

**TREASURER'S ADVANCE AUTHORISATION BILL 2010**

*Committee*

Resumed from 31 March. The Deputy Chairman of Committees (Hon Michael Mischin) in the chair; Hon Helen Morton (Parliamentary Secretary) in charge of the bill.

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

Progress was reported after the clause had been partly considered.

**Hon HELEN MORTON:** A few requests for information and clarification were made and I would like to deliver those at the beginning of today's session. A question was asked of me about the health department's budget. It related to a question asked by Hon Ken Travers about some discrepancies within an answer provided in question time yesterday by Hon Simon O'Brien, minister representing the Minister for Health, to a question asked by Hon Helen Bullock.

In question without notice 104 asked by Hon Helen Bullock on 31 March, Hon Simon O'Brien provided a detailed list of capital projects that make up the \$67.084 million cashflow adjustment for WA health. It is noted that some detail provided in my answers to questions later that night is not consistent with the answers provided by Hon Simon O'Brien. Please note that the answers that I provided during discussion on the Treasurer's Advance Authorisation Bill 2010 were current as at the time of preparing the bill. It would appear that, as appropriate, the Department of Health has revised the cashflow for its projects consistent with the answer provided by Hon Simon O'Brien earlier in the day. On that basis, I suggest members note the detail provided in the answer to question without notice 104 as the current situation. In particular, this related to the Hedland Regional Resource Centre, which was shown as a \$19 million underspend. It would appear that that is not going to be an underspend.

**Hon LJILJANNA RAVLICH:** I remind the member that she took a number of questions on notice. I am wondering whether she has got that information for us.

**Hon HELEN MORTON:** Yes, I have. There are a number of questions. I will go through some of those now, one at a time. One of the questions asked was —

How much of the \$210m will go towards salaries and ftes?

Direct employment costs account for approximately 60% of DOH expenditure. Note that this does not include salary costs involved in the provision of services through contracted providers (e.g. at Joondalup and Peel health campuses) or the non-government sector.

On that basis, approximately \$126.6 million of the \$210 million increase relates to salary costs.

Another question was —

Which salary agreements came in this year and when did they expire? Is any of the \$210m required to address a shortfall in funding relative to these outcomes?

For 2009/10 year to date, no new industrial agreements have been entered into.

The \$210 million funding increase for 2009/10 recognises funding pressures on the DOH's base operations arising from a number of factors including the flow-on effects of expenditure overruns in prior years and the fact that growth funding available to the DOH in its 2009/10 budget reflected increased expenditure on new initiatives and programs (election commitments, National Partnerships with the Commonwealth Government, and other policy decisions of Government).

The allocation recognises that there is insufficient funding available in current budget settings to accommodate growth in the cost of services and activity net of these specific purpose allocations.

I will get on to the other question Hon Ljiljanna Ravlich asked in a minute.

Did swine flu have an impact?

As at 5 March 2010, the DOH estimates that it has incurred expenditure of approximately \$17 million in 2009/10 responding to the Swine Flu pandemic. It is anticipated that once all data have been coded and costed this additional financial impact will increase.

What total growth \$ occurs in 2009/10?

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

If approved, the additional \$210 million will result in the DOH's approved 2009/10 expenditure being \$5.255 billion, an increase of \$348.9 million (7.1%) on actual 2008/09 spending of \$4.906 billion.

What was the cash balance 30/6/09 and 31/1/10 broken up into restricted/unrestricted? As per the Treasury Information Management System (TIMS), the DOH's cash balance at 30 June 2009 was \$235.8 million. Of this amount, the following cash balances are identified as restricted:

- Royalties for Regions funding — \$5.5 million
- Commonwealth cash — \$146.6 million
- Other restricted cash (including SPA accounts) — \$80.3 million

Net of these restricted cash items, the discretionary cash held by the DOH on 30 June 2009 was \$3.4 million.

As at 29 March 2010, TIMS records the DOH's cash balance as \$326.7 million. Of this amount, the following cash balances are identified as restricted:

- Royalties for regions funding — \$5.5 million
- Commonwealth cash — \$91.1 million
- Other restricted cash (including SPA accounts) — \$105.1 million.

Net of these restricted cash items, the discretionary cash held by the DOH on 29 March 2010 is \$125 million.

**Hon LJILJANNA RAVLICH:** I wonder whether the parliamentary secretary can table that, please?

**Hon HELEN MORTON:** The advice I have received is that the document I have read from is something I would rather have recorded in *Hansard*. There were some other documents that were requested to be tabled. I have now got those and would like to table them. One is the Department of Health's expenditure 2002–03 to 2008–09 showing the proportional percentage increases. There were two others. These were decisions made pre-midyear review and post-midyear review; not specific to health but across the entire Treasurer's advance 2009–10. I have the information that was requested about the loan borrowings as well. I seek leave to table those three documents.

Leave granted. [See paper 1901.]

**Hon LJILJANNA RAVLICH:** First of all, in respect of the answers that the parliamentary secretary read out and had incorporated into *Hansard*, I wonder why we cannot get a copy of that document for the purposes of this debate, in view of the fact that it is almost impossible to get that detail just by listening to the response provided by the parliamentary secretary. That is the first thing: I ask that that document be made available for the purposes of this debate. The second point is that I requested some information from the parliamentary secretary in relation to the level of cash reserves. Did the parliamentary secretary provide that? Yes; okay. Can we have a response from the parliamentary secretary in relation to the first document?

**Hon HELEN MORTON:** I do not have a problem with this information being tabled, but it is a private email between Treasury and the Department of Health, and I do not know whether some of the people who have provided this information would want some of the additional information made known. When I say "additional information", it is just personal information that sits below the document.

**Hon Norman Moore:** It's obviously confidential.

**Hon HELEN MORTON:** Yes. The information that I read out covers everything that anyone would want to know. I am saying that the rest of the information needs to be maintained as confidential.

**Hon KATE DOUST:** Is the issue about the names on the emails? I am sure that members would be quite happy to see those names blacked out. Is it the content of the documents that the parliamentary secretary has concerns about? What is the parliamentary secretary's response?

**Hon HELEN MORTON:** I am more than happy for the bulk of this document to be made public; that is what I read out, and it will appear in *Hansard*. The remainder of the document comprises private conversations between people in Treasury and will remain confidential. I am advised that I cannot remove the bottom page from the document, which would make it very simple to table it; but it is a full document and as such it is going to remain confidential.

**Hon LJILJANNA RAVLICH:** I put it on the public record that I think that is absolutely disgraceful. It is extremely disappointing, and I wonder whether this is a deliberate act on the part of the Treasurer and the government to ensure that we do not get access to the information we require. We have asked for some fairly

Hon Helen Morton; Hon Ljiljana Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

straightforward documents; there is no reason for that information not to be provided. We could not hear the detail of the information provided because the parliamentary secretary was reading too rapidly for us to do so, but we really need that information in order to advance this debate. To argue that the inclusion of the names of Treasury officers on this document is a legitimate reason for withholding the information from these proceedings just seems ridiculous; it is certainly the first argument of its kind I have ever heard in this chamber. The opposition really wants to assist the government in getting this legislation through, but we quite clearly need some cooperation from the parliamentary secretary.

**Hon NORMAN MOORE:** I will respond to the generic issue that the member has raised. Standing orders provide that ministers are not required to table documents that they claim are confidential. That has been the rule for as long as I have been here, and the member should know that because she is a former minister. The parliamentary secretary explained that she considers this document to be inappropriate for tabling because it contains information that is confidential. That is a very simple rule. The member suggested that we cannot have a debate about this because she could not remember what the parliamentary secretary said; that could take us to the next stage of debate where members actually write each other letters so that they can read what everybody has said, and then write a letter in return. In a debate of a verbal nature in this chamber, members listen to what other members say and respond to what they say. The parliamentary secretary has given the member the information she requested; if she cannot remember it, that is not the parliamentary secretary's problem. The member might ask her to repeat it, but the parliamentary secretary has simply said that the document from which she has quoted contains confidential information and that she is therefore not required to table it. It may well be that sometime between now and the rising of the house, the parliamentary secretary will remove from the document those parts that are confidential and provide to the house by way of tabling those parts that are not confidential. However, the honourable member would know that whenever a member quotes from a document, the quote includes everything in the document. I know this well, because I was required on one occasion to table a file that was about an inch thick, even though the member who requested the document wanted only the first page. I was a very green, new minister at the time. I am very much aware of this situation, and I suggest that the parliamentary secretary look at whether the document can be modified during the lunch break so that she can then table those parts of the document that do not contain confidential information.

**Hon KATE DOUST:** I take on board what the Leader of the House has had to say. The difficulty was that the parliamentary secretary, in her eagerness to provide the information, pretty much rattled through it, so it was difficult to follow. If the parliamentary secretary were able to dissect the document prior to lunch so that we can actually have a look at it, it may very well be that the information is relevant and necessary for answering the questions that will arise between now and lunchtime. I do not know what kind of confidential information is alleged to be in that document; the parliamentary secretary said that it included private email conversations. We do not know whether those private conversations were about Lotto picks for the week, football tipping or what people are doing on the weekend, and that is fine; we are not interested in that. We are interested in the detail that the parliamentary secretary had.

I know that when I sat in that chair as parliamentary secretary to the Treasurer during the last government, Hon George Cash and Hon Ray Halligan would demand documents and information and would keep going until they got them, and the Leader of the House would support them. We do not want the confidential parts, but if the parliamentary secretary is able to accommodate us and provide that information as soon as she can, either by tearing off part of the document or by getting it photocopied, it would indeed be appreciated. I am sure that the parliamentary secretary will be happy to try to accommodate us.

**Hon HELEN MORTON:** As most members sitting close enough to the table to see would recognise, I have already done that. I will now reread the document slowly and table what I am reading as I read it. It reads —

How much of the \$210m will go towards salaries and ftes?

I thought I read it quite slowly before.

**Hon Kate Doust:** Just don't take a story-type of tone.

**Hon HELEN MORTON:** No. It continues —

Direct employment costs account for approximately 60% of DOH expenditure. Note that this does not include salary costs involved in the provision of services through contracted providers (e.g. at Joondalup and Peel health campuses) or the non-government sector.

On that basis, approximately \$126.6 million of the \$210 million increase relates to salary costs.

That was the first answer. The second question reads —

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

Which salary agreements came in this year and when did they expire? Is any of the \$210m required to address a shortfall in funding relative to these outcomes?

Hon Ljiljanna Ravlich does not have to write all this down because she is going to get a copy of this document.

**Hon Ljiljanna Ravlich:** I really want to make sure.

**Hon HELEN MORTON:** It continues —

For 2009/10 year to date, no new industrial agreements have been entered into.

The \$210 million funding increase for 2009/10 recognises funding pressures on the DOH's base operations arising from a number of factors including the flow-on effects of expenditure overruns in prior years and the fact that growth funding available to the DOH in its 2009/10 budget reflected increased expenditure on new initiatives and programs (election commitments, National Partnerships with the Commonwealth Government, and other policy decisions of Government).

The allocation recognises that there is insufficient funding available in current budget settings to accommodate growth in the cost of services and activity net of these specific purpose allocations.

Did swine flu have an impact?

As at 5 March 2010, the DOH estimates that it has incurred expenditure of approximately \$17 million in 2009/10 responding to the Swine Flu pandemic. It is anticipated that once all data have been coded and costed this additional financial impact will increase.

What total growth \$ occurs in 2009/10?

If approved, the additional \$210 million will result in the DOH's approved 2009/10 expenditure being \$5.255 billion, an increase of \$348.9 million (7.1%) on actual 2008/09 spending of \$4.906 billion.

What was the cash balance 30/6/09 and 31/1/10 broken up into restricted/unrestricted? As per the Treasury Information Management System (TIMS), the DOH's cash balance at 30 June 2009 was \$235.8 million. Of this amount, the following cash balances are identified as restricted:

- Royalties for Regions funding — \$5.5 million
- Commonwealth cash — \$146.6 million
- Other restricted cash (including SPA accounts) — \$80.3 million

Net of these restricted cash items, the discretionary cash held by the DOH on 30 June 2009 was \$3.4 million.

As at 29 March 2010, TIMS records the DOH's cash balance as \$326.7 million. Of this amount, the following cash balances are identified as restricted:

- Royalties for Regions funding — \$5.5 million
- Commonwealth cash — \$91.1 million
- Other restricted cash (including SPA accounts) — \$105.1 million

Net of these restricted cash items, the discretionary cash held by the DOH on 29 March 2010 is \$125 million.

Just for the record, the SPAs are special purpose accounts. I really want to table this document.

Leave granted. [See paper 1902.]

**Hon LJILJANNA RAVLICH:** Thank you for that information; it is very helpful. I want to go now to the question of expense growth. I will take the parliamentary secretary through the growth for health. I am assuming these figures, which are on the last page of the handout she provided me, are for total capital and recurrent spending.

**Hon Helen Morton:** Yes.

**Hon LJILJANNA RAVLICH:** In 2003–04 there was an expense growth of 4.99 per cent; 2004–05, 7.86 per cent; 2005–06, 10.17 per cent; 2006–07, 10.92 per cent; 2007–08, 8.01 per cent; and 2008–09, 12.25 per cent. For the recurrent component of the budget this year we had an expense growth of 3.1 per cent. Can the parliamentary secretary tell me what the capital expense growth was so that I can make a determination of the total expense growth for 2009–10, because I think that will provide a very interesting revelation?

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

**Hon HELEN MORTON:** Based on the information that has just been provided, if the \$210 million funding comes into health as required under the Treasurer's Advance Authorisation Bill, it will be 7.1 per cent.

**Hon Ljiljanna Ravlich:** So will capital account for four per cent?

**Hon HELEN MORTON:** Did the member ask for growth?

**Hon Ljiljanna Ravlich:** I already know 3.1 per cent was for expense growth and I asked for the capital component, so if the total is going to be 7.1 per cent, it must be four per cent.

**Hon HELEN MORTON:** I will just clarify that.

**Hon Ljiljanna Ravlich:** That is fine.

**Hon HELEN MORTON:** Do you want it as a percentage?

**Hon Ljiljanna Ravlich:** Yes; I want it as a percentage.

**Hon HELEN MORTON:** The figure is \$572.5 million. If that is achieved, the percentage will be 58.8 per cent.

**Hon Ljiljanna Ravlich:** Expenses growth?

**Hon HELEN MORTON:** Was Hon Ljiljanna Ravlich talking about capital?

**Hon Ljiljanna Ravlich:** I am talking about a percentage. If recurrent expenses growth is 3.1 per cent for 2009–10, what is the capital expenses growth for 2009–10? I am asking for a global figure.

**Hon HELEN MORTON:** The member is looking at the table.

**Hon Ljiljanna Ravlich:** Yes, I am.

**Hon HELEN MORTON:** The figures for percentage growth are just above the first drawn line. That percentage will be 58.8 per cent.

**Hon Ljiljanna Ravlich:** Can the parliamentary secretary tell me what that translates to in percentage terms for capital expenses growth?

**Hon HELEN MORTON:** That is the percentage growth for capital.

**Hon LJILJANNA RAVLICH:** Let me just clarify this.

**The DEPUTY CHAIRMAN (Hon Michael Mischin):** I remind members that although there is a fair bit of latitude in the course of this debate, we have to be conscious that Hansard has to know who is speaking and the cameras need to know whom to focus on.

**Hon LJILJANNA RAVLICH:** Fair enough. Thank you, Mr Deputy Chairman. I refer to the second line on that chart, where the actuals are presented. For example, the actual for 2003–04 was 4.99 per cent. I think I have already asked the parliamentary secretary whether that percentage is made up of capital and recurrent expenses growth. I believe that was the case.

**Hon Helen Morton:** No. That is recurrent only.

**Hon LJILJANNA RAVLICH:** Okay. Recurrent expenses growth trends in a quite amazing way. It goes from 4.99 per cent in 2003–04 to 7.86 per cent in 2004–05, 10.17 per cent in 2005–06 and up to 12.12 per cent in 2006–07. For 2009–10, the expenses growth is 3.1 per cent.

**Hon Helen Morton:** It is 7.1 per cent.

**Hon LJILJANNA RAVLICH:** It is 7.1 per cent.

**Hon HELEN MORTON:** I will just clarify that. If the \$210 million is approved, the percentage figure will be 7.1 per cent.

**Hon LJILJANNA RAVLICH:** What will the figure be if it is not approved? I would have thought that that information would be readily available. The parliamentary secretary has said to me that the figure is known in the event that this appropriation is approved, but that the baseline figure from which the additional appropriation is sought is unknown. I have to say that I find that really concerning. I really want to make some comments about what the baseline figure for expenses growth would be prior to this appropriation being approved, if indeed it is approved by this place. I ask the parliamentary secretary to take that question on notice and to perhaps provide me with the information after lunch.

**Hon Helen Morton:** Yes.

**Hon LJILJANNA RAVLICH:** I will go on with the argument, which is basically along the lines that if the figure for recurrent expenses growth was 12.25 per cent in 2008–09 and that, with the additional appropriation, it

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

will be 7.1 per cent for 2009–10, this would indicate that there have been some very, very significant cost savings.

**Hon Helen Morton:** From better management.

**Hon LJILJANNA RAVLICH:** I do not know. It would be in the magnitude of perhaps a 40 per cent improvement. That is not borne out by what we are seeing out there. I wonder how this 40 per cent improvement in services through costs, which has been reflected by the reduction in the expense growth, can be explained. How can the parliamentary secretary explain a reduction in expense growth on the recurrent of 12.25 per cent to 7.1 per cent? Where have these huge savings or cuts in expenditure been made?

**Hon HELEN MORTON:** At the end of January the expense growth in that line was only 6.4 per cent. That was compared with the same period to the end of January last year. The effect of the containment of expense growth had already started to be felt by then. From then until now that expense growth has moved to 7.1 per cent. I agree with the member that that is an improved situation.

I also take the member back to look at some of the fluctuations in that line in the years prior to 2008–09. The expense growth in that line item was only 8.01 per cent in the year before that. If we look at that line item for 2008–09, we can see that it was a significant standout year for expense growth. It is even less than some of the other years. If we look at 2007–08, it is only slightly below that area. Nevertheless, I do not think we should underestimate the containment of expense growth that has taken place across health.

**Hon LJILJANNA RAVLICH:** This is an incredible —

**Hon Helen Morton:** Achievement.

**Hon LJILJANNA RAVLICH:** I am glad the parliamentary secretary said that. I would only agree with that if she can provide me with a schedule that shows where that containment of expense growth has occurred on a line-by-line basis to achieve that expense growth reduction. Whether it has improved needs to be established as fact. During the debate yesterday my learned colleague Hon Ken Travers made the point that there is some real conjecture about whether the reduction in expense growth is real or whether it has been manufactured, manipulated or whatever by the Treasurer to achieve this reduction. The parliamentary secretary's claim that this is a wonderful achievement by the government will only be borne out if she can demonstrate how she has managed to achieve a reduction in expense growth of 40 per cent and do so on a line-by-line basis so that we can see exactly where it has come from.

**Hon HELEN MORTON:** I will not give it to the member on a line-by-line basis. I can tell her that the slowing of expenses growth is really happening. It is evidenced by a fall in growth from 7.4 per cent in November last year to 6.9 per cent in December to 6.4 per cent in January this year. The effort that has been put into controlling expenses has been borne out over a number of months. That is also consistent with an apparent slowing in activity, importantly, in weighted separations. I do not know whether the member is familiar with the term "weighted separations". Whenever a patient is discharged from a hospital, the complexity of that case is determined, and that is counted as a weighted separation from the hospital. Importantly, the slowing of activity in weighted separations went from 3.7 per cent in November to 3.4 per cent in December to 2.7 per cent in January. Therefore, the member can see that cost containment, or the containment of expenses, has been occurring over a number of months, and there are a couple of examples for the member.

**Hon LJILJANNA RAVLICH:** I do not know—I might be missing something—but when the former Director General of Health appeared before the Standing Committee on Estimates and Financial Operations, he made the point that under admitted activity, the metropolitan public hospitals experienced a four per cent increase in case mix adjusted separations. I do not know whether what the parliamentary secretary is advising me is consistent with what was reported to that committee by Dr Flett. I am really concerned, and it does not suffice for the parliamentary secretary to throw some percentages at me and hope that I will go away or, indeed, that I will believe those percentages to be a true and accurate reflection of what is going on here.

I have asked the parliamentary secretary whether she can provide for me a line-by-line schedule that shows where the containment of that expense growth has been achieved across both the metropolitan and the country health services. I do not think that this chamber should be asked to make a judgement on the integrity of this bill that we have before us unless we can be satisfied that the information that the parliamentary secretary is providing us is a true and accurate record of what in fact is going on.

**Hon HELEN MORTON:** All I am going to offer the member as a response is that when the midyear review report came in, there was a highlighted budget risk in the vicinity of \$250 million, taking into account the issues that were raised by Dr Flett at the time. The subsequent call through the appropriation is for \$210 million. The information that I gave the member about the reduction in the weighted separations is provided by the

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

department in its monthly statements to Treasury. I do not think that the member has any right whatsoever to bring into disrepute the information that has been provided by the department to Treasury, but if she feels inclined to do so, I suggest that she go back and speak directly to the department about that, because that is the department's information.

**Hon LJILJANNA RAVLICH:** The parliamentary secretary would have us believe that there has been a 40 per cent reduction in the containment of expense growth in the public health sector in the budget. If I go back to the evidence provided by Dr Flett to our committee, he makes the point that there is growing pressure. One of the growing pressures, of course, is the population increase. He stated —

Under activity trends, perhaps I could just make the point on population growth that the residential population grew by 2.7 per cent compared with 2007 and has increased by 13.7 per cent since 2000.

I have already mentioned the growth figure of a 4.6 per cent increase in case-mix adjusted separations. Dr Flett went on to say —

For our non-government contracted public hospitals, which are Peel and Joondalup, it has increased by 12.7 per cent ...

He also said —

With regard to non-admitted services, or outpatients, these grew by 2.2 per cent across the metropolitan health service and one per cent in WACHS.

I do not hear a negative figure; I do not hear a reduction in any expense growth—I am hearing increase after increase after increase. Let me reiterate what Dr Flett said —

With regard to non-admitted services, or outpatients, these grew—

Which is a plus —

by 2.2 per cent across the metropolitan health service and one per cent in WACHS ... This growth follows significant increases in 2007-08 of 12.8 per cent in country areas and 16 per cent in metropolitan areas.

The point is that is an increase on top of a very substantial increase in the period —

**Hon Helen Morton:** Can I interject? What is the date of the document?

**Hon LJILJANNA RAVLICH:** October 2009.

**Hon Helen Morton:** You see, you're a long way out of date.

**Hon LJILJANNA RAVLICH:** Listen, parliamentary secretary —

*Point of Order*

**Hon KATE DOUST:** It is very difficult for us to hear, Mr Deputy Chairman, when a member is on her feet and the parliamentary secretary is interjecting. The parliamentary secretary perhaps needs to get used to the practice of when she wants to say something, taking her turn and rising to her feet.

**The DEPUTY CHAIRMAN (Hon Michael Mischin):** I think all members need to bear that in mind as I have noticed on occasions the debate going to and fro between the committee table and several of the members. Some commonsense and restraint needs to be adopted here and I do not want to interfere in the flow of the debate but we have to be careful; Hansard and the cameras need to follow what is going on.

*Committee Resumed*

**Hon LJILJANNA RAVLICH:** I do not think that we are out of date. I am really intrigued to hear what the parliamentary secretary has to say, but before I get to that, I want to continue with what Dr Flett said. He told us —

We have also had expansion in our home-based hospital care programs ... Hospital in the home is when patients who present to an emergency department are not admitted and are sent home ...

Dr Flett said that this was an expanding process and had grown by 12.4 per cent, and he has also said that there was a very large rise in the level of activity in the area of mental health. Obviously, unless we are getting something for nothing, the flow-on effect from the rise in activity would certainly have an associated cost. Therefore, I think I put a reasonable question to the parliamentary secretary: how on earth does the government get a 40 per cent reduction in expense growth when, in fact, the former director general, when he presented to the parliamentary committee, clearly indicated there were massive cost pressures? He in fact itemised where those

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

cost pressures were and what percentage growth there had been in the level of activity both in the metropolitan health service and also in the country health service. I think it is fair enough for this chamber to have access to information on a line-by-line basis as to how the government achieved the containment of expenses that it claims to have achieved. I go back to the point that it is very difficult to see a lot of integrity in this budget. I do not know how on earth the government will achieve that 3.1 per cent expense growth. I think that if the parliamentary secretary were really dinkum, she would give me an undertaking to provide the information that I seek on a line-by-line basis so that members in this place know what they are authorising if they support this particular bill.

**Hon Helen Morton** interjected.

**Hon LJILJANNA RAVLICH:** I can meet the parliamentary secretary halfway. If she is arguing that a line-by-line basis is way too much —

**Hon Helen Morton:** It is ridiculous, yes. I will talk about it as soon as you sit down.

**Hon LJILJANNA RAVLICH:** I hope the parliamentary secretary can be helpful here, because I would have a great deal of difficulty in supporting this legislation, given what I have heard from her so far.

**Hon HELEN MORTON:** I thought the chance would never come: the honourable member has a great deal of difficulty, full stop! That is the first thing I have to say. That is mainly because she has mistakenly assumed that the slowing of expenses growth is a reduction in services. It is not.

**Hon Ljiljanna Ravlich:** You have just given me what I am asking for.

**Hon HELEN MORTON:** Instead of it growing at one rate, it is now growing at a lower rate.

Several members interjected.

**The DEPUTY CHAIRMAN (Hon Michael Mischin):** If we are going to apply the rules that there should be no interjections, it should apply to both sides of the chamber.

**Hon HELEN MORTON:** I do not mind interjections, because if the member is having trouble understanding what I am saying right now, I am happy to make it simpler. The difficulty is that the member has been provided with categorical information from Treasury and from the health department that gives evidence that the rate of separation growth has slowed. It is not growing at the same rate that it was growing before; it is growing at a different rate. However, it is certainly not reducing; it is still growing. The growth is 7.1 per cent instead of 12.25 per cent, as in the previous year. That growth is at a slower rate than it was before. The evidence of that is in the weighted separation. If the member wants a line-by-line example of every single thing the health department is doing to try to manage the growth down to budget, I am afraid she is going to have to get that from the department, because she will be covering everything that is going on in every hospital, every community health centre and every aspect of health delivery in the state. I am not going to stand here and pretend that I can provide the member with that, and I am quite sure that Treasury cannot. The most obvious example of expense growth containment is in weighted separations from hospitals, and they have been provided to the member.

**Hon Ken Travers:** What does that —

**Hon HELEN MORTON:** Just a minute; the member was out of the chamber for a while, but I will tell him in a tick.

The other thing I will mention is this growth rate that the member is referring to, which she is having so much difficulty believing. I think the member said that the report was written in October, and I do not know when Peter Flett appeared before the Standing Committee on Estimates and Financial Operations, but it was probably September. At that time, Dr Flett was forecasting a potential budget increase requirement of around \$250 million.

**Hon Ken Travers:** He said between \$200 million and \$250 million.

**Hon HELEN MORTON:** That is precisely the ask—\$210 million. What is so difficult for Hon Ljiljanna Ravlich to understand about that? The growth rate has continued, but not at the same rate as previously. The risk that was identified or flagged by Dr Flett at that stage was somewhere between \$200 million and \$250 million. That is precisely the figure that has come in—a request for \$210 million. I do not see the problem. Actually, I do see the problem—she is right in front of me! Hon Ken Travers was not in this place when we were talking about weighted separation, so I will take great pleasure in explaining that again. Every time a patient is discharged from a hospital, it is a separation. But because the types of cases that patients are in hospital for have different levels of complexity, there is a weighting applied to every one of those discharges; a weighted separation is a weighted discharge factor.



Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

**Hon KEN TRAVERS:** Your Honour, Mr Deputy President —

**The DEPUTY CHAIRMAN (Hon Michael Mischin):** Deputy Chairman will do; thanks.

**Hon KEN TRAVERS:** Your Honour, Mr Deputy Chairman —

**Hon Simon O'Brien:** He can't get it right!

**Hon KEN TRAVERS:** I got the "Your Honour" bit right; that is the important bit!

**Hon Simon O'Brien:** Why don't you sit and quit while you're ahead?

**Hon KEN TRAVERS:** I would not give Hon Simon O'Brien the pleasure.

I am interested in the weighted separation issue. Does that mean that people are being discharged from hospital earlier than they otherwise would have been? Is that how the savings are being made? I am happy to take an interjection, if it is a quick and easy answer.

**Hon Helen Morton:** No; I've been told I've been doing too much of that!

**Hon KEN TRAVERS:** We are big kids; we can manage it if the parliamentary secretary wants to.

**Hon Helen Morton:** They are not necessarily getting discharged earlier. Let us use the example of a hip replacement: whether the patient stays in hospital for this amount of time or that amount of time, he has still had the complexity equivalent of a hip replacement. If there were complications after the hip replacement, such as an infection or some other thing, that would add to the complexity and would also add to the length of stay. But if it had been an uneventful hip replacement, the complexity would stay the same.

**Hon KEN TRAVERS:** I just want to now turn to the document that the parliamentary secretary tabled earlier today, for which I thank her. The issue that I am particularly interested in is the fourth paragraph down.

**Hon Helen Morton:** Which document?

**Hon KEN TRAVERS:** The one that the parliamentary secretary tabled today.

**The DEPUTY CHAIRMAN:** There have been several documents tabled today.

**Hon KEN TRAVERS:** That one, there; that is the one.

The fourth paragraph states —

The \$210 million funding increase for 2009/10 recognises funding pressures on the DOH's base operations arising from a number of factors including the flow-on effects of expenditure overruns in prior years and the fact that growth funding available to the DOH in its 2009/10 budget reflected increased expenditure on new initiatives and programs ...

I want to understand that statement, because, as I read it, the only funding increase in the budget was in those areas, but the actual base funding provided to Health this year in the initial budget was basically the same as last year and no growth funding had been included. Its base level funding was the same, and it got a bit of extra money for election commitments, national partnerships with the commonwealth and other policy decisions of government.

**Hon Helen Morton:** If Hon Ken Travers reads the beginning of that paragraph, it states that the funding pressures have arisen because of a number of factors, including the flow-on effects of expenditure overruns in prior years. It is unfortunate, but when the health budget runs over, it becomes part of the next year's base budget. The impact of the overruns in prior years has already been referred to in that document.

**Hon KEN TRAVERS:** My point is that if the health budget base funding was spent last year —

**Hon Helen Morton:** Including the overruns.

**Hon KEN TRAVERS:** Total health expenditure got up to \$4.9 billion in total, I think, last year. If the parliamentary secretary remembers a question I asked her last night, that was one of the things I was trying to work out. If money is allocated for specific purposes within the health budget, it is to do specific things. We then get the base-level funding, which is the funding that is required for the operation and administration of health services across the board in Western Australia. Additional funding was given to health, but that funding was not for general administration. It was specific purposes. Therefore, the funding that has been given to health this financial year is in fact the same as the funding that was given to health last financial year, but it has been topped up. Health was given \$4.9 billion last year. Out of that \$4.9 billion, \$4 billion might have been for the general operations of health. This year, health will be given the same amount of funding, and some top-up in specific

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

areas. For the general operations of health, there has been no increase in funding. That means that we are setting up a scenario under which health will need to seek additional funding through the Treasurer's advance for any increases in activity, any increases in staff and any increases in salaries. The population of Western Australia is growing at a rate of about two per cent per annum. Therefore, we can assume that health expenditure will grow, just on a base level, by at least two per cent. However, if health is given as a base figure only the amount of money that it spent in the previous financial year, it will need to get a top up through the Treasurer's Advance Authorisation Bill.

In the second reading speech on the Treasurer's Advance Authorisation Bill, the key words are "unforeseen and/or extraordinary events during the financial year". We have debated the meaning of "unforeseen and/or extraordinary" many times in previous years, particularly in the days when Hon George Cash was a member of this chamber. The question of whether this house can rule a Treasurer's advance bill out of order on the basis of certain information that has come in is probably not a question that this house can make a determination about. I think I have sought such a ruling in the past. However, I do believe that we have an obligation to debate this issue. I think that at some point a retired university professor who has nothing better to do with his time might look through the laws of this state and take the Treasurer to task about the fact that there is nothing extraordinary and/or unforeseen about the additional expenditure that is sought through a Treasurer's advance bill.

**Hon Liz Behjat:** Perhaps you might like to do that when you retire!

**Hon KEN TRAVERS:** I suspect it will happen a bit sooner than that.

**Hon Donna Faragher:** What—you will be retiring?

**Hon KEN TRAVERS:** I believe that one day, someone will go to the courts and say, "What was unforeseen and extraordinary about the fact that the Department of Health budget grew in the 2009–10 financial year?" At the time that the budget was framed, no provision was made for growth in the health budget. There was no expenditure that would have been unforeseen and extraordinary. I am sure that in Treasury and in the Department of Health there is a lot of documentation about the projected growth in the health budget. I do not know whether the parliamentary secretary has given us the breakdown of the growth in FTE numbers and the growth in salary costs. If she has, I apologise, because I was not in the chamber at the start of the day. I suspect that a fair chunk of this increase is related to salary costs. In fact, according to the information in the document that the parliamentary secretary has tabled, that \$126 million is related to salary costs.

**Hon Helen Morton:** Yes—60 per cent.

**Hon KEN TRAVERS:** Yes. I put it to the parliamentary secretary that the vast majority of those increases in salaries are part of enterprise bargaining agreements that were signed off on prior to the commencement of this financial year. There is nothing unforeseen and/or extraordinary about those increases. The government should have known—and it would have known, if had been getting the information from the appropriate people—that those increases in salaries were going to occur. Therefore, that should have been put into the budget at the start of the financial year. At the very least, that should have been included in the budget at the time of the midyear review. It is impossible to suggest that there is something unforeseen and/or extraordinary about giving pay increases to nurses and doctors and other health staff when that was known two or three years ago when the EBA was signed. Nothing was unforeseen or extraordinary. The fact that the government did not include it in its budget either at the time of the budget or the midyear review is another example of the cabinet making deliberate decisions to try to doctor the books to make them look better than they otherwise should have, because those things would have been known. With that, I want to come back and focus very clearly on this question. With the base funding that does not have any strings attached to it and is not dedicated for specific uses, what was the increase at the start of this financial year for the Department of Health budget? How much money did it have last year for those sorts of activities and how much for this financial year at the time of the budget?

**Hon HELEN MORTON:** I make just a couple of points in response to that interesting contribution. If the member looks at the Department of Health expenditure graph and at the expenditure in 2008–09, he will see that the expenses growth rate in that year was quite high at 12.25 per cent. Health is so big and it consumes such an amount of expenses on a week-by-week, day-by-day basis that it cannot be turned around in a short period of time.

**Hon Ken Travers:** It could gobble up the deficit in a month without blinking.

**Hon HELEN MORTON:** Without too much trouble, yes. It is a bit of a juggernaut in that respect. There is a quite clear statement in the other documents that the member was given that refers to the shortfall in funding relative to those outcomes around the enterprise bargaining agreement. It makes it quite clear that for 2009–10 to

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

date no new industrial agreements have been entered into. So the \$210 million is not impacting on any industrial agreement.

**Hon Ken Travers:** I understand that; that is my point. The agreements were signed prior to this year, so why was the money not allocated in the budget at the start of the year to cover the already existing EBAs?

**Hon HELEN MORTON:** It is because the 2008–09 base was already inflated by this huge amount of expenditure, so the capacity was there to pick that up.

**Hon KEN TRAVERS:** What the parliamentary secretary is saying is that the 12.25 per cent expenditure growth that occurred in 2008–09 was money that was just being wasted on things that did not need to occur. The government might have believed that that provided some slack in the budget that would allow it to make savings. As the parliamentary secretary says, the government cannot say that next year it will not spend any extra money on health. We all know that it is going to grow. The issue is about managing the growth of that expenditure and trying to contain it as best we can.

**Hon Helen Morton:** A growth of 12.25 per cent is unsustainable. You know that.

**Hon KEN TRAVERS:** I do. It is a shame that Hon Philip Gardiner is not here, because I am sure he would love to get into a debate about zero budget accounting. If the parliamentary secretary accepts that we spent legitimately \$4.9 billion last year on the health budget —

**Hon Helen Morton:** When you say “legitimately”, you are saying “wisely” and that there is no room for efficiency or finding better ways of doing things. I am not saying that it is illegitimate expenditure. I am just saying that when it comes to containing expenses growth, we find ways of doing things more efficiently.

**Hon KEN TRAVERS:** Does the parliamentary secretary accept that —

**Hon Helen Morton:** That higher level of expenditure was already built into the forthcoming base budget.

**Hon KEN TRAVERS:** The parliamentary secretary is saying that at the start of this financial year the government’s base budget was established on the basis that there had been substantial growth last year. Is the point the minister is making that because of that, the government was of the view that there would be efficiency savings in the way in which health operates and that that would cover the growth in expenditure that would occur this financial year through population and generic growth issues?

**Hon HELEN MORTON:** This is one of my favourite topics actually; seriously it is.

**Hon Ken Travers:** I don’t disagree with you. It’s one of the key issues of government, to be honest.

**Hon HELEN MORTON:** When an agency estimates its final budget position, it indicates that, and that is what is printed in the Treasury documents as an estimated outcome. Sometime later, I think in September, the actual is reported. In the case of health, it estimated an outcome that was lower than the actual. Consequently, the gap that needed to be found was less than what was required. That is the reason that the base budget had that built into it.

**Hon KEN TRAVERS:** I understand that. It is in that sense a bit unusual, because normally the estimated actuals are close.

**Hon Helen Morton:** No, they are not. They can be terrible.

**Hon KEN TRAVERS:** The parliamentary secretary has not had the experience of the quality Treasury officials that we had in government. My experience is that Treasury officials are reasonably accurate. I note that in health there is a difference between the estimated actual. My recollection is that it went from 4.8 per cent to 4.9 per cent, which equates to about \$90 million.

**Hon Helen Morton:** Is that the estimated actual?

**Hon KEN TRAVERS:** Yes.

**Hon Helen Morton:** We are having some difficulties finding the estimated and actual figures to demonstrate that, but we can get it over the lunch break.

**Hon KEN TRAVERS:** I have the health budget here. My recollection is that it is about \$90 million, which ties in with the figure that Mr Flett, when he came before the estimates committee, pointed out was the final overrun, which was not approved by cabinet. We could then go back to the story about drawing down on restricted cash. We will not worry about that debate today. I can understand that maybe the government thought it was adding in \$90 million, and did not, but we also need to factor in that we have been told that the Department of Health, prior to the last budget, went back to the government and said, “We are going to need more money.” The department was told, “No, you can’t have it; no, you can’t have it; no, you can’t have it. You have to live within your

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

means.” At the cabinet level, members were aware that health was not going to make that estimated actual because they were told by the health department that they would not. Then we had that extraordinary situation in which the minister, in the dying days—when basically he was given the choice by the head of the health department that either people would not be paid and patients would not be taken through the front door or it needed to at least dip its hands into someone else’s money, which is the restricted cash—said, “Okay. Do that. Go and take the restricted cash.” I put it to the parliamentary secretary that the government was aware.

I want to make sure that we are very clear on this point. I want to get on the record from the parliamentary secretary, in terms of the actual base-level funding that was provided to health this year, whether she accepts my premise—which I think is contained in that written documentation there—that the amount of base-level funding for health that was provided to it in its budget was, for all intents and purposes, the same base-level funding this year as the base-level funding that it spent last year. If it is not, can the parliamentary secretary find out how much additional actual base-level funding that was not restricted for other purposes was provided to the health department in this year’s budget compared with what it actually spent in last year’s budget?

**Hon HELEN MORTON:** No; the summation that the member is making is not quite right. There was an extra \$282 million on top of the base budget allocated to health at the time of the budget. There is \$282 million to take into account for general growth. Expenses grew by that amount and, at the time of the framing of the budget, that is what the outturn was expected to be and that was built into the budget. However, the actual was higher than that. The gap between the actual, and what was built in as the budget, reduced as a result of the actual being higher.

**Hon KEN TRAVERS:** I want to be very clear that I am not talking about the total budget for health. Within the total budget, the parliamentary secretary has two sections: there are the funds that are quarantined for specific purposes—in this case that includes election commitments and national partnerships with the commonwealth—and other specific policy decisions that have been taken by the government to do new things within health. Those three areas are mentioned. I would have thought a fourth area, in terms of the definition that was included in the answer to my question yesterday about the Department of Health that was not included, would be in circumstances in which they are operating on private patients in public hospitals—money received for those operations would go into total costs. I realise the department does not get an appropriation for it, but in terms of the total cost, can the parliamentary secretary advise whether there was an actual increase in the pool of money which does not have strings attached to it and which is given to health to provide general health services across Western Australia? I accept there was an increase in the total budget, but, reading this document here today, it seems to me that in that base level funding there was not an increase. There was an increase in the total budget but it was all restricted to certain purposes. The Department of Health started this year with the same amount of money it had last year for its day-to-day operations.

Even if we can contain expenses growth, we are still going to exceed the budget. The government is setting up an agency to fail, if that is the case. That is why we are dealing with the Treasurer’s Advance Authorisation Bill here today of \$210 million. It was set up at the beginning of the process to fail. I come back to my point that it is not unforeseen or extraordinary. Can the parliamentary secretary give me a very clear answer about that? When I talk about “base-level funding” I am not talking about the total budget allocated but the actual amount of money that is available for the actual general provision of health services; not money that has been given to it to do specific things.

*Sitting suspended from 1.00 to 2.00pm*

**Hon KEN TRAVERS:** I made some points before the lunch break; I do not know whether the parliamentary secretary wants to respond to them before we move on. I did not take the call straightaway because I thought the parliamentary secretary might want to respond to the points made before lunch.

**Hon HELEN MORTON:** The information to which Hon Ken Travers refers is an indication that there was an appropriation for growth built into the health budget, and I can confirm that. In the 2008–09 budget, growth of \$255.4 million was built into the appropriation. That is the equivalent of a 6.3 per cent increase. On that basis, we now have an opportunity to further increase that growth, based on the outcomes of 2008–09.

**Hon KEN TRAVERS:** That is not quite what I want, but I am happy to move on. I do not recall whether any other members wish to cover anything on page 2, but I would like to move to page 3 and ask the parliamentary secretary if she could identify whether the re-cashflow of election commitments for the South West Development Commission relates to this.

**Hon HELEN MORTON:** The South West Development Commission has re-cashflowed total funding of \$4.6 million allocated to three election commitment projects from 2008–09 to 2009–10: the Busselton Jetty refurbishment project of \$4 million; the Balingup main street revitalisation project of \$150 000; and the Collie

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

town centre revitalisation project of \$425 000. The Busselton Jetty refurbishment project was delayed due to poor weather conditions across the winter period. The Balingup main street and Collie town centre revitalisation projects were delayed due to delays in completing the master plan.

**Hon Ken Travers:** What did you say about the delays in the Busselton Jetty?

**Hon HELEN MORTON:** It has been delayed due to poor weather conditions across the winter period.

**Hon KEN TRAVERS:** Did they think they would get a good winter?

**Hon Helen Morton:** It was probably worse than expected.

**Hon KEN TRAVERS:** I thank the parliamentary secretary for that response, but expecting to rebuild a jetty in the middle of winter strikes me as a bit bizarre. We now have it on the record that those three projects have been delayed. I again find it a little difficult to understand how they could not have been foretold before the budget was prepared last year. But we will wait for the mythical university professor to take on the issue of whether it is unforeseen or extraordinary.

Can the parliamentary secretary give us a breakdown of the increase in depreciation expenses? I note in the state finances that a range of assets were re-evaluated, which meant there was a significant increase in the value of the total state assets. Is this a flow-on as a result of that, and as a result we now have to depreciate those assets more quickly, or is it for some other reason?

**Hon HELEN MORTON:** It is for other reasons. The increase in depreciation expenses is largely being driven by the commonwealth government's \$1.1 billion two-year capital funding injection under the auspices of its Nation Building and Jobs Plan Building the Education Revolution, of which approximately \$700 million is currently anticipated to be spent in 2009–10.

**Hon KEN TRAVERS:** Is it a full year's worth of depreciation or is it likely that, as projects are completed, depreciation will kick in so that in some cases it is only six months' worth? Does the parliamentary secretary have an idea of what the depreciation impact on the full year will be as a result of the matters that have driven these increases?

**Hon HELEN MORTON:** It is the latter of those two; it is as it kicks in. One can make an estimate only about the depreciation. For example, a \$1.1 billion project would depreciate over 40 years.

**Hon KEN TRAVERS:** Does the parliamentary secretary have any idea of the impact of those measures on a full financial year?

**Hon HELEN MORTON:** It is estimated that it will be around 2.5 per cent of \$1.1 million. I do not have the figure for that. It is only an estimate. It will obviously be calculated in the budget process.

**Hon KEN TRAVERS:** That is fine. Could the parliamentary secretary please explain to us the item on Gold State Super?

**Hon HELEN MORTON:** The item on Gold State Super relates to an acceptance by the Treasurer of a recommendation from the Government Employees Superannuation Board to increase the level of employer contributions by 1.5 per cent in 2009–10 to 13.5 per cent for the Gold State Super fund. As an appropriation-funded agency, the Department of Education received a budget allocation for its Gold State employer contribution increases in 2009–10. However, this has no whole-of-government financial impact on either the net operating balance or total public sector net debt as the contributions paid to GESB are returned to the consolidated account by GESB.

**Hon KEN TRAVERS:** If this is happening in the Department of Education, why is it not occurring in other departments? I would assume that there would be the same effect for other government agencies. I can understand that the magnitude might not be as large for some other agencies as it is for education, both because of the age profile of the people working in education and the sheer number of them. However, I would have thought that an agency such as the Department of Health would have a fairly similar profile of people who are still in Gold State Super. Why is not a similar provision required for the other agencies?

**Hon HELEN MORTON:** It is. However, Hon Ken Travers referred to the area under education. That is why I focused on education. But it is happening in other agencies. Some agencies are absorbing it. It is incorporated in the amounts for other agencies, such as in the \$210 million for health.

**Hon KEN TRAVERS:** I understand that it is just a global figure for health at the moment, but I assume there must be a break-up of the amounts. It would be useful to get a similar break-up for each of the different

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

categories of health expenditure. Are any agencies, apart from health, getting a top-up for Gold State Super as part of the Treasurer's Advance Authorisation Bill?

**Hon HELEN MORTON:** There are, and they are identified in the document that was tabled. One example is the police portfolio. There is an indication there. As I indicated before, some agencies are absorbing it. The areas in which specific funding is being requested under the Treasurer's advance authorisation are listed in the document.

**Hon KEN TRAVERS:** I turn to the enterprise bargaining agreement offer for education assistants, school cleaners and gardeners. How was that figure of \$1.799 million arrived at?

**Hon HELEN MORTON:** Obviously this is to do with the latest offer. It reflects the cost of the government's wages policy linked offer made in October 2009 to the Liquor Hospitality and Miscellaneous Union of Western Australia, which is representing education assistants, school cleaners and gardeners in the negotiations. The previous EBA expired on 31 December 2009.

**Hon KEN TRAVERS:** Is that \$1.799 million based on the cost of the offer from October of last year? Is it based on the offer from December? Are those people now being paid increased salaries based on the offer or is this a contingency for a back payment once any agreements are reached or arbitration is finalised?

**Hon HELEN MORTON:** Obviously, this is still in arbitration and it will depend on the outcome of that. I understand that no back pay will be paid.

**Hon Ken Travers:** What date was this figure based on?

**Hon HELEN MORTON:** I think I said earlier that it was based on a new agreement that was to commence on 1 January.

**Hon Ken Travers:** Is it for six months' worth of—

**Hon HELEN MORTON:** There was already a base provision in there for increased salaries. This is over and above that.

**Hon Ken Travers:** Is that over and above the 2.5 per cent that is over the original offer? What does the parliamentary secretary mean by "over and above"? What was already budgeted for?

**The DEPUTY CHAIRMAN (Hon Max Trenorden):** Members, I think we need a bit of order. It may be better for the parliamentary secretary to stay on her feet. If she is going to answer an interjection, that is fine but if she is not standing, I have to call someone.

**Hon Helen Morton:** I am happy for you to call somebody.

**The DEPUTY CHAIRMAN:** I will call the Leader of the Opposition.

**Hon SUE ELLERY:** Hon Ken Travers and I were having a side conversation trying to figure out what we thought the parliamentary secretary meant. The figure of \$1.7 million in the document is additional to the amount that was allocated in the budget in the offer of 2009–10.

**Hon Helen Morton:** That is correct.

**Hon SUE ELLERY:** The offer was made in October. My midyear review document is not easily accessible. Was this referred to in the midyear review; and, if not, why not, given that the offer was made in October?

**Hon HELEN MORTON:** If that offer had been made, it was more than offset by the offsets that were already found within that agency's budget. The total offer was \$1.79 million and there is about \$32 million worth of offsets in that agency.

**Hon SUE ELLERY:** Just so it is absolutely clear, it was not in the midyear review—is that the answer to the question?

**Hon HELEN MORTON:** It was not a line item in the Treasurer's advance. Because it was offset by the underexpenditure of that amount of money, it was not needed as a special allocation at that time.

**Hon KEN TRAVERS:** I am still just a bit confused. If this is over and above what was already in the budget for an offer, what was the basis of the funding in the budget? What does this then represent in terms of an increase on that which was already in the existing budget?

**Hon HELEN MORTON:** It was based on a standard provision of about three per cent, notwithstanding that the consumer price index had already been incorporated.

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

**Hon KEN TRAVERS:** Can the parliamentary secretary explain to us what exactly is required for the 2010 half-cohort impact? I will pre-empt the answer with my next question: why was that not included in the midyear review, because I would have thought the impact of the half-cohort would have been well and truly known by then?

**Hon HELEN MORTON:** That is the 2010 half-cohort impact of \$1.225 million. The movement of the student half-cohort from primary to secondary school in 2010 caused the year 8 student intake to be about half its normal size. This funding ensures that small secondary schools can retain sufficient teaching staff to continue to provide an adequate curriculum to those students. Once again, because of the sizeable offsets that were already occurring within the agency's budget, there was no requirement to build that in prior to the midyear review.

**Hon SUE ELLERY:** I seek a bit of clarification on that, because my understanding is that there has been some public debate in recent weeks about a number of small schools that, as a consequence of the half-cohort, have to bus some students, and about some students not being able to do certain subjects. Just so I am absolutely clear on this: would the number of schools or the number of students who will now be somewhat disadvantaged have been higher if this money that the parliamentary secretary is talking about was not included? If that is the case, someone has made some judgement that this pile of schools will go into this category and get some additional funds and this pile of schools will not. How was that decision made? Can the parliamentary secretary explain how what she just said marries with the debate in recent weeks about those schools that have to make alternative arrangements because of that half-cohort impact and their low populations?

**Hon HELEN MORTON:** Once again, the member needs to go to the Minister for Education for the level of detail she is looking for, because I do not have the information specifically for individual schools or small schools. It needs to be recognised that this increase was a policy decision and it was incorporated in the midyear review. I refer the member to page 91 of the *Government Mid-year Financial Projections Statement*.

**Hon MATT BENSON-LIDHOLM:** The parliamentary secretary may have answered the questions with one of her comments, but I could not quite understand her. If this is a new entry, \$1.225 million would not account for many schools or staff. Can the parliamentary secretary give members an idea of how many schools are possibly involved in this?

**Hon HELEN MORTON:** Again, I do not think I can be that explicit with numbers. This is a top-up. This gives the Minister for Education some flexibility that she would not otherwise have had if this amount of funding was not put into the Treasurer's advance.

**Hon Matt Benson-Lidholm:** I thought that it was a new entry that was a separate entity by itself.

**Hon HELEN MORTON:** I am not sure what else the member is asking for. It is not specific to any school; it is a general top-up that gives the minister the flexibility to address the sorts of issues he has raised.

**Hon SUE ELLERY:** I just want to see if I can get it a bit clearer in my mind. What was flagged in the midyear review document was —

Additional expenditure of \$2.5 million has been approved to enable small secondary schools to provide an adequate curriculum range to Year 8 students in 2010. With this support, such schools would potentially incur staff reductions due to the enrolment-based staffing formula.

That reference then was to \$2.5 million, so this is an additional \$1.2 million on top of that \$2.5 million. I am trying to get my head around whether a submission was made by the Minister for Education seeking \$3.7 million.

**Hon Helen Morton:** I am not sure where you are getting the figure of \$2.5 million.

**Hon SUE ELLERY:** From page 91 of the *Government Mid-year Financial Projections Statement*.

**Hon Helen Morton:** If the member looks at the table there, it shows \$1.2 million for this year.

**Hon SUE ELLERY:** I see the \$1.2 million, and I am looking at the text immediately below that. The second dot point in the text begins, "Due to a legislated change". Is that arrived at by just adding up \$1.2 million and \$1.2 million?

**Hon Helen Morton:** It is across two years.

**Hon SUE ELLERY:** What I want to get clear now, given what we have seen of the recent public debate, is that \$2.4 million or \$2.5 million is not enough. There are still some schools that are being impacted upon as a consequence of the shrinkage that will occur around that cohort. I want to establish whether a submission was received seeking financial assistance to manage that? I am going to draw the conclusion, and ask the parliamentary secretary to tell me that I am wrong, that a submission was made seeking X. What the midyear

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

review and the Treasurer's advance show us is that what has been allocated by government is X minus something.

**Hon HELEN MORTON:** I think the member is again asking me to comment on something that is probably part of the cabinet decision-making process, which I am not at liberty to discuss. Obviously, I can say that this is the level of funding that is being sought to be appropriated, and if additional funds are required, they will be considered as part of the future budget process.

**Hon SUE ELLERY:** I will not ask the parliamentary secretary to comment on this, but the final sentence in the *Mid-year Financial Projections Statement* states —

Without this support, such schools would potentially incur staff reductions due to the enrolment-based staffing formula.

Recent public debate has shown that schools in Western Australia are incurring staff reductions due to the enrolment-based staffing formula and, consequentially, students have to be bussed to other schools or other arrangements have had to be made. I cannot draw any other conclusion but that some schools will be compensated and the students will not be impacted, but students at other schools will be. That is the only conclusion I can draw.

**Hon PETER COLLIER:** I will add something to the debate on this issue. I think we are dealing with two different issues. The issue the Leader of the Opposition referred to is that of students at district high schools who are doing senior secondary subjects and who have been adversely affected because of the raising of the school leaving age—that has nothing to do with the half-cohort. A number of those students at the district high schools have been morphed together with students of other schools to ensure that they have a greater concentration of students and a greater variety of subjects can be provided. They are two different issues.

**Hon Ken Travers:** How come you're not Minister for Education? You're so across the portfolio, you'd be good at it!

**Hon Peter Collier:** I am just trying to help the debate by explaining the situation.

**Hon SUE ELLERY:** Can the minister assure me that any small secondary school that would have otherwise struggled to provide an adequate curriculum range to year 8 students in 2010 now has the additional financial support it needs to ensure that it can?

**Hon PETER COLLIER:** No; I will not make any comment on that as it is not my ministerial portfolio. I am saying that the issue the Leader of the Opposition is referring to —

**Hon Sue Ellery:** Yes, I understand that you're saying I was mixing them up; I am saying, okay, I accept that. Can you tell me anything else about whether I can draw a conclusion that there will not be any —

**Hon PETER COLLIER:** No, I cannot comment on that. I am just clarifying that the issue of the raising of the school leaving age and how that affects students at the senior secondary level and the half-cohort are two different issues.

**Hon HELEN MORTON:** I will, hopefully, finalise that debate by saying that this \$1.225 million is the first part of the \$2.5 million referred to in the midyear review.

**Hon HELEN BULLOCK:** To completely change the subject, can we go back to item 18 under the heading of "Mines and Petroleum", which records a \$12 million provision for refunds? I suppose that when applications are lodged, a deposit must be paid, which should be held in trust. Is that money being held in trust?

**Hon HELEN MORTON:** I am going to make these comments, and if other members wish to comment further, they will be more than welcome.

**Hon Ken Travers:** Or any ministers!

**Hon HELEN MORTON:** I understand that the money is held in a public bank account, but to enable the funds to flow, they have to be appropriated through this appropriation process. I cannot tell the member whether it is held in a trust as opposed to a public bank account at this stage.

**Hon HELEN BULLOCK:** In what period were those applications made?

**Hon HELEN MORTON:** I hope this will provide the member with the information that she seeks. This is not for just one application; this is for applications that are expected or coming up. The reason that this amount of \$12 million is required is to enable the DMP to pay refunds to mining companies that have withdrawn their mining application requests. The higher than estimated number of refunds is due to companies electing to



Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

withdraw mining lease applications in lieu of progressing them to grant, for the reason that mining of those leases is not planned in the next 10 years. A provision has been made for this funding in anticipation of the submission being considered as part of the 2010–11 budget process.

**Hon HELEN BULLOCK:** Does this have anything to do with a policy change, so that people are starting to withdraw their applications?

**Hon HELEN MORTON:** There has been no policy change. This is ongoing policy.

**Hon HELEN BULLOCK:** I am not sure—perhaps the parliamentary secretary can confirm this—but it seems to me that companies are planning for the next 10 years and are making decisions about whether to mine or not mine a certain area. Has any consideration been given to a change in policy that might affect the applications that are already in place, or are we talking about future applications?

**Hon HELEN MORTON:** There has been no policy change. This is about current applications. Companies have paid the money to make an application, and that money will need to be refunded.

**Hon KEN TRAVERS:** I thank Hon Helen Bullock for raising this issue. I am intrigued. Is the parliamentary secretary saying that this funding is over and above what has been allowed for in the budget in terms of refunds, so there has been a growth in funding? I am looking at the budget papers for the Department of Mines and Petroleum to see whether there is any provision for refunds. Can the parliamentary secretary give us some idea of what percentage increase this is over and above what has been provided for in the budget?

**Hon HELEN MORTON:** A base amount is provided for in the budget. This is a top-up amount. In terms of the specific information that the member is looking for, we will have to provide that.

**Hon HELEN BULLOCK:** What will be the amount for refunds in the next three years, and what was the amount for refunds in the past 12 months?

**Hon HELEN MORTON:** I do not have that detail. I suggest that the member put that as a question on notice to the minister, or that she ask the minister about that in questions without notice.

**Hon Ken Travers:** The minister could give us the answer now if he wanted to help progress the debate!

**Hon Norman Moore:** The parliamentary secretary is doing perfectly well. She does not need my help.

**Hon Ken Travers:** She is inviting your expert knowledge on this occasion.

**Hon NORMAN MOORE:** I have been provoked to speak! There has been a global economic crisis, and the mining industry has suffered as much from that as any other industry. A number of companies are not proceeding with their applications for mining tenements, and in withdrawing those applications they are entitled to a refund. The department is making provision for what it anticipates the funding for refunds will need to be this financial year.

**Hon HELEN BULLOCK:** The parliamentary secretary mentioned that the refund is due to companies electing to withdraw mining lease applications.

**Hon Norman Moore:** That is what I have just said.

**Hon HELEN BULLOCK:** That is in lieu of processing them to grants. I just repeat this: it is for that reason that mining is not planned in those areas for the next 10 years. It is really contradictory and also confusing. When I read what I have just read, I thought that it was something to do with a policy change. Some areas are not going to be mined, and it seems to me that it has something to do with a policy change.

**Hon NORMAN MOORE:** The companies have made a decision that they will not proceed to mine within the foreseeable future, such as 10 years, and so they are withdrawing their application for a tenement. They have done that for all sorts of reasons, such as economic reasons, company viability reasons and the reason that perhaps they were not as prospective as they thought they might have been, and they are entitled to a refund on the funds they have paid until this point. They are not proceeding to have a grant of a mining lease, so they are being refunded. We are going through a period when a number of companies have done that simply because they have not had the capital to proceed with mining operations as a result of the difficulties brought on by the global economic crisis, which has meant that the raising of capital has been extremely difficult. I could not give the member a figure, but probably more companies are seeking to withdraw their applications at the moment than was the case during the previous boom. I expect that this sort of number would decrease in the future as the world economy starts to improve. There is no policy change. The companies have just made a decision, based on their own circumstances, that they are not going to proceed with mining and they are not proceeding to the grant of a tenement. As a result they are being refunded.

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

**Hon HELEN BULLOCK:** I thank the minister for that answer. It was mentioned that in the next 10 years certain areas would not be mined. Where does the 10 years come from?

**Hon HELEN MORTON:** It is just the figure, or the dateline, that the Department of Mines and Petroleum uses in putting up its application to Treasury. That figure is used as the time line for the foreseeable future for companies that make the decision not to proceed. There is no policy change in that. It has been that figure for a considerable length of time—probably 10 years!

**Hon HELEN BULLOCK:** I guess I have to accept that answer. With regard to the \$12 million refund, what is the allocation for the next three years in detail? How much is allocated for 2009–10, 2010–11 and 2011–12?

**Hon HELEN MORTON:** We have already indicated that we will get the base level for this year, so we will get the out years for the member, but we do not have those to hand right now.

**Hon Helen Bullock:** Thank you.

**Hon KEN TRAVERS:** Maybe we can move back to education. Can the parliamentary secretary give us any idea, with hard figures, of the growth in student numbers? What number of additional students are we seeing? Could the figure be broken down into how many there were in the 2009 calendar year and how many there are in the 2010 calendar year?

**Hon HELEN MORTON:** In 2009, total student enrolment in public schools increased by 3 617 students. A further increase is anticipated in the current school year. Additional funding is being recommended for approval to assist the department to manage the resultant increased school-based workforce requirement. A provision has been made for this funding in anticipation of the submission being considered as part of the 2010–11 budget process.

**Hon Ken Travers:** Is the parliamentary secretary saying that the government does not know the student number growth for the first half of 2010?

**Hon HELEN MORTON:** A census undertaken in the first quarter of this year will provide that information.

**Hon MATT BENSON-LIDHOLM:** To add to Hon Ken Travers' question, I am concerned about the number of migrant and non-migrant students. I am particularly interested in those students from overseas. The answer might clarify the question Hon Ken Travers asked. I do not know whether the parliamentary secretary has that figure, but, given her previous answer, I doubt it.

**Hon HELEN MORTON:** I might be able to provide that answer. Do not be so sure. This is probably not precisely the answer the member was looking for. I recall reading it and I was hoping that it would be. An amount of \$6.86 million has been allocated to the English as a second language program for the children of subclass 457 visa holders. It relates to the last line item under "Education" and is just before the offsets. I do not know whether that identifies what the member is looking for.

**Hon Matt Benson-Lidholm:** It identifies a category. I would like to know more about interstate and overseas students. The parliamentary secretary has given me one component of that; that is, overseas students.

**Hon HELEN MORTON:** I think the member is looking for the level of detail that would be below what would have been undertaken by the Department of Treasury and Finance.

**Hon Matt Benson-Lidholm:** Would that detail go with the question asked by Hon Ken Travers?

**Hon HELEN MORTON:** It is a question that needs to be asked of the Minister for Education.

**Hon KEN TRAVERS:** This is an area in which I thought the growth in 2009 could have been included as part of the midyear review, and I do not think it has been. I can understand why the growth in 2010 cannot be included in that review, but if there are an extra 3 600 students, I do not know what percentage that would be of the \$13.4 million. I would think that some of the growth in 2009 and 2010 could have been included in, and applied for, prior to the midyear review. I will leave it there unless the parliamentary secretary can explain why that was not done.

**Hon Helen Morton:** I can't. I am happy for you to leave it there.

**Hon KEN TRAVERS:** It is another example of something that could have been in the midyear review but was not. If we did a tally of the little matters we have gone through, we probably would have got the \$51 million. That gives us the exact answer to the question about why they were not done. Obviously the additional school support staff funding of \$3 235 000 is not related to increased student numbers. What is the additional support staff funding for?

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

**Hon HELEN MORTON:** As part of an effort to conciliate a long-running workload dispute between the department and school support officers—mostly administrative—funding is under consideration to enable schools to access additional support hours during peak periods, particularly at the start and end of school terms. A provision has been made for this funding in anticipation of the submission being considered as part of the 2010–11 budget process.

**Hon KEN TRAVERS:** Now we turn to the big one—\$51 million and \$52 million. Page 348 of the budget papers lists five different areas in which the three per cent efficiency dividend was to be achieved. For this financial year, the total is \$93.6 million. I am interested to know, for each of those five areas, how much of the three per cent was achieved and how much was not achieved.

**Hon HELEN MORTON:** Obviously the honourable member is aware that the department has indicated that the measures that it identified to achieve the savings required by the three per cent efficiency dividend, including the value-for-money audit process, will not be fully realised in 2009–10. As a result, the department may face a \$51.9 million shortfall in funding. A provision has been made in anticipation of this funding being considered as part of the 2010–11 budget process. Of the measures that have been put in place, the Department of Education has taken the following steps to achieve the three per cent efficiency dividend. The first is discontinuance of the It Pays to Learn allowance. That was an allowance to parents or carers to mitigate the cost of keeping students in school or training to year 12.

**Hon Ken Travers:** How much was that?

**Hon HELEN MORTON:** That was \$12.7 million. The others are the discontinuance of the \$100 secondary school student subsidy scheme, which is \$2.5 million; a 10 per cent cut in the operating budgets of central and district offices, \$8.6 million; and a 50 per cent cut to the budget for the participation program. That is a program that provides support to young people aged 16 and 17 years of age at risk of not successfully transitioning to education, training or employment. That is \$4.5 million. Obviously these have all been quite difficult for government to implement.

**Hon KEN TRAVERS:** Can I first congratulate the parliamentary secretary on giving more information than the Minister for Education gave to Hon Ljiljanna Ravlich yesterday in answer to a question. For that, I want to congratulate the parliamentary secretary. Did the parliamentary secretary have the pleasure of serving on the Balga Works committee?

**Hon Helen Morton:** I certainly did.

**Hon KEN TRAVERS:** I think if the parliamentary secretary read the answer given yesterday, she would know exactly which agency it came from because it answered the question with an answer that implied the question in it! I am sure the parliamentary secretary would understand the frustrations when dealing with those sorts of agencies.

I can try to calculate some of those back to the items. It is broken up into five different areas in the budget. It was expected that there would be a saving under “Central Office Administration and Operations” of \$15.1 million; from what I have heard, a saving of only \$8.6 million has been achieved in that category, which means a failure of approximately \$7 million. The budget estimate for savings under “Education and Training Support Programs” was \$53 million; \$4.5 million was saved by removing the participation program. Again, as someone involved in the Balga Works inquiry, taking money away from people who are trying to keep kids in school is an interesting exercise in terms of the long-term impact on the corrective services budget. Correct me if I am wrong, but we saved \$4.5 million out of the \$53 million.

The budget estimate for savings under “Learning and Training Allowance and Programs” was \$18 million. I assume that includes the It Pays to Learn allowance and the \$100 secondary subsidy, which is about \$15 million. The budget estimate was approximately \$19 million, but only \$15.2 million was achieved. That is interesting; it is money taken from the pockets of ordinary working Western Australians who have kids in school. It is not actually a saving to the Department of Education. It is a saving to government appropriations, I accept that, but it has not come about through any efficiency in the department; it has come about by taking money that was to go into the pockets of working families and putting it back into the government’s appropriation. It is easy to be efficient by not giving money to the people who need it, but that is not really efficiency.

The budget estimate for “State-wide Schooling Provision Reform” was \$3.5 million; I cannot see anything that fits into that category. The budget estimate of savings for the “Student Community Services Program” was \$3 million, and I cannot see anything that fits in there, either. I do not know whether there are other programs that we are unaware of; I would have thought there would be about \$13 million in savings sitting around somewhere else. Can the parliamentary secretary give us some idea of what they are? Is it still the government’s intention to achieve the three per cent efficiency savings in the long term, or is it now saying that it is not

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

possible to achieve the three per cent efficiency dividend within education, so there is therefore no further requirement to achieve it? The reality is that the vast majority of the money that has been saved has been at the expense of kids in marginal situations getting the support they deserve, or taking money from working families that would otherwise be used to keep their kids in the education system. Has government given up on trying to achieve efficiencies in education? What is the plan to achieve efficiencies in the long term if we authorise \$52 million today?

**Hon HELEN MORTON:** There are savings being achieved other than the five I mentioned to the member. An example is the student community services program—a saving of \$2.182 million has been achieved there. Some of the others include —

**Hon Ken Travers:** Is that where kids do 20 hours of community service as part of their Western Australian Certificate of Education? Is that what that program is?

**Hon HELEN MORTON:** The truth is that I actually do not know what the program requires children to do. I just know that a saving of that amount of money has been made in that program. Other initiatives are being progressed and it is still expected that three per cent worth of efficiencies will be found over time.

**Hon HELEN BULLOCK:** I refer to the increase in depreciation expenses. I thought depreciation asset expenses were calculated based on existing assets. An increase in depreciation expenses means more capital items were purchased last year and more money is needed to cover the depreciation expenses on those assets. Is that not what it is about?

**Hon HELEN MORTON:** The government is purchasing more than \$700 million worth of new assets this year and we need to start depreciating them.

**Hon HELEN BULLOCK:** I understand that. Are those purchases made within the budget?

**Hon HELEN MORTON:** I indicated previously that they were being funded as part of the Nation Building and Jobs Plan Building the Education Revolution.

**Hon HELEN BULLOCK:** Thank you for that; I must have missed that somewhere. A line item just above the total refers to “Expensed Capital Works and Depreciation Adjustments”. What do the appreciation adjustments relate to?

**Hon Sue Ellery:** When did “expensed” become a verb?

**The DEPUTY CHAIRMAN (Hon Max Trenorden):** My favourite is “re-cashflowed”!

**Hon HELEN MORTON:** The reinstatement of asset purchases were incorrectly removed as expensed capital of \$11 million and reduced depreciation expenses following the completion of certain works in progress below the estimated cost of \$6.1 million.

**Hon HELEN BULLOCK:** That was a mistake. Departments must make sure they review their assets. Has a full review been conducted for the record?

**Hon HELEN MORTON:** All agencies are required to revalue their assets on a regular basis under the Financial Management Act 2006.

**Hon Helen Bullock:** How often?

**Hon HELEN MORTON:** That is the question I asked the adviser. They are done according to the Treasurer’s instructions. If the member would like me to find out how frequently the Treasurer’s instruction requires agencies to revalue their assets, I am sure we can provide that information.

**Hon Helen Bullock:** Please do.

**Hon HELEN MORTON:** Yes.

**Hon SUE ELLERY:** If Hon Derrick Tomlinson were here, we would be having a long conversation about this new verb “expensed”, and I am going to ask for a definition. The way I read it, I think it means completed capital works when the money has been expended, but I cannot tell that because I have never heard the word “expensed” used before. I therefore seek a definition.

**Hon HELEN MORTON:** The definition is that the cost is treated as an operating expense on the agency’s operating statement.

**Hon Sue Ellery:** That means absolutely nothing to me, but thanks very much.

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

**Hon HELEN BULLOCK:** Are the minus figures included as an adjustment to offset the expenses?

**Hon Helen Morton:** Yes.

**Hon KEN TRAVERS:** Is the parliamentary secretary saying that this relates to items of a capital nature that are recorded as recurrent expenditure rather than being listed on the asset investment program? In what circumstances would that occur, particularly with the new rulings on what is an asset investment, a controlled grant or recurrent expenditure? I am fascinated.

**Hon HELEN MORTON:** Although I cannot be 100 per cent confident, it is most likely that the item was originally classified as a capital item and, subsequently, internal auditing processes have required it to be reassessed as a recurrent item.

**Hon HELEN BULLOCK:** Are all these adjustments made based on the issues identified by the department's auditor?

**Hon HELEN MORTON:** It could be a variety of processes; internal auditing is but one of them. Some of the others might include an internal review of the agency through other mechanisms.

**Hon KEN TRAVERS:** I think I follow the parliamentary secretary's explanation as best she is able to give it, with the qualifications she gave. If an item—I think we use the term "asset investment" rather than "capital works"—is an asset investment and, as a result of the auditing process is required to be considered recurrent expenditure, I would have thought that would require it to appear in these support documents as a cost recovery item. If \$10 million was spent on an item and that expenditure is now recorded as recurrent expenditure rather than as a capital work, where that amount is reported in the document would change, but I do not see how it would then become a saving. The parliamentary secretary said that there would be a saving of \$11 million through this mechanism, but the state has still spent \$11 million. It might now be spent as recurrent expenditure and not on capital works, and there might need to be some recording of that in this document to help move it from one to another, but I do not know how it can now be listed as an offset. Can the parliamentary secretary explain that to us?

**Hon HELEN MORTON:** Hon Ken Travers has raised a very interesting point that has made us reassess our position on that. We had it back to front. The money relates to items that were previously recurrent expenses but, on review, were required to be listed as asset investment. I think that is what the member was getting at.

**Hon KEN TRAVERS:** I understand that. Should there not then be a corresponding requirement to increase a capital expenditure of the same amount somewhere in the budget process? That might be done through re-cashflowing, although I think a different term would be used for capital works. Can the parliamentary secretary explain where the additional \$11 million is being picked up on the capital side of the budgeting process? There does not seem to be a capital component for education in this document.

**Hon HELEN MORTON:** Because there is no specific item relating to that, the assumption was that it was absorbed within the current offsets in the capital area.

**Hon KEN TRAVERS:** That brings me to another issue I was going to raise. The parliamentary secretary said that there was a depreciation adjustment of \$6.1 million. Based on the figure she gave us earlier of most capital works depreciating at 2.5 per cent per annum, that would suggest that the government has made savings this financial year of \$244 million in capital works. I think my sums are right, or pretty close. On what did we save \$244 million in capital works? My second question ties in with the first. The parliamentary secretary mentioned that there is nothing in the document on additional expenditure on capital works.

**Hon Helen Morton:** Hon Ken Travers, I need you to reiterate the first part of that question because neither the adviser nor I clearly picked up what you require.

**Hon KEN TRAVERS:** My recollection is that the parliamentary secretary said that \$6.1 million of the expensed capital works and depreciation adjustments were due to savings on capital projects. Did I pick that up correctly?

**Hon HELEN MORTON:** No, that is not quite correct. I will read that part again. A reinstatement of asset purchases was incorrectly removed as expensed capital of \$11 million. There were also reduced depreciation expenses of \$6.1 million following the completion of certain works in progress below their estimated cost. That is the amount there.

**Hon KEN TRAVERS:** That is what I thought. The parliamentary secretary is saying that as a result of the cost of asset items coming down, the figure for depreciation is \$6.1 million less this year than was planned. Is that a correct understanding of it?

**Hon Helen Morton:** Yes, as I understand it.

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

**Hon KEN TRAVERS:** Earlier today the parliamentary secretary said that most large capital items are depreciated at about 2.5 per cent per annum. To make a \$6.1 million saving in depreciation costs would mean that the total capital costs saved was \$244 million. I am trying to understand on what project or collection of projects the \$244 million has been saved to enable depreciation costs to reduce by \$6.1 million this year.

**Hon HELEN MORTON:** I appreciate the comment and the point Hon Ken Travers is making. I have asked the Treasury adviser to check that and to get decent figures, because I think it is relevant.

**Hon KEN TRAVERS:** I thank the parliamentary secretary. I go back to the increase in depreciation expenses of \$12.26 million. The parliamentary secretary said this figure related to the Building the Education Revolution program. Does that amount relate to projects already in the budget? Again, there is nothing in the Treasurer's advance for increases in capital works. As I understand it, even if this commonwealth money was coming in, it would need to be booked in, and if it was not already in the budget, we would need a Treasurer's advance to allow that money to be spent, even though it may be recouped from the commonwealth. The parliamentary secretary gave us a figure of about \$1 billion as the amount driving that \$12.26 million increase.

**Hon Helen Morton:** About \$700 million this year.

**Hon KEN TRAVERS:** The figure is about \$700 million this year. Is that money already recorded in the budget? If not, why is a Treasurer's advance under the capital program not required to allow it to be expended this year?

**Hon HELEN MORTON:** Because it is commonwealth money, it apparently does not have to be appropriated; it flows through to the schools. I have asked whether there is anything special about that in this current financial year and the advice I am getting is that there is not. Once again, I am looking for confirmation of that. I will have that confirmed.

**Hon KEN TRAVERS:** I appreciate the parliamentary secretary's comments. It must be the only place in which commonwealth money has not been required to be brought into the books and appropriated. In that case, I assume that it does not appear anywhere in the budget as revenue. The parliamentary secretary can get an answer to that question as part of her comprehensive answer to us. If anyone else wants to speak about education matters, I will sit down, as I am ready to move on to the subject of transport.

**Hon HELEN BULLOCK:** I have some questions on the English as a second language program for 457 visa holders. I thought that program related to federal funding. How is it that we provide some funding for it in our state budget?

**Hon HELEN MORTON:** This is a state-funded program. I am not sure, but it may be a contribution towards a program that is run in conjunction with the federal government. This is state funding that is being appropriated.

**Hon HELEN BULLOCK:** Is there any chance that we can get that spending back from the federal government or is it nothing to do with the federal program for 457 visa holders?

**Hon HELEN MORTON:** It is one of the items under consideration in the chart of items under the education portfolio. That does not mean that any consideration is currently taking place to try to get moneys back from the commonwealth. It is sitting in that area that says it is an issue that is still under consideration by cabinet. The outcome of that will be known when the budget papers come out in May.

**Hon HELEN BULLOCK:** What does "under consideration" mean? Does the government have projects in mind to fund these programs for 457 visa holders? What does that mean?

**Hon HELEN MORTON:** It is for programs that are planned to be operating this financial year and it will be considered as part of the ongoing involvement in the budget papers.

**Hon Helen Bullock:** Is it nothing to do with the federal government's program; is it not attached to that in any way?

**Hon HELEN MORTON:** I do not know if it is linked to a federal government program. All I can say is that state funds are being appropriated, not federal funds. Perhaps the member can ask the minister.

**Hon KEN TRAVERS:** I am keen to turn to the transport section. I wonder if the parliamentary secretary can try to assist me in reconciling the midyear review with the document that we have in front of us. The midyear review suggested that \$10 million would be allocated to the Department of Transport for the delivery of services. This document is suggesting that we need to deliver only \$1.915 million. Even when I try to add up the items for which decisions have been made that we are allocating for, I still do not get to \$10 million; I get halfway there. The policy decisions affecting it in the midyear review show that about \$8.5 million is available for Esperance lead, and now the parliamentary secretary is saying that it is only \$2.9 million. If we add that \$8.5 million to the

Hon Helen Morton; Hon Ljiljana Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

advertising reinstatement of appropriation, that would take us to \$11 million, not \$10 million. If the parliamentary secretary is able to give us a reconciliation of it, I would appreciate it.

**Hon HELEN MORTON:** I think Hon Ken Travers made a reference to the Esperance lead and nickel clean-up. About \$8.5 million was sought in the midyear review. That has dropped to \$2.948 million as it has taken longer to achieve. Rather than the expected expense being required, a lesser expense is required.

**Hon Ken Travers:** Is the extra money getting re-cashflowed into next year?

**Hon HELEN MORTON:** It is being moved out or re-cashflowed, whatever words the member wants to use.

**Hon Ken Travers:** A bit of slippage!

**Hon HELEN MORTON:** It will slip into next year. That is just an example. In terms of the reconciliation, it is not comparable.

**Hon KEN TRAVERS:** I appreciate that answer. I am not sure I quite managed to reconcile it all, but we are getting closer. Can the parliamentary secretary explain why the \$2.5 million has been reinstated for the advertising? I assume that it relates to the expectation that the department would be able to raise money from billboards. I must say that in my view it was always an arbitrary figure that was put in the budget. Can the parliamentary secretary explain why none of that has been achieved this year, and how the original \$2.5 million was even calculated?

**Hon HELEN MORTON:** As part of the 2009–10 budget process, the government approved the partial funding of licensing and postal infrastructure operations by implementing advertising initiatives. This included offering opportunities for appropriate pamphlet advertising to be included with licence renewals or billboard displays at the Department of Transport's facilities. Delays in amendments to regulations under the State Trading Concerns Act 1916 have resulted in these advertising initiatives not being fully implemented in 2009–10. Therefore, an appropriation of \$2.5 million was reinstated in 2009–10.

**Hon KEN TRAVERS:** With all due respect, the parliamentary secretary mentioned delays. I have not seen any amendments to that legislation.

**Hon Helen Morton:** It must be delayed then.

**Hon KEN TRAVERS:** It must be incredibly delayed. Why were people not aware of the requirement to get permission under the state trading concerns legislation when the budget was brought down? It seems extraordinary that we included money in the budget for something that we were not legally able to do. Can the parliamentary secretary explain why it was included in the first place if it is not something the government was able to do? Does she have any idea where amendments to that legislation are? We are now nine months into the year, and that is more than a delay; that is just incompetence by somebody.

**Hon HELEN MORTON:** That would be a good question to ask of the minister.

**Hon Ken Travers:** With or without notice?

**Hon HELEN MORTON:** With or without notice. I am sure he would not mind which way it was asked.

**Hon KEN TRAVERS:** I am glad that the parliamentary secretary agrees with my views on this matter. I assume the North West shipping subsidy relates to a change in the contract and the fact that we were without a service for a while. I have two quick questions to finish off transport, although the parliamentary secretary may have provided this answer this morning. I believe she was going to provide some information about TravelSmart for Hon Lynn MacLaren. If she has already provided that, I will read the *Hansard*, otherwise I would appreciate some extra information now.

**Hon HELEN MORTON:** The member's first assumption about changes in the contract is correct. I answered a question about TravelSmart yesterday, and made quite a clear statement that it was a matter of ceasing the pedestrian programs.

**Hon KEN TRAVERS:** I will check *Hansard* later. I thought the parliamentary secretary was going to provide more information on that. The other issue related to Patrick, so I may be getting my wires crossed.

**Hon Helen Morton:** Do you want that information?

**Hon KEN TRAVERS:** I am happy to wait till we get to the planning item. I will skip over the item on the Disability Services Commission because Hon Sue Ellery is keen to follow up on that. I will move to the item on the Department of Treasury and Finance. I assume that a number of these are controlled grants that are administered by DTF. Could the parliamentary secretary indicate which items relate to the operations of the

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

department and which are administered by the department on behalf of other agencies for some particular reason?

**Hon HELEN MORTON:** The only one that operates as a DTF business is the building and works revised funding model.

**Hon Ken Travers:** Can the parliamentary secretary explain what that is?

**Hon HELEN MORTON:** New funding arrangements are in the process of being implemented that will enable Building Management and Works to directly manage the delivery of the government's non-residential building program. The Department of Treasury and Finance's 2009–10 service appropriation is proposed to be increased to facilitate the implementation of the new funding arrangements, which will be matched by a reduction of capital appropriations to impacted agencies.

**Hon KEN TRAVERS:** I refer to item 60, "Refund of Past Years Revenue Collections – All Other", of \$15 million. I am trying to recall the debate we had last year about this and whether every year this is done through the Treasurer's advance, whether a provision is made in the budget for past year revenue collections, and whether it is over and above what has already been provided for in the budget. Can the parliamentary secretary indicate how this system works?

**Hon HELEN MORTON:** The member asked for some general information first. An additional \$15 million was required for higher taxation refunds. This item is subject to significant variation throughout the year, and this reflects changing activity levels and economic conditions impacting the range of tax bases managed by the Office of State Revenue. Allocations are made in the base budget, but they are topped up on an emerging basis.

**Hon KEN TRAVERS:** What was the basis for the figure in the budget? I ask this question because last year we added \$95 million to the Treasurer's advance, and there were a particularly high number of complaints about that. I am intrigued to know what was provided for in the budget last year and the year before. Did we increase the amount last year as a result of the increases for this year, and how are we managing that? I accept that this year's provision is significantly less than the \$95 million provided last year. Given that \$95 million was provided last year, it strikes me that we should have got it pretty close to the amount that was required this year, or did we add \$95 million to this year's budget on top of what we spent last year and we had even more growth on top of that this year?

**Hon HELEN MORTON:** Last year's estimated actual was \$135.6 million at the time of the budget. The budget for 2009–10 is \$33.585 million, and this amount is in addition to that.

**Hon KEN TRAVERS:** Therefore, the estimated actual that was paid out in 2008–09 was \$135 million, which was predominantly stamp duty. Last year we were told they were predominantly stamp duty refunds. The detail does not matter, but they were taxation refunds. The base provision in the budget last year was about \$40 million, and the parliamentary secretary is saying that this year the base provision is \$33 million. Even though we had a massive blow-out last year, the base provision in this year's budget was less than we provided in last year's budget, at which time we faced a \$95 million blow-out. Is that correct?

**The DEPUTY CHAIRMAN (Hon Max Trenorden):** It has been re-cashflowed.

**Hon HELEN MORTON:** The figures that the member is referring to are pretty accurate. The base budget was \$39.8 million, and there was \$90.7 million in supplementary funding, so that brings us to the \$130.5 million estimated actual. The question that I have been asked is: were there exceptional circumstances last year that we know will not be repeated this year? At this stage, I am not sure of that information. The amount that has been put in the budget at this stage is the best assessment that can be made by the Commissioner of State Revenue. With regard to why last year's amount might have been different from this year's amount, we would need to get that information—and some of it is confidential.

**Hon KEN TRAVERS:** I understand part of that. I accept that last year was exceptional. Last year, there was a massive growth in land valuations, and there were a lot of challenges as a result of that. However, I would have thought that there would be a flow-on to this year as well. I find it interesting that the base figure for refunds this year is lower than the base figure for last year.

**Hon Helen Morton:** I have to repeat that this is the amount as assessed by the Commissioner of State Revenue.

**Hon KEN TRAVERS:** That may well be the case. However, this still remains an issue for this Parliament. Therefore, if the parliamentary secretary could chase that up and get back to us with that information, I would appreciate it. Was this additional amount of \$15 million incorporated in the midyear review? If it was not incorporated in the midyear review, what amount was allocated in the midyear review for the refund of revenue collections?



Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

**Hon HELEN MORTON:** The amount incorporated in the midyear review was \$8.6 million.

**Hon HELEN BULLOCK:** I refer to page 5, Department of Treasury and Finance, item 58. Would the parliamentary secretary be so kind as to give me a couple of examples about the unfunded liabilities in the government insurance fund?

**Hon HELEN MORTON:** The information that I have is not so precise as to provide the examples that the member is looking for. I am happy to give the member the information that I have here, but if the member wants precise examples, the Treasury adviser will need to get that for the member. Perhaps the member can indicate which way she would like me to go.

**Hon Helen Bullock:** Perhaps you could read out the information that you have, and, if I am not happy with that, I will put it on notice.

**Hon HELEN MORTON:** Yes. This item refers to provision for unfunded liabilities in the government insurance fund. The value of this item is determined by the Insurance Commission of Western Australia actuary. The most recent actuarial review determined that the government insurance fund's unfunded liability for 2009–10 is \$3.8 million, an increase of \$1.8 million on the previous year. That does not give the examples that the member is looking for, but I can get those for her.

**Hon HELEN BULLOCK:** I thank the parliamentary secretary for that. Can the parliamentary secretary tell me, because this is a provision, what the payout schedule will be for the next three years?

**Hon HELEN MORTON:** I do not have that information here. However, that information is available in the Insurance Commission of Western Australia's annual report.

**Hon KEN TRAVERS:** I refer to the amount of \$60 million for the royalties for regions fund. Does this relate to the money that has been taken from the capital side and been put onto the recurrent side? If it does, why does Treasury not have a fancy name for that—perhaps something like “barrelling”?

**Hon Sue Ellery:** Or “expensed”!

**Hon KEN TRAVERS:** I would have thought “barrelling”, or “porked over”! There must be a lot of names for that!

**The DEPUTY CHAIRMAN (Hon Max Trenorden):** “Pork” is a good agricultural term!

**Hon KEN TRAVERS:** Yes, it is a good agricultural term. I would have thought there would be a name for that. If that is the case, can the parliamentary secretary identify the projects that have not been funded but rather have been re-cashflowed or re-adjusted—when we get to capital works, the term is not “re-cashflowed” but is “cashflow-adjusted”—to make provision for that \$60 million to be incorporated here?

**Hon HELEN MORTON:** I wonder whether Hon Ken Travers is aware of the answer to the question without notice asked by Hon Ed Dermer on this matter that was put to me in my capacity as parliamentary secretary representing the Treasurer. The information the member is looking for is contained in the table to that answer. It does not answer Hon Ken Travers' query about which projects were not funded. My response to that is that no projects were de-funded. I do not have with me any information about the projects or submissions for funding which were submitted by a variety of people or a multitude of agencies and which did not get a guernsey. The member might need to ask the Minister for Regional Development for that information.

**Hon KEN TRAVERS:** I thank the parliamentary secretary for reminding me of the insightful question asked by Hon Ed Dermer yesterday. As these are capital works, I assume that they then become cashflow adjusted next year to complete the works. If that is the case, will an additional \$60 million be required over and above the existing royalties for regions program? Will money be taken out of recurrent expenditure and put into capital expenditure to complete these projects over the next two or three years?

**Hon HELEN MORTON:** The first six items on the table that was provided in answer to Hon Ed Dermer's question are capital items that are now being moved to operating expenses.

**Hon Ken Travers:** Therefore, it is reverse expensed!

**Hon HELEN MORTON:** It is currently capital expenditure and it will be treated as operating expenditure. An increase in the recurrent appropriation is required to enable that to happen.

The last item on that table is a project that is moving in the opposite direction—from recurrent to capital. The outcome of that is that approximately \$71 million is being moved from capital expenditure to recurrent expenditure and approximately \$11 million is being moved in the opposite direction—from recurrent to capital.

**Hon HELEN BULLOCK:** Is this not really the reclassification of expenditure?

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

**Hon Helen Morton:** Yes; and that is another good word to use to describe it.

**Hon HELEN BULLOCK:** If that is the case, would the parliamentary secretary point out where is the corresponding side of the same figure—\$60 million—under the heading of “Capital Appropriations”?

**Hon HELEN MORTON:** I remind the member that the Treasurer’s Advance Authorisation Bill is about excesses. It does not deal with reductions; it deals with appropriations for excess expenditure.

**Hon ED DERMER:** It may assist the chamber to know that there was a specific reference in the Treasurer’s second reading speech to the Legislative Assembly that explained the reclassification from capital to recurrent expenditure for the \$60 million under the royalties for regions plan.

**Hon HELEN MORTON:** I thank Hon Ed Dermer for that information. I have read it, but it is not always easy to bring it to mind at the time I need it.

**Hon KEN TRAVERS:** I find the use of the words “possible”, “probable” and “potential” fascinating. These things either are or are not happening. I am not sure whether I fully understand the final line in the table provided in answer to Hon Ed Dermer’s question, which states —

Potential offset — Regional and Statewide Initiatives — Unallocated recurrent items to be used for capital projects

If it is already recurrent expenditure, why is it necessary for these items to come out of capital expenditure and go into recurrent expenditure? Will it not be used just for the items that now come under recurrent expenditure, not capital expenditure? It is quite confusing.

**Hon HELEN MORTON:** With reference to the words that the member finds difficult—“possible”, “probable” and “potential”—at the beginning of Committee of the Whole I made the comment that the Treasurer’s Advance Authorisation Bill is about an expected usage of excess funding. The figures are not precise because they were not known to be precise when the bill was introduced. The bills that follow it in the subsequent year make the precise figures known. When we finish the debate on this bill, I assume that we will move on to the bills that clarify the situation for the previous two years. The reason that these words have been used is that it is the nature of the bill. The \$60 million is the net outcome. As I said before, \$71 million is moving from capital to recurrent and \$11 million is moving from recurrent to capital. It is the net outcome of that \$60 million that we are dealing with.

**Hon HELEN BULLOCK:** I am confused with the answer the parliamentary secretary provided to my question about the reclassification of \$60 million. She agreed that \$60 million is the reclassification of spending. When I asked what is the corresponding side of \$60 million, the parliamentary secretary’s answer is that in this authorisation bill we deal with excess, we do not deal with minus. This bill is about borrowing extra. Even if we say we are okay with \$60 million, that means we come up with an extra \$60 million instead of a reallocation on the balance sheet.

**Hon HELEN MORTON:** Although the bill does not state it in the heading, the Treasurer’s Advance Authorisation Bill only deals with the appropriation of excess funding that is needed for excess spending. It is not about borrowing money. It is only about the additional spending that agencies require. As I said to the member before, there is an additional requirement for \$60 million in recurrent expenditure. There is a reduction of \$60 million in capital, but that is not in this bill because it is not part of the bill. It is not a request for additional spending. The bill is about authorisation for additional spending. That is why members see the amounts brought forward as additional spending. It does not deal with the reductions.

**Hon HELEN BULLOCK:** I will remember that answer. In the next budget, I will look for that minus \$60 million in the other section of the balance sheet.

**Hon KEN TRAVERS:** I understand that at the time this was prepared it might have been the case, with the proclamation of the Royalties for Regions Bill—I assume that happened on the weekend, although I did not see people walking around with sore heads, and I thought I might have!

**Hon Wendy Duncan:** There were sore heads in Albany!

**Hon KEN TRAVERS:** Knowing the National Party’s predilection for drinking Moet whenever anything happens around that bill —

**Hon Wendy Duncan:** It was gazetted on Friday.

**Hon KEN TRAVERS:** Will that item now go to the Minister for Regional Development and for Lands? As the money will now be allocated to the special purpose account that was established under the Royalties for Regions Act, will it still be required? Will the money be allocated in there and then divided up within that special purpose

Hon Helen Morton; Hon Ljiljanna Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

account without it affecting the total pool of money that has been appropriated; so this money will not now be necessary in terms of the Treasurer's advance?

**Hon HELEN MORTON:** I thank Hon Ken Travers for his most technical question.

**Hon Ken Travers:** I've got to throw in the wrong 'un occasionally!

**Hon HELEN MORTON:** It is currently being assessed by Treasury as we speak.

**Hon KEN TRAVERS:** If the parliamentary secretary could give an undertaking to give us an update on that at the appropriate time, I would appreciate that. In line with my commitment to the Minister for Energy, I am finished on Treasury matters. Hon Sue Ellery has a couple of disability matters.

**Hon SUE ELLERY:** I refer to the Disability Services Commission, item 42, under "Decisions made—Out of Home Respite Facilities". Can the parliamentary secretary advise what decision was made?

**Hon HELEN MORTON:** As part of the government's commitment to five out-of-home respite facilities, \$4.6 million in capital funding was appropriated in 2008–09 to the housing authority to provide or acquire housing units for the Disability Services Commission. Following subsequent correspondence between the Minister for Housing and Works and the Minister for Disability Services, it was agreed that it was more appropriate for the funding to reside within the Disability Services Commission rather than the housing authority given that it is a disability sector program. The re-cashflow of \$2 million into 2009–10 and \$2.6 million into 2010–11 for this program is to better reflect the timing of the delivery of the respite facilities.

**Hon SUE ELLERY:** I want to get the timing of this clear because it was an election commitment. I think the early part of what the parliamentary secretary just read out made clear there was something in the 2008–09 budget. I am not sure what decision has been made since the midyear review. There was a reference in the midyear review, under the general heading "Service Delivery", to an amount of \$6.7 million; something like that. What we have in front of us is \$6.63 million. I assume we are talking about the same figure. I could not find any detail about service delivery for that line item in the midyear review. Is the answer that the parliamentary secretary just read out to me telling me that the decision was made to transfer that money from housing back to DSC between the midyear review and now, or subsequent to the budget? I am not clear of the timing of the decisions. I make the point that this was an election commitment. I thought the money was in the budget already. I am not sure why this money was asked for as an excess because I think it has already been budgeted for.

**Hon HELEN MORTON:** The full amount was recorded in the midyear review.

**Hon Sue Ellery:** Yes; it was \$6.7 million.

**Hon HELEN MORTON:** For it to be appropriated in this way, it must come through the Treasurer's Advance Authorisation Bill.

**Hon SUE ELLERY:** Okay, but was the decision to move it from Housing back to DSC taken between the budget and the midyear review?

**Hon Helen Morton:** Yes, that is correct.

**Hon SUE ELLERY:** Thank you. What is new about depreciation?

**Hon HELEN MORTON:** An increase in funding for depreciation of \$1.2 million for 2009–10 is due to the revaluation of building assets.

**Hon SUE ELLERY:** Is that a revaluation that occurred between budget and the midyear review or between the midyear review and now? I think it might be the former. What was the reason for the revaluation of assets?

**Hon HELEN MORTON:** Taking the latter part of the question first, it was most likely in accordance with the Treasurer's instruction and required by auditors. Yes; it was done in between the budget and the midyear review.

**Hon Sue Ellery:** Were there any particularly new assets?

**Hon HELEN MORTON:** It refers only to existing assets.

**Hon SUE ELLERY:** I refer to the non-government human services sector indexation and the request for authorisation of \$3.9 million. I am looking for an explanation of why that would need to appear in the midyear review. I understand the parliamentary secretary received advice earlier about indexation appearing elsewhere in the document. I understand also that the calculation is done according to a formula and usually towards some time around December. I am not sure why it needs to appear in the Treasurer's advance authorisation. My recollection is that the formula itself is well known, unless something incredibly untoward happens, which was not the case in December 2009. The shift in the actual amount that is generated out of the formula is within one per cent, so it does not jump around that much. I am not sure why it needs to appear in the Treasurer's

Hon Helen Morton; Hon Ljiljana Ravlich; Hon Kate Doust; Hon Norman Moore; Deputy Chairman; Hon Ken Travers; Hon Sue Ellery; Hon Matt Benson-Lidholm; Hon Peter Collier; Hon Helen Bullock; Hon Ed Dermer

---

advance when the formula is well known, unless there has been a change to the formula or there is something else that I am not aware of.

**Hon HELEN MORTON:** Under the government's non-government health services sector indexation policy, an additional \$4 million was provided in 2009 to assist in meeting wage and cost pressures experienced by the non-government health service providers. There is a policy requirement for a midyear review to take place, which is customary in this area. The increase in wages, salaries and other costs are then brought into the appropriation requirements under this bill.

**Hon SUE ELLERY:** Just so that I get it perfectly clear in my own mind: is the parliamentary secretary saying that there has not been a change in the policy; that is, a formula takes into account a range of factors and the formula includes a set of numbers that are in the midyear review, so that amount is set? Is the parliamentary secretary able to advise whether that money has been drawn down on already and payments have been made to the organisations that would have been expecting to get indexation payments?

**Hon HELEN MORTON:** My advice is that it has not been drawn down yet because the agency is probably using its existing appropriation.

When I think about this, I think about a bucket under a tap filling up with water and as the water pours on top, the question arises: which water went into the bucket first?

*Sitting suspended from 4.15 to 4.30 pm*