

LEGISLATIVE ASSEMBLY



WESTERN AUSTRALIA

1999

**PUBLIC ACCOUNTS AND EXPENDITURE  
REVIEW COMMITTEE**

**REPORT OF ACTIVITIES**

**MARCH 1997 - FEBRUARY 1999**

**REPORT NO. 41**

**May 1999**

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**REPORT NO. 41**

Presented by:

**Mr M.W. Trenorden, MLA**

Laid on the Table of the Legislative Assembly  
on Thursday, 6 May 1999

**ORDERED TO BE PRINTED**

*Report of Activities 1997 - 1999*

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## **COMMITTEE'S FUNCTIONS AND POWERS**

The Committee obtains its powers and functions from the Standing Orders of the Legislative Assembly. Standing Order 412(1) states that the functions of the Committee are -

... to inquire into, consider and report to the Parliament on any proposal, matter or thing connected with the receipt and expenditure of public moneys, including moneys allocated under the Annual Appropriation Bills and the Loan Fund.

Moreover the Committee is empowered by Standing Order 412 (2) -

- (a) to examine the public accounts transmitted to the Assembly by the Auditor-General;
- (b) to examine the financial affairs and accounts of Government agencies of the State whether or not such accounts have been audited by the Auditor-General;
- (c) to examine all reports of the Auditor-General, copies of which have been laid before the Assembly;
- (d) to inquire into, and report to the Assembly on any question which -
  - (i) it deems necessary to investigate;
  - (ii) is referred to it by a resolution of the Assembly;
  - (iii) is referred to it by a Minister of the Crown, or
  - (iv) is referred to it by the Auditor-General;
- (e) to report to the Assembly from time to time, any alteration which the Committee thinks desirable on any matter relating to the form of those accounts, or in the method of keeping them or in the mode of receipt, control, issue or payment of public moneys;
- (f) to inquire into expenditure by a Minister of the Crown made without Parliamentary sanction or appropriation and report to the Assembly from time to time, upon any matter connected with that expenditure which the Committee considers ought to be brought to the notice of the Assembly;
- (g) to consider any papers on public expenditure presented to the Assembly and such of the expenditure as it sees fit to examine; and
- (h) to consider whether the objectives of public expenditure are being achieved, or may be achieved more economically.

*Report of Activities 1997 - 1999*

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## **MEMBERS OF THE COMMITTEE**

|                        |                           |
|------------------------|---------------------------|
| <b>Chairman</b>        | Mr M.W. Trenorden, MLA    |
| <b>Deputy Chairman</b> | Mr L. Graham, MLA         |
| <b>Members</b>         | Mrs M.R. Holmes, MLA      |
|                        | Ms A.J.G. MacTiernan, MLA |
|                        | Mr I.F. Osborne, MLA      |

## **COMMITTEE STAFF**

|  |                       |
|--|-----------------------|
| <b>Senior Research Officer / Secretary</b> | Mr Andrew Young       |
| <b>Research Officer</b>                    | Ms Amanda Millsom-May |
| <b>Research Officer</b>                    | Ms Stefanie Dobro     |
| <b>Secretary/Stenographer</b>              | Mrs Patricia Roach    |

## **COMMITTEE ADDRESS**

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## **CHAIRMAN'S PREFACE**

Mr Speaker,

I am pleased to present the Public Accounts and Expenditure Review Committee's Report of Activities, March 1997 - February 1999. The reporting period was extremely productive for the Committee and it conducted 54 meetings, took evidence from 84 witnesses and tabled 42 report findings and 23 report recommendations.

The Committee's achievements included the tabling of six reports and two discussion papers. Most notably was the Committee's Report No. 36 on the Western Australian Tourism Commission Sponsorship Agreement with Global Dance Foundation Inc. The report was the culmination of one of the most highly publicised inquiries ever undertaken by the Committee and I would like to acknowledge the professional manner with which Members undertook what was a difficult and complex inquiry.

The Committee also commenced a number of other inquiries and activities which are still in progress and which it hopes to complete during 1999-2000. In particular, the Committee's inquiry into Government in an Online Environment has been in progress during the reporting period and has involved the conduct of a number of informal briefings as well as a number of formal hearings with experts in the area of online services. In September 1997, the Committee travelled to North America to examine environments where governments were already online and the benefits afforded by this shift. The Committee expects to table this report within the next few months.

The Committee also conducted an interim inquiry into the State Budget Estimates Information and Process which culminated in a Report in December 1998. The Committee looks forward to an even more extensive review of the budget estimates information and a final report during 1999.

In early 1997, the Committee became the host State of the Australasian Council of Public Accounts Committees (ACPAC). This role entailed the conduct of a mid-term meeting of the Council in February 1998 and a Biennial Conference in February 1999. The Conference was a particular highlight and success for the Committee and was attended by 68 delegates comprising Public Accounts Committees and Auditors-General representatives from all of the States and Territories of Australia, in addition to delegates from Papua New Guinea, New Zealand, United Kingdom and Canada.

In conclusion, the Committee's achievements and activities would not have been possible without the commitment of my fellow Members and I thank them for their contribution.

Finally, I would like to place on the record my appreciation to the staff of the Committee, Senior Research Officer, Mr Andrew Young, Research Officers, Ms Amanda Millsom-May, Ms Kirsten Robinson and Ms Stefanie Dobro, and Mrs Patricia Roach for her secretarial assistance in the production of this report.

MAX TRENORDEN, MLA  
CHAIRMAN

*Report of Activities 1997 - 1999*

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## OVERVIEW OF ACTIVITIES

### MARCH 1997 - FEBRUARY 1999

| DESCRIPTION                              | ACTIVITY                         |
|--|----------------------------------|
| Deliberative Meetings Held               | 54                               |
| <sup>1</sup> Witnesses Appearing         | 84                               |
| Reports Tabled                           | 6                                |
| Discussion Papers Tabled                 | 2                                |
| Report Findings Tabled                   | 42                               |
| Inquiry Recommendations Tabled           | 23                               |
| Meetings /Forums Conducted               | 3                                |
| Conferences / Seminars Attended          | 3                                |
| External Provider Training               | 2                                |
| Travel in Support of Committee Inquiries | 1 Intra-State<br>1 International |

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<sup>1</sup> See Appendix One.

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 APPOINTMENT OF THE COMMITTEE

On the establishment of the 35th Parliament, the Committee was appointed with the following membership:

Mr L. Graham, MLA  
Mrs M.R. Holmes, MLA  
Ms A.J.G. MacTiernan, MLA  
Mr I.F. Osborne, MLA  
Mr M.W. Trenorden, MLA

In accordance with Standing Order 413(2), the Clerk of the Legislative Assembly called the first meeting of the Committee on Wednesday, 12 March 1997. Mr Trenorden and Mr Graham were elected unopposed as Chairman and Deputy Chairman respectively. The membership of the Committee has not changed since it was constituted.

#### 1.2 MEMBER PROFILES

##### **Mr Max Trenorden, MLA - Chairman** **Member for Avon** **National Party of Australia**

Born 1 August 1948 at Wyalkatchem, Western Australia. Mr Trenorden was an Insurance Agent before being elected to Parliament on 8 February 1986 as the Member for Avon.



Avon is located in the Agricultural region and includes the Town of Northam and the Shires of Beverley, Brookton, Northam, Pingelly, Toodyay and York. Enrolment 13 123 (1999).

Mr Trenorden was NPA Spokesperson for Labour, Productivity, Racing and Gaming, Consumer Affairs, Regional Development and Works and Services from March 1989 - November 1992 and was made Coalition Shadow Minister for Racing and Gaming from November 1992 - February 1993. He was a Member of the Joint Select Committee on Parole from 1989 - August 1991, Select Committee on Procedure from September 1994 - June 1996 and the Joint Standing Committee on the Commission on Government from August 1994 - November 1996. He is currently a Member of the Joint Standing Committee on the Anti-Corruption Commission (from November 1996).

Mr Trenorden has been a Member of the Public Accounts and Expenditure Review Committee since March 1989 and Chairman of the Committee from June 1993.

**Mr Larry Graham, MLA - Deputy Chairman**  
**Member for Pilbara**  
**Australian Labor Party**



Born 24 December 1950, in Brisbane, Queensland. Arrived in Western Australia in 1956. Mr Graham was an electrical fitter and trade union official before entering Parliament on 4 February 1989 as the Member for Pilbara.

Pilbara is located in the Mining and Pastoral region and includes the Town of Port Hedland and the Shires of Halls Creek, Ngaanyatjarraku and Wiluna, plus part of the Shires of East Pilbara and Meekatharra. Enrolment 10 301 (1999).

Mr Graham was Regional Spokesperson for the Pilbara from October 1994 - August 1996. Shadow Minister for Regional Development, North West, and Works and Services (from October 1996) August 1996 - January 1997. Mr Graham was Chairman of the Select Committee on Wittenoom from September 1993 - August 1994, Deputy Chairman of the Select Committee on Land Conservation from September 1989 - December 1991; on Energy and Resources from October 1989 - November 1991, Member of the Select Committee on Heritage Laws September 1993 - March 1994 and Member of the Select Committee on Procedure from September 1994 - June 1996. Mr Graham was also a Member of the Joint Standing Committee on the Commission on Government from August 1994 - November 1996.

Mr Graham has been a Member of the Public Accounts and Expenditure Review Committee since April 1994 and Deputy Chairman from March 1997.

**Mrs Monica Holmes, MLA, JP, GradCertMgt**  
**Member for Southern River**  
**Liberal**



Born 25 June 1944, Bushey, Hertfordshire, England. Arrived in Western Australia in 1983. Mrs Holmes was a self-employed business proprietor, an Executive Officer at the Chamber of Commerce and Industry, a Councillor of the City of Canning and a relief and permanent Electorate Officer, before being elected to Parliament on 14 December 1996 as the Member for Southern River.

Southern River is located in the East Metropolitan region and includes the suburbs of Atwell, Banjup, Forrestdale, Gosnells, Huntingdale, Jandakot, Southern River and Wandi, plus parts of Armadale, Byford, Canning Vale, Maddington, Martin and Oakford. Enrolment 28 346 (1999).

She has been a Member of the Standing Committee on Uniform Legislation and Intergovernmental Agreements since May 1997 and Deputy Chairman of Committees from August 1997.

Mrs Holmes has been a Member of the Public Accounts and Expenditure Review Committee since March 1997.



**Ms Alannah MacTiernan, MLA, JP, BA, LL B, B Jur. - Solicitor - commercial  
Member for Armadale  
Australian Labor Party**



Born 10 January 1953, East Melbourne, Victoria. Arrived in WA December 1971. Elected to Parliament for the East Metropolitan Region on 6 February 1993 for term commencing 22 May 1993. Resigned 21 November 1996. Re-elected on 14 December 1996 as the Member for Armadale.

Armadale is located in the East Metropolitan region and includes the suburbs of Kelmscott and Westfield, plus parts of Armadale and Wungong. Enrolment 25 265 (1999).

Ms MacTiernan was the Shadow Minister for Productivity, Labour Relations, and Legislative Council Spokesperson on Housing and Construction (from January 1995) October 1994 - March 1996: for Productivity, Labour Relations, and Construction Industry (Housing Construction from October 1996) March 1996 - January 1997; for Transport and Fair Trading from January 1997. Ms MacTiernan was a Member of the Constitutional Affairs and Statutes Revision Committee from August 1993 - November 1996 and the Joint House Committee (Parliamentary Services from July 1998) from March 1997- November 1998.

Ms MacTiernan has been a Member of the Public Accounts and Expenditure Review Committee since March 1997.

**Ian Frederick Osborne, MLA, BA, Dip Ed, Dip Rec.  
Member for Bunbury  
Liberal**



Born 6 May 1951, Subiaco, Western Australia. Mr Osborne was South West Director of Tourism before being elected to Parliament on 6 February 1993 as the Member for Bunbury.

Bunbury is located in the South West region and includes all of the City of Bunbury (including central Bunbury, Cooinda, South Bunbury and Withers) except that part contained in Mitchell. Enrolment 13 114 (1999).

Mr Osborne was a Member of the Select Committee on Road Safety from August 1993- November 1996, Select Committee on Ancient Shipwrecks from November 1993 - October 1995 and the Joint Standing Committee on Commission on Government from August 1994- November 1996. He has also been the Deputy Chairman of Committees since October 1996 and Government Whip since June 1997.

Mr Osborne has been a Member of the Public Accounts and Expenditure Review Committee since March 1997.

### 1.3 STAFF AND SUPPORT SERVICES

The Committee is staffed by three full-time research staff -

|                              |   |
|------------------------------|---|
| <b>Mr Andrew Young</b>       | <b>Senior Research Officer / Secretary</b>  |
| <b>Ms Amanda Millsom-May</b> | <b>Research Officer</b>                     |
| <b>Ms Kirsten Robinson</b>   | <b>Research Officer (to January 1999)</b>   |
| <b>Ms Stefanie Dobro</b>     | <b>Research Officer (from January 1999)</b> |

In January 1999, Ms Stefanie Dobro, Parliamentary Officer, was appointed Research Officer for the duration of Ms Robinson's maternity leave.

In June 1998, Mr Brendan Carvalho, Office of the Auditor General, was seconded by the Legislative Assembly to assist the Committee's inquiry into *Community Services Obligations in the Western Australian Public Sector*. Mr Carvalho was seconded on a full-time basis for three months.

Mrs Pat Roach and Mrs Gerda Slany provided secretarial support to the Committee.

Parliamentary debates reporting staff (*Hansard*) recorded the transcripts when evidence was taken by the Committee.

## **CHAPTER TWO**

### **COMMITTEE OPERATIONS**

#### **2.1 BRIEF HISTORY**

On 29 July 1986, the Governor approved the amended Standing Orders of the Legislative Assembly adopted by the Assembly on 24 July 1986. The Orders replaced the former Public Accounts Committee with the Public Accounts and Expenditure Review Committee and provided the latter with more powers of inquiry and recourse. The inaugural Committee was appointed on 30 July 1986.

The original Public Accounts Committee was appointed in 1971. While it produced some 27 reports which were substantially smaller and less detailed than those currently being produced, this was largely due to the limited resources of the Committee. Until the early 1980s, the Committee had no research resources at all, and it was only in the late 1980s that the full-time research staff was expanded to two officers. This was subsequently increased to three full-time research staff in 1992.

#### **2.2 POWERS AND FUNCTIONS**

Under Standing Order 412, the Committee is empowered (amongst other things) to -

- (1) examine public accounts and reports transmitted to Parliament by the Auditor General;
- (2) examine the financial affairs and accounts of any government agencies and trading enterprises; and
- (3) inquire into any expenditure by a Minister of the Crown made without parliamentary approval, or sanction.

The Committee is also able to investigate those matters -

- (4) it deems necessary, providing these fall within matters involving the receipt and expenditure of public moneys;
- (5) referred to it by resolution of the Assembly;
- (6) referred to it by a Minister of the Crown; and
- (7) referred to it by the Auditor General.

The Committee may also consider whether the objectives of public expenditure are being achieved or may be achieved more economically and has strong powers which enable it to send for persons, papers and records and to move from place to place to carry out its investigations.

### 2.3 COMMITTEE OPERATIONS

The Committee has broad powers of investigation and typically initiates its own inquiries although it may be referred a matter by the Legislative Assembly, a Minister or the Auditor General. It also tends to undertake inquiries simultaneously which are often either conceptually-based or investigative and with a public sector-wide focus.

Inquiries which are self initiated by the Committee are generally preceded by a preliminary examination of the issue or subject matter in order to determine whether a full inquiry is required. This usually involves the conduct by Committee staff of informal briefings with appropriate persons and the gathering of documents and information.

Once the Committee has resolved to undertake an inquiry it formulates terms of reference or objectives which are sometimes advertised in local and interstate newspapers. The advertisement also usually invites interested parties to make written or oral submissions.

The Committee's other important method of information gathering is formal hearings. The Committee takes evidence from people, usually CEOs or senior management, whom the Committee feels will best be able to clarify issues or contribute to the given inquiry. Hearings are deemed open to the press and the public, unless otherwise determined by the Committee.

The current Committee has resolved that hearings are reportable, but that transcripts of evidence will not be made public until the Committee tables its report (unless the evidence was taken *in camera*).

Upon completion of an inquiry, the Committee tables its report and evidence (unless taken *in camera*) in the Legislative Assembly. Under Standing Order 414 (5), the responsible Minister has up to three months in which to reply to the Committee's recommendations in the House. It is important to note that the Minister does not have to agree to act on the Committee's recommendations, but some accountability and due process is ensured through the response process.

## CHAPTER THREE

### REPORTS AND DISCUSSION PAPERS TABLED

#### 3.1 REPORTS TABLED

##### **Report No. 35 - Report on Procedure for the Examination of Witnesses - Open and Reportable Hearings**

The Committee tabled a brief report during its investigation of a contract between the Government and an event promoter (see below). Report No. 35 was a response to the intense public and media interest generated in the investigation. Committee hearings have traditionally been deemed to be open hearings by the PAERC, but witnesses had not been permitted to speak about the evidence that they gave to the Committee prior to the Committee reporting. This caused some difficulties for witnesses, whose evidence to the Committee was reported by the media, without the ability to reply or refer to their evidence.

To redress this imbalance, the Committee formally resolved that ‘witnesses be able to make public comments about their evidence, unless otherwise directed, in Committee inquiries and be advised that they are not permitted to release or quote from uncorrected transcripts’.

##### **Report No. 36 - Report on the Western Australian Tourism Commission Sponsorship Agreement with Global Dance Foundation Inc.**

The Committee undertook a lengthy inquiry into a sponsorship agreement entered into by the Western Australian Tourism Commission and a private sector event organiser. The event attracted over \$400 000 of Government sponsorship, but failed to proceed. A notable matter in the inquiry process was the decision of the Premier, the Hon. R.F. Court, MLA, to appear before the Committee in an open and reportable hearing, the first time that this had happened in over eighty years in Western Australia.

The Report included findings related to -

- the Government’s acceptance of confidentiality restrictions impeding adequate assessment of the proposal;
- problems caused by the lack of written Ministerial direction from the responsible Minister to Agency management; and
- ambiguities and omissions in the contract which diminished the ability of the Government to protect its sponsorship.

The Committee made five recommendations related to -

- Ministerial requests;
- Confidentiality restrictions;
- Supplementary funding and Ministerial/Cabinet responsibility;

- Ministerial direction; and
- Applications by Associations seeking incorporation.

### **Report No. 37 - Interim Report on the Nature and Full Extent of State Support for the Iron and Steel (Mid West) Project**

In May 1997, the Legislative Assembly resolved that the Public Accounts and Expenditure Review Committee examine and report on the nature and full extent of State support for the (Mid West) Iron and Steel project. State support for the project is primarily provided by the *Iron and Steel (Mid West) Agreement Act 1997*. The project centred around a proposal for an iron ore mine, processing plant and Government plans to construct a new port facility.

The Committee undertook a number of hearings both in Perth and on site on the central west coast of Western Australia. One of the difficulties encountered by the Committee in evaluating the level of State support to the project was that many feasibility studies were still being undertaken by the Government and the Proponents. The Committee was being asked to make estimates based on estimates.

In August 1998, the Proponent announced that it was temporarily ceasing development pending company restructuring. In October 1998, the Committee tabled an interim report of its inquiry progress and its intention is to resume the inquiry when the Proponent resumed activities which will have an impact upon the nature and full extent of State support for the project.

### **Report No. 38 - Follow-Up Report on the Western Australian Tourism Commission Sponsorship Agreement with Global Dance Foundation Inc.**

In February 1998, the Committee tabled its initial report. A Ministerial response was tabled in the Legislative Assembly in May 1998 and further correspondence was received from the Director General of the Ministry of Premier and Cabinet in June 1998.

After carefully analysing the responses to the Committee's initial report and the disputation of facts contained in those responses, the Committee tabled a follow-up report in which it stood by the findings and recommendations of its original report.

### **Report No. 39 - Follow-Up Report on Western Australian Government Financial Assistance to Industry**

This report examined the Ministerial responses to the recommendations arising from the Committee's 1996 Report on *Western Australian Government Financial Assistance to Industry* (Report No. 31).

Report No. 31 made 28 recommendations focussing on the processes underpinning Western Australian Government financial assistance to industry, including the use of industry incentives and State Agreement Acts.

The Government's response to the Committee's report endorsed nearly 70% of the recommendations. The Committee's follow-up report acknowledged this and analysed the changes that had taken place in relation to -

- industry policy;

- efficiency and effectiveness of financial assistance management, criteria and evaluation;
- accountability of financial assistance, including issues such as commercial confidentiality and the role of the Parliament and Auditor General; and
- inter-agency coordination of financial assistance.

The Committee's follow-up report made recommendations related to -

- the revenue and other impacts of Agreement Acts on local government;
- the requirement for an industry policy;
- oversight of financial assistance by a Parliamentary Standing Committee; and
- the power of the Auditor General to fully examine financial assistance.

#### **Report No. 40 - Interim Report on the State Budget Estimates Information and Processes in the Legislative Assembly**

The Committee undertook this inquiry in response to the Legislative Assembly Standing Orders and Procedure Committee recommendation that -

The PAERC examine the information available to the House on presentation of the State Budget and make recommendations on the level and type of information which should be made available to the House prior to consideration of the Estimates, and how that information should be provided.<sup>2</sup>

The Committee's interim report is to be followed by a more comprehensive report during 1999.

In summary, the Committee found that the information in support of the Estimates was not adequate in providing comparative data, reliable and meaningful performance measures and details of expenditure. In addition, the Committee found that information regarding Government Trading Enterprises and some other agencies was not captured by an adequate review process.

The Committee's initial examination of the Estimates review process led to the conclusion that the process was inadequate and rather than tinkering with the model, review of agencies' budgets should be carried out by an altogether new Committee system in the Legislative Assembly.

The Committee's recommendations included, that -

- Consideration should be given to replacing the Estimates Committees in the Legislative Assembly with portfolio-based Standing Committees. The Committee will examine this issue further in 1999.
- The Budget Papers must allow for real comparison between each budget.

---

<sup>2</sup> Legislative Assembly, Western Australia. *Report of the Standing Orders and Procedure Committee on Commission on Government Recommendations*, 18 June 1998, Recommendation 5, p.8.

- A process must be established whereby Government Trading Enterprises and other agencies, which are not fully examinable by the Estimates process, can be fully examined by Parliament.
- Agencies should substantially reduce the amount of expenditure and receipts simply reported as 'other'.
- Members should be given the option of receiving the Budget Papers on CD-Rom, with a comprehensive search engine.

### **3.2 DISCUSSION PAPERS TABLED**

The Committee tabled two discussion papers on Telehealth and Tele-education as part of its inquiry into *Government in an Online Environment*.

#### **Telehealth**

The purpose of the discussion paper was to provide an overview of the Health Department of Western Australia's Telehealth strategy and highlight the issues and challenges that needed to be addressed if Telehealth is to deliver health services efficiently, effectively and equitably.

The Committee invited submissions and received 45 in total.

#### **Tele-education**

The purpose of the discussion paper was to outline the issues that were likely to have an impact upon on the delivery of education in terms of effectiveness, equity and efficiency and accountability. However, the Committee did not attempt to prescribe what a tele-education strategy should consist of, nor did it stipulate what technologies should be used to deliver online education.

The Committee invited submissions and received 10 in total.



## **CHAPTER FOUR**

### **INQUIRIES / ISSUES IN PROGRESS**

#### **4.1 GOVERNMENT IN AN ONLINE ENVIRONMENT**

In May 1997, the Committee undertook to inquire into the issue of Government in an Online Environment. The impetus for the inquiry stemmed from a concern about information management and the delivery of government services in Western Australia. Technological advances in telecommunications, multimedia and information technology have been and are continuing to enhance the possible methods, and reach, of service delivery.

The Committee's terms of reference are to inquire into and report on the -

- existence or otherwise of a Government strategy for Western Australia's future in an online environment;
- role of Government in managing the convergence of information technology, telecommunications and intellectual property;
- effectiveness and equity of access to online services and online work for all Western Australians;
- implications of an online environment for regional Western Australia;
- economic and social implications for Western Australia in an online world; and
- accountability of Government in an online environment.

#### **Inquiry Progress**

The Committee has held informal briefings as well as a number of formal hearings with experts in the area of online services (see Appendix 1). It also looked to other Australia States and overseas for examples of the successful provision of government services online. In September 1997, the Committee travelled to North America to examine environments where governments were already online and the benefits afforded by this shift.

Committee members also undertook a one day Internet training seminar (see Chapter 5).

As discussed in Chapter 3.3, the Committee tabled two discussion papers on the issues of Telehealth and Tele-education and received submissions.

The Committee's inquiry was temporarily put on hold due to commitments with its inquiries into Global Dance and the Iron and Steel (Mid West ) Project. However, a draft report is currently being prepared and the Committee expects to table its report in May/June 1999.

## **4.2 FUNDING AND ADMINISTRATION OF COMMUNITY SERVICE OBLIGATIONS (CSOs)**

In April 1998, the Committee resolved to undertake an inquiry into the funding and administration of CSOs in the Western Australian public sector. Some of the factors that led to the Committee's decision to undertake the inquiry included the impact of competition policy on the delivery of services and basic infrastructure, the size of CSO funding in the State and the absence of any previous wide ranging investigation of the accountability and effectiveness of CSOs.

The inquiry objectives and scope are as follows -

- to determine how CSOs are identified by whom;
- to determine how CSOs are administered;
- to determine the adequacy of current costing and funding models.;
- to determine the level of monitoring and compliance of CSOs;
- to improve the ability of Parliament to scrutinise and review CSOs; and
- to determine whether the current structures are consistent with competition policy and the future impact of competition policy.

The inquiry has had a public sector-wide focus and has included the examination of three agencies which receive around \$226 million in CSO funding in Western Australia -

- ▶ Water Corporation;
- ▶ Westrail; and
- ▶ Western Power.

### **Inquiry Progress**

Shortly after commencing its inquiry, the Committee enlisted the services of Mr Brendan Carvalho from the Office of the Auditor General to assist the Committee's inquiry particularly in the areas of costing and funding models.

The Committee conducted public hearings in June 1998 and took evidence from 16 individuals (see Appendix One).

In December 1998, the Chairman, Max Trenorden, and Senior Research Officer, Andrew Young attended a two day seminar in Sydney on CSOs. The sessions were particularly relevant to the inquiry terms of reference and included the following issues -

- Impact of National Competition Policy;
- Defining CSOs;
- Costing and Pricing CSOs; and
- Funding Models.

In February 1999, the Committee delivered a paper on some of the issues it had discovered during its inquiry at the 5th Biennial Conference of the Australasian Council of Public Accounts Committees (ACPAC). The paper's concluding paragraph alluded to the focus of the inquiry which was to -

- determine if Government has clearly identified and articulated its CSO policy;
- determine the adequacy of the costing methods employed;

- determine the appropriateness of the division of responsibilities for funding, providing and purchasing CSOs;
- determine the appropriateness of monitoring and oversight regimes; and
- examine the role and potential role for Parliament and the Auditor General in scrutinising CSOs.

Due to other inquiry commitments and hosting responsibilities in relation to ACPAC, the Committee has yet to complete this inquiry.

It is anticipated that the Committee will report during the Spring Sittings of 1999.

#### **4.3 YEAR 2000 PROBLEM**

The issue of the Year 2000 problem arose during the Committee's inquiry into *Government in an Online Environment*. Although it was an important issue in the context of the inquiry and worthy of mention, the Committee decided in October 1998 to address the problem in a separate report.

The Committee's intention is to report on the activity that has been undertaken by the State Government to raise general awareness issues within its own agencies.

It is anticipated that the Committee will report on the issue in July 1999.

#### **4.4 THE CONSTITUTIONAL CENTRE OF WESTERN AUSTRALIA**

In February 1999, the Committee commenced a preliminary examination of aspects of the administration of the Constitutional Centre of Western Australia in response to media reports highlighting concerns over the financial administration of the Centre. The Committee had also received a letter from an Opposition member requesting that the Committee examine the Centre.

Although it has resolved to undertake a preliminary examination of the issue, it has yet to commit to a full inquiry.

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## **CHAPTER FIVE**

### **OTHER ACTIVITIES**

#### **5.1 AUSTRALASIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEES (ACPAC)**

The establishment of the Australasian Council of Public Accounts Committees (ACPAC) emanated from informal meetings of Public Accounts Committees in the 1980s.

ACPAC is founded on mutual interest and a voluntary approach and cannot dictate activity or policy to independent jurisdictions. The Council meets biennially in the form of a conference and also conducts a meeting between conferences in order to plan for the next Conference.

Its aims are -

- (a) To facilitate the exchange of information and opinion relating to Public Accounts Committees and to discuss matters of mutual concern;
- (b) To improve the quality and performance of Public Accounts Committees in Australasia;
- (c) To liaise with Auditors-General so as to improve the effectiveness of both the Auditors and the Public Accounts Committees;
- (d) To communicate with individuals and organisations knowledgeable about matters of concern to public accountability; and
- (e) To provide an educational service for the elected Members of Parliament, the media and the general public as to the purposes and activities of Public Accounts Committees.

Following the 4th Biennial Conference in Sydney in 1997, the Committee became the host State of ACPAC for a two year period.

#### **Mid-Term Meeting**

On 27 February 1998, the Committee hosted a mid-term meeting of the Council in the Legislative Council Committee Office. The meeting was attended by the Chairs and Executive Officers of the State and Territory PACs of Australia.

#### **5th Biennial Conference**

The Committee hosted the 5th Biennial Conference of ACPAC from the 21-23 February 1999 at the Esplanade Hotel, Fremantle. Sixty eight delegates attended the Conference, comprising Public Accounts Committees and Auditors-General representatives from all of the States and Territories of Australia, in addition to delegates from Papua New Guinea, New Zealand, United Kingdom and Canada.

The total number of delegates far exceeded any other ACPAC Biennial Conference. Observers included senior officers from Treasury, academics from Edith Cowan and Curtin Universities and public sector officials.

The general theme of the Conference was *Accountability* and papers were presented by both Members and Auditors General on the following issues -

- Competitive Tendering and Contracting Out;
- Commercial Confidentiality;
- Corporate Law Economic Reform Legislation (CLERP) - Review of Accounting Standards Setting in Australia;
- Public Accounts Committees - A Canadian Perspective;
- Compliance Auditing and Reporting by Auditors General;
- Year 2000 Problem: "Millennium Bug";
- The Funding and Administration of Community Service Obligations (CSOs) / Universal Service Obligations;
- The Cost of Accountability - Getting the Balance Right;
- Audit Legislation - Trends in Australasia.

### **Public Sector Accounting Standards Board (PSASB)**

ACPAC is represented on the Consultative Group to the Public Sector Accounting Standards Board (PSASB) which meets approximately three times per year.

As Chairman of ACPAC, Mr Trenorden was the nominated representative and attended meetings in April and October 1997 and May 1998.

One of the significant items to emerge from the meetings was the introduction of the *Corporate Law Economic Reform Bill 1998* which was essentially designed to change the structure of accounting standards setting. Of concern to ACPAC was the need to be represented on the proposed Financial Reporting Council (FRC) which would oversee standards setting by the Australian Accounting Standards Board (AASB).

Since February 1998, ACPAC has twice attempted through letters to the Federal Treasurer to seek recognition of ACPAC as a key financial information user and a worthy representative of the FRC once it has been established. As at the time of reporting, this issue still remains unresolved.

## **5.2 MEETINGS WITH THE AUDITOR GENERAL**

The Committee meets periodically with the Auditor General and his Office in order to discuss common interests and for the Auditor General to brief the Committee on the key themes of a given report prior to the report's tabling in Parliament.

Much of the effectiveness of this relationship is derived from a Statement of Understanding signed by Committee Chairman, Max Trenorden, and the Auditor General, Des Pearson in October 1996. The current Committee also resolved to abide by the Statement which aimed to enhance the accountability mechanisms of the Parliament by improving communication and coordination between the Auditor General and the Committee.

During the reporting period, the Committee and the Auditor General conducted 5 meetings.

### 5.3 MEETINGS / FORUMS CONDUCTED

|                  |   |
|------------------|---|
| 9 April 1997     | <p><b>Treasury Presentation to Members</b></p> <p>The Committee in conjunction with Treasury officials conducted an information evening at Parliament House for interested Members on <i>Changes to the Structure and Presentation of the 1997-98 Budget Papers</i>. The presentation primarily focused on the introduction and objectives of Output Based Management.</p>  |
| 2 June 1998      | <p><b>Public Forum - Inquiry into the Iron and Steel (Mid West) Project</b></p> <p>The Committee conducted a public forum at the City of Geraldton Civic Centre in conjunction with evidence hearings with key stakeholders.</p> <p>The purpose was to facilitate public opinion on issues associated with the project and which were applicable to the Committee's inquiry terms of reference.</p> <p>The forum was well patronised with an estimated attendance of between 50-60 individuals.</p> |
| 10 November 1998 | <p><b>Members Forum - Interim Inquiry into the State Budget Estimates Information and Process</b></p> <p>In October 1998, the Committee sought Members' opinions on the information presented in the budget statements by way of a questionnaire.</p> <p>This was followed by a Members' forum at Parliament House which was attended by Members of the Legislative Assembly and Council.</p>   |

### 5.4 CONFERENCES / SEMINARS ATTENDED

|                      |   |
|----------------------|---|
| 14-16 September 1997 | <p><b>Canadian Council of Public Accounts Committees (CCPAC)</b></p> <p>The Committee and two staff attended the 18th Annual CCPAC Conference in Edmonton, Alberta. The Committee were invited to represent ACPAC at the Conference and delivered two papers.</p> |
| 16-18 August 1998    | <p>Committee and ACPAC Chairman, Max Trenorden, and Research Officer, Amanda Millsom-May, attended the 19th Annual CCPAC Conference in Yellowknife, North West Territories. Mr Trenorden delivered three papers at the Conference.</p>                            |
| 9 & 10 December 1998 | <p><b>Community Service Obligations Conference</b></p> <p>Committee Chairman, Max Trenorden, MLA and Senior Research Officer, Andrew Young, attended a two day seminar in Sydney (see Chapter 4.2).</p>   |

### 5.5 EXTERNAL PROVIDER TRAINING

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|                 |   |
|-----------------|---|
| 27 August 1997  | <b>Education Seminar and Training</b><br><br>As part of its inquiry into <i>Government in an Online Environment</i> , the Committee attended a one day education seminar conducted by Dow Digital and Imago Multimedia Centre.<br><br>Members were educated in some of the basics of online technology and user information including viewing the Internet. |
| 5 February 1998 | <b>Internet Training - Staff</b><br><br>Research Officers, Amanda Millsom-May and Kirsten Robinson attended a one day course at the Australian Institute of Management (AIM).   |



## CHAPTER SIX

### COST OF COMMITTEE OPERATIONS

The Public Accounts and Expenditure Review Committee does not have its own formal budget and is funded out of the budget of the Legislative Assembly. The Committee has routinely provided a budget estimate to the Assembly and this has formed the basis of the Committee's operating budget. However, approval for major expenditures is still required on a case by case basis and is entirely at the discretion of the Speaker.

The Committee's expenditure from March 1997 to February 1999 is detailed below -

|                                      |                          |
|--------------------------------------|--------------------------|
|                                      | \$                       |
| Postal, Courier, Facsimile           | 2 153.00                 |
| Photocopying/Stationery              | 5 291.00                 |
| Services/Contracts <sup>1</sup>      | 15 629.00                |
| Protocol - Food/Beverages/Gifts      | 2 709.00                 |
| Members' Travel - Fares & Allowances | 106 158.00               |
| Staff Travel - Fares & Allowances    | 55 347.00                |
| Travel Miscellaneous <sup>2</sup>    | 1 444.00                 |
| Miscellaneous <sup>3</sup>           | 4 265.00                 |
| ACPAC Conference <sup>4</sup>        | 27 913.00                |
| Salaries & Allowances <sup>5</sup>   | 215 176.00               |
| <b><u>Sub Total</u></b>              | <b>436 085.00</b>        |
| <b>Revenue<sup>6</sup></b>           | <b>10 540.00</b>         |
| <b><u>TOTAL EXPENDITURE</u></b>      | <b><u>425 545.00</u></b> |

#### Notes

1. Printing, Advertising, Conference Fees, Consultancy Fees, Subscriptions, Training.
2. Taxi fares and incidental expenses.
3. Petty Cash, Motor Vehicle Lease/Rental, Photography.
4. Expenditure associated with the hosting of the 5th Biennial Conference of the Australasian Council of Public Accounts Committees (ACPAC), Esplanade Hotel, Fremantle.
5. The Committee has provided staffing costs as a guide, with the proviso that a small percentage of the costs may not be attributable to the Committee. Committee staff are employed by the legislative Assembly and may periodically undertake tasks that are not related to the work of the Committee.
6. Conference Fees collected from the 5th Biennial Conference of ACPAC, including a contribution by the Office of the Auditor General for protocol gifts for delegates, including Auditors-General.



## APPENDIX ONE

## WITNESSES

| INQUIRY  | DATE                  | WITNESS                        | ORGANISATION                                   |
|--|-----------------------|--------------------------------|--|
| <b>Inquiry into Western Australian Tourism Commission Sponsorship Agreement with Global Dance Inc. (Report No. 36)</b> | 2 July 1997           | Mr Rod Martin                  | Western Australian Tourism Commission (WATC)   |
|  |                       | Ms Linda Wayman                | Eventscorp                                     |
|  |                       | Mr Mike Rees                   | Eventscorp                                     |
|  |                       | Mr Kevin Harrison              | WATC   |
|  |                       | Mr Kevin Carton                | WATC   |
|  |                       | Mrs Ruth Harrison              | WATC   |
|  |                       | Mr Shane Crockett              | WATC   |
|  |                       | Mr Peter Reynolds              | Global Dance Foundation Inc                    |
|  |                       | Mr John Pritchard              | Ministry of Premier and Cabinet                |
|  |                       | Ms Jane Longton                | Ministry of Premier and Cabinet                |
| 3 July 1997  | Mr John Langoulant    | Treasury                       |  |
|  | Mr Garry Hall         | Treasury                       |  |
|  | Ms Judy Eckert        | Crown Solicitor's Office (CSO) |  |
|  | Mr Charles Murray     | CSO                            |  |
|  | Dr Margaret Seares    | Department for the Arts        |  |
| Ms Jody Burton   | Ausdance (WA) Inc     |                                |  |
| 15 August 1997   | The Hon RF Court, MLA | Premier of Western Australia   |  |
| <b>Inquiry into Government in an Online Environment</b>  | 30 July 1997          | Mr Paul Houghton               | Department of Transport                        |
|  |                       | Mr Arthur Wilson               | Electronic Business Taskforce                  |
|  |                       | Mr Martin Roberts              | Health Department of Western Australia         |
|  |                       | Mr Mike Grant                  | IMAGO Multi Media                              |
|  | Mr Ivan Gustavino     | IMAGO Multi Media              |  |
|  | 31 July 1997          | Ms Gayle Short                 | Department of Commerce and Trade (DCT)         |
|  |                       | Mr Chris Fitzhardinge          | DCT  |
|  |                       | Mr Colin Gilbert               | Office of Information and Communications (OIC) |
|  |                       | Mr Warwick Smith               | OIC  |
|  |                       | Mr Andrew Burke                | Department of Land Administration (DOLA)       |
| Mr Mark Taylor   |                       | DOLA                           |  |

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| INQUIRY  | DATE             | WITNESS   | ORGANISATION  |
|--|------------------|---|---|
| <b>Inquiry into Government in an Online Environment (cont'd)</b> | 20 August 1997   | Mr Des Pearson<br>Dr Gordon Robertson<br>Mr Mike Blake<br>Mr Andy Yukich  | Office of the Auditor General (OAG)<br>OAG<br>OAG<br>OAG  |
|  | 11 March 1998    | Mr Stephen Collins  | OIC   |
|  | 12 March 1998    | Ms Blanche Holzman<br>Mr Ken Holzman<br>Ms Jennifer Ligtermoet  | Future Kids<br>Future Kids<br>Future Kids   |
|  | 19 March 1998    | Dr Jann Marshall  | Health Department of Western Australia  |
|  | 9 April 1998     | Ms Cheryl Vardon<br>Mr Ron Mance<br>Mr Neil Jarvis  | Education Department of Western Australia<br>Ed Dept WA<br>Ed Dept WA   |
|  | 6 May 1998       | Mr Don Boyd<br>Mr Steve Salamon   | School of Isolated and Distance Education (SIDE)<br>SIDE  |
|  | 2 June 1998      | Mr Kim Snowball   | Health Department of Western Australia  |
|  | 9 September 1998 | Mr Stephen Collins<br>Mr Jo Blignaut  | OIC<br>OIC  |
| <b>Inquiry into the Iron and Steel (Mid West) Project</b>        | 2 June 1998      | Mr John Durant<br>Mr Robert Ramage  | Geraldton Port Authority (GPA)<br>GPA   |
|  | 3 June 1998      | Mr Wayne Morgan<br>Mr Wayne Proudlove<br>Mr Bob Griffith<br>Mr Adam Volkers<br>Mr Paul Robb<br>Mr David Moustaka<br>Mr Phil Cooper<br>Mr Steven Cope<br>Mr Charles Atkinson<br>Mr Garry Keefe<br>Mr Jim Grant | Mid West Development Commission (MWDC)<br>MWDC<br>Mid West Chamber of Commerce & Industry<br>Industry Inland<br>Industry Inland<br>Industry Inland<br>City of Geraldton<br>City of Geraldton<br>Northampton Shire<br>Northampton Shire<br>Greenough Shire |

| INQUIRY  | DATE                            | WITNESS  | ORGANISATION  |
|--|---------------------------------|--|---|
| <b>Inquiry into the Iron and Steel (Mid West) Project (cont'd)</b>   | 3 June 1998<br><br>24 June 1998 | Mr Bill Perry<br>Mr Nino Messina<br>Mr Graham Wilks<br>Mr Neil Exten<br>Mr Geoff Edwards<br><br>Mr Barry Wyatt<br><br>Mr Stuart Hohen  | Greenough Shire<br>Mullewa Shire<br>Mullewa Shire<br>Chapman Valley Shire<br>Chapman Valley Shire<br><br>An Feng Kingstream Steel Limited (AFK)<br>AFK  |
| <b>Inquiry into Community Service Obligations</b>  | 15 June 1998                    | Mr John Langoulant<br>Mr Hew Mortlock<br>Mr Michael Court<br>Dr Donald Brunker<br>Mr Brian Martin<br><br>Mr Derek Perez<br>Dr Jim Gill<br>Mr Allen Roberts<br>Dr Les Farrant<br>Mr Ken Hodgkin<br>Mr Nenad Ninkov<br>Mr Rohan Griffin<br>Mr Garry James<br>Mrs Kaye Mulligan<br>Mr John Powell<br>Mr Graeme Morris | Treasury Department<br>Treasury Department<br>Treasury Department<br>Treasury Department<br>Office of Water Regulation (OWR)<br>OWR<br>Water Corporation<br>Water Corporation<br>Office of Energy<br>Office of Energy<br>Western Power<br>Western Power<br>Westrail<br>Westrail<br>Westrail<br>Westrail |
| <b>Interim Inquiry into the State Budget Estimates Information and Process in the Legislative Assembly (Report No. 40)</b> | 18 November 1998                | Mr John Langoulant<br>Ms Rebecca Flint<br>Mr Andrew Chuk   | Treasury Department<br>Treasury Department<br>Treasury Department   |



**APPENDIX TWO**

**MEETING ATTENDANCE**

The Committee met on 54 occasions during the reporting period -

|  | <b><u>No. of Meetings<br/>Attended</u></b> |
|--|--|
| Mr Max Trenorden, MLA (Chairman)       | 52   |
| Mr Larry Graham, MLA (Deputy Chairman) | 42   |
| Mrs Monica Holmes, MLA                 | 41   |
| Ms Alannah MacTiernan, MLA             | 37   |
| Mr Ian Osborne, MLA                    | 48   |

A Sub-Committee comprising the Chairman and Deputy Chairman met once in order to progress the Committee's follow-up inquiry into *Western Australian Government Financial Assistance to Industry*.