

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

Committee

The Deputy Chairman of Committees (Hon Max Trenorden) in the chair, Hon Simon O'Brien (Minister for Finance) in charge of the bill.

Clause 1: Short title —

Hon KEN TRAVERS: I seek some guidance from the Deputy Chairman about how we will progress with this matter. The short title gives us more room to roam. The minister has tabled a copy of a document that goes with the Appropriation (Consolidated Account) Recurrent 2009–10 (Supplementary) Bill 2010. That document is the “Details of Recurrent Expenditure Excesses and New Items for the 2009–10 Financial Year”, which lists the new items being funded out of this bill. Obviously the opposition wants to understand the detail of that information. Some items were in the Treasurer’s advance authorisation and others were not, and we can discuss that as we go through it. This is the first and only opportunity for Parliament to examine this expenditure and to make sure Parliament is fully aware of it. I noted the Minister for Finance’s comments in his second reading reply that the expenditure has already occurred, and, apart from requiring cabinet to pay back the money, there is not much we can do if the bill is not passed. The schedule in the bill lists the items that are to be appropriated, and the document that the minister tabled lists both the new items that have been expended and other items where savings have offset those new items for which we are only appropriating a final total figure. If we proceed through the short title and clause 1, when we get to the schedule, could we be given latitude to discuss the new items and items that offset it? If we cannot do that, we will need to deal with it under the short title. My personal view is that it would probably make it far simpler for the chamber if we were to go through clauses 1, 2 and 3 fairly quickly and then to debate schedule 1. We could use that as a guide to work our way down it in an orderly fashion. That strikes me as the most orderly way to proceed. I do not want to get to the schedule only for the Deputy Chairman to make a ruling that we cannot talk about the offsets but must limit the debate to just the items in the schedule. If I can get some guidance from the Deputy Chairman on that, it would help facilitate the debate.

The DEPUTY CHAIRMAN (Hon Max Trenorden): I would like to do that for the member, but I will take some advice first. Is the minister happy to handle the bill in that way?

Hon SIMON O'BRIEN: I think that is eminently sensible, and I was going to suggest as much. Basically, as I understand it, we can move reasonably quickly through items 1, 2 and 3. We recognise that the schedules are the meat of these bills, which we are examining one after the other. When we get to the schedule, I think we should use that as a model so that we work through it, hopefully, in an orderly way. As we go through, under each line we can have recourse to the breakdown that I have given, which includes offsets. It would be silly to do otherwise, so I agree with the honourable member. Let us proceed in that fashion.

Hon KEN TRAVERS: Thank you for that, Mr Deputy Chairman. I have two quick questions that I need to ask at this point. I refer the minister to a comment he made during his response to the second reading debate about commonwealth funding. It is not something that I necessarily expect the minister to deal with now, but I asked question on notice 3246 of Hon Simon O'Brien, representing the Minister for Transport, and it related to the financial years 2009–10 to 2013–14 and to those areas within the Minister for Transport’s portfolio. In relation to all the asset investment projects, I asked —

Can the Minister advise which Asset Investment projects will receive a contribution from the Commonwealth and for each year —

- (a) how much money in total will be spent on the project;
- (b) how much will the Commonwealth contribute to the project; and
- (c) how much will the State Contribute to the project?

There was also part (2) of the question. However, the response I got was —

Please refer to budget papers. Decisions on future investments will be made by government.

I was not interested in future investments. I was simply asking about those items that are already in the asset investment program of the budget, so they are decisions that have already been taken. One of the reasons I asked that was that commonwealth grants are listed separately for Main Roads, but it is often then difficult to track the commonwealth grants back to the specific project. More interestingly, the Public Transport Authority budget includes the sinking of the railway, and we know that commonwealth money is coming in for that, but there is nothing about commonwealth grants in the section that shows the sources of funds. The minister commented that the government is more than happy to make that sort of information available. In fact, I was asking about the 2009–10 financial year, which we are dealing with in the bill tonight. I thought that was something about which

the government should be able to provide an answer. The information would be in the government domain, and it would be a good way of making sure that this Parliament was better informed.

I understand the complexities when commonwealth money is coming in. Some of it is flexible and some of it is as a result of the government putting forward its priorities. A lot of it is Infrastructure Australia money. The federal government funded the sinking of the Northridge Link, in the same way that it funded Oakajee, because they were the priorities that the state government put forward. If the government is serious about trying to keep this Parliament informed, we need better answers than the answer I got, because the budget papers do not include the level of detail required. If the government wants us to understand how much of the budget is from commonwealth money, when we ask questions like that, we should get proper answers to them.

Hon SIMON O'BRIEN: I think the member deserves the courtesy of a reply, so that is why I am on my feet. The bills before us do not deal with commonwealth funding. As the member alluded to, it is a matter for another day.

Hon Ken Travers: It came up in the second reading response.

Hon SIMON O'BRIEN: Yes. The member's point is taken, including the part of the member's comments that related to it being a complex matter. I am sure that the questions about commonwealth funding will come up in due course and be placed before the Treasurer, who is probably the appropriate minister to ask.

Hon Ken Travers: Except that when you go to the Treasurer on those sorts of questions, they say you need to go to the line agency and get the information from the line agency. The line agency should know how much commonwealth money it is getting.

Hon SIMON O'BRIEN: I am here at the committee table in this capacity for the first time. The member has made a point, which I take on board. We will no doubt return to this in the future.

Hon KEN TRAVERS: I made the point in my speech—I have made it a couple times—that when I was the parliamentary secretary to Hon Clive Brown, I used to always explain to him, and he was always very supportive of facilitating, the information and the processes in this chamber, because he understood that that makes this place work. It might be okay in the lower house to take the approach of not providing any information and of treating the opposition with contempt, and hope to get away with it. This chamber is slightly different. When we get those sorts of answers, it means that when we get on to a debate like this; instead of being able to move on, the debate is held up because the minister in the other place has not provided the answer. I will not labour that point. I acknowledge the minister's point, but I think that when a question on notice like that is put forward, there is no reason why the minister could not provide that information, because it is not in the budget. In fact, I would proffer that an argument could be put that some of the answers we are now getting back from ministers in the other place are misleading the chamber.

If the answer says, "Please refer to the budget papers", and the budget papers do not contain the information I am asking for, arguably, has the minister misled the house? I have not gone down that path yet, but I think it is reasonable to say that at some point, if we continue to get those sorts of answers that suggest the information is in the budget papers, and it is not, there is a question about whether someone has misled this chamber.

The next question I wanted to ask ranges across all the items, and it is probably easier to do it at this point. Many of the different items in the excesses document provided by the minister list procurement savings. In the original 2009–10 budget, there was an allocation of \$60 million that, according to my understanding, was badged globally under the Department of Treasury and Finance allocations for procurement savings. The original 2009–10 budget papers certainly referred to the government expecting to achieve \$60 million per annum in procurement savings. Are the figures that are included in those excesses as new items for procurement savings over and above that \$60 million, or is that \$60 million being allocated out to the individual agencies?

Hon SIMON O'BRIEN: The question is a good one and asked at the right time in the debate. Quite a few agencies are listed in this paper, but, as the member can see, plenty are not. Listed in this bill are agencies that have received supplementary funding. A number of them then have offsets. They are all shown here. One of the offsets that appears in quite a few agencies is, indeed, procurement savings. They are the procurement savings that relate to that agency. If we add up all the procurement savings shown in this tabled paper, they will not add up to the total amount of procurement savings, because only agencies that have had supplementary funding have to be shown. For the others which are not shown in this paper and which had procurement savings, the amounts are not shown.

Hon KEN TRAVERS: I understand that. The paper that the minister handed out indicates that an item was offset by a procurement saving. I might just wait for the minister.

Hon Simon O'Brien: Sorry.

Hon KEN TRAVERS: I am happy to wait. If a woman had been in the chair, I would have continued because I know they can do two things at once, but us mere men need to do one thing at a time!

Hon Simon O'Brien: I just wanted to make sure that members have the tabled paper I provided, which relates to the 2009–10 bills.

Hon KEN TRAVERS: I am quite aware that the figures do not add up to \$60 million. For instance, under State Development there is a figure for procurement savings of \$408 000; likewise, under Indigenous Affairs, the figure is \$148 000. It is not about the total; it is about understanding the budget. I understand that the Department of Treasury and Finance has those general items in the original budget, so it has money in reserve for wages and it picks up the general procurement savings. On some occasions those savings are allocated into every agency's total appropriation at the start of the year. On other occasions they are held in a pool within the Department of Treasury and Finance and then allocated throughout the year. I am trying to understand this. How was the original \$60 million dealt with in the 2009–10 budget? On top of that, when we see procurement savings listed in this document, does that mean that the department has achieved over and above its allocation within that \$60 million or is this part of its allocation within that original \$60 million?

Hon SIMON O'BRIEN: The amounts that are shown as offsets of procurement savings are not over and above allocations; they are what these agencies achieved as procurement savings. In other words, when procurement savings are shown, they are the actual for the full year.

Hon KEN TRAVERS: Was there an original allocation in the 2009–10 budget for \$60 million worth of procurement savings, and where was that in the budget? Was that allocated to individual agencies or was it a global amount held by the Department of Treasury and Finance?

Hon SIMON O'BRIEN: I am advised that in the budget for 2009–10 there was a global figure of \$60 million, but in the midyear review that followed, the \$60 million was extrapolated and shown against the individual agencies according to the portion they were allocated.

Hon KEN TRAVERS: On top of that allocation that was apportioned to those agencies in the midyear review, when we see procurement savings in this document, does that mean that they have achieved that amount and, on top of that, they have achieved an additional amount that is listed in this document?

Hon SIMON O'BRIEN: The figure that now appears is the amount they achieved. It is not above and beyond; it is simply their portion of the global allocation achieved.

Hon KEN TRAVERS: This is interesting. It would have come out of the budget of the Department of Treasury and Finance at the time of the midyear review. I am just trying to work through what the minister has just told us. An amount was allocated to each of the agencies. That amount is now showing up in this document as an allocation for savings. When we have dealt with issues such as this in the past the minister has agreed to take some questions on notice and effectively go away and get the answers. I would be interested in getting a total breakdown of that \$60 million and how it was allocated to each agency. We as a Parliament should be vigilantly watching and monitoring the savings that have been achieved. I find that explanation interesting. In theory, every agency should have a procurement saving but when I look at Health, for instance, it does not. Mines and Petroleum does not. Does that mean it did not make its procurement savings?

Hon Simon O'Brien: Are you inviting me to take this on notice? I am prepared to take it on notice and come back to the member tomorrow with a further explanation.

Hon KEN TRAVERS: That is what we have done in the past. I suspect that we will still be considering this bill later tonight. When we come back tomorrow, perhaps the minister could provide us with a complete breakdown of the procurements and also how that \$60 million was allocated to all agencies. Equally, why do some agencies not have procurement savings? I would have thought that if it occurs for some, the procurement savings would have apportioned reasonably equally. It depends on the function of the agency and where the procurement was, but every agency would have got some level of procurement savings. It would have varied. I would be interested to get a bit more detail about the breakdown of that procurement saving. For instance, why is Health not given a procurement saving? Why is the Department of Mines and Petroleum not given a procurement saving? If the minister is happy to take that on notice, I would like a list of how the \$60 million was allocated to all of the agencies and then an explanation as to why certain agencies do not have a procurement saving.

Hon SIMON O'BRIEN: In order to progress, I am quite happy to take that question away. We will deal with it overnight. I will report back to the Committee of the Whole, which I anticipate will be in session tomorrow, with that information, if that will allow us to move on.

Clause put and passed.

Clause 2: Commencement —

Hon KEN TRAVERS: I have one question to the minister. He provoked me during the second reading debate: with respect to the commencement of the bill and royal assent, what happens if the bill is not given royal assent?

Hon SIMON O'BRIEN: This is a purely hypothetical question. It has been the experience of Parliaments operating under the Westminster system, including this one, that royal assent is granted when advice is received from the executive to do so. I can assure the member that if it is this Parliament's will, the bills will be placed before the Governor for royal assent and I have no doubt that royal assent will be forthcoming, so the question is purely hypothetical.

Hon KEN TRAVERS: I still want to know the answer to the question, though. What happens if these bills do not get royal assent? Effectively, my question is: what happens if these bills never come into operation? What would be the actual impact of these bills never coming into operation?

Hon SIMON O'BRIEN: That is a very different question. I am advised that the act under which we are operating and which brings us to this procedure requires that these bills be tabled; I hope we are not doing all this for nothing! That is what is required; we want to do more than that, obviously.

Hon Ken Travers: You can see that Treasury wrote the FM act, can't you!

Hon SIMON O'BRIEN: This is the benefit of the Committee of the Whole; we turn up all sorts of odds and sods! Jokes aside, if the house were to not pass these bills or if, for some other reason, these bills were not passed, we would have something of a crisis on our hands, but no doubt we would find other mechanisms to make our way forward. However, I have not detected any will in the house to not pass these bills.

Clause put and passed.

Clause 3 put and passed.

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

Hon SIMON O'BRIEN: I am looking at the printed form of schedule 1; I am relying on the tabled paper, as are other members, which goes into a little more detail. How does the Deputy Chairman propose to call these items—by the main heading of the agency?

The DEPUTY CHAIRMAN (Hon Max Trenorden): That is what I have seen happen in the past, but we should presumably follow the bill.

Hon Ken Travers: If we follow the bill, it actually ties in with the paper that has been tabled.

The DEPUTY CHAIRMAN: My memory of last year is that we followed the document. As Hon Ken Travers has pointed out, both have a similar effect but, in fact, as Deputy Chairman of Committees, I am in the minister's hands.

Hon SIMON O'BRIEN: No; there is less to my question than meets the eye. For example, if we look at the schedule, will the Deputy Chairman call for "Parliament" and then move on to the next heading?

The DEPUTY CHAIRMAN: My preference as a traditionalist would be to go through schedule 1, but it does not have to be that way.

Hon KEN TRAVERS: If it helps, my understanding is that when we get to the schedule, because there is no actual numbering, we are technically allowed to run freely, but it is certainly my intention from the opposition's point of view to run through it in order. The document that the minister has provided us with is in the same order as the schedule. The Department of Treasury and Finance headings are in the same order. It is certainly my intention to run through each item in an orderly fashion and deal with them as they appear in both the schedule and the document that was tabled. Technically, though, if somebody wants to go back and revisit something, it is the same as dealing with a long clause.

Hon Simon O'Brien: It is just good to have some sort of framework.

Hon KEN TRAVERS: I agree that we should work through the framework. If it is okay, I would happily kick off with the area, "Parliamentary Commissioner for Administrative Investigations". I am particularly interested in gaining an understanding of what "Previously unfunded expenses" means.

Hon SIMON O'BRIEN: I understand that the \$242 000 was provided for depreciation and leave liability expenses that had previously been unfunded.

Hon SUE ELLERY: Still under "Parliamentary Commissioner for Administrative Investigations", the first line item is "Escalation of core business". I wonder if the minister might provide us with some clarification on what the term "escalation" means here. It could either mean —

Hon Simon O'Brien: Additional funding.

Hon SUE ELLERY: Is “Escalation of core business” more of the same business, or new business? Is it a wider scope of business or more of the same business?

Hon SIMON O'BRIEN: As I understand it, the escalation in core business was basically to manage more complaints received than had been anticipated.

Hon SUE ELLERY: I want to seek a little more information on this. In a previous debate, perhaps on the appropriations bills or the Treasurer's Advance Authorisation Bill, there was a significant additional amount of money appropriated for this office, and the explanation that was provided to the house at the time was that there had been something like a 90 per cent increase in the number of complaints. That is a fairly significant increase in the number of complaints. The explanation that was provided to the house—it may have come through a discussion with the parliamentary commissioner himself when he appeared before the estimates and financial operations committee—was that he had done a significant amount of advertising for work; the word in my head is “soliciting” for work, but that is probably not appropriate! He had been out touting for people to make complaints to his office. It was seen as a one-off exercise because it was a new way of encouraging people to make complaints. I am wondering if there is any further explanation for this, because the context we were given at the time was that it was a new way of encouraging people to make complaints, which resulted in a higher number of complaints than had been anticipated because the office was fairly aggressively advertising its wares, if you like. I wonder whether there is any information to say that that level of aggressive advertising of its wares is still going on, or whether it means that we are not advertising or seeking complaints, but that people are making additional complaints. I also wonder if there is any information about where those complaints are coming from.

Hon SIMON O'BRIEN: The honourable member is correct; she has seen this before. It was a matter in the Treasurer's advance authorisation debate back in 2010. This \$300 000 item is precisely the \$300 000 item that was debated and granted under the Treasurer's advance authorisation. The factors that probably led to the increase in complaints were not only awareness-raising activities by the Ombudsman and his office, but also the economic downturn, which was seen as contributing. There were 1 032 complaints for the six months to December 2009, compared with 537 for the corresponding period in the previous year. The member is dead right; that was an increase of 92 per cent. That is exactly what this is for.

Hon SUE ELLERY: I make one further point for completion of the parliamentary record. I find it somewhat perplexing that an economic downturn would lead to an increase in complaints to government agents about government agencies as opposed to commercial operations. I found that confusing at the time. My conversation with the parliamentary commissioner did not really allay that confusion. I am still a bit confused. I am not sure whether the minister will be able to answer my query. For the public record, I remain confused about that point.

Hon KEN TRAVERS: I am trying to understand why such things as depreciation and leave liability were not picked up until the very end of the financial year. That is my reading of this. How were things like that not picked up and how did they become extraordinary and unforeseen items?

Hon SIMON O'BRIEN: I can give an indication of what I believe this to be, and I hope that is adequate to meet the member's needs. My advice is that the depreciation might well have been the result of a revaluation of the asset base. The leave liability adjustment probably came about as a result of an audit conducted at the time. Either way, some process brought these fairly routine items to light and indicated that a top-up was required.

Hon KEN TRAVERS: I appreciate the minister's answer. I would have thought that a valuation would be done as part of the signing off of the books for the end of the financial year and would then be incorporated into future years rather than the past year. I am intrigued about why a valuation did not pick this up before the end of the financial year.

Hon SIMON O'BRIEN: It is probable that these matters came to light after 30 June, when the books were finalised and so on. Of course, our budget is finalised and brought down in May. I suspect that is the reason for the window of incompleteness of knowledge in this case.

Hon KEN TRAVERS: When we dealt with the Treasurer's advance, an amount of \$300 000 was listed concerning an escalation of core business. The item was described as previously unfunded expenses. By way of comment, I suggest “unfunded liabilities” would be a better way of describing it than “previously unfunded expenses”. When the Treasurer's Advance Authorisation Bill 2010 came before us and documentation was provided, it was suggested that \$300 000 would be required. At the time of the 2009–10 *Government Mid-year Financial Projections Statement*, the excess was expected to be \$500 000. We can follow the time line. At the time of the midyear review in December, the amount was expected to be \$500 000. In around May or June, when the Treasurer's Advance Authorisation Bill came before us—because the amount the government is entitled to use under the Treasurer's advance had been exceeded—we were told the amount was \$300 000. It went from

\$500 000 to \$300 000 and now, when we are dealing with the supplementary appropriations bill, it is back up to \$500 000. How does that work? Did someone leave off those previously unfunded expenses in the Treasurer's Advance Authorisation Bill? If not, what drove the view at the time of the midyear review that \$500 000 would be needed for this agency?

Hon SIMON O'BRIEN: At any of the several points before the final total is known, whether it is the budgetary process or the midyear review which adjusts figures from the budget, the figures are only best estimates. It is generally understood and accepted that there will be some adjustment to any number of line items in the budget as the year and events unfold.

Hon KEN TRAVERS: That is the case. It may just be coincidental that we started with \$500 000, it dropped to \$300 000 and we are back to \$500 000. I ask the minister to take this question on notice. In terms of Department of Treasury and Finance paperwork, were the previously unfunded expenses that are now included in the figure of \$500 000 incorporated into the amount of \$500 000 that was detailed in the midyear review? It is very important that Parliament be assured that this is a case of fluctuation and not that something was either forgotten or taken out for whatever reason at the time of the Treasurer's Advance Authorisation Bill and is now back in for the supplementary appropriations bill. I am sure the minister does not have that information with him tonight, but I ask him to take this question on notice and to come back and tell us whether the figure of \$500 000 in the midyear review for 2009–10 included any of the money that is now listed as previously unfunded expenses.

Hon SIMON O'BRIEN: We can assess that level of detail in response to the member's question. I have already indicated my willingness to assist members and the Committee of the Whole. Is this going to be a theme—the requirement to provide this level of detail—that we will go through every line of this schedule? If it is, it is going to place an onerous task on us to come back with all of that information at a later time in this committee stage. This might just be some detail that has come to note right at the start. I think the member has a mature understanding of budgetary processes. He understands how budget line items develop over the course of putting the budget into practice. I will take it on good faith that the member has requested this level of detail. He is right; I cannot provide it at the table this evening. I will take the question on notice. I am not sure whether this level of detail will be required in other areas. I want to comply to the extent that I can, but I am not sure how much we can do in a reasonable time frame.

Hon KEN TRAVERS: I thank the minister for his comments. The opposition wants to understand what is driving different areas. We will ask those questions. We may find other areas in which we want this level of detail as we go through. This is the first one up. It may be a simple coincidence that the amount went down. It is important that we make sure that the information provided to Parliament is accurate. That is why I am interested in this particular issue. We have not had a great deal of detail given to us about how we got to that additional depreciation of unfunded liabilities. I think the minister himself has accepted it is unusual that those items have not already been picked up. In the past, the Parliamentary Commissioner for Administrative Investigations was given additional money in terms of supplementary appropriations for the child death review function. I want to check if any of that escalation of core business is also a continuation of the child death review function. I understand that it is a new function given to them. Do they now receive an annual budget that is sufficient to meet the requirements of the child death review function? Is any escalation of core business related to that? It is not unreasonable for us as a Parliament to know whether an agency is regularly underfunded for a particular function and therefore has to come back each year, or whether the government provides the necessary funding each year to carry out its functions. In that case, that function is one that the Parliament and the government would expect it to be doing.

Hon SIMON O'BRIEN: Not as far as I know. I am not aware of these funds being earmarked for that specific purpose. The advice at the time of the Treasurer's advance, and now, was it was for a significant increase in complaints. Whether any of that related to the matter the member raises, I do not know. I doubt it, but I cannot be absolutely sure. It is the sort of question that really needs to be asked of the Ombudsman, who is not at the table with me now.

Hon KEN TRAVERS: I move on to the Department of Treasury and Finance and the \$3 million for the Building Management and Works revised funding model. Could the minister explain what that means exactly? What is this revised funding model that requires the additional \$3 million?

Hon SIMON O'BRIEN: The new funding management arrangements enabled Building Management and Works to directly manage delivery of the government's non-residential building program. That replaced the model by which Building Management and Works invoices, or used to invoice, agencies, based on the works that had been undertaken on the agencies' behalf and for which the various agencies had been given an allocation. By it being taken over by Building Management and Works, this \$3 million-odd was added to Building Management and Works' budget under the new model. Of course, that was matched by a reduction in the appropriations of the impacted agencies.

Hon KEN TRAVERS: I have another question in this area. Did the minister just say it was impacted by a decrease in the other agencies?

Hon SIMON O'BRIEN: The capital appropriation of the agencies was reduced; the offset being that the funding now goes direct to Building Management and Works. It provides it direct from this allocation rather than invoicing the agencies, as used to occur.

Hon KEN TRAVERS: I am trying to understand. In terms of the supplementary bill, we are picking up new items and excesses. We do not pick up the transfers. Under the Treasurer's Advance Authorisation Bill, if it is a transfer between agencies—which I think is what the minister has just explained to us—that gets picked up in the Treasurer's advance bill. I would not have thought we need to "supplementary appropriate" it. Could the minister explain that to us?

Hon SIMON O'BRIEN: The member is right. We would have a transfer if it was a transfer of funds, say, from capital to capital. In this case it has come out of the capital allocation to the agencies and gone into this recurrent expenditure at Building Management and Works. I understand that is what requires this to be shown as an increase, because it is an increase in the recurrent appropriation—in this case for Building Management and Works—even though it is offset by a reduction in capital to a range of other agencies.

Hon Ken Travers: How is it classified as recurrent if it was previously capital?

Hon SIMON O'BRIEN: The vagaries of Treasury accounting are many and varied.

Hon Ken Travers: No. They are actually according to the Australian accounting standards. They are not numerous and varied at all; they are very precise and specific in accordance with the standards!

Hon SIMON O'BRIEN: They are many, varied, precise and specific in accordance with the Australian standards! I thank the honourable member for his helpful interjection.

From the point of view of Building Management and Works, this is recurrent money, but it is accounted for as a capital item at the agencies that formally receive the money. Whereas the agencies would be spending it on their capital expenditure, I understand Building Management and Works provides this as a service to client agencies.

I also understand that this is a matter of pretty substantial complexity. There is a degree of precision, the exploration of which does not necessarily help the house in dealing with the bill. It is a very interesting subject for some. I am advised that it really needs to be the subject —

Hon Ken Travers: "Don't worry about detail; just trust us and let's get on with it"!

Hon SIMON O'BRIEN: No, that is not the case at all. The question has been answered but the member is asking my humble self to improve his education on these matters! That is something I cannot do, but we can offer a briefing separately if he wants.

Hon Ljiljana Ravlich: If we can't get it from you, who can we get it from?

Hon SIMON O'BRIEN: Hear, hear to what the member said.

Hon KEN TRAVERS: This highlights one example of why I would have thought we could have come up with a better process for dealing with these bills. I understand the difficulties that we are having in playing Chinese whispers in this chamber, because when we ask the minister a question, he has to get advice as to what the answer is, and he then has to convey that to the house. That makes the process very complex. I am not having a go at the minister. I am just saying that we have not been doing that in a very satisfactory manner.

Hon Simon O'Brien: That is how we have been doing it since the year dot.

Hon KEN TRAVERS: In the past, members have used different ways of reviewing these documents. Some members are happy to sit in this chamber and say, "If that is what is put up to us, and we are told that is how it is done, we will be happy with that and we will not ask questions."

Hon Simon O'Brien: That is not what is being said at all.

Hon KEN TRAVERS: I am the sort of person who will ask questions if documents are put in front of me, because I want to understand them. I find it fascinating.

I am interested to know what projects have been taken out of the capital programs. I am also interested to know, when we get to the capital appropriations, whether the money that was previously appropriated to individual agencies has now been allocated to other projects, or whether it has just lapsed and not been spent at all. For example, if \$1 million has come out of an agency and been picked up by the Department of Treasury and Finance, has that agency had that \$1 million deleted, or is it able to keep that \$1 million and use it for other projects?

Hon SIMON O'BRIEN: I do not have that level of detail. The Building Management and Works program covers an extraordinary number of buildings in a large number of locations, and I do not know that I can realistically address the question that the member is raising by identifying it by agency. In relation to this bill, I do not believe that offsets are shown, because of the divide between the recurrent bill that is before us, and the fact that these have come out of capital budgets.

Hon ADELE FARINA: Just following on from what the minister has said, if there has been this movement from the capital budget to the recurrent budget, one would expect the offsets to show up in the tabled papers on the capital budget that we have been provided with. I appreciate that we are not dealing with that at this time, but there are not any offsets for the revised funding model. Therefore, I do not understand what is happening here. If these items are not showing up as offsets on the capital expenditure table, how can we identify how this exchange of money has occurred? That leads to the question posed by Hon Ken Travers: have departments just been left with some additional dollars to spend at will as a result of this transfer that has occurred?

Hon SIMON O'BRIEN: Some of the matters that the member is looking for in the capital tabled paper I have no problem in seeking to relay to the member. But a portion of this money would be for agencies that do not need to be shown here.

Hon Adele Farina: Why?

Hon SIMON O'BRIEN: If it is an offset, we do not need to show it. We only need to show it if there has been an appropriation. This is to show appropriations. Of course, the figure in the actual schedule is the net appropriations having regard to these offsets. If there has not been an appropriation, the agency does not appear here. That is where some of it is. Because it is \$3 million spread across all agencies, this is the sort of money that in many cases would be viewed as very incidental. I imagine that in health, for example, it would be swallowed up in the asset investment program cash flow adjustments item that is shown in capital expenditure, and the member can see from the size of that item that it is actually an inconsequential amount and not subdivided into its umpteen individual categories.

Hon KEN TRAVERS: Is the minister saying that this money is not allocated for specific works under Building Management and Works but is just a general allocation, or does it relate to specific projects?

Hon SIMON O'BRIEN: I am advised it is for specific projects.

Hon KEN TRAVERS: If that is the case, I would like to get a list of the specific projects that have been funded so that I can get some assurance about what is happening with these projects. These projects were previously funded under capital, and they were given an appropriation by this Parliament. The minister is now asking us to appropriate recurrent funding for the exact same projects. That is how I am reading this. If that is not the case, I am happy for the minister to explain to me why that is not the case. However, if that is the case, what has been done with that previous appropriation that was approved by Parliament for capital works? Will that appropriation stand, or is the government taking some action to ensure that that appropriation previously approved by this Parliament is reduced?

Hon SIMON O'BRIEN: The total amount drawn down in recurrent for this agency by Treasury and Finance is \$183 000. That is the amount of supplementary appropriation that has been exercised under the Treasurer's advance authorisation and now is being reported by being tabled with these bills in this chamber. How did we come to this figure of \$183 000? That is a fair question for the member to ask. As the member can see by the material that I have provided by way of this tabled paper, in fact there is a lot more to it than \$183 000. The extra appropriation—that is, the extra funds that went into Treasury and Finance—was \$3.019 million. However, that was offset to a very substantial extent by the other offsets that are listed there. That is the level of detail that I am seeking to provide. In respect of the \$3 million that the member is focusing on at this time, I point out that it has come from a variety of agencies and a variety of projects, in the manner that I have described. It is now represented as recurrent expenditure for Treasury and Finance, by the Building Management and Works division. Because it is money that is above and beyond what was initially appropriated, it is required to be shown in this bill, and the net amount just happens to be \$183 000. So we get to a stage where we start to go around in circles.

Hon KEN TRAVERS: No. We are just asking if the minister can give us a list of the projects that are included in that \$3 million. It is not that hard—yes or no?

Hon SIMON O'BRIEN: I do not have that information available. I will take it on notice and come back to the chamber.

Hon Ken Travers: Does the money that was originally appropriated for those programs stay with the agency?

Hon SIMON O'BRIEN: I understand that the several agencies that are involved in having their capital appropriation reduced would not have drawn down on those funds that are shown as going to Treasury and Finance.

Hon KEN TRAVERS: I understand they may not have drawn down the funds, but that does not mean the appropriation does not stand. I understand that would mean that if next year or this financial year they have a blow-out in one of their capital works programs that is less than the amount that is appropriated last year, they could still draw down on that money and not have to come back to the Parliament and indicate that the cost of that project exceeded what was originally budgeted for.

Hon SIMON O'BRIEN: If the appropriation is not drawn down, it lapses at the end of the financial year.

Hon KEN TRAVERS: Could the minister confirm that he is assuring us that none of the projects listed under that item will be drawn down before the end of the financial year?

Hon SIMON O'BRIEN: That is the assumption and the practice. It will need to be checked, and we will indicate where the money has been extracted from to put here when I answer the question that I have already taken on notice.

Hon KEN TRAVERS: I also wanted to clarify an issue under Treasury and Finance on page 204 of budget paper No 3 of 2010–11, which listed what was then expected to be the Treasurer's Advance Authorisation Bill for the financial year 2009–10 and shows "New Provision for District Allowances" of \$22.4 million. In the paperwork before me I cannot see that listed. Has it changed its name? Is it in a different agency, or was it expected to occur at the time of the 2010–11 budget—that is, just before the end of the 2009–10? Is it the case that it never happened or did it happen and it is under another name now?

Hon SIMON O'BRIEN: I understand such an entry indicates that it was contemplated that it would be paid out, but its absence from the bill now before us indicates that it was not paid out. It was probably delayed into 2010–11, because this bill deals only with 2009–10.

Hon KEN TRAVERS: It may be that it was delayed. Could the minister confirm what happened to that, because that is a fairly substantial item and I would have thought it should be there if it had occurred in that financial year? Maybe the minister could take that on notice.

Hon SIMON O'BRIEN: Yes, we will do that.

Hon KEN TRAVERS: I will quickly go through the next three items, which are the reclassification of expense capital and salary and allowances, the Office of Shared Services' savings, and also the net savings from voluntary severance. I am not sure if the reclassification comes up again, but certainly the Office of Shared Services does. In answering that question, could the minister indicate how that saving is arrived at, and whenever we see a saving against "Office of Shared Services", is it the same reason or does it vary from agency to agency?

Hon SIMON O'BRIEN: My adviser, of course, is from Treasury and Finance, and I am able to confirm that the savings of \$700 000 in this case were by an earlier roll-in of the agency than had been scheduled, so that the savings from Office of Shared Services' involvement were harvested a little earlier. I appreciate the member asking whether it falls anywhere else.

Hon Ken Travers: In some of the others, it is on the other side of the ledger and it is a deferral for the Office of Shared Services' item. With most of the others, it is an additional expenditure because they deferred the roll-in, so it is probably the opposite.

Hon SIMON O'BRIEN: An example of the converse happening is the office of indigenous services in which a further \$230 000 was incurred because of a delay in the roll-in and the realisation of those savings. Hon Ken Travers is right; in some cases it is up and in some cases it is down. Where there is an extra expense, because of the delay it is required to be shown here as an appropriation because it is extra expenditure. Where it is shown as a saving, we have an agency that otherwise has further appropriation but that saving is an offset, and that is why it would appear there. I think that the member will find that is typical for several places where this reason is given.

Hon KEN TRAVERS: Can the minister answer the question about what the reclassification of expense capital and salaries and allowances is referring to?

Hon SIMON O'BRIEN: It is a curious expression—at least it is to me—but the understanding of it becomes clear when it is explained. Reclassification of expended capital is when the saving from this recurrent expenditure has been achieved by the expenditure of moneys that were classified as capital. The example given to me for this particular line included the purchase of computers that was done through capital expense rather

than recurrent expense. Therefore, it was a decrease, or an offset, in the amount of recurrent expenditure. Sorry, it was not for computers but for other items. That is the explanation.

Hon KEN TRAVERS: I will move on to the administered section of the Department of Treasury and Finance. I will go down the order in which they appear, beginning with the first home owners' assistance scheme. Do we have to pay that and is that payment then refunded by the commonwealth? I am happy to take that as an interjection.

Hon Simon O'Brien: Yes.

Hon KEN TRAVERS: That is an annual payment. Because of the way it is administered, we do not know what the amount is but we get it back.

Hon Simon O'Brien: The first home owners boost created quite a blip here of \$200 million.

Hon KEN TRAVERS: What is the item relating to the Office of Health Review for?

Hon Simon O'Brien: The \$261 000 was provided to the Office of Health Review to address a number of fairly minor cost pressures relating primarily to employee and rental costs. It is a fairly small—sorry, Mr Deputy Chairman, that was the lengthiest interjection I have ever done.

Hon Adele Farina: No, it wasn't.

Hon SIMON O'BRIEN: I realised that as soon as I said it. It is a fairly small agency and therefore \$261 000 was required because it is not big enough to find that sum within its own means.

Hon KEN TRAVERS: Another advantage of referring the bill to a committee would have been that the minister could have remained in his seat to answer the questions.

Hon Simon O'Brien: I need my exercise.

Hon KEN TRAVERS: That is right; it beats the gym.

Obviously, the Office of Health Review gets that allocation each year. A lot of agencies have small budgets. The Office of Health Review was given \$176 000 in supplementary funding for the 2007–08 financial year, \$74 000 in the 2008–09 financial year, and is seeking \$261 000 in supplementary funding for the 2009–10 financial year. The Office of Health Review is not the only small agency. I would have thought that another way to do this would be to give the agency working capital to allow it to have some spare cash to deal with those fluctuations. It strikes me that when an agency seeks supplementary funding for three budgets, there must be a point at which we say we either need to increase its working capital or increase its appropriation because we are not giving it enough money each year. I wonder whether the minister can comment on which of those items we need to look at in the future so that the Office of Health Review does not constantly come back each year asking for supplementary appropriation.

Hon SIMON O'BRIEN: The member may or may not be correct as to whether there is a problem or a pattern that represents a problem.

Hon Ken Travers: I am right in the figures I have quoted, I can assure the minister.

Hon SIMON O'BRIEN: I am sure that the member is, but there could be any number of acceptable explanations for the variance. We will find out what the reasons for those are.

Hon Ken Travers: Will you take it on notice?

Hon SIMON O'BRIEN: Yes.

Hon ADELE FARINA: Is the funding for the Office of Health Review due to an increase in mediation undertaken by the Office of Health Review? Having attended the Office of Health Review for the first time this year with a constituent, I found it very interesting, if not a satisfactory process. I am curious to know whether that funding request is because of an increase in the mediation that is being conducted by the Office of Health Review; and, if so, what area is causing grief resulting in the mediations?

Hon SIMON O'BRIEN: I am not sure whether it is easy to source the information that the committee is requiring. I cannot ascertain, for example, whether the figures we have been talking about in the increases are due to staff pressures, such as extra staff being taken on or for some other staff cost to meet a need. That question can be dealt with only by the Office of Health Review if it is capable of identifying that issue itself. However, I will get back to the member with whatever information I get.

Hon KEN TRAVERS: Can the minister explain what the provision for unfunded liabilities for the government insurance fund is? I understand what it is; it is making an appropriation to cover those unfunded liabilities, but how did the government arrive at the end of the financial year with a view that there is an unfunded liability in

the government insurance fund? Is it driven by a greater number of claims being made than was expected at the beginning of the year? Is it because an actuarial assessment was done at the end of the financial year that changed what the provisions should be? Have we got our sums wrong? This appears to be fairly consistent. It does not appear every year, but it seems to appear from time to time and for varying amounts. I want to understand how we get to the point at which it is not provided for up-front.

Hon SIMON O'BRIEN: The member surmised correctly that this is hard to predict. One of the first questions anyone needs to ask when talking about supplementary appropriations is why this was not foreseen. There is a pretty good reason for this item. To do that, we have to look at the circumstances and the history of the matter. The short answer is that the \$2.3 million required in 2009–10 was to meet the claims.

Hon Ken Travers: Are we talking about insurance of the government's capital assets or workers' comp? What type of insurance are we talking about, or is this just an aggregated figure for all types of insurance?

Hon SIMON O'BRIEN: This is the RiskCover scheme.

Hon Ken Travers: So it is workers' comp.

Hon SIMON O'BRIEN: Yes. Some of the notes that I have trace the emergence of this factor back to 1997 when the partly funded government insurance fund was replaced by RiskCover, which is a fully funded scheme. The Insurance Commission of WA manages the unfunded liabilities of the consolidated account agencies that accumulated prior to that changeover on 1 July 1997. They managed that on an emerging cost basis; that is, as liabilities manifest and become payable, as I understand it. The estimates that are notified by ICWA to government and then form part of the budget processes are subject to ups and downs. The timing of reimbursements to ICWA from the consolidated account is a bit difficult to predict, just because of the nature of the process. I am advised that they can vary according to the timing of claims over an ongoing period. That is why we see the lack of regularity from year to year. The liability for these claims can be long term. Apparently, that is why there was a pattern, which is hard to predict. That is what the evidence shows us—that it has not been predicted and it varies from year to year, and in this case, it was this amount.

Hon Ken Travers: I understand that but traditionally with insurance, you would then be making a provision that is over, and if you start to get an accumulation in that insurance fund, you reduce your premiums in future years rather than underfund it and then increase it each year because you have identified an unfunded component. Companies would go bankrupt if they did not do it that way. They collect money and if they find they are getting a surplus, they take the opportunity to reduce their premiums. Why do we not do it that way?

Hon SIMON O'BRIEN: The policy that has been employed from year to year is to reimburse ICWA for claims that exceed its total rather than the taxpayer providing a surplus up-front for ICWA to draw down from and leave any residual with it. That is the way it has been and that is reflected in previous years, as the member has commented on.

Hon KEN TRAVERS: That takes us to the next one, which is the refund of past years' revenue collections. Predominantly, this is where people have challenged a tax assessment and been successful. I think they often have to pay up-front and they get repaid if they are successful in challenging the way it was calculated. I note that this year we had the smallest number of challenges that we have had for a while, from memory. Traditionally, we also have challenges from both public corporations and all others. I am just intrigued. Again, I thought this was one area in which we do not make any provision. If someone is successful, we provide a refund as part of the Treasurer's advance. Am I correct in saying that or is there already a provision and this is only where it exceeds that provision? If it is the latter, why were there no refunds of past years' revenue collections for public corporations? Normally it is broken up. It says "all others" but that is because the public corporations were always dealt with separately.

Hon SIMON O'BRIEN: The \$5.4 million-odd, which is the additional amount drawn down, is in excess of the appropriation.

Hon Ken Travers: So there is —

Hon SIMON O'BRIEN: Yes, there is an appropriation. For the 2009–10 year, the original budget was \$33.6 million and the final out-turn was \$39 million. Incidentally, in the current year, 2010–11, the budgeted amount is \$43.6 million. The member is right—apart from the fact that there is a budgeted allocation because there are always some payouts. By definition, a public corporation does not know that it will get a decision against it or that it has made an incorrect series of assessments. Occasionally, one or two quite spectacular or out of the ordinary refunds may apply and it may relate to a payment that was made years ago and that has been appealed right through to the Supreme Court. By definition, they are unexpected. There is an allocation. In the year we are looking at, it was exceeded by \$5.4 million.

Hon KEN TRAVERS: In view of the time, I might jump quickly down to royalties for regions and then talk about voluntary severances and the Water Corporation. I refer to the recurrent component of royalties for regions. Is the minister able to give us a breakdown of which programs that money was for? If the minister does not have it with him tonight, I am happy for him to take it on notice. Equally, with regards to the voluntary severance package, I am interested to know which agencies that related to. Who monitors that to ensure that those agencies are not just using contractors to provide the same services that were provided by the people who were given a voluntary severance package? I note that the Department of Treasury and Finance got a net saving as a result of the voluntary severance packages in 2010–11, but I do not see an offset for any of the other agencies which must have had voluntary severance packages. Did any other agencies get a saving in the 2009–10 financial year because of the voluntary severance packages?

Hon SIMON O'BRIEN: I addressed the royalties for regions recurrent component in response to a question asked by Hon Jon Ford. It is in *Hansard*. To summarise it quickly for the member, the \$48.8 million was made up of a couple of components. Firstly, an additional \$25 million was required to reflect the savings contribution from royalties for regions as part of the government's previously announced corrective measures.

Hon Ken Travers: So they got their savings back.

Hon SIMON O'BRIEN: Yes. The moneys were not funded under the original 2009–10 budget. That is why they appear in this supplementary appropriation. It is a requirement that moneys be appropriated to go to the royalties for regions fund. The reason it was not appropriated under the original budget and why it is here now is that the Royalties for Regions Act 2009, which requires the moneys to be appropriated, was not proclaimed until March 2010. That is why that correction took place. The other \$23.8 million was a reallocation from capital appropriation to recurrent appropriation. That was needed to deliver various projects within royalties for regions as grants rather than as state-owned infrastructure. As I pointed out to Hon Jon Ford earlier, materially, they were the Karratha service workers' accommodation and the Pilbara health partnership projects.

In relation to voluntary severance packages, Hon Ken Travers asked which agencies were affected. This was across appropriation-funded general government sector agencies. I understand that, in total, 802 severances were taken across the 2009–10 voluntary severance schemes. The first one was announced by government in March 2009 and the second one in February 2010. These were voluntary schemes.

Hon Ken Travers: Can we get a list of the actual agencies and positions that were made redundant?

Hon SIMON O'BRIEN: I do not have all that data, but I can give the member some indicative data and he can indicate whether he wants more. Of the 802 severances, 136 were in the Department of Health; 121 were in the Department of Education; 54 in the Department of Planning; 52 in the Department of Environment and Conservation; and 43 in Landgate. There would have been sundries to make up the other 390-odd severances. The first scheme delivered 469 severances at a cost of \$47.8 million, and the 2010 scheme delivered 333 severances at a cost of \$32.8 million.

Hon Ken Travers: So this funding is for the second round?

Hon SIMON O'BRIEN: Yes, because that was after the first, which was included in the budget.

Hon Ken Travers: I am interested in trying to get a bit more detail about the specific positions that were made redundant. You have mentioned one—the education department—and the number of redundancies, yet the Under Treasurer recently appeared before the estimates committee to point out that the number of FTEs within the Department of Education were still going up. One of my concerns is that you have made people redundant, but you get them back the next day as contractors, all those positions are refilled within a couple of months and the state does not really benefit from it.

Hon SIMON O'BRIEN: Quite often the purpose of voluntary severance schemes is about changing the profile of the workforce, particularly in a big area like Health where people in one area might be suitable applicants, but at the same time there are other new tasks being taken on in another area. The member asked me to identify individual positions.

Hon Ken Travers: I'm sure there must be a list somewhere of all the positions that were made redundant.

Hon SIMON O'BRIEN: There might be the capacity for that information to be collated. The government is advised at cabinet level by the Public Sector Commissioner, who advises the aggregate of what happens. That is why I have broad figures for so many positions. In terms of actually drilling it down to 802 individual identifiable positions, it is probably a matter that could only be addressed by the Public Sector Commissioner.

Hon Ken Travers: Maybe between now and tomorrow you could see if it's possible to get it. They may be able to press a button on a computer and get it printed out for us.

Hon SIMON O'BRIEN: We can ask that question, but I do not give any undertaking that I will be able to provide the information; it may have to be something that is followed up through the minister with responsibility for the Public Sector Commissioner. I have information about what dollars were required, and that is what is in this bill.

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