



PUBLIC ACCOUNTS COMMITTEE

**STATE BUDGET ESTIMATES
INFORMATION AND PROCESS IN
THE LEGISLATIVE ASSEMBLY**

FINAL REPORT

Report No. 45

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FINAL REPORT

Report No. 45

Presented by:
Mr Max Trenorden, MLA
Laid on the Table of the Legislative Assembly
on 25 May 2000

ORDERED TO BE PRINTED

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COMMITTEE'S FUNCTIONS AND POWERS

The Committee obtains its powers and functions from the Standing Orders of the Legislative Assembly.¹ Standing Order 299 states that the functions of the Committee are -

... to inquire into and report to the Assembly on any proposal, matter or thing it considers necessary, connected with the receipt and expenditure of public moneys, including moneys allocated under the annual Appropriation bills and Loan Fund.

Moreover the Committee is empowered by Standing Order 300 to -

- (1) Examine the financial affairs and accounts of government agencies of the State which includes any statutory board, commission, authority, committee, or trust established or appointed pursuant to any rule, regulation, by-law, order, order in Council, proclamation, ministerial direction or any other like means.
- (2) Inquire into and report to the Assembly on any question which -
 - (a) it deems necessary to investigate;
 - (b) is referred to it by resolution of the Assembly;
 - (c) is referred to it by a Minister; or
 - (d) is referred to it by the Auditor General.
- (3) Consider any papers on public expenditure presented to the Assembly and such of the expenditure as it sees fit to examine.
- (4) Consider whether the objectives of public expenditure are being achieved, or may be achieved more economically.

The Committee is also empowered by Standing Order 264, which states that -

A committee has power to send for persons, papers and records.

¹ On 7 September 1999, the Legislative Assembly agreed to Trial Standing Orders which replaced the former Public Accounts and Expenditure Review Committee with the Public Accounts Committee and redefined the Committee's powers and functions. On 21 December 1999, the Trial Standing Orders were adopted as amended and became effective on 1 January 2000.

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CHAIRMAN'S PREFACE

Mr Speaker,

I have for tabling, the Public Accounts Committee's *Final Report on the State Budget Estimates Information and Process in the Legislative Assembly*, Report No. 45.

The presentation of the State Budget each year is the most important process of scrutiny for the Legislative Assembly, but is also one of the most misunderstood and unsatisfactory processes in the House. Indeed, the impetus for the Committee's inquiry stemmed from criticism from Members about the content and information contained in the 1998-1999 Budget Papers and from a referral from the Standing Orders and Procedure Committee (SOPC). Along with its predecessor, the Select Committee on Procedure, the SOPC had a keen interest in enhancing the accountability of Government to the House. The Committee consequently expanded the scope of its inquiry to include an examination of the Estimates process in the Legislative Assembly, which has been the focus of this *Final Report*.

The Committee's *Interim Report No. 40*, tabled in December 1998, made nine recommendations that served to improve the nature and extent of information provided by Treasury in the Budget Papers. These were largely embraced by Treasury and incorporated in the 1999-2000 Budget Papers. The *Interim Report* also proposed improvements to the Legislative Assembly's process of reviewing the Estimates and signalled that this would be examined in a subsequent report.

Hence, the Committee's *Final Report* has made a number of findings and recommendations which the Committee believes will result in improvements to the current Estimates process in the Legislative Assembly and the information contained in the Budget Papers.

The Committee has recommended a proposed a new model for Estimates scrutiny, the Standing Committee Model, involving three portfolio-based standing committees as a replacement for the current system of Estimates Committees A & B. In recommending this change, the Committee was mindful of the introduction, sometime after the next State election of a new committee system for the Legislative Assembly, incorporating permanent portfolio-based standing committees. The Committee could also foresee the opportunities that would arise from this system in terms of the most effective method of Estimates scrutiny.

The proposed change is not a radical departure from the current model but rather a refinement of it and would still enable the benefits of the current model to be retained and enhanced. This would include preserving the ability of Members of the Legislative Assembly who are not Members of the portfolio-based standing committees to participate in the Estimates process. One of the major benefits arising from this proposed model would be an increased likelihood of scrutiny resulting from specialist knowledge gained by Members through their work on the portfolio-based standing committees.

Furthermore, the Committee has recognised a common desire of Members for a capacity to examine off-budget agencies during the Estimates process and has recommended that these agencies be examinable by the proposed new model.

Beyond the ambit of the Estimates process, the Committee has also recommended the establishment of a formal annual review process for statements of corporate intent whereby

the tabled statements would be referred to the applicable portfolio-based standing committee and the Public Accounts Committee for examination and review.

In recommending change, the Committee considers that it is not its role to prescribe in detail how the proposed new model would operate, nor draft new Standing Orders for the Legislative Assembly. This task more appropriately resides with the Procedure and Privileges Committee of the Legislative Assembly and indeed the House itself. Rather the Committee has outlined what should be some of the more important components of the proposed new model.

Finally, the Committee has also recommended some further improvements to the information contained in the Budget Papers, resulting from a review of the follow-up action taken by Treasury in response to the *Interim Report* recommendations.

In conclusion, I would like to thank the Members of the Committee for their contribution to the report. I would also like to acknowledge the contribution of the Committee's staff, Senior Research Officer, Dr Janet Preuss, Research Officer, Ms Kirsten Robinson and in particular Research Officers, Ms Stefanie Dobro and Ms Amanda Millsom-May for their substantial contribution to this report, and to Mrs Patricia Roach for her secretarial assistance.

MAX TRENORDEN, MLA
CHAIRMAN

ABBREVIATIONS & ACRONYMS

ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
CEO	Chief Executive Officer
CF	Consolidated Fund
COG	Commission on Government
CSO	Community Service Obligation
DOPLAR	Department of Productivity and Labour Relations
ECM	Estimates Committee Model
EFOC	Estimates and Financial Operations Committee
FTE	Full-Time Equivalent
GBE	Government Business Enterprise
GE	Government Enterprise
GFS	Government Finance Statistics
GOC	Government-owned Corporation
GPSC	General Purpose Standing Committees
GTE	Government Trading Enterprise
NSW	New South Wales
OBM	Output-based Management
PAEC	Public Accounts and Estimates Committee (Victoria)
PAERC	Public Accounts and Expenditure Review Committee (now known as the Public Accounts Committee)
PFC	Public Financial Corporation
PFE	Public Financial Enterprise
PNFC	Public Non-Financial Corporation
PTE	Public Trading Enterprise

QLD	Queensland
SCI	Statement of Corporate Intent
SCM	Standing Committees Model
SOPC	Standing Orders and Procedure Committee

SUMMARY OF FINDINGS

Finding 1

The Legislative Assembly has a constitutionally imposed primary responsibility in relation to financial matters of the State.

Scrutiny of the Budget Estimates, which forms an integral part of the procedure for the passage of financial legislation, i.e. appropriating moneys to the Executive Government for the public service, is a primary constitutional responsibility of the Legislative Assembly.

Finding 2

Whilst the current Estimates process has fulfilled the objective of subjecting Ministers, and through the Ministers, departmental officials, to the formalities of scrutiny, Members have voiced frustration with the current process.

Finding 3

The introduction of three portfolio-based standing committees following the next State election presents an opportunity for Members of the Legislative Assembly to expand their knowledge and understanding and develop an increased level of expertise across a range of portfolio areas.

It also presents an opportunity to consider whether there should be an expanded role for the proposed portfolio-based standing committees, in terms of undertaking the Estimates review process.

Finding 4

That the objectives of the Estimates process in the Legislative Assembly would be best achieved by the adoption of the Standing Committee Model (SCM), involving portfolio-based standing committees.

Finding 5

The veil of commercial confidentiality should not impede proper parliamentary scrutiny of off-budget agencies, including the larger Public Non-Financial Corporations.

Finding 6

There is a growing trend in other Australian Parliaments for the examination of off-budget agencies during their respective estimates processes.

Finding 7

Although Statements of Corporate Intent are tabled in Parliament, they are not examinable by the current Estimates process, nor by any other formal annual review process.

SUMMARY OF RECOMMENDATIONS

Recommendation 1

- (a) That the three proposed portfolio-based standing committees have responsibility for the conduct of the Estimates process in the Legislative Assembly.**
- (b) That the consideration in detail stage of the Appropriation Bills be replaced by the three proposed portfolio-based standing committees.**
- (c) That a trial of the proposed new Estimates process be conducted as soon as practicable after the next State election.**
- (d) That following the process, a review of the trial be conducted by the Procedure and Privileges Committee which would include consultation with Members of the Legislative Assembly.**

Recommendation 2

- (a) That a Management Committee be established with similar functions and responsibilities to the current Management Committee established under the Sessional Orders.**
- (b) That the Management Committee should include the Leader of the House, a member nominated by the Leader of the Opposition and the three chairpersons of the standing committees. However, the composition of the Management Committee must reflect the balance of representation existing in the House.**
- (c) That the number of days for Estimates scrutiny be increased to accommodate the inclusion of off-budget agencies (see Recommendation 8).**
- (d) That the Estimates hearings be scheduled over a week when the Legislative Council is in recess.**

Recommendation 3

That the ability be preserved for Members of the Legislative Assembly, who are not Members of the proposed portfolio-based standing committees, to participate in the Estimates process.

Recommendation 4

That Ministers from both the Legislative Assembly and Legislative Council be required to appear before the Estimates hearings in the Legislative Assembly.

Recommendation 5

That the quorum for an Estimates hearing accord with the quorum required for a Standing Committee of the Legislative Assembly, i.e. three.

Recommendation 6

- (a) That the proposed portfolio-based standing committees vote on each Division of the Budget Estimates and present their reports to the House.**
- (b) That the time-frame for scrutiny be similar to that of the current Estimates process.**

Recommendation 7

That consideration should be given to the following mechanisms that would enhance the efficiency and effectiveness of the proposed new Estimates process –

- **the provision of questions to Ministers in advance of the Estimates hearings;**
- **the introduction of time limits for both questions and answers during the Estimates hearings; and**
- **the provision for tabling of documents during the Estimates hearings and for those papers to be presented with the reports of the proposed portfolio-based standing committees.**

Recommendation 8

- (a) That off-budget agencies, as described by the Public Accounts Committee (e.g. Water Corporation, Westrail, Western Power, AlintaGas etc), should be examinable by the proposed Standing Committee Model (SCM) involving portfolio-based standing committees.**
- (b) That the Standing Orders relating to the Estimates process expressly authorise the portfolio-based standing committees to examine or question these off-budget agencies.**

Recommendation 9

That questions asked of a responsible Minister on matters that are not identifiable in the Budget Statements be provided in advance of the Estimates hearing.

Recommendation 10

That, once tabled in the Legislative Assembly, statements of corporate intent should be referred to the applicable portfolio-based standing committee and the Public Accounts Committee for examination and review.

Recommendation 11

- (a) That the *Guide for Readers* contained in Budget Paper 2 include a general explanation of the sources of information for performance measures, particularly for *quality*.**
- (b) That agencies ensure that customer surveys are methodologically sound so as to provide a valid reflection of agency performance.**
- (c) That Treasury continues to play a role in verifying performance results, particularly while agencies adjust to output performance reporting.**

Recommendation 12

That Treasury include a further column of historical financial data in the Budget Statements, which will allow for a comparison between the Budget Estimate and the Estimated Actual for the second year of data provided.

INISTERIAL ESPONSE

Standing Order 277 (1) of the Standing Orders of the Legislative Assembly states that –

A report may include a direction that a Minister in the Assembly is required within not more than three months, or at the earliest opportunity after that time if the Assembly is adjourned or in recess, to report to the Assembly as to the action, if any, proposed to be taken by the Government with respect to the recommendations of the Committee.

Accordingly, the Public Accounts Committee directs that the Treasurer respond to the Committee's recommendations contained in Chapter Four. It also invites the Chairman of the Procedure and Privileges Committee and the Leader of the House to comment on the Committee's recommendations in Chapter Three.

3.

⁴ Western Australia, Legislative Assembly. *Report of the Standing Orders and Procedure Committee on Commission on Government Recommendations*, Recommendation 5, 18 June 1998, p. 8.

- (b) propose improvements to the nature and extent of information that is provided by Treasury in support of the Estimates;
- (c) propose improvements to the Legislative Assembly's process of reviewing the Estimates; and
- (d) indicate those issues which the Committee would examine in more detail in 1999, in order to improve the Estimates information and review process.

The Committee's *Interim Report* contained a total of nine recommendations that served to provide feedback to the House and Treasury on Members' views of the information contained in the Budget Papers and to encourage Treasury to implement changes to improve the value and presentation of the 1999-2000 Budget Papers (see Appendix 1). It also proposed improvements to the Legislative Assembly's process of reviewing the Estimates.

In short, the Committee believed that the information in support of the Estimates was not adequate in providing comparative data, reliable and meaningful performance measures and details of expenditure. It also believed that information regarding Government Trading Enterprises (GTE) and some other agencies were not captured by an adequate review process.

On the issue of the Estimates review process, the Committee's initial examination concluded that the process was inadequate and rather than tinkering with the model, review of agencies' budgets should be carried out by an altogether new Committee system in the Legislative Assembly. Recommendation 7 of the *Interim Report* stated that –

Consideration should be given to replacing the Estimates Committees in the Legislative Assembly with portfolio-based Standing Committees. The Committee will further examine this issue in 1999.

The Government's response to the Committee's *Interim Report* was received by the Committee in early July 1999. As noted by the Premier in his response to the Committee, concerns raised by the Committee were addressed during the development and presentation of the 1999-2000 Budget. For the most part, the Committee's recommendations were embraced by Treasury and incorporated into the 1999-2000 Budget Papers (see Appendix 1). The Committee makes further comment on this matter in Chapter four.

However, on the issues of examination of off-budget agencies and replacement of the Estimates Committees in the Legislative Assembly, the response stated that –

The recommendation to establish a process by which 'off-budget' agencies may be fully examined by Parliament and the timing of such examinations are however, matters to be addressed by Parliament... Treasury considers this (replacement of Estimates Committees) to be a matter more appropriately addressed by the Parliament.⁵

Conduct of the Inquiry

At a meeting held on 21 April 1999, the Committee resolved to adopt the following objectives for its Final Report -

⁵ See Appendix 1.

- (a) to review the impact of the constitutional responsibility of the Legislative Assembly in relation to Appropriation Bills;
- (b) to review the Standing Orders and Sessional Orders of the Legislative Assembly relating to the Budget Papers and Estimates Process;
- (c) to review and examine the 1999-2000 Budget Papers with particular reference to agency performance information in support of the Estimates; and
- (d) to improve the ability of Parliament to examine information relating to off-budget agencies and other authorities.

The objectives were based on issues that the Committee identified as requiring further examination.

The Committee's approach to the Final Report involved –

- (a) examining the concept of constitutional responsibility and the Estimates process in the Western Australian Parliament;⁶
- (b) reviewing the 1999-2000 Budget Papers in order to examine the changes over the previous year's Budget Papers and considering the Government's response to its *Interim Report* recommendations;
- (c) seeking comparative information on budget estimates processes in other Australian jurisdictions, with a view to improving the procedural mechanisms for the examination of the Budget Estimates in the Legislative Assembly of Western Australia (see Appendix 2); and
- (d) distributing a survey to all Members of the Legislative Assembly in November 1999, seeking feedback on how the Estimates should be conducted, what should be examinable during the Estimates and what information should be contained in the budget papers (see Appendix 3).

On the issue of the survey, the Committee was disappointed that only 14 (24.5%) Members – 9 Government and 5 non-Government – responded to the survey, particularly given this was an inquiry that was referred to the Committee by another committee of the House. Several factors may explain the poor response rate including –

- the survey was distributed towards the end of the parliamentary session, a time when members may have turned their thoughts away from the parliamentary process to electorate matters; and
- several other surveys had been circulated by other Committees during the year, including one only weeks in advance of the Committee's survey.

⁶ The Committee held an informal briefing with the Clerk of the Legislative Assembly, Mr Peter McHugh, on 16 June 1999. Matters discussed included constitutional requirements and the logistics of alternative methods of examining the Estimates and passing the Appropriations Bills.

The low response rate means that the results of the survey can not be considered conclusive or definitive and thus can only provide a starting point for discussion on the conduct of the Estimates process in the Legislative Assembly.

Summary of Issues

This report makes a number of findings and recommendations which the Public Accounts Committee believes will result in improvements to the current Estimates process in the Legislative Assembly and the information contained in the Budget Papers.

With respect to the proposed new model for Estimates scrutiny involving portfolio-based standing committees (see Chapter Three), the Committee's findings and recommendations are not a radical departure from the current model, but rather a refinement of it. It is of paramount importance that, to the extent possible, the benefits afforded by the current system of Estimates scrutiny are retained and enhanced under the proposed new model. This would include preserving, where possible, the ability for Members who are not Members of the portfolio-based standing committees to participate in the Estimates process.

In recommending changes to the Estimates process, the Committee could foresee the opportunities that would arise from the introduction of the new Committee system after the next election, in terms of the most effective method of Estimates scrutiny. In recommending change, however, the Committee considered that it was not its role to prescribe in detail how the proposed new model would operate, nor draft new Standing Orders for the Legislative Assembly. This task more appropriately resides with the Procedure and Privileges Committee and indeed the House itself. Rather, the Committee saw it necessary to outline what should be some of the more important components of the proposed new model.

In summary, the following provides an overview of the Chapters of the Report –

- In Chapter Two, the Committee reviews the impact of the constitutional responsibility of the Legislative Assembly in relation to the Appropriation Bills.
- In Chapter Three, the Committee –
 - reviews the current system of scrutiny of the Estimates;
 - considers alternative arrangements to enhance accountability;
 - explores what represents the best model for scrutiny; and
 - proposes a new model for Estimates scrutiny involving portfolio-based standing committees.

The Committee also re-examines the issue of scrutiny of off-budget agencies within the Estimates process and in other contexts (see page 21).

- Finally, in Chapter Four the Committee reviews the follow-up action taken by Treasury in response to recommendations contained in the Committee's *Interim Report* with respect to the information contained in the Budget Papers and recommends further improvements, particularly in the areas of performance measures and agency financial details.

CHAPTER TWO

CONSTITUTIONAL RESPONSIBILITY AND THE BUDGET

Introduction

A universal principle of parliamentary government is that the lower house, the ‘representative House’, has primary responsibility for fiscal governance. This principle is generally entrenched in a constitution that gives powers to initiate financial matters to the lower house and prevents the upper house from initiating or amending financial bills.

In the Westminster system, this principle has been practised by the Crown requesting funds from Parliament for the public service to function, the House of Commons granting those funds, and the House of Lords agreeing to the granting of those funds.

The Commonwealth House of Representatives Practice refers to this principle as the ‘financial initiative of the Crown’ and explains it as a ‘constitutional and parliamentary principle that only the Government may initiate or move to increase appropriations or taxes’ and states that it ‘...plays an important part in procedures for the initiation and processing of

7

The House of Representatives Practice summarises the concept of the principle of financial initiative as follows -

- The Executive Government is charged with the management of revenue and with payments for the public service.
- It is a long established and strictly observed rule which expresses a principle of the highest constitutional importance that no public charge can be incurred except on the initiative of the Executive Government.
- The Executive Government demands money, the House grants it, but the House does not vote money unless required by the Government, and does not impose taxes unless needed for the public service as declared by Ministers of the Crown.⁸

Western Australia

In Western Australia, the principle of the financial initiative is set out in section 46 of the *Constitution Acts Amendment Act 1899*. Section 46 prescribes the only distinction between the powers of the Legislative Assembly and the Legislative Council -

Bills appropriating revenue or moneys, or imposing taxation, shall not originate in the Legislative Council.⁹

⁷ Barlin, L.M. (Ed.), *House of Representatives Practice 1997*, 3rd edn, Canberra, p. 36.

⁸ Ibid. pp 36-37.

The Act similarly stipulates that the Legislative Council cannot amend such Bills - it may request, but cannot insist, on modifications to such Bills. In all other respects, the powers of the Houses in relation to Bills are equal.¹⁰

Looking back to the historical origins of the two houses of the Western Australian Parliament, it is clear that while the two houses appear to have been established to represent the interests of two different groups, neither house was specified in the *Constitution Act 1889* as a house of government or a house of review.¹¹ That is a matter of interpretation.

It is generally accepted that, since the advent of responsible government in Western Australia in 1890, the convention has been for the Legislative Assembly to perform the role of the house of government, with the Government being formed in, supported by and accountable to, the Legislative Assembly.¹²

The Committee accepts the prevailing view that section 46 of the *Constitution Acts Amendment Act 1899*, combined with the principle of the 'financial initiative of the Crown', confers upon the Legislative Assembly primary responsibility for financial legislation and fiscal governance. Accordingly, the Legislative Assembly has a primary constitutional responsibility for fiscal scrutiny, which includes scrutiny of the Budget Estimates.

Finding 1

The Legislative Assembly has a constitutionally imposed primary responsibility in relation to financial matters of the State.

Scrutiny of the Budget Estimates, which forms an integral part of the procedure for the passage of financial legislation, i.e. appropriating moneys to the Executive Government for the public service, is a primary constitutional responsibility of the Legislative Assembly.

⁹ Western Australia. *Constitution Acts Amendment Act 1899*.

¹⁰ Sections 46 (6) and (7) state respectively that a Bill that 'appropriates revenue or moneys for the ordinary annual services of the Government' or Bills 'imposing taxation' shall deal only with these matters. The importance of these 'no tacking' provisions is that they protect the Legislative Council's equality of powers with the Legislative Assembly in respect of all Bills, except those appropriating revenue or imposing taxes, and its ability to amend non-financial legislation.

The Western Australian Legislative Council is the only Upper House in Australia that can block the budget and force an election for the Lower House.

¹¹ Western Australia, Commission on Government, *Report No. 1*, 1995, p. 276.

¹² This view has been contested by the Legislative Council over the years. For a discussion see: David Black. "Financial Relations Between the Two Houses, 1890-1990" in *The House on the Hill: A History of the Parliament of Western Australia 1832-1990*, David Black (Ed.) Perth: Western Australia Parliament 1991, pp 429-459.

CHAPTER THREE

SCRUTINY OF THE BUDGET ESTIMATES

Introduction

Essential to executive accountability is the opportunity for Members of Parliament to scrutinise proposed expenditure and policy. This opportunity has been afforded to Members of the Legislative Assembly in the Estimates Committees, when Members can question Ministers or their representatives on forecast expenditure as outlined in the Budget Statements.

Some of the key objectives of the Estimates process are identified as being –

- accountability to ensure that taxpayers dollars are being expended efficiently and effectively;
- scrutiny of Government's policies and priorities;
- scrutiny of public sector departments' and agencies' performance;
- the ability to seek information from Ministers regarding performance and administration of government departments and agencies; and
- the ability for ongoing scrutiny and review.

It is essential that the Estimates process allow these objectives to be met in a manner that is both efficient and effective.

The Committee's initial examination of the Estimates review process in its *Interim Report* concluded that the process was inadequate and rather than tinkering with the model, review of agencies' budgets should be carried out by an altogether new Committee system in the Legislative Assembly. The Committee subsequently recommended that -

Consideration should be given to replacing the Estimates Committees in the Legislative Assembly with portfolio-based Standing Committees. (Recommendation No. 7)

In undertaking the research for this Final Report, the Committee considered it appropriate to review the current system of scrutiny of the Estimates and to consider alternative arrangements to enhance accountability. In doing so, the Committee was mindful of the following events that occurred during the course of the review and which will be further expanded on in this Chapter –

- As a result of the adoption of trial Standing Orders, which became effective from 1 January 2000, the Standing Orders relating to Estimates Committees (Standing Orders 222 – 234) were left blank, apart from Standing Order 221, which prescribes the manner in which the Estimates for the Consolidated Fund (CF) are to be listed and the arrangement of department, agency and authority information in support of the Estimates.

- On 6 April 2000, a motion supporting amongst other things the establishment of three portfolio-based standing committees in the Legislative Assembly was agreed to.

In this Chapter, the Committee compares the system of Estimates review in the Legislative Assembly of Western Australia with other processes in jurisdictions throughout Australia with a view to recommending a new model for scrutiny that maximises executive accountability and oversight whilst still retaining the benefits of the current system. The Committee also examines the issue of scrutiny of off-budget agencies.

The Estimates Process in the Legislative Assembly of Western Australia

The Estimates process is governed by the Standing Orders of the Legislative Assembly and Estimates Committees-specific Sessional Orders adopted by the House. In place since 1993, the Sessional Orders are adopted each year and allow for the consideration in detail stage of the Appropriation Bills to take place in two Estimates Committees (A & B) that meet simultaneously over several days.¹³

Under this system, a Management Committee is established each year comprising the Leader of the House, a member nominated by the Premier (traditionally the Chairman of Committees) and two Members nominated by the Leader of the Opposition, to determine a schedule for the Estimates hearings. The Management Committee presents its report to the House where the schedule of hearings is adopted.

In September 1999, the Standing Orders and Procedure Committee (SOPC) tabled its *Report on the Modernisation of the Standing Orders*. The report included proposed Standing Orders for both the format or arrangement of the Estimates (Standing Order 221) and the Estimates Committees (Standing Orders 222-234). Standing Order 221 prescribed the manner in which the were to be arranged.

The House agreed to a three month trial of the SOPC's new Standing Orders, including Standing Order 221, for the Legislative Assembly from 8 September 1999 to 31 December 1999. However, the Standing Orders relating to the Estimates Committees (Standing Orders 222-234) were essentially left blank as the trial period for the new Standing Orders did not coincide with consideration of the Estimates and are pending this Committee's Final Report.

On 1 January 2000, subsequent to the trial, the new Standing Orders incorporating Standing Order 221, became the permanent Standing Orders of the Legislative Assembly. The new Standing Orders however, say nothing about the conduct of the Estimates process.

Whilst the existing Estimates process has fulfilled the objective of subjecting Ministers, and through the Ministers, departmental officials, to the formalities of scrutiny, Members have continued to voice frustration with the process. Objections have included –

- Members do not have sufficient knowledge of subject matter to ask probing questions.
- It is difficult to pursue a line of inquiry.

¹³ The consideration in detail stage replaced the Committee of the Whole.

- Time constraints often result in some agencies receiving no parliamentary scrutiny whatsoever.
- ‘Dorothy dixers’ are used extensively by Government members to take up the time of the committee.
- The non-attendance of Ministers from the other House severely hampers the accountability process.

Although it is not the role of the Committee to draft new Standing Orders for the Estimates Committees, the Committee considered it necessary and timely to review the Estimates process and look to other parliaments for models that may address, in particular, some of the deficiencies of the current review process.

Finding 2

Whilst the current Estimates process has fulfilled the objective of subjecting Ministers, and through the Ministers, departmental officials, to the formalities of scrutiny, Members have voiced frustration with the current process.

The Estimates Process in Comparative Perspective

During 1999, the Committee sought comparative information on the Budget Estimates process in other Australian Parliaments (see Appendix 2).

The results of the survey of Australian Parliaments can be categorised into four models of scrutiny of the Estimates -

- **Committee of the Whole Model** - consideration of the Estimates in the Committee of the Whole House;
- **Single Committee Model** - referral of the Estimates to a single committee (standing or select committee);
- **Estimates Committees Model** - consideration of the Estimates simultaneously by purpose-specific Estimates Committees; and
- **Standing Committees Model** - scrutiny by a system of general purpose or portfolio-based standing committees.

The Committee of the Whole Model is the original model of Estimates scrutiny whereby the Estimates, which form part of the Appropriation Bills, are considered in detail on the floor of the House in the same way as any other Bill passing through Parliament. This process was used in the Legislative Assembly prior to 1990 and was deemed by Members to be highly unsatisfactory on the basis that it consumed a considerable amount of the time of the House and simultaneously resulted in inadequate parliamentary scrutiny.¹⁴ The Committee of the Whole Model for estimates scrutiny is currently only used in the Northern Territory.

¹⁴ In 1990 the House agreed to a trial of three Estimates Committees, sitting concurrently. This trial was reviewed in 1991 and a further trial of two Estimates Committees, sitting concurrently over three days was

The Single Committee Model for scrutiny occurs in two variants: the establishment of a select committee to examine the estimates and report back to the House (such a system is used in the Australian Capital Territory (ACT)); or the referral of the Estimates to a single standing committee (such as the Public Accounts and Estimates Committee [a joint standing committee], the model used in Victoria).¹⁵ In Western Australia, the Legislative Council's Standing Committee on Estimates and Financial Operations also examines the Estimates. Under this model, responsibility for scrutiny of the estimates rests with a small group of Members and, in the case of Victoria, only the major portfolios are actually examined. It should be noted however, that in Western Australia, Legislative Council Members who are not members of the Committee are entitled to participate in the Estimates hearings.

The Estimates Committees Model (ECM) is the system currently operating in the Legislative Assembly in Western Australia. This model is predicated on the establishment (by Sessional or Standing Orders) of a specified number of purpose-specific committees to examine the estimates and report back to the House. In Western Australia, South Australia and Tasmania, two Estimates Committees (A & B) sit simultaneously over a number of days to scrutinise the Estimates of all portfolios, on the basis of a schedule agreed to by the House. The Queensland Parliament uses a similar system but appoints seven Estimates committees and examines all portfolios.

The Standing Committees Model (SCM) involves the referral of the Estimates to several general purpose or portfolio-based standing committees for scrutiny. The Committees' hearings can be conducted simultaneously over a given period and the Committees are required to report back to the House. This is the model employed by the Senate in the Commonwealth Parliament and by the Legislative Council in the New South Wales Parliament. In both cases, the Lower House does not examine the Estimates in any real detail.¹⁶

A New Model for Estimates Scrutiny in the Legislative Assembly

A New Committee System for the Legislative Assembly

The Committee has been a strong supporter of the establishment of a new system of standing committees, as it considers that a well-resourced, well-staffed system of portfolio-based standing committees is an essential component of parliamentary accountability and oversight.

On 6 April 2000, pursuant to notice, the Leader of the House, the Hon. C.J. Barnett, MLA, moved a motion that included the establishment of three portfolio-based standing committees

trialed. A further review was conducted in 1992, whereby the Management Committee put forward a further trial of one Estimates Committee sitting over five days. (Source: Western Australia, Legislative Assembly. Select Committee on Procedure *Final Report*, June 1996, footnote 10, p. 15.

¹⁵ In Victoria, while the Estimates are referred to the Public Accounts and Estimates Committee (a Joint Standing Committee), the Appropriation Bills are also subject to the Committee of the Whole stage on the floor of the House.

¹⁶ Sections 5 and 5A of the *Constitution Act 1902* (NSW) confer responsibility for fiscal governance on the Legislative Assembly. Notwithstanding this, since 1995, when the two Houses could not agree to the proposed terms of reference for a Joint Committee to examine the Estimates, the Legislative Council has unilaterally conducted Estimates Committees. Legislative Assembly Standing Order 284 (1) provides that "... the House may appoint Estimates Committees", but this has not occurred.

for the Legislative Assembly, which would take effect following the next State election. The full motion (that was subsequently agreed to) proposed -

That this House –

- (a) supports the establishment of three portfolio-based Standing Committees to come into operation after the next election;
- (b) supports the retention of the Public Accounts Committee in its current form;
- (c) supports the amalgamation of the Joint Standing Committee on Delegated Legislation and the Standing Committee on Uniform Legislation and Intergovernmental Agreements, in accordance with recommendation 18 of the Final Report of the Select Committee on Procedure and subject to the concurrence of the Legislative Council; and
- (d) requests the Procedure and Privileges Committee to report by 15 June 2000 on the method of operation and Standing Orders which should apply to portfolio-based Standing Committees.¹⁷

The motion also alluded to the possible composition of the new Committee system being –

- three portfolio-based standing committees;
- the Public Accounts Committee;
- a Joint Standing Committee on the Anti-Corruption Commission;
- a Joint Standing Committee on Uniform and Delegated Legislation; and
- two domestic committees – the Procedure and Privileges Committee and the Parliamentary Services Committee.

By way of background, the origins of the new committee system were borne out of a recommendation by the Commission on Government (COG) in 1995, that the Legislative Assembly should establish a system of committees including up to four portfolio-related standing committees.¹⁸

In June 1996, the Select Committee on Procedure tabled its Final Report, which recommended the establishment of a system of standing committees comprising three portfolio-based standing committees, a Public Accounts Committee and a Joint Committee on Uniform and Delegated Legislation.¹⁹ The Committee's terms of reference included examining the value of developing a new committee system.

In June 1998, the Legislative Assembly's Standing Orders and Procedure Committee reported on the COG's recommendations and supported in principle COG's recommendation proposing a system of standing committees for the Legislative Assembly. It advocated however, that the method of establishment be that recommended by the Select Committee on Procedure.²⁰

In May 1999, the Standing Orders and Procedure Committee, in its *Report on the Modernisation of the Standing Orders*, strongly supported the establishment of a system of

¹⁷ Western Australia, Parliamentary Debates, *Hansard*, 6 April 2000, pp. 6110-6111.

¹⁸ Western Australia, Commission on Government, *Report No. 2*, Part 2, 1995, pp 176-177.

¹⁹ Western Australia, Legislative Assembly. Select Committee on Procedure, *op. cit.*, pp 42-48, Recommendations 17-19.

²⁰ Western Australia, Legislative Assembly. *Report of the Standing Orders and Procedure Committee*, *op. cit.*, Recommendation 11, p. 19.

standing committees, echoing the long line of reports making that recommendation, including the Select Committee on Procedure.²¹

The introduction, sometime after the next State election, of a system of standing committees incorporating permanent portfolio-based standing committees, presents an opportunity for Members of the Legislative Assembly to expand their knowledge and understanding and develop an increased level of expertise across a range of portfolio areas.

Similarly, the Committee considers that it also presents an opportunity to make use of this new system by reconsidering the most effective method of scrutiny of the Estimates for the Legislative Assembly and whether there should be an expanded role for the portfolio-based standing committees, in terms of undertaking the Estimates review process. In raising this issue, the Committee notes that the Select Committee on Procedure gave careful consideration to this issue and recommended the retention of the format of Estimates Committees A & B. This decision was based on a perceived general level of satisfaction among Members of the House at the time with the format that had been operating in the Legislative Assembly since 1993.

Notwithstanding this, the Committee has explored the issue of what would represent the best model for scrutiny of the Budget Estimates for the Legislative Assembly of Western Australia.

Finding 3

The introduction of three portfolio-based standing committees following the next State election presents an opportunity for Members of the Legislative Assembly to expand their knowledge and understanding and develop an increased level of expertise across a range of portfolio areas.

It also presents an opportunity to consider whether there should be an expanded role for the proposed portfolio-based standing committees, in terms of undertaking the Estimates review process.

Standing Committee Model for the Scrutiny of the Estimates in the Legislative Assembly

After carefully considering the four models of scrutiny currently operating in Australia and the views of Members of the Legislative Assembly in response to the 1999 survey of Members, the Committee is of the view that only two models are serious options for the Legislative Assembly --

- (a) retention of the current system, the Estimates Committee Model (ECM); or

²¹ Western Australia, Legislative Assembly. Standing Orders and Procedure Committee, *Report on the Modernisation of the Standing Orders*. Volume 1, 13 May 1999, p. 26.

- (b) referral of the Estimates to portfolio-based standing committees, the Standing Committee Model (SCM).

The Committee has weighed the benefits and drawbacks of the two models and considers that the objectives of the Estimates process can best be achieved by adopting the SCM in the Legislative Assembly and replacing the consideration in detail stage of the Appropriations Bills with the three proposed portfolio-based standing committees.

The benefits of this system would include -

- specialisation of knowledge on the part of committee members which would increase the likelihood of scrutiny through probing questions;
- the greater likelihood of interested members through a smaller committee membership;
- the ability to use knowledge gained through the Estimates process for ongoing monitoring of matters raised (e.g. related inquiries, scrutiny of Annual Reports and statements of corporate intent (SCI)²²), will provide greater accountability and oversight; and
- that each committee would already be adequately resourced so as to provide the required administrative support services.

The strongest objection raised to having portfolio-based standing committees examine the Estimates rather than purpose-specific Estimates Committees, relates to the ability for a significant number of the Members of the Legislative Assembly to participate in the scrutiny process. Concern was raised that having three portfolio-based standing committees examine the Estimates reduces the number of Members who are able to participate actively in the process to fifteen Members (five members on each committee). This issue will be further explored in the following section.

Finding 4

That the objectives of the Estimates process in the Legislative Assembly would be best achieved by the adoption of the Standing Committee Model (SCM), involving portfolio-based standing committees.

²² See the latter part of this Chapter.

Recommendation 1

- (a) That the three proposed portfolio-based standing committees have responsibility for the conduct of the Estimates process in the Legislative Assembly.
- (b) That the consideration in detail stage of the Appropriation Bills be replaced by the three proposed portfolio-based standing committees.
- (c) That a trial of the proposed new Estimates process be conducted as soon as practicable after the next State election.
- (d) That following the process, a review of the trial be conducted by the Procedure and Privileges Committee which would include consultation with Members of the Legislative Assembly.

Implementation of the Standing Committee Model for Scrutiny of the Estimates

The Committee considers that it is not its role to prescribe in detail how the proposed SCM for scrutiny of the Estimates should operate in practice in the Legislative Assembly – that is a task that more appropriately resides with the Procedure and Privileges Committee and, ultimately, the House.

However, the Committee believes it is of paramount importance that, to the extent possible, the benefits currently afforded by the ECM are retained and the scrutiny process is enhanced under the proposed SCM.

Though, as previously stated, it is not the intention of the Committee to draft new Standing Orders for the Estimates process, the Committee considers it necessary to outline what should be some of the important components of the proposed SCM for scrutiny of the Estimates. As the Estimates process is technically part of the second reading stage of the Appropriations Bills, the Standing Orders need to reflect the appropriate procedures relating to the passage of legislation.

Referral of Estimates to Portfolio-Based Standing Committees

The Committee envisages that the new standing orders would prescribe that, after the second readings of the Appropriations Bills (No. 1 and No. 2), which provides for the main recurrent and capital appropriations, the consideration in detail stage would be replaced by the three portfolio-based standing committees. These committees would examine and report on proposed expenditure contained in the Estimates for the Parliament and Government departments and agencies funded from the Consolidated Fund within the time-frames

Management Committee and Scheduling of Hearings

Under the current ECM, a Management Committee is established each year comprising the Leader of the House, a member nominated by the Premier (traditionally the Chairman of Committees) and two Members nominated by the Leader of the Opposition, to determine a schedule for the Estimates hearing. The Management Committee presents its report to the House where the schedule of hearings is adopted.

The Committee envisages that under the proposed SCM, a Management Committee would be established with similar functions and responsibilities to the Management Committee currently established under the ECM. The Committee should include the Leader of the House, a member nominated by the Leader of the Opposition and the three chairpersons of the standing committees.²³ The Management Committee would meet prior to the standing committees' consideration of the Estimates and the Leader of the House would present its report to the House. The report should include those parts of the Estimates that are to be considered by each committee and the maximum period of time allotted for consideration of each Part or any Division or Program of the Estimates.

Prior to 1997, Estimates scrutiny was restricted to items of recurrent expenditure and occurred over three days. However, in 1996 the Select Committee on Procedure recommended expanding the scope of scrutiny from recurrent expenditure to include items relating to capital expenditure and 'the budgets of any of the agencies included in Government Finance Statistics, whether general government agencies or public trading enterprises'.²⁴ The Procedure Committee also recommended that the Estimates Committee meetings schedule be expanded by half a day to three and a half days to accommodate the recommended expanded scope of scrutiny.

The Government accepted the recommendation to expand the scope of scrutiny to include items of capital expenditure. The recommendation to include 'the budgets of any of the agencies included in Government Finance Statistics, whether general government agencies or public trading enterprises' has yet to be accepted.²⁵ In addition, from 1997, the schedule of Estimates Committees meetings was expanded to three and a half days. Under the current ECM, three and a half days are set aside for consideration of the Estimates.

²³ The proposed new standing committee system also provides the House with an opportunity to consider the establishment of a "Committee of Chairpersons" comprising the chairs of each of the standing committees. It is envisaged that the Committee would liaise with the Speaker on issues such as committee budgets, resourcing and procedural matters.

²⁴ Western Australia, Legislative Assembly. Select Committee on Procedure, op. cit., Recommendation 7, p. 17.

²⁵ See later in this chapter for a discussion of off-budget agencies.

Although, as previously stated, the issue of scheduling properly rests with the House, the Committee envisages that scrutiny and scheduling of the Estimates under the proposed SCM would operate in a similar manner to scrutiny and scheduling under the ECM, i.e. over a set number of days, as recommended in a report of the Management Committee and adopted by the House. The Committee is also mindful of the time-frames associated with the passage of the Appropriation Bills and does not envisage that scrutiny of the Estimates under the proposed SCM would extend beyond the normal examination time period afforded by the current ECM.

To accommodate recommendations contained later in this Chapter relating to expanding the scope of scrutiny to include off-budget agencies, it may be appropriate to increase slightly the number of days for Estimates scrutiny.

A slight increase in the number of sitting days for consideration of the Estimates would also provide an opportunity for Members of the House to attend Estimates hearings of any of the standing committees. However, consideration would have to be given to ensuring that there were sufficient *Hansard* resources to adequately cover the Estimates hearings as well as the needs of the committees of the Legislative Council (e.g. for evidence hearings).

As the Committee considers it appropriate that Ministers from both the Legislative Assembly and the Legislative Council be questioned directly on proposed expenditure in the Estimates hearings (see below), it is highly preferable that the Estimates Week be scheduled over a week when the Legislative Council is in recess.

This accords with the Select Committee on Procedure recommendation –

That the Leader of the House, in considering the timing of Estimates Committees in the Parliamentary calendar, consult with the Leader of the Government in the Legislative Council to ensure that the Estimates Committees are held on a week over which the Council is in recess.²⁶

So far, the Government has not yet implemented this recommendation. As a consequence, the Estimates Week has often coincided with a sitting week of the Legislative Council.

Committee Membership - Participation of Members

Under the current ECM, each Estimates Committee has a rotating membership comprising three Government Members, three non-Government Members, the Chairman and the Minister. Committee membership is altered as portfolios change or at the discretion of the Leader of the House and the Leader of the Opposition or members deputed by either of them. The ability for a large number of Members to participate is based on the flexibility of membership of the Estimates Committees but also on the ability of members, who are not members of the Estimates Committees, to ask questions of the Minister, at the discretion of the Chair.

It is envisaged that under the proposed SCM, each portfolio-based standing committee comprising a Chairman, Deputy Chairman and three members, would consider the Estimates

²⁶ Western Australia, Legislative Assembly. Select Committee on Procedure, op. cit., Recommendation 8(1), p. 18.

for their respective portfolios and question the relevant Minister. The Chairman of the Committee would also Chair the Estimates hearings.

In order to maximise the opportunities for Member participation (as is the case under the current ECM) there should also be the capacity for up to four members of the Legislative Assembly, including Independents, who are not Members of the portfolio-based standing committee to participate in an Estimates hearing. However, they would not be able to vote (see below). This provision would overcome the main objection of referring the Estimates to the standing committees for scrutiny. There would also need to be consideration given to the ability for official Members of the committee to be substituted from time to time in order for them to participate in other Estimate hearings (although obviously not as official Members) that may be dealing with, for example, issues related to their electorates.

Ministers' Attendance

In 1996, the Select Committee on Procedure recommended –

- (a) That the Assembly seek leave on a permanent basis from the Council for its Ministers to attend Assembly Estimates Committees if they think fit, and in return, give leave for Assembly Ministers to attend before Council Committees, if they think fit; and
- (b) That the Premier strongly encourage Ministers holding seats in the Legislative Council to attend and be questioned directly on the Divisions relating to their areas of responsibility during the Estimates Committees of the Legislative Assembly.²⁷

The Government has not yet taken up this recommendation.

The Committee concurs with the Select Committee's recommendation and asserts that, in terms of Executive accountability, it is appropriate that Ministers appear before Estimates hearings in the Legislative Assembly.

The Committee's 1999 examination of Australian Parliaments revealed that in South Australia, Ministers, including those Ministers who are Members of the Legislative Council, are required to be present as witnesses for examination (see Appendix 2).

Quorum

Under the current ECM, the quorum of an Estimates Committee is four, excluding the Chairman. The Committee would envisage that under the proposed SCM, the quorum would be three, in accordance with Standing Order 259 of the Legislative Assembly.

Voting and Presentation of Reports

Under the proposed SCM, it should be necessary that the portfolio-based standing committees vote on each Division of the Budget Estimates and present their reports to the House in a similar manner to that under the current ECM. The Committee does not envisage that a vote would be put when considering off-budget agencies (see latter part of this Chapter).

²⁷ *ibid.*, Recommendation 8 (3).

Recommendation 2

- (a) That a Management Committee be established with similar functions and responsibilities to the current Management Committee established under the Sessional Orders.
- (b) That the Management Committee should include the Leader of the House, a member nominated by the Leader of the Opposition and the three chairpersons of the standing committees. However, the composition of the Management Committee must reflect the balance of representation existing in the House.
- (c) That the number of days for Estimates scrutiny be increased to accommodate the inclusion of off-budget agencies (see Recommendation 8).
- (d) That the Estimates hearings be scheduled over a week when the Legislative Council is in recess.

Recommendation 3

That the ability be preserved for Members of the Legislative Assembly, who are not Members of the proposed portfolio-based standing committees, to participate in the Estimates process.

Recommendation 4

That Ministers from both the Legislative Assembly and Legislative Council be required to appear before the Estimates hearings in the Legislative Assembly.

Recommendation 5

That the quorum for an Estimates hearing accord with the quorum required for a Standing Committee of the Legislative Assembly, i.e. three.

Recommendation 6

- (a) That the proposed portfolio-based standing committees vote on each Division of the Budget Estimates and present their reports to the House.**
- (b) That the time-frame for scrutiny be similar to that of the current Estimates process.**

Other Mechanisms to Enhance the Estimates Scrutiny Process

Questions in Advance of the Estimates Hearings

There are no specific provisions in the Estimates Committees' Standing or Sessional Orders in the Legislative Assembly to allow for questions to be provided to the Minister in advance of the Estimates hearing.

By comparison, Estimates processes in other Australian jurisdictions such as the ACT, NSW and QLD, provide for questions to be given to the Minister in advance of the Estimates hearings (see Appendix 2).

In the ACT, answers to questions provided in advance of the Estimates hearings must be provided within three working days of the date of receipt. The written response may be provided prior to, at, or after the Estimates hearings.

In QLD, a maximum total of 20 questions may be given to each Minister in advance of the Estimates hearings. Written responses are required 24 hours before the hearings.

In NSW, there are no prescribed time limits for the provision of answers to questions provided in advance of the Estimates hearings. However, committees have moved motions prescribing the time frames for the Ministers' responses.

The Committee considers that there are substantial benefits in providing Ministers with questions in advance of the Estimates hearings, and having those questions answered in writing prior to or at the hearings. These might be called "Budget Questions" or "Estimates Questions". Consideration would also have to be given to placing restrictions on the number

of questions that could be asked of a Minister in advance of the hearing and the vetting of questions.

Questions given in advance would provide the Ministers' with information on the Committees' areas of particular interest and provide Members of the House who are not Members of the Committee with an additional opportunity to seek information on the Budget Estimates.

Time Limits on Questions and Answers during the Estimates Hearings

Members of the Legislative Assembly have often complained that lengthy preambles to questions consume too much of the time of the Estimates Committees. Similarly, Ministers have been criticised for providing Ministerial Statements in the form of answers to questions, consuming the time of the Estimates Committees.

The Committee noted with interest that in QLD and Tasmania, limitations are imposed on the length of time available to Members to ask questions and for Ministers to answer those questions during the Estimates hearings. In both cases, one minute is allowed for asking a question and three minutes is allowed for the Minister to respond.

In the Committee's 1999 survey of Members, Members were asked whether they supported the introduction of time limits on questions and answers in the Estimates Committees, with the provision for extensions of time, if required. Over 70% of responding Members indicated support for time limits.

The Committee does not wish to place unnecessary restrictions on the ability for Members to ask questions and for Ministers to respond to those questions. However, consideration should be given under the proposed SCM for the introduction of time limits for both questions and answers during the Estimates hearings, with provision for extensions of time at the discretion of the Chair.

Tabling of Documents during the Estimates Committees

Under the current ECM, papers or documents may be provided to Members by a Minister during the Estimates Committees, but cannot be tabled. Documents that are provided in the form of supplementary information are incorporated into *Hansard*.

By comparison, in other jurisdictions such as QLD, ACT and the Commonwealth Senate, papers or documents may be tabled during an Estimates Committee hearing.

The new Standing Orders of the Legislative Assembly in Western Australia now allow for documents to be tabled during the 'consideration in detail' stage of a Bill, where it was previously not possible to table documents in the 'Committee of the Whole House'.

In the Committee's survey of Members, there was unanimous support for the opportunity to table documents during the Estimates Committees. Under the proposed SCM, consideration should be given to allow for documents to be tabled during the hearings of the proposed portfolio-based standing committees and that those papers be presented with the report of the committees to the House.

Recommendation 7

That consideration should be given to the following mechanisms that would enhance the efficiency and effectiveness of the proposed new Estimates process –

- **the provision of questions to Ministers in advance of the Estimates hearings;**
- **the introduction of time limits for both questions and answers during the Estimates hearings; and**
- **the provision for tabling of documents during the Estimates hearings and for those papers to be presented with the reports of the proposed portfolio-based standing committees.**

Scrutiny of Off-Budget Agencies

The issue of whether off-budget agencies should be scrutinised within the Estimates process and in more broader contexts has been addressed by both this Committee in its *Interim Report* and by other committees of the Legislative Assembly such as the Select Committee on Procedure and the Standing Orders and Procedure Committee. This issue is of increasing importance because of the trend towards commercialisation and corporatisation and other moves to make public sector organisations more independent of government.

It is evident that there is wide-ranging support for improved scrutiny of these agencies by Members of the Legislative Assembly and for a process or series of mechanisms to be established that would facilitate this scrutiny.

In revisiting this issue, the Committee was mindful of the recommendations contained in its *Interim Report* (see below) and the recommendations and comments made by the other Committees of the Legislative Assembly. It has also given consideration to comparative information on scrutiny processes in other Australian Parliaments.

Definitions

During the course of this Final Report and indeed during the *Interim Report*, the Committee encountered a number of different descriptions for what constituted an off-budget (or non-consolidated fund) agency and/or authority. These included - Public Trading Enterprises (PTE), Public Financial Enterprises (PFE), Government Trading Enterprises (GTE) and Government Enterprises (GE).

While PTEs and PFEs (see below) have had precise meanings in the context of Government Finance Statistics (GFS),²⁸ there currently exists no legislative or policy definition of the term GTE in Western Australia. However, in the 1995/96 and 1996/97 Budget Papers, GTEs were identified as agencies ‘other than those classified as general government, i.e. those that would be classified PTE and PFE by the Australian Bureau of Statistics’.²⁹

The term Government Enterprises (GEs) is a more generic term adopted by Treasury to broadly describe PTEs and PFEs. Essentially, GEs are ‘government owned businesses that operate in a commercial environment and/or are self-funding. They receive limited support from the Consolidated Fund . . .’.³⁰ Examples include - Western Power, AlintaGas, Water Corporation and the Port Authorities.

Although the Committee’s inquiry has concentrated on the 1999-2000 budget papers and Estimates process, the Committee has noted further changes in the description of public sector relationships in the 2000-01 Budget Papers. These changes were implemented to ensure consistency with Australian Bureau of Statistics (ABS) accrual-based GFS. As a result, PTEs are now called Public Non-Financial Corporations (PNFCs) and PFEs are now called Public Financial Corporations (PFCs).³¹ In addition, the general government sector now does not distinguish between budget and non-budget (or non-CF) sector agencies.

Notwithstanding the terms described above and by others, the Committee, for the purposes of this Final Report, has deemed the term “off-budget” to include those agencies that receive limited or no funding from the Consolidated Fund (CF) and are, by and large, non-general government sector agencies (with the exception of those non-budget sector agencies such as trust funds and agencies such as the Gaming Commission of Western Australia that are not reliant on the CF). Put simply, they are the agencies that are not normally examinable by the Estimates process, e.g. Water Corporation, Western Power, AlintaGas and Westrail.

Interim Report

In its *Interim Report*, the Committee briefly examined the information contained in the Budget Statements in support of off-budget agencies and other authorities. The Committee noted that the Budget Estimates process, by definition, was separate from Parliamentary scrutiny of off-budget agencies. It also argued that whilst there were different budgeting and accountability responsibilities for CF agencies and non-CF (off-budget) organisations, Members expressed a desire for better information.

The Committee found that the operations and general expenditure of Government Trading Enterprises and some other agencies (i.e. Western Power, Water Corporation, AlintaGas, Westrail and the Port Authorities) were not examinable in the Estimates process. The Budget Statements currently report CF expenditure that is appropriated to off-budget agencies. An example of this is payments made to agencies such as the Water Corporation and Western Power for community service obligations (CSO). However, these are reported in the Treasury

²⁸ See Western Australia, Treasury Department. *1999-2000 Economic and Fiscal Overview*, Budget Paper No. 3, p. 237.

²⁹ Letter from Mr D. Brunker for the Under Treasurer to the Public Accounts Committee, 2 May 2000.

³⁰ Letter from Mr D. Brunker for the Under Treasurer to Mr M. Trenorden, MLA, Chairman, Public Accounts Committee, 20 October 1999.

³¹ See Western Australia, Treasury Department. *2000-01 Economic and Fiscal Outlook*, Budget Paper No. 3, p. 169.

division of the Budget Statements. Those off-budget agencies that are planning or undertaking capital works programs are reported in the agency section of the Budget Statements but seldom receive a capital appropriation.

The Committee recommended that –

A process must be established, whereby Government Trading Enterprises and other agencies, which are not fully examinable by the Estimates process, can be fully examined by Parliament. (Recommendation 5 (a))

In response to the Committee's recommendations, the Government replied that³² –

Treasury agrees that initiatives designed to improve the business performance of GTEs and other off-budget agencies should not diminish the accountability of such organisations to Parliament. ... Treasury considers that the current accountability and reporting process established in the major GTEs legislation is appropriate and facilitates Parliamentary scrutiny. ... The recommendation to establish a process by which off-budget agencies may be fully examined by Parliament, and the timing of such examinations, are however matters to be addressed by Parliament.

Other Committees

A number of Legislative Assembly committees have also raised the issue of the scrutiny of off-budget agencies in reports to Parliament.

In 1996, the Select Committee on Procedure, in its *Final Report*, advocated expanding the Estimates Committee scrutiny process to capital works and off-budget agencies and also stated that '...opportunities to scrutinise non-consolidated revenue fund Government agencies such as Homeswest, AlintaGas and Western Power ought to exist'.³³ The Committee also called for additional time to be made available to take into account both non-consolidated fund authorities and capital works. The Committee further recommended that the current Sessional Order for Estimates Committees be made a Standing Order and that 'in addition to the published estimates, the Estimates Committees may consider the budgets of any of the agencies included in Government Finance Statistics, whether general government agencies or public trading enterprises, but no report on those agencies is required'.³⁴

The Standing Orders and Procedure Committee, in its 1999 *Report on the Modernisation of the Standing Orders*, concurred with the Select Committee on Procedure with respect to scrutiny of non-consolidated fund government agencies. The Committee was of the opinion that –

Those agencies that are described as public trading enterprises ought to be subject to scrutiny as they are the major deliverers of services on behalf of the government and it is not sufficient to reject scrutiny on an argument that those agencies ought only to be examinable to the extent that they receive government funding. ... In converting an organisation into a public trading enterprise, the Parliament provides an independence of action by the Board of that enterprise, usually to better respond to market needs and challenges. Having established them for a specific purpose, the Parliament needs to have

³² See Appendix 1 for Committee's recommendations and Government's response.

³³ Western Australia, Legislative Assembly. Select Committee on Procedure, *op. cit.*, p. 16.

³⁴ *Ibid.*, p. 17.

and to exercise the capacity to examine the way in which those organisations are going about their tasks.³⁵

The Committee recommended that proposed Standing Order 222 include a provision to enable agencies and enterprises to be examined even though they had no budget allocation –

Standing Order 222 (3)

The estimates committees will consider the budget of each government agency and public trading enterprise partly funded or not funded from the Consolidated Fund, but no report on agencies and enterprises not funded is required.³⁶

As mentioned in the beginning of this Chapter, trial Standing Orders 222 to 234 relating to Estimates Committees were left out of the trial period of the Standing Orders.

The ensuing debate on the trial Standing Orders in September 1999 also raised several issues in relation to whether off-budget or non-CF agencies should be scrutinised within the Estimates Committees. The issue of commercial confidentiality was also raised in relation to scrutiny of some of the larger PNFCs such as Western Power and AlintaGas.

This Committee considers that although many of the PNFCs, by virtue of their enabling legislation, operate at arms length from government with a commercial mandate, they are still owned by the State Government of Western Australia and have obligations to their major stakeholders, i.e. the public. Furthermore, in addition to the provisions of their enabling statute and the requirements of the Corporations Law (mainly pertaining to financial accounting and reporting), they are also subject to the annual audit provisions of the *Financial Administration and Audit Act 1985*.

Finding 5

The veil of commercial confidentiality should not impede proper parliamentary scrutiny of off-budget agencies, including the larger Public Non-Financial Corporations.

Other Jurisdictions

The Committee's 1999 examination of Australian Parliaments sought comparative information on the Budget Estimates process in other Parliaments, including information on how off-budget agencies were scrutinised.

In jurisdictions such as the Commonwealth Senate, QLD Legislative Assembly and the NSW Legislative Council, examination of off-budget agencies (in particular those agencies classed

³⁵ Western Australia, legislative Assembly. Standing Orders and Procedure Committee, *op. cit.*, p. 21.

³⁶ *Ibid.*, Volume 2, p. 225.

as Government-Owned Corporations (GOC) or Government Business Enterprises (GBE)) are permitted during the estimates process (see Appendix 2) –

- In the Commonwealth Senate, the legislation committees may request the attendance of off-budget agencies or authorities and sometimes do. Their powers also enable them to scrutinise such agencies in other contexts.
- In QLD, the Estimates Committees are able to question “organisational units” within a given ministerial portfolio, which are deemed to include GOCs.
- In the NSW Legislative Council, off-budget agencies can be examined in the same manner as any other matter during the Budget Estimates hearings, which are carried out by General Purpose Standing Committees.

Interestingly, in Tasmania, the House of Assembly in November 1996 established a Government Business Enterprises and Government Corporations Scrutiny Committee which was charged with examining the operations of government business enterprises and government-owned corporations. The Committee is seen as an extension to the Budget Estimates Committee and is appointed by the House each year to examine specific entities.

The Committee also notes that the Western Australian Legislative Council Standing Committee on Estimates and Financial Operations (EFOC) which conducts its own estimates hearings may initiate an inquiry into a PNFC (formerly PTE) at any time and has examined them in annual estimates hearings.

Finding 6

There is a growing trend in other Australian Parliaments for the examination of off-budget agencies during their respective estimates processes.

Implementation

The Committee is of the view that the proposed SCM Model for scrutiny of the Estimates, i.e. involving portfolio-based standing committees, should facilitate scrutiny of off-budget agencies. The Committee also considers that both itself and the portfolio-based standing committees would be able to scrutinise or review off-budget agencies in contexts other than just the Estimates process.

It is envisaged that under the proposed SCM, off-budget agencies would be examinable and that this provision should be incorporated in any new Standing Orders. Consideration should also be given to allowing questions to be based on past annual reports as well as moneys going to an off-budget agency via an on-budget agency, e.g. Westrail and the Department of Transport. Questions asked of a responsible Minister that are not identifiable in the Budget Statements should be provided in advance of the Estimates hearing.

Beyond the ambit of the Estimates process, the Committee considers that the portfolio-based standing committees should have a role in formally reviewing statements of corporate intent (SCI). The Committee also considers that it should be afforded the same opportunity. This is on the basis that the Committee is already empowered pursuant to its standing orders to undertake, if desired, inquiries or examinations (mainly at a whole of government level) into those agencies that are required to prepare SCIs. For example, the Committee is currently inquiring into CSOs in the Western Australian Public Sector, which has involved an examination of the SCIs of the Water Corporation, Western Power, Landcorp and Westrail.

These agencies and others (see Appendix 5) have a legislative requirement for the preparation of SCIs on a financial year basis which, after receiving approval, are then tabled in Parliament. These statements normally describe how the enterprise intends to pursue its “mission” and includes other details such as proposed performance monitoring and reporting. In essence, the SCI contains much of the information that is of interest to Members in the Estimates process. However, these are not examinable during the Estimates process as they are normally tabled within the first six months of the financial year.

Finding 7

Although Statements of Corporate Intent are tabled in Parliament, they are not examinable by the current Estimates process, nor by any other formal annual review process.

In its *Interim Report*, the Committee recommended that -

Statements of Corporate Intent are required to be tabled early in the financial year. An examination process for each of these agencies, based on their Statements, must be established in the first quarter of the relevant financial year. (Recommendation 5 (b))

In its response to the Committee’s *Interim Report*, the Government supported the Committee’s recommendation on the basis that Treasury considered the current accountability and reporting process established in the major GTEs’ legislation to be appropriate and facilitated Parliamentary scrutiny (see Appendix 1).

The establishment of a formal review process (as advocated above) for agencies based on their SCIs, would compliment the proposed SCM for scrutiny of the Estimates. It would overcome any limitations on the ability to more extensively question these agencies during the Estimates process by providing a second opportunity for scrutiny at a later date.

Finally, the Committee envisages that there would be scope for additional scrutiny of off-budget agencies as the portfolio-based standing committees and itself would be empowered under Standing Order 264 ‘to send for persons, papers and records’ and could compel an off-budget agency within its portfolio allocation to attend a hearing of the committee.

Recommendation 8

- (a) That off-budget agencies, as described by the Public Accounts Committee (e.g. Water Corporation, Western Power, Westrail, AlintaGas etc), should be examinable by the proposed Standing Committee Model (SCM) involving portfolio-based standing committees.**
- (b) That the Standing Orders relating to the Estimates process expressly authorise the portfolio-based standing committees to examine or question these off-budget agencies.**

Recommendation 9

That questions asked of a responsible Minister on matters that are not identifiable in the Budget Statements be provided in advance of the Estimates hearing.

Recommendation 10

That, once tabled in the Legislative Assembly, statements of corporate intent should be referred to the applicable portfolio-based standing committee and the Public Accounts Committee for examination and review.

CHAPTER FOUR

REVIEW OF THE 1999-2000 BUDGET PAPERS

Introduction

The Committee's *Interim Report* recommended a number of changes to the information contained in the Budget Papers. This was based on the Committee's belief that the information in support of the Estimates was not adequate in providing comparative data, reliable and meaningful performance measures and details of expenditure.

This Chapter provides an overview of the 1999-2000 Budget Papers and highlights the follow-up action taken by Treasury in response to the recommendations made by the Committee in its *Interim Report*. It also includes recommendations for further improvements to the monitoring and reporting of performance measures and agency financial details.

The 1999-2000 State Budget

The State Budget for 1999-2000 (second reading of the Appropriation Bill No. 1 – 'The Budget') was delivered by the Premier and Treasurer on 6 May 1999. All Members of the Legislative Assembly were presented with copies of the Budget Papers (Budget Papers Nos 1-3). Additionally, for the first time, Members were also provided with the Budget Papers on CD-ROM (see *Interim Report*, Recommendation No. 9).

On 11 May 1999, the Committee, together with the Legislative Council's Standing Committee on Estimates and Financial Operations, hosted an Information Session at which Treasury Officials briefed Members of both Houses on the changes to the 1999-2000 Budget Papers. This was in accordance with the Committee's *Interim Report*, Recommendation No. 8. Treasury also distributed a handout to Members entitled, *Ten Questions and Answers about the Budget Statements*, which identified changes and improvements to the Budget Papers. Many improvements were in response to Members' earlier criticisms and the *Interim Report* recommendations.

The 1999-2000 Budget Papers

The 1999-2000 Budget Papers comprised the following -

- The *Budget Speech* – Budget Paper No. 1
- The *Budget Statements* – Budget Paper No. 2 (Vols 1-3)
- The *Economic and Fiscal Overview* – Budget Paper No. 3

The 1999-2000 Budget and forward estimates were presented for the second consecutive year on a full accrual accounting basis, reflecting the pivotal role of accrual accounting, cost information and reporting in the implementation of output-based management (OBM).³⁷

³⁷ Accrual accounting records financial flows at the time the economic transaction takes place, regardless of whether the cash transaction occurs at that time. It provides a more accurate reflection of an entity's

The *Budget Statements* (Budget Paper No. 2) is the document that is central to the budget process, setting out the consolidated fund information and the consolidated fund estimates on an agency-by-agency basis.

The Committee's *Interim Report* made nine recommendations, six of which related to improving the presentation and content of information provided in the *Budget Statements* (for an example, see Appendix 6). More specifically, the Committee's recommendations called

- Greater and more precise detail in the provision of information, such as number of Full Time Equivalents (FTEs);
- The provision of information to allow for comparison across financial years;
- A reduction in subjective assessments of performance measures and sufficiently differentiated outputs so as to require discrete qualitative performance measures for each output;
- A reduction in the amount of expenditure simply reported as 'other'; and
- The provision of the Budget Papers to all Members on CD-ROM.

In response to the Committee's recommendations relating to presentation and content of agency information supporting the estimates and input from other interested parties, Treasury made a number of improvements to the information presented for the 1999-2000 Budget, including -

- FTE numbers by output for the current and budget years;
- Six years of comparable agency level data in the form of appropriations and financial statements. the coverage spans 1997-98 to 2002-03;
- Three year comparable financial data for accrual and cash cost of outputs for each agency;
- The reporting of major achievements and major initiatives by output; and
- A table reconciling the operating result to the overall change in cash holdings for each agency.³⁸

Treasury also addressed the issue of the amount of expenditure reported as 'other' (for an example, see Appendix 6).

Follow-Up Action

In reviewing the action taken by Treasury in response to the *Interim Report* recommendations, the Committee decided to follow up and recommend further improvements to the monitoring and reporting of performance measures and agency financial details.

financial position as it takes into account moneys owing to and from the entity. See: Western Australia Treasury, Financial Reform Division, *Issues in Accrual Output Budgeting*, November 1997, p. 48 and 1999-2000 *Mid-Year Review of Public Sector Finances*, WA Treasury Department, 2000 <http://www.treasury.wa.gov.au/midyear-html>.

³⁸ Western Australia, Treasury Department. 1999-2000 *Budget Statements*, Budget Paper No. 2, Vol. 1, p. iii.

Agency Performance

In both the 1998-99 and 1999-2000 Budget Statements, every output listed and costed by an agency is measured for performance. The performance of each output is defined in terms of quantity, quality, timeliness and cost.

In its *Interim Report*, the Committee noted that the information surrounding Performance Measures of Outputs received ‘...as much, if not more, criticism than any other feature of the

³⁹ The main criticisms related to –

- ‘to be developed’ appearing in the definition for the majority of Performance Measures under *quantity*, *timeliness* and *cost*;
- the reliance placed on Ministers’ opinions as an indicator of *quality* of performance; and
- the use of customer surveys of public sector agencies to report satisfaction levels as the key indicator of *quality* of performance.

The Committee recommended that -

For the forthcoming State Budget, Treasury should have an expanded role in overseeing the selection of performance measures and in the verification of the results cited by agencies.’ (Recommendation No. 3)

In response to the *Interim Report* and to the input from other interested parties, Treasury provided comprehensive advice and assistance in the form of detailed guidelines to agencies on outputs and performance information and measures in readiness for the 1999-2000 budget process.

Improvements were also made in the 1999-2000 Budget Papers which included disclosures of Major Achievements for 1998-99 and Major Initiatives for 1999-2000 for each individual agency output.

In the Committee’s 1999 survey of Members, Members were asked whether the performance information and output measures reported in the 1999-2000 Budget Statements were an improvement over the information contained in the 1998-99 Budget Statements.

Members’ comments indicated that while the 1999-2000 performance measures did represent an improvement over the previous year, there was still a real need for more meaningful performance measures.

Case Study

A review of the Department of Productivity and Labour Relations (DOPLAR) information contained in the 1998-99 and 1999-2000 Budget Paper No. 2 illustrates some of the improvements made upon the level and content of information provided as performance measures for outputs (see Appendix 6).

³⁹ Western Australia, Legislative Assembly. Public Accounts and Expenditure Review Committee. *Interim Report on the State Budget Estimates Information and Process in the Legislative Assembly*. Report No. 40, December 1998, p. 10.

In the 1998-99 performance measures, significant gaps appeared in the information, and where the performance measures were included, the Minister's opinion figured routinely as a key measure of quality of performance.

In the 1999-2000 information, performance measures appear in almost all cases. Appropriately, under the performance measures for quality, the Minister's opinion is no longer reported as the measure of performance. Other measures of quality of performance the agency reports are –

- Customer agency's perception that advice was of assistance; and
- Extent to which public sector agencies report that DOPLAR's advice was of assistance.⁴⁰

The Committee notes that agencies are increasingly reporting customer satisfaction, as indicated above, as the key indicator of quality of performance.

The Committee was concerned that there was no explanation in the Budget Papers of how these performance measures are obtained or the source of this information. The omission of even a general explanation in the 'Guide to Readers' of the sources of information reduces the extent to which the reader can be assured that the results represent a valid and meaningful measure of the quality of performance.

In June 1998, the Auditor General published a report on the use of customer surveys in the public sector.⁴¹ The report outlined some of the difficulties in using customer surveys to measure performance. While surveys are a legitimate tool for soliciting information, agencies need to take special care to ensure that the methodology used for designing, distributing, collecting and analysing the results is scientifically sound.

The Committee is mindful of placing additional burdens on agencies in the reporting of performance measures for the Budget Statements. However, Budget Statement readers need to be confident that the information reported as measures of performance is a valid and reliable reflection of agency performance. To this end, the Committee concurs with the Auditor General that agencies need to take special care with respect to the use of customer surveys.

Role for Treasury

To improve the verification of performance measures cited by agencies, Treasury proposed to "monitor and report to government quarterly on agency performance in the delivery of

⁴² Committee staff were advised that Treasury was carrying out this role through the 'Quarterly Output Acquittal Process' and that it was also in the process of producing a publication for public sector agencies on analysing and purchasing outputs to assist agencies, *inter alia*, in their performance measures reporting.

⁴⁰ Western Australia, Treasury Department 1999-2000. *Budget Statements*, Budget Paper No. 2, Vol. 3, p. 1150.

⁴¹ Western Australia, Office of the Auditor General. *Listen and Learn: Using Customer Surveys to Report Performance in the Western Australian Public Sector*. Report No. 5, June 1998.

⁴² *Government Response to the Public Accounts and Expenditure Review Committee's Interim Report on the State Budget Estimates Information and Process in the Legislative Assembly*. 30 June 1999, p. 2.

On 14 April 2000, the Committee wrote to the Under Treasurer seeking further information on the Quarterly Output Acquittal Process and the publication of analysing and purchasing outputs.

In response, the Under Treasurer advised that –

... the quarterly output acquittal process was introduced to facilitate regular monitoring and certification of output delivery by agencies against pre-determined targets. After the 1999/2000 budget was passed, Treasury wrote to all budget sector agencies, requesting a break-down of their annual output delivery targets on a quarterly basis. As from the September quarter 1999, agencies have been required to provide Treasury with details of actual output delivery compared to budget targets. The results are reported to the Cabinet Budget Standing Committee.

The output acquittal process is addressed in the Treasury publication *Purchasing and Analysing Outputs* which is due to be released shortly... This publication is intended to assist with output related issues including development of agency output structures, analysis of output delivery, and the framework for reporting and using output performance information.⁴³

Primary responsibility for agency reporting lies with the agency, its Chief Executive and Minister. However, while agencies continue to adjust to output performance reporting, Treasury should continue to play a role in assisting agencies to develop appropriate performance measures and in verifying performance cited by agencies.

Recommendation 11

- (a) That the *Guide for Readers* contained in Budget Paper No. 2 include a general explanation of the sources of information for performance measures, particularly for *quality*.**
- (b) That agencies ensure that customer surveys are methodologically sound so as to provide a valid reflection of agency performance.**
- (c) That Treasury continues to play a role in verifying performance results, particularly while agencies adjust to output performance reporting.**

Agency Financial Details

As the shift to output based management and to accrual accounting and reporting is consolidated, it should become easier to compare financial and performance information from year to year.

⁴³ Mr J.L. Langoulant, Under Treasurer, to Mr M. Trenorden, Chairman of the Public Accounts Committee, MLA, 26 April 2000.

In its *Interim Report*, the Committee recommended that ‘the Budget Papers must allow for real comparison between each budget’ (Recommendation No. 2). Improvements made by Treasury in the 1999-2000 Budget Papers have responded to the Committee’s concerns. To assist with the comparison of financial information as reported in the Financial Statements and the various financial tables of Budget agencies, an additional year of historical financial data was included in the 1999-2000 Budget Papers.

Members were able to compare the actual results for 1997-98 with the estimated actuals for 1998-99, the Budget Estimates for 1999-2000 and the three year forward estimates.

Actual 1997-98	Estimated Actual 1998-99	Budget Estimate 1999-2000	Forward Estimate 2000-01	Forward Estimate 2001-02	Forward Estimate 2002-03
This was the additional year of historical data provided.					

In the 1999 survey of Members, 11 of the 14 responding Members indicated that the additional year of historical data was useful.

However, while the information currently presented in the Budget Statements includes the Estimated Actual figures for the budget year that is about to end (e.g. the 1999-2000 Budget Papers had the Estimated Actual for 1998-99), this data does not include the previously forecast Budget Estimate for that same year (i.e. it does not have the Budget Estimate for 1998-99).

An additional year of historical data, e.g. the Budget Estimate for 1998-99, would provide users with the ability to compare the forecast and the estimated actual budget estimates, placing the actual expenditure in a better context.

For example –

Actual 1997-98	Budget Estimate 1998-99	Estimated Actual 1998-99	Budget Estimate 1999-2000	Forward Estimate 2000-01	Forward Estimate 2001-02	Forward Estimate 2002-03
This is the additional year included in the 1999-2000 Budget Statements.	This is the Budget Estimate for 1998-99.					

Recommendation 12

That Treasury include a further column of historical financial data in the Budget Statements, which will allow for a comparison between the Budget Estimate and the Estimated Actual for the second year of data provided.

APPENDIX ONE

Public Accounts Committee's Recommendations and Government Response to Recommendations made in the Interim Report on the State Budget Estimates Information and Process in the Legislative Assembly

Public Accounts Committee Recommendations	Government Response to Recommendations
<p><u>Recommendation 1:</u> Improved Full Time Equivalent (FTE) Employee information should be provided in the 1999-2000 Budget Statements. Treasury should examine the feasibility of agencies reporting FTEs by output or at least in greater detail than a whole of agency figure.</p>	<p>For the 1999-2000 Budget, all Budget agencies have reported the number of FTEs for 1998-99 and 1999-2000 for each of the published outputs. In addition, the total number of FTEs employed for each agency has continued to be provided and is shown as a footnote to the Operating Statement.</p>
<p><u>Recommendation 2:</u> The Budget Papers must allow for real comparison between each budget.</p>	<p>The ability to conduct real comparisons between each budget is recognised by Treasury as being highly desirable. As a consequence, changes to output structures and performance information published in the 1999-2000 Budget Papers were kept to a minimum, with agencies encouraged to make changes only where it was considered absolutely necessary. A certain amount of change is inevitable however, as agencies respond to the changing policies and priorities of government. Some refinements to outputs and performance measures can also be expected as agencies become more familiar with the concept of output based management.</p> <p>Where changes were reported in the 1999-2000 Budget Papers, agencies were required to recast output information for the preceding year so that to the extent possible, information presented for the budget year is comparable with expected outturn data for the preceding year. In the interest of continually improving the information disclosed in the budget papers, there is a trade-off however, between information in a particular year and comparability between years.</p> <p>To assist with the comparison of financial information as reported in the Financial Statements and the various financial tables of Budget agencies, an additional year of historical financial data has been included in the 1999-2000 Budget Papers. Members are now able to compare the actual results for 1997-98 with the estimated actuals for 1998-99, the Budget estimates for 1999-2000, and the three-year forward estimates.</p>

Recommendation 3: For the forthcoming State Budget, Treasury should have an expanded role in overseeing the selection of performance measures and in the verification of the results cited by agencies. The Committee will further examine this issue in 1999.

Throughout the 1999-2000 Budget process, Treasury provided ongoing advice and assistance to agencies on outputs and performance information through agency visits: information sharing seminars, presentations and workshops; and information releases.

In response to the quality of the output information published in the 1998-99 Budget Papers and feedback from PAERC and other interested parties, Treasury issued detailed guidelines to assist agencies with the development of output measures for the 1999-2000 Budget. The guidelines had a practical focus and included checklists and worked examples. When issuing the guidelines, Treasury emphasised the importance of agencies developing accurate and relevant output measures.

A further improvement to the performance information in the 1999-2000 Budget Papers was the disclosure of Major Achievements for 1998-99 and Major Initiatives for 1999-2000 for each individual agency output. This is intended to provide Parliament with more detailed information about each output, as well as providing a useful context for the reporting of output performance measures.

The 1999-2000 Budget also saw the introduction of Resource Agreements between Ministers and CEOs (and in the case of statutory authorities, a representative of the accountable authority). The Agreements signify that the information included in the Budget Statements represents the agreed outcomes, outputs, output measures, major initiatives, appropriations and financial plan of the agency. These agreements are expected to play an important and ongoing role in improving the quality of performance and financial management information disclosed in the budget papers.

As a further improvement in the verification of performance cited by agencies, Treasury proposes to monitor and report to government quarterly on agency performance in the delivery of outputs. As a pilot exercise, agencies were required to provide a progress report in terms of the output measures of quantity and cost as part of the 1998-99 mid-year budget review.

In addition to being used for regular performance monitoring and reporting, the output measures and performance reports will form part of the information considered during the 2000-01 Budget negotiation process.

Notwithstanding Treasury's ongoing role in improving the quality of performance measures and verification of results, it should be recognised that responsibility for the identification of government desired outcomes and specification of relevant output information properly rests with agencies and Ministers. That said, agencies have put considerable effort into refining their output structures and government desired outcomes in the past year and will continue to work on refining output information and specification as they gain more familiarity and experience with the concept.

<p><u>Recommendation 4:</u> Outputs should be sufficiently differentiated so as to require discrete qualitative performance measures for each output.</p>	<p>The accurate identification and specification of outputs is the important step prior to the development of relevant and meaningful output measures. The guidelines on output measures issued by Treasury included an Output Specification checklist which is intended to assist agencies in defining their outputs. The guidelines also contain separate checklists for output measures and output targets.</p> <p>The Treasury guidelines emphasise that the disclosure of output measures must be on a consistent basis, with each output disclosing details of quantity, quality, timeliness and cost. The quantity measures are regarded as the “core units” and as such are important drivers of the other output measures.</p> <p>Where an output is comprised of a number of discrete goods and services, each of these must be allocated a quantity measure together with corresponding measures of quality, timeliness and cost.</p> <p>In preparing the 1999-2000 Budget, a concerted effort was made to assist agencies to complete the output measures table in the budget papers rather than inserting “to be developed” or other similar disclaimers. As a result of the work by Treasury and agencies, the performance information published in the 1999-2000 Budget Papers is complete in the majority of cases.</p> <p>Output specification will be assisted in the future as more jurisdictions move to introduce output and outcome focused budgets. The expansion of this initiative will provide opportunities to undertake meaningful comparisons and to learn from the experiences of others. The planned move towards accrual output appropriations should also promote improvements in output specification and performance reporting.</p>
<p><u>Recommendation 5:</u></p> <p>(a) A process must be established, whereby Government Trading Enterprises and other agencies, which are not fully examinable by the Estimates process, can be fully examined by Parliament.</p> <p>(b) Statements of Corporate Intent are required to be tabled early in the financial year. An examination process for each of these agencies, based on their Statements, must be established in the first quarter of the relevant financial year.</p>	<p>Treasury agrees that initiatives designed to improve the business performance of GTEs and other off-budget agencies should not diminish the accountability of such organisations to Parliament.</p> <p>Currently, all statutory authorities subject to the <i>Financial Administration and Audit Act</i> are required by section 42(1) of that Act to prepare annual estimates of their financial operations in such a manner as the Treasurer may approve or direct.</p> <p>Subsection (2) requires the accountable authority of the statutory authority to submit the estimates for the approval of its Minister not later than one month after the commencement of the financial year to which they relate.</p> <p>Treasurer’s Instruction 953 “Publication of Estimates” requires statutory authorities which do not operate as Divisions of the consolidated fund to include their approved annual estimates in their annual report of the preceding year. For example, their estimates for the 1999-2000 year would be tabled in Parliament in about September/October 1999 included with their annual report for the 1998-99 financial year.</p>

<p><u>Recommendation 5</u> cont'd</p>	<p>Some statutory authorities under the <i>Financial Administration and Audit Act</i> are required by their enabling legislation to prepare Statements of Corporate Intent which, after approval, are tabled in Parliament.</p> <p>The major GTEs are not subject to the <i>Financial Administration and Audit Act</i> except for its audit provisions. They have been commercialised through specific legislation developed to create an environment in which they can pursue commercial objectives. This legislation requires them to prepare Statements of Corporate Intent which, after approval by their Minister with the concurrence of the Treasurer, are tabled in Parliament.</p> <p>Treasury considers that the current accountability and reporting process established in the major GTEs legislation is appropriate and facilitates parliamentary scrutiny. In this regard, the proposal for the examination of Statements of Corporate Intent is supported.</p> <p>The recommendation to establish a process by which off-budget agencies may be fully examined by Parliament, and the timing of such examinations, are however matters to be addressed by Parliament.</p>
<p><u>Recommendation 6:</u></p> <p>(a) Agencies should substantially reduce the amount of expenditure and receipts simply reported as 'other'.</p> <p>(b) Where 'other' is used to report expenditure, explanatory notes must be provided.</p>	<p>(a) In formulating the 1999-2000 Budget, budget agencies were instructed to reduce the amount of expenditure and revenue reported under the 'other' category of the Operating and Cash Flow Statements to be no more than 10% of the total expenditure or revenue as appropriate. To achieve this aim, the number of revenue and expenditure categories reported in the Statements has been substantially increased. For example, the number of categories in the Operating Expenses section of the Health Department's Operating Statement has been increased from seven in 1998-99 to twelve in 1999-2000, resulting in the reduction in the value of 'other' expenditure from 24% of the total expenditure last year to less than 3% now. To further enhance the published financial information, a number of categories of expenditure and revenue have been identified and published that are specific to particular agencies.</p> <p>In the Health example, there are four new categories of operating expenses reported that are unique to that agency, i.e.:</p> <ul style="list-style-type: none"> • "Direct patient support"; • "Indirect patient support"; • "Private sector contracts"; and • "Visiting Medical practitioners". <p>Treasury, in consultation with agencies, will continue to refine and enhance the information reported in the published financial statements by providing meaningful categories of both expenditure and revenue and ensuring that the 'other' category is maintained at an appropriate level.</p>

	(b) Treasury's response to the issue of the 'other' category of expenditure and revenue has been detailed above and requires agencies to minimise the amount reported as 'other' and obviates the need to provide any explanatory notes.
<u>Recommendation 7:</u> Consideration should be given to replacing the Estimates Committees in the Legislative Assembly with portfolio-based Standing Committees. The Committee will further examine this issue in 1999.	Treasury considers this to be a matter more appropriately addressed by the Parliament.
<u>Recommendation 8:</u> An information session should be conducted wherein Members can seek information and clarification of the Budget Papers from Treasury officials. The session should be held between the presentation of the budget and the Estimates week.	As recommended, Treasury held an information and question session for Members on 11 May 1999, a few days after the presentation of the Budget to explain the structure and content of the 1999-2000 Budget Papers and to answer questions raised by interested Members. Treasury will continue to provide these sessions into the future and expects to refine and enhance the quality of them in line with Members' wishes.
<u>Recommendation 9:</u> Members should be given the option of receiving the Budget papers on CD-Rom, with a comprehensive search engine.	<p>An electronically published version of the 1999-2000 Budget is available on CD-ROM and for download from Treasury's Internet Homepage, which addresses the Committee's recommendation.</p> <p>The electronically published version of the Budget Papers offers:</p> <ul style="list-style-type: none"> • A far more comprehensive table of contents. • Advanced keyword search facilities that can be utilised to search across all budget papers, within a budget paper or within an individual table of contents item (e.g. within an agency). • Copy and paste facilities to word processors and spreadsheets, the latter maintaining column and row definition. • An annotation facility that allows notes to be recorded against section headings. • Advanced navigation and browsing facilities: <ul style="list-style-type: none"> - history is kept of topics accessed, which allows you to select from a list of items accessed to speed re-location of items of interest; - a backtrack facility is available, which allows you to step backwards sequentially through items accessed; and - multiple views can also be created and tiled to facilitate jumping back and forth between places of interest in the budget papers.

APPENDIX TWO

Comparative Information from Other States and Territories in Australia

	Western Australia Legislative Assembly Legislative Council	Australian Capital Territory Legislative Assembly	Commonwealth Senate	New South Wales Legislative Council	Northern Territory Legislative Assembly
How is scrutiny of the Estimates organised?	<p>In the Legislative Assembly, two Estimates Committees meet simultaneously over three and a half days (9 am to 10 pm) and one day (9 am to 2 pm).</p> <p>A timetable is agreed to by the Management Committee, comprising the Leader of the House, a member nominated by the Premier and two members nominated by the Leader of the Opposition, before the commencement of the Estimates Committees. Various portfolios are grouped together and given a time allocation. There is flexibility within that time allocation for the amount of time spent on each of the components of the group of portfolios. However, sessions cannot commence prior to the scheduled time or exceed the prescribed</p>	<p>A Select Committee on estimates is established to inquire into and report on the Appropriation Bill.</p>	<p>Eight Senate legislation Committees carry out the Estimates scrutiny function.</p> <p>No more than four Committees may meet simultaneously. The schedule for the hearings is organised by each Committee within a broad framework agreed to in the chamber. While indicative times for questioning are often established by the Committees, they are not always adhered to.</p>	<p>In 1999, the Five General Purpose Standing Committees (GPSC) in the Legislative Council held a round of initial Estimates hearings on eight evenings over the course of three weeks. Some Committees elected to hold additional hearings as part of the initial round. In addition, supplementary hearings were held for some portfolios.</p>	<p>The Estimates are conducted in the House as a series of questions to each Minister. There is no time limit.</p>

	Western Australia Legislative Assembly Legislative Council	Australian Capital Territory Legislative Assembly	Commonwealth Senate	New South Wales Legislative Council	Northern Territory Legislative Assembly
	concluding scheduled time. In the Legislative Council, one Estimates Committee (EFOC) meets over four days for consideration of selected agencies and departments.				
When are estimates held?	May/June each year in both the Assembly and Council.	May/June each year. The Committee meets over ten full or part days or so in public session and examines the appropriations for each department and agency with the relevant Ministers and officials in attendance.	Two rounds of Estimates are held: May/June for the main round of hearings (plus supplementary hearings if required); and in November/February for the main additional estimates (and supplementary round of hearings if required).	Estimates have tended to be conducted just after the Budget has been introduced, i.e. May/June. In 1999, due to a number of factors, the Estimates process was not conducted until September.	The Estimates are conducted in the House as a series of questions to each Minister. There is no time limit.
Are Ministers present for each Budget estimates session or is there a Minister or Parliamentary Secretary representing the Minister appearing in place of the Minister?	Ministers attend if they are located in the Legislative Assembly, otherwise the Minister representing the Minister or the Parliamentary Secretary to the Minister attends. Ministers from the other place are not required to attend. The Committee must address all questions to the Minister, though the Minister can direct a public servant to respond.	Yes. Ministers and officials are examined in public hearings.	A Minister is usually present for the examination of estimates - the actual minister, if he/she is a senator, otherwise the minister representing the actual minister in the Senate. Any Senate minister may officiate as required. Proceedings may continue in the absence of the minister, with the consent of the Committee.	The GPSC have the power to request the attendance of and examine Members of the House, which includes Ministers who are members of the House. In addition, the Committees have the power to send for and examine persons. The resolution referring the Budget Estimates states that the Committees may ask for explanations for Ministers in the House, or officers of Departments, statutory bodies or Corporations. The	The Minister is present for each session.

	Western Australia Legislative Assembly Legislative Council	Australian Capital Territory Legislative Assembly	Commonwealth Senate	New South Wales Legislative Council	Northern Territory Legislative Assembly
	The same is true in the Legislative Council. As the majority of Ministers hail from the Legislative Assembly, it is primarily Ministers representing Ministers who appear before Legislative Council estimates Committees.			Minister may bring officers of their choice to the Budget Estimates hearings, although Committees may sometimes specify particular officers who must attend. Ministers from the other place are not required to attend. However, in recent years, Ministers from both Houses have elected to attend all initial first round hearings.	
Are all government departments examined each year?	In the Legislative Assembly, all departments and agencies are scheduled for scrutiny each year. In the Legislative Council, the Committee decides which agencies to call to appear before the Committee. They usually call between 17-20.	Yes.	The estimates of all departments and agencies are referred to Committees and are available for examination. The majority of budget-dependent agencies are in fact examined. Each Committee determines the extent to which it wishes to scrutinise departments and agencies.	The estimates of all departments and agencies are referred to Committees and are available for examination. The majority of budget-dependent agencies are in fact examined. Each Committee determines the extent to which it wishes to scrutinise departments and agencies.	Government departments are not examined, it is the Minister who answers the questions directly from information provided by the departments.
Do members give the Minister questions in advance of the estimates Committees?	In the Assembly, no. In the Council, no.	Questions may be given in advance. Questions are also taken on notice during hearings. The general expectation is that Ministers will respond to questions on notice within three working days of the question being	It is an option open to any senator, not only members, to place questions on notice prior to hearings, during hearings, or by arrangement immediately after hearings. Informal advice of the subject of questioning is	Questions may be placed on notice by Members, for written response, prior to, at, and/or after estimates hearings. A number of Committees have moved resolutions	The questions are provided by the Leader of the Opposition well in advance of sitting days.

	Western Australia Legislative Assembly Legislative Council	Australian Capital Territory Legislative Assembly	Commonwealth Senate	New South Wales Legislative Council	Northern Territory Legislative Assembly
		asked. During hearings, there is no limit on the number of questions any member may ask or how much time can be devoted to each member for this purpose.	sometimes also provided.	relating to time frames for questions on notice. These resolutions specified dates by which questions were to have been lodged with the Committee Clerk for referral to Ministers and dates by which Ministers were to have provided written responses to these questions.	
Answers to Questions on Notice	In the Legislative Assembly, there are no provisions for questions on notice during the Estimates proceedings. However, Members may request that information be provided as supplementary information. The Minister may undertake to provide that supplementary information within 14 days. The information, if received in time, is then published in <i>Hansard</i> .	The general expectation is that Ministers respond to questions on notice within three working days of the question being asked.	Answers are circulated by the Secretary to the Committee and as required, to a questioning senator who is not a member of the Committee. Each Committee sets a nominal date by which answers should be received, but this is not always adhered to - in which case the Committee may criticise at subsequent hearings or report the matter to the Senate in its report. Material is only incorporated into <i>Hansard</i> in exceptional circumstances. Answers and material received are tabled as volumes of additional information in the Senate by each Committee.	Answers are distributed by the Clerk to all Committee Members. Answers are not published in <i>Hansard</i> .	The normal process takes place for both questions and answers through the Clerk of the Legislative Assembly.

	Western Australia Legislative Assembly Legislative Council	Australian Capital Territory Legislative Assembly	Commonwealth Senate	New South Wales Legislative Council	Northern Territory Legislative Assembly
Time limits on Questions/ Answers	There are no time limits on questions or answers during the Estimates process in either the Legislative Assembly or the Legislative Council. The time permitted is at the Chairman's discretion.	There are no time limits on questions or answers.	There are no formal time limits on questions or answers. However, a Committee may agree to impose limits, or to not continue past a given time.	There are no formal time limits on questions or answers. However, a Committee may agree to impose limits, or to not continue past a given time.	There is a time limit for an individual question, but there is no time limit for the reply, nor is there a limit on the number of questions that can be asked.
Supplementary Hearings	There are no supplementary hearings in either the Legislative Assembly or the Legislative Council estimates process. However, the Legislative Council's Standing Committee on Estimates and Financial Operations could examine estimates-related matters outside the estimates hearings.	Supplementary hearings may be held and sometimes are, but time constraints on the process tend to militate against them. Requests for supplementary information after the hearings can be made.	<p>The report of a Committee on the estimates may propose the further consideration of any items.</p> <p>After a Committee has considered proposed expenditure referred to it by the Senate and agreed to its report to the Senate, the Committee shall fix:</p> <p>(a) a day for the submission to the Committee of any written answers or additional information relating to the proposed expenditure; and</p> <p>(b) a day for the commencement of supplementary meetings of the Committee to consider matters relating to proposed expenditure.</p>	<p>Once a Committee has agreed to its report, it can set a date for the return of answers to questions taken on notice. A Committee may then choose to set a date for supplementary hearings, although it does not have to. Supplementary hearings cannot be held for at least 10 days after the date set for the return of answers to questions on notice.</p> <p>If a Committee elects to hold a supplementary hearing, members must give notice three days before the hearing of matters they wish to raise at the hearing. At a supplementary hearing, questions may only be asked about those matters of which notice has been given.</p>	There are no supplementary hearings.

	Western Australia Legislative Assembly Legislative Council	Australian Capital Territory Legislative Assembly	Commonwealth Senate	New South Wales Legislative Council	Northern Territory Legislative Assembly
			<p>A senator may lodge with a Committee notice of matters, relating to the written answers or additional information, or otherwise relating to the proposed expenditure referred to the Committee, which the senator wishes to raise at the supplementary meetings of the Committee.</p> <p>A notice shall be forwarded by the Committee to the minister in the Senate responsible for the matters to which the notice relates. The proceedings of the Committee must be confined to those matters.</p> <p>A Committee may determine at any time the number and duration of any supplementary meetings.</p>		
How are off-budget agencies scrutinised?	<p>In the Legislative Assembly, there is no avenue in the Estimates Committees for scrutiny of off-budget agencies - they are not scrutinised.</p> <p>The Legislative Council estimates Committees can</p>	Off-budget agencies and government business enterprises are required to front the estimates Committees and answer questioning - they appear with the relevant minister and take questions on notice as necessary.	Committees may request the attendance of off-budget agencies at estimates, and sometimes do so. Their powers enable them to scrutinise such agencies in other contexts.	Off-budget agencies can be examined, like any other matter, during the Budget Estimates hearings, in the General Purpose Standing Committees.	Ministers responsible for off-budget agencies, such as the power and water authority, are questioned within the Estimates Process.

	Western Australia Legislative Assembly Legislative Council	Australian Capital Territory Legislative Assembly	Commonwealth Senate	New South Wales Legislative Council	Northern Territory Legislative Assembly
	examine off-budget agencies and this is carried out in the same manner as on-budget agencies.				
Scope of Questions	Wide latitude is allowed in asking questions on information contained in the Budget Papers, in the Legislative Assembly this does not extend to questioning of off-budget agencies.	Scope is wide. It is not unusual for Ministers to assert during hearings that questioning is unrelated to the appropriations, but little sympathy is accorded by the Committee to such concerns.	Questioning frequently strays beyond the bounds of the appropriations and performance.	There is wide latitude in asking questions on any of the Budget Estimates and related documents before the Committee. Members may ask for explanations from the Minister in the House, officers of departments, statutory bodies or corporations relating to items of proposed expenditure.	The scope of questions is as broad as the extent of the responsibility of the Minister's portfolio.
Broadcasting of Proceedings	In the Legislative Assembly, Estimates Committees are conducted in two venues: the Assembly Chamber and the Assembly Committee Room. Proceedings from the Chamber are broadcast within the Parliament. Proceedings in the Committee room are not broadcast, despite there being the technical infrastructure to do so. In the Legislative Council, Estimates Committees are	Pursuant to the Legislative Assembly (Broadcasting of Proceedings) Act 1997, the Speaker authorises the broadcasting of Committee proceedings to government offices. TV film footage and sound recording of proceedings is also authorised.	Estimates hearings are broadcast via radio, on the house monitoring system (which is now available on the Internet via the Parliament's webcast service) and on Fedcast. The Committee may decide such further terms and conditions as it chooses in relation to broadcasting and still photography. At all times the Committee may control the operations of the media in attendance and if the activities of media	A resolution of the Legislative Council of 11 October 1994 allows that a Committee may, by vote of the Committee, authorise the sound broadcasting and television broadcasting of its public proceedings. Witnesses may object to broadcasting; however, the decision to broadcast ultimately resides with the Committee.	The questions and answers within the Appropriation process are not broadcast.

	Western Australia Legislative Assembly Legislative Council	Australian Capital Territory Legislative Assembly	Commonwealth Senate	New South Wales Legislative Council	Northern Territory Legislative Assembly
	<p>broadcast within the Parliament.</p> <p>The Estimates proceedings of either House are not broadcast outside the Parliament.</p>		<p>personnel become intrusive, the Committee may request them to leave. Television and radio stations may broadcast the proceedings as long as they meet the conditions set out in the resolution of the Senate relating to the broadcasting of Senate and Committee proceedings.</p>		
Reports	<p>In the Legislative Assembly, the two Estimates Committees are required to report back to the House. The Estimates form part of the consideration of the Appropriations Bills. The report to the House is merely the presentation of the Minutes of the Estimates Committees. The Leader of the House and the Leader of Opposition Business usually speak to the motion. However, there is generally little comment on particular issues relating to the appropriations themselves.</p> <p>In the Legislative Council, the Estimates and Financial Operations Committee must report within one sitting day of the day on which the</p>	<p>When the Estimates Committee is established by the Assembly, a date is set by which the Committee has to report to the House.</p> <p>The report is formally presented to the Assembly on the due reporting date.</p> <p>The report is a comprehensive select Committee report containing numerous recommendations.</p> <p>The Government prepares and tables its response to the Select Committee on the Estimates.</p>	<p>The reports of legislation Committees and any volumes of additional information are tabled in the Senate along with a set of <i>Hansards</i> from the public hearings.</p> <p>Reports may include comments on individual items of particular concern. Any senator may attach a reservation to an estimates report.</p> <p>The Committee is not required to table a report after the supplementary hearings.</p>	<p>GPSCs are required to report back to the House about the Budget Estimates. The resolution referring the Budget Estimates indicates that reports should be tabled prior to the return of responses to questions on notice and prior to supplementary hearings.</p> <p>Committee reports should report that the matters referred have been considered and noted and include comments on individual items of particular concern. The report of the Committee may propose the further consideration of any items.</p>	<p>There are no reporting requirements.</p>

	Western Australia Legislative Assembly Legislative Council	Australian Capital Territory Legislative Assembly	Commonwealth Senate	New South Wales Legislative Council	Northern Territory Legislative Assembly
	second reading of the Appropriation Bill is moved.				
Tabling of Documents	<p>It is not possible to table documents when in an Estimates Committee in the Legislative Assembly.</p> <p>Documents can be tabled in the Legislative Council during the Estimates hearings.</p>	<p>Papers may be, and often are, formally tabled during hearings. The Committee normally authorises the publication of tabled papers, which accords them the protection of the Committee in terms of privilege.</p>	<p>Documents may be tabled during an estimates hearing. Tabled documents are usually included in the volumes of additional information, which the Committees table in the Senate.</p>	<p>Documents can be presented to the Committee during the Budget Estimates and reported to the House.</p> <p>Technically, only Members can table documents - where a witness wishes to tender a document as evidence, the Committee must resolve to accept such a document.</p>	<p>Documents can be tabled as the normal rules of debate apply.</p>
Quorum	<p>In the Legislative Assembly, four members constitute a quorum, excluding the Chairman, and if at any time a quorum is not present, the Chairman may suspend the Committee proceedings until a quorum is present, or adjourn the Committee. The vote for the expenditure may take place without a quorum as the Chairman is not required by the Standing Orders to adjourn proceedings.</p> <p>The Legislative Council requires a quorum of three members of the Committee. Proceedings may not continue without a quorum.</p>	<p>The Committee tends to comprise five members. Standing Orders provide that two members constitute a quorum during public hearings. Deliberative meetings require a quorum of three members.</p>	<p>Quorum is a majority of the members of the Committee or a minimum of two, where the two comprise a member nominated by the government and a member nominated by the opposition.</p>	<p>Under the current resolution establishing the GPSC, the quorum of a GPSC is three members.</p> <p>If, during the sitting of a Committee, a quorum is not present, the Chairman will suspend the proceedings of the Committee to a stated hour, and if a quorum is not then present, the Committee must be adjourned to some later time.</p>	<p>A quorum is required and the same rules apply as contained in the Standing Orders.</p>

	Queensland	South Australia	Tasmania	Victoria
How is scrutiny of the Estimates organised?	<p>Sessional Orders adopted by the Parliament govern the operation of estimates committees. The proposed expenditures set out in the Appropriation Bills are referred to the estimates Committees immediately after the second reading of each Bill. Seven estimates Committees are appointed and each comprises six members (three government and three non-government). The Chairman of each Committee is a government member.</p>	<p>Two Committees - Estimates A and Estimates B meet simultaneously in the Legislative Assembly and Legislative Council chambers.</p> <p>Each Minister and their associated portfolios are allocated a full day (11 am to 10 pm).</p> <p>Timetable: the order is normally the subject of an agreed informal timetable but may not be known until the morning of the examination and is even then subject to change in consultation with the Committee.</p> <p>The Speaker may, at the request of the Chairman of an Estimates Committee, and on giving one day's notice, reallocate any proposed payments from one such Committee to another, or vary the timetable if in his/her opinion such reallocation or variation is necessary to facilitate the examination of the proposed payment.</p>	<p>Appropriation bills are referred to two Estimates Committees. Details of the Committee procedures, the estimates to be examined and by which Committee, are prescribed in the motion of referral.</p>	<p>All scrutiny of the Budget Estimates is conducted by the Public Accounts and Estimates Committee, which is a joint Committee of the Parliament and has ten members.</p> <p>After the Appropriation Bills are introduced, the Committee begins its review, which is undertaken over several months, culminating in a report tabled in both Houses. Independent to this process, the Appropriation Bills are debated in each House and in the Committee of the whole and passed.</p>
When are Estimates held?	<p>June to October depending on when the budget is brought down.</p>	<p>June.</p>	<p>Estimates Committees meet immediately following the second reading of the Consolidated Fund Appropriation Bill in the House of Assembly.</p> <p>Government Business Enterprise (GBE) Committees usually meet between December and March.</p>	<p>Over several months after the Appropriation Bills are introduced.</p>

	Queensland	South Australia	Tasmania	Victoria
Are ministers present for each Budget estimates session or is there a Minister or parliamentary secretary representing the Minister appearing in place of the minister	Unicameral legislature. The Minister 'must' attend the Committee's hearings.	Ministers (including those Ministers who are Members of the Legislative Council) are required to be present as witnesses for examination. Agency officers can assist Ministers.	Yes. A Minister may appear before an Estimates Committee for six hours, but at the request of two or more members of a Committee, the Chair may extend the hearing to a maximum period of nine hours.	No. Only Ministers from the major portfolios are invited to meet with the PAEC each year. As the Committee is a joint Committee, the relevant Minister attends the hearing. The Committee will shortly consider whether every portfolio should be scrutinised each year.
Do members give the Minister questions in advance of the estimates session?	An estimates committee may, at a reasonable time prior to the public hearings, put a combined total of 20 questions on notice to each Minister. Written answers to the questions on notice must be provided at least 24 hours prior to the hearing. The Minister can refuse to answer questions that place unreasonable research requirements on their portfolios or are unnecessarily complex. A Committee may advise the Minister prior to the hearing of its intention to examine a proposed expenditure in detail. It is a matter for the Minister to decide which advisers attend the hearing in response to such notice.	No. All questions are without notice.	Not normally, however, a member may give Ministers questions in advance of the estimates session. The Minister may choose to answer only those questions put during the session leaving the Member the option to put the question during the session.	The PAEC secretariat prepares a briefing paper and possible questions for each portfolio. The Chairman provides a copy of this document to the relevant Minister in advance of the Estimates hearing.
Supplementary Hearings	There is only one hearing day scheduled for each Committee. Committees are able to hold a	The only estimates hearings conducted by the Parliament are the ones scheduled during a two-week	There is no provision for supplementary hearings.	As per the highlights column, the PAEC is currently considering having a two-phased estimates

	Queensland	South Australia	Tasmania	Victoria
	maximum of nine hours of hearings between 8.30 am and 7.30 pm on the scheduled day.	period in June. There is no provision for supplementary hearings.		process, which would involve all departments being scrutinised in May and June, with a further review process in October of Annual Reports of Departments - the Government's statement of budget outcomes and a review of business plans.
How are off-budget agencies scrutinised?	A reference to an organisational unit within the portfolio of a Minister is deemed to include Government Owned Corporations (GOCs). A member may ask any question that the Committee determines will assist in its examination of the Appropriation Bill or otherwise assist the Committee to determine whether public funds are being spent efficiently or appropriate public guarantees are being provided. The Committee may advise the Minister prior to the hearing of its intention to scrutinise a GOC.	In theory, there is no provision in the process to scrutinise these agencies. A minister may indicate a willingness to answer questions relating to off-budget agencies.	On 21 November 1996, the House of Assembly established the Government Business Enterprises and Government Corporations Scrutiny Committee charged with examining the operations of government business enterprises and government owned corporations. The GBE Committee is seen as an extension to the Budget Estimates Committees. The Committee is appointed by the House each year to examine specific entities. The timetable is established by the House and the Committee can meet only in accordance with the timetable adopted by the House or as varied by the Chair.	Any agency that receives government funding can be scrutinised by the PAEC when the relevant Minister meets with the Committee to discuss the budget estimates for their portfolio.
Broadcasting of proceedings	Usually, Committees resolve to allow silent film footage at the commencement of each organisational unit's expenditure examination. However, Estimate Committees have not been specifically authorised to permit filming during the actual hearings procedures.	The same rules apply for the sitting of Parliament. The media are allowed to broadcast proceedings. Additionally, the media are allowed limited time (5 minutes) to film from the Northern gallery to provide an opportunity to view the witness head on.	The media have access to Committees with the same provisions relating to the broadcasting of the House of Assembly.	Silent film-footage can be taken for either a brief time at the commencement of the proceedings or for the duration of the hearing. Tape recording can be made of the proceedings. <i>Hansard</i> records the proceedings and transcripts are available upon request.

	Queensland	South Australia	Tasmania	Victoria
Reports - do the Estimates Committees table reports? Is the Government obliged to respond to the report?	An estimates committee must make a report at the end of its deliberations. The report must state whether the proposed expenditures referred to the Committee are agreed to. A reservation or dissenting report may be made by a Committee member. The Chairman of the Committee must table the report together with any dissenting reports, Committee minutes and additional information. The Sessional Orders specify the timetable for tabling. The Government is not obliged to respond to the report.	A report of an Estimates Committee is presented by the Chairman of that Committee or a Member deputed by him or her and contains any resolution or expressions of opinion of that Committee.	Yes. A report of an Estimates Committee may contain any resolution or expression of opinion of that Committee. A Committee may report verbatim if they choose. Government Business Enterprises and Government Corporations Scrutiny Committee reports are the transcript of the public hearings and the minutes of the meetings of the Committee.	There is a legislative requirement that the responsible minister provide a response within six months to the recommendations contained in a report of the PAEC.
Questions on Notice / Additional Information	A Minister may tell an estimates committee at the hearing that the answer to a question or additional information will be provided at a later date. The answer or additional information is taken to be part of the proceedings of the Parliament.	Ministers may undertake to supply information at a later date for incorporation in <i>Hansard</i> . Questions not asked at the end of the day may be placed on the House of Assembly notice paper in the usual manner.	Ministers may undertake to supply information to the Committee. Additional or supplementary information may be included in the Committee's report to the House.	Questions can be placed on notice either during the proceedings or at the end. Ministers occasionally provide written advice to clarify or supplement information provided at the Estimates hearings.
Scope of Questions	A member may ask any question which the committee determines will assist in its examination of the Appropriation Bill. A Minister may decline to answer a question in which case the committee may report that fact in its report.	Questions are limited to the content of the budget papers.	Wide latitude is allowed for questioners. Note: questions may be asked on a ratio of three Opposition, one Tasmanian Green and one Government or in such form as the Committee determines.	Wide latitude is allowed for questioners. Basically questions must be related to the Budget Estimates or to outcomes.
Time Limits on Questions	Questions are limited to 1 minute. Answers are limited to 3 minutes, although extensions may be granted.	There is no real limit on the time allowed for questions and answers.	Questions are limited to 1 minute. Answers are limited to 3 minutes, although extensions may be granted.	No time limits.

	Queensland	South Australia	Tasmania	Victoria
Allocation of Time	At least half the time set aside for each portfolio is to be allotted to non-Government members.	<p>The Chairman of the Committee will normally seek the concurrence of the Minister and the Opposition spokesman to an approximate timetable for consideration of the proposed payments to facilitate change over of agency advisers.</p> <p>A flexible approach to giving the call for the asking of questions is usually adopted, based on three per Member, alternating sides. The Chairman may permit a supplementary question in order to conclude a line of questioning.</p> <p>The Speaker may, at the request of the Chairman of an Estimates Committee and on giving one day's notice, reallocate any proposed payments from one such Committee to another, or vary the timetable if in his/her opinion such reallocation or variation is necessary to facilitate the examination of the proposed payment.</p>	<p>Each Estimates Committee meets only in accordance with the timetable adopted by the House or as varied by the Chair. If a Committee is sitting on any day it:</p> <p>(a) commences at 9.30am and is suspended at 12.30pm, unless otherwise ordered;</p> <p>(b) commences at 2.30pm and is suspended or adjourned at 5.30pm, unless otherwise ordered;</p> <p>(c) if required, commences at 7.30pm and is adjourned at 10.30pm, unless otherwise ordered.</p>	Generally between 2 and 3 hours is allocated to each portfolio. Questions are shared between Opposition and Government members.
Tabling of Documents in Committee	Documents may be tabled during the Estimates.	There is no facility available to table documents. The Minister is invited to make documents available to the secretary, which are held by the secretary and made available to members.	Documents may be tabled.	Documents may be tabled during the Estimates hearings.

	Queensland	South Australia	Tasmania	Victoria
Quorum	<p>Quorum is a majority of the members of the committee.</p> <p>When a quorum is not present at a meeting of a committee, the Chairman shall suspend the proceedings of the committee until a quorum is present or adjourn the committee.</p>	<p>The quorum of a Committee is four, of whom one is the Chairman or Acting Chairman. If at any time a quorum is not present, the Chairman suspends the proceedings of the Committee until a quorum is present or adjourns the Committee.</p> <p>Members of the House, who are not members of the Committee, may, at the discretion of the Chairman, participate in proceedings of the Committee but may not vote, move any motion or be counted for purpose of a quorum.</p>	<p>Quorum is a majority of Committee members.</p> <p>When a quorum is not present at a meeting of a Committee, the Chairman shall suspend the proceedings of the Committee until a quorum is present or adjourn the Committee.</p>	<p>Quorum is a majority of members of the Committee (i.e. 6 members).</p>

		<p>idence from groups and individuals in public hearings. It is expected that this will be a feature of future hearings.</p>	<p>Eight Senate legislation Committees carry out the Estimates scrutiny function.</p>	<p>This model is based on that used by the Commonwealth Senate Committees.</p> <p>The Estimates are considered in the Upper House, the Legislative Council. Five General Purpose Standing Committees (GPSC) consider the Budget Estimates Inquiry. Each Committee consists of seven members. Other members may attend the hearings and ask questions but may not vote.</p> <p>In 1999, estimates were referred to Committees at the end of June and were required to report to the House by the first sitting day in November.</p> <p>The Committees' consideration of the Estimates did not form part of the passage of the Appropriation Bills. The separation allows a more relaxed time frame for their consideration.</p>	<p>Estimates are conducted in the House as a series of questions to each Minister. No time frame is set for each individual minister, and the Minister is on his or her feet until the Opposition Members have completed their questioning.</p>
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	Queensland	South Australia	Tasmania	Victoria
Highlights	<p>Time limits of one minute for questions and three minutes for answers apply in Estimates Committees.</p>	<p>Two Committees - Estimates A and Estimates B, meet simultaneously in the Legislative Assembly and Legislative Council chambers.</p>	<p>The Estimates Committees may meet for a maximum of 63 hours.</p> <p>Time limits of one minute for questions and three minutes for answers apply in Estimates Committees.</p> <p>Following a report by the Reform of Parliament Committee in November 1996, the Government Business Enterprises and Government Corporations Scrutiny Committee was established with the power to examine the operations of Government Business Enterprises and Government Corporations. This Committee is seen as an extension of the Estimates Committees.</p> <p>Minister and Chairperson of the Board are examined and may both be questioned directly in the GBE Committee.</p>	<p>A recent PAEC report on annual reporting has recommended that there be a two-phased estimates process that would involve:</p> <ul style="list-style-type: none"> • Estimates hearings in May and June with the Committee examining the Budget estimates for all departments. • A further review process in October with the Committee examining the Annual Reports of Departments, the Government's statement of budget outcomes and a review of business plans. The emphasis at this stage would be on reviewing outcomes and performance against results expected by agencies. <p>The Committee intends to give further consideration to this matter in preparing for the 2000-2001 Estimates hearings.</p> <p>A new procedure of putting questions on notice at the conclusion of the estimates hearings has been introduced.</p>

APPENDIX THREE

Survey to Members

Public Accounts Committee

STATE BUDGET ESTIMATES INFORMATION AND PROCESS IN THE LEGISLATIVE ASSEMBLY

Member's Name: _____

Please mark your answers clearly by placing a tick next to Yes or No. Any additional comments would be appreciated. Please return your completed survey to Mr Nigel Lake in the Bills and Papers Office by Tuesday 23 November 1999.

PART ONE CURRENT BUDGET ESTIMATES PROCESS IN THE LEGISLATIVE ASSEMBLY

The Current Estimates Process

The Estimates are currently held in two Committees that meet simultaneously over four and a half days, usually towards the end of May. The appropriations for all government agencies funded from the Consolidated Fund (CF) are examinable during the Estimates Committees.

Q1 Are you happy with the Estimates Committees as they currently operate?

“ Yes

“ No

Comments:

Questions in advance of Estimates Committees

There is no provision in the Legislative Assembly Standing Orders for Members to give Ministers questions in advance of the Estimates Committees.

By comparison, in other jurisdictions such as the Queensland Legislative Assembly, New South Wales Legislative Council and the Australian Capital Territory Legislative Assembly, questions may be placed on notice prior to estimates hearings for written response within specified time frames.

Q2 Would you like to see the introduction of procedures that would enable Members to give Ministers questions in advance of the Estimates Committees for written response?

“ Yes

“ No

Comments:

Supplementary Information/Questions on Notice during Estimates Committees

During the proceedings of the Estimates Committees in the Legislative Assembly, if a Minister asks that a matter be put on notice it is up to the Member to lodge the question on notice with the Clerk's office.

Only supplementary information which the Minister agrees to provide will be provided within 14 days. If supplementary information cannot be provided within 14 days, the Minister is required to provide advice in writing of the date by which the information will be made available.

Q3 Are you satisfied with the sessional orders and procedures that apply to questions on notice and supplementary information for the Estimates Committees?

“ Yes

“ No

Comments:

Tabling of documents in the Estimates Committees

In the Legislative Assembly, papers or documents may be provided to Members by a Minister during the Estimates Committees but cannot be tabled. Documents that are provided in the form of supplementary information are included in *Hansard*.

In other Australian jurisdictions such as the Queensland Legislative Assembly, the ACT Legislative Assembly and the Senate, papers or documents may be tabled during an Estimates Committee's hearings.

The current trial changes to the Legislative Assembly of Western Australia's Standing Orders, allow papers to be tabled during the *consideration in detail* stage of consideration of a Bill. Previously it was not possible to table documents when in Committee of the Whole House.

Q4 Do you support the tabling of documents during Estimates Committees?

“ Yes

“ No

Comments:

Time limits on Questions and Answers

Currently there are no time limits for questions and answers during the Estimates Committees.

In both the Tasmania House of Assembly and the Queensland Legislative Assembly, questions are limited to **one minute** and answers to **three minutes**. Further, in the Queensland Legislative Assembly an extension of time for an answer is only permissible with the questioner's consent and thereafter with the presiding officer's consent.

Q5 (a) Would you like to see a fixed time limit for questions and answers during Estimates Committees with the provision for extensions of time if required?

“ Yes

“ No

Comments:

(b) If yes, what should be the time limits?

- (i) up to 1 minute for questions and up to three minutes for answers?
- (ii) up to 2 minutes for questions and up to five minutes for answers?
- (iii) other - please specify:

Examination of off-budget agencies and Government Enterprises

There is no avenue in the Estimates Committees for extensive scrutiny of non-Consolidated Fund (CF) agencies, despite the fact that these agencies are the recipients of government funding. The Budget Statements report CF expenditure that is appropriated for off-budget agencies and Government Enterprises. An example of this is payments made to Government Enterprises, such as Western Power and the Water Corporation, for community service obligations (CSOs). CSOs are reported in the Treasury division of the Budget Statements.

In its *Interim Report*, the Public Accounts Committee (PAC) recommended improved scrutiny of these agencies and enterprises within Parliament given that they were not examinable within the Estimates Committees. The PAC also recommended an examination process for agencies and enterprises that are required by legislation to table Statements of Corporate Intent. These Statements are required to be tabled early in the financial year.

In other jurisdictions such as the Queensland Legislative Assembly, New South Wales Legislative Council and the Northern Territory Legislative Assembly, examination of off-budget agencies is permitted during the estimates process.

In November 1996, a new committee was established in the Tasmania House of Assembly to examine annually the operations of Government Business Enterprises and Government Owned Corporations. This Committee was seen as an extension to the budget Estimates Committees.

Q6 Should scrutiny of off-budget agencies and Government Enterprises be permitted during the Estimates Committees?

“ Yes

“ No

Comments:

Q7 Do you have any suggestions about how off-budget agencies and Government Enterprises should be examined?

“ Yes

“ No

Comments:

Broadcasting of Proceedings

The proceedings of Estimates Committee A in the Legislative Assembly Chamber are broadcast within Parliament. By contrast, the proceedings of Estimates Committee B, which from this year were held in the Legislative Assembly Committee Room, are not despite there being the technical equipment to do so.

Q8 Do you support the broadcast within Parliament of both Estimates Committees A & B for the 2000-2001 Budget Estimates Process and beyond?

“ Yes

“ No

Comments:

Administrative Matters

As with any activities of the Parliament, there are a range of administrative activities that influence the functioning of the Estimates Committees. These include –

- the scheduling of the Estimates Committees;
- the venues for holding the Estimates Committees;
- the catering arrangements; and
- the quality of and turn-around time of transcripts of the proceedings etc.

Q9 Do you wish to make any comments about the administrative activities relating to the Estimates Committees?

“ Yes

“ No

Comments:

PART TWO PORTFOLIO-RELATED STANDING COMMITTEES AND THE BUDGET ESTIMATES PROCESS

In its *Interim Report*, the PAC stated its support for the introduction of a system of portfolio-related standing committees as recommended by the Commission on Government in 1995 and the Legislative Assembly's Select Committee on Procedure in 1996 and Standing Orders and Procedure Committee in 1998.

The PAC recommended that consideration be given to replacing the Estimates Committees in the Legislative Assembly with portfolio-related standing committees.

Q10 (a) If a new system of portfolio-related standing committees were implemented in the Legislative Assembly, would you support those committees undertaking the budget estimates review process *instead of* the current system of Estimates Committees A and B considering the estimates over a one week period?

“ Yes

“ No

OR

(b) Would you like to see the current system of Estimates Committees A and B be maintained but also give portfolio-related standing committees the power to investigate the estimates on an ongoing basis?

“ Yes

“ No

Comments:

Q11 Would you like to see portfolio-related standing committees have the power to examine off-budget agencies and Government Enterprises (and their respective Statements of Corporate Intent)?

“ Yes

“ No

Comments:

**PART THREE ADEQUACY OF INFORMATION CONTAINED IN THE
BUDGET PAPERS**

Q12 Did you find it easier to use the 1999-2000 Budget Papers than the Budget Papers of previous years?

“ Yes

“ No

Comments:

Agency Performance Information

In its *Interim Report*, the PAC stated that 'performance measures have received as much, if not more, criticism than any other feature of the Budget Statements'. It recommended that for the 1999-2000 State Budget Treasury 'should have an expanded role in overseeing the selection of performance measures and in the verification of the results cited by agencies'.

Interim Report and to other interested parties, Treasury provided comprehensive advice and assistance in the form of detailed guidelines to agencies on outputs and performance information and measures in readiness for the 1999-2000 Budget process.

Other improvements were also made in the 1999-2000 budget papers, which included the disclosure of Major Achievements for 1998-99 and Major Initiatives for 1999-2000 for each individual agency output.

To further improve the verification of performance cited by agencies, Treasury proposed to monitor and report to government quarterly on agency performance in the delivery of outputs.

Q13 In your opinion, were the performance information and outputs measures contained in the 1999-2000 Budget Papers an improvement over the information contained in the 1998-99 Budget Papers?

“ Yes

“ No

Comments:

Agency Financial Details

In its *Interim Report*, the PAC recommended that ‘the Budget Papers must allow for real comparison between each budget’. Improvements made by Treasury in the 1999-2000 budget papers echoed the Committee’s concerns. To assist with the comparison of financial information as reported in the Financial Statements and the various financial tables of Budget agencies, an additional year of historical financial data was included in the 1999-2000 Budget Papers.

Members were able to compare the actual results for 1997-98 with the estimated actuals for 1998-99, the Budget estimates for 1999-2000, and the three year forward estimates.

Actual 1997-98	Estimated Actual 1998-99	Budget Estimate 1999-2000	Forward Estimate 2000-01	Forward Estimate 2001-02	Forward Estimate 2002-03
This was the additional year of historical data provided.					

Q14 Did the additional year of historical data (actual for 1997-98) improve your ability to conduct real and meaningful comparisons between budgets?

“ Yes

“ No

Comments:

The information currently presented in the budget papers includes the Estimated Actual figures for the budget year that is about to end (e.g. the 1999-2000 Budget Papers had the Estimated Actual for 1998-99). However, this data does not include the previously forecast Budget Estimate for that same year (i.e. it does not have the Budget Estimate for 1998-99).

Q15 Would you like to see the addition of another year of historical data (e.g. Budget Estimate for 1998-99 below), to be inserted along side the Estimated Actual for 1998-99 for comparative purposes?

Actual 1997-98	Budget Estimate 1998-99	Estimated Actual 1998-99	Budget Estimate 1999-2000	Forward Estimate 2000-01	Forward Estimate 2001-02	Forward Estimate 2002-03
	This is the Budget Estimate for 1998-99					

“ Yes

“ No

Comments:

Please feel free to add any further comments below.

Thank you for taking the time to respond to this survey.

APPENDIX FOUR

Sessional Orders

ESTIMATES COMMITTEES

(Adopted by the House on 12 May 1999, V. & P. pp 711)

**Third Reading
Debate time.**

That for the present Session, so much of the Standing Orders be suspended as is necessary to enable any member to speak on the third readings of the Appropriation (Consolidated Fund) Bill (No. 1) 1999 and the Appropriation (Consolidated Fund) Bill (No. 2) 1999 for 15 minutes each and for the Committee of the Whole procedure on the Bill to be replaced by a series of Estimates Committees, as follows –

**Estimates
referred to
Committees.**

- (1) There shall be two Estimates Committees to be known as Estimates Committee A and B, which shall examine and report on proposed expenditure for the Parliament and Government departments and agencies funded from the Consolidated Fund.
- (2) After the second readings of the Appropriation (Consolidated Fund) Bill (No. 1) 1999 and the Appropriation (Consolidated Fund) Bill (No. 2) 1999, such proposed expenditure contained in the Estimates shall stand referred to the Estimates Committees.

**Management
Committee.**

- (3)
 - (a) There shall be a management committee which shall comprise the Leader of the House, one member nominated in writing to the Speaker by the Premier, and two members similarly nominated by the Leader of the Opposition.
 - (b) before the Estimates Committees first meet, the Leader of the House shall present to the House the report of the management committee, which report shall prescribe -
 - (i) which parts of the Estimates are to be considered by each committee;
and
 - (ii) the maximum period of time allotted for consideration of each Part or any Division or Program of the Estimates.
 - (c) on the presentation of the report of the management committee, the Speaker shall forthwith put the question, "That the report be adopted" and debate, for a maximum period of one hour, may ensue on that question and any proposed amendments thereto.

- | | | |
|------|---|---|
| (4) | Each Estimates Committee shall consist of the Chairman, the Minister or Parliamentary Secretary responsible in the Assembly for the proposed expenditure under consideration, or another Minister acting in that capacity, and six other members. | Estimates Committees Membership. |
| (5) | When an Estimates Committee is considering the vote for “Parliament”, the Speaker or the Deputy Speaker shall, for the purpose of this Sessional Order, be deemed to be the Minister responsible for the proposed expenditure. | |
| (6) | Each Estimates Committee initially shall include three members appointed by the Leader of the House and three members appointed by the Leader of the Opposition, and every appointment of a member of the committee shall be forthwith notified in writing to the Speaker. A member may be discharged from a committee by appointing another member in his place and any such change shall not take effect until notified in writing to the Clerk to the Estimates Committee. The Leader of the House and the Leader of the Opposition may each nominate another member who can also effect appointment and consequent discharge of members, by written notification to the Clerk of the Estimates Committee. | Appointment and Discharge of Members. |
| (7) | <p>(a) The Chairman of an Estimates Committee shall be the Chairman of Committees or a Deputy Chairman of Committees;</p> <p>(b) any member of the committee may take the Chair temporarily whenever requested so to do by the Chairman of that committee.</p> | Chairmanship. |
| (8) | The quorum of an Estimates Committee shall be four, excluding the Chairman, and if at any time a quorum is not present, the Chairman may suspend the proceedings of the committee until a quorum is present, or adjourn the committee. | Quorum. |
| (9) | Members of the House who are not members of the committee may participate, at the discretion of the Chairman, in the proceedings of the committee, but shall not vote, move any motion, or be counted for the purpose of a quorum. The Chairman shall ensure that an independent member has in all the circumstances a reasonable opportunity to ask questions. | Participation by other Assembly Members. |
| (10) | Advisers who are present at an Estimates Committee to assist Ministers may not directly answer questions or otherwise address the committee except with the approval of and in the presence of a Minister or Parliamentary Secretary. | Ministerial Advisors. |

- Minutes of Proceedings.** (11) Minutes of Proceedings of each committee shall be recorded by the Clerk to the Committee, and shall be signed by the Chairman of Committees and the Clerk to the Committee.
- (12) In each Estimates Committee –
- Voting.** (a) the question shall be proposed for each Division of the Estimates referred to that Committee, “That the Vote be recommended”, and if there is an equality of votes on any such question, the Committee shall include in its report to the House, its inability to report on that division;
- Divisions.** (b) voting in a division shall be taken by a show of hands of those members of the Committee, exclusive of the Chairman, present when a question is put and tellers shall not be appointed;
- Points of Order.** (c) any question of procedure or point of order shall be determined by the Chairman of the Committee, subject to the ultimate decision of the Committee; and
- Consideration of Bills by Estimates Committee A.** (d) at the conclusion of consideration by Estimates Committee A of the estimates referred to it or at the expiry of the time allocated to that Committee, the question shall be put forthwith - “That the clauses, schedules and title of the Bill be agreed to”.
- Supplementary Information.** (13) If during a meeting of an Estimates Committee a Minister agrees to provide supplementary information, the Minister shall, within 14 days of the meeting, forward to the Clerk to the Committee either the supplementary information or advice in writing of the date by which the information will be made available.
- Reports.** (14) Reports of the Estimates Committees shall state which Parts of the Estimates have been considered and whether the proposed expenditures are recommended. The time for presentation of the reports may be as determined by the House. Failure of an Estimates Committee to report on any Part of the Estimates within the time required by the House shall be deemed to be a report recommending the proposed expenditures.
- Presentation of Reports.** (15) The reports of the Estimates Committees shall be presented together to the House by the Chairman of Committees and may be considered forthwith, the question being proposed for each, “That the report be adopted”. Debate on that question and any amendment thereto shall not exceed one hour in total, but that shall not preclude an amendment being moved and the question being put thereon. If the reports of the committees are adopted, the third reading of the Bill may be moved forthwith.
- Third Reading.**

APPENDIX FIVE

Agencies Required By Legislation To Produce Statements Of Corporate Intent*

- Albany Port Authority
- Broome Port Authority
- Bunbury Port Authority
- Dampier Port Authority
- Electricity Corporation (Western Power)
- Esperance Port Authority
- Forest Products Commission (effective 1/7/2000)
(Bill currently before Parliament)
- Fremantle Port Authority
- Gas Corporation (AlintaGas)
- Geraldton Port Authority
- Port Hedland Port Authority
- Totalisator Agency Board
- Water Corporation
- Western Australian Land Authority (Landcorp)
- Western Australian Treasury Corporation

(The Western Australian Government Railways Commission has been preparing a SCI in terms of a policy decision. There is no legislative requirement to do so.)

* *Source: Letter from Treasury, 2 May 2000.*

APPENDIX SIX

Case Study: Department of Productivity and Labour Relations - Performance Measures in Comparative Perspective 1998-99 / 1999-2000

Output No.	1998-99	1999-2000	LEVEL OF PERFORMANCE MEASURES INFORMATION PROVIDED
	Outcome: Promotion of productive, competitive and fair workplaces.	Outcome: Western Australian workplaces which are productive, flexible and fair.	Performance Measures Used: Quantity, Quality, Timeliness and Cost
	OUTPUT DESCRIPTION	OUTPUT DESCRIPTION	
1	Public Sector labour relations reform policies and practices.	Policy advice.	1998-99 – Quality was the only Performance Measure defined and measured. – Other areas reported as ‘to be developed’. 1999-2000 – All four Performance Measures were defined and measured.
2	Private sector labour relations reform information and strategies	Labour relations information services.	1998-99 – Cost was the only performance measure defined and was not measured. 1999-2000 – All four Performance Measures were defined and measured.
3	Competitive labour market analysis and advice.	Advisory services.	1998-99 – Quality was the only Performance Measure defined. It was measured according to the Minister’s perception. 1999-2000 – All four Performance Measures were defined in qualitative terms and measured.

4	Advice on workplace reform and frameworks issues.	Industrial complaints resolution.	1998-99 – None of the Performance Measures were defined. 1999-2000 – All four Performance Measures were defined and measured.
5	Representation of State interests in national labour relations developments.	Representation of the State's interests in industrial forums.	1998-99 – Quality was the only Performance Measure defined. It was measured according to the Minister's perception. 1999-2000 – Quality output measure was not defined or measured.
6	Advice and assistance on choices, obligations and rights.	Support services to the Commissioner for Workplace Agreements.	1998-99 – Two of the four Performance Measures (quality and cost) were defined and measured; the remaining two (quality and timeliness) were 'to be' 1999-2000 – All four Performance Measures were defined and measured.
7	Investigation, resolution and/or prosecution of industrial complaints and breaches.	Advisory and support services.	1998-99 – Two of the four Performance Measures (quantity and cost) were defined and measured; the remaining two (quality and timeliness) were 'to be' 1999-2000 – Performance Measures were defined but not measured. Reason given: "This function was transferred from another agency in 1998/99 and no previous financial/performance data was available at the time of printing."