

SUPPLY BILL 2013

Second Reading

Resumed from 16 May.

MR T.R. BUSWELL (Vasse — Treasurer) [12.14 pm] — in reply: I rise to close the second reading debate on this bill. It would be fair to say that it has been quite a lengthy and wide-ranging debate, which is often the nature of appropriation-style bills in the house. The member for Victoria Park raised a couple of technical issues in relation to reporting and some other matters around this bill. I do not intend to deal with those now; I will deal with those when I have my advisers present when we go into consideration in detail. I thank members on both sides of the house for raising a range of issues in relation to their electorates, state finances more broadly and matters of interest to them, and I look forward to proceeding into consideration in detail.

Question put and passed.

Bill read a second time.

Leave denied to proceed forthwith to third reading.

Consideration in Detail

Clause 1 put and passed.

Clause 2: Commencement —

Ms R. SAFFIOTI: What is the latest date that this bill needs to be passed for the state not to run out of money?

Mr T.R. BUSWELL: I thank the member. My advice is that the Financial Management Act effectively gives the government two months. That would be July and August under which supply is effectively automatically extended. In the absence of this bill passing, supply will effectively, I imagine, cease—heaven forbid! This bill is required in case the budget is not passed within that two-month period. The budget has to be passed within that two-month period; if not, we need this bill to provide supply beyond the two-month period.

The budget comes in on 8 August. My expectation is that the bill probably will not have been passed through both houses until some time in September. The other place is the other place, so it may be a little bit longer, which is one of the reasons I am sure we will get to the quantum in a second. It is one of the reasons why the quantum is perhaps slightly more than one-sixth of this year's appropriation simply because we felt we needed a little cover in and around making sure that we could continue to spend money beyond that two-month period.

Ms R. SAFFIOTI: Obviously, there is a target date in mind for Treasury as to when you would like this legislation through. What would be the latest possible date that Treasury would like to see this bill through?

Mr T.R. BUSWELL: We do not have a target per se, but it has to be through both houses of Parliament by the end of August, because we have approval under the Financial Management Act —

Mr B.S. Wyatt: End of August?

Mr T.R. BUSWELL: The end of August—oh, sorry; the end of June. No, the end of August—stop confusing me! We have two months, so we need this in place by the end of August.

Mr B.S. WYATT: Sorry; it has caused me a little bit of confusion as well. This bill needs to be passed by the end of June—before the end of June, I would have thought.

Mr T.R. Buswell: Not technically—but preferably.

Mr B.S. WYATT: The two months that the Treasurer has talked about is the two months that the Financial Management Act gives automatically.

Mr T.R. Buswell: Correct.

Mr B.S. WYATT: Is that the reference to section 27 of the FMA that gives that authorisation? The question I therefore have is: what part of the FMA stipulates that two months automatically? I think the Treasurer said in his second reading speech that automatic supply will apply if not granted before the end of financial year. If that is indeed the case, the Treasurer already has two months' supply regardless of what Parliament does and is now being given another \$7.8 billion for use beyond 1 September. Does the Treasurer understand that? Can he point to where in the Financial Management Act it says “two months of automatically applied grant”?

Mr T.R. Buswell: The member should refer to section 24(3) of the FMA. Subsection 24(1) reads —

If, before the end of a financial year (the *previous year*), no supply is granted to meet the requirements of the next financial year (the *current year*), the Treasurer may make and charge to the Consolidated

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Account any payments and advances to meet those requirements at the start of the current year that do not exceed in total an amount equal to 20% of the total amount appropriated for the previous year ...

And then the time line is clarified in section 24(3), which reads —

The authority conferred on the Treasurer by subsection (1) ceases to have effect —

(a) at the end of the first 2 months ...

So we have two months in which we can spend 20 per cent of last year's appropriation, or —

(b) on the commencement of an Act granting supply for the current year ...

Mr B.S. WYATT: Thank you, Treasurer. Under section 24 of the FMA, the Treasurer can automatically spend 20 per cent of the total amount appropriated for the previous year by the appropriation acts. This bill authorises the Treasurer to spend 40 per cent of last year's appropriation. If the Treasurer has 20 per cent and is now seeking a further 40 per cent, are we effectively providing him, under the terms of this bill and the operation of the FMA, with 60 per cent of the previous year's appropriation?

Mr T.R. BUSWELL: The advice I have is no.

Mr B.S. Wyatt: Can you explain why that is?

Mr T.R. BUSWELL: I assume that this Supply Bill then becomes the bill referred to in subsection (3)(b).

Mr B.S. WYATT: Is that in terms of the FMA?

Mr T.R. Buswell: Sorry. I referred to section 24(3)(b) of the Financial Management Act.

Mr B.S. WYATT: The authority conferred by the Treasurer in subsection (1) ceases to have effect on the commencement of an act granting supply for the current year, whichever occurs first. This does not grant supply for the current or the entire year.

Mr T.R. Buswell: No, it cannot grant supply.

Mr B.S. WYATT: I assume that refers to a budget debt.

Mr T.R. Buswell: This is an appropriation bill, which appropriates a certain amount of money —

Mr B.S. WYATT: So the authority the Treasurer has under the FMA ceases once this bill is passed and the 20 per cent authorisation no longer applies—I want to get this clear while the advisors are here.

Mr T.R. Buswell: That is correct.

Ms R. SAFFIOTI: The Treasurer just referred to an appropriation bill. I understand that this is a supply bill that allows supply and that “appropriation” is different from “supply”. The historical reason is that the Crown grants supply and the parliament grants the appropriation. As I understand it, this is a supply bill but the appropriation bills, which are the budget bills to be brought down in September, provide the appropriation for the entire year. When the Treasurer brings in the budget bills he will have two figures; the individual appropriations according to items, which will add up to the entire appropriation for the year, and the other part of the supply figure. When that supply figure meets this supply figure we have the total supply, which equals the appropriation.

Mr T.R. BUSWELL: That is a good question and the member is right; I should not have used the term “appropriation” because the appropriation bill lists the amount and purpose, and the supply bill—as the member pointed out—is just a total amount. I will just check on the member's question again because it is a fair question. When the appropriation bills come into the house in August, is the member asking if we will have a supply bill for this much money, and then the appropriation bill to cover the rest?

Ms R. Saffioti: No. Can the Treasurer confirm that the appropriation bills that come into this house have an appropriation per item that in total equals the total appropriation for the financial years, and that supply is also granted in another section of the bill? Is it correct that that supply together with this supply equals the total appropriation?

Mr T.R. BUSWELL: That is correct.

Mr B.S. WYATT: I come back to the question I asked a minute ago about the 20 per cent. I assume that the people who drafted the FMA found it appropriate, historically, to automatically give the Treasurer of the day that 20 per cent as stated in section 24(1) of the FMA —

... 20% of the total amount appropriated for the previous year by the Appropriation Acts.

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That was effectively deemed enough to see government through the first two months of the current financial year. Why does this bill provide the Treasurer with 40 per cent for effectively three months when the legislation gives the Treasurer only 20 per cent? How do we get to the 40 per cent figure?

Mr T.R. BUSWELL: It was a contingency plan to allow for the fact that the bill may not pass through both houses of Parliament by September; in other words, we might have to come back and have another discussion.

Mr W.J. Johnston: On the subsequent bills or this bill?

Mr T.R. BUSWELL: The appropriation bill.

Mr B.S. WYATT: This continues on from a discussion that we had during the second reading debate, and now that we are talking about clause 3 of the Supply Bill, it is appropriate that we continue this discussion now. How will the spending of the \$7.8 billion or thereabouts from this bill be accounted for? Will the budget separately identify how much is ultimately appropriated to each agency from this bill? What will be the reporting mechanism of this authorisation?

Mr T.R. BUSWELL: It will not. The budget bills will appropriate every dollar that is anticipated we will spend in 2013–14 financial year.

Mr B.S. Wyatt: Which includes the supply from this bill —

Mr T.R. BUSWELL: As the member for West Swan pointed out, the total supply to fund that appropriation will comprise this Supply Bill and the balance, which will be in the supply component of the budget bills when they come through the house. There will still be a single point at which those appropriations can be examined, supported by this Supply Bill and the one we will include in the budget bills, and that is as it always has been at the time of the budget.

The DEPUTY SPEAKER: Member for Victoria Park, I draw your attention to the fact that we are debating clause 2, which is about the commencement of the bill. Debate about the quantum and so on perhaps may be better debated in later clauses.

Ms R. Saffioti: I thought you were still talking about the commencement date, member for Victoria Park. Are you ready to go to clause 3?

Mr B.S. WYATT: I will ask one question on the commencement date while we are on clause 2. This is where the member for West Swan may have been going. Treasury would have in mind a date by which this bill must pass Parliament. I have asked about this before, Treasurer, and it has always intrigued me. I do not think anyone really knows, but I am sure there is a constitutional lawyer out there somewhere who knows! Clause 2 deems that the rest of the act will obviously come into effect on the day after the day of royal assent. Could that potentially have an impact on the flow of money if the day after the day of royal assent is the day after Treasury runs out of money supplied under the Supply Bill?

Mr T.R. BUSWELL: Potentially, if it is assented to at any time on or after 31 August, there will be a period from 1 September to the date of assent during which we will not be able to appropriate any money. That is my understanding of the mechanics of it, which I think is the point the member was alluding to.

Clause put and passed.

Clause 3: Issue and application of moneys —

Mr B.S. WYATT: This is the question I was asking a moment ago. In terms of what we will see in the budget, the point I want to make is that the opposition is interested in comparing year-on-year expense growth and revenue growth. The budget papers that the Treasurer will present in August will have the entire year's expense growth, which includes the money supplied under the Supply Bill.

Mr T.R. BUSWELL: It will have the entire appropriation for the 2013–14 financial year. Members opposite will be able to conduct all the analysis they would normally conduct of the two volumes of the budget papers that deal with program-by-program expenditure by agencies. The advice I have is that there will be no change to the way in which they are presented to enable the level of scrutiny that normally applies at the time of the budget.

Mr B.S. WYATT: When this bill passes, the Treasurer will have his authorised global amount of \$6.7 billion for recurrent and nearly \$1.2 billion for capital. Perhaps the Treasurer can explain to the house what is happening now between Treasury and the agencies that will ultimately determine how much of that money will be provided to each agency. The second reading speech states —

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These moneys may be issued and applied to the works, services and purposes for which the consolidated account was appropriated by Parliament for the financial year ending 30 June 2013; ...

Then it refers to the payments of an extraordinary or unforeseen nature. What is happening now, and will there be any public disclosure by the end of June about how much each agency has sought from Treasury?

Mr T.R. BUSWELL: At a broader level, a lot is happening between Treasury and agencies about what they will spend next year, but that was not the nature of the member's question and I understand that. The advice I have is that agencies will basically continue to spend as per their anticipated spending profiles next year—that is, the first year of the forward estimates. Unless other formal decisions of government have changed that spending—they were pretty much largely publicised at the time of the *Pre-election Financial Projections Statement* and/or the midyear review—agencies will continue to present their disbursement reports to Treasury and do their business as usual-type stuff. I anticipate that if there are any significant changes, they would definitely be reported at the time of the budget, because it would inevitably be a policy decision of cabinet. But I do not anticipate that there will be a lot of activity in that space between now and the budget.

Mr B.S. WYATT: Noting the new financial times in which we operate and the efforts that the Treasurer is seeking from ministers to find savings in their various portfolios, this effectively gives government 40 per cent of last year's appropriation. Effectively, no savings measures have been implemented in this supply. Will that mean that any savings the Treasurer wants in the 2013–14 financial year would effectively have to be made in nine months as opposed to a full 12-month period? For example, if a three per cent efficiency dividend were to be applied to a financial year, would it have to be made within nine months of operation and nine months of the appropriation as opposed to the full 12 months?

Mr T.R. BUSWELL: That is a good question. The answer is no. If government makes some decisions at any time—cabinet may make a decision around some spending item or what have you—that can effectively be immediately reflected in the agency's Treasury information management system reporting. It is really a decision of cabinet about the quantum of any change and when that would apply. Similarly, the point that the member is interested in is when that would be announced. It may be announced at the budget; it may be announced sometime between now and the budget. There is nothing to preclude us from reducing agency spending within the context of the amount of money being provided under the Supply Bill.

Mr B.S. WYATT: Because the government is automatically providing 40 per cent of last year's appropriation, its spend for the 2013–14 financial year is already on an upwards trajectory. Savings that apply to an agency that are policy decisions of cabinet will then have to be made in a much shorter time frame, which could have a much more disruptive impact on how they are implemented.

Mr T.R. BUSWELL: Again, member for Victoria Park, that is not necessarily the case. Government may make some decisions that impact on agencies on 1 July; they may impact on agencies on 15 June. That money would then be—I think this is the word we use—harvested from the agencies, or taken back, which is probably a more appropriate term, and the agencies would not be able to spend that money. We still have the capacity to do that for the full 12 months, and that process is ongoing.

Mr W.J. JOHNSTON: I have a couple of questions. Firstly, the Treasurer will effectively be able to get retrospective authorisation for the expenditure. If a decision is made to spend more money or less money in a particular area, the authorisation for that will happen later. As the Treasurer has said, cabinet makes decisions. I know we are not dealing with clause 4, but we are dealing with the amounts in clause 3. Clause 4 refers to the sums available to satisfy the warrants under the hand of the Governor during the year beginning on 1 July 2013. At some later stage there will be authorisations for the money that the government is spending.

Mr T.R. Buswell: Yes, but through two forms—that is, through the budget process or through the authorisation process that sits in and around the use of the Treasurer's advance, which happens as part of the business of government. On that note, we have a few years' worth of those that we have to get into this place in the not-too-distant future.

Mr W.J. JOHNSTON: We are looking forward to that debate, Treasurer.

Mr T.R. Buswell: I hope that time dulls enthusiasm!

Mr W.J. JOHNSTON: That is why I am asking this question. Is it expected that any of the \$6 749 billion recurrent or any of the \$1 193 billion capital to be supplied under clause 3(1) will go to Verve Energy for any of its activities? I ask that because over the last couple of budgets Verve has had capital injections. The Treasurer is not authorising Verve's expenditure because that is a separate process, but the Treasurer might be transferring capital from government to Verve. Is any of this intended to go to Verve?

Mr T.R. BUSWELL: I know where you are heading.

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Mr W.J. Johnston: I am sorry?

Mr T.R. BUSWELL: I know the issue the member is referring to. I can say at this stage that my expectation for that period is no. That is my expectation at this stage.

Ms R. SAFFIOTI: Following on from the member for Victoria Park's question about expenditure, I am seeking information on whether the Treasurer can table by 30 June the proposed allocation of this expenditure, for both the \$6.7 billion recurrent and the \$1.19 billion capital, to all agencies that will receive that money and the sum that will be appropriated to those agencies.

Mr T.R. BUSWELL: The answer is no. We will be tabling the usual appropriation bills as part of the budget cycle in August, which will effectively pick up the issues the member is raising. There will be plenty of time for scrutiny at that stage. I understand the member's question and I would be pursuing it as well, but there is no requirement on us to present that. That will be conducted at the time of the appropriation. The facts are that there may be still some minor budgetary adjustments to be made between the end of June and when budget shut-off occurs, and they will all be picked up, of course, at the time of the introduction of the appropriation bills.

Ms R. SAFFIOTI: I am sorry, I am not asking for the total 2013–14 budget appropriation but more for the allocation per agency of the \$6.7 billion and \$1.2 billion. Can I ask about the mechanism for this now? The Treasurer is basically in budget negotiations in the expenditure review committee process with the agencies. As at 30 June, will the agencies be given authority to spend up to the end of October or the end of November, or will the Treasurer do it on a monthly basis to better monitor the expenditure of each of these agencies?

Mr T.R. BUSWELL: It will be done on a fortnightly basis.

Ms R. Saffioti: To clarify that, will the money be allocated on a fortnightly basis according to the estimated total allocation over that period?

Mr T.R. BUSWELL: That is my advice, member for West Swan.

Ms R. SAFFIOTI: I can understand the recurrent expenditure process, but the capital expenditure process is quite different because it is often quite lumpy. By just taking a certain percentage of the total allocation—it probably will not happen—could there be exposure to a significant capital payment required during that period that would be greater than the allocation given, given that capital payments are often very lumpy and do not necessarily flow on a month-by-month basis?

Mr T.R. BUSWELL: That is a fair point, although, as has been shown by recent investigations, we have a very good handle on the progress of our major projects, which represent a big chunk of our capital investment, and the timing of the key points of payment. The advice I have is that the amount we are seeking in this bill—\$1.193 billion—will be more than adequate to effectively cover capital payments that we are required to make for a reasonable period into the financial year.

Ms R. SAFFIOTI: I have a couple of other questions on this matter. One is about the interaction with the non-government sector, predominantly government trading enterprises. As I understand it, those interactions will continue to occur through Treasury's payments and interactive flows to those GTEs, given that they are not usually part of the preparation process, but they will continue to be administered through Treasury. Can I just confirm that?

Mr T.R. Buswell: That is correct.

Ms R. SAFFIOTI: Another matter I want to raise is the Treasurer's advance account, which is conceptually a bit tricky. Basically I foresee a reduced demand on the Treasurer's advance for the first four months of the financial year. Usually money is appropriated per item, and anything that falls outside that item is regarded as urgent and unforeseen and the government has to call on the Treasurer's advance. Given that the account is now a pool of money that sits with Treasury and that there are flows to and from it, my understanding is that the Treasurer's advance demand should be about a quarter less because the Treasurer's advance is really operating only as a normal being for about nine months of the year.

Mr T.R. BUSWELL: I understand the member's question. Technically the Treasurer's advance will still be three per cent of the appropriation. I think the member's question is: from an activity point of view, is there now a pool of money that government can dip into outside of the appropriation process?

Ms R. Saffioti: I am saying it is granting the supply of a pool of money; it is not allocated per item.

Mr T.R. BUSWELL: No.

Ms R. Saffioti: A Treasurer's advance is when you go beyond that item's purpose.

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Mr T.R. BUSWELL: Yes, I understand. The issue, though, is that the budget is effectively locked in very early in July. Budget papers will be presented in this place in early August. The Treasurer's advance is for items that are not anticipated in those budget papers, to put it in simplistic terms. I just cannot foresee that happening. I believe that window does not exist with the appropriation bills we bring into this place, because those appropriations will be effectively locked in by government in early July—although I accept not formally passed through the Parliament—for the production of the documents and all the other stuff that sits around the budget. There is therefore no window of opportunity for people to effectively go off and spend in ways that we do not anticipate will be included in the Treasurer's advance, and that certainly will not be happening.

Ms R. SAFFIOTI: I take the Treasurer's point in my understanding of that, given the timetable for the budget preparation, but a couple of things flow from that. Given that the budget will be presented later in the year, there is less chance of unforeseen events, in a sense. Usually the budget is passed and the agencies basically get their expenditure approved, let us say in April, when the budget is locked away.

Mr T.R. Buswell: Yes.

Ms R. SAFFIOTI: We would therefore see the window of opportunity for unforeseen events actually falling because, frankly, it will be down from 16 months to 11 months.

Mr T.R. BUSWELL: I will be interested to see what transpires. I think the point of the member's argument is valid; that is, there should be less time within which an unforeseen event could manifest itself between a budget cut-off in April to the start of a spending year on 1 July, and a budget cut-off effectively in July for that financial year. Personally I hope the member is right about the Treasurer's advance and we will work very hard to keep within our three per cent limit. We will all watch that with some interest, member for West Swan.

Mr B.S. WYATT: I want to come back to one of the questions that the member for West Swan asked; that is, what events are applied to each agency by 30 June? The Treasurer made the point that there is no requirement to do that, and I accept that. He certainly made some comments in the first Treasurer's advance in 2008–09, which does not necessarily provide individual agency items. We have been getting information about each agency and how much extra has been allocated under the Treasurer's advance has been provided. We also had a discussion during the second reading debate that what is different now with the passage of the Supply Bill compared with any other year—the last one was in 2001—is the fixed term. The Treasurer made the point that the Financial Management Act 2006 is being reviewed this year, I think he said. Surely, now that we have fixed terms and we know it is likely that after a fixed-term election the budget will be delayed, government agencies, which are ultimately allocated this global amount of money, should therefore be required to report how much is allocated as at 30 June. I understand that between 30 June and the budget there will be some small variations, but they will probably be inconsequential unless there is a dramatic problem in one of the agencies, and that will be picked up in the budget. In light of what is now a new political climate with a fixed term, surely this will become a regular occurrence every four years. Noting that the advisers will probably be involved in that FMA review, it should therefore provide much more accountability by allowing Parliament to see how much each agency is ultimately provided for through the process that the Treasurer is now going through before the passage of the budget that he will introduce in August.

Mr T.R. BUSWELL: That is something that can be explored as part of that review. I do not have a problem with that. The fact is that the budget papers will include details of what that money is being spent on.

Mr B.S. Wyatt: As is normal.

Mr T.R. BUSWELL: Yes. The source of appropriation in the budget paper is this Supply Bill plus supply granted at the time of the passing of the budget. The other thing is that the quarterly report on the state financials, as I recall, has a breakdown of agency spending, not in the detail the member is after, but there is a breakdown of how much has been spent by agencies and also a report on the Treasurer's advance. When we review the Financial Management Act, those issues will be canvassed. I do not know what the outcome of that will be, but it is one of those topics that should be canvassed as part of the review of the FMA.

Mr B.S. Wyatt: When will that review take place? When does that start?

Mr T.R. BUSWELL: From an agency point of view, the review has been completed and it will be referred to me. I imagine that as part of that, we may seek other views. Apparently, that has already happened. Parliamentary committees will provide us with advice. We will check. I may refer that issue to one of the parliamentary committees to look at. I do not think it is a bad idea. We just need to explore some of the technicalities around it, which is fine. I think the member for Victoria Park is right. He may say that it is easy to bring in a budget earlier following a March election, and he may well be right, but I have no doubt that there will be times following future elections that the budget will not be handed down until sometime into the financial

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year. I am not saying that that will always be the case. The point I am making is that I am happy to have that issue canvassed.

Mr B.S. Wyatt: I certainly expect, particularly when there is a change of government from Labor to Liberal or Liberal to Labor, that there will be a delay because a new government will have a new agenda.

Mr T.R. BUSWELL: That could be the case, although the member pointed out—he was having a go at me, which is fine—that when Dr Gallop was elected in 2001, he delivered his budget in that financial year. It is a good point, and I will certainly follow it up.

Ms R. SAFFIOTI: I refer to the quarterly reports on expenditure and revenue that Treasury now produces. There used to be monthly statements. Given the significant problem that the Treasurer seems to have with expenditure control, particularly with some of the ministers sitting behind him, does he receive monthly reports of expenditure and revenue; and, if so, why can he not make them public again? I think monthly reports are a better way to monitor what is happening across government.

Mr T.R. BUSWELL: I often get asked about the rate of unemployment. Last month it went up to 5.2 per cent in WA, although the total level of employment grew, which is interesting. That is a different issue. I say to people that when the unemployment rate looks good, we say it is a fantastic result. It might go the other way and we say that these monthly figures are terribly notorious at being impacted on by short-term factors and we need to look at quarterlies in more detail. I think that is right. I think the quarterlies give plenty of opportunity for our financial management to be monitored external to government. I personally get a range of reports on government spending and on the more substantive agencies. Those reports are provided on a monthly basis. We have regular meetings with some of the larger agencies on a monthly basis whereby they run through their performance against budget outcomes, which is a pleasurable experience, as well as dealing with a range of issues. There is no doubt, as the member alluded to, that it is a challenge. From my point of view, I like to have the monthly meetings; I do not just want to see the figures. We work through not only issues within the monthly reporting cycle but also broader issues affecting the agencies.

Dr K.D. Hames: We don't mind because it's good discipline for us.

Ms R. SAFFIOTI: I am sure the minister does not mind; I am sure he enjoys them.

I understand the unemployment analysis. As I always say, revenue is quite lumpy because it depends on when land tax collections come through, in particular. Stamp duty is not so much of an issue but land tax always creates distortions in the revenue figures. In relation to recurrent expenditure, I do not think we can use the unemployment rate as the analysis. We have a budget and a flow of activity. Normally, we expect that one-twelfth times 12 will be the total outcome. Health might differ sometimes with flu seasons and things such as that. Why can we not go back to producing those monthly reports? Given that the Treasurer receives them, why would it be such a problem for Treasury to table them or provide information? I am particularly thinking of an instance such as this, in which we will be flying blind on expenditure for three or four months. Why would it be too difficult to go back to those lovely monthly figures?

Mr T.R. BUSWELL: The member may disagree with this. If and when there is a change of government, the Labor Party can introduce monthly reports again.

Mr P. Papalia: When.

Mr T.R. BUSWELL: It is inevitable. We made a decision, which was around resourcing. I will not undo that decision, although I am not disputing the validity of what the member is saying, especially around expense growth. Revenue can go all over the shop. Expenses cycle a bit as well. For example, education is often lighter on in monthly expenditure in December and January and maybe into February until the school year starts because of the nature of employment contracts. Health is always an issue. Health also moves with seasonal factors that influence presentations to the emergency department in particular. I am confident in my position that I get those figures. They are produced for me by the Department of Health and vetted by Treasury. The decision that was taken, while we are in a human resources constraint, was not viewed as a priority, to be frank.

Ms R. SAFFIOTI: I did not quite get some of the Treasurer's previous comments; was he saying that he gets the expenditure reports fortnightly? Does he meet monthly with the ministers, or does he meet monthly with the departmental chiefs? Is it the Under Treasurer who meets with the departmental chiefs? Does the Treasurer sit with the ministers and say, "Hang on, this expense growth of 15 per cent's a bit high"? What is the actual process?

Mr T.R. BUSWELL: I think we are moving slightly off the bill, member for West Swan, but we have been having a fruitful discussion. What I said happened on a bi-weekly basis is the submitting of disbursement

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requests from agencies. That is internal; I do not see that. What happens monthly, in particular with my two large agencies—as one would expect, they gobble up a fairly big chunk of the budget at the riskier end—is that I have a meeting with them and Treasury officials, with the head of the Department of Health and its financial people, as well as other people who we need to have present at the meetings from time to time. I am not going to dig any more deeply into what is discussed at those meetings, other than to say that there are always issues at hand and part of those meetings is dedicated to reviewing the monthly financial reports and activity-based reports. I think it is important to try to understand what is driving the business activity, because what drives business activity in those agencies—in particular, health and education—inevitably drives cost. There is a whole range of things for discussion and they can be moderately intense meetings, but that is the way it goes.

Clause put and passed.

Clause 4: Sum to be available for services and purposes voted by Legislative Assembly —

Mr B.S. WYATT: I have a question that the Treasurer will, hopefully, be able to clarify easily. Clause 4 states —

The sums referred to in section 3(1) are to be available to satisfy the warrants under the hand of the Governor, given under the law now in force, for any services and purposes voted by the Legislative Assembly during the year beginning on 1 July 2013 and ending on 30 June 2014.

Until the Legislative Assembly votes on a service or purpose, moneys supplied by this bill cannot actually be allocated. As I understand that—I am no doubt wrong, because it would contradict what the bill states—we will not actually vote on services and purposes until the budget in August and the Treasurer needs to allocate money before the budget in August, presumably under this bill. So, the question is: are we creating a situation in which, even though we pass this bill and it allows the Treasurer access to \$7.9 billion, the Treasurer cannot actually supply that money until after the budget? To me, that is contradictory to what we are trying to do, but no doubt the Treasurer will be able to assist me about the meaning of this clause.

Mr T.R. BUSWELL: My advice is that the practical application of this clause obliges me or the government to report moneys spent under this bill in the budget papers, in the appropriations.

Ms R. SAFFIOTI: I have just a couple of other questions on the technical aspects of this clause. It provides that the sum of money in this bill will be available to satisfy warrants granted by the Governor that are going to be made in the appropriation bills, once voted for by the Legislative Assembly. In that respect, it does not really matter when it hits the Legislative Council; I am just exploring the role of the Legislative Assembly versus the Legislative Council in the passing of appropriation bills.

Mr T.R. BUSWELL: My understanding is that this provision is predicated on a clause in the Constitution Acts Amendment Act 1895 that refers to the capacity of the upper house to not amend an appropriation bill, but only reject it.

Ms R. SAFFIOTI: That is what I thought; as I said, I am not a lawyer, but it seems to rule out any role of the Legislative Council. I know that it is not allowed to amend, but normally it endorses the budget and then it goes to the Governor. The clause reads in part, “given under the law now in force, for any services and purposes voted by the Legislative Assembly”. So frankly, as I understand it, as soon as the Legislative Assembly votes for that appropriation bill, this bill comes into play.

Mr T.R. Buswell: Yes.

Ms R. SAFFIOTI: So the Legislative Council is irrelevant in this situation.

Mr T.R. Buswell: Yes, sort of. They’re not irrelevant, but the advice I have is that your point is correct.

Ms R. SAFFIOTI: So it is the first stage of getting rid of the upper house!

On another point —

The ACTING SPEAKER (Ms J.M. Freeman): Member for West Swan, if there was an answer there, you probably should have sat down, and the Treasurer probably should have stood.

Mr T.R. Buswell: I was answering by way of interjection.

The ACTING SPEAKER: By interjection? Okay.

Ms R. SAFFIOTI: My last point is the split between recurrent and capital. The short title of the bill is —

An Act to apply out of the Consolidated Account the sum of \$7 942 million for the services and purposes of the year ending 30 June 2014.

In supply, is it just supply? I think I know the answer; it is just supply. For example, if the Treasurer wanted to spend \$7.9 billion in recurrent, he could, and none in capital.

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Mr T.R. BUSWELL: The advice I have is that the answer is no and that we are effectively providing supply in total of the \$7 942 million, and that the split of that between recurrent and capital is as per clause 3.

Mr B.S. Wyatt: So that 3(1)(a) recurrent is the absolute maximum you can allocate from the \$7 942 million for recurrent services—\$6 749 million.

Mr T.R. BUSWELL: Under this bill?

Mr B.S. Wyatt: Yes, under this bill.

Mr T.R. BUSWELL: Yes.

Ms R. SAFFIOTI: Can the Treasurer provide further advice on why that is the case? As I understand it, supply is supply, so the Crown gives the government supply, and the appropriation bills do it by item and split between recurrent and capital. Technically, if the Treasurer wanted to—I am not saying he is going to—spend \$7 billion on capital or \$7 billion on recurrent, there would be nothing stopping him, because this bill is not specifying the purpose, it is just specifying supply.

Mr T.R. BUSWELL: The advice I have is if that were the case that would be adjusted at the time the appropriation bills come into the chamber, hopefully on 8 August.

Clause put and passed.

Title put and passed.

Leave granted to proceed forthwith to third reading.

Third Reading

MR T.R. BUSWELL (Vasse — Treasurer) [1.11 pm]: I move —

That the bill be now read a third time.

MR B.S. WYATT (Victoria Park) [1.11 pm]: The Leader of the House needs to move down the front, because his sitting behind the front bench has caused some consternation a number of times over the past few weeks. He needs to move to the front where his advice can be heard and noted by the various ministers.

Dr K.D. Hames: You have been talking to someone!

Mr B.S. WYATT: No; I have noticed some confusion when the Leader of the House is not being heard.

I rise to make a few short comments on the third reading of the Supply Bill 2013. It has been an interesting debate and discussion. This is the first time I have seen a Supply Bill, of course, because the last time was in 2001, when most of us were not in this chamber. I dare say the next time that we see one will be about this time in 2017, when that new government will do the same thing. Ultimately, a precedent has been set and, regardless of the government's political persuasion, it will no doubt follow this process over the next however long session of Parliament. It creates an interesting constitutional argument. I must admit that I was not aware of the differences between supply and appropriation that arose in the detail that we discussed this afternoon, so it has been an interesting discussion. We have also found out today that the review of the Financial Management Act is nearly complete. It has gone through the processes within the Department of Treasury and hopefully will find its way to some of the parliamentary committees, as the Treasurer indicated—in particular the Public Accounts Committee on which I sit with a number of members in this place, including its chair, the member for Alfred Cove—and no doubt the Legislative Council Standing Committee on Estimates and Financial Operations will also have some interest in any suggested changes to the Financial Management Act. Interestingly, as we found out towards the end of the consideration in detail stage, due to the constitutional processes of our country, the Legislative Council seems to have a limited role in deciding when the money supplied in this bill will flow and can be used by the government of the day. It rang some bells on some comments made by the Treasurer during the second reading debate, during which he referred to an article by Peter Kennedy in *WA Business News* on 17 January this year. In that article, Peter Kennedy was very critical that the Legislative Council had a different start and finish date from the Legislative Assembly, and now that we have a fixed term in the Legislative Assembly Peter Kennedy advocated that we should fix this up with the Legislative Council as well. I think that was the basis of the comments made by the now former member of the upper house Hon Max Trenorden, who felt he had no role for the couple of months between the election and the changeover of upper house members. I think that was his complaint.

Mr T.R. Buswell: Among others!

Mr B.S. WYATT: I will not say that was his only complaint, but that seemed to be his complaint in the newspaper article last week. I will quote from Peter Kennedy's article in *WA Business News* about fixed terms. He states —

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The impact in two key areas is significant. For example the Legislative Assembly adjourned on November 15. No date has been set for its resumption after the election, although the second half of May has been tipped.

That represents a six-month break.

In the end, it was obviously not quite six months. He continues —

Can WA, with the country's most dynamic economy afford such a legislative vacuum, let alone the major challenges being faced in urban and regional areas?

Later, the article reads —

Mr Buswell, for one, must be very pleased he doesn't have to explain the taxi policy to a hostile opposition.

Mr T.R. Buswell: What policy?

Mr B.S. WYATT: I think that Hon Max Trenorden was referring to the Minister for Transport's \$9 charge. Peter Kennedy went on to make the point that framed the discussions we had during the second reading debate on the budget timetable. Mr Kennedy states —

The framing of the next budget, which would normally be delivered in May, is also disrupted. Do the Treasury officials proceed on the basis that the Liberal–National alliance will be returned? Or do they also prepare a parallel budget on the assumption of a Labor victory, based on the party's campaign promises?

Neither option, of course, is satisfactory, but business would like some certainty.

He then went on to refer to the Legislative Council quite critically —

... with its 36 largely faceless members, who already enjoy fixed terms that expire on May 22 every fourth year ...

Again, Mr Kennedy educated me in his piece. Apparently the date of 22 May is set in stone due to its being Queen Victoria's birthday. I am getting nods from the Clerk of the Legislative Assembly, who would clearly know these things. Mr Kennedy made the point —

But some rudimentary research reveals that Her Majesty was born in 1819 on May 24; ...

So Mr Kennedy has some suspicions about that. It may be time, with the retirement of Hon Norman Moore, to reconsider the time that the Legislative Council starts and when it finishes. We may indeed be able to fix up some of the issues that Peter Kennedy raised in his article.

Dr K.D. Hames: We decided that we agree with you.

Mr B.S. WYATT: Is that now that Hon Norman Moore has gone?

Dr K.D. Hames: It is silly; it is a separate day.

Mr B.S. WYATT: It is. I note a breakout by the Minister for Health in criticising the timetable of the Legislative Council. We are already seeing some dramatic winds of change blowing through the Liberal Party now that Hon Norman Moore no longer sits in the party room. However, he will be sitting in the Council still! It will contain a painting of Hon Norman Moore.

The ACTING SPEAKER (Ms J.M. Freeman): Member for Victoria Park, I have been reminded that the third reading debate is not a general debate, and whilst I note this issue was raised in consideration in detail, you might want to get back to the Supply Bill.

Mr B.S. WYATT: I know that my colleagues on the other side of the chamber like to reflect on the fact that Hon Norman Moore will be gazing down upon their upper house colleagues well into the future! I do not think they will want to wander through the Legislative Council chamber —

Mr I.C. Blayney: He may get himself elected to this chamber!

Mr B.S. WYATT: He may have his eye on the seat of Geraldton! You never know! I know that Hon Norman Moore still carries some weight, and he will certainly get what he wants. He spent 36 years in the other place, and future members of the Legislative Council will have the pleasure of a large painting of Hon Norman Moore gazing down upon them —

Ms R. Saffioti: With his eyes following them!

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Mr B.S. WYATT: — with his eyes following members of the Legislative Council—*Mona Lisa* style! That will no doubt haunt Hon Peter Collier as he takes over that very powerful role of Leader of the Government in the upper house. I note, Madam Acting Speaker, you are giving me the hairy eyeball, so I will move on.

As I said at the beginning, I do not intend to speak for long on the third reading, but it creates an opportunity, although sadly it appears that the review of the FMA has happened without our input. We all knew it was going to happen, including the Treasurer, and we assumed we would get a chance to provide some input. I say to backbenchers on the government side that the Financial Management Act is an important piece of legislation that they will no doubt come to appreciate when they eventually move to this side of the chamber, because that act requires the government to provide much of the financial information that the opposition relies upon. Any review is of great interest to the opposition. I know the member for Alfred Cove, who is the Chairman of the Public Accounts Committee, will be very keen to hear from the Department of Treasury about that review and about any recommendations that may flow from that review. I hope with some of those recommendations taken up in that review—I do not know who chaired that review; I think it was just a Treasury review by the sounds of it—that the fact that we are now likely to have continuous later budgets in an election year for the Legislative Assembly will be taken into consideration. As the opposition has pointed out, we would like to have received some commitments from the Treasurer about agencies; namely, what they are actually provided with by way of the Supply Bill and what they have requested from the government by 30 June to get them through to the passage of the budget bill later in the year. The Treasurer made the point, and he is right, that he is not required to provide that information to the Parliament, but I think it would be very useful for oppositions, and for broader debate about the state of the economy and government expenditure and allocations across for the current financial year, to have that information. As I said, although this event does not happen often, it will now become a regular event and the legislation should reflect that regular event to allow us to scrutinise the allocation of taxpayers' money much more effectively. I conclude with those few words and I look forward to, ultimately, the budget in August that will show us the line items of how the money in its entirety has been appropriated, because we have another supply and appropriation bill in that budget bill—I know this now; I saw the undertaking from the Treasurer—and that will give us some comfort. We ultimately want to be able to compare the budgets from previous years to the budget that will be brought down later this year and I look forward to that debate.

MS R. SAFFIOTI (West Swan) [1.22 pm]: I rise to make some brief comments on the third reading of the Supply Bill 2013. It is an interesting bill. This type of bill does not come along very often. The last time such a bill was brought to this chamber was in 2001. As we heard, this bill seeks to make available supply of up to \$7.9 billion for the 2013–14 financial year. In the very informative briefing we had on this issue from some of the Treasury staff and a very pleasant member of the Treasurer's own staff, we heard quite a bit of detail that was confirmed in today's debate. The key issue is that this is a Supply Bill, and when the appropriation bills come in later this year, the appropriation will be for the entire 2013–14 expenditure and the remaining part of supply will be a section of those appropriation bills. Technically this is quite an interesting little issue, which goes back to the days when the Crown would authorise supply and the Parliament would then appropriate for purpose. As I understand it, in earlier years there might have been a difference between appropriation and supply, but now this is one and the same automatically. It stems back to the Crown authorising the Parliament a sum of money to spend and the Parliament advising of the purpose for which the money will be spent. This separation of supply and appropriation has allowed us to get across some of the technical aspects of supply and appropriation, which I found quite interesting. I know I must lead a pretty boring life, but I found it very interesting!

Several members interjected.

Ms R. SAFFIOTI: Yes.

Mr B.S. Wyatt: We all learnt something.

Ms R. SAFFIOTI: Yes, we all learnt! I think this Supply Bill allowed us all to learn something: the difference between supply and appropriation!

I go back to the reason we need a supply bill and that is in relation to the late budget. From what we have heard from government in this instance, I understand this to be a very difficult budget. As has been spelt out in this house before, it is a difficult budget because of the expenditure patterns of the Barnett government over the past four and a half years. I will go to some of the budget processes I have been involved in and their relationship to the need for a supply bill.

Mr T.R. Buswell interjected.

Ms R. SAFFIOTI: I am sorry; I will try not to keep the Treasurer up!

Mr T.R. Buswell: No, no; busy week!

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Ms R. SAFFIOTI: Pardon?

Mr R.H. Cook: Busy week, he said.

Ms R. SAFFIOTI: A busy week.

Mr J.H.D. Day: He's been working late in the past few days!

Dr A.D. Buti: Working late cutting your budget!

Ms R. SAFFIOTI: He has those pencils sharpened, Minister for Planning!

Mr T.R. Buswell: A scalpel!

Ms R. SAFFIOTI: A scalpel!

I go back to the process. As I stated before, I have been involved in a number of budget processes and I know the difficulties. I particularly know the difficulties when a very bad budget is inherited. I will go back to 2001. In 2001 a Supply Bill was necessary and a late budget was presented for the incoming Gallop Labor government. One of the reasons there was a late budget was the very, very difficult budget that was inherited. I remember it well. Deficits had been presented and there was a technical recession at the time that no-one really picked up on until a few months later when the gross state product data was looked back upon historically. In 2001 revenue was flat and there were deficits predicted. There had been five deficits in the previous eight years, including four deficits in a row, and net debt was under control, but not falling. Therefore, it was a very, very difficult process and I remember the very significant number of meetings held. Many of the ministers involved who are still in this place will testify that it was a very, very tough process. I always remember capital works day, which was 24 June, because that was the day my niece and nephew, the twins, were born. That day we spent about eight hours going through the entire capital works program line by line. It was a very tough process; we were meeting on Saturdays and Sundays, so I understand tough budget processes. As I said, that was when we inherited the previous government's budget and it was during very difficult economic times.

Dr K.D. Hames: I can tell you the one the year before was just as difficult because it was flat. There was very little income and it was very hard to manage the spending requests and requirements that all ministers must present.

Ms R. SAFFIOTI: Yes, sure. But one of the issues of government is to —

Dr K.D. Hames: And we had election commitments; you've got to add that in as well.

Ms R. SAFFIOTI: I know; it is very, very tough.

One thing the previous Labor government sought to do when it won the election in 2001, was not to have the situation occur again and again. It sought to rectify the budget situation. Rightly or wrongly, we were committed to delivering very strong surpluses, and we were criticised significantly at the time. We were criticised that our surpluses were too big. Those surpluses were designed by the former Treasurer, the member for Belmont, Hon Eric Ripper, to be large. That did two things. It allowed the delivery of very strong capital works programs with little or no impact on net debt. Therefore, over the time, net debt fell slightly, and by June 2008 net debt had fallen to \$3.6 billion in the total public sector and there was absolutely no general government net debt. That is a huge achievement, because it meant that there was no net debt on our schools, on our roads or on our hospitals; it was absolutely zero. I also think we actually went into a cash surplus position. Of course, we now all talk about the operating balance, which is basically the recurrent expenditure versus income. However, we ended in a cash flow-positive position, which is significant. It means we generated enough income each year to pay for all of our expenditure and all of our capital. As I said, we were criticised for that at the time and maybe we did not sell it better.

The ACTING SPEAKER (Ms J.M. Freeman): Member for West Swan, I have been reminded again that a third reading debate is not a general debate. I understand you are talking about Supply Bills, but I just bring you back to the bill in question and the context of the debate.

Ms R. SAFFIOTI: As I said, this relates to 2001 when the last Supply Bill was introduced. That was a very difficult position. The former member for Belmont undertook a plan to deliver better finances to get the budget into a strong position. Those operating surpluses did two things: they allowed us to, firstly, deliver a very strong capital works program without relying on debt and, secondly, buffer against some of the things that happen in the economy, such as changes in royalty rates, such as in iron ore, and changes in the exchange rate. As I recall, there was a much greater reliance at the time on the oil price. By delivering strong surpluses, there was not so much focus on any one assumption underlying the budget. By having a diversified income stream, we were not relying on one aspect.

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I fast-forward to 2013 and this Supply Bill. This bill is a result of having to bring into this Parliament a late budget in August. In 2005, a Supply Bill was not necessary because of the work undertaken to get the budget into a very good position. When the Gallop government was re-elected in 2005, it was business as usual; the budget was brought in and passed by 30 June. The budget was in such good shape and the focus was on the delivery of fully costed and fully funded election commitments. It was something that everyone took very seriously. Labor governments take this stuff very seriously. Previously, there was this notion that we are not good with the books. But the Gallop and Carpenter governments demonstrated, under the stewardship of the former member for Belmont, that we are very good with the books because we take the budget very seriously.

In 2013, we have a Supply Bill because the financial circumstances have changed so significantly. There is a wafer-thin surplus, which could or could not be delivered. Net debt is climbing and at record highs. That is significant for two reasons. It is climbing; in other words, net debt is not plateauing and every decision and every commitment is having a negative impact on net debt. The amount of debt that has been created in such a short time—from \$3.6 billion to over \$18 billion in four and a half years—means that there is not a lot of capacity out there. Because we are running such small operating surpluses, we are relying on the net debt more and more. Because we are relying on such operating surpluses, issues of assumptions underlying key issues of royalties are of a greater magnitude. If assumptions on a revenue section change, the whole budget changes. It is not that the surplus goes up and down a bit, but that the entire fabric of our budget changes. This is why we need a Supply Bill. This government has created a situation in which it is entirely vulnerable to a \$5 change in the iron ore price. The iron ore assumption has taken on so much significance in the budget process and in the discussions on this Supply Bill that the government has created a situation in which its budget success or failure hangs on one assumption in the budget papers. That makes the state's books very vulnerable. As I said, what we have seen today is a need to bring in a Supply Bill because, basically, the government was unable to deliver a budget by 30 June because the books are in such bad shape.

I think flicking from Treasurer to Treasurer has had an impact on the management of the state finances over the past four and a half years; everyone would acknowledge that. I cannot remember the record of events, but the portfolio went from the member for Vasse to the member for Bateman to the member for Cottesloe to the member for Vasse. It had a significant impact on the government's ability to manage the budget, particularly when the member for Cottesloe does not care about the budget situation or forward estimates. The portfolio flicking back and forth had a significant impact on the government's ability to manage the finances. We must now have a Supply Bill because the government has created a situation in which it is unable to bring down a budget by 30 June. The government has created a structural problem. There is an almost sole reliance on mining royalties. As I said to someone the other day, when this government started increasing royalty revenue time and again for the past four and a half years, I thought: "Jeez, that seemed like an easy get. Why did we not think of that?" However, the implications are significant. One is the goods and services tax impact. Surely, the government would have known that when it increases royalties at such a significant rate, there would be a significant GST impact.

Mr T.R. Buswell: What royalties did we increase?

Ms R. SAFFIOTI: The 3.5 per cent to five per cent.

Mr T.R. Buswell: The fines?

Ms R. SAFFIOTI: Yes. The government also made that special payment of \$350 million. If we look at the raw numbers, we see that the royalty revenue has increased from about \$3 billion to \$4 billion, just off the top of my head. It is a significant increase in four years. At the time I thought: "Jeez, that's an easy get. I wish we'd thought of that." But the implications are twofold. One is that the GST impact is significant because other states do not have that royalty-raising ability. For every \$100 million raised in royalties, there is an \$89 million impact on GST. That is a significant impact.

Mr T.R. Buswell: In three years.

Ms R. SAFFIOTI: Within three years, yes.

Mr T.R. Buswell: It used to be five.

Ms R. SAFFIOTI: They changed the methodology; I understand that. The second impact is that a greater reliance and a greater share of our total revenue is now based on royalties. That also has implications because the assumptions underlying the royalties are significant. We have seen this debate over the past week or so. Changes in the government's royalty predictions from the budget to the midyear review, and reinforced at the time of the *Pre-election Financial Projections Statement* and now changed again, all other things remaining equal, have added about \$3 billion pre-election and taken away \$1.5 billion post-election. That is the outcome of those decisions. Royalties and fines are easy to get, but have a significant impact. That GST impact is unique because,

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as I understand it, when the Commonwealth Grants Commission assesses our revenue-raising abilities, it looks at what we can raise compared with other states. Other states do not have the resource base that we have, so we are penalised quite significantly.

The government clearly does not have expenditure under control. Ministers do not abide by or care about efficiency dividends, and the Premier, frankly, does not back the Treasurer in the cabinet room to make it happen. Net debt is out of control and climbing, yet the government committed to all these projects during the election. Being out there in the field, I know what happened during that election. This relates particularly to the Supply Bill because it provides \$1.1 billion for capital amounts to, hopefully, deliver the commitments promised at the election. I know what happened at the election; the government committed to things it was not planning to commit to. The airport railway line was a classic example. I do not think the government planned to commit to the Perth–Darwin highway, but I think it might have thought someone was in trouble. The government was aggressive on the Metro Area Express time frame because of the Metronet plan. The government made some significant commitments in response to what Labor had put on the table and now it is up to the government to deliver them. There is no excuse because the government is returning; it is not a new government inheriting someone else’s set of books. It has inherited its own set of books.

This Supply Bill will make it even harder to manage the budget this year. I say that because of the process that has been outlined. An interim allocation has to be made to agencies. It will be very hard to track total allocation minus efficiency dividends and what has happened to those global efficiency dividends. It is a very, very difficult task when we have the full year to play with, but, regardless of what people might say, the first two or three months will be business as usual until the budget comes into play.

Until the appropriation is passed, it will be business as usual for the agencies. So I say the delivery of the efficiency dividends, any new savings measures and the application of those global savings to actually achieve outcomes is going to be very difficult. I think we need better monthly public statements, particularly during the Supply Bill period. I do not see why the Parliament cannot have access to information on some of the allocations being made to agencies by 30 June. I think that would be quite an important step.

Like I said, this upcoming difficult budget has been created by this government; it ran down the surpluses and it increased debt and it has not been able to manage its portfolios. It is very easy for a minister to put a media release out every day telling the public, “This is really good”, but ministers actually have to manage their portfolios, and these ministers, frankly, have not. We know that, within cabinet, some ministers have been untouchable, and the result is that expenditure has not been contained and some significant savings will have to be made to achieve a surplus. The government has also placed some significant reliance on royalty revenues. As I said, the more reliance on royalty revenues, the bigger the GST impact and the more vulnerable the state is to external factors such as the iron ore price. As to the iron ore price; frankly, if \$500 million surpluses per annum were being run, the debate on the iron ore price would be one of interest only, but because the government is running wafer-thin surpluses and net debt is so out of control, the debate on iron ore assumptions is quite critical to the whole framework of this budget.

They are my comments. Like I said, there is not often debate on a Supply Bill, and I found the whole difference between the appropriation and supply, as well as the framework of this bill, quite interesting. As I said, the Supply Bill is needed because this government left itself a very bad set of books.

MR W.J. JOHNSTON (Cannington) [1.42 pm]: In debating the third reading of the Supply Bill 2013, I want to raise for consideration the question of a capital injection into Verve, which is actually a very important issue to the people of Western Australia.

When the government was elected in 2008, Verve had capital net assets of about \$418 million—I cannot remember the exact figure; it was certainly more than \$400 million. On a number of occasions since then the government has injected capital into Verve. The minister says that Verve was broke—it was bankrupt—when the Liberal government came into power, which is not true. The government has had to inject capital into Verve because of this government’s poor management of it. In question time yesterday we heard that Verve was perhaps writing off the whole value of the Muja AB plant, but the minister had not had a detailed report. This is a major catastrophe for the people of Western Australia—\$250 million for a power station that does not produce power. I cannot contemplate a worse investment of taxpayers’ money than the government decision to refurbish Muja AB.

It was not as if the government did it blindly. Everybody in the industry—every participant in the industry—said, “Don’t spend money refurbishing Muja AB.” If we have to inject more capital into Verve because of the poor management of this government, then that will be a deep embarrassment, and the fact that the two ministers involved in that decision—the Premier and Hon Peter Collier—have paid no price for their terrible decision is a

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travesty. At some point, Hon Peter Collier is going to have to face the people of Western Australia and say, “I got it wrong”, and the Premier is going to have to face the people. Remember, as recently as the election campaign the Premier was backing the decision to refurbish Verve’s Muja AB station. In September and October last year, the minister, Hon Peter Collier, told the other chamber that taxpayers were protected by the structure of the joint venture on that project. I asked specifically whether any of these moneys would be allocated to topping up the capital of Verve, and the Treasurer’s answer was something like, “That’s not expected”; I am not saying exactly what his words were, but that was the effect of what he was saying. He was not ruling it out. He was not saying it was intended, but he was not ruling it out.

The Labor Party, with me as shadow minister, will continue to pursue this issue because what has happened is a disgrace. The Treasurer sits there neither nodding nor shaking his head, because I am sure that in his heart of hearts, whether he admits it in this chamber or only in the cabinet room, he knows this was a big mistake, and the taxpayers of Western Australia are paying the cost of that big mistake.

DR A.D. BUTI (Armadale) [1.46 pm]: I also rise to make a brief contribution to the third reading debate on the Supply Bill 2013. During consideration in detail, the members for Victoria Park and West Swan had an interesting, very entertaining and informative dialogue with the Treasurer on the need for the Supply Bill and why the Supply Bill is different from the budget. We are in an unusual situation of having to debate a Supply Bill because the budget has been deferred until August. If I recall correctly, the Treasurer said—he will of course correct me if I am wrong—that because of the election having been in March, basically the government was not in a position to bring down the budget in the normal process. That is interesting; I would have thought the government would have had plans in place, if it was to have been successful—as this side of the house would have had plans in place—to bring down the budget in the normal period.

Anyhow, we now have this Supply Bill, which basically asks the Parliament to grant the government some funds to run the state until the budget is brought down. I refer to clause 3 specifically, which asks for nearly \$8 billion, which amounts to 40 per cent of the 2012–13 appropriation. It is stated that the funds are expected to enable the agencies to operate through to the end of 2013. So, basically, that is to take the government up to the budget. But what I am interested in—because it is part of the debate the government has used—is that these moneys are needed for agencies to operate until the end of October. But it would be nice to know what these agencies are going to spend this money on. We have been asked to blindly give approval to an unusual process. We do not have the budget; we have this Supply Bill because the government has been asleep at the wheel since it won the election. In the three weeks we have been back, the legislative program of the government has been incredibly shallow. If it were not for this side of the house, we would have been going home very early every night. The government has this side to thank for building up the hours of Parliament because the legislative program has been very, very shallow.

Dr K.D. Hames: That assumes the only reason we are here is to change legislation from the existing legislation and that for some reason legislation always needs to be changed. I don’t know why people think that.

Dr A.D. BUTI: Why did the government bring back Parliament early?

Dr K.D. Hames: To give all the new members a chance to speak.

Dr A.D. BUTI: The Minister for Health should be quiet then!

In regard to enabling agencies to work, I will mention VenuesWest in particular. VenuesWest has a very important responsibility to ensure that a number of sporting and recreational facilities are properly run. VenuesWest now has responsibility for the Champion Lakes Regatta Centre, which is in my electorate. In the last two and a half years, the Champion Lakes Regatta Centre has been closed 20 times due to bacteria contamination. What amount of the nearly \$8 billion that has been sought under clause 3 of the Supply Bill 2013, if any, will be allocated to VenuesWest for it to rectify the situation at Champion Lakes? If I recall correctly, in the last Parliament the government allocated \$1.5 million to water quality issues at Champion Lakes but that was for salinity. We do not have a problem with salt in Champion Lakes but with the toxicity levels. Does the Minister for Health have a cough? He should see a doctor!

Standing Order 94 — Statement by Acting Speaker

The ACTING SPEAKER (Ms J.M. Freeman): Order, member. Despite there being no point of order before me, I make the house aware that standing order 94 refers to relevance. Standing order 94(2) allows general debate on the second reading speech and standing order 94(1) states that a member’s speech must be relevant to the question under discussion. I have been made aware of previous rulings in this house on this matter. In particular, paragraph 2.94 of the Legislative Assembly’s precedents and rulings states that the third reading debate is restricted to the content of the bill and is not as wide as the debate on the second reading. It then goes through a number of times when that ruling was made. I understand that the member keeps coming back to

Mr Troy Buswell; Ms Rita Saffioti; Mr Ben Wyatt; Mr Bill Johnston; Acting Speaker; Dr Tony Buti; Mr David Templeman

clause 3 in terms of the consolidated account but I ask him to try to stay within the standing orders of the debate in the house.

Debate Resumed

Dr A.D. BUTI: I thank you very much, Madam Acting Speaker, for that guidance. I do keep coming back to clause 3 because it is asking this house to approve granting the government nearly \$8 billion to be used by agencies until the end of October 2013. I am not comfortable with granting this government a blank cheque to spend that money as it sees fit, without having some idea of how that money will be spent. As I said, I just picked out the Champion Lakes issue because it is a very important health issue. I would think that the Minister for Health would be incredibly interested that a major public facility in the metropolitan area has been closed 20 times in two and a half years due to bacteria contamination. Surely this is a major public health issue. I am sure that the Minister for Health would be encouraging me to bring this to the attention of members. As he would know, if that contamination issue is not rectified, an increased number of people will use the services of the hospitals. As we very well know, the Minister for Health is in a tense battle with the Treasurer over how much should be cut from his budget. I am sure the Minister for Health would very much like the contamination of the Champion Lakes Regatta Centre to be rectified. I hope that some of the money sought to be approved under this Supply Bill will be utilised for the contamination issue at Champion Lakes.

During the second reading debate, the Treasurer told us in answer to a number of questions on the various clauses that the Supply Bill is very different from the budget bill, which is very interesting and very educational. In that respect, it came up that the Legislative Council really has no say in this bill and it is here under false pretences, which is why, for instance, it has the luxury of unveiling portraits to longstanding members who have never been Premier. I am not sure whether we in the Assembly have ever unveiled a portrait in Parliament for someone who has not been a Premier.

The ACTING SPEAKER: Member, I bring you back to the Supply Bill.

Dr A.D. BUTI: With those concluding remarks, I am sure the Treasurer will very much appreciate me sitting down, which I will do now. To the Minister for Health, the bacteria contamination at Champion Lakes is an incredibly serious health issue and I hope the minister will work closely with the Minister for Sport and Recreation to have the matter rectified.

MR D.A. TEMPLEMAN (Mandurah) [1.56 pm]: We have seen over the last three sitting weeks only a few bills or items for debate, including the Supply Bill 2013, which, of course, was presented to the house and declared an urgent bill. The Supply Bill has allowed the opposition to once again highlight a number of concerns it has about the priorities of the government. The government is badging itself as a new government, which we do not believe is the case; it is a returned government. We know that when the Barnett government was returned on 9 March, it was given a mandate to do a range of things, including telling the truth. Over the last two or so weeks, particularly in regard to the debate that I have listened to on the Supply Bill, I have heard a number of arguments about priorities. In his presentation of the Supply Bill, the Treasurer was essentially requesting the Legislative Assembly to grant additional moneys to ensure that various programs and mechanisms of government can continue.

The debate on the Supply Bill 2013 and the Address-in-Reply a week or so ago has allowed new members in this place, particularly on the other side, to provide Parliament with their priorities and what they believe the government should be focused on. It is very interesting that apart from paying homage to the Premier in their contributions, new members on the other side of the house outlined very little about what the government's priorities should be. Over the past few weeks, members on this side of the house have been highlighting a range of important priorities, including ensuring that promises that were made during the election are actually delivered and not turned back on. Ever since we have met in this place over the past couple of weeks, we have had a steady stream of broken promises announced by the Premier, his ministers and the Treasurer. As part of the third reading debate on the Supply Bill 2013, it is appropriate, as the member for Armadale highlighted, for us to question the honesty of the Treasurer and the government and to question what the Treasurer is presenting to the house. We know that the fiscal outlook for the state is now becoming increasingly despairing.

Debate interrupted, pursuant to standing orders.

[Continued on page 976.]