



THIRTY-SEVENTH PARLIAMENT

REPORT 5

**STANDING COMMITTEE ON ESTIMATES AND
FINANCIAL OPERATIONS**

**HEARINGS IN RELATION TO THE ANNUAL
BUDGET ESTIMATES 2006/07**

Presented by Hon Giz Watson MLC (Chair)

August 2006

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 Anthony Fels MLC

Hon Ken Travers MLC (Deputy Chair)

Hon Nigel Hallett MLC

Hon Shelley Archer MLC

Staff as at the time of this inquiry:

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REPORT OF THE STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

HEARINGS IN RELATION TO THE ANNUAL BUDGET ESTIMATES 2006/07

1 REFERENCE AND PROCEDURE

The estimates of expenditure

- 1.1 Government revenue goes into the Consolidated Revenue Fund, which is the major source of funding for the State public sector.¹ The 'estimates of expenditure' comprise the Appropriation (Consolidated Revenue Fund) Bills and the supporting documentation (**Budget Papers**). On an annual basis these are presented to Parliament in order that Government may access or 'appropriate' money from the Consolidated Revenue Fund to fund expenditure by the Government over a given financial year.²
- 1.2 It is a function of the Estimates and Financial Operations Committee (**Committee**) to consider and report to the Legislative Council (**Council**) on the estimates of expenditure laid before the Council each year.³
- 1.3 This report relates to the Annual Hearings held in relation to the Budget Estimates for 2006/07.⁴

The Committee's approach

- 1.4 The Committee adopted a Budget Estimates Hearings approach for this task as follows:
 - i) hearings held throughout the year (**Ongoing Hearings**); and
 - ii) hearings held soon after the Budget Papers are tabled in the House, over one to three consecutive days (**Annual Hearings**).
- 1.5 This is a new approach to the scrutiny of the budget estimates in the Council. In the past estimates hearings have been held over three to four days during which Members of the Council (**Members**) could ask questions relating to the Budget Papers. The

¹ The major revenue sources for the Western Australian Government include taxes, imposts, fines, rates, duties, royalties and Commonwealth Government grants: section 64, *Constitution Act 1889*, and section 6, *Financial Administration and Audit Act 1985*.

² Section 72, *Constitution Act 1889*.

³ Term of reference 2.3a.

⁴ The 2006/07 Budget Statements were tabled in the Legislative Council on 11 May 2006. The Appropriation (Consolidated Fund) Bill (No.1) 2006 and the Appropriation (Consolidated Fund) Bill (No.2) 2006 were assented to on 4 July 2006.

Committee in 2005 commenced a program of ongoing estimates hearings throughout the year which is supplemented by a one day session of 'traditional' annual estimates hearings (concentrating solely on the contents of the Budget Papers) held between the time of the tabling of the Budget Papers and the passing of the Appropriation (Consolidated Revenue Fund) Bills in the Council.

- 1.6 The Annual Hearings aid the Committee in identifying issues for further inquiry during its Ongoing Hearings. The hearings also provide Members with the opportunity to ask questions on the Budget at a time when it is most relevant, that is before the Appropriation Bills are passed.
- 1.7 In 2006 the Committee resolved that during the Annual Hearings questions must relate to the 2006/07 Budget Papers only, due to the limited time and purpose it had allocated to the hearings. In the Committee's view the Ongoing Hearings was the appropriate forum for Members to pursue wider issues through the Committee.
- 1.8 On 25 May 2006 the Committee held a briefing for all Members of the Legislative Council on the Committee's procedure for the conduct of the Annual Hearings, providing details of the new procedures adopted by the Committee. The briefing also provided the opportunity for Members to ask questions relating to the estimates hearings and to the Committee's role generally.

2 ANNUAL HEARINGS

- 2.1 To assist the Committee in determining which agencies to examine, the Committee surveyed all Members. Forms were distributed to Members asking them to nominate the agencies they would like to appear.
- 2.2 The Committee received six responses nominating 16 different agencies to appear. Of these, 12 agencies were included in the Committee's program for its Annual Hearings.
- 2.3 The Committee also sought to give priority to the portfolios of the Ministers in the Council and a number of the agencies with large budgets.
- 2.4 The Annual Hearings were held on 14 June 2006. The Committee heard from the following departments:
 - Department of Education and Training
 - Country High School Hostels Authority
 - Curriculum Council of Western Australia
 - Department of Education Services
 - Department of Environment

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- Department of Local Government and Regional Development
 - Department of Health
 - Department of Agriculture
 - Department of Premier and Cabinet
 - Department of Water
 - Department for Planning and Infrastructure
 - Public Transport Authority
 - Disability Services Commission
 - Department for Community Development

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

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

2.7 All of the hearings were public and the proceedings were recorded by *Hansard*. Full transcripts of the evidence taken at the hearings can be found at the Committee's web page.⁵

Questions on notice

2.8 In accordance with the Procedure Policy, the Committee invited Members to submit questions on notice two weeks prior to a hearing. Fifteen Members submitted questions on notice.

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

2.10 If any Member was unable to ask all their questions in the scheduled period, they were provided with the opportunity to submit those questions in writing at the end of the hearing.

2.11 Copies of the questions and answers can be found on the Committee's web page.⁶

⁵ <http://www.parliament.wa.gov.au/web/newwebparl.nsf/iframewebpages/Legislative+Council+-+Current+Committees>, (current at 26 July 2006).

⁶ Ibid.

Subjects covered during the hearings

2.12 This section provides a point form summary of some of the subjects that were raised during the hearings. Refer to the transcripts of the evidence and supplementary information for a complete record of the hearings.⁷

Department of Education and Training

- implementation of outcomes based education
- early years education
- recruitment of teachers in rural and remote areas
- maintenance and upgrade of school facilities

Department of Environment

- air quality management plans and air quality monitoring
- waste management recycling fund grants
- sustainability policy unit and the greenhouse policy unit
- regulation of contaminated sites
- assessment of the desalination plant
- Greenhouse Strategy

Department of Local Government and Regional Development

- provision of services to remote areas
- regional investment fund
- community facilities grant program

Department of Health

- mental health
- recruitment of doctors and nurses to rural and remote areas
- community mental health services

⁷ Ibid.

- womens' health care centre
- health reform program

Department of Agriculture and Food

- salinity
- fertilisers for agriculture
- biosecurity issues
- impact of climate change
- development of organic agriculture

Premier and Cabinet

- Ministerial travel and office costs
- public sector improvement initiatives
- media training and follow-up support for community organisations
- management of policy
- WA Government office in Canberra

Department of Water

- State water plan
- assessment of extraction of water from the Yaragadee aquifer
- licensing and metering of bores
- water reform initiatives
- floodplain management strategy
- infill sewerage

Department for Planning and Infrastructure

- Perry Lakes redevelopment project
- intrastate air services including local services

- bicycle networks
- State Transport Plan
- Bunbury to Manjimup train link
- grain freight network strategy

Public Transport Authority

- Rockingham city centre transit system
- subsidies per trip on public transport
- bus acquisition program

Disability Services Commission

- access to accommodation support
- funding for young people in nursing homes
- Aboriginal people with disabilities
- remote area strategy
- wait list strategy

Department of Community Development

- appointment of additional staff
- child safety team model
- early intervention
- commissioner for children
- advocate for children and young people in care

3 FEEDBACK

- 3.1 The Committee sought feedback on the Annual Hearings, distributing a questionnaire to all Members on 20 June 2006. Seven completed questionnaires were received.

Issues raised by Members

- 3.2 The feedback from Members generally supported the hearings process; however, some criticism was received.
- 3.3 Members expressed dissatisfaction that in some instances their questions were unable to be answered as the relevant departmental staff were not present.
- 3.4 Criticism was also received about the limited time available for the hearings. It was felt by some Members that this had the effect of limiting the number of questions that could be asked and made it difficult to gain sufficient responses and pursue lines of questioning. Some Members also felt that Ministers tended to dominate the answers and spent too much time giving commentary rather than giving a concise answer.

Committee comment

- 3.5 The Committee notes that in the instances that questions could not be answered at the hearing, the questions were taken on notice and comprehensive answers provided.
- 3.6 The Committee acknowledges that there was some confusion about the scope of questions that could be asked and will endeavour to ensure that the program for future Annual Hearings will clearly identify which agencies and which parts of agencies are to be examined.
- 3.7 The Committee will also ensure that it asks Members, prior to the Annual Hearings, to specify the areas of the budget that they wish to focus on in order to ensure that the relevant departmental staff attend.
- 3.8 The Committee has adopted a new estimates process (refer to paragraphs 1.4 to 1.6) in response to dissatisfaction expressed by Members with the estimates process of previous Parliaments. As noted in the Cash Report, the process afforded by the Estimates Committee of the Thirty-Sixth Parliament was seen “*as a cumbersome and time-consuming procedure in which numerous questions were raised during a few days of hearings, Members could not address departmental officials directly and detailed questions and lines of inquiry were unable to be satisfactorily pursued*”.⁸
- 3.9 The Committee notes that a number of the questions asked went beyond seeking further information on the Budget Papers and initiated longer answers from the Ministers. These questions may be more appropriately dealt with in the Committee’s Ongoing Hearings.

⁸ Hon George Cash MLC, Chairman of Committees, Legislative Council of Western Australia, *Reflections on the Legislative Council Committee System and its Operations during the Thirty-Sixth Parliament: Discussions with the Chairs and Deputy Chairs of Parliamentary Committees*, May 2005, p47.

- 3.10 The Committee draws Members attention to its Ongoing Hearings program of regular estimates hearings held throughout the year. The hearings are held on a Monday of a sitting week in order to facilitate the attendance of all Members. These hearings will provide Members the opportunity to pursue detailed lines of inquiry with a particular agency.

C. Watson

**Hon Giz Watson MLC
Chair**

Date: 29 August 2006

APPENDIX 1

PROCEDURE POLICY

2006/07 ANNUAL BUDGET ESTIMATES HEARINGS PROCEDURE POLICY

1 CONDUCT OF THE 2006/07 BUDGET ESTIMATES HEARINGS

- 1.1 The Estimates and Financial Operations Committee (Committee) has the function of considering the estimates of expenditure laid before the Council each year. The conduct of the estimates hearings is determined by the Committee in accordance with the Standing Orders of the Legislative Council.
- 1.2 A Member of the Committee will preside over the estimates hearings and has those powers necessary or incidental to the maintenance of the orderly conduct of its proceedings.

2 SELECTION OF AGENCIES TO BE REVIEWED

- 2.1 The Committee will determine which departments/agencies are to be reviewed. To assist the Committee in making its determination, a survey will be distributed amongst all Members of the Legislative Council inviting suggestions. Members will be requested to advise the Committee of any specific area of interest with the department/agency, to ensure the attendance at the hearings of the relevant departmental/agency staff.

3 CIRCULATION OF NOTICES, INVITATIONS AND PROCEDURAL GUIDELINES PRIOR TO THE HEARINGS

- 3.1 At the earliest possible opportunity, the Committee will issue notices, invitations and procedural guidelines as follows:
 - a) an invitation to the Chief Executive Officer (CEO) and the responsible Minister/Parliamentary Secretary for each department/agency to be examined by the Committee to attend the estimates hearings, including the date and time of the hearing and this Procedure Policy; and
 - b) a notice to all members of the Legislative Council advising of the estimates hearings including the departments/agencies that will attend, the date and time of the hearings and this Procedure Policy.

4 WITNESS INFORMATION SHEET

- 4.1 Ministerial advisors and departmental/agency staff appearing before the Committee will be requested to complete a “Witness Information Sheet” (a copy is attached at Appendix A). All the information sought is necessary to allow Hansard to meet various requirements involved in producing a final and correct document.

5 QUESTIONS ON NOTICE LODGED PRIOR TO THE ESTIMATES HEARINGS

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

6 ASKING OF QUESTIONS

- 6.1 The Chair will facilitate the asking of questions by all Members present at a particular hearing (subject to time constraints).
- 6.2 The calling of questions is at the Chair’s discretion. During the hearings, questions should be directed through, and be acknowledged by, the Chair.
- 6.3 Members who provide questions on notice will be given priority to ask questions after the Committee members.

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- 6.4 Questions must relate to the 2006/07 Budget Papers and should not be:
- a) hypothetical; or
 - b) questions regarding Government Policy, unless directed towards the Minister (Standing Order 331).
- 6.5 The Chair has the discretion to rule a question out of order.
- 6.6 As a general guide for Members, the rules governing questions in the Chamber will be followed (see SO 140).
- 6.7 Questions will only be permitted during the time allocated for the hearing.
- 6.8 At the Chair's discretion, if there is a small number of questions outstanding at the close of a particular hearing these questions may be directed to the relevant department/agency in writing through the Chair. Outstanding questions should be handed to the Committee Clerk immediately after the close of each hearing for forwarding to the department/agency via the responsible Minister. Responses to such questions will be requested by the relevant department/agency within five working days of receipt of the question. Upon receipt of the department/agency's written response, the Chair will distribute the response to the Member who asked the question.

7 QUESTIONS TAKEN ON NOTICE

- 7.1 Questions that are asked during the hearings which the departmental/agency representatives then present are unable to answer prior to the end of the hearing will be taken on notice. Each question taken on notice during the hearing will be allocated a number by the Chair to facilitate identification of the question in Hansard.
- 7.2 Following each hearing, the Committee Clerk will forward a copy of all questions taken on notice, as they appear in the uncorrected Hansard, to the office of the Minister responsible for the relevant department/agency, copied to the relevant department/agency CEO. Departments/agencies responding to questions taken on notice should do so through their responsible Minister. Responses to questions should be in accordance with the procedure set out in Appendix B.
- 7.3 The department/agency's response to the questions on notice, and other supplementary information, should be provided in both hard copy and electronic e-mail, in Word format.
- 7.4 Responses are required within five working days of the Committee Clerk's initial forwarding date of questions to the responsible Minister.

APPENDIX A

Committee Hearings Information for Witnesses

Important: Please read the following notes before giving evidence.

Full name: (Title) (First Name) (Last Name)

Title of Position Held:

Business Name and Address:

Telephone:

Fax:

Signature:

Date:

Introduction

1. A committee hearing is a proceeding in Parliament. As such, you must not deliberately mislead the committee and you must respect the members of the committee and the committee's orders and procedures. If you do not comply with these requirements, you may be subject to legal penalties.

What happens at a hearing?

2. Committees are made up of members of Parliament. Usually there are 5 - 8 members on a committee.
3. You will be escorted to the committee's meeting room by one of the committee's staff. After you are seated, the chairperson of the committee will ask you:
 - a. to state your full name, address and the capacity in which you appear before the committee; and
 - b. if you have read and understood these notes.
4. The chairperson may invite you to make an opening statement to the committee.
5. The chairperson will then ask you a series of questions, following which other members of the committee may ask you more questions. If other members of the

Legislative Council are present, they may also ask you questions. With limited exceptions (discussed below) you must answer questions you are asked.

6. The chairperson may invite you to make any additional comments you consider necessary.

Parliamentary privilege

7. Parliamentary privilege provides protection for what is said in parliamentary proceedings, so that what is said in such proceedings may not be the basis of a suit in defamation. However, it is only the authorised Hansard report, or that of an accredited media reporter, which is protected when what is said in the proceeding is related outside the confines of Parliament. Similarly, parliamentary privilege means that what you have said to a committee cannot be used against you in a subsequent related proceeding in a court or tribunal. The purpose of parliamentary privilege is to enable parliamentarians and witnesses to speak candidly without fear of legal repercussions.

Your entitlements

8. In giving your evidence you are entitled to:
 - (a) access to relevant documents;
 - (b) raise any matter of concern to you relating to evidence to be given or documents produced;
 - (c) benefit of counsel⁹;
 - (d) apply for all or part of your evidence to be given in private session and for an order restricting publication of, or access to, that evidence;
 - (e) decline to answer a question or produce a document on the grounds that the question is unlawful or outside the scope of the matters in issue or under inquiry;
 - (f) be informed before your evidence is given that if part of it might incriminate you or another person, that fact should be made known to the committee before that part is actually given;
 - (g) know of and, if desired, rebut any allegations made against you whether or not those allegations amount to criminal conduct or dealing;

⁹ This means that you are entitled to have counsel (a legal adviser) present with you to advise you. It does not mean that you are entitled to be represented by counsel who responds to the committee on your behalf.

- (h) a reasonable opportunity to correct errors in a transcript of evidence; and
- (i) provide supplementary or new evidence.

Is your evidence public or private?

9. Most hearings of standing committees are public. In other words, members of the public and the media may attend the hearings and the proceedings may be reported. In contrast, most hearings of select committees are private, which means that members of the public and the media may not attend them. If you are uncertain as to whether your hearing is private or public, ask the committee's staff before the hearing or the chairman of the committee before you start giving evidence.
10. It is important that any request for the committee to prohibit publication of all or part of your evidence, or your identity, be made *prior* to giving the relevant evidence. You should be prepared to state why you want it confidential. If the committee grants your request, the public and media will be excluded from the hearing.
11. The committee may also decide that all, or part, of the hearing should be in private, particularly if the evidence adversely reflects on a third person or the matter being investigated is subject to legal proceedings.
12. You should note that the committee retains the power to publish any private evidence. The Legislative Council may also authorise publication. This means that even your private evidence may become public.

If you are a public servant

13. Public servants appearing before a committee in that capacity are entitled to refuse to answer questions on matters of policy. The committee must direct all such questions to the responsible Minister.

You must not disclose evidence given in private session

14. You must not publish or disclose any evidence given to a committee in private session unless that evidence has been reported to the Legislative Council in a public document. Premature publication or disclosure may:
 - a. constitute a contempt of the Legislative Council; and
 - b. mean that the publication or disclosure of the relevant material is not subject to parliamentary privilege.

Transcript of your evidence

15. A transcript of your evidence will be made and sent to you for correction of

typographical and transcription errors. You should not discuss your evidence until the Hansard report is finalised. Please see the letter that will accompany the uncorrected transcript in this regard.

Threats or intimidation

16. If you have been threatened or intimidated by any person in respect of giving your evidence to the committee, you should immediately inform the committee or one of its staff.

APPENDIX B

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

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

Monday, 20 March 2006

Ministry of Whatever

Question No 170: Hon A. Brown (not “the member for West Metropolitan”) asked for a list of officers and their positions ...

Answer: Subprogram 1.2 does not include staffing and running costs for the latest version of the ministry’s operational

Or -

Monday, 20 March 2006

Ministry of Whatever

Question No. 171: Hon A Brown (not “the member for West Metropolitan”) asked -

- (1) How many officers work on subprogram 1.2?*
- (2) In which areas of the State are officers located?*
- (3) When will the work that is expected to cost \$24,000 be completed?*

Answer:

- (1)-(2) Subprogram 1.2 has 14 officers in total, of which three are located in Derby, five are located in Broome, two are ... It does not include staffing the new offices in the more northern areas of ... and so on.
- (3) It is expected that ...