



THIRTY-EIGHTH PARLIAMENT

REPORT 30

**STANDING COMMITTEE ON ESTIMATES AND
FINANCIAL OPERATIONS**

AGENCY ANNUAL REPORTS 2008/09

Presented by Hon Giz Watson MLC (Chair)

August 2010

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

Date first appointed:

30 June 2005

Terms of Reference:

The following is an extract from Schedule 1 of the Legislative Council Standing Orders:

“2. Standing Committee on Estimates and Financial Operations

2.1 *An Estimates and Financial Operations Committee* is established.

2.2 The Committee consists of 5 Members, 3 of whom shall be non-government Members.

2.3 The functions of the Committee are to consider and report on -

- (a) the estimates of expenditure laid before the Council each year;
- (b) any matter relating to the financial administration of the State;
- (c) any bill or other matter relating to the foregoing functions referred by the House;
- (d) to consult regularly with the Auditor General and any person holding an office of a like character.”

Members as at the time of this inquiry:

Hon Giz Watson MLC (Chair)

Hon Philip Gardiner MLC (Deputy Chair)

Hon Ljiljanna Ravlich MLC

Hon Ken Travers MLC

Hon Liz Behjat MLC

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REPORT OF THE STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

AGENCY ANNUAL REPORTS 2008/09

1 INTRODUCTION

- 1.1 On the 14 September 2009 the Estimates and Financial Operations Committee (**Committee**) resolved to hold hearings into agency annual reports for 2008/09. The Committee advised the Legislative Council (**Council**) of this resolution as required by Standing Order 325 on 22 September 2009.¹
- 1.2 The review of agency annual reports forms part of the Committee's review of the estimates of expenditure.²

Annual reports

- 1.3 Annual reports are an important tool in assisting the public's understanding of the operations of government agencies, as well as ensuring financial and performance accountability to Parliament.
- 1.4 The *Financial Management Act 2006* (**FMA**) requires departments and statutory authorities to prepare annual reports for Parliament.³ Annual reports are to be submitted to Parliament within 90 days of the end of financial year.⁴ The FMA prescribes that the annual report contain:
- a) financial statements for the financial year;
 - b) key performance indicators⁵;
 - c) a report on the operations of an agency during the financial year;
 - d) any information prescribed by the Treasurer's instructions;
 - e) if applicable, the extent to which the agency achieved any objectives described in a resource agreement⁶;

¹ Hon Giz Watson MLC, Western Australia, Legislative Council, *Parliamentary Debates (Hansard)*, 22 September 2009, p7320.

² The Committee's term of reference 2.3a provides that it is a function of the Committee to consider and report on the estimates of expenditure laid before the Council each year.

³ Section 61, *Financial Management Act 2006*.

⁴ Section 64, *Financial Management Act 2006*.

⁵ See Treasurer's instruction 904: *Key Performance Indicators*, for further information about disclosure of performance information.

- f) if applicable, a report on the affiliated or related body that contains in respect of the financial year the information prescribed by the Treasurer's instructions; and
- g) any other information required by a written direction given by the Minister.

2 HEARINGS

- 2.1 The Committee held the hearings on 26 and 27 October, 2 and 23 November 2009.
- 2.2 To assist in determining which agencies to hear from, the Committee distributed an agency nomination form to all Members of the Council (**Members**). The Committee received three nomination forms, nominating five agencies to appear (this does not include the Committee Members own nominations).
- 2.3 The Committee selected the following agencies to review:
 - Department of Health
 - Department of Environment and Conservation
 - Tourism Western Australia
 - Western Australia Police
 - Department for Communities
 - Office of Energy
 - Department of Education and Training
 - Forest Products Commission
 - Department of Fisheries
 - Department of Racing, Gaming and Liquor (Gaming and Liquor only)
- 2.4 All Members were notified of the hearings and invited to participate.
- 2.5 The Committee observed a Procedure Policy for the conduct of the hearings. The Procedure Policy is attached at **Appendix 1**.

⁶ See Treasurer's instruction 808: *Resource Agreements*, for further information about disclosure against resource agreements.

- 2.6 All of the hearings were public and the proceedings were recorded by *Hansard*. Full transcripts of the evidence taken at the hearings can be found at the Committee's web page.⁷
- 2.7 During the hearings a number of questions were taken on notice. Where a Member was unable to ask all their questions in the scheduled period, they were provided with the opportunity to submit those questions in writing at the end of the hearing. Copies of the questions and answers can be found on the Committee's web page.⁸

Subjects covered during the hearings

- 2.8 The Committee questioned each agency on their performance, expenditure and service delivery.
- 2.9 This section provides a point form summary of some of the subjects that were raised during the hearings. Refer to the transcripts of the evidence and supplementary information for a complete record of the hearings.⁹

Department of Health

- funding cuts to mental health
- addressing increasing demand for mental health services
- proposed establishment of the Commissioner for Mental Health
- mental health prevention strategies
- waiting lists for mental health services for children and adolescents
- access to mental health services
- Hospital in the Home program
- four-hour rule
- emergency room waiting times
- redevelopment of Royal Perth Hospital
- Closing the Gap program

⁷ <http://bit.ly/cSNMBq>, (viewed on 5 August 2010).

⁸ *Ibid.*

⁹ *Ibid.*

- capital works to Princess Margaret Hospital
- planned redevelopment of Osborne Park, Albany and Midland Hospitals
- doctor shortage
- changes to Full Time Equivalents (FTEs) numbers

Department of Environment and Conservation

- issues identified in the assessments of the Albany, Port Hedland and Fremantle ports
- land clearing
- land clearing complaints
- environmental compliance and enforcement
- complaints management
- applications for approval from the mining sector
- funding for sustainable forest management
- fire management
- expenditure on forest management required for the production of forest products from native forests
- Naturebank
- Carnaby's black cockatoo management
- MATES program
- improving air quality in Midland
- reasons for the decrease in the size of the nature reserve
- backlog in investigations of contaminated sites

Tourism Western Australia

- visitation numbers to Western Australia
- hotel occupancy rates in the Perth CBD

- measures used to determine visitor numbers to Western Australia
- the role of the Board and interaction with the Department
- development of a new brand for Tourism Western Australia
- audit of key effectiveness and efficiency indicators
- Tourism Western Australia's consumer website
- Tourism Western Australia sponsored events
- Red Bull air race
- Indigenous tourism

Western Australia Police

- strategies to address increasing trends in antisocial behaviour, assaults and threatening behaviour
- reasons for budget overspend
- implementation of the three per cent efficiency dividend
- cost increases
- performance targets
- funding for Government Regional Officers' Housing (**GROH**) rent
- information technology (**IT**) enhancement to support the outsourcing of applications and payment for firearm licences
- firearm licence process
- additional resources to support mandatory sentencing
- district allowances for police officers
- recruitment and retention of staff
- use of tasers
- compliance reporting
- restructure of the Office of Crime Prevention

- random drug testing of drivers
- cost of impounding vehicles
- clearance rates for offences
- staff numbers and profile
- issues with the regional radio network

Department for Communities

- foetal alcohol spectrum disorder prevention and intervention resources and programs
- introduction of a licensing fee for childcare centres
- outcomes of the review of women's advisory structures
- community services industry awards
- Redress
- review of grants programs
- children's services organisations in the Pilbara
- seniors' cost-of-living rebate
- implementation of the recommendations of the review into the *Carers Act 2004*
- breaches of regulations
- staff turnover
- skills training
- relocation of the Family and Domestic Violence Unit to the Department of Child Protection
- three per cent efficiency dividend savings

Office of Energy

- tariff increases
- initiatives to help people in financial hardship
- household renewable energy scheme
- net feed-in tariff
- three per cent efficiency dividend savings measures
- pricing model
- smart meters
- green power pricing
- Independent Market Operator
- underground power program
- energy efficiency in the public sector
- solar schools program
- recommissioning of Muja A and B power stations
- risks associated with implementing a national energy policy
- renewable energy certificates
- reach for the stars program

Department of Education and Training

- remuneration for senior officers
- refusal of a staff member to perform a duty
- staff shortages for school cleaning
- cost of staff turnover of cleaners, gardeners and education assistants
- commonwealth grants and contributions
- programs for students for whom English is a second language

- retention of native vegetation within school grounds
- management of poor performing teachers
- management of poor performance of schools
- three per cent efficiency dividend savings
- Aboriginal students in years 11 and 12
- School Watch
- complaints management
- implementation of mandatory reporting
- impact of increase in electricity tariffs

Forest Products Commission

- strategic tree farming initiative
- staffing cuts
- nursery program
- forest management plan
- logging
- compliance monitoring
- bushfire risk
- replacement of Gnangara mature plantations
- Warrup block compartment 06
- percentage of native forest sawlog production sold to high-value manufacturing industry in Western Australia
- reduction in the silvicultural cost per managed hectare of native forest
- financial position of the Commission
- breaches of the code of conduct

- cost of hardwood native timber

Department of Fisheries

- three per cent efficiency dividend savings measures
- infection in the pearl fishery
- consultation structure with stakeholders
- advisory committees' restructure
- quota management system for rock lobster
- development of social and economic policy
- management of coastal waters after the Montara oil leak
- sustainability strategies for some key fish species
- cost management of the recreational fishery
- oyster mortality rate
- corruption and fraud prevention

Department of Racing, Gaming and Liquor (Gaming and Liquor only)

- management of staff flexi hours
- review process through the Liquor Commission
- small bar licenses
- public interest assessment process
- distribution of unclaimed winnings to the community
- polycarbonate drinking containers as a substitute for glass
- requirements for approved managers
- restrictions on licenses
- trading hours for clubs and pubs in Northbridge

3 LATE ANNUAL REPORTS

3.1 As stated at paragraph 1.4, annual reports are to be submitted to Parliament within 90 days of the end of financial year.¹⁰ Should an agency be unable to meet this timeframe, the responsible Minister is required to inform the Parliament of this, together with the reasons why the annual report could not be tabled on time and the anticipated date when the report will be tabled.¹¹

3.2 The Committee noted that a number of agencies had not tabled their annual reports within the prescribed timeframe and had not notified the Parliament as required under the FMA. These agencies were:

- Country Housing Authority
- Department of Commerce
- Department of Housing
- Drug and Alcohol Office
- Forest Products Commission
- Housing Authority
- Perth Market Authority
- Pilbara Development Commission
- Professional Standards Council
- Real Estate and Business Agents Supervisory Board
- Settlement Agents Supervisory Board
- Small Business Development Corporation
- State Supply Commission
- Veterinary Surgeons' Board
- Western Australian Meat Industry Authority
- Western Australian Technology and Industry Advisory Council

¹⁰ Section 64, *Financial Management Act 2006*.

¹¹ Section 65, *Financial Management Act 2006*.

- WorkCover Western Australia

3.3 The Committee followed up on this matter with the relevant Ministers. All late annual reports have subsequently been tabled.

Committee Comment

3.4 The Committee reminds all agencies of their statutory obligations in relation to the tabling of annual reports and where timeframes cannot be met the responsible Minister is required to report this to the Parliament, together with the reasons why and the anticipated date of tabling.

3.5 The Committee will continue to monitor compliance with this statutory requirement.



Hon Giz Watson MLC
Chair

Date: 19 August 2010

APPENDIX 1

PROCEDURE POLICY

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

HEARINGS IN RELATION TO AGENCY ANNUAL REPORTS 2008/09 PROCEDURE POLICY

1. CONDUCT OF THE HEARINGS

- 1.1 As part of its function to consider and report on any matter relating to the financial administration of the State, the Estimates and Financial Operations Committee (Committee) is conducting inquiries into government agency annual reports and matters arising from these reports.
- 1.2 The Committee has adopted a hearings procedure for examining agency annual reports.
- 1.3 The conduct of the hearings held in relation to agency annual reports is determined by the Committee in accordance with the Standing Orders of the Legislative Council.
- 1.4 The Chair of the Committee will preside over the hearings and has those powers necessary or incidental to the maintenance of the orderly conduct of its proceedings.

2. SELECTION OF AGENCIES TO BE REVIEWED

- 2.1 The Committee will determine which departments/agencies are to be reviewed at the hearings. To assist the Committee in making its determination, a survey will be distributed amongst all Members of the Legislative Council inviting suggestions. Members will be requested to advise the Committee of any specific area of interest with the department/agency, to ensure the attendance at the hearings of the relevant departmental/agency staff.

3. CIRCULATION OF NOTICES, INVITATIONS AND PROCEDURAL GUIDELINES PRIOR TO THE HEARINGS

- 3.1 At the earliest possible opportunity, the Committee will issue notices, invitations and procedural guidelines as follows:
 - a) an invitation to the Chief Executive Officer (CEO) and the responsible Minister/Parliamentary Secretary for each department/agency to be examined by the Committee to attend the hearings, including the date and time of the hearing and this Procedure Policy; and
 - b) a notice to all members of the Legislative Council advising of the hearings including the departments/agencies that will attend, the date and time of the hearings and this Procedure Policy.
- 3.2 Ministerial staff cannot be a substitute for a Minister /Parliamentary Secretary at a hearing.

4. WITNESS INFORMATION SHEET

4.1 Departmental/agency staff appearing before the Committee will be requested to complete a 'Witness Information Sheet' (a copy is attached at Appendix A). All the information sought is necessary to allow Hansard to meet various requirements involved in producing a final and correct document.

5. ASKING OF QUESTIONS

5.1 The Chair will facilitate the asking of questions by all Members present at a particular hearing (subject to time constraints).

5.2 The calling of questions is at the Chair's discretion. During the hearings, questions should be directed through, and be acknowledged by, the Chair.

5.3 Questions must relate to the content of the 2008/09 Annual Report.

5.4 The Chair has the discretion to rule a question out of order in accordance with the Standing Orders of the Legislative Council.

5.5 At the Chair's discretion, if there is a reasonable number of questions outstanding at the close of a particular hearing these questions may be directed to the relevant department/agency in writing through the Chair. Outstanding questions should be handed to the Committee Clerk immediately after the close of each hearing for forwarding to the department/agency via the responsible Minister. Responses to such questions will be requested by the relevant department/agency within ten working days of receipt of the question. Should the agency be unable to meet this due date, the Committee is to be advised, in writing, as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met.

5.6 Responses to questions should be in accordance with the procedure set out in Appendix B.

5.7 Upon receipt of the department/agency's written response, the Chair will distribute the response to the Member who asked the question.

6. QUESTIONS TAKEN ON NOTICE

6.1 Questions that are asked during the hearings which the departmental/agency representatives then present are unable to answer prior to the end of the hearing will be taken on notice. Each question taken on notice during the hearing will be allocated a number by the Chair to facilitate identification of the question in Hansard.

6.2 Following each hearing, the Committee Clerk will forward a copy of all questions taken on notice, as they appear in the uncorrected Hansard, to the office of the Minister responsible for the relevant department/agency, copied to the relevant department/agency CEO. Departments/agencies responding to questions taken on notice should do so through their responsible Minister.

- 6.3 Responses to questions should be in accordance with the procedure set out in Appendix B. The department/agency's response to the questions on notice, and other supplementary information, should be provided in both hard copy and electronic e-mail, in Word format.
- 6.4 Responses are required within ten working days of the Committee Clerk's initial forwarding date of questions to the responsible Minister. Should the agency be unable to meet this due date, the Committee is to be advised, in writing, as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met.
- 6.5 Upon receipt of the department/agency's written response, the Chair will distribute the response to the Member who asked the question.

APPENDIX A

Committee Hearings Information for Witnesses

Important: Please read the following notes before giving evidence.

Full Name: (Title) (First Name) (Last Name)

Title of Position Held:

Business Name and Address:

Telephone:

Fax:

Signature:

Date:

Introduction

1. A committee hearing is a proceeding in Parliament. As such, you must not deliberately mislead the committee and you must respect the members of the committee and the committee's orders and procedures. If you do not comply with these requirements, you may be subject to legal penalties.

What happens at a hearing?

2. Committees are made up of members of Parliament. Usually there are 5 - 8 members on a committee.
3. You will be escorted to the committee's meeting room by one of the committee's staff. After you are seated, the chairperson of the committee will ask you:
 - a. to take the oath or affirmation;
 - b. to state your full name, address and the capacity in which you appear before the committee; and
 - c. if you have read and understood these notes.
4. The chairperson may invite you to make an opening statement to the committee.
5. The chairperson will then ask you a series of questions, following which other members of the committee may ask you more questions. If other members of the Legislative Council are present, they may also ask you questions. With limited exceptions (discussed below) you

must answer questions you are asked.

6. The chairperson may invite you to make any additional comments you consider necessary.

Parliamentary privilege

7. Parliamentary privilege provides protection for what is said in parliamentary proceedings, so that what is said in such proceedings may not be the basis of a suit in defamation. However, it is only the authorised Hansard report, or that of an accredited media reporter, which is protected when what is said in the proceeding is related outside the confines of Parliament. Similarly, parliamentary privilege means that what you have said to a committee cannot be used against you in a subsequent related proceeding in a court or tribunal. The purpose of parliamentary privilege is to enable parliamentarians and witnesses to speak candidly without fear of legal repercussions.

Your entitlements

8. In giving your evidence you are entitled to:
- (a) access to relevant documents;
 - (b) raise any matter of concern to you relating to evidence to be given or documents produced;
 - (c) benefit of counsel¹;
 - (d) request that all or part of your evidence to be given in private session and for an order restricting publication of, or access to, that private evidence;
 - (e) decline to answer a question or produce a document on the grounds that the question is unlawful or outside the scope of the matters in issue or under inquiry;
 - (f) be informed before your evidence is given that if part of it might incriminate you or another person, that fact should be made known to the committee before that part is actually given;
 - (g) know of and, if desired, rebut any allegations made against you whether or not those allegations amount to criminal conduct or dealing;
 - (h) a reasonable opportunity to correct errors in a transcript of evidence; and
 - (i) provide supplementary or new evidence.

Is your evidence public or private?

9. Most hearings of standing committees are public. In other words, members of the public and

¹ This means that you are entitled to have counsel (a legal advisor) present with you to advise you. It does not mean that you are entitled to be represented by counsel who responds to the committee on your behalf.

the media may attend the hearings and the proceedings may be reported. In contrast, most hearings of select committees are private, which means that members of the public and the media may not attend them. If you are uncertain as to whether your hearing is private or public, ask the committee's staff before the hearing or the chairman of the committee before you start giving evidence.

10. It is important that any request for the committee to prohibit publication of all or part of your evidence, or your identity, be made *prior* to giving the relevant evidence. You should be prepared to state why you want it confidential. If the committee grants your request, the public and media will be excluded from the hearing.
11. The committee may also decide that all, or part, of the hearing should be in private, particularly if the evidence adversely reflects on a third person or the matter being investigated is subject to legal proceedings.
12. You should note that the committee retains the power to publish any private evidence. The Legislative Council may also authorise publication. This means that even your private evidence may become public.

If you are a public servant

13. Public servants appearing before a committee in that capacity are entitled to refuse to answer questions on matters of policy. The committee must direct all such questions to the responsible Minister.

You must not disclose evidence given in private session

14. You must not publish or disclose any evidence given to a committee in private session unless that evidence has been reported to the Legislative Council in a public document. Premature publication or disclosure may:
 - a. constitute a contempt of the Legislative Council; and
 - b. mean that the publication or disclosure of the relevant material is not subject to parliamentary privilege.

Transcript of your evidence

15. A transcript of your evidence will be made and sent to you for correction of typographical and transcription errors. You should not discuss your evidence until the Hansard report is finalised. Please see the letter that will accompany the uncorrected transcript in this regard.

Threats or intimidation

16. If you have been threatened or intimidated by any person in respect of giving your evidence to the committee, you should immediately inform the committee or one of its staff.

APPENDIX B

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

QUESTIONS ON NOTICE AND SUPPLEMENTARY INFORMATION

Ministerial officers should follow the format shown below when supplying questions on notice and supplementary information.

Date

Ministry of Whatever

Question No 170: Hon A. Brown (not 'the member for West Metropolitan') asked for a list officers and their positions ...

Answer: Subprogram 1.2 does not include staffing and running costs for the latest version of the ministry's operational

Or -

Date

Ministry of Whatever

Question No. 171: Hon A Brown (not 'the member for West Metropolitan') asked -

- (1) How many officers work on subprogram 1.2?*
- (2) In which areas of the State are officers located?*
- (3) When will the work that is expected to cost \$24,000 be completed?*

Answer:

- (1)-(2) Subprogram 1.2 has 14 officers in total, of which three are located in Derby, five are located in Broome, two are ... It does not include staffing the new offices in the more northern areas of ... and so on.
- (3) It is expected that ...