



THIRTY-SEVENTH PARLIAMENT

REPORT 11

**STANDING COMMITTEE ON ESTIMATES AND
FINANCIAL OPERATIONS**

**BUDGET OF THE OFFICE OF THE AUDITOR
GENERAL**

Presented by Hon Giz Watson MLC (Chair)

February 2008

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 Sheila Mills MLC

Hon Ken Travers MLC (Deputy Chair)

Hon Helen Morton MLC

Hon Brian Ellis MLC

Staff as at the time of this inquiry:

Lisa Peterson, Advisory Officer (General)

Lisa Parrella, Committee Clerk

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REPORT OF THE STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

IN RELATION TO THE

BUDGET OF THE OFFICE OF THE AUDITOR GENERAL

- 1.1 The *Auditor General Act 2006* provides that a Joint Standing Committee on Audit (**Joint Committee**) be established comprising of an equal number of members appointed by each House.¹
- 1.2 The Estimates and Financial Operations Committee (**Committee**) notes that the Joint Committee has yet to be established, however, it is proposed that Members from the Committee be appointed to the Joint Committee.²
- 1.3 One of the functions of the proposed Joint Committee is to make recommendations to the Treasurer in relation to the budget of the Office of the Auditor General (**OAG**) for a financial year.³
- 1.4 In the absence of the Joint Committee and in order to fulfil that function, the Committee resolved to provide the Auditor General with an opportunity to make a submission on the budget of the OAG for the 2008/09 financial year, with a view to making a recommendation to the Legislative Council and/or the Treasurer on the budget of the OAG.
- 1.5 Mr Colin Murphy, Auditor General, welcomed the opportunity to provide a submission to the Committee, as he saw it as an important aspect of the new *Auditor General Act 2006*:⁴

Certainly the issue that you raised - the issue around our budget in particular - is a particularly important one. I believe the provisions of the new legislation are a very important element in protecting the independence of the Office of the Auditor General and making sure that it is resourced properly.

- 1.6 The OAG has requested a budget appropriation of \$16.637 million for 2008/09. The Committee has considered the request and endorses the appropriation.

¹ Section 43, *Auditor General Act 2006*.

² Order of the Day No 387, Joint Standing Committee on Audit, 21 March 2007.

³ Section 44, *Auditor General Act 2006*.

⁴ Mr Colin Murphy, Auditor General, Office of the Auditor General, *Transcript of Evidence*, 12 February 2008, p1.

- 1.7 The Committee was advised by the Auditor General that he had submitted the 2008/09 budget for the OAG to the Treasurer. He further advised that the Department of Treasury and Finance have indicated that the requested appropriation has been approved. Accordingly, there are no significant matters outstanding in relation to the 2008/09 budget for the OAG.⁵
- 1.8 When asked “will that be sufficient for you to carry out all the functions that you believe are necessary for your office to carry out?”, the Auditor General advised:⁶

That is exactly the case. That is our best view of what we will need. We are quite pleased about that because in previous years, as you can see from the table on page 1, every year we have needed to go back to seek supplementary funding just to maintain services. I have been keen, as has Sandy, to get our budget on a sustainable basis, which actually provides the funding that we think we will need for that year and future years.

Recommendation 1: The Committee recommends that the Legislative Council note the Estimates and Financial Operations Committee’s endorsement of a budget appropriation of \$16.637 million to the Office of the Auditor General for 2008/09.

Recommendation 2: The Committee recommends that the Treasurer note the Estimates and Financial Operations Committee’s endorsement of a budget appropriation of \$16.637 million to the Office of the Auditor General for 2008/09.



**Hon Giz Watson MLC
Chair**

Date: 20 February 2008

⁵ Tabled Paper No 1, ‘Briefing from the Auditor General for the Legislative Council Standing Committee on Estimates and Financial Operations 12 February 2008, 10.00am’, pp1-2.

⁶ Mr Colin Murphy, Auditor General, Office of the Auditor General, *Transcript of Evidence*, 12 February 2008, pp4-5.