

TREASURER'S ADVANCE AUTHORISATION BILL 2010

Consideration in Detail

Resumed from 16 March.

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

Debate was adjourned after the clause had been partly considered.

Mr D.A. TEMPLEMAN: I thank you, Mr Speaker, for your explanation regarding the second reading speech last night. I need to clarify, through the Treasurer and through this process, that there was in fact more than one version of the second reading speech, as I highlighted last night. The first version was the one that the member for Balcatta highlighted, I had a different version and the member for West Swan collected a third version from the bills and papers office. I understand that the member for Nollamara also had another version. Although I do not want to labour this point any further, it is important to highlight that more than one version of the disputed speech was available for circulation, which I highlighted to the house last night. It is important to make that clarification, particularly if there is a suggestion that there was only one version and that photocopies were made of that version. Members of the opposition had obtained a number of copies through the proper processes of the Parliament. The only query that I have to the Treasurer, through you, Mr Speaker, is that your comments to the house mentioned that an officer from the Department of the Premier and Cabinet had delivered a copy of the second reading speech. I am interested in knowing, through the Treasurer, whether that was an authorised copy via his office through the Department of the Premier and Cabinet. My line of questioning last night was very clear. I asked who had actually authorised the two versions of the speech. I admire the staff in the bills and papers office, but clearly they were given two different speeches. As you explained, Mr Speaker, one of them inadvertently made its way into this place. However, my questioning last night was about who authorised both of those versions. Last night, the Treasurer said that he was not aware of the second version that I was quoting from, but two speeches were made available to the bills and papers office. All I am asking, once again, is whether the Treasurer authorised those speeches, which were delivered to the Parliament. In your statement, Mr Speaker, you mentioned that the speech was delivered to the bills and papers office by an officer from the Department of the Premier and Cabinet. Again, I do not want to labour the point, but it is important to get an answer to that. I can see the Leader of the House shaking his head. I am sorry, Leader of the House, but, quite frankly, these are legitimate questions to be asked because the last thing that I want is staff in this Parliament to be stained by this.

Mr R.F. Johnson: Stained?

Mr D.A. TEMPLEMAN: Absolutely. I do not want that to happen. I want the Treasurer to admit that he authorised two speeches. He should have said that there were two speeches, that one of them was changed and that both of them came into this place and made their way into the bills and papers office and that the wrong one was inadvertently made available to the chamber. That would have solved the problem. However, as we have seen, the Treasurer has attempted to duck and weave and he has been caught out.

Mr R.F. Johnson: He has not been caught out at all. What a stupid comment.

Mr D.A. TEMPLEMAN: He has been caught out and he should make an explanation to this place. As I highlighted at the beginning of my contribution, more than one copy of the second speech was available to members in this place since last Wednesday. That requires some clarification and an explanation from the Treasurer.

The SPEAKER: Before you respond, Treasurer, I will make a couple of remarks about this. Member for Mandurah, I have great respect for all the people who work in this place and in the Assembly office. I do not think that anyone allocates any blame whatsoever to the staff who work in this area. I think we can totally dismiss that as an allegation; it is not a consideration at all. As I said earlier in my prepared statement, I have met with the Treasurer and with people from the bills and papers office. There is absolutely no way—I believe these people—that we can determine how that other speech, of which some members received copies and from where the confusion comes, was left in this place. I do not know whether it will serve anyone's purpose in this place to try to determine the outcome of that through this particular bill. I am interested in hearing questions related to clause 3. I will be instructing all the Acting Speakers who come into this place during the consideration in detail stage of this bill to be very vigilant about ensuring members' questions are about clause 3. Member for Mandurah, that is not to in any way dismiss your comments or to not take them entirely seriously. Certainly no-one in this place would want a repeat of the incident—no-one at all—because it provides a huge amount of work for a lot of people who have far more important things to do. We all know that. If the Treasurer chooses to

answer the member's question, I will give him that opportunity. However, what I want to hear from members and the Treasurer are questions and answers that are relevant to clause 3. I will just make that comment and leave it there. As I say, I will be instructing the Acting Speakers during the consideration in detail stage to be vigilant about clause 3.

Ms A.J.G. MacTIERNAN: I have a series of questions and I will ask them one by one to explore this. I refer to item 62, which is the royalties for regions fund. The latest edition of the second reading speech says that there is a reclassification of \$60 million in spending for the royalties for regions fund from capital to recurrent expenditure. Can the Treasurer bear with us and explain whether this is a modification of the statement of royalties for regions that appeared in the midyear review? Since the midyear review, has there been a movement of some \$60 million in funding from capital expenditure to recurrent expenditure? Can the Treasurer clarify from which capital sub-fund it is coming and to which recurrent sub-fund it is going?

Mr T.R. BUSWELL: I will just get some more advice about whether it was from the time of the budget. The movement in expenditure to the sum of \$60 million to which the member referred is post the midyear review. That is basically a reclassification of the \$60 million previously apportioned as capital expenditure that will now be classified as recurrent expenditure. A number of components of the royalties for regions projects have required reclassification of the funding source from capital to recurrent. I will give the member an example of two of those projects. Unfortunately, I do not have the specific amounts for the two examples, but they are the Pilbara health partnership and the Karratha workers' accommodation project, both of which are funded out of the Pilbara revitalisation plan.

Ms A.J.G. MacTiernan: Are they classified as capital expenditure in the midyear review?

Mr T.R. BUSWELL: Yes, in the budget and midyear review and they have now being reclassified as recurrent expenditure.

Ms A.J.G. MacTiernan: Can you take a capital item and reallocate it as recurrent?

Mr T.R. BUSWELL: Provided it is appropriated through the Treasurer's advance.

Ms A.J.G. MacTIERNAN: It is an interesting question, because when the midyear review came out the money that had been allocated to the country local government fund, which was recurrent funding, was dropped from the budget. At the same time, something in the order of \$100 million of capital items were freed up because there had been a very sizeable overestimation of the spend in the May budget. Therefore, in the midyear review those sums were re-allocated from projects such as the Ord River et cetera into other projects, including one particularly interesting one, which is the national and statewide initiatives fund. We asked: given that there was nothing to spend the national and statewide initiatives money on, why does that money not go into ensuring the continuation of the country local government fund? The most obvious explanation is that the government wants the figures to add up and does not actually want to spend the money. The explanation that was given by the Minister for Regional Development was that the government cannot re-allocate capital and recurrent expenditure in the budget process. So, regrettably, the government was unable to take this capital underspend and re-allocate it to ensure that it could meet its recurrent expenditure. I note that the Treasurer is now saying that, in fact, there is a process available to move the funds from one category to another category. Can the Treasurer explain why this could not be done in relation to the county local government fund? Why could the Treasurer not have had that \$100 million, or part of it, that he had washing around the system but had nothing to spend it on re-allocated to capital expenditure? Just as he is re-allocating capital to recurrent here, why was he unable to do that in relation to the country local government fund?

Mr T.R. BUSWELL: All I can say is that under the Treasurer's advance the recurrent appropriation for royalties for regions has been increased by \$60 million. In effect the member can argue that that \$60 million is being offset by a reduction in a previous allocation of capital. As to what the minister requested or advised us at the midyear review and his reasons for it, the member would have to ask the minister that question. All I can deal with are the matters in the bill before us. The particular matter in the bill before this chamber now is a \$60 million increase in the recurrent appropriation for the royalties for regions fund. I repeat that there has been a similar reduction in capital spending under royalties for regions and that is what we are presenting in this bill.

Ms A.J.G. MacTIERNAN: I will raise two points. Firstly, I would be interested to know why this expenditure is being reclassified. I understand that the Treasurer is saying that it is actually being spent on the same sub-fund. I want the Treasurer to explain why it was when the midyear review was formed that he conceptualised this expenditure as capital and what has happened to the nature of this expenditure that it is now recurrent? I then want it re-affirmed that the statement made by the Minister for Regional Development just simply cannot be true. His statement that capital funding cannot be moved to recurrent funding is simply not true. The Treasurer has acknowledged that that is indeed what has been done here.

Extract from Hansard

[ASSEMBLY - Wednesday, 17 March 2010]

p764c-773a

Ms Alannah MacTiernan; Mr Troy Buswell; Mr John Kobelke; Ms Lisa Baker; Mr Paul Papalia; Ms Rita Saffioti; Mr Fran Logan; Mr Bill Johnston; Mr John Hyde

Mr T.R. BUSWELL: I can tell the member for Armadale that we are providing in this Treasurer's advance an increase in recurrent funding of \$60 million for royalties for regions. I will give an example, but, again, the member would have to ask the minister for specific details. An example of where that might arise could be where we had originally anticipated to build and own an asset and it subsequently evolves that a third party—local government or another third party—builds and operates that asset. The government would fund it through the payment of a grant to that individual body. The payment of the grant is, therefore, treated as recurrent.

I do not have the specific details of the components of the \$60 million in relation to this. The member would have to seek details on the exact specifics from the minister. In aggregate, \$60 million of additional recurrent funding is being sought for royalties for regions in relation to this program to pick up on the fact that money is required to be reclassified out of capital and into recurrent expenditure.

Ms A.J.G. MacTIERNAN: I am sure the Treasurer can do better than that. We had the royalties for regions statement. I want to know which subcategories these movements are coming from. Which of the categories that were listed in the midyear review will, effectively, now have \$60 million less and which are the categories that will have \$60 million more? It is a basic requirement. We are not asking for a great deal of detail. We need to understand how that then amends the royalties for regions document that came in the midyear review. Which bit has \$60 million less and which bit has \$60 million more?

Mr T.R. BUSWELL: I believe I have some additional information, which is being located by my adviser now. My advice is that examples of where that is applied are in the Pilbara revitalisation fund, specifically in relation to the Pilbara health partnership and Karratha workers' accommodation. I understand that they are two of the projects that have been subject to a shift from capital to recurrent expenditure. We will dig out that detail and I will provide it as soon as my adviser finds it.

Ms A.J.G. MacTIERNAN: I want to confirm that if, for example, as we had in the midyear review, there was a very considerable underspend in a series of capital projects, including the Ord–Kimberley expansion and housing for workers, the allocations for those would be downgraded. We then asked why the funds could not be re-allocated to the country local government fund. We were told by the Minister for Regional Development that it was not possible to do that because the underspends were in capital works and the country local government fund was a recurrent project. He said that it was not possible to transfer money in the budget from capital to recurrent. But as I understand it, that is precisely what we are doing here today. Precisely what we are doing here today is reallocating money that was formerly capital to recurrent. That is something that simply can be done as part of this process.

Mr T.R. BUSWELL: Strictly speaking we cannot just move it; we have to seek an increase in appropriation to spend more money recurrently, and that is what we are doing here.

Ms A.J.G. MacTiernan: That is right, but that could have been done with the country local government fund. You could have simply come here, as you are coming here today, to seek that \$60 million to be released.

Mr T.R. BUSWELL: My understanding is that the country local government fund is already paid by way of a grant so that it is already recurrent.

Ms A.J.G. MacTiernan: No, the country local government fund has been obliterated in the midyear review. It took the money out of it. You had a \$117 million underspend. You wouldn't put the money into the country local government fund because you said you couldn't reallocate capital funding to recurrent. But what we are doing here is precisely that. So had we wanted to make commitments that had been made, that money could have been re-allocated as part of this process and as part of the midyear review process.

Mr T.R. BUSWELL: Again, I will let the member discuss with the minister the questions in relation to decisions made by him in the run-up to the midyear review and his rationale for making those decisions. I have a little more information that I may be able to provide that the member sought before in relation to the composition of the \$60.7 million. The advice is that there has been a movement of \$600 000 from the Pilbara revitalisation plan to the Pilbara Development Commission and the Office of Energy; a movement of \$4.8 million from the Pilbara health partnership to be paid to WA Health; and a movement of \$17.4 million for Karratha workers' accommodation to be paid to LandCorp. There is a probable adjustment—I stress that this is based on the best advice as to what we anticipate will happen; it is not always exactly what does happen—of \$16.5 million for what is termed an Indigenous housing and development plan.

Ms A.J.G. MacTiernan: I'm sorry, that's \$16.5 million in Indigenous housing, so you are not going to be building that?

Ms Alannah MacTiernan; Mr Troy Buswell; Mr John Kobelke; Ms Lisa Baker; Mr Paul Papalia; Ms Rita Saffioti; Mr Fran Logan; Mr Bill Johnston; Mr John Hyde

Mr T.R. BUSWELL: An Indigenous housing and development plan. I am not saying it is not going to be built; I am just saying it is an adjustment into increased recurrent expenditure. There is a \$2 million Aboriginal development program in the Ord expansion project; \$31.1 million in relation to some other movements in and around the Pilbara revitalisation plan; and an offset —

Ms A.J.G. MacTiernan: I'm sorry, that's a very big sum of money, \$31 million. What sort of project is that for?

Mr T.R. BUSWELL: That is the extent of the detail I have. That is additional recurrent spending for the Pilbara revitalisation plan, and it is picked up in this \$60.7 million increase. There is also a potential offset for a movement from the regional and statewide initiatives fund that the member alluded to earlier.

Ms A.J.G. MacTiernan: What sort of offset?

Mr T.R. BUSWELL: I have it listed as a potential offset out of that account. Again, the member would have to seek any additional detail over and above that from the Minister for Regional Development.

Ms A.J.G. MacTIERNAN: Just to get this right, we know that the Treasurer has been able to specify \$600 000, so we are trying to get to the bottom of what the \$60 million is for, which was capital and is now recurrent expenditure. There is \$4.8 million moved from the Pilbara. Was it the Pilbara health fund; could the Treasurer just clarify that?

Mr T.R. Buswell: Yes, the Pilbara health partnership, to be paid to WA Health.

Ms A.J.G. MacTIERNAN: Is that going just into the mainstream of the health department?

Mr T.R. Buswell: I am assuming it is for a specific initiative.

Ms A.J.G. MacTIERNAN: But we do not know any of that?

Mr T.R. Buswell: I do not have that detail. There is Karratha workers' accommodation to be paid to LandCorp, \$17.4 million.

Ms A.J.G. MacTIERNAN: Why was that thought to be capital back in —

Mr T.R. Buswell: It is probably an assumption that it is something that we would have built and owned; it was therefore a capital item on the state's books, but there has obviously been a change.

Ms A.J.G. MacTIERNAN: That is right. But the biggest item is this \$36 million, and we do not have any real idea of what that is; it is just something to do with the Pilbara revitalisation fund.

Mr T.R. Buswell: That is correct.

Ms A.J.G. MacTIERNAN: But we do not know whether it was part of a building program?

Mr T.R. Buswell: I do not have that level of detail.

Ms A.J.G. MacTIERNAN: It is pretty unsatisfactory; is it not?

Mr T.R. Buswell: We are dealing with a quite broad range of information. I have certain information that has been provided to me by ministers and ministerial officers, as has always been the case, and as has been the case historically, including when the now Leader of the Opposition sat where I sit. We can go down to a certain level of detail, but once we get to that, I will have to refer the member to the relevant minister.

Ms A.J.G. MacTIERNAN: First of all there is a point we need clarified. Exactly what are all these recurrent items that were only three months ago capital items? The interesting point is that it is quite obvious that there is no theoretical barrier whatsoever to moving money from capital expenditure to recurrent, as that is precisely what we are doing with a great deal of ease today.

Mr T.R. Buswell: There is a legislative barrier in that we have to come into Parliament and work through the Treasurer's advance bill.

Ms A.J.G. MacTIERNAN: Yes, to do it. But provided the Treasurer presents it at the Treasurer's advance, it can be done.

Mr T.R. Buswell: Yes.

Ms A.J.G. MacTIERNAN: Okay.

Mr J.C. KOBELKE: I want to follow up on the answers given by the Treasurer to the member for Armadale. I find it mind-boggling that the Treasurer in a difficult position comes in and asks the Parliament to authorise \$1 150 million in extra expenditure and thinks \$31 million being transferred is a rather insignificant amount and

Ms Alannah MacTiernan; Mr Troy Buswell; Mr John Kobelke; Ms Lisa Baker; Mr Paul Papalia; Ms Rita Saffioti; Mr Fran Logan; Mr Bill Johnston; Mr John Hyde

that he does not need to know what it is for. Surely, I would have thought if the Treasurer was seeking to be competent and in control of the finances, an amount of \$31 million—not \$31 or \$31 000, but \$31 million—is something that he would be able to provide some rough justification for what that money will be spent on; or do we take it that amounts of \$31 million are so inconsequential that the Treasurer does not feel he has to have any understanding of it at all?

Mr T.R. BUSWELL: There are two issues. First, strictly speaking, in terms of the impact on the bottom line of the budget, it is not an extra spend; it is a reclassification of expenditure. However, we have to seek approval because it is recurrent.

Mr J.C. Kobelke: I would have thought you could have talked to the responsible minister and said, “Look, can we make that 15 or 10?” If you had, you would have been able to pocket a saving.

Mr T.R. BUSWELL: Again, if the member has specific questions, he can ask the minister. I have to say—I will refer to this time and time again—I am not the first Treasurer who has sat in this place and encouraged members opposite to put detailed questions on notice to the relevant minister. The former Treasurer did it. I have got the *Hansard*; I can quote from it.

Mr J.C. Kobelke: Yes, but you will find that the former Treasurer would have told us the reason behind the expenditure of \$31 million.

Mr T.R. BUSWELL: He would have said things like, “You can put that question on notice. It’s not possible to provide the information now.”

Mr J.C. Kobelke: Not for \$31 million; he would have given you the answer.

Ms L.L. BAKER: I refer to page 8 of the Treasurer’s notes. Under Corrective Services, item 96, delivery of services there is a line item of \$1 million for Acacia Prison contract wages parity. Will the Treasurer please explain what parity means—parity with what—and generally to what the line item refers?

Mr T.R. BUSWELL: My understanding is that Acacia Prison is a publicly owned and privately operated prison facility.

Mr P. Papalia: That’s right.

Mr T.R. BUSWELL: There is a clause in the contract whereby contracted staff have a parity arrangement with public sector employees, and contractually we have an obligation to provide funding to maintain the contractual definition of parity, whatever it is. I could not sit here today and say that it is 100 per cent of whatever it is or that it is this, that or the other, but there is obviously a parity clause in there. There has been some shift, which has required that parity clause to be activated, and the cost to us in this financial year is \$1 million.

Mr P. PAPALIA: The Treasurer has correctly identified that Acacia Prison is a privately operated, publicly owned prison. The original contract specified minimum contact hours per prisoner. I understand that has been compromised by the extra 190 or so prisoners who have been crammed into that prison. Nevertheless, the government continues to pay the money that the contract specifies for provision of those minimum hours, and an arrangement has been made whereby the failure to deliver those hours, because of the compromise through the overcrowding, is being overlooked. Is the Treasurer aware of that?

Mr T.R. Buswell: No.

Mr P. PAPALIA: I am interested in how involved the Department of Treasury and Finance becomes in this sort of stuff, noting of course that this is a public–private type activity and I am sure that concerns will be raised in the coming months regarding the intention or otherwise of the government to outsource more prison operations. The government is clearly doing that already with the young men’s prison and potentially for the Eastern Goldfields and even wider, for all any of us know. In light of that, it is important the Treasurer’s department gets to the bottom of where the money is going with Acacia. I understand that in the scheme of things \$1 million is a pretty small sum for the Treasurer; however, I would appreciate an assurance from the Treasurer that the operating details of this contract might be subject to a little more scrutiny than perhaps has been the case in the past. Will the Treasurer respond by way of interjection?

Mr T.R. Buswell: That is your view.

Mr P. PAPALIA: The Treasurer is an advocate of privatisation, and one field he has foreshadowed may be privatised is the prison system. Acacia is one part of the prison system that has been privatised and is operated by private operators. I know they are not meeting their original contractual obligations and there appears to be some degree of change to the funding provided to them through this parity payment—whatever it is—which the Treasurer does not know about that has been made as a result of something that is going on at Acacia Prison. We

Extract from Hansard

[ASSEMBLY - Wednesday, 17 March 2010]

p764c-773a

Ms Alannah MacTiernan; Mr Troy Buswell; Mr John Kobelke; Ms Lisa Baker; Mr Paul Papalia; Ms Rita Saffioti; Mr Fran Logan; Mr Bill Johnston; Mr John Hyde

know Acacia is overcrowded, like every prison in the state, except for Boronia. The question is how much scrutiny is the government applying to the only prison that has been privatised in Western Australia in light of the fact it is about to come out and tell the taxpayers of Western Australia, who part-own that prison, that it wants to privatise more prisons. I am concerned about the government's degree of integrity and how it manages private prisons.

Mr T.R. BUSWELL: All I can tell the member for Warnbro about this is that \$1 million has been advanced to maintain parity in employment conditions for contracted staff, as is required in the contract. That is a definite. In relation to how will we assess prospective changes in the prison service delivery model, that is, how will we assess public sector versus private sector, we will work through that process. We are building a good skills base in Treasury to do that. We will also use other external reviews and sources of information, like the regular reports provided by the Director of Custodial Services, who as I recall made some quite flattering comments about Acacia. That is not an argument for this bill, but I am sure it is an argument we will have another day.

Mr P. PAPALIA: While we are on this issue, Treasurer, I go very specifically to this Treasurer's advance and the \$37.7 million corrective services component in recurrent expenditure as a result of the increase in the muster. What formula has been utilised by either the Department of Corrective Services or the Department of Treasury and Finance to determine the appropriate level of additional funding in direct response to the increase in the muster?

Mr T.R. BUSWELL: That is a good question. I can tell the member for Warnbro that we use the prison muster funding model, which is the model that has been used for quite some time. It is a factor by which the average prison muster is multiplied in an attempt to work out the recurrent budget. At the start of the budget cycle that average daily prisoner population was estimated to be 3 900 for the purpose of funding. This is based on 4 600 as the estimated daily average prisoner population.

Mr P. PAPALIA: That formula that the Treasurer states has been used for a long time and is based on the average daily prison muster figure is unknown to me. The Inspector of Custodial Services and the Chief Magistrate have stated on the public record that the impact of incarcerating one extra prisoner for a year is \$100 000, yet if I reverse-engineer this particular calculation and try to work backwards from the amount that has been requested, in addition to the original budget by the department, to determine what cost per individual is being applied by the department in requesting its funding, I do not get that figure. I get a figure of about \$44 000 and possibly even lower. I want some indication that the Department of Treasury and Finance is aware of that formula, noting that it is essential to know that formula to determine the probity or otherwise of the request for additional funding by the Department of Corrective Services. I have seen evidence given in this place that does not match evidence given to parliamentary inquiries. The Minister for Corrective Services has responded to questions on notice from me and given one figure, which indicates one price per prisoner per day, and then I have seen a completely different figure utilised in the course of answers to an upper house inquiry last year, when they asked the per diem rate. That is essentially my view, particularly in light of the fact that the current prison muster is 200 beyond that new recalculated median average number of the muster the Treasurer referred to earlier, which was based on a figure of 3 900 when the midyear financial review was done last year; it has been upgraded to 4 600, but as of today it is 4 868. That raises all manner of lines of inquiry in my mind and I would hope in the Treasurer's mind, as the person responsible for the appropriate management of taxpayers' dollar in relation to corrective services, which is substantial. A substantial amount of money goes to corrective services—half a billion dollars in recurrent expenditure, and growing all the time in capital. I want an indication from the Treasurer that he is on top of this and his department is on top of this and it is not just taking the word of some bloke down at the Department of Corrective Services who whips out his calculator and says, "The muster has gone up by this much", and he punches in a couple of figures and says, "There's the answer, but I am not going to tell you the formula because that is secret men's business down at the department." I do not feel that is adequate or an appropriate use of taxpayers' money in Western Australia. And I certainly do not think it is appropriate in the environment in which the Treasurer and others within the government are talking openly about how much cheaper and more effective, notionally, a privatised prison may be—or parts of the prison being privatised may be. How do we know that? In light of that, this is the time to test. This is where the formula has been applied and this is where I can ask the Treasurer what formula was used on this occasion. I really want to know what the formula is for arriving at this magical figure for an advance to the Department of Corrective Services, which is only justified on an increase in the muster—nothing else. There is no other justification in this document. The increase is based on the growth in the prison muster since the midyear financial review.

Mr T.R. BUSWELL: All I can say is that a Treasury officer is heavily involved in reviewing the application of the prison muster funding model. The data that comes to us comes with the scrutiny of that particular individual from Treasury.

Ms Alannah MacTiernan; Mr Troy Buswell; Mr John Kobelke; Ms Lisa Baker; Mr Paul Papalia; Ms Rita Saffioti; Mr Fran Logan; Mr Bill Johnston; Mr John Hyde

Mr P. Papalia: Does he know the formula?

Mr T.R. BUSWELL: This person is involved with the model.

Mr P. Papalia: No, not the —

Mr T.R. BUSWELL: Anthony does not know. The person from Treasury is involved.

Mr P. Papalia: Does the person from Treasury —

Mr T.R. BUSWELL: My advice is that they are intimately acquainted with the model.

Mr P. Papalia: Are you willing to publicise it and let us know what the formula is?

Mr T.R. BUSWELL: I would strongly encourage the member to write to the minister and seek a briefing. Has the member done that?

Mr P. Papalia: That's my point. I've had three different answers. I was willing to accept the minister's answer to a question on notice about what the daily rate per prisoner was, and then I got three different answers in different fora. I wonder whether the same formula has been used or whether different ones are being used each time.

Mr T.R. BUSWELL: Whilst I do not have detailed and intimate knowledge of the formula, if we apply an increase in prison population of 700—the averaging—we will require another \$37.7 million to fund it.

Mr P. Papalia: The problem is that when you reverse that and you work back to try to find the daily rate per prisoner, it does not accord with the answers given by the Minister for Corrective Services in Parliament.

Mr T.R. BUSWELL: I am not entirely familiar with the intricacies of the model. I do know that this amount of money was endorsed by Treasury and Treasury has an officer who is very heavily involved with the Department of Corrective Services.

Ms R. SAFFIOTI: My question relates to health again. I am just trying to work through some of the numbers in the handout provided, which show that \$210 million of extra funding is being provided for or under consideration for 2009–10. That is recurrent funding, separate to the cash injection that we spoke about last night. With respect to the speech given—fortunately, this number appeared in both speeches—\$143 million has been identified as the amount needed to fund the Department of Health. Again, there seems to be a difference between the figures of \$210 million and \$143 million. Why is there a \$67 million difference between the \$143 million mentioned in the Treasurer's second reading speech and in the Treasurer's advance?

Mr T.R. BUSWELL: My advice is that that \$143 million relates to cost pressures that have emerged since finalisation of the midyear review. It is capital and recurrent funding.

Mr J.C. Kobelke: Can you tell us how much of the \$143 million is capital and how much is recurrent?

Mr T.R. BUSWELL: It is \$63.4 million for capital and \$210 million for recurrent, which gives us a total of \$273.4 million for Health.

Ms R. SAFFIOTI: That adds up to \$273 million, which is both recurrent and capital pre and post-midyear review. The documents the Treasurer provided show \$210 million in recurrent in total and then an additional \$63 million net.

Mr T.R. Buswell: Yes.

Mr J.C. KOBELKE: I asked, by way of interjection, for the split-up of those figures. How much of the \$143 million, which is post the midyear review, is capital and how much is recurrent? Is the Treasurer able to give that breakdown?

Mr T.R. BUSWELL: My advice is that since the midyear review there has been a \$210 million increase in recurrent spending. To get that back to \$143 million, there would have been a downward adjustment since the time of the midyear review. That downward adjustment would therefore be \$67 million.

Mr J.C. KOBELKE: I need to get this clear because these numbers are divided into a range of categories. The Treasurer indicated in the document he distributed yesterday that there was \$210 million under recurrent for Health. I will ask the question in a different way. Of the additional recurrent expenditure being authorised by this bill, how much was identified at the midyear review and allocated and how much was crystallised, using the Treasurer's term, since the midyear review? Can we take the \$210 million and break it into those two categories?

Ms Alannah MacTiernan; Mr Troy Buswell; Mr John Kobelke; Ms Lisa Baker; Mr Paul Papalia; Ms Rita Saffioti; Mr Fran Logan; Mr Bill Johnston; Mr John Hyde

Mr T.R. BUSWELL: I will answer it in a slightly different way, but hopefully I will give the same answer. At the time of the midyear review there was an item on the Treasurer's advance for Health: for capital contributions, it was \$130.5 million; for recurrent, it was zero.

Mr J.C. Kobelke: Was that all capital?

Mr T.R. BUSWELL: Yes. Since the midyear review, the following has occurred in and around crystallisation. Firstly, recurrent is now \$210 million and the capital requirement has dropped back to \$63.4 million, which we talked about before. As a result, the cost pressure since the time of the midyear review of \$143 million is the \$210 million increase for recurrent, offset by the \$67 million reduction in capital pressures, as I understand it. Since the midyear review, recurrent has gone up by \$210 million and capital has gone down by \$67 million.

Mr J.C. KOBELKE: I thank the Treasurer for that. I want to get some understanding of what lies behind those figures. If we just look to recurrent, it makes sense that at the midyear review no additional recurrent was allocated because, from comments the Treasurer made to this house, he was trying to play tough with the Department of Health and he was going to keep control of its expenditure. Therefore, at the midyear review it would be in keeping with the attitude that he adopted publicly that he simply would not write into the books any increased recurrent, but he indicated that he did write in \$130.5 million additional capital expenditure. The Treasurer is saying from the answer that he has just given that, since the midyear review, he has downgraded the capital requirement from \$130.5 million to \$63.4 million; that is, he has more than halved it. Can the Treasurer give some understanding of what projects have been shifted back or where the delays are for him to decide that instead of requiring \$130.5 million in capital, that can now be reduced to less than half?

Mr T.R. BUSWELL: In relation to the zero requests for recurrent spending at the time of the midyear review, Treasury points out on page 33 of the midyear review that whilst the department had indicated potential budget risks, increased funding and expense capacity had not been sought from either the Department of Health or the Minister for Health. It was not that we said no; it did not make a formal request.

In relation to the slippage of capital, which is about \$67 million —

Mr J.C. Kobelke: It was \$130.5 million. You took off \$67.1 million to get \$63.4 million.

Mr T.R. BUSWELL: It was just over \$67 million. It could be one of a number of things. There is quite a large capital works program in Health at the moment. I do know that the start-up date for the proposed cancer centre at the QEII site has been deferred because of some legal issues with the appointment of a tenderer out of the first process. This year Health has a total asset investment program of \$572 million, and \$67 million is just over 10 per cent of that. I know that some projects have moved. Maybe there has been some slippage, not with the completion date, of course, but with the start-up date of perhaps the Albany hospital and a couple of those regional ones. However, that will be fully disclosed at the time of the budget. There is a \$67 million reduction in what we anticipated was required as part of the Treasurer's advance.

Mr J.C. KOBELKE: I thank the Treasurer. He has largely clarified that for me. However, can I come back and seek some clarification of the \$110 million equity contribution, which is under capital. Why is it not just recorded as an additional capital spend? Is the use of the terminology "Equity Contribution — Cash Injection" meant to convey some qualitative difference between that and simply additional capital required for capital projects?

Mr T.R. BUSWELL: We wanted to make sure that it was clearly understood that that was a working capital injection into the Department of Health. It does not relate to additional expenses. The health department's cash reserves ran down during 2009–10. I think that is pretty well established. I believe the member's committee may have made some investigations in that area. The department needed an injection of working capital effectively to enable it to pay its bills.

Mr J.C. Kobelke: Why is that under capital if it is going to be met from recurrent?

Mr T.R. BUSWELL: Because it is not an operating expense. The operating expense was incurred in the previous year. We can look at it along the lines of perhaps a shareholder's injection of working capital.

Mr J.C. KOBELKE: I take it from the Treasurer's response that the \$70 million overspend, which was hidden by using cash reserves in 2008–09, is therefore covered by this \$110 million cash injection. Is that what the Treasurer is saying?

Mr T.R. Buswell: That is the intention.

Mr F.M. LOGAN: I draw the Treasurer's attention to page 5 of the explanatory document that he has provided, which breaks down the line items that are contained within the —

Ms Alannah MacTiernan; Mr Troy Buswell; Mr John Kobelke; Ms Lisa Baker; Mr Paul Papalia; Ms Rita Saffioti; Mr Fran Logan; Mr Bill Johnston; Mr John Hyde

Mr T.R. Buswell: Which item specifically, member?

Mr F.M. LOGAN: Specifically, under the Department of Treasury and Finance, items 64 and 67. I ask two questions. One relates to item 64 and the \$30 million sought for voluntary severance packages. Is this \$30 million that the Treasurer is seeking for “Voluntary Severance Package” basically the stash that he or the departments are going to use to lay people off, in particular once the Public Sector Management Act and other public sector acts have been varied to make it easier, basically, to terminate people, and to make it more flexible, in the government’s words, to get rid of public servants? Is this the amount that is going to be used by Treasury to be able to feed into government departments so that once there are changes to the Public Sector Management Act, they will have those powers to terminate people? I think it is, because there is no point in making those changes if they are not going to be used, and some money is needed to do that.

Mr T.R. Buswell: Just let me ask a question: when do you reckon those changes will go through the Parliament?

Mr F.M. LOGAN: I am not too sure. It all depends on —

Mr T.R. Buswell: They will not go through in this financial year, and this is for money in this financial year.

Mr F.M. LOGAN: It is to tide the government over to the next budget, so it may well not be spent in this full financial year, as the Treasurer knows.

Mr T.R. Buswell: No, it is not to tide us over to the next budget; it is to appropriate extra money to be spent this year.

Mr F.M. LOGAN: Yes, I know. I understand that.

Mr T.R. Buswell: I will answer your question in a moment.

Mr F.M. LOGAN: The second question relates to item 67.

Mr T.R. Buswell: Can we deal with this one first, and then I will —

Mr F.M. LOGAN: Yes, sure.

Mr T.R. BUSWELL: The additional money there is for a voluntary severance package. I am not sure whether the member is familiar with the term “voluntary”. It means that we ask and the people say no; we do not do it, and the people say yes, we do. That is what it is. We ran a voluntary severance program in this financial year, and it is included in the budget. We allocated \$48 million, from memory. We targeted 500 employees. I think we successfully engaged in a targeted voluntary severance program with 469 employees, and spent that \$48 million. They were not people who were forcibly removed. There was mutual consent between those people and their management. Not all people who wanted voluntary severance got it, I have to say. We preferred to focus on back-office-type operatives. I think it would be fair to say that there was an unmet demand for voluntary severance, so we are now offering another \$30 million in this financial year to provide for voluntary severance of another 300 employees. That money is there for the voluntary severance program.

Mr F.M. Logan: While you are on your feet, Treasurer, is that specifically targeted to particular areas? Is that money for particular areas?

Mr T.R. BUSWELL: No. It is just across the general government sector.

Mr F.M. LOGAN: I have a second question to which I would like a response from the Treasurer. I refer to item 67, “All Other Grants, Subsidies and Transfer Payments”. In terms of subsidies, I wonder whether any of that \$258 000 will flow back into the blow-out for the work that has been undertaken by Mr Steven Amendola in the review of the state Industrial Relations Commission. In July 2009 he put a proposal to the Treasurer, saying that the work —

The DEPUTY SPEAKER: Members and people in the gallery, there is a lot of background noise, and I am finding it very difficult to hear down here.

Several members interjected.

The DEPUTY SPEAKER: There is a lot of background noise, and it is coming from the gallery and from the chamber. Can people please quieten down so that we can hear the proceedings?

Mr F.M. LOGAN: Thank you, Mr Deputy Speaker. I want to know whether any component of line item 67 or of any other line items that are contained in this document is going to subsidise Mr Steven Amendola, the lawyer who is doing the work of reviewing the state Industrial Relations Commission. He put in a quote to do the work for the review of around—the word was “around”—\$500 000 in July 2009. By October 2009, it had increased to \$600 000 and, as the Treasurer knows, it is now \$850 000, and we still do not have a report that is anywhere near

Ms Alannah MacTiernan; Mr Troy Buswell; Mr John Kobelke; Ms Lisa Baker; Mr Paul Papalia; Ms Rita Saffioti; Mr Fran Logan; Mr Bill Johnston; Mr John Hyde

ready for, I presume, presentation to the general public; and all of that was done without a contract. My question is: will any of that money contained in item 67 go towards subsidising Mr Amendola's blow-out in his work for the Treasurer?

Mr T.R. Buswell: No.

Mr W.J. JOHNSTON: I refer the Treasurer, by way of background so that he can understand the question, to the documents that were circulated two weeks ago in respect of the appropriation (consolidated account) recurrent bill. In those documents, there were 12 examples of broken election promises by the Liberal government whereby moneys were re-cashflowed. About \$70 million was not spent by the government because it broke its election commitments. These amounts were all described as being re-cashflowed. They do not appear in the budget and they do not appear in the midyear review. I wonder whether the Treasurer could draw my attention to where they appear in the advance authorisation bill, so that that \$70 million of broken promises is being fulfilled at this time.

Mr T.R. BUSWELL: If the member identifies the line items one at a time and asks the questions, I will provide the detail.

Mr W.J. Johnston: I am happy to do that.

Mr T.R. BUSWELL: A number of those items that we use the term re-cashflow around were pushed out ahead of the budget process, and I am assuming that a number of those may well have been picked up in the budget process. The Treasurer's Advance Authorisation Bill is seeking funding for expenditure made post-budget of an unanticipated nature.

Mr J.N. HYDE: I refer to item 161, the Perth Theatre Trust, for which there is an extra \$359 000. What exactly is that for?

Mr T.R. Buswell: Which portfolio, member? My apologies.

Mr J.N. HYDE: Currently, we have theatres under Culture and the Arts, Treasurer.

Mr T.R. Buswell: Which particular item, sorry?

Mr J.N. HYDE: Item 161, the Perth Theatre Trust. The Perth Theatre Trust runs all the big buildings. The Treasurer gave it \$1 million in the May budget, so how has it gone 40 per cent over already?

Mr T.R. BUSWELL: The revised capital adjustment reflects the reallocation of the Department of Culture and the Arts' global and heritage maintenance funding to various organisations under its administration.

Mr J.N. HYDE: To which building does it relate? It is either the new Zinalume roof on the Art Gallery of Western Australia or His Majesty's Theatre, or the Treasurer has another building in the budget that he will announce that was not included in May. The Treasurer is asking for all this extra money so he has got to know the details.

Mr T.R. BUSWELL: It is money that has been allocated out of the Department of Culture and the Arts to the Perth Theatre Trust.

Debate interrupted, pursuant to standing orders.

[Continued on page 785.]