STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS

MISCELLANEOUS PROCEEDINGS

Department of Treasury and Finance

TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 14 MARCH 2011

Members

Hon Giz Watson (Chair)
Hon Philip Gardiner (Deputy Chair)
Hon Liz Behjat
Hon Ken Travers
Hon Ljiljanna Ravlich

Hearing commenced at 2.10 pm

MARNEY, MR TIMOTHY
Under Treasurer, sworn and examined:

The CHAIR: On behalf of the committee, I welcome you to this meeting. Before we begin, I am required to administer an oath or an affirmation.

[Witness took the oath.]

The CHAIR: You will have signed a document entitled “Information for Witnesses”. Have you read and understood this document?

Mr Marney: Yes.

The CHAIR: These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. It will assist the committee and Hansard, if you could please quote the full title of any document that you might refer to during the course of the hearing for the record and please be aware of the microphones and try to talk directly into at least one of them. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. This prohibition does not, however, prevent you from discussing your public evidence generally once you leave this hearing.

Thank you for coming in, Mr Marney. I think what the committee would like to do is there were some questions that were forwarded to you a little while ago, we might deal with those initially, if you have any answers you could provide to the committee, and then we might move on to a couple of other areas, but we could start there.

Mr Marney: You want me, Chair, just to roll through the 26 questions?

The CHAIR: Please yes, we will not bother to read them out, but if you could just refer to which ones —

Hon LJILJANNA RAVLICH: Do we have them?

The CHAIR: We are just waiting on some further copies. They are coming right now. Thanks Mr Marney, if you could just refer to a number, and then we will be able to follow the process.

Mr Marney: Question 1, and there were three parts to question 1, related to state government capital projects and whether or not there had been any further capital works identified and costed. Essentially, the midyear review encompasses capital works projects that have been approved by cabinet prior to the cut-off date and that have been communicated to me. The Department of Treasury and Finance is in continuous dialogue with agencies on their 10-year asset investment programs, so at any point in time there are numerous additional capital projects that are being costed, evaluated, planned, formulated, and business cases developed. The ultimate decision as to whether or not any of those proposals proceed to an approved project is through cabinets and EERC, the deliberations of which are confidential. So, the short answer is since midyear review there is nothing more to add to that list of capital projects.

The CHAIR: We might go through and then if there are follow-up questions we will go from there.

Mr Marney: One is related to Shared Services and what functions have been rolled into Shared Services, and how many agencies have been rolled into Shared Services. As at 1 January 2011, 55 agencies have been rolled into Shared Services. They receive accounts payable, accounts receivable, charter accounts management, asset management, cash management, taxation and payroll recruitment, workers comp, occupational health and safety management and staff training course management as well. So, that is the extent of functionality. The next one relates to the next 12 months. The only agency at this point planned to roll in is Building Management and Works, which is a business of the Department of Treasury and Finance. That will occur later this year. Also, Department of Agriculture and Food are due to roll in finance in the next few weeks.

In terms of the next question, what agencies and functions were rolled in the previous—prior to the pause, agencies due to roll in—I think was part of a question as well—for this year were: Department of Agriculture and Food; Disability Services Commission; VenuesWest, for HR and payroll; Department for Child Protection; Department for Communities; Building Management and Works, which as I just said is still rolling in; Department of Corrective Services; Law Reform Commission; Parliamentary Inspector of the Corruption and Crime Commission; Professional Standards Council; Legal Costs Committee; and Department of the Attorney General.

Question 2.3 was relating to what agencies and functions were rolled in in the previous 12 months, there were no new functions rolled in. The functionality of the system was fully established. The agencies rolled in last year were: Tourism Western Australia; Small Business Development Corporation; Western Australian Health Promotion Foundation; Department of Racing, Gaming and Liquor; Real Estate and Business Agents Supervisory Board; Settlement Agents Supervisory Board; Department of Commerce; Wheatbelt Development Commission; Western Australian Electoral Commission; Department of Indigenous Affairs; Aboriginal Affairs Planning Authority; Goldfields–Esperance Development Commission; Mid West Development Commission; Department of Planning; Western Australia Planning Commission; Department of Transport; Heritage Council of WA; Department of Regional Development and Lands; Director of Public Prosecutions.

Question 2.4: new functionality implemented during 2008–09 was project accounting. The agencies rolled in during that period were: the Office of the Inspector of Custodial Services; Kimberley Development Commission; Pilbara Development Commission; Western Australian Sports Centre Trust, also known as VenuesWest; Department of Fisheries; Department of Regional Development and Lands; Department of Water; Gascoyne Development Commission; South West Development Commission; Great Southern Development Commission; Peel Development Commission; Department of Treasury and Finance; Equal Opportunity Commission; Office of the Information Commissioner; Main Roads, for finance functionality only; Office of Energy; Office Of Native Title; Department of Corrective Services; Department of Local Government; and the Commissioner of Children and Young People. I think that deals with all of question 2.

Question 3: is the privatisation of government services part of the financial strategy to achieve the forward estimates? The answer is no.

Question 4: what are the operational implications of outsourcing of the Office of Shared Services? We have not undertaken analysis of the cost of outsourcing functions from the Office of Shared Services.

Question 5 relates to use of the term “recashflowing”. Recashflowing refers to a situation where a particular program, whether it be one of a recurrent or operating expense nature or a project that is of a capital nature, the timing of it has a cashflow match to its timing, where the timing of the program or the project changes to cashflow is updated to reflect the underlying expenditure pattern that has been expected. So, that is recashflow.

[2.20 pm]

Hon LJILJANNA RAVLICH: Is that the same as deferred spending?

Mr Marney: It is more reflowing the cash to match the delivery of the program or any revisions to its timetable. Deferred spending is a conscious decision to push something back.

Hon LJILJANNA RAVLICH: If you are re-cashflowing, that can be a conscious decision. It is not precluded from being a conscious decision, surely.

Mr Marney: It is more a consequential retiming of funding provision to match a change in the timing of the program or the project, for whatever reason, so that program or project may be shifted in its time-expected delivery by a conscious decision.

Hon LJILJANNA RAVLICH: But if you wanted to slow down spending in your agency because you had to produce savings, one of the ways in which you might do it is to re-cashflow; just defer the spending?

Mr Marney: Quite possibly, yes.

Hon LJILJANNA RAVLICH: We are seeing a lot of that.

Mr Marney: "Where funding has been re-cashflowed, should it appear in future years?" Yes, although in some cases, particularly with large capital projects, it may be that the delay or rescheduling takes the cashflow outside of the forward estimates. It may be that some money is re-cashflowed beyond the forward estimates period and therefore drops out of the budget.

Hon KEN TRAVERS: What about savings? The one that particularly comes up is an agency that is expected to make savings and does not make it and then it is re-cashflowed into outer years. Should that continually show up or once it has been re-cashflowed —

Mr Marney: I guess while there is a prospect of achieving those savings, then it should remain in the budget. But it is a question of how many times can you re-cashflow it before you just say it is not going to be met.

Hon KEN TRAVERS: I guess that is what I was getting to with this question. The education department is the obvious example, and probably the biggest example, where they never make their savings, it has been re-cashflowed into out years, and as far as I can see they still have not even got close to making any of the savings apart from taking direct payments off parents.

Mr Marney: Hence the risk flagged in the midyear review that this is a matter that needs to be considered during the budget process.

Hon KEN TRAVERS: Basically the cabinet makes a decision as to whether to say, "We will forget about trying to achieve those savings and reallocate the funding"?

Mr Marney: That is one alternative. The other alternative is, in my kind of independent sign-off on the financial statements, I would say, "I don't believe that's ever going to happen, so we're going to have to write that into the numbers."

Hon KEN TRAVERS: Would it show up in the books as a new allocation of funding to the education department—we have just added $100 million to the education department—or would it show up as "We've just got rid of the re-cashflowing and now accept that we cannot make the savings"?

Mr Marney: It would show up as an increased appropriation. Whether or not it is directly linked to "can't make the savings" or the words "we couldn't make the savings so we had to top it up", whether they would appear in the documents is another question but ultimately it would just show up as an increase in appropriation.

Hon KEN TRAVERS: But if you have actually removed the re-cashflowing I would have thought it would be shown as "we've removed that re-cashflowing or savings" rather than it is a new appropriation.

Mr Marney: As you would have seen from the text, particularly in budget paper No 3 and the midyear review, where those sorts of things happen we tend to disclose exactly that, or at least seek to disclose anything.

Hon LJILJANNA RAVLICH: Is there a comprehensive list of all of those things that have been re-cashflowed out of the budget?

Mr Marney: The number of adjustments in any budget process goes into the thousands. It is difficult to isolate specific re-cashflowing of particular items because it happens at midyear review across all agencies and it happens throughout the budget process in a very extensive way.

Hon LJILJANNA RAVLICH: We could say that there are millions of dollars that have been re-cashflowed out of the budget across all portfolios?

Mr Marney: That are re-cashflowed from current year; some brought forward, some pushed back. It is the normal practice.

Hon LJILJANNA RAVLICH: You do not keep a schedule of that?

Mr Marney: We do in the material variations. Those are all published in the budget papers and the midyear review. As I said, there are thousands of parameter adjustments in every budget process. Disclosure of absolutely every one of them and an explanation of every one of them would be a very difficult task.

Hon KEN TRAVERS: I think you made a comment earlier that one of your obligations under the Financial Responsibility Act is a point where you would have to say, "This saving is never going to be achieved and therefore we should take it out of the presentation."

Mr Marney: Yes.

Hon KEN TRAVERS: How would you arrive at that point where you would make the decision the education department is not going to make its savings and therefore we cannot continue to artificially include this figure in the budget when we know it is never going to occur?

Mr Marney: That would be based on my judgement as to whether or not there were sufficient corrective measures in place to achieve the savings and whether or not there was sufficient decisions by cabinet to pursue those savings—basically the evidence of whether or not it is happening. Similar examples have occurred in the last couple of years around various items of revenue that required legislative action, although there was a cabinet decision taken. At that point revenue is written into the budget, it transpired that legislation and negotiation was taking much longer than originally anticipated, casting some doubt on whether or not it would be achieved at all. We backed it out of the numbers on that basis. It is that sort of judgement that would be required.

Hon KEN TRAVERS: Would that occur at the time of the budget cut-off date?

Mr Marney: Yes.

Hon KEN TRAVERS: By the time of the upcoming budget cut-off date, there is no sign that the education department, if they were to realistically achieve it, we would expect you at that point, wearing your almost independent hat as the Under Treasurer under the Financial Responsibility Act, would have to say it is time to get rid of these savings and acknowledge that they are not going to fund it; it is not going to be achieved?

Mr Marney: Yes.

The CHAIR: We are up to question 6.

Mr Marney: So that is re-cashflowing. The next one relates to the asset investment program. I think you are after detail of capital works spending by individual agency going back to 2001–02 and out to the end of the forward estimates. I have a schedule to leave with you. I do not have copies.

The CHAIR: Can that document be made public?

Mr Marney: Yes.

That is question 6—only 20 to go!

Hon LJILJANNA RAVLICH: We appreciate it, Under Treasurer!

Mr Marney: Question 7 relates to the real per capita own-purpose expense financial target and what the state government will be undertaking to ensure this target is met. That is really a question of policy for the state government. I suspect the response you would get from the government is its strategy will be disclosed as part of the budget documentation and is currently in the process of cabinet deliberation.

Hon KEN TRAVERS: Again, in terms of your obligations under the Financial Responsibility Act, at what point does it cut in that you have to say we are continually putting forward estimates that are not being achieved in this regard?

Mr Marney: As in continually putting forward —

Hon KEN TRAVERS: The expenditure is growing so fast that there is an increase in the real per capita own-purpose expenses. At what point do you have an obligation as the Under Treasurer to say that what has been written into the budget as the expectations of what is going to be achieved this year, and what actually eventually is achieved, there are not the management controls across government to be achieving it? If you look at the last two years combined, I think 25 per cent growth over the two years, regular requirements to go beyond the Treasurer's Advance Authorisation Bill, or the automatic advance provided under the FM act and come back into the Parliament, at what point do you say the management controls are not there so I cannot sign off on these documents that they are going to be achieved?

[2.30 pm]

Mr Marney: I guess, the mechanism for that statement is really the risk statement. What I try to do in the risk statement is narrow in on those specific areas where there is a sense by my people and myself that there is a lack of controls in expenditure growth, or a risk that expenditure growth, for whatever endogenous or exogenous factors, is going to be beyond that estimated in the budget papers. To an extent where we believe the forward estimates are unrealistic in terms of their assessment of expenditure growth, we will factor in additional expenditures to make them more representative of history. We actually put in factors to deal with growth in FTE, wage growth and so on, to ensure that they are not artificially deflated figures.

Hon KEN TRAVERS: But I guess what I am thinking of is that we had evidence given before us from Racing and Wagering WA about money they had accumulated in their account, and the advice they gave us was that they had been restricted by the Treasury, on behalf of the government, from being able to spend that money because the government wanted that money kept in the accounts because it helps reduce the overall borrowings of government. The same could be said about the Perth parking levy where, over the forward estimates there would be some $65 million now accumulating in there, with no corresponding expenditure. I do not recall seeing any of those sort of items listed in the risks, yet if you ever expend that money for the purposes for which it was intended, that will have a dramatic impact by increasing your borrowings and also increasing your own growth expenditure on a per capita basis.

Mr Marney: Technically it would not increase borrowings, but it would increase net debt.

Hon KEN TRAVERS: Sorry, I meant net debt, yes.

Mr Marney: The treatment of those issues is based on government's decisions around them. If government has not taken decisions to expend those moneys on specific things, then we do not provide for that expenditure in the accounts.

Hon KEN TRAVERS: But is there not a risk that at some point we are going to be obligated to spend that $65 million in the Perth parking for the purposes for which was intended? We have $85 million sitting in the RWWA account, and they are very narrow on what you can spend it on. So when you actually finally take those decisions to expend that money—just those two agencies alone add up to somewhere over $100 million—there will be changes to the net debt levels of government, but also it will have an impact on your ability to meet your expenditure growth, or contain your expenditure growth.

Mr Marney: Yes, it would have an impact on net debt; whether or not it impacts on our ability to constrain expense growth depends on what it is spent on. Both those accounts tend to be used, typically, for capital purchases rather than operating expense items. In the case of racing and gaming, it tends to be on racecourse capital upgrades, rather than expense growth.

Hon KEN TRAVERS: The parking levy and the taxi industry development fund are both on a combination of recurrent and capital.

Mr Marney: Yes; but until government decides what to do with those funds, I cannot factor in expenditure adjustments.

The next item relates to a breakdown of general government sector contributions to gross debt levels, and it is looking for a breakdown of contribution by agency. There is not an agency-by-agency listing of impact on debt levels, mainly because all of that is aggregated up across the entire sector to arrive at an overall net debt impact. Appendix 7 of budget paper No 3 provides changes and funding sources for the aggregate asset investment program by year, and budget paper No 2 goes into detail in individual agency projects and programs; those are probably the two key reference points to explore that issue. The rest of the question related to interest payments; again, I can provide a monthly schedule of interest payments.

Hon LJILJANNA RAVLICH: Can you just outline when those interest payments will peak?

Mr Marney: When they will peak?

Hon LJILJANNA RAVLICH: When they will peak, because the question has asked that a monthly interest and repayment schedule be provided for the financial years 2009–10 through to 2013–14. What I would seek an answer to, without having that schedule in front of us, is what year will that peak; and, how much will it be?

Mr Marney: I can probably do it by year. I have not got the information with me; the question actually asked for the information by month.

Hon LJILJANNA RAVLICH: All right, give it to us by month.

Mr Marney: By year?

Hon LJILJANNA RAVLICH: Yes.

Mr Marney: Because I cannot do it by month.

Hon LJILJANNA RAVLICH: All right, give it to us by year, and how much.

Mr Marney: I will have to take that as supplementary question to the list of a supplementary questions.

Hon KEN TRAVERS: Well, the question was: can a monthly interest and repayment schedule be provided?

Mr Marney: Well, the answer is no, and we are done. But what I am offering is to give you an annual interest bill.

Hon LJILJANNA RAVLICH: Give us that for a start, and then we will see how we go from there.

Mr Marney: We only project it annually, so we will not be going far from there. I will give you what I can, is the answer.

The CHAIR: Touché!

Hon LJILJANNA RAVLICH: Well give us anything; I do not care what you give us, just give us something.

Hon LIZ BEHJAT: Oh well, if you do not care what he gives us, why have we called the poor man in here?

The CHAIR: Order, members!

Mr Marney: Madam Chair, I think I understand the intent of the question, which is to identify a point at which the general government sector peaks in terms of interest bill. I will endeavour, within the resources that I have available to me and our data collection mechanisms, to identify that point for the member.

[*Supplementary Information No A1.*]

Hon LJILJANNA RAVLICH: Madam Chair, we have given notice of a question, and, Under Treasurer, you are telling us that you have not gone to the effort of bringing somebody here who might have that information, but I would have thought that that is a pretty important thing to know: in what year—even if you cannot provide us with the month—will that interest payment peak; and how much will be the total cost of it. To have to now take it again on notice, I mean I just find it incredible.

Mr Marney: I will read the question back to you: Can a monthly interest and repayment schedule be provided for the financial years 2009–10 through to 2013–2014? The answer is no, so I have answered the question. If the question said: when will interest payments peak over the forward estimates? I could have answered that, but you did not ask that question.

Hon LJILJANNA RAVLICH: Well, Hon Ken Travers did not ask that question—I did not ask that question; he did actually.

Hon LIZ BEHJAT: You want the answer; he asked the question.

Hon KEN TRAVERS: I only asked when will net debt peak.

Mr Marney: Just to clarify, Chair: no-one asked the question, and I did not answer it, so we are all square.

The CHAIR: We are all clear on that then. Excellent; thank you.

Mr Marney: However, supplementary A1 is noted.

The CHAIR: Deep breath, everybody. Let us move on to question 9.

Hon KEN TRAVERS: Can I just ask a quick question on debt while you are here, because it follows on from one of the answers you provided to us as a committee—I think it was asked by Hon Philip Gardiner—about the debt level. One of the things I found interesting was that the non-financial public sector debt actually hits over $21 billion, but when we look at the headline figure that we use, which is the public sector net debt, it is only $19.9 billion.

Mr Marney: Yes.

Hon KEN TRAVERS: So, basically, by incorporating the public financial corporations, it brings the debt levels down. That suggests to me that there is quite a lot of reserves sitting in those public financial corporations that are artificially bringing —

Mr Marney: Yes, but —

Hon KEN TRAVERS: Again, that would be restricted in what you can use it on, I would have thought.

Mr Marney: It tends to be prudential reserves for entities like RiskCover or Treasury Corporation, so, yes, you cannot use that cash just for anything. That is why we focus on total non-financial public sector net debt. Wherever you see net debt quoted, typically it is the non-financial public sector net debt.

[2.40 pm]

Hon KEN TRAVERS: In the headline figures that are always quoted, it is total public sector net debt. If you look at the beginning, all of the targets appear to be total public sector net debt and that is the headline figure that is always quoted. I agree with you. I would have thought that it is the non-financial public sector net debt that is the more important figure, because that is what the real borrowings of government have got to be, and that is the one that we have to pay.

Mr Marney: And the key financial ratios that are published are based on non-financial total public sector debt.

Hon KEN TRAVERS: That is what I found quite interesting. When one looks at the figures that you provided, the ratios are based on it but we do not get it presented in the budget papers as the real debt level of government. A classic example would be Keystart, which is one of those. Keystart has done two things: it has had to increase the amount of money it holds because of federal government prudential requirements, and it is also providing a bigger dividend. What impact does that then have on the interest that people have to pay on their Keystart loans to meet to meet all those requirements?

Mr Marney: That is a question for the Minister for Housing, I suspect. My understanding is the interest rate policy is set separate from the cost structure.

Hon KEN TRAVERS: It is impossible to do that, is it not?

Mr Marney: No, it is perfectly possible if the objective of the entity is the provision of social housing or is a community service obligation.

Hon KEN TRAVERS: If they cannot pay the dividend the government wants and they cannot create enough cash to hold as reserves to meet their prudential requirements, how else would you raise money for them other than by increasing the interest rates?

Mr Marney: It would be a direct injection from consolidated revenue.

Hon KEN TRAVERS: The government is not going to do that.

Mr Marney: It has done in the past. There have been periods of time when Keystart lending rates have been below their cost, so it happens, but I think we are getting sidetracked.

The CHAIR: There are lots of rabbit warrens!

Hon LJILJANNA RAVLICH: What question are we up to?

The CHAIR: We are still on question 9.

Mr Marney: I think we had a supplementary question. This question relates to total public sector's interest paid and borrowings repaid. Interest paid from the September quarter 2009 through to the June quarter 2010 was $159.5 million; $287.8 million; $160 million; $368.5 million; and the total interest paid in 2009–10 was $975.8 million. The borrowings repaid were $4642 million; $4342.5 million; $5459.6 million; $3666.5 million; and total borrowings repaid were $18.110 billion.

Hon LJILJANNA RAVLICH: Could you give us those figures again? Are you giving us interest and then repayment? That is what I am hearing.

Mr Marney: Yes.

Hon LJILJANNA RAVLICH: What are the figures for 2009–10?

Mr Marney: In total the figure was $975.8 million.

Hon LJILJANNA RAVLICH: In 2010–11, what was the total repayment?

Mr Marney: $18.1 billion. Those are gross figures, so bearing in mind if you are looking at net debt of $15 billion to $20 billion you have to run a gross portfolio that is much greater than that to maintain liquidities, to optimise interest rates and so on.

Hon LJILJANNA RAVLICH: What are the 2010–11 figures for interest?

Hon KEN TRAVERS: What did the figure of $4 642 million represent?

Mr Marney: That was the three months to 30 September; that is, borrowings repaid for three months in the September quarter.

Hon LJILJANNA RAVLICH: What are the 2010–11 figures?

Mr Marney: We do not have actual figures for 2010–11. It is the same issue as the previous question. We do not have a quarterly schedule for the out years. However, if the question is "What year does it peak?" I can come back to you on the basis of the midyear review estimates.

Hon LJILJANNA RAVLICH: Could you take that on notice?

Mr Marney: That is supplementary A2.

The CHAIR: Correct.

[*Supplementary Information No A2.*]

The CHAIR: Now we have question 10, I think.

Mr Marney: I have a schedule to submit to the committee, which is the midyear review of goods and services revenue by agency. It is total revenue for each agency. It is not split down by the various sources. There are literally thousands of line items of goods and services sold by agencies, so if I may politely suggest that you look at the aggregate schedule by agency. If you want to dig further about what is in that line item, you need to dig with the agency. Item 11 relates to spending changes since the 2010–11 budget. They are for policy decisions. All policy decisions are disclosed in the midyear review, but not all parameter changes are disclosed, basically because the list, again, would run into the thousands of line items for various parameter changes. What we try and do is capture and present for you the main parameter changes to a certain materiality threshold.

Hon KEN TRAVERS: Do individual agencies still run program statements?

Mr Marney: It depends on the agency: some do because of nature of their funding source. The Department of Agriculture and Food probably does, because it has different streams of programs that are funded from all sorts of different sources. So, some would, but most do not.

Hon KEN TRAVERS: If they are selling goods and services, how would they incorporate that into their overall budget management?

Mr Marney: It would be in their chartered accounts. It would separate identified items in their chartered accounts. Again, going back to your earlier point about how we make sure the forward estimates are realistic, we comb through that every year at budget time to get a sense of what the agencies are expecting. We look at their historical experience. Not surprisingly, they tend to drastically underestimate their own —

Hon KEN TRAVERS: Expenditure?

Mr Marney: No, their own source revenues that they are allowed to spend. So we factor in provisions that make it look a lot more realistic.

Hon KEN TRAVERS: Is that done on an agency-by-agency level? Are there agencies that traditionally underestimate it?

Mr Marney: There are some big ones, so we will interrogate those and try and get a re-estimation that is more realistic, and then we have an across-the-board provision.

I think that brings us to question 12. The residential net feed-in tariff scheme relates to the $123.5 million provided to Synergy to subsidise the feed-in tariff program. This scheme pays owners of eligible renewable energy systems 40 cents per kilowatt hour for energy that they export into the grid. The kilowatt hour rate that Synergy charges residential households is currently on average 23 cents per kilowatt hour. There is also a renewable energy system buyback scheme. If you put the two schemes together, you can get as much as 47 cents per kilowatt hour. If you buy it off the grid, it is 23 cents per kilowatt hour—if that makes sense—so you can sell it into the grid for 47 cents and it only costs you 23 cents to buy it.

[2.50 pm]

Hon LJILJANNA RAVLICH: How does the agency make any profit?

Mr Marney: That is why it costs money.

The CHAIR: Is the previous document that you referred to also a public document?

Mr Marney: Yes. Question 13 relates to Western Power's asset investment program and whether or not the program has been fully funded. Funding has been set aside for the total program. Eighty per cent of the total approved funding—that is, $68 million—has been released to Western Power. The remaining 20 per cent is being held centrally. The remaining funding will be allocated to Western Power once the ERA makes a determination on the efficiency of the capital expenditure. We are holding back that last 20 per cent to ensure the ERA ticks off and says, "Yes, it is reasonable." The short answer is that it is fully funded. That is for the overhead connections, bushfire mitigation, wood poles and pole-tops programs.

Hon KEN TRAVERS: The budget was saying it was the other way around—20 per cent had been funded and 80 per cent was still unfunded. Has that now been reversed?

Mr Marney: Yes. Through last year, they progressively brought forward for consideration business cases that demonstrated exactly what they were doing with the money to ensure that we had confidence that it was going to be efficient and that the ERA would stand behind it and not subsequently ping them for inefficient investment.

The next question relates to social housing and land development. Unfortunately, this one really needs to be directed to the Minister for Housing. It requires a level of detail that I do not have access to.

Hon KEN TRAVERS: Are you not able to give us any idea of the increased dividend from Keystart?

Mr Marney: No. Again, that is largely an internal housing authority and Department of Housing issue.

Hon KEN TRAVERS: So that would be done purely at the agency level rather than at a Treasury level. Reading into the budget papers, quite a significant dividend was paid out of Keystart to the government, so they would have been able to choose what they did with that dividend internally. My understanding is that they did not increase the amount of housing. The advice we got from the department was that that money was taken off them.

Mr Marney: It is quite possible. But, again, the details around that would be —

Hon KEN TRAVERS: Their appropriation was reduced by a similar amount. Would they know that or would you know?

Mr Marney: I know that, but in terms of what it means for the housing program, that rests with the Minister for Housing. I think the figure was $50 million.

Hon KEN TRAVERS: It was quite a large dividend; I know that much.

Mr Marney: They tend not to pay dividends on a regular basis.

Question 15 relates to corrective measures. This one goes to the actual estimated savings from 2008–09 through to 2013–14. The full details of the corrective measures are outlined in detail in appendix 5 of the 2009–10 midyear review. Those amounts have all been extracted from the agency's budget estimates and their forward estimates. As such, from a financial perspective, those corrective measures have been implemented. The only area in which there would be a question around that, as previously highlighted, would be education.

Hon KEN TRAVERS: This is an interesting issue. For instance, if we go back, the Department of Transport was required to get to $10 million a year in income from advertising over four years. My understanding is that they have never been close to that and it was scaled to $2.5 million, $5 million and then $10 million. When you say "savings", it was part of the total. It was listed as one of the economic measures out of the economic audit. How do we identify, as a committee, areas like that that have never been achieved? The savings are written in, as we have noted, but they are often not noted. They internally create savings there but then they come back to the Treasurer's advance at the end of the year to get extra money out of the government to complete the programs that they need to. Academically, you can say that they can meet their savings but we realistically know they have not. Is there a way of us being able to work out whether they did make some genuine savings or are we only ever going to be able to rely on the fact that they had to come back to the TAA for an amount equivalent to or greater than the savings they were expected to get?

Mr Marney: Even then, you cannot tell because it may be that their call on the Treasurer's advance account is for genuine increases in costs in other areas completely unrelated to those in which they were supposed to make savings. The only way would be to ask the individual agencies whether they had delivered on those specific issues.

Hon KEN TRAVERS: As Treasury, do you not have a measure to check whether they have made the savings they are expected to make? A policy decision is taken by cabinet that they should make these savings. If they do not do it, other than the really big headline items which need to be recashflowed, and if by rejuggling their cash account and everything else, they present the illusion of creating the savings but they have not actually created the savings, how do we know that?

Mr Marney: At the end of the day, the outcome we are looking for is savings. If they do not require additional funds, we take that as a sign that they have achieved their savings. If they require additional funds, we analyse it pretty rigorously as to what that is for and why and how that claim is justified.

Hon KEN TRAVERS: If they achieve it by eating into their cash reserves, it eventually leads to the point at which they do not have enough cash reserves and they need an equity injection, but that is often two or three years down the track. The suggestion was put to me that the police did not meet their savings; they did it by using their cash reserves.

Mr Marney: That is not a feasible mechanism because the savings are implemented by reductions in their expense limit. If you eat into your cash reserves, it would take you over your expense limit. Cash reserve is just another funding source but the mechanism to cap the spending to achieve the savings is the expense limit. Eating into your cash reserves is not a way of avoiding your savings.

Hon KEN TRAVERS: How did the health department manage their little trick where they went into their cash reserves a couple of years ago to fund their unfunded expenditure?

Mr Marney: As was thoroughly canvassed at the time, they broke their expense limit.

Hon KEN TRAVERS: I am not sure it was made that clear before.

Mr Marney: I think it was made pretty clear, if not in here, just out there. In fact, I recall making a statement to highlight the importance of agencies respecting their expense limits.

Hon KEN TRAVERS: If that was the case, what is the recourse? In theory, they have broken the Constitution if they have gone beyond their expense limit approved by Parliament.

Mr Marney: I think that is why I made those statements. It is a serious deal. Having said that, there are various safeguards that then patch things up.

Hon KEN TRAVERS: I agree with you that it is a serious matter but I am not sure that anyone has ever accepted responsibility for that. The CEO is no longer there but it was not necessarily related to that. The minister at that time also knew that that was occurring, and I have never seen him accept responsibility for the fact that he approved his agency to do that.

Mr Marney: That would be your observation.

Hon KEN TRAVERS: In your view as the Under Treasurer, where is the recourse to those matters when they occur?

[3.00 pm]

Mr Marney: Ultimately it is Parliament. I think if you check back through the records from the hearing, at the time that is probably what I said. That was question 15.

The CHAIR: Question 16.

Mr Marney: Schedule of dividends and tax equivalent payments to government from public corporations broken down by each entity—that is another schedule.

The CHAIR: Before we proceed, Hon Ljiljanna Ravlich has indicated that if you have written answers to her questions, we might hold on this and move to the next.

Hon LJILJANNA RAVLICH: We can get you to table them if that is okay.

The CHAIR: We are losing some people up the back! Sorry; I am not meant to refer to people up the back.

Hon LJILJANNA RAVLICH: Not for that reason.

Hon LIZ BEHJAT: Are we holding a hearing for the benefit of the people at the back or for the benefit of the committee?

The CHAIR: No; not at all. I was being slightly lighthearted. I apologise, members.

Mr Marney: I can provide answers to question 21 as a schedule. Question 21 relates to expenditure from royalties for regions and payments to entities outside the public sector. They are not all suitable for just tabling.

The CHAIR: Do you want to proceed further?

Hon LJILJANNA RAVLICH: I am wondering whether we can move to the Economic Audit Committee and perhaps come back or maybe you can pay us another visit, Under Treasurer?

The CHAIR: Let us take this one step at a time.

Mr Marney: My understanding was that the purpose of this visit was to cover the 26 questions.

The CHAIR: I believe the letter you received from the committee also talked about the Economic Audit Committee.

Hon KEN TRAVERS: He is saying he thought the 26 questions would take up the three hours!

Hon LJILJANNA RAVLICH: I quickly want to go to the modelling in terms of the Economic Audit Committee. It was billed as the biggest review or examination of operational and financial performance of the public sector since that landmark McCarrey report, which was commissioned under Richard Court's time in 1993. The report made some 40-plus recommendations. Can you, Under Treasurer, advise the committee whether any modelling was done on how much revenue would be generated if those recommendations were fully implemented?

Mr Marney: No; there was not.

Hon LJILJANNA RAVLICH: There was no modelling done. Can you tell us on what basis was the Economic Audit Committee undertaken? In other words, if there was not going to be some net impact financially, on what other basis was the decision made to proceed with the Economic Audit Committee?

Mr Marney: The purpose and the terms of reference for the committee were about getting a sense of what investments and changes in the way the public service does business could be made that would lead to greater efficiency and effectiveness of service delivery. The purpose of the audit was not to identify opportunities for increasing revenue generation; it was very much focused on: how can we do business better to achieve better outcomes?

Hon LJILJANNA RAVLICH: Having said that, in terms of those, was it 43 recommendations —

Mr Marney: Yes, 43.

Hon LJILJANNA RAVLICH: Has the decision been made on which of those recommendations will be progressed?

Mr Marney: It is my understanding that there is certainly not formal cabinet consideration and deliberation on the 43 in total. It may be that one or two have been decided on.

Hon LJILJANNA RAVLICH: Okay—just one or two. Do you know which one or two of those have been decided upon?

Mr Marney: No.

Hon LJILJANNA RAVLICH: So 43 recommendations were made as part of a major review into the public sector. From what you have already told us, no modelling was done on how much it might cost to implement these recommendations or how much revenue might be generated, and of those 43 we may have made a decision on one or two and you cannot advise us which one or two of those are the ones that have been decided upon.

Mr Marney: That is correct. The progress ultimately of those recommendations is coordinated by the Department of the Premier and Cabinet. I am not aware of whether they have submitted specific recommendations to cabinet. You mentioned as part of that statement that costings were not done as part of the process. There was some modelling of costs associated with implementation of the recommendations.

Hon LJILJANNA RAVLICH: Can you tell us which ones were modelled?

Mr Marney: I cannot offhand.

Hon LJILJANNA RAVLICH: Can you first of all provide us with the information about the two of the 43 recommendations that you think may have been approved for implementation, and then can you provide us with the information on which ones had been costed and the details in relation to the costings?

The CHAIR: I am considering whether it might be better to break that into two questions, for clarity.

Hon LJILJANNA RAVLICH: Yes, I think so. The first one is: which ones have been agreed to? I understand there were two of the 43 recommended.

[*Supplementary Information No A3.*]

Hon LJILJANNA RAVLICH: The second question will be in relation to those of the 43 that have to date been costed.

[*Supplementary Information No A4.*]

Hon LIZ BEHJAT: Under Treasurer, can you clarify for me: this whole economic audit putting people first report is not a blueprint for government as to how it will do business from the publication of this report forward. It merely was, as you said in your opening of what the terms of reference were: are there savings to be made somewhere down the way in the way we relate to NGOs et cetera? I think there are people on this committee who seem to think that of those 43 recommendations there should now be a schedule as to when all 43 recommendations will be implemented. My understanding is that that was never the purpose of it.

Mr Marney: The request of the audit committee was to develop recommendations to enhance the way we do business in terms of the provision of public service. We provided those recommendations to government. What government does with those recommendations is entirely up to government.

The CHAIR: Thank you for that clarification.

Mr Marney: I am happy to take supplementary information A3 on notice. Supplementary information A4 is actually detailed. Any costings or cost estimates around the recommendations are detailed in the full economic audit report.

Hon LJILJANNA RAVLICH: I have the full report and I have to say that there are not costings attached to it. What we do have is the actual recommendation, who is responsible, the deadlines for each of the recommendations in terms of implementation and milestones, together with time frames. That is all very comprehensive, but what we do not have is the actual funding amount under each one of those recommendations.

Mr Marney: There is no funding amount because government has not taken a decision to implement them.

Hon LJILJANNA RAVLICH: In an earlier response you first of all advised us that only two had been approved for implementation.

Mr Marney: I think I would have said there may have been one or two.

[3.10 pm]

Hon LJILJANNA RAVLICH: There may have been one or two of the 43. I think we are splitting hairs here, Under Treasurer, but anyway.

Mr Marney: Well, it is the difference between me saying “there are two that have been decided upon” as opposed to “there may have been one or two”.

Hon LJILJANNA RAVLICH: There may have been one or two, okay. Then I asked in relation to the ones that were funded and I think you said that there were a number of them. I am only taking the lead from you.

Mr Marney: No, with respect, you are mixing your words: you asked whether or not they had been costed.

Hon LJILJANNA RAVLICH: Costed, sorry.

Mr Marney: Costing something is very different to a government decision to fund it.

Hon LJILJANNA RAVLICH: Okay, I accept that; you are correct.

Hon KEN TRAVERS: It comes back to a press release is not a government decision!

Hon LJILJANNA RAVLICH: There were a number of them that had been costed and then I asked whether you could provide that information to the committee and you said, yes, you could, so that is where we are at in terms of the biggest reform since the McCarrey report.

Hon LIZ BEHJAT: Whoever said it was the biggest reform since the McCarrey report?

Hon LJILJANNA RAVLICH: It is in the then Treasurer’s opening line in a press statement on 18 November 2008, and I understand that the Under Treasurer was the Under Treasurer then, as he is now, and he was serving the Treasurer of the time. Let me just go on to 14 May 2009, the then Treasurer, Troy Buswell, said in the press statement —

> The first stage of the Economic Audit has identified a range of reform … that will generate total savings of … $1.1billion over the next four years.

Under Treasurer, had there been some costings undertaken that would have provided this $1.1 billion figure over the next four years?

Mr Marney: Yes, there were.

Hon LJILJANNA RAVLICH: I wonder whether you could provide the information to this committee of how this $1.1 billion worth of costings came about.

Mr Marney: Well, the work was undertaken by the Department of Treasury and Finance and submitted to the economic expenditure review committee; therefore, it is a cabinet document.

Hon LJILJANNA RAVLICH: Okay, so you cannot provide that information, so we would not know what those reform initiatives were that made up that $1.1 billion? Surely, that information should be —

Mr Marney: And my recollection is that information was disclosed in the relevant budget papers at the time.

Hon KEN TRAVERS: And you are right: in the 2009–10 midyear financial projections statement, there was a listing of the items under the economic audit and where money would be generated. I guess the issue that I am interested in is trying to identify and track whether that money has been achieved because one of the election commitments of the current government was that all savings generated out of the economic audit would be returned to people through tax cuts. That was their very clear election commitment. From my point of view I am keen to try and track whether or not those savings that were identified in the 2009–10 midyear review are actually occurring or have occurred—in fact, because they went over the forward estimates, whether they are occurring over the forward estimates. Is there somebody doing that in your agency and how do we see and track that that is occurring, that that money is being returned to the taxpayer and, firstly, that the savings are being achieved?

Mr Marney: The description of the implementation of corrective measures that you are referring to is page 107, appendix 5, in the midyear review for 2009–10, so that gives the breakdown of the costings in full. Whether or not there is a commitment to return those savings as tax cuts is a question for the government; I cannot comment on election commitments. The savings are extracted as line items out of each agency's budget. They commenced in 2009–10 and they were extracted across the forward estimates, so through that the implementation for all intents and purposes is done. Again, this comes back to the issue of: did the agencies make those savings where they are supposed to make them or did they save them from somewhere else or did they do something tricky? Ultimately, that is a question for the individual agencies, but when they come forward with their submissions for additional funding, we go through it with a fine toothcomb and make sure they are not using smoke and mirrors to patch up gaps in their budget that they should not have because they should have implemented savings.

Hon LJILJANNA RAVLICH: Under Treasurer, it just does not make sense to me. You have made the comment that you do not know but you think there may have been one or two of these recommendations implemented, yet we see $1.1 billion worth of savings in the budget. How does that come about?

Hon KEN TRAVERS: At this stage.

Hon LJILJANNA RAVLICH: Well, stage 1, okay.

Mr Marney: So stage 1 of the economic audit process fed in to the budget process, so the stage 1 savings measures are not part of the 43 recommendations of the final report.

Hon KEN TRAVERS: Also, one of those $1.1 billion for instance that is listed as a saving is the increase in the Perth parking levy, which actually is not a saving because it just sits in a trust account building up and ultimately will need to be spent on something in accordance with the Perth Parking Management Act, which makes it very difficult when something like that is listed as a saving, when in fact it is an increased revenue measure that will need to have its own specific item of expenditure attached to it.

Mr Marney: I do not think we actually called them savings; we called them corrective measures —

Hon KEN TRAVERS: Right.

Mr Marney: — recognising the fact that not all of them are savings.

Hon PHILIP GARDINER: Just on the report, Under Treasurer, "Putting the Public First", I think that is fantastic, but I just want to go through what it means just on three paragraphs in the section, which is "Our Vision". The first of the paragraphs is —

> The public sector management regime will place trust in responsible management, conduct and integrity while giving managers the skills and freedom to manage …

The second paragraph goes —

> Managers will operate in a climate of trust that they and their people are doing the right thing, not of suspicion …

The third one is —

> Leadership capabilities will be deployed flexibly across the sector to achieve the best outcomes …

Those three paragraphs suggest to me a decentralisation philosophy so that we are going to get a public service which is working much closer to the public than it might have done in the past, but there are two questions I have. The first is that in writing a report like this I would have thought that there would have been an analysis of what the constraints have been in the past, which draw out that particular recommendation. The second thing is that with costings and decentralisation, there is always a greater cost, as I understand it, for decentralisation after centralisation in the near term, but the costs reverse over a period of time when you are too far away from the public. Why was it that there was not an analysis of what the constraints were, and how firmly does this report really believe that decentralisation to put the public first is the best way of doing it?

Mr Marney: Through the Chair, the comments that you read out then are not actually related to a drive to decentralisation; they are more related to providing flexibility in the public sector management frameworks that we operate within and shifting those frameworks from a punitive focus on compliance to a focus or an assumption that people are actually trying to do the right thing, rather than an operating assumption within those frameworks that everyone is out there to do the wrong thing and we have to make up lots of rules to stop them from doing that. So it was about the public sector management and cultural environment in the public service more so than any thrust at decentralisation; in fact, there was not in any way a decentralisation agenda embodied in the reform.

Hon PHILIP GARDINER: I can very much accept that explanation in the context of what I am talking about anyway. My concern I do have is that I know that there are reports subsequently being written which refer to being inspired by this particular report of EAC, which is resulting in more compliance, or centralisation as a result of ensuring more compliance. Are you aware of reports of that kind being written as a result of this particular report?

[3.20 pm]

Mr Marney: No, I would have to ask you for specific examples.

Hon PHILIP GARDINER: Okay. In the context of making those kinds of recommendations, what consideration did you give to allowing mistakes to occur with accountability perhaps being pushed away from a centralised power point? Did you consider how the public service would deal with that, and how ministers would deal with that?

Mr Marney: Yes, but in those areas it is not a question of administrative structures, it is more about the culture of the public service and the unwillingness of people to innovate and take risks for fear of failure and persecution. The focus of the report, if you read the full report in detail, is really about enabling people to try to innovate and do things better and, to an extent, take risks, but at the same time to ensure that there is appropriate risk management in place, so that if something does go wrong, it is managed and managed effectively, and the consequences are contained. That was a cultural issue rather than an administrative issue, but it flowed from a concern that there were numerous layers of legislation and regulation that governed the way in which public servants operated and that that was becoming overly restrictive.

Hon PHILIP GARDINER: I accept the cultural issue, and I think that is also consistent with how I would like to see it happen too, but the difficulty comes with how the press deals with that, so there is the cultural issue of the press and the accountability interaction.

Mr Marney: At the end of the day you are accountable for what you do.

Hon PHILIP GARDINER: Pardon?

Mr Marney: At the end of the day, as public officers, we all have to be accountable for what we do and what we do not do. While the press can, at times, go to extremes to persecute people without due cause, they have a job to do as well, and most of them are very nice!

Hon PHILIP GARDINER: I am not playing to the press!

Have you thought about how, culturally, respect between the two can be built to ensure that people are not shot for making an honest mistake when taking an innovative risk and then going on to do something better?

Mr Marney: The only way to build the respect is through openness and transparency. If it looks like you are trying to hide something, it is probably because you are.

Hon LJILJANNA RAVLICH: You will regret those words!

Mr Marney: No, I do not think I will; that is the way I operate. At the end of the day, the CEO of the agency is the accountable person, and they are the ones who should be managing the risk, supporting their people appropriately and providing a safety net where appropriate as well.

Hon PHILIP GARDINER: Just one final question from me. If it is that other reports have been suggested to change things as a result of what has come out of this report, and it is actually centralising or going against that innovative culture a bit, and the sense of decentralisation goes against the accountability being there more for compliance reasons, who then in the public service should be saying, “This is not what we meant by this report”? Who is the person who is accountable for the right direction to be actually implemented?

Mr Marney: Ultimately, it is government. It was a report provided for government and its role is to set the direction for service delivery for the agencies, so when something comes forward that is contrary to the thrust of the economic audit, it ultimately comes down to government to get it back on track. Obviously, government has numerous sources of advice, the Department of Treasury and Finance being one of them, and we certainly do provide advice as to whether or not something is consistent or inconsistent with the direction articulated by the economic audit report. My understanding is that the Department of the Premier and Cabinet takes the same sort of responsibility, as does the Public Sector Commission.

Hon LJILJANNA RAVLICH: I just want to go specifically to some of these recommendations that has the Department of Treasury and Finance as the agency responsible and therefore you, as the head of the department, also responsible. I quickly want to touch on recommendation 23, which provides that agencies will be required to routinely review their activities with a view to evaluating the suitability for exposure to competition from the private and community sectors. This will be achieved through establishing the evaluation framework for agencies and providing training and support, including value for money audits; and requiring agencies to report on evaluations conducted to the economic audit expenditure reform committee prior to the commencement of the annual budget process. That was to have immediate effect; I am wondering whether any work has commenced on that.

Mr Marney: The government has not taken a decision on that recommendation.

Hon LJILJANNA RAVLICH: Okay. Recommendation 28 concerns government trading enterprises. The recommendation is that umbrella legislation be introduced to standardise, strengthen and clarify governance arrangements for all government trading enterprises and establish a remuneration policy for GTE board members and their executives administered by the Salaries and Allowances Tribunal. The deadline for that was July 2011; yours was the responsible agency. I wonder whether there has been any progress on that.

Mr Marney: The government has not taken a decision to proceed with the recommendation.

Hon LJILJANNA RAVLICH: Right. Recommendation 29 was a recommendation to establish a government trading enterprise advisory and monitoring unit. The deadline for that was July 2011; yours was the responsible agency. Has any action being taken on that?

Mr Marney: On the basis of the fact that the government has not decided to implement the recommendation, no action has been taken.

Hon LIZ BEHJAT: You are making it sound like he is not meeting deadlines that are set in concrete. I go back to my comment that this is not a blueprint.

Hon KEN TRAVERS: We are trying to find out what it is.

Hon LJILJANNA RAVLICH: Honourable member, with all due respect, I want to know how much this costs, for a start. Do you have any idea how much this report cost?

Mr Marney: The budget for the entire process was, I think, $1.5 million, and it was brought in under budget.

Hon LJILJANNA RAVLICH: Okay. It just seems amazing to me that we have had a series of statements from the government that bill these as the greatest reforms since 1993, and they were to form the basis of some pretty heavy-duty economic reforms across government. All I am doing is basically putting it out there in terms of this being what the report recommended and it is quite clear who is responsible for what recommendation. There are clear deadlines, as I have already stated, there are milestones, and there are clear time frames on those milestones. I have bowled up only three or four to you, and for each one of those, yours is the responsible agency and there has been absolutely no progress. These are issues that the government has identified as issues that are ripe for addressing, otherwise they would not have made it into this report. In respect of recommendation 30, yours is not the lead agency; the Department of the Premier and Cabinet is, but yours is the second agency responsible in relation to the review of government trading enterprises to ensure that the governance and ownership of each business is appropriate to delivering government’s policy objectives. There are a number of issues there. Has work commenced on any of that?

Mr Marney: No.

Hon LJILJANNA RAVLICH: No; okay.

Hon LIZ BEHJAT: Julia Gillard said that no government led by her would ever introduce a carbon tax, and what have we seen happening? Governments change their minds all the time.

Mr Marney: If I could just clarify —

The CHAIR: Could I just also take a raincheck of where we are at here? What I have heard Mr Marney say is that one or two, or a few, of the recommendations have been taken up. I do not think it is a fruitful exercise to go through all of them and to get him to repeat that nothing has happened.

[3.30 pm]

Mr Marney: If I can give a broad response to your concern—which is that the government has a report and nothing has happened about the ones that you have read out that are my responsibility—essentially that report provided a series of recommendations to government. It was not government's set of ideas regurgitated: it was an independent panel of pretty capable people who identified, through a fairly rigorous process, some areas for improvement in the Western Australian public sector. To assist with the implementation of the recommendations, should government decide to adopt them, I included in the report responsibility for, basically, who should be accountable for delivery of the recommendation, by when and what sorts of milestones government should be looking for in the implementation—basically, because, often, we are pretty good at coming up with ideas and we are really crap at implementing them. It is because we do not plan it that way. So I tried to go a step further and provide some of that implementation detail for government's consideration. Government has not taken the report and considered which recommendations it wishes to proceed with and which ones it does not wish to proceed with. I know that work is occurring on feasibility or implementation detail around a number of the recommendations, including some that I have responsibility for. But at this point, government has not taken an explicit decision as to which ones it will and will not progress.

Hon LJILJANNA RAVLICH: I want to make the point that, from my point of view, I know that there are people out there in the social services–type area who are expecting community hubs to be established by this government. I know that when I go to the Mental Health Commission report, for example, it makes reference to the recommendations of Economic Audit Committee. And when you look at other annual reports for last year, they to make references to the work of the Economic Audit Committee with an expectation that many of the recommendations that apply to them in the Economic Audit Committee report will be rolled out and will be of some benefit to them. I guess, from my point of view, and, I think, on their behalf, it is disheartening to know that there has been so little progress. I can accept what you are telling me and I have no reason not to believe it to be as it is, but I have to say that it is very disappointing.

The CHAIR: Members, I am aware that we have been going for an hour and a half without a break. I propose that we break for five minutes. It is not good practice to go on for long periods without taking a break. Perhaps I might suggest we recommence at twenty to four, which is just over five minutes' time. That will give members a chance to get a cup of tea or stretch their legs.

Proceedings suspended from 3.33 to 3.42 pm

The CHAIR: Let us reconvene. Mr Marney, we may have one or two more questions on this.

Hon KEN TRAVERS: I just wanted to clarify where we were before proceedings were suspended. I take it from what you were saying that basically the time lines included in this document do not kick in until such time as the government takes a formal decision to accept or reject—that is, until it effectively decides to accept those recommendations —

Mr Marney: They are suggestions.

Hon KEN TRAVERS: And they would need to be revisited now—if and when. I realise it is potentially a policy question and therefore do not know if you are in a position to answer, but I will ask: do we have any idea about when a decision will be taken about which of the recommendations will be accepted and which ones will be rejected?

[3.43 pm]

Mr Marney: My sense of government's approach is that it will consider the recommendations over time. It is not going to have an in globo "Yes, we approve 1 through 14, reject 15" kind of decision-making process. So I think they want to see further flesh put on the feasibility and the implementation of the recommendations and then consider whether or not to proceed basically recommendation by recommendation.

Hon KEN TRAVERS: Although my reading of it is a number of them are interrelated. If you try to implement one—I think you made the point about you have to increase the ability for people to take the risk, but you have to have proper risk-management approaches. Just in a very simplistic sense, you do not want to do one without doing the other. There is a whole range of issues in there about capacity building. There are changes to the way in which the Treasurer's advance operates, effectively giving a bit more responsibility, from my reading of it, to individual agencies to manage within their own budget constraints. Again, you cannot do that unless you put in place the capacity first.

Mr Marney: Correct.

Hon KEN TRAVERS: So I would have thought that at some point we would need to be getting at least clumps of them being ticked and saying, "Yes, we are going down that path," or rejected.

Mr Marney: I think that is government's perspective as well. There are some that it wants to see sort of progressed a little bit more first, rather than ticking off the whole lot and saying, "Away you go".

Hon KEN TRAVERS: Changing the subject a little bit, but going back to the corrective measures; I guess it is a question about how do we maintain the sustainability of some of those corrective measures. I will give you an example. I recently got back an answer from some questions I asked about State Fleet reductions that show us over basically four years reducing the State Fleet by 10 per cent, but then those figures show that immediately thereafter over the next two years it goes straight back up to where it was pre the 10 per cent and I would imagine then continues to climb back up. I guess you could argue we've reduced it by 10 per cent, but it seems to climb very quickly back up to where it was previously. How do we put in place mechanisms that ensure long-term sustainability of those measures?

Mr Marney: Yes. I mean, in the case of fleet, basically you take a growth path for the fleet and overnight you drop it 10 per cent, but it has still got a growth path and it is always going to, because the sector will continue to grow as demand grows. I guess the challenge is to maintain a growth path that does not immediately catch up to that 10 per cent.

Hon KEN TRAVERS: It looked like from the figures I got it was virtually back up to the 10 per cent within a year or two of it hitting—it basically goes in a curve, hits the bottom and then straight back up. So over the four-year period, the last two years are maintained and then back up. So I just wondered how we actually get that long-term sustainability.

Mr Marney: There would be some areas of rapid growth in those two years, like police officer numbers, for example.

Hon KEN TRAVERS: I accept that there will always be growth.

Hon LJILJANNA RAVLICH: Under Treasurer, you referred to having some of these recommendations costed. I am wondering whether you in fact costed the pilot of six demonstration projects of community hubs.

Mr Marney: No.

Hon LJILJANNA RAVLICH: You did not cost them?

Mr Marney: No. Because they were not sufficiently scoped. the recommendation is a concept. You would have to scope out what those hubs look like and their spectrum of service delivery and so on to go on further with the costing of those.

Hon LJILJANNA RAVLICH: Were there any preliminary costings done?

Mr Marney: No.

Hon KEN TRAVERS: The partnership—what is it called?

Mr Marney: Partnership forum.

Hon KEN TRAVERS: Partnership forum; I kept thinking of "framework", but "forum" is the word. Do you know where that is up? Obviously one of the issues there is actually identifying what the real cost of delivering those services is today. Are we any further advanced on—because in fact there were expectations that would be delivered as part of the midyear review—the additional funding that is required to bring existing services up to the true cost? Do you know where we are up to in terms of progressing that issue with the community sector?

Mr Marney: The recommendations around that sit with DPC and I do not sit on the partnership forum so I cannot comment on where they are up to, but I can comment on the work that I and my people have been involved in and where that is up to. We undertook some sampling work last year of a number of NGOs to try and get a sense of what that financial gap looked like. It is a very difficult exercise and a very subjective exercise. The outcome of that work has been fed through to the partnership forum for their consideration.

Hon KEN TRAVERS: So it is now back at the partnership forum to come back to your agency?

Mr Marney: No; I assume they report through to the Premier in some way or another, so it is in their hands.

Hon KEN TRAVERS: But obviously if Premier and Cabinet put a submission through, that would then come through you to check the figures.

Mr Marney: Yes.

Hon KEN TRAVERS: But at this stage it is not at that point; it is still with the partnership forum for Premier and Cabinet to progress it?

Mr Marney: Well, there is a decision yet to be taken by government as to how to move forward with that.

Hon KEN TRAVERS: Right.

[3.50 pm]

Mr Marney: But there is a collection of base information, not only on the cost differential issues, but also on the base that we are dealing with in terms of contracts with NGOs and what that looks like.

Hon KEN TRAVERS: Have we got a quantum of that figure?

Mr Marney: From memory it is about $500 million per annum in service agreements and contracts.

Hon KEN TRAVERS: They need additional funding of $500 million?

Mr Marney: No, that is the annual base.

Hon KEN TRAVERS: That is what we currently fund?

Mr Marney: Yes.

Hon KEN TRAVERS: But do we know what the shortfall of funding is? Is that not part of the argument—that the level of funding is unsustainable and there is a shortfall?

Mr Marney: It is kind of anywhere between 15 and 30 per cent depending on your perspective.

Hon KEN TRAVERS: Right. So that is where the real debate is going to be—the break of that 15 to 30. We accept 15, they accept 30 and we are in the negotiations. In terms of the current expectation of the skills shortage coming into play in Western Australia, will that have a dramatic impact in exacerbating the problem for both the non-government agencies and our own government agencies in retaining skilled employees as the market for skilled labour increases?

Mr Marney: Yes, although I am not quite sure how much of that skills shortage will impact on the human services area.

Hon KEN TRAVERS: My experience of the last boom was that it started to permutate across the government, because if anyone has got a skill that can be transferred into one related to the mining industry—so I mean, even police officers who you normally say, "Why would a police officer go?"; there was a bit of security work but it wasn't just for security work. It was in a whole range of fields that people basically got absorbed into the mining and related industries and that put pressure right across the system no matter where you were.

Mr Marney: But the sort of areas we are talking about would be carers for the disabled, social workers, child protection people.

Hon KEN TRAVERS: But if they are on a low income and they suddenly see you can get a cleaning job at a mine site that pays 100 grand a year and they are earning 40 grand a year, the differential becomes great enough that they will take the cleaning job. In fact, some of those areas that you mentioned are actually skilled areas but people will go into a lower skill area but it pays higher because it is attached to the mining industry. That was certainly my understanding right across—it does not matter who you talked to in Western Australia industry, they all were suffering that same problem.

Mr Marney: That is a risk.

Hon KEN TRAVERS: Whose job is it in the government to monitor that and oversee that and to be advising government on that risk? Is it yours?

Mr Marney: In part, because that is what we do. We tend to be the negative people in the sector and identify risks all over the place, but it is also the Public Sector Commission and DPC and line agencies themselves. I think the Public Sector Commission has new requirements in place for workforce plans for the agencies as well. So there has been, I guess, some learning out of the 2008 experience and there is a lot more of it going into planning what we actually need going forward, which is a start, because back in 2008 we did not have a good handle on that either.

The CHAIR: If no member is indicating that they have more questions in this area, we might just go back to question 17—I think we are up to that.

Mr Marney: Question 17 it is. It is an interesting one, which we have touched on. It is Department of Education exceeding its budget. Question 17.1 is the extent to which the Department of Education will or will not exceed its budget. That is currently a matter of deliberations in the budget process, but I think you have been given previously some indication of the sorts of magnitudes involved.

Hon LJILJANNA RAVLICH: Are we expecting it to be higher than $50 million? Was it $50 million-plus last year?

Mr Marney: Last year 67.7, in fact, was the appropriation—

Hon LJILJANNA RAVLICH: So I guess my question is: do you expect it to be higher this year?

Mr Marney: I would not expect it to be less.

Hon LJILJANNA RAVLICH: You would not be expect it to be less. That is good.

The CHAIR: The same or more?

Mr Marney: At this point, really, I do not know because we are still working on it.

Hon LJILJANNA RAVLICH: What is driving it?

Mr Marney: You would probably best direct that question to the Director General of the Department of Education.

Hon KEN TRAVERS: We have, that is why we are now asking you.

Mr Marney: I would point you to their trends in FTEs over the last six years or so, relative to growth in student numbers. Student numbers have been growing moderately. FTEs have grown by a figure 10-fold.

Hon LJILJANNA RAVLICH: But I thought that the government imposed the cap on all public sector agencies anyway, so why —

Mr Marney: That was only in the last two years. That is over a six or seven-year period.

Hon LJILJANNA RAVLICH: But this debt, this amount of over-budget, has been in the last couple of years.

Mr Marney: Which is kind of a chickens coming home to roost in terms of FTE growth, really. If you are running an unsustainable budget setting, you can get away with it for a couple of years, but soon enough the hollow logs become completely hollow, so the financial implications come to the fore.

Hon PHILIP GARDINER: Just on this same issue, what is the difference in the process that the education department applied to the over-budget, compared to the situation we had with Health a couple of years ago. What was the process difference in relation to your remarks already to that question earlier?

Mr Marney: Essentially, Education requested additional funding as part of the budget process and were given additional appropriation within that year, which meant they did not bust their expense limit. They had their expense limit increased, whereas Education requested additional money and an increase in their expense limit. They got additional money, they got an increase in their expense limit, but they spent beyond that again.

[4.00 pm]

Hon KEN TRAVERS: For education or for health?

Mr Marney: Sorry; health.

Hon PHILIP GARDINER: You meant health for the last bit?

Mr Marney: Yes.

Hon PHILIP GARDINER: Okay. Thank you.

Hon KEN TRAVERS: When you last came before us, one of the issues that we discussed was power and water bills and whether that was having an impact.

Mr Marney: That is question 17.8: what is the estimated increase in power and water charges for the Education Department in 2009–10 and 2010–11? The estimated water and electricity charges were $38.3 million in 2008–09, and $44 million in 2009–10, and they are estimated to be around $52 million in 2010–11.

Question 17.2 we have answered. The answer is that the Department of Education received an additional service appropriation of $67.7 million in 2009–10. Questions 17.3 and 17.4 refer to the $5.651 billion in education spending relative to the $5.4 billion, and ask what is the difference. The $5.651 billion is a broader classification of education spending. It is an ABS classification, which includes other agencies such as the Curriculum Council and state training providers. It is that bigger footprint of education entities. So that is the difference.

Hon KEN TRAVERS: But if you go to note 5, for that $5.6 billion and $5.4 billion, we are using the same classifications, I would have thought, because it is in the same chart, under note 5.

Mr Marney: No. They are different classification sets.

Hon KEN TRAVERS: I have note 5 in front of me, and it shows general government expenses and spending on the purchase of non-financial assets by government purpose classification, and it then shows education, $5.651 million, and the budget estimate for 2010–11 was $5.401 million, and then the midyear revision is $5.412 million.

Mr Marney: What page is that?

Hon KEN TRAVERS: That is on page 72.

Mr Marney: That is non-financial assets. So you are at the $5.651 million, $5.401 million and $5.412 million set of figures. What is the specific question?

Hon KEN TRAVERS: You were saying that the $5.6 million and the $5.4 million are two different measures.

Mr Marney: Yes.

Hon KEN TRAVERS: I am saying that surely they would be like for like, because they are in the same table. So it is not comparing the $5.6 million with an appropriation somewhere else.

Mr Marney: I think we have misread the question. The big swing factor in that $5.651 million figure will be commonwealth grants—stimulus moneys—that would have flowed through to non-government schools.

Question 17.6 is: what are some examples of "non-financial assets" in Education? That is basically schools, hostels, state training provider facilities. The changes from 2009–10 to 2010–11 in the overall program equivalent are primarily due to the Building the Education Revolution moneys, and trade training centre expenditure, which was expected to occur prior to 30 June 2010 and is now expected to take place in 2010–11. So it is one of those re-cashflows.

Hon LJILJANNA RAVLICH: How many new schools have been built by this government—not the ones that were finished off that the previous government had committed to, but new schools—since September 2000?

Mr Marney: I do not know offhand but it is probably in those schedules that I provided previously.

Hon LJILJANNA RAVLICH: All right; you can provide that on notice.

[*Supplementary Information No A5.*]

Hon KEN TRAVERS: Is there an easier way of identifying commonwealth money that is going into different programs? I know that sometimes it is listed as a separate item at the bottom of the asset investment program. But for some agencies, for whatever reason—such as the PTA—the money that they are getting from the commonwealth is not listed separately, so we do not know whether it comes through Treasury rather than directly to them.

Mr Marney: Yes. It largely depends on how the commonwealth chooses to fund stuff. There are some projects that it wants to fund directly to the builders, or even have an equity stake in. There are others that it wants to fund directly to the line agency. There are others that it wants to cycle through Treasury. So it varies depending on which national partnership agreement it is or which specific purpose payment it is. The short answer is that there is no easy way, because it is so variable.

The last question, 17.8, we have answered. Question 18 refers to the transfer of i-procurement. I-procurement was a Department of Education system dealing with its invoicing and procure-to-pay function. It was transferred to the Department of Treasury and Finance when the Department of Education's procurement function was transferred across as part of the re-badging of the procurement reform. Basically, it does not fit with the services that DTF provides. It better sits with Education. So we have just transferred it back, because it is more the administrative processing side.

Question 19 asks about the $5.5 million excess in the Treasurer's advance for training and workforce development. This was one that kind of fell through the cracks during the de-merger. It is the WestOne range of kindy to 12 and VET teaching and learning resources. It sort of fell through the cracks in a funding sense, and the $5.5 million is additional appropriation to keep that ongoing. The $67 million for capital contribution relates to expenditure that was not utilised in 2009–10 and was returned to the consolidated account and then re-cashflowed into 2010–11, back into training and workforce development.

Question 20, the sale of goods and services was scheduled to rise from $17 million for 2009–10 to $43 million. This is largely reflecting that the $17 million is only a part-year revenue—it is from October 2009 through to June 2010—and the $43 million is the full-year expectation.

Hon KEN TRAVERS: I just want to be clear. Is that basically increased charges for training courses? Is that right?

Mr Marney: No. It is mainly a timing mismatch. The $17 million is only seven or eight months. But there is still an increase as well, yes.

Hon KEN TRAVERS: So are they charging more for courses? Do you know?

Mr Marney: I do not know. That is, again, a question for them.

Question 22.1 asks about the $644 million in total to the royalties for regions fund; the actual spend is only $254.4 million, where is the rest of money? The rest of the money sits in a Treasurer's special purpose account named the royalties for regions fund. So it sits as a balance in that fund. The money stays in that account until expenditure is authorised under section 9 of the Royalties for Regions Act. Section 8 of the Royalties for Regions Act states that "the amount of money standing to the credit of the fund at any time does not exceed $1 billion". This only relates to the balance in the fund. It does not mean that only $1 billion can be spent out of it in a year. You can spend $3 billion in a year, so long as the balance in the fund does not exceed $1 billion.

Hon KEN TRAVERS: So you could still have an allocation of $2 billion in the budget?

Mr Marney: Yes, if it is flowing in and out within the year.

Hon KEN TRAVERS: You feed in the first $1 billion and spend it within the first six months, and you then feed in the second $1 billion and spend it in the second six months. That is going to have to happen soon, I would have thought.

Mr Marney: Obviously with appropriate and prudent controls around what it is being spent on.

Question 22.4 is: does the government have plans to raise the $1 billion cap? That is a question for government. Question 23, new regional and statewide initiatives: is this essentially a "holding account"? To question 23.1, the answer is yes.

[4.10 pm]

This is the component of the budget that in 2009–10 budget papers was called "Regional and statewide initiatives". It is an administrative account, which is the answer to 23.2. Question 23.3 is: yes, the funds are then listed under one of the other three main categories. Question 23.4 is: "new regional and statewide initiatives" refers to projects under consideration and/or still under development. In answer to question 24, the regional grants scheme is now listed as part of the regional strategic projects within the regional community services fund; 24.2: yes, the regional grants scheme is still funded from royalties for regions; and 24.3, the allocation for 2010–11 is $63.683 million with an additional $19.59 million for regional strategic projects reserve. So, the total is $83.278 million.

The penultimate question—it is getting exciting!—is about the population growth projections used in the 2010–11 state budget and how these relate to GST forecasts. The population projections in the budget were, from 2009–10 through to 2013–14, for growth of 2.6 per cent, followed by 2.3 per cent, and then 2.2 per cent thereafter. In the midyear review, the equivalent growth figures were 2.6 per cent, 2.3 per cent, 2.2 per cent, 2.2 per cent and 2.1 per cent. So, the only change being a slight downgrade of the last year. These figures, however, are not what is used to calculate GST share. What is used is our population share of national, because the GST is carved up under the relativities arrangements, so what counts is our share, not our actual growth. the Population share estimates, were revised down. In the 2010–11 budget, our share in 2010–11 was 10.34 per cent followed by 10.42 per cent, 10.49 per cent, 10.56 per cent. In the midyear review these figures were revised down to, in 2010–11, 10.32 per cent, followed by 10.38 per cent, 10.44 per cent, 10.5 per cent.

Hon KEN TRAVERS: Do you know off the top of your head how they relate to the "WA today" Department of Planning population projections?

Mr Marney: The planning projections would be the first lot of numbers that I mentioned.

Hon KEN TRAVERS: The 2.6, 2.3 —

Mr Marney: Yes, so we use those to try and get a sense of what our share is going to be, but in doing that we rely on, more so, population estimates from the commonwealth Treasury that are prepared by the Australian Bureau of Statistics, because it has to be all states. So, there is a disconnect between those two sets of figures.

Hon KEN TRAVERS: Because most agencies, as I understand it, in terms of their planning for asset provision, base it on the population projections contained within—is it "WA Tomorrow"?

Mr Marney: The planning stuff?

Hon KEN TRAVERS: The Department of Planning's projections. And in fact, there is always an argument, particularly from the northern suburbs, that those, particularly for the last five or 10 years, have significantly underestimated the growth in the northern corridor. I am on pretty safe ground here with my fellow committee members, except for one! It has been pretty consistent that the growth in northern corridor has been significantly higher and faster than the growth in the other regions of Perth. How does that then get factored into the budget if agencies are then planning on that basis? They are using those figures but actually achieving a different outcome? Where does the correction get picked up?

Mr Marney: Any decent forecasting model will pick up the gap.

Hon KEN TRAVERS: When a government agency is doing a business case for a development, do you as Treasury require it to rely on those "WA Tomorrow" figures or are they allowed to present their own population or growth figures to justify it?

Mr Marney: It depends on the purpose, but we will always go back to those planning projections and also our own forecasts.

Hon KEN TRAVERS: And the reason I ask is that I was looking at some documents of EPRA and they keep quoting Bernard Salt's figures. I guess they are a land development agency and they want to promote land sales, but I find it quite interesting that I assume their business cases were all based on those figures calculations you have just given us, yet all over their website they talk about Bernard Salt's figures, and if you look at Bernard's figures he will have us reaching the population that the Planning Commission has us getting to in 2031 in 10 years, or being 65 000 people short of the 2031 figure by 2021.

Mr Marney: We will always put a ruler over those to understand, a, the sensitivity to population estimates, the sensitivity of the business case, and then, b, what the business case looks like with the best-guess projections that we have as opposed to projections that someone else is paid to provide to the client agency.

Hon KEN TRAVERS: Let us go to the last one!

The CHAIR: Yes, please!

Hon LJILJANNA RAVLICH: Under Treasurer, I just want to ask, or put to you: in the economic audit report you have about 20 or so recommendations where you are the lead agency. Would there be any point in asking you for a progress report on those recommendations?

Mr Marney: Not really.

Hon LJILJANNA RAVLICH: Not really!

Mr Marney: It was worth a shot!

Hon LJILJANNA RAVLICH: I know, because you already said that there were only one or maybe even two implemented, but I just wanted it on the public record, because if you do not ask, it is not on the public record —

Mr Marney: Having said that, there are some that we are continuing to explore and trying to put some more flesh on the fairly rudimentary skeleton that was set out in the report. I think I discussed, the last time I was here, some of the work that we are doing on reforms to procurement with non-government service providers. So, that is an area that we are working on, but there is no formal decision from government to actually implement the changes in certain areas, but it is broad policy work that we are just doing.

Hon LJILJANNA RAVLICH: And you would have done it anyway. Would that be a fair thing to say?

Mr Marney: No, funnily enough, because in the first sort of wave of procurement reforms over the last five years, we did not tackle the area, and it is only the economic audit report that has shed light on it and shed light on the need for improvement.

Hon LJILJANNA RAVLICH: Could you provide the committee with information in relation to what the Economic Audit Committee members were in fact paid for their services on the committee; that is, Dr Peter Shergold, Mr John Langoulant and Cathy Nance. The others are public sector.

Mr Marney: The others were non-remunerated.

Hon LJILJANNA RAVLICH: Is it possible for you to provide the committee with information in relation to how much they were paid?

Mr Marney: Sorry, you did previously ask a question as to what the total cost —

Hon LIZ BEHJAT: We have asked that already.

Hon LJILJANNA RAVLICH: No, I have asked for the total cost, honourable member, so do not second-guess what I am asking.

Mr Marney: And I gave you an approximate answer —

Hon LJILJANNA RAVLICH: Yes, you did.

Mr Marney: — so I would be happy to incorporate in this answer, which I think is —

[*Supplementary Information No A6.*]

Hon LJILJANNA RAVLICH: And when you provide me with that total cost, can you give me a bit of a breakdown of what that cost might be, because the global figure might be $1 million, of which $200 000 might have been for these members, but there might be a consulting component where perhaps the committee did not undertake all of the work themselves—some of it may well have been contracted out; I do not know. But if you can provide me with that broad breakdown of costs, that would be much appreciated.

The CHAIR: Were just about to get to the final question 26 before we jumped back across over there. Sorry, Mr Marney, I did not realise we were heading off over there.

Mr Marney: Obviously the 26 are just so boring that you want to go off into the interesting stuff!

The CHAIR: No, I am really keen to know the answer to 26.

[4.20 pm]

Hon KEN TRAVERS: Big deal or no deal, that is boo-yeah I think!

Mr Marney: "Can you provide a list of the agencies included in the "All other" that caused their revenue from the Sale of Goods and Services to be revised up by $98 million." I mentioned previously that we have a central provision to compensate for agencies underestimating their projections of goods and services revenue. The biggest item in that $98 million is $74.4 million, from our estimate of their underestimate. But I am happy to leave you with a table of the estimates. The biggest one there, in terms of the revisions in the midyear review, is Treasury and Finance. That relates to State Fleet, which is an accounting categorisation change from what is called the internal consolidation of payments between agencies. When we do the aggregates, we consolidate internal payments out. We have brought back into the general government consolidation process payments that we receive from public trading enterprises, so we are recognising that appropriately. That was the reason for that change.

Hon LJILJANNA RAVLICH: I was going to say my question was much more exciting, and then I realised this was my question too!

The CHAIR: Can that document also be made public?

Mr Marney: Yes, that is fine.

Hon KEN TRAVERS: I had a question that relates to your answer to question 2 regarding the Office of Shared Services. Did I hear you say there is a pause on rolling?

Mr Marney: Correct.

Hon KEN TRAVERS: When was that?

Mr Marney: That was immediately prior to Christmas.

Hon LJILJANNA RAVLICH: Why was that?

Mr Marney: The government took a decision to have a review undertaken of Shared Services. That review is being undertaken by the Economic Regulation Authority and is due to report to government with its recommendations by the end of March.

Hon KEN TRAVERS: That is why, in your answer, there are very few agencies. Was that taken before or after the cut-off for the midyear review?

Mr Marney: After. There are no agencies basically now. Everything is on hold until further notice.

The CHAIR: Mr Marney, thank you very much. I just need to say a few words here to complete this hearing. The committee will forward you any additional questions it has, via the minister, in writing in the next couple of days together with a transcript of the evidence, which includes the questions you have taken on notice. I might indicate we are not expecting any additional questions. I think it will be these ones; six of them

Mr Marney: If there are more than six, I will have to come back again and read through each and every one of them!

Hon LJILJANNA RAVLICH: Is that the new strategy—it is not going to work!

Hon KEN TRAVERS: You are always welcome back, you know that!

The CHAIR: If members have any unasked questions, please submit them to the committee clerk at the close of the hearing. Responses to these questions will be requested within 10 working days of receipt of the questions. Should the agency be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met. Finally, on behalf of the committee I thank you for your attendance today.

Hearing concluded at 4.23 pm