



**THIRTY-EIGHTH PARLIAMENT**

**REPORT 23**

**STANDING COMMITTEE ON ESTIMATES AND  
FINANCIAL OPERATIONS**

**ANNUAL HEARINGS IN RELATION TO THE  
BUDGET ESTIMATES 2009/10**

Presented by Hon Giz Watson MLC (Chair)

September 2009

## **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 Ljiljanna Ravlich MLC

Hon Philip Gardiner MLC (Deputy Chair)

Hon Ken Travers MLC

Hon Liz Behjat MLC

### **Staff as at the time of this inquiry:**

Lisa Peterson, Advisory Officer (General)

Renae Jewell, Committee Clerk

### **Address:**

Parliament House, Perth WA 6000, Telephone (08) 9222 7222

lcco@parliament.wa.gov.au

Website: <http://www.parliament.wa.gov.au>

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# CONTENTS

<b>REPORT.....</b>	<b>1</b>
1 REFERENCE AND PROCEDURE .....	1
The estimates of expenditure .....	1
The Committee’s approach .....	1
2 ANNUAL HEARINGS.....	2
Questions on notice.....	3
Subjects covered during the hearings.....	3
Transport .....	4
Commissioner of Main Roads .....	4
WA Health.....	4
Environment and Conservation .....	5
Swan River Trust.....	6
Mines and Petroleum.....	6
Child Protection.....	7
Education and Training .....	7
Office of Energy .....	8
Verve Energy.....	8
Western Power .....	8
3 PROCEDURAL ISSUES RAISED DURING THE HEARINGS.....	8
4 FEEDBACK .....	9
Committee comment .....	9
<b>APPENDIX 1 2009/10 BUDGET ESTIMATES ANNUAL HEARINGS PROCEDURE POLICY .....</b>	<b>11</b>



# REPORT OF THE STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

## IN RELATION TO THE

### ANNUAL HEARINGS IN RELATION TO THE BUDGET ESTIMATES 2009/10

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#### 1 REFERENCE AND PROCEDURE

##### The estimates of expenditure

- 1.1 Government revenue goes into the Consolidated Account<sup>1</sup>, which is the major source of funding for the State Public Sector.<sup>2</sup> The ‘estimates of expenditure’ comprise the Appropriation (Consolidated Account) Bills and the supporting documentation (**Budget Papers**). On an annual basis these are presented to Parliament in order that Government may access or ‘appropriate’ money from the Consolidated Account to fund expenditure by the Government over a given financial year.<sup>3</sup>
- 1.2 It is a function of the Estimates and Financial Operations Committee (**Committee**) to consider and report to the Legislative Council (**Council**) on the estimates of expenditure laid before the Council each year.<sup>4</sup>
- 1.3 This report relates to the Annual Hearings held in relation to the Budget Estimates for 2009/10.<sup>5</sup>

##### The Committee’s approach

- 1.4 The Committee adopted a Budget Estimates Hearings approach for its consideration of the estimates of expenditure laid before the Council each year as follows:
  - i) hearings held throughout the year (**Ongoing Hearings**); and
  - ii) hearings held soon after the Budget Papers are tabled in the House, over one to three consecutive days (**Annual Hearings**).

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<sup>1</sup> Subsequent to the assent of the *Financial Management Act 2006* on 21 December 2006, the Consolidated Fund is now called the Consolidated Account.

<sup>2</sup> The major revenue sources for the Western Australian Government include taxes, imposts, fines, rates, duties, royalties and Commonwealth Government grants: section 64, *Constitution Act 1889*, and section 8 of the *Financial Management Act 2006*.

<sup>3</sup> Section 72, *Constitution Act 1889*.

<sup>4</sup> Term of reference 2.3a.

<sup>5</sup> The 2009/10 Budget Statements were tabled in the Legislative Council on 14 May 2009. The Appropriation (Consolidated Account) Capital 2009-10 Bill 2009 and the Appropriation (Consolidated Account) Recurrent 2009-10 Bill 2009 were assented to on 29 June 2009.

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- 1.5 In the past estimates hearings have been held annually, over three to four days, during which Members of the Council (**Members**) could ask questions relating to the Budget Papers. The Committee in 2005 changed this practise and commenced a program of ongoing estimates hearings throughout the year which is supplemented by a one day session of 'traditional' annual estimates hearings (concentrating solely on the contents of the Budget Papers) held between the time of the tabling of the Budget Papers and the passing of the Appropriation (Consolidated Account) Bills in the Council.
- 1.6 The Annual Hearings aid the Committee in identifying issues for further inquiry during its Ongoing Hearings. The hearings also provide Members with the opportunity to ask questions on the Budget at a time when it is most relevant, that is before the Appropriation Bills are passed.
- 1.7 In 2006 the Committee resolved that during the Annual Hearings questions must relate to the Budget Papers only, due to the limited time and purpose it had allocated to the hearings. In the Committee's view the Ongoing Hearings are the appropriate fora for Members to pursue wider issues regarding financial management through the Committee.

## **2 ANNUAL HEARINGS**

- 2.1 In determining which agencies to examine, it is the Committee's standard practice to survey all Members, asking them to nominate which agencies they would like to appear. Due to the change-over of membership in the Council on 22 May 2009<sup>6</sup>, the Committee did not follow this standard practice. Instead, the Committee considered agencies that are within the portfolio responsibilities of Council Ministers. Members were asked to convey their agency preferences verbally to Committee Members, and these were also taken into account.
- 2.2 The Committee advertised the public hearings in *The West Australian* newspaper on 17 June 2009. Details of the hearings were also placed on the parliamentary website ([www.parliament.wa.gov.au](http://www.parliament.wa.gov.au)).
- 2.3 The Annual Hearings were held on 18 June 2009. The Committee heard from the following agencies:
- Department of Transport
  - Commissioner of Main Roads
  - WA Health
  - Department of Environment and Conservation

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<sup>6</sup> Section 8, *Constitution Acts Amendment Act 1899*. Council Members serve a fixed four year term from 22 May.

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- Swan River Trust
- Department of Mines and Petroleum
- Department for Child Protection
- Department of Education and Training
- Office of Energy
- Verve Energy
- Western Power

2.4 The Committee observed a Procedure Policy for the conduct of the hearings. The Procedure Policy is attached at **Appendix 1**.

2.5 All Members were notified of the hearings and invited to participate.

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.<sup>7</sup>

### **Questions on notice**

2.7 In accordance with the Procedure Policy, the Committee invited Members to submit questions on notice prior to the hearings. Four Members submitted questions on notice prior to the hearings.

2.8 During the Annual Hearings a number of questions were taken on notice.

2.9 If 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.

2.10 Copies of the questions and answers can be found on the Committee's web page.<sup>8</sup>

### **Subjects covered during the hearings**

2.11 This section provides a point form summary of some of the subjects that were raised during the Annual Hearings. Refer to the transcripts of the evidence and supplementary information for a complete record of the hearings.<sup>9</sup>

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<sup>7</sup> <http://www.parliament.wa.gov.au/web/newwebparl.nsf/iframewebpages/Committees+++Current> (current at 25 August 2009).

<sup>8</sup> Ibid.

*Transport*

- allocation of revenue from fees and charges (maritime, motor vehicle and other)
- allocation of revenue from the Perth parking management levy
- expenditure on the Perth bicycle network
- increase in the Perth parking management levy
- controlled grants for the taxi user subsidy scheme
- additional revenue through advertising

*Commissioner of Main Roads*

- works on the Reid Highway interchanges with Alexander Drive and Mirrabooka Avenue
- upgrade of Ranford Road
- Roe Highway extension project
- additional money allocated under the Treasurer's advance
- reconstruction of Curtin Avenue from North Fremantle to Cottesloe
- Hopetoun-Bremer Bay road project
- Lloyd Street, Midland extension
- Perth-Darwin Highway project
- decrease over the forward estimates for capital works

*WA Health*

- variation in expenditure from 2008/09 budget
- waiting times for elective surgery
- meeting the Government cap on full-time equivalents
- establishment of a peak body for mental health consumers

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<sup>9</sup> Ibid.

- inpatient mental health beds in the East Metropolitan Region
- number of inpatient mental health beds to be located at the new Swan Health Campus in Midland
- suicide prevention program
- future changes to Royal Perth Hospital
- four-hour rule program
- aged and continuing care in Western Australia
- works on the Swan Health Campus in Midland
- cost implications of use of fly in, fly out doctors in Albany
- incidence of sexually transmitted infections in children
- shortage of child health nurses
- community midwifery program
- home-based hospital programs
- Aboriginal health action groups
- cost of electricity usage in tertiary hospitals

*Environment and Conservation*

- landfill levy
- decrease in capital appropriation in the out years
- illegal dumping
- management of spread of cane toads
- Kimberley conservation strategy
- activities to control feral animals
- capital infrastructure works for the Perth hills area
- Western Australian conservation reserve asset management

- Port Geographe development compliance with environmental conditions
- tourism road improvement program
- sustainable forest management expense
- staff numbers at the Environmental Protection Authority
- environmental data system
- revenue sources
- enforcement of environmental compliance
- deferral of expenditure on the Brookdale site
- Gngangara park development 2009-10 program

*Swan River Trust*

- role and objectives of the Swan River Trust
- factors impacting water quality in the Swan and Canning rivers
- strategies to address the impacts of excess nutrients in waterways
- development of a river protection strategy
- community programs run by the Swan River Trust

*Mines and Petroleum*

- graduate recruitment program
- rephrasing of the IT development program
- change in key performance indicators relating to work safety and regulation
- staffing levels
- reduction in the number of new mineral tenement applications awaiting processing
- exploration incentive scheme program
- co-funded drilling program

- expenditure on sites for carbon and storage and sequestration

*Child Protection*

- staffing numbers
- support to individuals and families at risk or in crisis
- discrepancy in the demand model figures used for an efficiency indicator
- recruitment of psychologists
- foster care partnership
- fleet management efficiencies
- income management strategy to protect children and young people
- reduction in policy staff numbers
- mandatory reporting of child abuse
- use of responsible parenting orders
- Kath French Centre intensive therapeutic unit

*Education and Training*

- Ministerial responsibility for VET programs
- reduction in TAFE colleges budget
- Premier's Teacher of the Year Award
- construction of Deanmore Primary School
- budget appropriation increase
- motor vehicle fleet numbers
- replacement of Bullsbrook District High School
- staff numbers
- application of the three per cent efficiency dividend
- impact of increase in electricity costs on schools

- upgrade of West Busselton Primary School
- education assistants at schools
- setting budget targets

*Office of Energy*

- feed-in tariff
- solar power for Marble Bar and Nullagine
- solar hot water incentive scheme

*Verve Energy*

- renewable energy
- forecast dividends in the forward estimates
- review into the financial situation of Verve Energy
- fossil fuel plant portfolio

*Western Power*

- transmission line to Geraldton
- underground power program
- access arrangement revisions

### **3 PROCEDURAL ISSUES RAISED DURING THE HEARINGS**

3.1 On 4 December 2007 the Council ordered, on the recommendation of the Select Committee of Privilege on a Matter Arising in the Standing Committee on Estimates and Financial Operations, that:

*... the Clerk of the Legislative Council and all Committee Chairs ensure that at any Legislative Council committee hearing, an oath or affirmation is administered to all witnesses.*

3.2 During the Annual Hearings the question of whether this requirement applied to Members appearing before the Committee was raised.

3.3 As per the order of the House, the Chair ensured that the oath or affirmation was administered to Members who appeared as witnesses at the Annual Hearings.

- 3.4 The Committee found it cumbersome and time consuming to administer the oath/affirmation to each witness individually. As a result, the Committee has adopted a practice of administering the oath/affirmation to witnesses collectively for all future hearings.

**4 FEEDBACK**

- 4.1 The Committee sought feedback on the Annual Hearings, distributing a questionnaire to all Members on 23 June 2009. One completed questionnaire was received.
- 4.2 The feedback received was favourable, however, criticism was expressed at the time wasted during the hearings by Government Members asking ‘Dorothy Dix’ questions.

**Committee comment**

- 4.3 The Committee was pleased with the conduct of the hearings, the level of attendance at the hearings and Member participation. A good cross-section of questions were asked by both Government and non-government Members and a large number of issues were canvassed in the course of the proceedings.
- 4.4 The Committee was not satisfied with the quality of the answers to questions on notice provided by a Ministry and will be considering this matter as part of its ongoing review.
- 4.5 The Committee is committed to continually reviewing and refining its processes to ensure that an effective and worthwhile estimates process is conducted. To this end, the Committee will continue to consult with Members to improve the process.



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**Hon Giz Watson MLC**  
**Chair**

**Date: 8 September 2009**



# **APPENDIX 1**

## **2009/10 BUDGET ESTIMATES ANNUAL HEARINGS PROCEDURE POLICY**

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### STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

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#### **2009/10 BUDGET ESTIMATES ANNUAL HEARINGS PROCEDURE POLICY**

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- 1. CONDUCT OF THE 2009/10 BUDGET ESTIMATES ANNUAL HEARINGS**
  - 1.1 The Estimates and Financial Operations Committee (Committee) has the function of considering the estimates of expenditure laid before the Council each year. The conduct of the estimates hearings is determined by the Committee in accordance with the Standing Orders of the Legislative Council.
  - 1.2 A Member of the Committee will preside over the estimates 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. 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 estimates 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 estimates hearings including the departments/agencies that will attend, the date and time of the hearings and this Procedure Policy.
- 4. WITNESS INFORMATION SHEET**
  - 4.1 Ministerial advisors and 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. QUESTIONS ON NOTICE LODGED PRIOR TO THE ESTIMATES HEARINGS**

- 5.1 Questions on notice may be lodged by Members of the Legislative Council with the Committee Clerk no later than two weeks prior to the hearings.
- 5.2 The procedure for handing up questions on notice is as follows:
- a) questions on notice must be provided by electronic e-mail, followed by a signed hard copy, and must clearly identify:
    - the name of the Member asking the question; and
    - the correct name of the department/agency required to answer the question;
  - b) each Member may provide no more than five questions on notice to each department/agency, with each Member's list of questions for a particular department/agency not to exceed a single A4 page in length (using at least 10 point Times New Roman in accordance with Hansard's requirements); and
  - c) questions on notice must comply in all other respects with this Procedure Policy.
- 5.3 These questions will be forwarded to the department/agency via the responsible Minister. Responses to these questions are required three days prior to the hearing. Upon receipt of the department/agency's written response, the Chair will distribute the response to the Member who submitted the question.

**6. ASKING OF QUESTIONS**

- 6.1 The Chair will facilitate the asking of questions by all Members present at a particular hearing (subject to time constraints).
- 6.2 The calling of questions is at the Chair's discretion. During the hearings, questions should be directed through, and be acknowledged by, the Chair.
- 6.3 Members who provide questions on notice will be given priority to ask questions after the Committee members.
- 6.4 Questions must relate to the 2009/10 Budget Papers and should not be:
- a) hypothetical; or
  - b) questions regarding Government Policy, unless directed towards the Minister (Standing Order 331).
- 6.5 The Chair has the discretion to rule a question out of order.
- 6.6 As a general guide for Members, the rules governing questions in the Chamber will be followed (see SO 140).

6.7 Questions will only be permitted during the time allocated for the hearing.

6.8 At the Chair's discretion, if there is a small 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 five working days of receipt of the question. Upon receipt of the department/agency's written response, the Chair will distribute the response to the Member who asked the question.

**7. QUESTIONS TAKEN ON NOTICE**

7.1 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.

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

7.3 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.

7.4 Responses are required within five working days of the Committee Clerk's initial forwarding date of questions to the responsible Minister.

## APPENDIX A

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### Committee Hearings Information for Witnesses

*Important: Please read the following notes before giving evidence.*

<b>Full Name:</b> (Title)	(First Name)	(Last Name)
<hr/>		
<b>Title of Position Held:</b>		
<hr/>		
<b>Business Name and Address:</b>		
<hr/>		
<hr/>		
<b>Telephone:</b>		<b>Fax:</b>
<hr/>		<hr/>
<b>Signature:</b>		<b>Date:</b>
<hr/>		<hr/>

#### 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 state your full name, address and the capacity in which you appear before the committee; and
  - b. 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 counsel<sup>1</sup>;
  - (d) apply for all or part of your evidence to be given in private session and for an order restricting publication of, or access to, that 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 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

<sup>1</sup> This means that you are entitled to have counsel (a legal adviser) 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.

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

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### ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

#### QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

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

**Thursday, 18 June 2009**

**Ministry of Whatever**

*Question No 170: Hon A. Brown (not "the member for West Metropolitan") asked for a list of 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 -**

**Thursday, 18 June 2009**

**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 ...