it more efficient. There were problems with land release delays with LandCorp etc under the Department for Planning and Infrastructure, particularly in the Mining and Pastoral Region. That role has now been taken away from the Department for Planning and Infrastructure and is out on its own. I believe that this area will now get some better governance. I have said in previous speeches in this house that that is necessary.

The Carpenter government was spending on capital services like there was no tomorrow. People were quite worried. I note that in the three and a half years that I have been in this place, a powerhouse has been planned to be built in a town such as Carnarvon. An amount for that project had been allocated in the budget. Of course, that has still not been built. Funding also seemed to correspond with mounting pressure to build a new police station and courthouse there. The process of allocating which company would build the power station was announced but the project was then taken away from that company. The power station has not been built, the courthouse has not been built and the police station has not been built.

It is also interesting to look at figures from the Australian Bureau of Statistics on population growth and the growth in the number of people employed in the public service. A table shows the number employed in this area and includes private sector numbers for health and education. The government administration and safety figures showed that 36 088 people were employed in this area in 2001, and that in 2006, 60 042 people were employed. They are the latest figures that are available until further statistics are released by the Australian Bureau of Statistics. It is also interesting to note that the population in Western Australia in 2001 was 1 901 159 and that in 2006 it was 2 059 381. That was not a huge increase, but there was an enormous increase in the number of public servants who were employed in that period. This leads me to an interesting bit of research on what is called Parkinson's law. This law came from a paper written by C. Northcote Parkinson, a professor of history at the University of Singapore. The article first appeared in *The Economist* in November 1955. Professor Parkinson spoke about factor I and factor II officials. Factor I officials want to multiply subordinates and not rivals, whereas factor II officials make work for each other. I was interested in the law of multiplication of subordinates. I thought it would be worth reading this out for the benefit of people who read *Hansard* in the future, if they are not listening to me now.

Hon Barbara Scott: It is very interesting.

Hon KEN BASTON: I have not yet got to it, but I am pleased to hear that the honourable member is listening.

The article states —

To comprehend Factor I, we must picture a civil servant called A who finds himself overworked. Whether this overwork is real or imaginary is immaterial; but we should observe, in passing, that A's sensation (or illusion) might easily result from his own decreasing energy—a normal symptom of middle age.

I am not quite sure whether I agree with that. It continues —

For this real or imagined overwork there are, broadly speaking, three possible remedies:

- (1) He may resign.
- (2) He may ask to halve the work with a colleague called B.

(3) He may demand the assistance of two subordinates to be called C and D.

There is probably no instance in civil service history of A choosing any but the third alternative. By resignation he would lose his pension rights. By having B appointed, on his own level in the hierarchy, he would merely bring in a rival for promotion to W's vacancy when W (at long last) retires. So A would rather have C and D, junior men, below him. They will add to his consequence; and, by dividing the work into two categories, as between C and D, he will have the merit of being the only man who comprehends them both.

It is essential to realize, at this point, that C and D are, as it were, inseparable. To appoint C alone would have been impossible. Why? Because C, if by himself, would divide the work with A and so assume almost the equal status which has been refused in the first instance to B; a status the more emphasized if C is A's only possible successor. Subordinates must thus number two or more, each being kept in order by fear of the other's promotion. When C complains in turn of being overworked (as he certainly will) A will, with the concurrence of C, advise the appointment only by advising the appointment of two more assistants to help D, whose position is much the same. With this recruitment of E, F, G and H, the promotion of A is now practically certain.

That is just one of many interesting examples of overstaffing. Another is British Navy statistics that show that between 1914 and 1928 there were more people in Navy bureaucracy than out on the boats. It got to the stage at which it had the best land Navy in the world. Those examples exemplify why the government is trying to implement a three per cent efficiency dividend, and of course it is trying to go a bit further than that, which I will turn to.

Parkinson's law—the law of enforced efficiency—goes even further, for those members who are interested. There is actually a formula so that members can work this out. I am not going to go down that far because I would not want to take up the house's time, but I think it is a very interesting article for others to read and get some guidance on. History always gives us some guidance on where we are today. We can look back and say, "Okay, this is where we're heading, because it's happened before." For that reason, these efficiency reviews must be done.

We also need to do reviews for many other reasons. We need to do them because the present government has stated that it would provide prudent government for all Western Australians, be a responsible manager, live within its means and review expenditure. This government is being responsible in what it is doing, and I do not believe it needs a motion such as this which has originated in the upper house. The government must have time to govern. Ministers have not had much time to settle in. I was talking to one minister who said that when ministers moved into their offices, there was absolutely nothing in them—although one did tell me that there was a pair of sneakers, but they did not know who that office previously belonged to!

The three per cent cut does not necessarily mean a cut in service provisions. A three per cent cut in expenditure can come about in many ways, such as better fleet organisation or a reduction in the number of vehicles purchased. I will give a classic example. I think it occurred the year before last when I was at Oombulgurri. I arrived in the morning in the first aircraft. By the time I left, there were about eight aircraft on the landing strip, all from government departments. I wondered why they did not do a little coordination so that maybe we could have all travelled in three aircraft or one big one. All the aeroplanes had been chartered in Kununurra, which was fantastic for the private companies that were chartering out the planes. They are just little initiatives by which I believe expenditure cuts could be made.

The new members in this house have spoken about Indigenous issues in their maiden speeches. On occasions in this house I have spoken about saving funding on overlapping federal and state issues in various Indigenous communities. I have spoken before about the community in Karratha in which solar panels were sitting there for some two years without being used. I asked a question in the house, when I was sitting over there in that comfortable seat where Hon Matt Benson-Lidholm now is—he is listening to my speech so attentively now—and the answer I received from the then state government was that it was a federal issue. It was federal funding that was to be administered by the state government. The state government blamed the federal government for the state's administration of funding.

There are other ways of implementing the three per cent efficiency dividend without actually cutting any services through which huge savings could be made. On Wednesday, 19 November, the Treasurer announced the establishment of an economic audit committee. That committee will look at the issue from all angles. In 1993, when Richard Court came to government, the Liberal Party commissioned the McCarrey Report, which resulted in the establishment of an economic audit committee. I believe this present economic audit committee will be as beneficial for this government as it was for the Liberal government under Premier Richard Court in 1993.

For members who have not read the media release, the economic audit committee comprises Dr Peter Shergold, AC, former Secretary of the Department of Prime Minister and Cabinet; John Langoulant, chief executive of Australian Capital Equity; Cathy Nance, partner and actuary at PricewaterhouseCoopers; Tim Marney, state Under Treasurer; Mal Wauchope, Director General of the Department of the Premier and Cabinet; and Peter Conran, former Concept Economics director who will take over as Director General of the DPC on 30 November. I quote from the media release —

The group is tasked with reviewing Government spending and budget performance in the recent boom years, the structure and accountability of Government agencies, and their management and service delivery standards.

I think the establishment of that committee is a very wise move, as it will look at the whole picture as the Liberal Party comes to government.

I have already mentioned the population figures, which increased by only 190 000 between 2001 and 2006, yet the staffing for government administration and safety increased by some 24 000 over that period. That is an important point to be considered in this context. One of the capital work projects that needs to be looked at is the waterfront project—the Dubai of tomorrow. When circumstances are getting tough, which we know they are from watching the news or reading *The Australian*, *The Australian Financial Review* or *The West Australian*, or listening to Prime Minister Rudd talking about the gloom and doom, we need to tighten our belts. I was pleased to see that Peter Costello said this morning that perhaps we were over-talking the doom and gloom; I think that may be very true.

I do not doubt that Western Australia needs a new museum, but when things are getting tight, we need to review whether we need to spend that funding on a museum or whether we are better off spending it on the many issues, such as housing in regional areas, that have been raised in the house in speeches.

Hon Barbara Scott: What about the footy stadium?

Hon KEN BASTON: That decision may also need to be reviewed. When things are tough, things are tough. People from the land know one thing: when it does not rain, belts need to be tightened because the rewards will not be reaped. There are many like examples of projects that need to be reviewed and issues that need to be prioritised; things must be balanced.

I was in Cue last week whilst an Indigenous funeral was taking place. Extra police had been sent in. As most members know, the Cue lockup has been condemned. This small town had 200 extra people coming into it, extra police and paddy wagons, but no lockup. Lockups in small towns, such as Mt Magnet, are dubious.

I have given some examples of how the expenditure should be prioritised. We must carefully consider those areas on which the savings from the three per cent efficiency dividend can be expended. Those savings will flow through to education, health and law and order enforcement.

I mentioned that there is a sense of *deja vu* in the McCarrey report. We will go through the same exercise again, but it will help to put us in good stead. It will help us face the economic conditions that will be tough over the next couple of years.

As I said, members need only read *The West Australian* or other newspapers to find out what is happening in this state. A headline on the front page of *The West Australian* on 4 November 2008 was “Hundreds of jobs go as crisis hits miners”. I will quote from this article because it is pertinent. It states —

Just a few months after crying out for more workers to help meet the world’s insatiable demand for resources, the WA mining industry revealed yesterday that a further 260 jobs have been axed across three sites in response to the global financial crisis.

...

Mount Gibson Iron revealed it would cut about 190 jobs because its key Chinese customers had defaulted on sales agreements.

...

WorleyParsons, Australia’s biggest engineering group, revealed that 250 workers had been taken off mining sites ...

The article stated that 180 of those 250 workers would be relocated to other sites, but 70 contractors would lose their jobs. These are real issues and they involve real people who will lose out.

The article states that Minara Resources will slash jobs. It was not long ago that this company was booming and now its shares are well down.

Hon Peter Collier: What about Fortescue?

Hon KEN BASTON: Yes, Fortescue; I will not say anything about it. It demonstrates how quickly a company can go from a high to a low.

Minara Resources has laid off more than 200 employees. Again, it involves a large number of people. The shutdowns go on. Mines north of Halls Creek have been shut down. Thundelarra Exploration and Panoramic Resources have decided to suspend operations on their mines due to falling nickel prices. The price of nickel has gone from \$12 a pound to about \$5 a pound.

A headline in *The West Australian* on 15 November 2008 was “ConsMin slashes 182 jobs as prices plunge”. That is a company that a Russian billionaire recently paid \$1.2 billion for. It owns Kambalda’s historic nickel mine, which will be closed and placed on care and maintenance. Seventy-eight employees and 55 contractors have been axed by that company. This sends the message that there are tough times to come. These families will have to find new employment.

I do not support this motion, as I believe that the role of this house is to be a house of review. Compared with many members, I have been in this place for only a short time, but I have come to appreciate the important role this house plays in passing legislation to make good law. When considering legislation, I ask whether it can apply to all Western Australians. We should not pass laws in this state that do not apply to all Western Australians. Members in this place review the decisions of government through the process of considering bills and amending them accordingly. We play an extremely important role and we do not take on the role of government by setting up committees to do its job. We can make a judgement afterwards on what the government does by reflecting on the bills that pass through this house.

Any responsible government would realise that sometimes it is not funding that is required, but better directing of funding. That is what the review of government will do when determining expenditure.

The government does not support this amendment. To strengthen my case about the importance of the position of Western Australia and Australia, I refer to a media release by the Treasurer on 26 November that states —

The surplus of \$220million recorded for the three months ended September 30 is substantially lower than the \$734million outcome for the same period last year.

That is a difference of \$500 million in one quarter. It continues —

Expenses, on the other hand, were a massive 10.7 per cent higher in the first quarter of 2008-09 compared with the September quarter a year earlier. Higher public sector salaries and employee costs were a significant portion of the increase, growing to 13.6 per cent.

That is a considerable amount. Last night on the news I heard that Western Australia is facing greater mortgagee sales than are other states. The Treasurer’s press statement also states —

“These outcomes show precisely why the Liberal-National Government has to see through the three per cent efficiency dividend requirement, to be reflected in agency budgets in the coming mid-year review,” the Treasurer said.

I do not need to say any more. I have indicated why we will not support this amended motion. I look forward to listening to other speakers on this issue.

HON RAY HALLIGAN (North Metropolitan) [11.38 am]: I have difficulty with the motion and the amendment that have been presented to the house for a number of reasons. My concern has nothing to do with the principle of the motion. Other members, far more learned than I, have stated what is obvious to members in this chamber; that is, that the Parliament is paramount. Government is created by numbers in the lower house of Parliament and it creates the executive, but the government is answerable to Parliament, and that is the way it should be. I have a problem with the motion on a number of fronts. I am particularly concerned with the wording of the motion, not the least paragraph (2), which states —

The committee and the proceedings of the committee are subject to chapter XXII of standing orders and it is to be regarded for all purposes as a committee appointed under that chapter.

We have within our standing orders terms and conditions, if I can put it that way, for select committees. Why will this select committee be subject to the normal standing orders for standing committees? Of course, it appears to me that, under standing order 331 in chapter XXII, the committee also may have some problem obtaining the information that I presume it will want to obtain. However, I would be interested to hear from members on the other side of the chamber—the members of the party responsible for this motion—what they have in mind.

I will go through the wording of the motion. I am no English scholar, but some of the wording concerns me, and it may well concern others, so forgive me if I have missed some things that they have identified as odd, out of context or impossible to obtain, particularly within the time constraints placed on the select committee.

Paragraph (3) provides that the committee is to inquire into and report on government measures. The first question that comes to mind is: of whom will the committee inquire? Will it inquire of all the agencies? If that is the case, it will need a lot longer than 12 May 2009. In addition, the motion refers to all the circumstances surrounding the implementation of the three per cent efficiency dividend. That is a very broad statement obviously—"all the circumstances". I would ask my colleague Hon Ken Travers, had he been in the chamber and not on urgent parliamentary business: can he guarantee that? He loves the word "guarantee". This is a bland statement that all the circumstances surrounding the implementation of the three per cent efficiency dividend will be looked at. Is that the truth, or is it just a hotchpotch of words that have a different meaning in the minds of those people who put the motion together? Paragraph (3)(c) provides that the committee will inquire into whether the efficiency dividend has a disproportionate impact on smaller agencies. How will that be determined? What criteria will be used? Is this something that the committee will determine as it sits and gathers information? That may well be the case, but, again, we must consider the time line. The motion goes on to state —

... including whether or not smaller agencies are disadvantaged by poorer economies of scale or a relative inability to obtain funding for new policy proposals;

The motion is as broad as it is long. Subparagraph (e) is one of the most important parts of the motion. It provides that the committee is to include in its investigation alternatives to an across-the-board efficiency dividend to encourage efficiency in the public sector, including consideration of whether certain agencies or functions of agencies should be exempt from the efficiency dividend, or whether the rate of the dividend should vary according to agency size or function. Can one consider the number of variables in that statement, or has the mover of the motion fixed in her mind certain agencies and those are the agencies that will be targeted? If the committee is to do the things outlined in this motion, it will take it some considerable time, even without taking into account standing order 331.

I have said on numerous occasions in other forums that standing committees, particularly those of this chamber—this chamber is an important one and I will get to that a little later—are the workhorses of Parliament. Standing committees have to keep the government of the day on track; they are obligated to do so. It is incumbent on the standing committees of this house that they go down that path and do exactly that to highlight to the government of the day, to the executive government, that Parliament is paramount. Standing committees have been established over the years for that purpose. Invariably, those standing committees are apolitical. All the committees I have served on over 11 years have gone down that path. Those committees have had a make-up of people from all sides of politics, but, invariably, the members of those committees worry about the issues and the issues alone, irrespective of which party is in power. That is important, and I applaud the members of the committees that I have served on who have taken that attitude, because that is the way it should be.

On the other hand, select committees are political committees through which a particular political party tries to create a grievance with the government of the day. The issues that the party tries to raise via a select committee are purely political. As far as I am aware, that has always been the case; it has certainly been the case in the 11 and a half years that I have been in Parliament. I have no argument with that; that is fine. People on this side of the chamber have gone down the same path, but let us call it what it is—a select committee is a political committee that tries to score political points. I suggest to members that this proposed select committee would be no different. I cannot understand why the mover wants the select committee to operate under chapter XXII of standing orders, except, as has been said before, that there is a political motive. I suggest that it is not to require the select committee to look at the three per cent efficiency dividend, which we could call by any number of different names. It is just to cut out waste. If we want to go down that path, I could stand in this place for some considerable time and talk about that. In fact, I will raise a number of points that I believe are pertinent to the debate on this motion. It has been said before—but I will not dwell on the matter—that the previous government was going to introduce a three per cent efficiency dividend. It had to find money from somewhere. So many agencies were overexpending their budgets that they had to be reined in. Members can call it what they will—bringing them back on track, bringing them into line, cutting out waste, or an efficiency dividend. The end result was going to be the same: moneys would be available for other purposes.

Those members of this house who have been public servants may well have gone through one of these efficiency dividends in a past life. I certainly have. It was under a Labor Government. I have heard Hon Kim Chance talk about how a previous Labor Government was able to show us—I believe these were the words used—"how it was done". I can assure Hon Kim Chance that it is all smoke and mirrors. It is creative accounting. I can tell members some stories about creative accounting under a Labor government! That is all it is. It is creative accounting. Yet they stand and beat their chest and say, "Aren't we good! Look at that bottom line now! We

have put a pen through that particular figure and have reduced it!" However, they have no possible way of proving it, either with a select committee or otherwise.

I will tell members one of the reasons that it cannot be proved. I say to those members who have been in this chamber for any length of time that I would defy them to go over successive budgets under a particular government and try to compare one year with the next. It is absolutely impossible. We talk about accountability and about how the Parliament is supreme. Of course we know that the lower house is controlled by the executive government. The lower house is one of the chambers of this Parliament. However, we rely on this house, and this house alone, to ensure that the government is held accountable. In past years, in the lower house, where the budget is produced, we have been given a series of figures. However, in the vast majority of cases we have been unable to compare those figures from one year to the next.

To get back to this efficiency dividend, how will this committee be able to prove that it has been achieved? I doubt that it ever will be able to prove that it has been achieved. The committee will report. Of course it will report. Committees always report to the chamber. However, it is not the quantity of the pages in the report that matters; it is the quality of the information. I suggest to members that there will be very little quality at this point in time. That is purely because of the proposed terms of reference of this select committee. This house has an obligation to put a check on the executive government. It does that through our standing committees. That is why they were created. Those committees should be given the opportunity to put a check on the executive government. They have done that very well over the years, and they will continue to do so in the future.

I have served on the Standing Committee on Delegated Legislation, and also on the former Standing Committee on Constitutional Affairs, which looked at petitions. Those members who have served with me on those committees would know that if a person were to raise with the committee a grievance about a government policy, invariably the committee would not look into that particular grievance but would direct that person to the minister. That is because during my time in this place the belief has always been held that the development of policy is not only the responsibility of the executive government, but also its right. Members might well ask: who will oversee that policy? The people will oversee that policy. Elections are held every four years—or sometimes every three and a half years. It is the people who decide. Members on the other side of the chamber do not want that to happen. It would be wonderful if we could turn the clock back to 2001 and see how members opposite would have operated when they were in government. Again, we have a situation in which members have changed sides in the chamber and have changed their minds about how they want things to operate. We often talk about good governance. Can we not reach some consensus on what is good governance? I am hearing different stories now from those I heard six months ago. I believe that a large element of hypocrisy is involved in this motion.

The three per cent efficiency dividend interests me a great deal, because over time I have seen agencies overexpend their budgets. I suggest that it would be relatively simple for a government to require an agency to reduce its expenditure by three per cent. The agency would still be overexpending its budget, of course, but at least that government would be able to say that it has succeeded, because it has prevented the agency from spending three per cent of its budget. Therefore, to a great extent that type of endeavour is meaningless to me. I have told this chamber how the Delegated Legislation Committee has had to deal with government agencies that have wanted to increase their fees and thereby cover their—let us call it—perceived incompetence. Many government agencies that continually want to increase their fees use the argument that they are only trying to recoup their costs. As I have tried to explain to many people, if a government agency is incompetent, or if it wishes to increase its empire by taking on extra staff, or by doing other things that will increase its costs but will not provide any additional service delivery, that agency often thinks that gives it a justification for increasing its fees.

There is more to an efficiency dividend than just looking at the bottom line in the budget papers, or in the costings or policies, and reducing that by three per cent. I mentioned earlier that I have gone through this process under a Labor government. I was in control of a particular program at the time, and I was called into the director general's office, and he slapped some figures down in front of me and said that is all I would be getting to spend. I cannot recall the percentage. I think it might have been five per cent. I was told that was what my budget would be reduced by, and I would have to get by on that. It was as simple as that. I said that I did not think it would be possible for me to continue to provide the services with that reduced budget, but the director general said I would have to try, because that is all the money I was going to get. There was the efficiency dividend! There was no efficiency at all. It was just a communication that the budget for my program would be reduced whether I liked it or not; and, if I could not continue to provide the services, I should not come crying to the director general about it. That is what it amounted to. I had to operate under that reduced figure. I had to cut corners. I had to get people to work longer hours, as a lot of public servants do, but with no recognition of what they were doing and were providing by way of service delivery. As I said, it is a simple matter to use figures to make it all look good. However, at the end of the day, it is a matter of looking at the efficiency of the moneys expended. I have said in

this place quite frequently that the previous government would not be judged on the moneys it put into Treasury because it put nothing into Treasury—it was all done by private enterprise—but that it would be judged on how it spent the moneys. It did not check on the spending. It did not check to see whether the unit costs for the services that were being provided were increasing all the time. Management is exactly what is required now. A lot of work must be done, but it is not contained in the wording of this motion. Other work must be done prior to us even contemplating going down this path.

I have brought to the attention of the house issues related to the Standing Committee on Estimates and Financial Operations. More work must be done on that committee and more opportunities must be provided for members to utilise that committee to undertake any number of issues that have been raised in this motion. I have referred to the management of money, which is very important. People have a tendency to believe what is provided to them and, unfortunately, they do not undertake the necessary scrutiny that should be undertaken. Brian Burke was the Premier and Treasurer when I first joined the then Department of Employment and Training and was asked to look into a program that provided unemployed people with a \$1 000 interest-free loan. I had no argument with that. A committee of people from outside the public service checked on the business proposals that were put forward and I was asked to recoup some of the interest-free loans. I went down to the accounts department, as one would, and asked for a copy of the debtors' ledger to find out who owed what amount. I am not sure whether members would be surprised to hear that I was told that one did not exist. There was nothing. Under the old government accounting system, everything was written off on 30 June so there was a blank balance sheet with nothing in it. There were no assets or liabilities. Who was managing the finances? We did not even have asset registers. It is no wonder that the computers and other assets which belonged to the people of Western Australia and which were paid for by their taxes were walking out the door. The Burke government called that management. I had to go through all the cheque requisitions and all the receipts that I could find and recreate a debtors' ledger, which showed an outstanding amount of nearly \$1 million. I had to get in touch with people and ask them whether their records were the same as mine. In many instances they were not and therefore much of that money had to be written off because I had no way of knowing whether the money had been paid. In many instances, there were no receipts. I could not trust the financial management of that department because of its lack of records. I had no way of telling the people who were provided with the interest-free loans that although we had no record of the payments having been made, the amount remained outstanding. All they had to say was that they had repaid a certain amount of it, and I had no option but to accept their word. I could not do otherwise because I could not trust the system that had been put in place. They are the types of things that need to be checked first. Hon Max Evans introduced accrual accounting to try to overcome many of those types of problems. However, it went far beyond that. Our difficulty since accrual accounting was put in place has been that we have retained many of the people who knew about only the government accounting system and they have not been retrained. Some of that occurred under the previous Court government, so there are a number of people to blame as far as I am concerned.

Many issues require resolution. A number of things need to be done prior to even contemplating going down the path of this motion. I sincerely hope that some of those things can be put in place as quickly as possible. I will do my utmost to try to get that message across to the appropriate people.

Debate interrupted, pursuant to standing orders.