

40TH PARLIAMENT



Report 74

**STANDING COMMITTEE ON ESTIMATES AND FINANCIAL
OPERATIONS**

2016-17 Annual Report hearings

Presented by
Hon Alanna Clohesy MLC (Chair)
May 2018

Standing Committee on Estimates and Financial Operations

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EXECUTIVE SUMMARY

- 1 The Standing Committee on Estimates and Financial Operations (Committee) conducted hearings with 14 agencies regarding their 2016-17 Annual Reports in February 2018.
- 2 Annual reports are essentially statements to the Parliament of the manner in which agencies use the resources made available to them. They disclose the financial positions of government agencies and their activities as well as complementing the work of Budget Estimates.
- 3 The Committee was satisfied with the conduct of its hearings, the level of attendance and Member participation.
- 4 The Committee concluded that the agencies gave satisfactory performance and no formal inquiries resulted from the process. Both Government and non-government Members asked a wide variety of questions and a significant number of subject matters were canvassed. Overall, 373 questions were asked of 49 agencies.
- 5 The Auditor General gave the 14 agencies clear audit opinions on their financial statements, key performance indicators and controls exercised by them.
- 6 The Committee extends its appreciation to those Members who participated in the hearings and the assistance given by Ministers and their agencies.

1 Introduction

- 1.1 This report completes the Estimates and Financial Operations Committee's consideration of State expenditure and financial administration for the 2016-17 budget cycle, which began with the Budget estimates. It focusses on the final stage of the process, the 2016-17 Annual Reports.¹ Hearings in relation to them were conducted in February 2018.

Reporting on expenditure

- 1.2 It is a Committee function to consider and report on the estimates of expenditure laid before the Legislative Council each year and any matter relating to the financial administration of the State.²
- 1.3 The 'estimates of expenditure' comprise the Appropriation (Consolidated Account) Bills and supporting documentation (Budget Papers). These are presented to the Parliament on an annual basis in order that Government may access or 'appropriate' money from the Consolidated Account to fund expenditure by the Government over a given financial year.³

2 Annual reports

- 2.1 Annual reports are essentially statements to the Parliament of the manner in which agencies use the resources made available to them.⁴ They disclose the financial positions of government agencies and their activities as well as complementing the work of estimates.⁵
- 2.2 Annual reports provide information about a particular agency's achievements, corporate arrangements and performance. They are therefore an important tool in assisting the general public's understanding of the operations of government agencies, as well as ensuring financial and performance accountability to the Parliament. Scrutiny of annual reports is important for the assessment of an agency's performance.⁶

Contents of an annual report

- 2.3 The *Financial Management Act 2006* (FMA) prescribes the contents of an annual report.⁷ These are:
- financial statements for the financial year
 - key performance indicators⁸
 - a report on the operations of the agency during the financial year
 - information prescribed by the Treasurer's instructions

¹ The 2016-17 Budget Statements were tabled in the Legislative Council on 12 May 2016. The Appropriation (Capital 2016-17) Bill 2016 and the Appropriation (Recurrent 2016-17) Bill 2016 were assented to on 26 August 2016.

² Term of reference 3.3 (a).

³ *Constitution Act 1889*, s 72.

⁴ Rosemary Laing (editor), *Odgers' Australian Senate Practice As revised by Harry Evans*, 14th Edition 2016, p 483 <<http://www.aph.gov.au/senate/pubs/odgers/preface.htm>>.

⁵ Rosemary Laing (editor), *Odgers' Australian Senate Practice As revised by Harry Evans*, 14th Edition 2016, p 513 <<http://www.aph.gov.au/senate/pubs/odgers/preface.htm>>.

⁶ Rosemary Laing (editor), *Odgers' Australian Senate Practice As revised by Harry Evans*, 14th Edition 2016, p 513 <<http://www.aph.gov.au/senate/pubs/odgers/preface.htm>>.

⁷ *Financial Management Act 2006*, s 61(1)-(3).

⁸ See also Treasurer's Instruction 904: *Key Performance Indicators* for further information about disclosure of performance information.

- if covered by a resource agreement, a report on the extent to which the agency achieved any objectives described in the resource agreement⁹
- if a department or statutory authority with an 'affiliated body'¹⁰ or a related body, a report on the affiliated body or any other information required by a written direction given by the Minister.

Department of Treasury model annual reports

- 2.4 The Department of Treasury has published model reports for the purpose of guiding agencies with the preparation of their annual reports.¹¹ These are:
- a Model Annual Report for Departments
 - a Model Annual Report for Net Cost of Service Statutory Authorities¹² for year ended 30 June 2017
 - a Model Annual Report for Commercial
 - a Model Annual Report for Net Cost of Service Statutory Authorities (31 December).¹³
- 2.5 The models' primary focus is to promote consistency and quality in the preparation of financial statements. Treasurer's Instruction 903 assists with other parts of an annual report, particularly its layout. The models' headings are 'Overview, Agency performance, Significant issues impacting the agency, Disclosures and legal compliance.'

Tabling an agency's Annual Report

- 2.6 The annual report and a copy of the Auditor General's opinion on an agency's financial statements and key performance indicators must be submitted to the Minister.¹⁴ The relevant Minister is 'to cause to be laid before each House of Parliament' copies of the Annual Report and the Auditor General's opinion within 90 days of the end of the relevant financial year. For most agencies, the deadline was 28 September 2017.¹⁵
- 2.7 Ministers for 48 agencies advised the House that their annual reports could not be tabled within the prescribed time.¹⁶ The Ministers explained that the last sitting date of the Parliament in September 2017 was 14 September but the Parliament was not scheduled to resume until 10 October 2017. Further, that the alternate tabling provisions in section 83 of

⁹ See also Treasurer's Instruction 808: *Resource Agreement* for further information about disclosure against resource agreements.

¹⁰ See paragraph 3.22 for a definition of 'affiliated body'.

¹¹ The models include the minimum annual reporting requirements of the *Financial Management Act 2006* and Treasurer's instructions.

¹² This Model is intended for use by statutory authorities, that is, those agencies listed in Schedule 1 of the *Financial Management Act 2006*. The format highlights the 'net cost of services' for the reporting period, that is, the total cost of services less any revenue retained by agencies involved in the provision of the services. It excludes items classified as revenues from and payments to Government, for example, service appropriation; resources received free of charge; and Royalties for Regions. Per, Lily Mirco, Senior Financial Advisor, Financial Policy, Department of Treasury, Email, 26 April 2018.

¹³ Department of Treasury, 14 March 2018, viewed 14 March 2018, <http://www.treasury.wa.gov.au/Treasury/Legislation/Model_Anual_Reports/>.

¹⁴ *Financial Management Act 2006*, s 63(2).

¹⁵ *Financial Management Act 2006*, s 64(1). Some agencies, mainly universities and TAFEs, have financial years on a calendar basis. They are required to report by 31 March.

¹⁶ *Financial Management Act 2006*, s 65.

the FMA (tabling with the Clerk) were unable to be effectively utilised in the particular circumstance of 2017.¹⁷ The reports were tabled on 10 October 2017.

3 Examining the Annual Reports

The Committee's approach

- 3.1 The Committee conducted its inquiries in accordance with a Procedure Policy tabled in the Parliament on 9 November 2017 by:
- examining selected Annual Reports
 - opening the Electronic Lodgement System (ELS) for 17 calendar days to enable the submission of a reasonable number of questions prior to hearings to all agencies
 - timely processing of Members' questions submitted to agencies prior to hearings through the ELS
 - conducting hearings with the agencies identified in a timetable tabled in the Legislative Council¹⁸
 - requesting answers to supplementary questions taken on notice during hearings and submitting additional questions after hearings
 - reopening the ELS for additional questions for seven calendar days from the time the hearings commenced.

Process

- 3.2 To assist the Committee in determining which agencies to examine, the Committee authorised Members to consult with their colleagues. Details of the hearings were placed on the Committee's website (www.parliament.wa.gov.au/est).
- 3.3 Hearings were conducted in accordance with the Committee's Procedure Policy and a copy of it was made available on the Committee's website. All Members were notified of the hearings and invited to participate.
- 3.4 Public hearings were held with 14 agencies between 13 and 16 February 2018.¹⁹ They were recorded by Hansard, tweeted and broadcast over the Internet. Transcripts of the hearings were posted on the Committee's website. A list of the agencies the Committee held hearings with and a summary of some of the subjects discussed is set out in Appendix 2.

Procedural matters arising from the hearings

Timing

- 3.5 A theme from this year's hearings was timing around tabling of the annual reports in September and October 2017 juxtaposed with the point at which the Committee found itself in the financial and calendar year. Hon Tjorn Sibma MLC, Deputy Chair, in a hearing with the Insurance Commission of Western Australia explained that:

¹⁷ The House was sitting during the prescribed period. Section 83(1) – the alternate tabling with the Clerk facility only applies if the Minister is of the opinion that that the House will not sit during the prescribed period.

¹⁸ Western Australia, Legislative Council, Standing Committee on Estimates and Financial Operations, Report 72, *2016-17 Annual Report Hearings*, 9 November 2017.

¹⁹ See Appendix 1.

One of the challenges in conducting hearings on annual reports at this time of the calendar and financial year is that significant events take place between our reporting timetable and the committee's capacity to call agencies.²⁰

- 3.6 Significant events in this reporting period included the State Election (with a change of Government), machinery of government changes to agencies (with diaspora of public sector staff)²¹ and the holding of hearings in February 2018 rather than the preferred October or November of a financial year. Some of these factors contributed to issues around currency and relevance of information in the annual reports. Some Members were understandably curious about current information and future plans.

Seeking information beyond the reporting period

- 3.7 There were occasions when Members asked questions of Ministers beyond the reporting period.²² The Chair exercised a degree of latitude in giving the relevant Minister the option to respond where the information was publicly available.²³

Hypothetical questions

- 3.8 On occasion, Members asked hypothetical questions during hearings.²⁴ Although a discouraged practice, the Committee, during a hearing with Synergy gave the following explanation for why hypothetical questions should generally not be taken.

The CHAIR: ... I just want to bring us back to the parameters of these hearings. If we want to have general briefings or information hearings, I am sure that could be facilitated. The point of these hearings is the annual report. If we are not concentrating on the annual report, our time would be better spent with other agencies as well on their annual reports. Having provided that framework, I will go to the minister.²⁵

²⁰ Hon Tjorn Sibma MLC, Deputy Chair, Estimates and Financial Operations Committee, *Transcript of evidence*, 15 February 2018, p 3.

²¹ The machinery of government changes were announced in April 2017 and came into effect on 1 July 2017. Agencies had to consider re-organisation during their annual reporting period.

²² For example, Hon Tjorn Sibma MLC asked Minister Dawson representing the Minister for Transport about the establishment of Infrastructure WA. The Minister allowed the question noting that it strayed into future matters and was not within the parameters of the annual report. See *Transcript of evidence*, 15 February 2018, p 5.

²³ For example, Hon Tjorn Sibma MLC asked the Department of Aboriginal Affairs who has direct reporting authority now to the Minister for matters that ordinarily pertain to the Department of Aboriginal Affairs as it was understood to be pre-machinery of government changes. The Chair ruled that as the question related to the Annual Report's organisational chart, the question could be asked. Hon Stephen Dawson MLC, the Minister representing the Minister for Aboriginal Affairs, allowed the Director General to answer. See *Transcript of evidence*, 14 February 2018, p 5. A second example was when, through the Chair, Minister MacTiernan, Minister for Agriculture and Food, allowed the Deputy Director to speak to the benefits of 'coming together', pre-machinery of government changes, with Fisheries and the former Department of Agriculture and Food. See *Transcript of evidence*, 13 February 2018, p 3.

²⁴ For example, Hon Colin Tincknell MLC asked Hon Stephen Dawson MLC, the Minister representing the Minister for Police, whether there were any plans to extend the Multiagency Investigation and Support Team model in Armadale across the State. The Chair indicated that this was a hypothetical question. However, the Minister said that as the plan had been alluded to earlier in the hearing, he answered that the plan was to extend it into the Midland area. See *Transcript of evidence*, 15 February 2018, pp 5-6. In addition, Hon Nick Goiran MLC asked the Insurance Commission of Western Australia a question around the 80 plus years needed for the catastrophic injury scheme to mature and its funding in the interim. The Chair indicated that this was a 'kind of' hypothetical question but allowed it. See *Transcript of evidence*, 15 February 2018, p 12.

²⁵ Hon Alanna Clohesy MLC, Chair, Estimates and Financial Operations Committee, *Transcript of evidence*, 14 February 2018, p 11.

Straying into policy or briefings

- 3.9 Although Members are entitled to ask Ministers questions of policy, arguably, the place for such questions is not within the annual reports process. As the Chair explained:

The CHAIR: Again, I will point out that this is annual report hearings rather than a general commentary hearing on matters of policy, which we could have as a committee. It is about the agency's performance. It is a retrospective look at the agency's performance based on the annual reports. I will take broader questions to assist with the flow of the hearing, but, Minister, in the context of that, could you please answer?²⁶

- 3.10 Further:

The CHAIR: ... I will point out that these are actually hearings on the annual report, and we probably need to focus on the content of the annual report, rather than hold a free-flowing informal briefing, although it has been very interesting. The purpose of it is to actually look at the performance of the agency based on what is reported in the annual report and, in doing so, also keep in mind that it is difficult for the agency to comment on that as a policy, particularly when the minister is not here. The minister representing needs to make sure that there is some kind of overview on that.²⁷

- 3.11 The Committee is of the view that unique events within this reporting year contributed to Members' lines of questioning and witnesses' responses. These events included a significant turnover of membership of the Legislative Council, Members' personal interests in the subject matters and their designated portfolio responsibilities.

Substantive matters arising from the hearings

Synergy's statement of corporate intent

- 3.12 A statement of corporate intent (SCI) is a public accountability document, either required or expected to be tabled in the Parliament before the commencement of the financial year or early in the financial year. SCIs document the performance agreement between Government and agencies, mainly Government Trading Enterprises, for a given financial year.
- 3.13 The Department of Treasury describes SCIs as statements that provide the basis for accountability of the relevant entity 'in relation to financial and non-financial targets for the following year'.²⁸ The Auditor General describes these self-funding entities as 'operating outside the budget process and at arm's length from Government'.²⁹ SCI information typically includes 'performance targets and other measures by which performance may be judged'.³⁰

²⁶ Hon Alanna Clohesy MLC, Chair, Estimates and Financial Operations Committee, *Transcript of evidence, Synergy*, 14 February 2018, p 12 regarding renewable and traditional energy generation.

²⁷ Hon Alanna Clohesy MLC, Chair, Estimates and Financial Operations Committee, *Transcript of evidence, Synergy*, 14 February 2018, p 4 regarding energy reliability for fringe-of-grid customers.

²⁸ Department of Treasury, Strategic Asset Management Framework, State Trading Enterprises, p 4. See: <https://www.treasury.wa.gov.au/uploadedFiles/Treasury/Strategic_Asset_Management/27_SAMF_GTEs.pdf>. Viewed 20 March 2018.

²⁹ Office of the Auditor General, *Audit Results Report – Annual 2016-17 Financial Audits*, Government of Western Australia, Perth, Report 21, 7 November 2017, p 23.

³⁰ Office of the Auditor General, *Audit Results Report – Annual 2016-17 Financial Audits*, Government of Western Australia, Perth, Report 21, 7 November 2017, p 23 and Part 5, section 99(3)(a) of the *Electricity Corporations Act 2005*.

- 3.14 Generally, SCIs are either required or expected to be tabled before the commencement of the financial year or early in the financial year. The Auditor General reported that Synergy had not tabled its SCI for 2016-17 until 29 September 2016 and for 2017-18, not tabled.³¹ Subsequently, Synergy tabled its SCI for 2017-18 on 10 April 2018.
- 3.15 Against this background, the Committee queried Synergy's recorded after-tax loss of \$12.6 million (a reduction from an after-tax profit of \$32.3 million in 2015-16). Given the absence of data in the annual report, the Committee further queried how that loss corresponded with Synergy's SCI targets in order to accurately assess Synergy's commercial performance.
- 3.16 Synergy acknowledged that unless the targets are known, 'it is very difficult to get a judgment on whether or not we perform well.'³² To assist the discussion, the Committee supplied Synergy with a copy of the SCI and, in later supplementary information, the Minister provided the following table giving six key reasons for the unfavourable variance to budget.³³

Table 1. Supplementary Information A5

| | SCI Forecasts 2016-17 | Actuals 2016-17 |
|---|-----------------------|-----------------|
| Earnings before interest, depreciation, amortisation and tax margin (%) | 6.25% | 5.3% |
| Net profit after tax margin (%) | 0.17% | (0.40%) |
| Return on assets (%) | (0.10%) | (0.50%) |
| Return on capital employed (%) | (0.20%) | (1.00%) |

[Source: Synergy, Supplementary Information, 14 March 2018.]

- 3.17 Synergy explained that it is not possible to provide comparative metrics in its next annual report to assist the Committee making educated assumptions about whether Synergy is meeting or not meeting its targets. This is because Synergy:

does not do comparatives against SCI targets in the annual report.

Unfortunately, the annual report is not for a comparison against planned performance; it is a comparison against a previous year's performance. That is why, for instance, in the annual report we do not report our performance against targets that have been set.

We do that to the board and we do that to the Minister and to Parliament through different mechanisms. But in regard to the annual report, we do not report against targets that have been set for the business.³⁴

³¹ Office of the Auditor General, *Audit Results Report – Annual 2016-17 Financial Audits*, Government of Western Australia, Perth, Report 21, 7 November 2017, p 24.

³² Jason Waters, Chief Executive Officer, Synergy, *Transcript of evidence*, 14 February 2018, p 13.

³³ The reasons were: 1. The combined result of favourable electricity revenue and unfavourable gas revenue. 2. Overall unfavourable variance in direct costs of the combined result of higher electricity purchases offset by lower than budget gas commodity costs. 3. Unfavourable doubtful debt expense. 4. Unfavourable depreciation and amortisation expense, primarily attributable to the closure of Muja AB and a combination of accelerated depreciation, decommissioning and asset impairment charges. 5. Unfavourable net finance costs due to higher than anticipated interest receipts and the non-cash gain on the revaluation of electricity derivatives. 6. Joint ventures contributing lower than expected profit.

³⁴ Karl Matacz, Chief Financial Officer, Synergy, *Transcript of evidence*, 14 February 2018, p 14.

- 3.18 Synergy provides the Minister with a quarterly report against financial performance and operational Key Performance Indicators (KPIs) set, established and compared against the SCI.
- 3.19 The Committee is of the view that Table 1 and its variance explanation would be useful if included in the Annual Report. However, given that this is not possible at present the Committee will consider options for continuing lines of inquiry relating to reporting against SCIs, the annual report structure and regular reporting requirements.

Hearing with the Public Sector Commission

- 3.20 At a hearing with the Public Sector Commission, the Committee questioned the Minister representing the Premier as to why the Salaries and Allowances Tribunal (Tribunal) does not publish its own Annual Report. Responding to a question on notice, the Premier explained that the Tribunal is not subject to the FMA where the statutory requirement to table an annual report is prescribed.³⁵
- 3.21 The Tribunal received a \$906 000 parliamentary appropriation for 2016-17. However, the Committee noted that the Tribunal is not accountable to the Parliament for that appropriation because it is an 'affiliated body' of the Public Sector Commission.
- 3.22 An 'affiliated body' of an agency is defined in section 60(1) of the FMA as:
- (a) a body —
 - (i) that is formed or incorporated by an instrument under a written law or by administrative action; and
 - (ii) that is financially dependent on the agency; and
 - (iii) that is not subject to the operational control of the agency as a consequence of the independent exercise of control over its operations under authority provided for in the instrument that formed or created the body or by subsequent amendment of that instrument; and
 - (iv) that is not a subsidiary body or a related body of an agency nor itself an agency;
 - or
 - (b) a body that is determined by the Treasurer, by written notice given to the agency, to be an affiliated body of the agency.
- 3.23 The Treasurer:
- initially determined the Tribunal to be an 'affiliated body' of the Department of the Premier and Cabinet on 14 May 2008
 - subsequently on 20 January 2009 as an affiliated body of the Public Sector Commission when placed under its administration.³⁶

³⁵ Answer to question on notice B2 asked by Hon Colin Tincknell MLC and answered by Hon Mark McGowan MLA, Premier, 14 March 2018, p 1.

³⁶ Christine Crasto-Carvalho, Principal Financial Advisor, Financial Policy, Department of Treasury, Email, 23 April 2018, p 1.

- 3.24 The concept of an ‘affiliated body’ was first developed under the repealed *Financial Administration and Audit Act 1985* and continued under the FMA. The Department of Treasury advised that:
- The purpose was to capture statutory committees and positions that had statutory operational independence but which, because of their small size, did not warrant them having their own financial powers.
- Broadly speaking, an affiliated body is defined in the FMA as an entity that has operational independence but is subject to a host agency for its financial resources.³⁷
- 3.25 An affiliated body, although financially dependent on an agency, is not subject to its operational control because of the independent exercise of control over its own operations.³⁸
- 3.26 The Department of Treasury further advised that the Tribunal is:
- ‘blurred’ in that while it does not have financial powers under its enabling legislation, the *Salaries and Allowances Act 1975* or the FMA, there is a separate parliamentary appropriation to the Tribunal through the mechanism of a separate Division of the Budget Estimates.
- The separate appropriation emphasises the Tribunal’s independence. However, the small size of the agency could not warrant creating it as an agency for the purposes of the FMA. Consequently, the relationship between the Tribunal and its host agency that provides the Tribunal with corporate and financial services including a bank account has been formalised by determining the Tribunal as an affiliated body.³⁹
- 3.27 The Mental Health Commission has three Treasurer-determined affiliated bodies with funding provided via separate, administered appropriations through the Commission. The bodies are:
- Office of the Chief Psychiatrist on 30 January 2015
 - Mental Health Tribunal on 24 April 2015
 - Mental Health Advocacy Service on 24 April 2015.
- 3.28 The Department of Treasury advised that ‘in every other case, the host agency will need to determine whether it has an affiliated body or not and make appropriate disclosure for annual reporting purposes.’⁴⁰
- 3.29 The Committee noted that the Auditor General’s accounting standards have been met within the host agencies. However, the Committee is interested in how affiliated bodies have acquitted their appropriations. In addition, given the absence of accountability for their

³⁷ Christine Crasto-Carvalho, Principal Financial Advisor, Financial Policy, Department of Treasury, Email, 23 April 2018, p 1.

³⁸ An affiliated body receives more than half its funding and resources from an agency. Department of Treasury, Financial Administration Bookcase, p 282. See <<https://www.treasury.wa.gov.au/FAB/>>.

³⁹ Christine Crasto-Carvalho, Principal Financial Advisor, Financial Policy, Department of Treasury, Email, 23 April 2018, p 1.

⁴⁰ Treasurer’s Instruction 903: *Agency Annual Reports*, at paragraph (6) states that an ‘operational structure’ shall disclose the name of and authority for establishment of each government affiliated body of the agency. Treasurer’s Instruction 951: *Related and Affiliated Bodies*, at paragraph (6) sets out specific disclosure in terms of the identity of the affiliated body, and the nature and, where practicable, the amount or value of financial assistance provided during the financial year by the host agency.

parliamentary appropriations, the Committee will maintain a watching brief on the number and type of affiliated bodies the Treasurer determines.

Member questions

- 3.30 The Committee continued its practice of inviting Members to ask questions of all agencies prior to the hearings, regardless of whether that agency subsequently appeared. The following statistical information in relation to questions is extracted from Appendix 3.
- Overall, 373 questions were asked of 49 agencies.
 - Eight Members electronically submitted 209 questions to agencies prior to hearings.
 - During hearings, the Committee and participating Members asked 97 supplementary questions.
 - After the hearings, six Members electronically submitted 67 additional questions.
- 3.31 Answers to the above questions and supplementary information were uploaded to the Committee's website. Agencies with the highest number of questions asked prior to hearings were the:
- Department of Child Protection and Family Support (19), although not heard
 - Department of Agriculture and Food (18)
 - Mental Health Commission (12), although not heard.

Provision of information to the Parliament

- 3.32 In the 39th Parliament, the Committee conducted a significant inquiry into the provision of information to the Parliament. That report examined the three most frequently cited reasons for why Ministers decide not to give 'certain' information to the Parliament (and, by extension, its Committees).⁴¹ The reasons are:
- cabinet-in-confidence
 - legal professional privilege
 - commercial-in-confidence.⁴²
- 3.33 If a Minister decides that it is reasonable and appropriate not to provide Parliament with 'certain' information concerning any conduct or operation of an agency, then the Minister must cause a written notice of that decision to be laid before each House of Parliament and given to the Auditor General within 14 days of making that decision.⁴³
- 3.34 Since that report, the Committee has routinely presented information in its reports on those occasions when Ministers decide not to provide certain information.

⁴¹ 'Certain' information is not defined in the *Financial Management Act 2006*. During the previous membership of the Committee's scrutiny of the Financial Management Bill 2006, evidence was submitted that after the (then) Department of Treasury and Finance consultation with the Parliamentary Counsel's Office, the word 'certain', in the context of (then) clause 82, meant 'particular'. For example, information of a 'particular' kind or relating to a 'particular' subject matter.

⁴² Western Australia, Legislative Council, Standing Committee on Estimates and Financial Reports, Report 62, *Provision of information to the Parliament*, 19 May 2016. The report is available from the Committee's website at www.parliament.wa.gov.au/est.

⁴³ *Financial Management Act 2006*, s 82.

Cabinet-in-confidence

3.35 On 19 occasions, cabinet-in-confidence was cited as the reason for deciding not to provide requested information. Those occasions related to the Voluntary Target Separation Scheme. The answers were (consistently) that the information could not be provided but would be provided later, during the 2018-19 Budget estimates. Given the three-month proximity of the Annual Report hearings to the 2018-19 Budget Estimates, the Committee took no further action. The Committee noted that both Ministers' and witnesses' answers were consistent with the Auditor General's advice to agencies. That advice states:

A [section 82] notice is unlikely to be required in the circumstance where the Minister has advised that information will be provided at a later date and there is reasonable justification for the delay.⁴⁴

3.36 However, in relation to the decision not to provide a copy of the Taxi Subsidy Scheme Review report, the Committee reminded the Minister for Transport of her section 82 notice obligation.⁴⁵ On 10 April 2018, the Minister tabled the requisite notices in each House and with the Auditor General.

3.37 The Committee took no further action with respect to a request for the tabling of a cost benefit analysis for 14 sub-catchments in the Warren and Donnelly rivers after the Minister advised the document is *Commonwealth* cabinet-in-confidence.

Commercial-in-confidence

3.38 On four occasions, commercial-in-confidence was cited as the reason for deciding not to provide requested information. On one occasion, the Committee reminded the Minister for Health of his section 82 notice obligation. Consequently, the Minister reconsidered the answer and provided the requested information.⁴⁶

Auditor General opinions

3.39 The Auditor General is required to issue an opinion to the responsible Minister for each agency audited on their financial statements, key performance indicators and the 'controls exercised by an agency'.⁴⁷ The opinion relates to an agency's financial statements and, depending on each agency's enabling legislation, may also relate to controls and key

⁴⁴ Office of the Auditor General Western Australia, Audit Practice Statement March 2017, p 17: <<https://audit.wa.gov.au/reports-and-publications/reports/audit-results-report-annual-assurance-audits/audit-practice-statement/>>.

⁴⁵ Supplementary information 1 asked by Hon Aaron Stonehouse MLC and answered by Hon Rita Saffioti MLA, 15 March 2018, p 1.

⁴⁶ This concerned question 3(c) prior to hearings asked by Hon Martin Aldridge MLC and answered by Hon RH Cook MLA on 29 January 2018, p 3. The subject matter of the question was the breakdown of costs per regional palliative care centres. The Minister stated that the information was commercial-in-confidence given that a number of care centres are being provided through contract between the Western Australian Country Health Service and commercial entities. As a result of the Committee's reminder correspondence, the Minister, on reflection, decided that while a commercial relationship does exist, there are currently no commercial-in-confidence issues preventing release of the information to the Committee. The second occasion was in relation to the Department of Lands' land asset sales program where publicising the requested details would place the State at a commercial disadvantage. The third occasion was the Western Australian Electoral Commission regarding the cost of elections conducted for private organisations. The fourth occasion related to the Forest Products Commission's sale of pine pricing details.

⁴⁷ *Auditor General Act 2006*, s 15. Section 15(4) states that 'controls exercised by an agency means the policies and procedures that have been established for the governance and management of the agency by those charged with that governance and management and other staff of the agency.'

performance indicators.⁴⁸ A clear audit opinion indicates satisfactory controls and that the financial statements:

- are materially complete, accurate, comply with relevant legislation and applicable accounting standards
- fairly represent performance during the year and the financial position at year end.⁴⁹

3.40 The opinion forms part of the annual report and a copy of the opinion must be given to the Minister.⁵⁰ The Auditor General reported to the Parliament that he had issued opinions for 158 agencies by 1 November 2017 and qualified opinions to nine agencies for reasons of inaccuracies or deficiencies in their financial statements or KPIs or due to control weaknesses.⁵¹

3.41 The Auditor General gave clear audit opinions on the performance of the 14 agencies the Committee heard. However, the Auditor General reported a matter of significance (which did not warrant a qualified opinion) for the Department of Agriculture and Food in relation to the Western Australian Agricultural Authority.⁵²

Conclusions

3.42 The Committee was satisfied with the conduct of its hearings, the level of attendance and Member participation. Both Government and non-government Members asked a variety of questions. A significant number of subject matters were canvassed in the course of the proceedings and are summarised in Appendix 2.

3.43 The Committee concluded that the 14 agencies' annual reports demonstrate satisfactory performance. No formal inquiries resulted from the process. Further, the Auditor General gave clear audit opinions on the 14 agencies' financial statements, key performance indicators and controls exercised by them.



Hon Alanna Clohesy MLC
Chair

⁴⁸ Office of the Auditor General, *Audit Results Report – Annual 2016-17 Financial Audits*, Government of Western Australia, Perth, Report 21, 7 November 2017, p 11.

⁴⁹ Office of the Auditor General, *Audit Results Report – Annual 2016-17 Financial Audits*, Government of Western Australia, Perth, Report 21, 7 November 2017, p 5.

⁵⁰ *Financial Management Act 2006*, s 64(1)(b).

⁵¹ Office of the Auditor General, *Audit Results Report – Annual 2016-17 Financial Audits*, Government of Western Australia, Perth, Report 21, 7 November 2017, p 5.

⁵² The Auditor General said that the *Biosecurity and Agriculture Management Act 2007* requires the Western Australian Agricultural Authority's activities to be regarded as services under the control of the Department. Consequently, the Department included the Authority's income, expenses assets and liabilities in its financial statements. The Department's financial statements do not separately identify the Authority's transactions. The Auditor General highlighted this arrangement for awareness purposes. See Office of the Auditor General, *Audit Results Report – Annual 2016-17 Financial Audits*, Government of Western Australia, Perth, Report 21, 7 November 2017, p 11.

APPENDIX 1

TIMETABLE OF HEARINGS



TIMETABLE 2016-17 ANNUAL REPORT HEARINGS

| Date | Time | Department | Minister / Parliamentary Secretary |
|--|---------------------------------|---------------------------------------|---|
| Tuesday, 13 February 2018 | 10.00am – 11.00am 1 hr | Department of Agriculture and Food | Minister for Agriculture and Food, Hon Alannah MacTiernan MLC |
| | 11.15am – 12.45pm 1.5 hrs | Department of Regional Development | Minister for Regional Development, Hon Alannah MacTiernan MLC |
| Lunch | | | |
| | 1.45pm – 3.15pm 1.5 hrs | Water Corporation | Minister representing the Minister for Water, Hon Alannah MacTiernan MLC |
| | 3.30pm – 4.30pm 1 hr | Forest Products Commission | Minister representing the Minister for Forestry, Hon Alannah MacTiernan MLC |

| DATE | TIME | DEPARTMENT | MINISTER / PARLIAMENTARY SECRETARY |
|--|---------------------------------|-------------------------------------|---|
| Wednesday, 14 February 2018 | 10.00am – 11.30am 1.5 hrs | Synergy | Minister representing the Minister for Energy, Hon Stephen Dawson MLC |
| | 11.45am – 12.45pm 1 hr | Western Power | Minister representing the Minister for Energy, Hon Stephen Dawson MLC |
| | Lunch | | |
| | 1.45pm – 2.45pm 1 hr | Department of Aboriginal Affairs | Minister representing the Minister for Aboriginal Affairs, Hon Stephen Dawson MLC |
| | 3.00pm – 4.00pm 1 hr | Housing Authority | Minister representing the Minister for Housing, Hon Stephen Dawson MLC |

| DATE | TIME | DEPARTMENT | MINISTER / PARLIAMENTARY SECRETARY |
|---|---------------------------------|--|--|
| Thursday, 15 February 2018 | 10.00am – 11.30am 1.5 hrs | Department of Transport | Minister representing the Minister for Transport, Hon Stephen Dawson MLC |
| | 11.45am – 1.15pm 1.5 hrs | Public Transport Authority | Minister representing the Minister for Transport, Hon Stephen Dawson MLC |
| | Lunch | | |
| | 2.15pm – 3.15pm 1 hr | Insurance Commission of Western Australia | Minister representing the Treasurer, Hon Stephen Dawson MLC |
| | 3.30pm – 5.30pm 2.00 hrs | Western Australia Police | Minister representing the Minister for Police, Hon Stephen Dawson MLC |

| DATE | TIME | DEPARTMENT | MINISTER / PARLIAMENTARY SECRETARY |
|---|----------------------------------|-----------------------------------|---|
| Friday, 16 February 2018 | 10.00am – 11.15am 1.25 hrs | Department of Education | Minister for Education and Training, Hon Sue Ellery MLC |
| | 11.30am – 12.45pm 1.25 hrs | Department of Education continued | Minister for Education and Training, Hon Sue Ellery MLC |
| | Lunch | | |
| | 1.45pm – 2.45pm 1 hr | Public Sector Commission | Minister representing the Minister for Public Sector Management, Hon Sue Ellery MLC |
| | End of hearings | | |

APPENDIX 2

SUMMARY OF TOPICS

13 February 2018: Department of Agriculture and Food

- Valuing healthy soil, clean water, habitat, pollination and other benefits that collectively make up ecosystem services in order to assist in setting priorities for funding.
- The state of soils and their global value as an important economic and environmental asset.
- The SoilsWest Alliance and the priority to be given to research in more niche industries developing higher value production such as regenerative agriculture.
- Regenerative agricultural practices moving into the broadacre area with some intergenerational broad-scale crop farmers embracing a regenerative farming alliance.
- Understanding the microbiome of the soil as the key to unleashing its fertility.
- Re-establishing the Soil and Land Conservation Council after a 15 year hiatus and, in the interim, setting up an advisory ministerial committee.
- Soil salinity assessments de-emphasised as a mega-challenge for the industry in recent times but a drying climate has played to the Department's advantage. Lower winter rainfall means less recharge and filling up of the saline watertable that percolates back to the surface.
- Modest surveillance network of water level and salinity across the southern agriculture zone costing \$300 000 a year used to inform a five-yearly soil sustainability report card.
- Diversion of some resources away from soil salinity to soil acidification.
- Enhancing soil fertility in broadacre agriculture with organic matter rather than inorganic fertilisers to deal with soil acidification then correcting pH imported from Lancelin's coastal lime sands.
- Tomato potato psyllid and Queensland fruit fly in Fremantle.
- Restructuring the department so that three departments, particularly Fisheries and the ex-Department of Agriculture and Food (DAFWA) come together to build capability and capacity across the full biosecurity suite.
- Recipient of the \$500 000 grant for the Broome yards wash-down project to the Yeeda Pastoral Company.
- Fiscal cliff and agriculture losing approximately 40 per cent of its budget from the Consolidated Account.

- Preparation for the integration of DAFWA into Department of Primary Industries and Regional Development.
- Mediterranean fruit fly not yet eradicated.
- The biosecurity and product, integrity service number 5 and what other government funding is included as co-investment.
- Supplies and services in the employee benefits expense and \$44 million income from Royalties for Regions. How Royalties for Regions funded a lot of employment in the Department of Agriculture.
- A trial undertaken using thermal sensors attached to aircraft and drones to detect feral pigs.
- The Regulatory Burden Reduction project task force to reduce red tape and increase competitiveness, for example, the closure of the Potato Marketing Corporation.

13 February 2018: Department of Regional Development

- \$27 million on projects such as the Kimberley and Pilbara schools; the three year Martu lands Jiji project funded by private philanthropy; Carnarvon Community College and the Kalgoorlie–Boulder Community High School.
- \$90.4 million for community, culture and the arts projects that deliver jobs.
- \$3.33 million allocated in 2016 to the country local government fund that ran for three years.
- Compensation of key management personnel.
- Headworks for the southern forest irrigation scheme and the separation of water allocations managed by the Department of Water from the irrigation scheme itself.
- The actual versus results budget targets variance for the approved salary expense level and the additional \$360 000 salary expenditure relating to the WA Open for Business unit from Royalties for Regions.
- \$13 million budgeted for the 101 Community Resource Centres Network.
- \$8 million budgeted for the proceeding two years after next year for community resource centres that perform tasks as banks, post offices, Centrelink and Medicare leave towns but the accelerated level of expense is unsustainable.
- The \$20 million Pilbara town-based reserves initiative managed by the Pilbara Development Commission.
- A reform unit visiting nearly all the 274 remote communities with permanent residents.

- Horizon Power and private solar providers working with Indigenous groups, to provide a cost-effective method of renewable energy.
- Office of the Director General role to internally audit conduct of staff regarding adherence to proper public service standards, for example recruitment procedures and procurement, use of credit cards, staff issues and HR processes (not administration of projects).
- Grants and subsidies decreasing from \$186 million to \$31 million due to the regional-specific revitalisation initiatives under the regional infrastructure headworks fund.
- A single year tenfold increase in regional grants scheme subsidies in Aboriginal initiative and community resource network funding from \$532 000 to \$5.75 million explained by bringing forward the post-election year into the pre-election year.
- How the comprehensive review of the Royalties for Regions program was a process not a single document.
- Restricted cash and equivalents and unspent cash for the royalties for the Royalties for Regions fund.
- The role of regional development commissions.

13 February 2018: Water Corporation

- Current operations and the potential of desalination plants as part of Western Australia's water supply.
- Future water source options and preliminary studies undertaken for a third desalination plant.
- Upgrade of the Subiaco wastewater treatment plant.
- 4 400 Facebook and Twitter interactions, 6 010 web chat instances with the majority related to 'Kep' (Noongar for 'water'), a spaniel sniffer dog detecting water leaks in the regions.
- Customers who have applied to the government for the hardship utility grant scheme to pay water bills.
- Bulk water supplies to irrigation co-operatives.
- The environmental performance of the Corporation's electricity consumption given that consumption per unit of output has increased year on year since 2013 explained by less water into dams and more manufactured water.
- Co-generation of electricity facilities at Woodman Point and Binningup using gases that are a by-product of the wastewater treatment process to generate electricity.
- Some renewable resources through solar at remote bore fields for pumping stations with diesel back-up.

- The impact of decreased developer contributions to explain why the projected and operating surplus of \$744 million fell short by \$36 million.
- Debt servicing with 85 per cent of surplus paid as a dividend to Government.
- Population, climate change and garden usage are variables in future infrastructure planning.
- 'De-bottlenecking' desalination plants. Doubling groundwater replenishment plant increase inflows from 14 to 28 gigalitres at the Beenyup wastewater treatment plant near Craigie since October 2017.
- Other aquifer recharge programs at Subiaco and Woodman Point. Into the future Alkimos wastewater treatment plant.
- The cleanliness of water from wastewater plants derived from the aquifer is virtually desalinated water but purer once buffered.
- The 'Pipes for Perth' project replacing 100-year-old cast iron pipes in the western suburbs with 100 kilometres completed to date.
- The practice of 'running assets to failure' given the prohibitively cost expense of proactive asset renewal.
- The poor condition of the 1960s and 70s farmland scheme pipes.
- The meter renewal program to replace 950 000 meters over a 15-year period with 70 000 in the first year with an expected life of 15 years.
- The proportion of non-revenue or unaccounted for water that is associated with metering is approximately 25 to 30 per cent of the total associated with metering.
- Automated meter reading via networked arrangements installed in Kalgoorlie and the Pilbara with a small number around the metropolitan area.
- 97 trainee positions. 17 are Aboriginal apprentices and 63 certificate II or III in water industry operations trainees, 23 of whom are Aboriginal. Seven school-based water industry trainees, five of whom are Aboriginal.
- 38 university graduates in the graduate development program of which two are hydrographer trainees. 32 engineering vacation students. Not all graduates are engineering: some scientists, an Human Resources person and an economist.
- The Reconciliation Action Plan 2015-18.
- The country infill sewerage program (currently on hold) with the residual projects being expensive per dwelling.

13 February 2018: Forest Products Commission

- Stressors on the remaining southwest forests. Whether it might not be reasonable to expect the Commission to profit. Instead, sustain the forest for its ecological health.
- Accounting standards and treating the valuation of three forest sectors through profit and loss statement given that each forest sector has its own unique valuation characteristics.
- Loss of confidence in the industry due to fires that stopped harvesting, a major customer exit, major customers suspending operations for a time and a recent sawmill closure in 2018.

- Impact of a declining housing market on the softwood market.
- Spending between the three forest sectors of \$94 million in regional WA.
- 80 000 hectares of softwood plantations, how the softwood industry strategy is delivering and pursuing market opportunities for new land areas.
- Planting 3.5 million seedlings and aiming for a 98 per cent survival.
- The Eradicat trials on feral cats in the southern karri forest.
- Youth (15 to 24-year-olds) employment in the South-west.
- The Aboriginal ranger program at Credo station.
- An excellent sandalwood year in 2016 (absent in 2017 as contracts were terminating).
- Sandalwood theft and Commonwealth legislation to control theft. The development of a chain of custody process to ensure legally harvested wood can be tracked through the production chain and remove processes where illegal wood can be laundered through the system.
- Quantities of hardwood, particularly jarrah logging and their average bole size.
- 8 800 hectares harvested out of a total accessible area of 850 000 hectares (one per cent) and the average harvest interval the Commission is managing in the removal of additional old-growth forest.
- The future of the 530-hectare Barrabup area coupe since the assessment of 43 hectares considered old growth in amongst the whole forest.
- The Forest Industry Working Group securing \$500 000 to support a timber industry development plan of four projects coming to fruition and branding work with the timber industry for branding high-value wood products.

14 February 2018: Synergy

- Wastewater leakage from a storage dam at the Kwinana power station site.
- Decommissioning provision in the financial statements.
- Expectations for electricity sales.
- Electric vehicles.
- Community-scale renewable energy projects.
- Coal supply arrangements with Premier Coal.
- Renewable energy supply in Western Australia.
- Market arrangements for generation 'capacity'.
- Muja power stations.
- Measuring performance against the Statement of Corporate Intent.
- Depreciation of assets.
- Indigenous employment.
- Electricity prices.
- Hardship utilities grants scheme.
- Service disconnections.

- Provisions for bad and doubtful debts.
- Customers moving off the electricity grid.

14 February 2018: Western Power

- Partnership with the TAFE system to deliver electro-technology courses.
- Performance measures for supply and availability.
- Six standalone power stations near Ravensthorpe.
- Future revenues.
- Tariff equalisation fund.
- Performance measures for replacing wood poles.
- Standalone battery and inverter in Perenjori.
- Staff numbers and employment of contractors.
- Debt repayment.
- Working capital facility.
- Customers moving off the electricity grid.
- Increase in the value of property, plant and equipment.
- Open market value of Western Power.
- Access Arrangement 4.
- Increase in borrowing costs and sensitivity analysis for changes in borrowing costs.
- Apprenticeships.
- Indigenous employment.

14 February 2018: Department of Aboriginal Affairs

- 15 666 heritage sites under the *Aboriginal Heritage Act 1972* not yet assessed by the Aboriginal Cultural Material Committee.
- The cashless debit card trial extension in the East Kimberley—Kununurra and Wyndham showing considerable positive impact on reduction of alcohol consumption and gambling in both trial sites but no improvement in crime statistics.
- Prescribed body corporates and Aboriginal organisations administering their own heritage administration and management.
- Repositioning of the Department within the new Departments of Planning, Lands and Heritage; Communities; and Local Government, Sport and Cultural Industries.
- 17 Noongar standard heritage agreement workshops with 128 national standard heritage agreements executed by the South West Aboriginal Land and Sea Council and 36 of those with government departments.
- The absence of specified callings for anthropologists or archaeologists.
- Vacant, difficult to fill, anthropologist position on the Aboriginal Cultural Material Committee.

- 128 national standard heritage agreements executed by the South West Aboriginal Land and Sea Council and 36 of those are with government departments, outcomes for heritage protection.
- Staff satisfaction survey revealing 26 per cent claim of subject to bullying.
- Decrease in processing time for section 18 applications compared to the prior year.
- Reporting achievement against operational plans and the 82 per cent of instances the Department met.
- Comparing 27 per cent departmental Aboriginal employment with 2.7 per cent in the public sector and barriers for Aboriginal employees in higher level and management positions.
- The \$56 000 royalties for regions partly used to attract government staff to regional areas in the form of district allowances.
- Data integrity of Aboriginal site boundaries or site locations.

14 February 2018: Housing Authority

- Broome North Primary School participation in the four year transitional housing program rolled out in Kununurra, Halls Creek and Derby.
- The trending down of average priority-listed waitlist time from 71 to 54 weeks since 2014-15.
- Singles and couples over the age of 55 years are considered to be 'seniors'.
- The ten-year *National Agreement on Remote Indigenous Housing* substantially decreased from \$163 million to \$50 million and expiring in 2018.
- Nitrate water contamination in remote Aboriginal housing.
- Alternative water treatment plants in the Bidydanga and Tjuntjuntjara communities.
- Civil works tenders underway for the Manjimup Seniors Living Project funded out of Royalties for Regions.
- An increasing ratio of housing assistance to the rental waiting list.
- Priority for housing is being at risk of homelessness; that current accommodation exacerbates or aggravates a medical illness or other ailment and no other viable housing options.
- Demographic profile of the 1 500 people presently recorded on the priority waitlist.
- Distribution of wait times for applicants housed who have been waiting five years or more.
- The affordable housing strategy for assisting a minimum wage applicant into private home ownership.
- Working collaboratively with not-for-profit service providers to provide pathways to transition people from homeless shelters into longer term, stable accommodation. For example, the *50 Lives 50 Homes* program.
- The \$1.2 billion one-third divestment of the Keystart loan book to Bendigo and Adelaide Bank, which paid down Treasury Corporation debt.

- The low, default rate of Keystart's low deposit loans and charging an average interest rate of the big four banks.
- The on-schedule Hainsworth housing project for first homebuyers, families and downsizers on the former Hainsworth Primary School site in Girrawheen.

15 February 2018: Department of Transport

- Review of the 'Transport @ 3.5 Million—Perth & Peel Transport Plan for 3.5 Million People and Beyond' and the Government's rail and land-use planning changes. Its two and half year development cost.
- Customer feedback as a driver of change such as digitising services.
- The taxi-user subsidy scheme; its review and options for incorporating reform of the on-demand transport industry into the scheme.
- The \$27.5 million transition assistance package for taxi operators rolled out from October 2016 noting that between 29 October 2016 and 31 March 2017, \$19.7 million paid to 1 009 taxi-plate owners.
- Doubling of trade payables with timeframes set by Treasurer's instructions.
- Seventh year of joining the Department with (1) Main Roads and (2) the Public Transport Authority continuing to require separate annual reports because the two latter agencies exist under separate legislation.
- Transport of containerised freight on rail rather than on road not quite meeting the target.
- 98 129 registered vessels and the KPI set below the three previous years related to the rate of incidents on the water.
- Licensing services delivered in remote areas.
- Unbundling the costs associated with steps involved in obtaining a learner's permit and driver licence.
- The user-pays alcohol interlock scheme and administration costs for the 213 drivers relying on interlock-restricted drivers' licences. 18 drivers successfully completed the scheme.
- How national and international research indicates that alcohol interlocks are effective in reducing drink-driving re-offending by an average of 64 per cent.
- Metronet projects under project development: the Thornlie–Cockburn link, Yanchep rail extension, Morley–Ellenbrook line, Byford and Midland rail extension, a new Midland station, Karnup station, level crossing removals and railcar procurement.
- Drivers of the \$15.5 million 'Amounts receivable for services' representing the non-cash component of service appropriation explained as keeping cash for depreciation where the depreciation component represents cash held by Treasury on the Department's behalf.
- Conclusion of the tender process for the Perth–Carnarvon–Monkey Mia and Perth–Northern Goldfields regulated air routes.
- \$24 million distributed to the Perth parking levy; \$5.998 million to the Public Transport Authority for CAT bus replacement, \$12 million for completion of the Perth Busport, \$15.009 million for actual recurrent funding and services.

- Licensing or policing of drone use in Western Australia undertaken by Civil Aviation Safety Authority.
- A series of reviews into the effectiveness of the Perth parking levy in driving public transport patronage.
- Construction of a public jetty designed to provide vessel access to transfer approximately 1 000 patrons on Perth Stadium event days.

15 February 2018: Public Transport Authority

- Surveys and other engagement with potential commuters about reducing the use of road and rail services noting that KPIs for usage have dropped for the past five years.
- Plans, timeframes and costs for the new Karnup station.
- Falling patronage and modelling the emergence of on-demand transport services.
- Absence in the accounts of a series of payments regarding the Merredin transfer fee pursuant to the 1967 agreement between the Government and CBH due to responsibility for the payment being transferred with the sale of the business to the below-ground leaseholder.
- SmartRider bus services in nine regional towns.
- SmartRider free travel utilised by WA seniors, aged, disability pensioners, carers and veterans.
- SmartRider production costs.
- 'Cash and SmartRider initial boardings' statistics for cash fares, SmartRider fares and free travel fares.
- Building Metronet in both a pressing period and in a climate of budget restraint.
- Metronet progress made in respect of finalising the Thornlie and Yanchep rail extensions. Preliminary business cases transmitted to Infrastructure Australia 2 August 2017.
- Metronet and proposed remediation of level crossings at Denny Avenue (\$69 million funded), Oats, Wharf and Caledonian streets out of 31 crossings.
- \$7.852 million income from bus, train and static poster advertising decreased by 160 000 reactive of market fluctuations.
- Whether there is a registry of all advertisements approved on Transperth buses.
- The Authority's advertising policy and its 2020 review date.
- Absence of intellectual property right income or recognition with Transperth's model copied into Singapore because global public transport organisations are cooperative in sharing information about delivering services.
- Regional community engagement sessions typically at shopping centres or community centres.
- Expiry of the current bus fleet 10 year supply contract in mid-2019 for 1 470 buses with 500 using compressed natural gas and a life of approximately 18 years.
- Retrofitting child check alarms at the rear of orange school buses where, if the driver does not physically walk to rear of the bus and press a button, an alarm will sound when the driver exits the bus.

- Cost to purchase 10 three-car B-series trains for the Forrestfield–Airport Link (FAL). How the 10 are not just for the FAL service but will be absorbed into providing fleet capacity to run the network.
- Completion of the business case to procure a new ferry.
- \$404 695 paid to Painted Dog Research for the annual passenger satisfaction monitor, an extensive 27-year engagement exercise with Transperth passengers.

15 February 2018: Insurance Commission of Western Australia

- \$2.2 billion of prior claims. That is, the Commission’s outstanding claim liability amount from persons injured in crashes in past years.
- 28 claims under the new, catastrophic injury scheme needing an average of \$4.9 million for lifetime care cover. Half-year results show a \$55 million underwriting loss for the scheme but investment returns cover. The scheme will fluctuate and not mature for 80-plus years.
- Claims harvesting increasing globally from cold-calling international call centres. The Commission closely examines claims generated by submissions from New South Wales law firms given the logic that somebody injured in a motor vehicle accident in Western Australia is engaging a Sydney law firm.
- Transfer of \$95 million from the Insurance Commission general fund to the motor vehicle catastrophic injuries is not new revenue.
- The premium revenue increase of \$131 million.
- Improvement in investment income of approximately \$400 million due to 20 per cent international equities, 20 per cent domestic equities and 22 per cent cash.
- The Bell Group litigation and potentially another 15 years of litigation before resolution of the contested \$1.8 billion amongst five creditors and some unknown holders of bearer notes. \$200 million advanced to the liquidators. The Commission’s litigation costs of \$9.59 million in the reporting period compared with \$4.4 million previously.
- The return of \$97.7 million capital out of RiskCover derived by allowing the RiskCover fund to maintain a solvency level of 135 per cent. The solvency ratio and the buffer allows large one-off catastrophic events to protect Government.
- Minor injury claims cost is \$20 million and 3 000 to 4 000 large claims runs to \$450 million plus.
- Profit from the insurance operations of \$20 million.

16 February 2018: WA Police

- Seizure of offenders’ crime derived profits through a specific confiscation account.
- The Perth watch house body scanning device searching for suspicious items.
- Effectiveness indicator targets, in particular, the percentage of sworn police officer hours available for frontline policing duties.
- The unchanged, Frontline 2020 program but with a review underway into the metropolitan area method of deploying police.

- Methamphetamine and counter-terrorism preparedness are significant issues impacting WA Police.
- Reasons for choosing Armadale for the establishment of a multiagency investigation and support team with Parkerville Children and Youth Care Inc as a partner. Planning for an extension into the Midland area.
- Abolition of the director of media and corporate communications position.
- The Aboriginal cadet program with a future intention to deploy them in remote regional centres.
- Domestic violence case studies and their key performance indicators.
- The separation of a 'crime' incident report for a family and domestic violence incident from a 'general' incident report where there is no crime identified within that incident.
- Homicide rates because of family and domestic violence.
- 100 years of women in policing.
- Unchanged categorisation of types of offences against a person but enhanced counting rules for national standards following Australian Bureau of Statistics statisticians providing in-house support.
- Key performance indicators and the processes for setting targets with the census providing recent information about population and demographics.
- Settings of key performance indicators not ordinarily changed within a financial reporting year but any adjustments at a midyear review go through the Expenditure Review Committee.
- The increase in reported offences against people from 2014–15 is due to population changes and methamphetamine use and abuse.
- The disproportionate, higher prevalence of persons with a methamphetamine addiction as a driver of theft and other such crime types compared to South Hedland detainees with a higher rate of alcohol abuse incidents.
- National wastewater testing dataset against 13 drug types with methamphetamine use in Western Australia's regional centres the highest and Perth metropolitan area is the second highest in the country.
- Uncollated recidivist rates for those caught by red-light and mobile speed cameras due to an absence of algorithms built into the computer system to run that data collection.
- Accommodation currently operating well beyond designed specification. Frequency and length of outages associated with aged assets: (1) an incident management recording system and (2) an intelligence data management system.
- WA Police's radio voice network complemented by the computer aided dispatch and the cost of supplying replacement infrastructure in (particularly) the Pilbara, Midwest, Goldfields, Great Southern and South-west districts.
- Conducting an operational counterterrorism exercise with WA Police as the lead agency as well as participating across a spectrum of different exercises.
- The mental health co-response trial.

16 February 2018: Public Sector Commission

- The Chief Executive Officer (CEO) performance management process including the performance agreement element.
- Letters of achievement process that agency CEOs were directed to submit in lieu of standard arrangements effectively, an assessment of the previous former Government period.
- Statutory reporting obligations of the Salaries and Allowances Tribunal and the absence of an annual report.
- Role of the Commission, through the *Public Sector Management Act 1994*, in preparing machinery-of-government reforms.
- 113 registrants (bodies corporate or firms). 251 listed lobbyists (individuals) who must declare they are a fit and proper person to be a registered lobbyist and whether any complaints made.
- Whether the Commission undertakes any proactive role for ensuring that lobbyists are adhering to registration requirements, including the code of conduct. Noting that the Commissioner has no investigatory arm in respect of the register.
- 17 Commission information sessions informing chiefs of staff and ministerial officers about misconduct prevention and ethical decision-making.
- Absence of assessing impact of machinery-of-government changes on employee wellbeing and morale.
- Transgender-inclusive workplaces are the responsibility of the substantive equality framework that every agency considers.
- Three recorded change initiatives (service priority review; special inquiry into government programs and projects to help with better decision-making and financial consequences associated with government programs and projects).
- Measuring the Commission's desired outcomes by surveying 124 core clients.

APPENDIX 3

DATA ON QUESTIONS ASKED

| Agency | Questions prior to hearing | Supplementary information | Additional questions |
|---|----------------------------|---------------------------|----------------------|
| Department of Aboriginal Affairs | 1 | 3 | 1 |
| Department of Agriculture and Food | 18 | 7 | 0 |
| Department of Education | 7 | 14 | 4 |
| Department of Regional Development | 2 | 4 | 4 |
| Department of Transport | 7 | 9 | 6 |
| Forest Products Commission | 11 | 5 | 14 |
| Housing Authority | 4 | 2 | 0 |
| Insurance Commission of Western Australia | 2 | 1 | 5 |
| Public Sector Commission | 8 | 8 | 0 |
| Public Transport Authority | 0 | 11 | 6 |
| Synergy | 0 | 8 | 7 |
| Water Corporation | 4 | 5 | 1 |
| Western Australia Police Force | 10 | 17 | 5 |
| Western Power | 0 | 3 | 5 |
| Commissioner of Main Roads | 8 | N/A | 0 |
| Department of Attorney General | 2 | N/A | 1 |
| Department of Child Protection and Family Support | 19 | N/A | 7 |
| Department of Commerce | 4 | N/A | 0 |
| Department of Corrective Services | 1 | N/A | 0 |
| Disability Services Commission | 3 | N/A | 0 |

| Agency | Questions prior to hearing | Supplementary information | Additional questions |
|--|-----------------------------------|----------------------------------|-----------------------------|
| Department of Fire and Emergency Services | 6 | N/A | 0 |
| Department of Fisheries | 8 | N/A | 0 |
| Department of Health | 7 | N/A | 1 |
| Department of Lands | 4 | N/A | 0 |
| Department of Local Government and Communities | 3 | N/A | 0 |
| Department of Mines and Petroleum | 1 | N/A | 0 |
| Department of Premier and Cabinet | 3 | N/A | 0 |
| Department of Treasury | 1 | N/A | 0 |
| Department of Water | 6 | N/A | 0 |
| Gascoyne Development Commission | 2 | N/A | 0 |
| Goldfields-Esperance Development Commission | 2 | N/A | 0 |
| Great Southern Development Commission | 2 | N/A | 0 |
| Horizon Power | 1 | N/A | 0 |
| Kimberley Development Commission | 2 | N/A | 0 |
| Mental Health Commission | 12 | N/A | 0 |
| Mid West Development Commission | 3 | N/A | 0 |
| Office of the Auditor General | 1 | N/A | 0 |
| Office of the Environmental Protection Agency | 1 | N/A | 0 |
| Peel Development Commission | 2 | N/A | 0 |
| Pilbara Development Commission | 2 | N/A | 0 |
| Racing and Wagering Western Australia | 10 | N/A | 0 |
| South West Development Commission | 2 | N/A | 0 |
| WA Country Health | 2 | N/A | 0 |

| Agency | Questions prior to hearing | Supplementary information | Additional questions |
|---|-----------------------------------|----------------------------------|-----------------------------|
| Western Australia Electoral Commission | 4 | N/A | 0 |
| Western Australian Land Authority | 2 | N/A | 0 |
| Western Australian Land Information Authority | 3 | N/A | 0 |
| Western Australian Tourism Commission | 3 | N/A | 0 |
| Wheatbelt Development Commission | 2 | N/A | 0 |
| WorkCover WA | 1 | N/A | 0 |
| Total | 209 | 97 | 67 |

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:

'3. Estimates and Financial Operations Committee

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

3.2 The Committee consists of 5 Members, 3 of whom shall be non-Government Members.

3.3 The functions of the Committee are to –

(a) consider and report on -

(i) the estimates of expenditure laid before the Council each year;

(ii) any matter relating to the financial administration of the State; and

(iii) any Bill or other matter relating to the foregoing functions referred by the Council;

and

(b) consult regularly with the Auditor General.'



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