



PARLIAMENT OF WESTERN AUSTRALIA

TWELFTH REPORT

OF THE

**STANDING COMMITTEE ON ESTIMATES
AND FINANCIAL OPERATIONS**

IN RELATION TO

**THE REVIEW OF THE CONSOLIDATED FUND
ESTIMATES 1995/96**

Presented by the Hon Murray Montgomery (Chairman)

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

The Standing Committee was established on December 21 1989 with the following terms of reference:

1. There is hereby appointed a Standing Committee to be known as the *Estimates and Financial Operations Committee*.
2. The committee consists of 5 members.
3. The functions of the Committee are to consider and report on:
 - (a) the estimates of expenditure laid before the Council each year; and
 - (b) any matter relating to the financial administration of the State.
4. The Committee shall report on the estimates referred under clause 3 by or within one sitting day of the day on which the second reading of the *Appropriation (Consolidated Revenue Fund) Bill* is moved.
5. For the purposes of clause 3(a), the House may appoint not more than 6 members at any stage of its examination.
6. A reference in clause 3 to "estimates of expenditure" includes continuing appropriations, however expressed, that do not require annual appropriations.
7. The Committee may initiate investigations under clause 3(b) without prejudice to the right of the Council to refer any such matter.

Members of the Committee:

Hon Murray Montgomery (Chairman)
Hon Bob Thomas
Hon Muriel Patterson
Hon Mark Nevill
Hon Iain MacLean

Staff of the Committee:

Ms Karen Schmidt (Advisory/Research Officer)
Mr Christopher Richards (Clerk)

Previous Reports of the Committee:

See Attachment C

Address:

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REVIEW OF THE CONSOLIDATED FUND ESTIMATES 1995/96

1. BACKGROUND

The Standing Committee on Estimates and Financial Operations was established in December 1989 with two terms of reference relating to the financial management of the state. The second term of reference relates to the Committee's consideration of the annual Estimates of Expenditure. The Committee's 1995 review of the Estimates of Expenditure will be the sixth such review since the Committee was established. During this time, the Committee has refined its approach to the Estimates in a number of ways. First, the Committee has limited the scope of the review to a manageable number of agencies. While this may cause the exclusion of some agencies of interest to Members of the Legislative Council in a given year, it facilitates meaningful examination of each agency under review given the time and resources available to the Committee. Second, the Committee has produced a Procedure Policy for the Estimates hearings to facilitate the smooth conduct of the hearings and to ensure that Members and agency representatives are familiar with the accepted conduct of the hearings. The Procedure Policy also serves to reinforce for Members that the hearings do not constitute a proceeding of the House and, as such, that standing orders relating to such proceedings do not apply. Third, the Committee has instituted a policy of forwarding generic questions to agencies one week prior to the hearings to enable written responses to be tabled at the commencement of each hearing. This enables the Committee to deal with a greater number of questions during the course of the hearings and provides agency representatives with an indication of the interests of non-Committee Members of the House.

The Committee's Ninth Report regarding the 1994/95 Consolidated Fund Estimates contained a number of recommendations requiring comment and/or action by the House, the Executive, and the Committee. With the exception of two recommendations, all of these have been addressed. Of the two outstanding recommendations, the fifth recommendation regarding the Committee's intended review of the Treasurer's Advance Account has been incorporated into the Committee's current review of financial administration legislation. Second, the Committee has received advice from the Minister for Primary Industry in relation to the Committee's eleventh recommendation regarding the review of that portfolio, and intends to meet with representatives from the portfolio later in the year.

2. REVIEW OF THE CONSOLIDATED FUND ESTIMATES 1994/95

2.1 FOCUS

The Committee's terms of reference permit the Committee to examine all agencies included in the annual estimates of expenditure. In 1994 the Committee selected a limited number of agencies for review in the interests of conducting a more thorough examination of each agency with the time and resources available. The Committee resolved to continue this practice in 1995. The Committee decided, however, to alter the means of selecting the agencies to be reviewed in order to afford Members of the Legislative Council formal input into the Estimates programme. To this end, in May the Committee invited Members of the Legislative Council to nominate five agencies for inclusion in the Estimates programme. The Committee was disappointed by the response from Members, only three of whom nominated agencies. The Committee does not intend to continue this consultative practice in 1996 unless specifically requested by Members. A list of the agencies to be examined during the 1995/96 Estimates hearings appears at Attachment A.

The Committee intends to pursue a number of cross-agency issues during the course of the hearings. These will include agency progress in the development of performance indicators; procedures followed by agencies in identifying services to be contracted out; monitoring of service contracts; the implementation of accrual accounting; and microeconomic reform.

2.2 HEARINGS PROCEDURE

In 1994 the Committee introduced a procedure policy for the Estimates hearings. This incorporated the order of questions, the procedure for asking questions, the types of questions permitted, the procedure for questions taken on notice, and the circulation of questions and procedural guidelines prior to the Estimates hearings. Further to recommendations of the Committee's Tenth Report regarding the Consolidated Fund Estimates 1994/95, the Committee has amended the Procedure Policy to afford agencies more time to respond to outstanding questions and questions on notice. A copy of the Procedure Policy for 1995/96 appears at Attachment B.

ATTACHMENT A

**AGENCIES AND PROGRAMMES TO BE REVIEWED DURING THE 1995/6 CONSOLIDATED FUND
ESTIMATES REVIEW**

AGENCY	RESPONSIBLE MINISTER
1. Parliament	Premier
2. Premier and Cabinet	Premier
3. Treasury	Treasurer
4. Office of Energy	Minister for Energy
5. Transport	Minister for Transport
6. Main Roads	Minister for Transport
7. Coastal Shipping	Minister for Transport
8. Government Railways Commission	Minister for Transport
9. Education	Minister for Education
10. Recreation Camps and Reserves Board	Minister for Sport and Recreation
11. Sport and Recreation	Minister for Sport and Recreation
12. Sports Centre Trust	Minister for Sport and Recreation
13. Justice	Attorney General
14. Legal Aid Commission	Attorney General
15. Office of the Director of Public Prosecutions	Attorney General
16. Conservation and Land Management	Minister for the Environment
17. Health	Minister for Health
18. Commissioner for Workplace Agreements	Minister for Labour Relations
19. Family and Childrens' Services	Minister for Family and Childrens' Services
20. Disability Services	Minister for Disability Services
21. Police	Minister for Police

ATTACHMENT B

PROCEDURE POLICY FOR THE 1995/96 ESTIMATES HEARINGS

BACKGROUND

The Standing Committee on Estimates and Financial Operations is charged with the task of considering and reporting on the Estimates of Expenditure laid before the Council each year. The procedural focus of this review has been the annual Estimates hearings, which allow members of the Legislative Council to address questions regarding the Estimates to invited representatives of government agencies. Typically, the Chief Executive Officer and the responsible Minister for a government agency are invited to appear before the hearing for a set time. Committee members, then other Council members, direct questions to the representatives through the Committee Chair. Members ask only one question, plus supplementary questions, at a time. Questions are taken on notice if an answer cannot be supplied at the time. The hearings are usually conducted over the course of one week.

In 1993, the hearings procedure was frustrated by a large number of generic questions addressed to each department and taken on notice. In 1994, the Committee has resolved to develop formal policy for the conduct of the hearings in that year. This procedure policy has been carried over into 1995 with amendments.

PROCEDURE POLICY FOR THE LEGISLATIVE COUNCIL ESTIMATES HEARINGS

1. Order of questions

Precedence will be given to questions from Committee members. Questions will only be permitted during the time allocated for the hearing. At the Chair's discretion, questions outstanding at the close of the hearing may be directed to the agency in writing through the Committee. Permitted outstanding questions should be forwarded by Members in writing to the Committee's Advisory/Research Officer within 24 hours of the close of each hearing for forwarding to the agency. Agency responses will be forwarded to the Committee Office within five working days of receipt of the question.

2. Procedure for asking questions

During the hearings, questions should be directed through, and be acknowledged by, the Chair appointed for the particular hearing. Prior to the hearings, Council Members will be invited to submit any generic questions to the Committee. These will be forwarded to the relevant chief executive officer at least one week prior to the hearing. Written responses will be tabled at the beginning of each hearing.

3. Type of questions permitted

Questions must have a reasonable connection to the Estimates and should not:

- relate to a division other than the division being reviewed at that particular time;
- be hypothetical; or
- be questions regarding Government policy, unless directed toward the responsible Minister (SO359).

4. Questions taken on notice

Questions that agency representatives are unable to answer during the hearing will be taken on notice. Following the hearing, the Advisory/Research Officer will forward a copy of the question as it appears in the uncorrected Hansard to the office of the Minister responsible for the relevant agency. Agency responses will be forwarded to the Committee Office within five working days of receipt of the question.

5. Circulation of invitations and procedural guidelines prior to the Estimates hearings

The Committee will issue invitations and procedural guidelines as follows:

(a) Agency representatives

The Chief Executive Officer and the responsible Minister for each agency included in the review will be issued invitations to attend the relevant hearing one month in advance of the hearing date. Consistent with the spirit of Standing Order 358, the invitation will indicate the general area of interest to the Committee. Guidelines for the hearings procedure will be attached.

(b) Members of the Legislative Council

Members of the Legislative Council will be issued invitations to attend the hearings one month in advance of the date of the first hearing. The invitation will indicate the agencies to be reviewed. Guidelines for the hearing procedure will be attached.

ATTACHMENT C

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

Previous Reports

First Report: 1990/91 Budget Estimates - November 1990.

Second Report: 1991/92 Budget Estimates - November 1991.

Third Report: Leasing of Computer Equipment for the Legislative Council - February 1992.

Fourth Report: 1992/93 Budget Estimates - November 1992.

Fifth Report: Programme Undertaken During 1992.

Sixth Report: 1993/94 Budget Estimates - December 1993.

Seventh Report: Public Submissions 1993/94 - April 1994.

Eighth Report: Review of the Consolidated Fund Estimates 1994/95.

Ninth Report: The Consolidated Fund Estimates 1994/95.

Tenth Report: Performance Indicators.

Eleventh Report: Scrutiny of Financial Administration Legislation in Various Jurisdictions.