

SELECT COMMITTEE INTO PUBLIC SECTOR EXPENDITURE

Establishment — Motion

Resumed from 12 November on the following motion moved by Hon Sue Ellery (Leader of the Opposition) —

That —

- (1) A select committee of five members is appointed, any three of whom constitute a quorum.
- (2) The committee and the proceedings of the committee are subject to chapter XXII of standing orders and it is to be regarded for all purposes as a committee appointed under that chapter.
- (3) The committee is to inquire into and report on government measures to audit the operational and financial performance of the Western Australian public sector and any other means by which efficiencies in public sector expenditure can be gained, and all the circumstances surrounding the implementation of the three per cent efficiency dividend, including —
 - (a) the impacts of the three per cent efficiency dividend on the general level of service delivery across all agencies, in particular any impacts on service delivery to regional areas;
 - (b) considering alternative methods for achieving a three per cent reduction in government expenditure;
 - (c) whether the efficiency dividend has a disproportionate impact on smaller agencies, including whether or not smaller agencies are disadvantaged by poorer economies of scale or a relative inability to obtain funding for new policy proposals;
 - (d) what measures agencies are taking to implement the efficiency dividend, and the effect on their functions, performance and staffing arrangements; and
 - (e) alternatives to an across-the-board efficiency dividend to encourage efficiency in the public sector, including consideration of whether certain agencies or functions of agencies should be exempt from the efficiency dividend, or whether the rate of the dividend should vary according to agency size or function.
- (4) The committee may present interim reports without a requirement for leave and is to present its final report to the house not later than Tuesday, 12 May 2009.

HON NORMAN MOORE (Mining and Pastoral — Leader of the House) [11.04 am]: As I said yesterday, this motion moved by the Labor Party is, in my view, an outrageous attempt by that party to intrude into the proper processes of government and an attempt to have this Parliament play a role in the day-to-day functions of government. The Labor Party must accept that it is no longer the government; it is the opposition. It is the role of the opposition to review, in a house such as this, the decisions of government, but it is not its role to be involved in making them. The opposition is entitled to use its powers to create committees to review government activity; that is what this house is for. However, it is not the role of the opposition or this house to engage in the day-to-day decision making of government. As I said, the government will work its way through the efficiency dividend, the idea being that of the former Treasurer who clearly believes that a three per cent efficiency dividend is achievable. Regrettably, he did not tell anybody how he was going to do it, but he is now spending his life telling everybody how it should not be done. The government will work its way through this process, and the house and the state will be advised when the government has made its decisions on how the three per cent dividend will be implemented. That is how government works. It will then be for the Parliament to scrutinise and review those government decisions. That is when the opposition should contemplate the level of scrutiny that it is talking about at the present time.

If this motion is agreed to and a select committee is set up to do the things that are contained in the proposed terms of reference, I must say that this house will have created a very dangerous precedent indeed. I remind Labor members that what goes around comes around. If they want to play these sorts of games and involve this Parliament in doing things that it is not set up to do, they should bear in mind that the time will come when the shoe will be on the other foot. I therefore say to them: do not go down this path; do not have this Parliament seek to involve itself in the day-to-day management of the government. It is not only premature in the context of the state government's processes, but also a disgraceful abuse of the role of this house. I am very angry at this proposition put by the Labor Party. A very careful reading of the motion moved by the Leader of the Opposition basically says that this house wants to be part of the processes of government. It cannot be that because it is not the government. I am looking forward to some explanation from Labor Party members of why they think this house ought to have this role.

Therefore, Mr President, we will be very vigorously opposing this motion, not because I have a problem with the house reviewing the three per cent efficiency dividend, but because the house should wait until it has been implemented before reviewing it; then the house can say whatever it likes about it. However, it is not appropriate to move a motion to set up a select committee and then, as the Leader of the Opposition said, use that select committee to require chief executive officers of the various agencies to go before a parliamentary committee and explain to that parliamentary committee how they are going about looking at their efficiency dividend measures before they have even made a decision. Opposition members want to get the CEO of the Department of Education and Training, for example, to come to Parliament and give them chapter and verse on the various options that she might be looking at. That is not for opposition members to be involved in at all; that is a process of government. It is a relationship between the CEO and the minister. Once a decision is taken and the normal budgetary process applies, then opposition members will have a right as members of this Parliament to scrutinise and review that decision. That is how Parliaments work. As I said, opposition members will create an extraordinarily dangerous precedent if they go down this path, and I suggest that they desist. I ask those members in the middle of the chamber who hold the balance of power to understand that what this motion seeks to do is completely out of order in the context of the Westminster system.

It is quite inappropriate for chief executive officers of agencies to have to come and explain to a parliamentary committee what they are doing and the context of their deliberations before they have provided the information to their minister on the way in which they propose to deliver on the three per cent efficiency dividend. After that process has occurred, it is then for the minister and the Treasurer to work out the government's position. The government will then make the decision through the cabinet process, and it will then make available to the Parliament, through the budgetary process, the final decisions. That is when Parliament gets involved, not in the process of the initial deliberations. I leave it at that.

I think this is quite an outrageous proposition. I hope the house, for the sake of its future, throws this motion out. As I said, what goes around comes around. If we start this new process of upper house select committees being involved in the processes of government, that will be the beginning of a serious deterioration of the relationship between Parliament and the government. That would be a very sad day indeed. The government very, very vigorously opposes this motion.

HON KIM CHANCE (Agricultural) [11.10 am]: In supporting the motion moved by the Leader of the Opposition, I want to firstly say that I very strongly support the principle of the three per cent efficiency dividend. In principle, an objective measure of known financial discipline is a very effective way to ensure that those who expend the state's resources—citizens' money—do so as effectively as they possibly can. Therefore, an efficiency dividend of this kind from time to time is a very effective way of government ensuring that its agencies are performing as effectively as they can.

The Leader of the House has made an impassioned plea to the house, saying that, in essence, the function of the committee would be to attempt to run the government. In fact, there is nothing in the motion—I have read the terms of reference very carefully—that seeks to appropriate executive power. It merely seeks —

Hon Norman Moore: Look at (b) —

Hon KIM CHANCE: Sorry?

Hon Norman Moore: Look at (b); it states —

considering alternative methods for achieving a three per cent reduction ...

Hon KIM CHANCE: Indeed. It merely seeks to examine what proposals might come forward —

Hon Norman Moore: And put up propositions for something quite different —

Hon KIM CHANCE: —and go through those propositions to ascertain whether there is not a better way of achieving things.

The measure, in fact, follows what was achieved by the government after an efficiency dividend was introduced into the 2001-02 budget, which I referred to yesterday by way of unruly interjection. It is easy to forget this in 2008, but at the time when the Gallop government took office, the financial state of Western Australia was not at all strong. The state had just come out of a period when it had suffered five deficits in the previous nine years. We were running very close to the limits of what we thought were sustainable to maintain the AAA credit rating, and we had to correct that situation. In forming the 2001-02 budget, the Treasurer had to return the state's finances to a net operational surplus in the long term after five deficits, and to remove an unsustainable acceleration in net debt that was threatening the AAA rating. I recall those discussions very clearly in government, and I also recall—this was said publicly by the Treasurer; I am not revealing anything that happened in cabinet—the Treasurer said it was necessary to build in something like a \$100 million surplus

provision just to account for the unforeseen things that can happen; for example, drought, and the cost of locusts, which became an issue in 2001.

The way in which that then 1.5 per cent efficiency dividend was delivered was in fact carried through in a very structural and integrated way with the rest of the 2001-02 budget. When the Leader of the House yesterday, effectively, challenged the Labor Party to show how this should be done, I responded, again by interjection, "We already have shown you how to do it. We showed you how to do it in the 2001-02 budget." That is, the efficiency dividend, if my recall is accurate, returned somewhere between \$830 million and \$850 million of the state's money in savings over the out years. That return was achieved without costing jobs and without cutting core front-line services. It was quite a remarkable achievement. I suppose that points to spending issues. I look to Hon Ray Halligan, who I think did an excellent job when he sat on this side of the house, always challenging the then government not to show us how much more money it was spending, but to show us what the outcome of that spending was. In the formation of the 2001-02 budget, that is exactly what we tried to do: we said, "We're not going to have as much money—we may even have 1.5 per cent less; how do we deliver the services with less money?" It is a challenge, and nobody suggests that it is easy, and indeed the recognition that it is a complex and difficult thing to do actually lies behind the cause for the motion moved by the Leader of the Opposition. The opposition actually thinks Parliament has a capacity to help in this. It is not a matter of trying to expropriate power from the government or take over the functions of government, but a matter of saying that we think Parliament has some role that it can play to make this work.

History records that the Gallop government did very effectively institute the 1.5 per cent efficiency dividend in that case, and, in so doing, it was able to ensure that, from that fairly fragile position, the state was well positioned to take maximum advantage of the much better economic times that followed. We did not know then that those good times were coming. Had we known, it would have been easy just to roll along without the efficiency dividend. But we did not know that. Treasury was not able to tell us that the outlook was all that bright going ahead. It is really easy to forget that, even though it was only a short time ago.

In acknowledging the success of that efficiency dividend that was incorporated into the 2001-02 budget, which was one of the state's most significant turnaround budgets, we also need to recognise that the application of that 1.5 per cent dividend was a carefully crafted instrument. It was not something that sat out on its own as a stand-alone issue; it was an intrinsic part of the budget. That budget was able to show that financial discipline can be achieved without cuts to job numbers or to the delivery of key services. As much as I support the principle of measures like the efficiency dividend, it is essential that these measures be very carefully designed to ensure that they are part of the design solution and do not become part of a whole new problem of its own creation. No efficiency dividend can be effective in any sustainable way if it undermines the core objectives of government—for example, by impeding the delivery of the core health, education, law and order, disability services or child protection objective. If the application of an efficiency dividend has the effect of reducing our front-line services and our core objectives, then apart from anything else—there are a lot of other things—the measure is unsustainable. It is unsustainable because the very absence of a necessary service will create an increased demand for those services generally to the extent that the demand will become irresistible. Because it is irresistible, that demand will express itself as a cost pressure in the next or in future budgets; thus consuming all the savings that were made in the first iteration of the dividend—ergo, unsustainable.

In one example, the Commissioner of Police has been reported as saying that he was concerned that cuts to the police budget might diminish the activity of the parents and citizens' youth clubs in Western Australia—bear in mind that this is only one example. PCYCs are to the community safety area what primary health programs are to the health system. Both are low-cost, broadly based approaches to reducing future problems. A little further down the line, problems in both those areas can be very, very expensive problems. To reduce or, even worse—particularly in a regional sense—remove the role of PCYCs would inevitably reduce not only the healthy interaction between our police and young people, but also the sense of building a community for our young and sometimes severely disadvantaged people. Reduce those benefits, and start counting the cost of that reduction. That is just one example. There are probably dozens of other such examples that demonstrate the need for careful examination and inquiry by the Parliament, and I think the Parliament is the proper place to carry out that examination.

The select committee proposed by the Leader of the Opposition will be an effective way of assisting the government in its implementation of the necessary financial disciplines. It will do that particularly through the application of paragraph (3)(a), which looks at service delivery in regional areas; paragraph (3)(b), which considers alternative means of achieving reductions in expenditure—I think that is legitimate; (3)(d), which looks at the specific measures that agencies are taking to implement the dividend and the effect of those measures on the agency's functions, performance and staffing arrangements, such as whether the application of the savings dividend will reduce staff numbers in regional agency offices; and, (3)(e), which in part considers whether some agencies or functions of those agencies should be exempt from the efficiency dividend. We found,

and there has been speculation on this in the discussion of this iteration of the efficiency dividend, that even when members think a range of agencies should be exempt, others will always pop their heads up and it becomes very clear that to cut a budget in a certain area would be particularly counterproductive.

The efficiency dividend expressed in the 2001-02 budget did not apply to those agencies that deliver the key front-line services of health, education and policing. Ultimately and as a result of a later decision, disability services and a large part of the then-named Department for Community Development were also exempted. The three per cent efficiency dividend now proposed seems to apply to those core services, making it very difficult for the public to accurately understand what is proposed by this efficiency dividend.

Hon Peter Collier: Are you saying that the Labor Party policy completely excluded those services?

Hon KIM CHANCE: Yes; it excluded health, education and policing, and then later—this was not in its first iteration—disability services and, for the most part, the then Department for Community Development. I think that the efficiency dividend applied to parts of the DCD budget.

In itself, there is absolutely nothing wrong with the application of the proposed dividend to those core service areas. However, its application will mean that a much higher degree of care will need to be taken when applying budget cuts to front-line service providers. It is not impossible to create efficiencies in those core service areas; indeed, it might be a very good thing to try to do that. However, we have to be ultra-careful that cuts to areas that supply key front-line services do not have unforeseen negative consequences. Largely it is those possible unforeseen negative consequences that I think establish the need for the proposed select committee, and I commend the motion. In so doing, I have noted the Leader of the Opposition's comments that the select committee will be able to do its work as effectively with three members as it will with five members.

Amendment to Motion

Hon KIM CHANCE: I now move to amend the Leader of the Opposition's motion in the following terms. I move —

- (1) Paragraph (1) — To delete “five” and insert instead —
three
- (2) Paragraph (1) — To delete “three” and insert instead —
two

The first part is to make it a three-member committee, and the second part of the amendment relates to the number of members that shall constitute a quorum of that committee.

HON BARRY HOUSE (South West — Parliamentary Secretary) [11.28 am]: I want to speak against the motion regardless of the proposed amendment. I will begin by making a couple of comments on the motion in general. This is the first business week of a new government. I can understand how members of the opposition feel because I have been in that position. Yesterday, a member said that the difference in the outcome of the election was only 64 votes in one electorate and that the result could have been different if 32 people had changed their vote. That may be true. Statistically, it is a fact that if that had happened, the Labor Party would still be in government and we would be in opposition. However, the fact is that a line must be drawn. In 1989 we felt the same way. Members will recall that in 1989 the election was decided by 161 votes over four critical marginal electorates. That was the verdict of the people and the Labor government, which was led by Peter Dowding, remained in office and we remained in opposition. Yes, it is cruel and brutal. When that happens, members believe that there is no justice in the world and they feel pretty bruised. The fact is that politics and elections are a pretty brutal business; they impact on individuals, parties and the community in a very cutthroat way. At times it makes us wonder where the fairness and justice is. However, we operate in a democracy under the Westminster system. An important ingredient in that system is that the verdict of the people is respected. Governments change very smoothly without guns being pointed at anybody and without the type of ridiculous stand-off that we are seeing in Zimbabwe. That country is effectively paralysed because there is no mechanism to change government.

An American I spoke to just after the presidential election told me that the changeover in the US administration takes at least a couple of months, and that there is cooperation between the incumbent president and the president-elect and the incumbent administration and the incoming administration. The administrations have time to get their staff and government directions together. In Australia, on the other hand, it is a brutal process that occurs overnight. There was more of a hiatus than usual after this election because the Liberal-National government did not assume government until two weeks and three days after the election was held, on Tuesday, 23 September. The changeover process then started from scratch. As the Parliamentary Secretary to the Treasurer, I have an insight into that process and know that ministers walked into offices that were absolutely empty except for the furniture. That is an accepted part of our system. People were unprepared for the change in administration because the election was called so early. Inevitably, a more extended hiatus after the change of

government in Western Australia occurred this time than is usually the case. That all occurred less than two months ago. Therefore, it is very interesting to be confronted with a motion of this nature in the first business week of Parliament. The motion demonstrates that even though members of the Labor Party feel bruised, they have not yet realised that they lost the election. I can empathise with those feelings, having been in that situation before. The motion is interesting in that sense, but it is premature in the sense that the newly formed government is assessing all the financial implications of everything leading up to the direction that will be announced in the customary way in the budget in May next year. That is when the government lays on the table of Parliament the financial directions for the next 12 months, and that is where Parliament's role comes into it. The government forms the budget and the Parliament analyses and scrutinises it. That is the age-old, traditional Westminster tried and true method that we have now used for centuries. Yes, it is evolving every day but it has been a successful system. People have remarked that it has its faults, but that other systems have more faults than ours. That process will culminate in the tabling of the state government's budget next year, which is now traditionally done in the first week of May.

The question that must be asked about this motion to establish a select committee into public sector expenditure is: what power would it have anyway? What power does a Legislative Council committee have over monetary bills? The Legislative Council, through this committee, would not have any authority over the financial direction of government.

Hon Sue Ellery: That is where the government's argument fails regarding this motion being an attempt by the Labor Party to govern. Of course a legislative committee report cannot, of itself, determine the direction that the government takes; however, it can provide commentary to the house. That is where the government's argument falters if the member is suggesting that we are, in a delusional sense, trying to govern from the Legislative Council. We cannot do that.

Hon BARRY HOUSE: Committees make recommendations to Parliament and Parliament can either take that advice or reject it or amend it. Let us imagine that the committee recommended that a specific financial direction be made that would inevitably involve drafting a financial bill. We cannot do that in this house. We know that the other house takes no cognisance of the business that is done in this house, just as we take no cognisance of the other house.

Hon Adele Farina: One does not necessarily have to follow the other. There is no requirement that if you lodge a report, you then must follow it with a bill; there is no proposition that that would happen. I do not know where that argument takes us in terms of any recommendations.

Hon BARRY HOUSE: I am just creating a scenario for members. If this committee were established and it recommended that the three per cent cuts across the public service be obtained by doing this or that, and if the report were adopted by a majority of members of the house, where would that take us? We cannot form those recommendations into a money bill because we cannot do that under our system; money bills must be initiated in the Legislative Assembly. That is one point about the ineffectiveness of establishing this committee.

Hon Ljiljanna Ravlich: It would take us down the road of transparency, accountability and integrity.

Hon Ray Halligan: Three words that you know nothing about.

Hon Ljiljanna Ravlich: You promised to be transparent and accountable and to operate with integrity.

The PRESIDENT: Order, members! Hon Barry House has the floor. He has taken interjections and he is dealing with those interjections as he sees appropriate. However, members should not interject so much as to prevent Hon Barry House from dealing with the issues that he proposes to raise.

Hon BARRY HOUSE: Thank you, Mr President. A couple of interesting words have been raised, including transparency. This government will be a transparent government. The government is analysing where three per cent cuts can be initiated and implemented across the public service. I think members opposite would agree that that cannot be done overnight. The transparency will come when that process is finalised and presented to the community. That may well be before the budget is brought down in May next year.

A report will be tabled in Parliament; that is where the transparency will take place. A report will be laid out for this Parliament and the community of Western Australia to see. Accountability follows that. That is where the role of the Legislative Council comes to the fore: members opposite will analyse the data, the policy, the directions and the numbers. They will criticise it and claim that a certain sector has been unfairly penalised. They will remind the government that it said that the process would not impact on core services but claim that it will in some areas. Then, if members opposite feel of a like mind, that might be the time for them to refer it to a committee for further analysis. However, a committee already exists in this chamber to provide further analysis and to keep the government accountable. A select committee is not needed to analyse this issue. A standing committee already exists; namely, the Standing Committee on Estimates and Financial Operations. The role of

that committee is to do exactly what members opposite are proposing. That committee has the ability to, at any time, request information from government agencies and to call in public servants in charge of government agencies and programs to seek their responses and to gather information. In fact, an announcement was made in this chamber the other day by the Chairman of the Estimates and Financial Operations Committee that that committee has already decided, through an own motion, that it will analyse the royalties for regions program. It is the legitimate province of the Estimates and Financial Operations Committee to do that if it wishes. It can also, through an own motion if it wishes, initiate an analysis of the three per cent efficiency dividend. However, it has not done so, and members opposite have seen fit to try to establish a select committee to do that. That seems an odd way of going about business.

This legislature is a house of review; it is not the government. This parliamentary system has evolved over many centuries from the Westminster system, under which the government is formed in the people's house—the Legislative Assembly or the lower house—and the ministers of that government are responsible to the people through the Parliament in both the Legislative Assembly and the Legislative Council. We do not have a system under which our administration is separate from the Parliament. I think our system works well in general principle. It works very well in ensuring that our political leaders, who then become our legislative and administrative leaders through our system of government, are directly accountable through direct questioning in Parliament, and they must report back through the Parliament. The Parliament itself is the body of review for the people. That is the role of the Legislative Council. The role of this house, and also of the other house, is to scrutinise all that is introduced or referred to it—all the legislation, all the motions that are moved and all government actions—and to point out deficiencies and provide different views on how things should be done.

The specific proposal we are discussing is a three per cent efficiency dividend across the public service. That sort of proposal is not new in itself. The first thing every new government that is formed does is analyse expenditures and the major areas for efficiencies. Inevitably, every government will look very closely at the public service because the public service comprises the government's employees; it represents the government's front line. It is perfectly natural for a government to do that; there is nothing unusual about it. However, these things take time. Also, new governments analyse and produce their own formula of structures and processes. Members might recall that in 1993, when there was a change of government, the McCarrey report was produced. That report analysed government systems and processes and where changes would be made for the succeeding years of the Court government. It was undertaken in the climate of the WA Inc royal commission and was aimed at clearing up the financial and credibility mess that arose from those years. That was a very difficult period. However that did not happen overnight. From memory, it took about eight months for a report to be finalised. As is usual in our system, the Premier tabled that report and it was then scrutinised by members, the Parliament and the community.

When the government changed again to the Gallop Labor government in 2001, a reassessment of the government's processes and structures was undertaken. That government put its stamp on the direction that followed for seven and a half years after that, through the machinery of government analysis. That was not done overnight either. It took at least six months—probably more. In some cases, the legislative proposals out of that analysis took about five or seven years to complete. The legislation creating the Department of Water passed this house only about a year ago. That was one outcome of the machinery of government analysis. It is perfectly logical and reasonable for a government to not only analyse its structure and processes and decide how it wants to adjust the public service, but also analyse its expenditure. This time it has been a little more sharply focused and defined—not by us, but by the outgoing Labor government. It was more sharply focused and defined as a three per cent efficiency dividend not by us, but by the current Leader of the Opposition, the former Treasurer. It was his proposal to create, virtually overnight, an election war chest of \$1.5 billion by implementing a three per cent efficiency dividend across the public service in one fell swoop.

Hon Adele Farina: Is that this government's objective as well, having picked up that policy?

Hon BARRY HOUSE: Yes; it is.

Hon Adele Farina: If you're not building up a war chest for the next election, what are you doing it for then?

Hon BARRY HOUSE: It was initially sought to free up funds for the Labor Party to use for the last election. The Liberal Party said that it would go with that because it did not have much option. The Liberal Party agreed to follow through with the process, given that the Labor government believed it could find \$1.5 billion in the state's finances. This government is therefore assuming that money is there. If members opposite were going to use that \$1.5 billion when they were in government, we too are entitled to use it for election commitments.

Hon Adele Farina: You won't be able to deliver the election commitments without the three per cent saving.

Hon BARRY HOUSE: The former government would not have been able to either.

Hon Adele Farina: You are in government now. Is that the position?

Hon BARRY HOUSE: I am just saying that the three per cent would not usually have been defined to that exact percentage. Incoming governments usually say that they will have a very close look at expenditure and where efficiency dividends can be gained. One would hope that the dividends would be something like three per cent or five per cent. A government would not usually define that three per cent. However, the outgoing Treasurer defined it specifically. Everybody is entitled to assume that a Treasurer knows the state's finances, where the money is and where the possibilities of saving money are. The opposition is entitled to say that is fair enough and that the Treasurer knows that \$1.5 billion can be freed up, so obviously it must be there.

Hon Adele Farina: Are there any guidelines or parameters for that exploration?

Hon BARRY HOUSE: That was to be my question to the member. As I understand it, the former Treasurer's announcement came with no guidelines; it was just an announcement. I do not think that it came as a specific announcement during the election campaign; it was announced, almost as an aside, during a day of other announcements. There was no policy document with it and there were no details. This was Hon Eric Ripper's proposal.

Hon Adele Farina: You are in government now and you have implemented the requirement for that three per cent. Do you have any guidelines or parameters?

The PRESIDENT: Order! I am drawing up a speaker's list. Hon Adele Farina is proposed to be the next speaker at this stage. Perhaps she can give her speech then.

Hon BARRY HOUSE: Thank you, Mr President. Our guidelines will be the same as Hon Eric Ripper's. Where were his? In requesting that this select committee be set up, I would have assumed that the Leader of the Opposition would have at the same time tabled the Labor Party's detailed, comprehensive proposal for finding those three per cent efficiency dividends in the public service, because that was the Labor Party's proposal and its policy platform.

Hon Sue Ellery: Then we did not get elected.

Hon BARRY HOUSE: No, but it was the Labor Party's policy commitment to do it. We assume that, because the government had all the resources of government and Treasury behind it, the Treasurer would have asked the Treasury to put together this comprehensive plan for implementing a three per cent efficiency dividend. I can tell the member, having come to government, that no such plan exists. It was never carried out by the previous government, so we have to do the work. The opposition cannot criticise the government for not having done that work in a month or so, when it was the former government's announced commitment to find that three per cent—when it had no details for it, and when there were no details for it within the public service. We have had to do the former government's work, as it were.

Hon Adele Farina: Perhaps you could set up the committee and then we could help you and provide you with that advice.

The PRESIDENT: Order, Hon Adele Farina! The member has had a fair go; I think she has delivered half her speech. If she really wants the call the next time around, she should desist at this stage.

Hon BARRY HOUSE: I am very happy to be doing what the Labor Party thought would be its work after the election—very happy to be in that position. However, when we are given a blank page as a blueprint, we must roll up our sleeves and do some work. That is what we are doing as a government. The due process involved in that will be that the government will do the work with the public service.

Hon Adele Farina: In secrecy.

Hon Ljiljana Ravlich: They do everything in secrecy.

Hon BARRY HOUSE: I think I will ignore that.

The PRESIDENT: Perhaps if Hon Barry House were to address me, those unruly members who persist in silly interjections may leave the chamber, if they wish, and have a conversation elsewhere.

Hon BARRY HOUSE: The government has a role to play and a job to do in finding exactly where those three per cent efficiency dividends will be implemented and where they will come from. That will not be easy; nobody pretends it will be. It will be difficult for each government agency. No-one expects a government that has just come into power to tell agencies that they will have three per cent slashed off their budgets and that it expects the agencies to tell it where those changes will be and then leave it to their directors general to implement. Governments have different priorities. If I heard the previous speaker correctly, he said that the former government's proposal meant that health, education, disability services and police were not to be affected. What percentage of the budget does that represent? It is a good 80 per cent plus.

Hon Norman Moore: They were going to close down the rest of the government to find the \$1.5 billion.

Hon BARRY HOUSE: There would not be many agencies left if those departments were to be quarantined from any efficiency dividend.

Hon Norman Moore: It is not correct either. It is not what the former government said.

Hon BARRY HOUSE: That is one of the difficulties with it. The opposition will find out what is happening with the government process in due course—I hope sooner rather than later. At the very latest it will be in the budget tabled in May of next year. I anticipate there will be some much firmer directions in the meantime.

I have lots of papers in front of me, including newspaper articles published during the election campaign, which make interesting reading about how the community was analysing this proposal. An article by Paul Murray, published in *The West Australian* of 23 August, which was two weeks before the election, is headed “Ripper the magician raises poll war chest”. This was the environment in which the announcement was made. It reads —

Wouldn't it be great to make money appear just because you say it exists?

Every time you want an expensive holiday—or if a big bill arrives—you could just conjure up the idea of a couple of grand in your savings account and, lo and behold, when you go to the ATM, it's there.

Well, that mild and unassuming Eric Ripper has shown he can do just that. Half Fiscal Superman, Half Mandrake the Magician.

And Mr Ripper is not just planning to get enough cash for a week on Rottneest. He's made \$1.45 billion appear out of nowhere. So he must be planning a really long break.

He has got his long break! That was the climate in which the announcement was made. It was an election tactic to create some funds to commit to election promises. Another article that appeared in *The West Australian* of 18 August, which is probably the first time it would have appeared, is headed “Ripper to demand public service cuts to cover Labor promises” and reads —

Treasurer Eric Ripper has conceded that all WA Government agencies would be asked to cut spending by 3 per cent despite insisting that frontline services would not be harmed in the efficiency drive to pay for Labor's election promises.

That was good enough for Hon Eric Ripper, who was the Treasurer with all the details and statistical information from the Treasury at his fingertips. Now the opposition is saying that it is not good enough for us. That just does not equate. The opposition must be reasonable and give the government time to do its work and to get on with it.

Following the election, we heard the shadow Treasurer on talkback radio being very critical. However, it was put to him that it was his former government's proposal. He was asked how his government would have implemented it. Specifically, he was told that if his government took one per cent off one agency, it would have to take five per cent off another to make up the average. He was asked where it would come from, because if he were to follow the line that education, health, police and disability services were to be quarantined from that process, he would have to take not 10 per cent but probably 30 or 40 per cent off some of the other government agencies. Where would an agency such as the Department of Sport and Recreation go with that sort of process to make up the difference? I suggest that the whole department would have to close down to meet the opposition's objectives. They are not our objectives and it is not the way we are going to go about business. We will find areas across the board in the public sector that are not specifically critical to front-line services but that can deliver on the government's outcome. That needs to be given some time. It is pretty clear that the community can see through this, as evidenced by the editorial in *The West Australian* of 30 October after the Labor spokesman started to demand that the government release its details. It is headed “Labor must learn it's not enough to carp” and states —

One of the lessons WA Labor must learn is that it has to show it can be an effective Opposition before it can convince people it deserves to govern again.

It's not enough to level criticism or accusations at the Government.

Labor's performance on the proposed 3 per cent spending cuts across the public service has been substandard: plenty of criticism but a glaring lack of specifics on what it planned to do.

Shadow Treasurer Ben Wyatt was happy to denounce the Government's moves but came up with nothing about which departments should face further cuts or be protected.

He either didn't know or wouldn't say, and that's nowhere near good enough.

This is a pretty general analysis and reflection of the community's view of where the opposition is coming from. This motion to establish a select committee is —

Hon Kim Chance: Part of the answer.

Hon BARRY HOUSE: We will provide the answer—then the opposition can analyse it. That is how it works. The government will provide the answer when the details are finalised. They are not finalised yet. How can a government table something when it is not finalised? Opposition members have been close enough to government to know that. How can the government table exact expenditure details when they are not even finalised and the analysis is still happening in every public sector organisation across the state? Let us not deny that new governments have a role and an obligation to review expenditure. We have that role and we are undertaking that review. That is par for the course after a change of government. Even if the Labor government had been returned after the last election, it would have been doing the same thing. We would have expected it to do the same thing from opposition. I assure members that we would have analysed next year's May budget very critically. The process demands the right time and place to do these things.

The other point I want to make relates to the financial climate at the time the government changed.

Debate interrupted, pursuant to standing orders.