

TREASURER'S ADVANCE AUTHORISATION BILL 2010

Consideration in Detail

Resumed from an earlier stage of the sitting.

Clause 3: Authorisation of expenditure to make payments in respect of extraordinary or unforeseen matters or to make advances for certain purposes —

Debate was interrupted after the clause had been partly considered.

Mr W.J. JOHNSTON: I return to a question I asked previously. The information that the Treasurer has provided to the chamber shows there was \$70 million in broken election promises in 12 areas. For example, the re-cashflow of election commitments in the Department of Health is unspecified at \$5 million; the re-cashflow of election commitments to the WA state suicide prevention strategy is \$3.5 million; the re-cashflow of election commitments to the hospital nurses support fund is \$6.1 million; the re-cashflow of the teachers' enterprise bargaining agreement is \$33.954 million; and the re-cashflow of election commitments for better behaviour in public schools is \$5 million. These are broken election commitments. They do not appear in the budget and they do not appear in the midyear review. If those funds have not been re-cashflowed to the 2009–10 financial year, please let the chamber, the Parliament and the people of Western Australia know that that has not occurred for these 11 broken election commitments. But, if these broken election commitments are in fact re-cashflowed into this bill—if the Treasurer is not ignorant of that, if he knows something about the information that has been provided to the chamber—he should draw that to my attention, the attention of the chamber and the attention of the people of Western Australia.

If the Treasurer is ignorant of the answer, if he is not capable of answering the question about those 11 broken election commitments, I am also happy for the Treasurer to stand up and say, "I don't know what we have done about that re-cashflowing." As the Treasurer knows, the word "re-cashflow" suggests the figures are taken from one year and provided to another year; they do not just disappear. Yet all the paperwork provided to us shows that these amounts have disappeared. This is very critical given these were solemn promises made to the people of Western Australia. I do not mind that the Treasurer is bored with being honest to the people of Western Australia. If he wants to sit there and yawn and stretch —

Mr T.R. Buswell: I have actually got a sore back and I am stretching it.

Mr W.J. JOHNSTON: — and ignore the genuine problems created by the broken election commitments of the Liberal Party, then I am quite happy with that. As I say, the figures are not in this year's budget and they are not in the midyear review. They are re-cashflowed from last financial year. They are broken election commitments. If the Treasurer is ignorant of these matters and not capable of answering these things, I would appreciate it if he would say, "I am not capable of answering it" and sit down. That is fine. I would appreciate the Treasurer explaining to the house, myself and the people of Western Australia what the Liberal Party is doing to overcome these 11 broken commitments.

Mr T.R. BUSWELL: If the member refers me to the item in the schedule, I will provide him with the answer.

Mr W.J. JOHNSTON: If the Treasurer is saying that he does not know the answer to this information, that is a disgrace. He is the Treasurer and he represents the Liberal government in this chamber on these important issues. The Treasurer has broken election commitments to the teachers of Western Australia, to the nurses of Western Australia and to the people of Western Australia. He has broken commitments about preventing hoon driving and broken election commitments about educating the youth of this state. If the best the Treasurer can do is to say nothing at all on those broken commitments, it says much about him. He is happy to come into this place and hurl personal insults around, abuse people and behave like a clown, but he is not prepared to do his job. I do not understand that. The people of this state pay him \$250 000, and one would think that with all that money they would get a little bit of service. It is not unreasonable for the people of Western Australia to know what has happened to those broken election commitments. If the Treasurer is just going to sit there and say that he does not care about that and that he does not care about the fact that he is ignorant and has no capacity to do the job that the people of this state pay him to do, that is fine; he can just sit there and keep being smug, keep pulling faces and keep doing the things that he is so good at. But if he wants instead to do the job of Treasurer of the state, he should stand up and explain to the people of Western Australia what he is going to do about the fact that the Liberal Party deliberately told lies at the time of the election and has failed the people of this state and has failed to deliver on the promises it made.

Mr T.R. BUSWELL: I am happy to answer questions in relation to this Treasurer's advance bill, and I will. If the member asks a specific question, I will answer it.

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Mr M. McGOWAN: My question relates to state development, “Item 12 Delivery of services”. I refer to the Oakajee rail and port project, which is under “Issues under consideration”, where \$7.3 million has been included as expenditure for the remaining part of this year. My questions are many on that subject, but I will restrict myself. How is it that the state has been required to spend that amount of money and what is it required to be spent on? What is the Treasurer’s expectation of the liability the state will need to meet with that particular project, considering the recent developments that have happened with the state and commonwealth contributions of money and the fact that we do not have accurate and reliable full costings for the total cost of that project?

Mr T.R. BUSWELL: I thank the member. My advice is that an additional \$7.36 million is really the first provision of planning moneys for Oakajee. Of course, as the member would be aware, the state has made a commitment by way of an equity contribution. I am pretty sure that the equity contribution is in the out years 2012–13, but I can confirm that for the member. What is the \$7.4 million of planning money for by way of costs associated with the Oakajee rail and port project? It is for legal and technical studies and salaries of 19 additional full-time equivalent employees, so obviously within the department a team has been created with 19 additional people in that team to provide oversight and to begin work on the planning of the project. The \$7.4 million is the provision made for what will be required for the balance of this financial year. It is money over and above the \$339 million, which is an equity injection to be paid at a later date. In answer to the question of what the ultimate cost will be to the state, that will be worked through as part of this planning process and, ultimately, that business case will come before government for due consideration.

Mr C.J. TALLENTIRE: My question to the Treasurer concerns item 33 on the education budget. There are a couple of items there, but I would like first to focus on the \$1.799 million allocated for education assistants, school cleaners and gardeners regarding the enterprise bargaining agreement offer. Will the Treasurer tell us what that money is for? Does it reflect that some negotiations have been going on and have come to a conclusion with the teachers’ aides, school cleaners and gardeners? Is there an anticipation of further moneys to be allocated to those people providing essential services in our schools? Has the Treasurer given proper consideration to the plight of people working in our schools, because of their pay situation?

Last night the Treasurer said that he is intimately acquainted with the hardship that people who work in that sector face and the poor rates of pay, and I expect that he is enough attuned to that situation to believe that they should be substantially better recompensed for their great efforts. I hope to hear the details of that from the Treasurer.

Mr T.R. BUSWELL: I thank the member for the question; it is a good issue. As the member is aware, that case is currently in arbitration. I think today is the last day of the hearing; if it is not, I will stand corrected by the member for Nollamara. The government is proceeding through that arbitration process, and it will wait for the commission to hand down its finding. We have—I think more than appropriately—made a provision on the assumption that there will be an increase broadly in line with our wages policy offer, and that that increase will be backdated, as I understand it, to 1 January. I might have to get clarification on that, but I am pretty sure that is the case. That is not a hard and fast figure, as is often the nature of some components of the Treasurer’s advance; it is a provision that acknowledges that the commission will definitely award an increase. We have made our case in our submission for what we have offered, obviously the union has made its case, and it is now up to the commission; the industrial umpire will make what, I am sure, will be a fair and proper decision. We have an allocation of funds to cover that when it happens.

Mr C.J. TALLENTIRE: I take it from what the Treasurer has said that he concedes that there is a chance that that allocation may be woefully insignificant and far from the actual mark of the increase awarded by that arbitration?

Mr T.R. BUSWELL: It could be. I hope it is not woefully so. The commission will make a determination. If the determination is that people get paid more, they will get paid more. We have a provision for some unallocated funding, so obviously we will meet our legal obligations to our employees.

Mr C.J. TALLENTIRE: Turning to the 2010 half-cohort impact and the allocation of \$1.225 million, why were the budgetary implications of the half-year cohort not anticipated? Why are there any real budgetary implications, given that the overall number of students going through the system has not changed; it is simply their location that has changed?

Mr T.R. BUSWELL: Again, that is a fair point. I do not have a note of this, but my recollection of discussions with the Minister for Education is basically that we could have applied the hard and fast rule that is applied to how full-time equivalents are adjusted in schools when the student number changes. The Minister for Education sought some flexibility around that to deal with certain schools in which the transference of the half-cohort would have had a significant impact. My recollection is that this was the funding required. I do not have the exact detail on the number of schools or staff affected, but my recollection is that this was the money required to

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give the minister the flexibility to deal with those issues. It is not across all schools, but there were, as I recall, some schools where it was important that there be some flexibility to deal with issues around the half-cohort and the impact of FTE allocations.

Mr J.C. KOBELKE: I wish to stay on the subject of education, but I will ask the Treasurer a more general question to which he may be able to give me a simple answer by interjecting on me while I am on my feet.

Under the section of the Treasurer's document headed "Education", some items are listed as being decisions made, and then there are items listed as issues under consideration, so clearly there is an aspect of timeliness in terms of when the decision was made. Before I ask a specific question about education, I seek clarification on the cut-off date for inclusion as a decision made. Is it at the time of the midyear review or is it some other date; and, is there a specific date? I take it that matters under consideration come after that date. Is there one date, or do a whole range of different dates apply to different portfolios?

Mr T.R. BUSWELL: Decisions made are obviously, as indicated, as decisions were being made —

Mr J.C. Kobelke: As of what date?

Mr T.R. BUSWELL: Let us say that as of the time that we compiled this information. My understanding is that there are various dates. It is not the midyear review. It is the time after the midyear review, because clearly there have been movements—we talked about health before—subsequent to the midyear review. We will see whether we can get any information on the dates that appear in the Treasurer's advance authorisation. Issues under consideration: my observation of what happens is that as we work through the budget process, agencies are also asked whether they have any funding pressures in the coming financial year that we need to consider. Where we deem that additional expenditure to be supported, that feeds into the Treasurer's advance. Therefore, most things that have been identified as issues under consideration will be issues that are raised by the agency as part of the budget process, remembering that —

Mr J.C. Kobelke: Which you are yet to make a firm decision on.

Mr T.R. BUSWELL: Yes and no in that some of these elements have progressed, I suspect. The budget process is very dynamic; we have meetings all the time. By and large, most of this funding is for matters that are not simply an ambit claimed by the agency; they work through a process and would reasonably expect that they will be funded, but as with the Treasurer's advance authorisation, there is no guarantee that every cent in every item will be funded.

Mr J.C. KOBELKE: I wonder whether the Treasurer could just clarify the process, please, because it does go to what these figures actually mean. Under the last government, the process was that once a decision was made by what was the Expenditure Review Committee, now the Economic and Expenditure Reform Committee, and went to cabinet, if cabinet ticked off on it, or delegated the power to the ERC so it was ticked off on, Treasury would then immediately enter it into the books as a decision and the costs had to be recognised in the accounts. I do not know whether that process has changed under the current government, but it is important that we have some understanding. Therefore, can the Treasurer indicate whether that is still the same process?

Mr T.R. BUSWELL: What I can tell the member is that as agency bids for this year come before us—as the member would be aware, this is a very dynamic time of the year in the budget cycle—the 2009–10 bids are considered and approved as part of that process.

Mr J.C. Kobelke: The point I am getting to is: when do the numbers get written into the budget accounts? Is it when the Treasurer signs off, when the cabinet signs off or when the EERC —

Mr T.R. BUSWELL: It is when cabinet signs off.

Mr J.C. Kobelke: So, when cabinet signs off is when they come into the account.

Mr T.R. BUSWELL: Yes; that is right.

Mr J.C. KOBELKE: I seek further clarification on the same issue and will just repeat it to ensure that I have it absolutely clear—namely, lots of matters are under consideration by the Treasurer, Treasury officials and the EERC, and then they come to cabinet. Therefore, once an actual decision is signed off by cabinet, Treasury will put that into the accounts. The Treasurer's nod indicates that I have got that correct. The issue then becomes what we have in the numbers listed under decisions made, which are matters that have received cabinet approval and they did so in sufficient time to be entered into these documents—we are not quite sure what that date is. Would it be in the past couple of weeks or a month ago? Roughly when would have been the cut-off to have figures incorporated in these documents as "decisions made" as opposed to "issues under consideration"?

Mr T.R. BUSWELL: The advice I have is that it is around February.

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Mr J.C. Kobelke: Mid-February. Thank you.

Ms A.S. CARLES: I take the Treasurer back to the question about the 2010 half-year cohort impact of \$1.225 million. These are the schoolchildren who are currently in year 8. I too do not quite understand why this would create a cost blow-out like this. Teachers have contacted my office with fears that 500 teachers would be retrenched over this half-year cohort, so I am just wondering whether this amount is to pay out teachers; and, if so, does the Treasurer concede that we could then have a teacher shortage in the coming years?

Mr T.R. BUSWELL: Teacher shortage—outrageous! The arrival of the half-cohort as it moves through primary school into high school was entirely predictable. We all would have gone to school graduations last year and seen very small classes—it did not seem to reduce the length of time of the ceremonies—and the students went through. The Department of Education has a full-time equivalent methodology whereby the number of students basically determines the school's FTE allocation with some provisions for a whole range of other factors. It basically has a school-size-based methodology to determine the number of teachers in the school. As we worked through the process, it became obvious that some smaller high schools would be significantly impacted by this shift, and it concerned the Minister for Education that those schools would be unfairly impacted on, so we made the decision to approve additional funding. That additional funding, as the member for Fremantle and the member for Gosnells pointed out, is \$1.225 million. It will provide smaller schools with the flexibility they need to keep staff where it is important for them to do so. In other words, if they did not have the funding, the full-time equivalent model would result in them losing staff. In some of the smaller schools, it was important that they kept the staff so they could provide adequate curriculum access across the school. It is really just recognition of the fact that some of the smaller schools and, by extension, the students could potentially have been significantly impacted on in a negative way. This enables those schools to have some funding to keep some teachers. Does that equate to 500? No; it equates to \$1.225 million of teaching time. Will we have a teacher shortage in the future? I think that the minister is well aware of the need to have proper human capital planning in place in education. I am not aware that we are forecasting teacher shortages in the future.

Ms A.S. CARLES: Just to clarify this, will any teachers lose their jobs over this half-cohort impact?

Mr T.R. BUSWELL: This was not a funding package to deal with broader human resource related issues associated with the move to the half-cohort; this is a specific funding package to help smaller schools in situations where, if we did not do anything, the application of the teaching FTE calculator would have meant that those schools would have been significantly disadvantaged. This money has given the Minister for Education some limited capacity to deal with issues in smaller schools where the reduction in FTE would have been quite dramatic. Clearly, there has been a reduction in FTE across the sector as a result of the move to the half-cohort. I unfortunately do not have the full details of how much that reduction in FTE is, but this money was not designed to offset that particular broader reduction; it was designed to deal specifically with smaller high schools where the reduction in FTE would otherwise have had quite a dramatic impact.

Mr J.C. KOBELKE: I will stay with education, because the questions the Treasurer is answering relate to that. The \$6.9 million relates to the English as a second language program for 457 visa holders. I am well aware of the issues, although I am not well versed in them; there is a demand on our schools from young people whose parents may be on 457 visas. I would like an explanation from the Treasurer as to whether this is an expansion of the existing program—it is a substantial amount—or whether it is actually a new program. Following on from that, I ask the Treasurer to say a little about where the money is actually going. Given that 457 visas are a commonwealth government responsibility, is the Treasurer able to get any money from the commonwealth to help cover these expenditures?

Mr T.R. BUSWELL: I can only give the member for Balcatta the information I have been provided with by the agency in preparation for this. I suspect that there was a program. The advice I have is that the additional money—the \$6.9 million—was needed to ensure that the Western Australian Department of Education could deliver equitable support to eligible students compared with other states. I am assuming that historically there was some support delivered, but that for reasons for which I do not have any detail, it was deemed inequitable in relation to other states. Has the commonwealth government made a co-contribution to offset that? I do not have that information, but I agree with the member that it is important that we support all children in schools, especially those students who face significant challenges around language and other issues. This funding is for the English as a second language program for students with sub-class 457 visas, to lift the department's service delivery to levels comparable with other states.

Mr F.M. LOGAN: I refer the Treasurer to not necessarily the line item, but the total amount of \$1.15 billion being sought. I refer also to the *Government Mid-Year Financial Projections Statement* that was released in December, and the exchange rate forecasting and its impact on the money being sought and ultimately the budget the Treasurer is creating at the moment. In particular, identified on page 14 of that publication is the new

Extract from Hansard

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approach to exchange rate forecasting of the long-run average, which the Treasurer decided to move to. The previous exchange rate forecasting was a steady and fixed exchange rate, which was identified and did not really alter during the whole process. An A92c exchange rate with the United States in 2009–10 was indicated, through to 2012–13. Given that today's exchange rate actually hit 92c this morning —

Mr T.R. Buswell: It's breaking my heart!

Mr F.M. LOGAN: Yes; it was spot on. The table on page 14 shows the new methodology of the long-run exchange rate. For the current financial year it predicts 90.5c through to 76.5c by 2012–13, which will impact on the money the Treasurer is seeking at the moment. I presume this long-run average will be varied during the budget process, because it will obviously impact on the moneys currently being sought. What are the Treasurer's views on that exchange rate comparison, particularly the long-run average exchange rate?

Mr T.R. BUSWELL: It is not strictly part of the bill, but it is a good question.

Mr F.M. Logan: It impacts on the money sought.

Mr T.R. BUSWELL: Too right. In my time as Treasurer I have seen the exchange rate fall to the low 60s. I think that was at the time of last year's midyear review. At the time of the budget it was 78c, and it went through to 92c at the time of this year's midyear review. There have been huge swings in a long-run average. Firstly, it states here that the long-run average is 72c. Obviously, over time the long-run average will shift, but it will take a long time for it to start to do that. Treasury completed a very detailed analysis of exchange rate forecasts, which some would say is heavy going to read. It was basically attempting to come up with a model that more accurately forecasts the exchange rate over the forward estimates. We did that for a couple of reasons. Firstly, when the exchange rate is low, the coffers are filled with money that we might not have in a couple of years. Secondly, when the exchange rate is high, we may stop spending money that we might have in a few years. The member for Cockburn pointed out that in the *Government Mid-Year Financial Projections Statement* a \$480 million and \$780 million positive revenue impact is shown in the out years because of the change in methodology. I think it is a better public policy tool to have in the revenue streams less volatility caused by a volatile exchange rate. I suppose the challenge for Western Australia, and perhaps by extension for Australia, is the strong probability that the exchange rate will lock in at a high rate for an extended period. All sorts of people have been predicting parity. I do not know what will happen; I do not pretend to be an exchange rate forecaster. I was interested in the work Treasury did on the exchange rate because it is a way of taking out some of the volatility. As I said, yes, when we are above the long-run average, it has an out-year impact, and when we are below, it has an out-year impact that means we might not be spending money we have.

One of the other interesting points is that the higher the exchange rate, the lower the impact of a subsequent movement in the exchange rate on our revenues. When the exchange rate was in, say, the 70s, a 1c movement was about \$50 million to \$55 million. Now that it is in the 90s, a 1c movement is about \$39 million. These parameters have contributed to the significant change in my hair colour over the past 12 months. Those are the facts; members have to deal with them. I understand people saying that the new model used for the out years led to a change in revenue stream. It did. However, from a public policy point of view in a place like Western Australia where royalties are a significant portion of revenue, this takes some of the unwanted out year volatility out of managing the state's finances.

Mr F.M. LOGAN: I thank the Treasurer for answering the question in that way. My point is that the exchange rate for 2009–10 predicted by Treasury was 2c less than today's rate. As the Treasurer has pointed out, that may well hold up or it may well increase between now and July. Will that have a specific impact on the \$1.15 billion that is being sought in terms of its value and whether it can flow on to the Treasurer's list of items?

Mr T.R. BUSWELL: No, it will not. The Treasurer's Advance Authorisation Bill deals with expenditure. The exchange rate will impact on revenue. There is no doubt that when we subtract expenditure from revenue, it has an impact on the surplus or deficit. However, the Treasurer's advance bill deals with expenditure. The short answer is no, it will not.

Ms R. SAFFIOTI: My question relates to Oakajee and the \$7.4 million in recurrent funding. Has that money been injected since the midyear review? Given that it was decided at the midyear review to inject \$339 million, the capital component, in 2012–13, why has the recurrent funding not been injected at the same time as the capital funding?

Mr T.R. BUSWELL: The member may know from her notes that this item is still under consideration. It will be funded, I am sure. The exact nature of the funding and the additional 19 full-time equivalents and the exact nature of the additional legal and technical studies that are required as part of the planning work for Oakajee had

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not crystallised at the time of the midyear review. They have now crystallised and a number of items have been added to the Treasurer's advance subsequent to the midyear review.

Ms R. SAFFIOTI: Is the figure of \$7.4 million likely to change?

Mr T.R. Buswell: I do not know, but that is our anticipation at the moment.

Ms R. SAFFIOTI: If it turns out that the figure is \$5 million extra, will that additional cost be injected into each of the out years because it is a recurrent item?

Mr T.R. Buswell: I think the member is right. The money will flow through. Let us call it baseline recurrent funding for that project.

Ms R. SAFFIOTI: It is a significant recurrent cost.

Mr T.R. Buswell: It is. The nature of the work done by the team may change. People may come and go because the project will move through a number of stages. It is certainly included this year. I fully expect that it will be included next year and in subsequent years.

Ms R. SAFFIOTI: Given that the Oakajee project was already underway—I will not argue about the fact that it is now in a different form—what are the additional 19 staff doing?

Mr T.R. Buswell: My understanding, based on the information that I have received, is that the 19 additional staff are involved in planning for the Oakajee rail and port project.

Ms R. SAFFIOTI: I suppose it is being done in-house so more planning will be done.

Mr T.R. Buswell: I assume that external legal and technical experts will still be required. It is not an insignificant project. I assume that they form the core of the Oakajee rail and port project team within the Department of State Development.

The ACTING SPEAKER (Mr J.M. Francis): Before the member for West Swan continues, I ask her to sit down after she has asked a question so that the Treasurer has an opportunity to properly answer the question rather than answering by way of interjection.

Ms R. SAFFIOTI: I refer to the 19 FTEs and the public service cap. Are those 19 FTEs, because they relate to a policy decision, above the cap?

Mr T.R. BUSWELL: Yes. It was always anticipated that the cap on FTEs in the general government sector would shift. Obviously these are policy decisions of government. Similarly, the cap can shift down. As we have announced—and as we discussed with the member for Cockburn, with his conspiracy theory about the \$30 million for voluntary redundancy programs—we will target another 300 people this financial year. We are going to get movements in and around the cap. I have to say again that the introduction of that cap has been a very interesting learning curve for me in terms of understanding what the presentation of FTEs in the budget papers really meant. I think we are getting on top of that now, because there is now an incentive for agencies to more accurately reflect their FTE numbers. In fact, we are now using the Public Sector Commission's report more and more—because that is more robust—to manage that particular aspect.

Ms R. SAFFIOTI: I may have missed this, but why was that \$7.4 million not included in the midyear review?

Mr T.R. BUSWELL: It is because the submission that government used to justify that investment has only just been considered by government.

Ms A.S. CARLES: I refer to item 39 and to the amount of \$2.948 million for the Esperance lead and nickel clean-up costs. I recall that the initial estimate was that it would cost \$10 million for that clean-up in Esperance. Is that almost \$3 million now the total clean-up bill?

Mr T.R. BUSWELL: At the time of the midyear review, we announced—we are just checking what we said at the time of the budget, which I do not think was much at all—that \$14 million was to be spent over two years for the clean-up of the lead and nickel in Esperance. That appears under the Treasurer's advance in the midyear review. So I can only assume that that is money that is being expended over and above anything else that has been allocated for that purpose. It would appear that only \$3 million of that is anticipated to be spent in this financial year. I am assuming that the total value of the project has not changed but that the cashflowing of the program has changed in that \$3 million is anticipated to be spent this year out of the total of \$14 million that has been allocated across 2009–10 and 2010–11. For reasons that I do not have the details of, the rate of spending on the clean-up seems to be slower than had been anticipated.

Ms A.S. CARLES: Is the Treasurer saying that this \$3 million is the first amount to be spent, and there is another \$11 million to come in the next two years?

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Mr T.R. BUSWELL: Yes. That is my reading of the data that I have, but the member would have to check with the Minister for Transport.

Ms A.S. CARLES: Will Magellan Metals, the company that caused the lead contamination, be contributing to that cost?

Mr T.R. BUSWELL: I apologise for the fact that I do not have that information. I do not know whether Magellan has been asked to contribute. That is probably also a question to be asked of the Minister for Transport.

Mr J.C. KOBELKE: I would like to get an understanding of the repayable advances of \$75 million, which is located on the final page of the document that the Treasurer distributed. Can the Treasurer explain what is covered by that? We can look at the 2008–09 budget to get some background on this. I will give the Treasurer the figures. He does not necessarily have to refer to the document; I am not seeking to mislead him. In 2008–09, the Treasurer’s advance sought \$5.2 million for net recoverable advances, and \$6.1 million was sought the year before that. The recoverable advances are for the expenses listed, but it appears to me that it is recurrent expenditure. The recoverable advances for 2008–09 were between \$5 million and \$6 million, and most of that amount, if not all of it, related to recurrent expenditure. The Treasurer is now saying that the government requires \$75 million for repayable advances, and the description of it indicates that it is for capital expenditure. The point of clarification I want is whether all the repayable advances for which the Treasurer is seeking authorisation involve capital only. Is any of that amount for recurrent expenditure, and what are the details for why such a large amount is needed, considering that amount has not been required in previous years?

Mr T.R. BUSWELL: I am advised that the reason for the significant increase this year is the lumpy nature, by and large, of the funding that we are receiving from the commonwealth for the Building the Education Revolution. A significant \$800 million-plus building program is going on in schools, which is much appreciated by the state government and, I am sure, by the people of Western Australia. However, we get cash flows from the commonwealth that are not necessarily entirely reflective of our payment streams to contractors. That program is in full swing. I think I even heard the member for Armadale talking about it earlier. I am advised that the expenditure is to simply provide cover for the uneven cash flows from the commonwealth for the Building the Education Revolution. In relation to the shift from recurrent to capital —

Mr J.C. Kobelke: Last year they were recurrent. Will there be a requirement for any of the Treasurer’s advance money to be used for recoverable advances relating to recurrent expenditure?

Mr T.R. BUSWELL: I am just chasing that information. Given that it would be a relatively low amount, I expect that we will pick that up out of the recurrent contingency. I will look into it and I will let the member know if I get any advice to the contrary.

Mr P. PAPALIA: I am sorry to keep going back to this issue, but I want to try to get more information about how the allocation in item 96 for corrective services was made, specifically the \$37.7 million with regard to the increase in the daily average prisoner population. That daily prison population is not reflective of the current prisoner population. Throughout the entire course of this financial year the prison population has increased to the extent that it is now 200 per cent above the number that was used as the average prison population to calculate this advance. Is the Treasurer confident in the department’s ability to identify its requirements for the remainder of the financial year? Does the department anticipate that the muster will reduce by 200 or even further over the next few months to achieve the figure of some 4 600 as the average daily muster, as opposed to the current average daily muster, which is 4 868? Historically, that number has been lower at the start of the period and higher at the end, and the department has taken the median number when it has fluctuated like that, which I can understand. However, if there has been consistent growth over this period and it has plateaued over the past month or so, which I understand it has, is the department anticipating a reduction in the average daily muster? Is that what this figure indicates?

Mr T.R. BUSWELL: All I know is that we use an average prison population. The member is correct. It is based on an average prison population of 4 600. At the start of the financial year funding was based on an average prison population of 3 900. The current prison population is just over 4 850. I would assume that the term “average” means what it suggests: we add the components and divide the total by the number of operands.

Mr P. Papalia: Do you understand that if there is a constant growth, the average is the first figure at the start?

Mr T.R. BUSWELL: No, it is not. The assumed average is 4 600. We started with 3 900 and now it is 4 850.

Mr P. Papalia: No, 3 900 was in September 2008.

Mr T.R. BUSWELL: The member is right.

Mr P. Papalia: My point is that it is not an average. They call it an average, but it is not an average.

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Mr T.R. BUSWELL: We have had this conversation before. We will fund demand pressures in the prison system. There are a range of reasons why there are more people in prisons, not the least of which has been the good work of the Minister for Police and the exceptionally good work of the Attorney General.

I am confident that the processes we have in place to forecast expenditure demand in prisons is acceptable. I understand that it has not changed over the years. The member might be right that in a period in which there are significant and rapid increases in the prison population, there will be a lag. We will still fund it.

Mr P. Papalia: And no reduction. Historically if there has been a fluctuation in prison numbers, I can understand an average being used. Is an average now appropriate in the light of the fact that we have not had a reduction in prison numbers in the past financial year or so?

Mr T.R. BUSWELL: We pick these things up at the time of the budget. We will fund any demand pressures in the prison system.

Ms R. SAFFIOTI: I refer to the comments made previously about some of the deferrals in capital expenditure outlined on page 11 of the Treasurer's document. It indicates cashflow adjustments to some capital items in the health budget. I think the Treasurer mentioned Albany hospital.

Mr T.R. Buswell: I said the start of Albany hospital may have been delayed, but the completion date has not. I will have to get more information on that. I was providing anecdotal information. Definitely the cancer centre has been delayed.

Ms R. SAFFIOTI: Is that the cancer centre at Sir Charles Gairdner Hospital?

Mr T.R. Buswell: Yes.

Ms R. SAFFIOTI: Does the Treasurer know for how long that has been delayed?

Mr T.R. BUSWELL: That is where we had a legal dispute with BGC.

Ms R. Saffioti: Over your comments about the Arena?

Mr T.R. BUSWELL: That debate is for another day.

BGC raised some issues around the tendering process and there was a dispute. Our advice was that we had to start. I will give the member the details so that I am not creating misapprehensions or misconceptions or providing inappropriate information. The cashflow adjustments include the deferral of cashflow for the Hedland Regional Resource Centre, replacement stage 2, of \$19 million, but it is currently under construction. Obviously that is just the movement of a payment. Other cashflow adjustments include the deferral of cashflow for information and communications technology, \$18.8 million; the major research facility at Queen Elizabeth II Medical Centre, \$11.6 million; and Joondalup Health Campus, stage 1 development, \$6.8 million. They are the main ones and they do not include those that I thought were included. I am sure construction of the cancer centre has been delayed because there were delays in awarding the contract.

Ms R. SAFFIOTI: For how long has Joondalup been delayed? Also the cancer centre, what is the approximate time; is it half a year or a year?

Mr T.R. BUSWELL: I do not have an exact figure for the cancer centre. For Joondalup the amount is \$6 million. I am not sure that the member can say that that is a delay in the completion of the project. It is certainly a change in the profile of the cash flow by which the project is built. I mean, \$6.8 million is not a significant amount of money in the context of the Joondalup redevelopment, and there is not necessarily a link between these re-cashflows and the final completion date.

Ms R. SAFFIOTI: And the cancer centre?

Mr T.R. BUSWELL: I do not have that information. It has probably been delayed three months; so let us assume the contract will be awarded in around three months. I am not sure whether that can be picked up again, but definitely there has been a delay around awarding the contract.

Mr J.R. QUIGLEY: I refer to the Department of the Attorney General's expenses. Under "Issues under consideration" there is an allowance of \$10.5 million for "Act of Grace Payments". Is the Treasurer able to inform the chamber to which cases that figure relates?

Mr T.R. BUSWELL: I thank the member for the question. Additional expenditure of \$10.5 million is required to meet act-of-grace payments including those relating to mesothelioma settlements and a large compensation payment to a member of the public for damages resulting from the freezing of assets. No budget provision is usually made for these claims. My understanding is that they are paid on an emerging basis on the understanding

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that supplementary funding will be provided. This is, as I understand it, the usual process around act-of-grace payments. I am assuming that the figure is pretty close to what has happened so far.

Mr J.R. QUIGLEY: How much of the \$10.5 million is estimated to go towards compensation for the confiscation of Mr Mansfield's assets?

Mr T.R. Buswell: The member knows that I am not in a position to disclose that information. Even if I had the information with me, I do not think I would disclose it.

Mr J.R. QUIGLEY: How does the Treasurer get to \$10.5 million if he cannot say?

Mr T.R. Buswell: I have given the member all the information I am going to give in relation to that.

Question to be Put

MR R.F. JOHNSON (Hillarys — Leader of the House) [3.53 pm]: I move —

That the question be now put.

Question put and a division taken with the following result —

Ayes (28)

Mr P. Abetz
Mr C.J. Barnett
Mr I.C. Blayney
Mr J.J.M. Bowler
Mr I.M. Britza
Mr T.R. Buswell
Mr G.M. Castrilli

Dr E. Constable
Mr M.J. Cowper
Mr J.H.D. Day
Mr J.M. Francis
Mr B.J. Grylls
Dr K.D. Hames
Mrs L.M. Harvey

Mr A.P. Jacob
Mr R.F. Johnson
Mr A. Krsticevic
Mr W.R. Marmion
Mr P.T. Miles
Ms A.R. Mitchell
Dr M.D. Nahan

Mr C.C. Porter
Mr D.T. Redman
Mr A.J. Simpson
Mr M.W. Sutherland
Mr T.K. Waldron
Dr J.M. Woollard
Mr J.E. McGrath (*Teller*)

Noes (25)

Ms L.L. Baker
Ms A.S. Carles
Ms J.M. Freeman
Mr J.N. Hyde
Mr W.J. Johnston
Mr J.C. Kobelke
Mr F.M. Logan

Ms A.J.G. MacTiernan
Mr M. McGowan
Mrs C.A. Martin
Mr M.P. Murray
Mr A.P. O'Gorman
Mr P. Papalia
Mr J.R. Quigley

Ms M.M. Quirk
Mr E.S. Ripper
Mrs M.H. Roberts
Ms R. Saffioti
Mr T.G. Stephens
Mr C.J. Tallentire
Mr P.C. Tinley

Mr A.J. Waddell
Mr P.B. Watson
Mr M.P. Whitely
Mr D.A. Templeman (*Teller*)

Pairs

Mr V.A. Catania
Mr F.A. Alban

Mr B.S. Wyatt
Mr R.H. Cook

Question thus passed.

Consideration in Detail Resumed

Clause 3 put and passed.

Title put and passed.

Leave granted to proceed forthwith to third reading.

Third Reading

MR T.R. BUSWELL (Vasse — Treasurer) [3.57 pm]: I move —

That the bill be now read a third time.

MR M. McGOWAN (Rockingham) [3.57 pm]: I will speak on the third reading of the Treasurer's Advance Authorisation Bill 2010, and take the house up to the time allocated to private members' business. The opposition was coming to the conclusion of its contribution to the consideration in detail stage, so there was no need for the Leader of the House to gag debate. The points raised and the questions being asked by opposition members were quite good. There was a period last evening when the Treasurer acted in such an immature and irresponsible fashion in answering questions that it was appropriate that we have further and in-depth consideration in detail of this legislation today. All members who were present last night would have observed the particular behaviour that would have justified more questioning on this legislation.

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The opposition has had some considerable concerns about this legislation. I want to put two of the major concerns on record. Last evening it became plain that two speeches were circulating that were reputed to be second reading speeches from the Treasurer, and that members were relying upon these speeches in their examination of the bill. The bill is only three clauses long, so all we had was the second reading speech—and one speech that was being circulated in this place was not correct. I was impressed by the Speaker’s explanation of that situation. I was impressed that the Speaker did not attribute any blame to any of the staff in this building for the second speech being distributed. Members and the general public need to understand that two versions of the speech were provided to the staff of this building. Therefore, is it any wonder that two versions were distributed to the house? There is one person who can accept responsibility, and that is the Treasurer. We found that the Treasurer is not good at accepting responsibility. He is good at blaming others. I cannot quote from the blue but I looked at it. The clear implication from the words the Treasurer used is that it was the fault of the staff in this building. These people do a difficult job and work long hours when Parliament is sitting. There is no need to attribute blame to them for what is clearly an error at his end. If he provides two speeches to this house and they are then circulated, he provided the two speeches—not the staff. An easy way to get through this is for the Treasurer to say, “I made a mistake, I am sorry, and I will try to do better in future.”

Debate adjourned, pursuant to standing orders.