

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

Committee

The Deputy Chairman of Committees (Hon Michael Mischin) in the chair; Hon Simon O'Brien (Minister for Finance) in charge of the bill.

Clauses 1 to 3 put and passed.

Schedule 1: Consolidated Account for the year ended 30 June 2010 —

Hon KEN TRAVERS: If the minister wants to allay any rumours about how much the chairs in the chamber cost, feel free to take that as a question. The main issue I want to address is the \$110 million for the Department of Health. I would like the minister to put an explanation on the record. I understand that the \$110 million will go into the operating capital for the Department of Health.

Hon Simon O'Brien: It is working capital; it's cash in the bank.

Hon KEN TRAVERS: I understand that in past years the Department of Health has had cash reserves and that they have been drawn down progressively over time. That suggests to me that that money has effectively been drawn into recurrent expenditure. Can the minister, with the help of his adviser, explain how we can ensure that this does not effectively become a top up of recurrent expenditure within the agency?

Hon SIMON O'BRIEN: I hope that my layman's explanation will satisfy the member. My understanding is that the appropriation for the Department of Health for this year has not been increased in this respect: we are talking about topping up the recurrent expenditure. As we have already seen in the debate on the previous bill, supplementary appropriations have been made for Health in other ways for a range of worthwhile things. Putting that increase in the appropriation aside, we are now talking about a mechanism to replenish the working cash available to the Department of Health in this financial year because those reserves have been otherwise drawn upon and run down. The mechanism used to do that was to transfer money from the working capital from the appropriation but to not actually increase the expenditure.

I do not know whether that is adequate, but if we go back to 2008–09, there was excessive expenditure, which caused the drawdown of the —

The DEPUTY CHAIRMAN (Hon Michael Mischin): Order, members! I am hearing several conversations in the chamber. Order! I am hearing several conversations, and I cannot make out what the minister is saying.

Hon SIMON O'BRIEN: The drawdown resulted in the cash reserves available to the Department of Health being depleted, so this appropriation—I think I am using the correct term—that we have before us in 2009–10 was to replenish that reserve of working capital or cash at bank, however one expresses it. It was not an authorisation for further expenditure, whereas any other supplementary appropriation that we see in the related bills would involve spending that money. I think that that is the difference Hon Ken Travers is getting at.

Hon KEN TRAVERS: There was working capital there; there was a requirement to provide a reinjection of working capital. From what the minister has just explained to me, this effectively replaces some of the working capital that was drawn down by exceeding expenditure limits in 2008–09; is that correct?

Hon Simon O'Brien: Yes.

Hon KEN TRAVERS: So we are actually putting capital in to effectively pick up the previous year's overexpenditure in recurrent expenditure; is that correct?

Hon Simon O'Brien: Yes.

Hon KEN TRAVERS: So we are appropriating capital for recurrent expenditure, because it occurred in the previous year.

Hon Simon O'Brien: The expenditure had already occurred.

Hon KEN TRAVERS: My question is: if we exceeded expenditure in the previous year, what action was taken against those who exceeded the expenditure? Has it been reported to the Corruption and Crime Commission or the Public Sector Commissioner? What has happened to the officers who authorised the expenditure being exceeded in the previous year?

Hon SIMON O'BRIEN: I hope I am not exceeding my remit in responding to this, because I am responsible for saying, "Here's the appropriation". I understand that the Auditor General investigated this and reported that errors had been made by responsible officers, but, with respect, I do not think I have the capacity to debate this matter in the context of these bills. However, if the member is concerned, I think it would be quite valid to pursue other avenues of inquiry available.

Progress reported and leave granted to sit again, pursuant to temporary orders.