



**Eleventh Report**  
**of the**  
**Standing Committee**  
**on**  
**Estimates and Financial Operations**  
**in relation to**  
**Scrutiny of Financial Administration**  
**Legislation in Various Jurisdictions**

**Presented by the Hon Murray Montgomery (Chairman)**

**11**  
**April 1995**

## STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

The Standing Committee was established on December 21 1989 with the following terms of reference:

1. There is hereby appointed a Standing Committee to be known as the *Estimates and Financial Operations Committee*.
2. The committee consists of 5 members.
3. The functions of the Committee are to consider and report on:
  - a) the estimates of expenditure laid before the Council each year; and
  - b) any matter relating to the financial administration of the State.
4. The Committee shall report on the estimates referred under clause 3 by or within one sitting day of the day on which the second reading of the *Appropriation (Consolidated Revenue Fund) Bill* is moved.
5. For the purposes of clause 3(a), the House may appoint not more than 6 members at any stage of its examination.
6. A reference in clause 3 to "estimates of expenditure" includes continuing appropriations, however expressed, that do not require annual appropriations.
7. The Committee may initiate investigations under clause 3(b) without prejudice to the right of the Council to refer any such matter.

### **Members of the Committee:**

Hon Murray Montgomery (Chairman)  
Hon Bob Thomas  
Hon Muriel Patterson  
Hon Mark Nevill  
Hon Iain MacLean

### **Staff of the Committee:**

Ms Karen Schmidt (Advisory/Research Officer)  
Mr Chris Richards (Clerk)

### **Address:**

Parliament House, Perth WA 6000, Telephone 222 7222

## **SCRUTINY OF FINANCIAL ADMINISTRATION LEGISLATION IN VARIOUS JURISDICTIONS**

The Standing Committee on Estimates and Financial Operations was established on December 21 1989 with the mandate to consider and report on -

- (a) the estimates expenditure laid before the Council each year; and
- (b) any matter relating to the financial administration of the State.

Consistent with the Committee's terms of reference, the Committee is currently reviewing financial administration frameworks in jurisdictions at commonwealth and state level and internationally with a view to considering possible amendments to financial administration legislation in this state. The Committee has noted that current global trends in public sector reform, of the type currently being introduced in Western Australia, raise fundamental questions regarding the financial management structures and processes underpinning the administration of public resources. Indeed, a number of jurisdictions in Australia and in New Zealand have either recently or are currently reviewing their financial administration and audit frameworks in the context of prevailing public administration trends. Legislation subsequently implemented by various jurisdictions incorporates initiatives both currently contained in Western Australian legislation and of relevance to current public sector reforms in this state.

The Committee acknowledges that some of the financial administration issues highlighted by the public sector reform agenda have already been addressed in Western Australia. The implementation of accrual accounting, for example, will provide a more accurate indication of the true costs of the provision of public goods and services. This information is essential in undertaking an outsourcing programme. Net appropriations and one-line appropriations afford management greater flexibility to allocate resources in the most effective and efficient manner. The Committee believes that the success of public sector reforms rests, in part, on an appropriate financial administration structure. The existing public sector financial administration structure in Western Australia, however, is predicated on the traditional internal provision of public goods and services. The Committee believes that the state would benefit from a comprehensive review of the current framework.

Financial legislation reforms in other jurisdiction represent attempts to realign the administration of public finances with a significantly altered public sector. Such reforms, particularly those implemented in New Zealand, have been acknowledged as the most comprehensive of their kind. Accordingly, the Committee is of the opinion that it would be advantageous for members to meet with various public officials and committees in state and federal jurisdictions in Australia and New Zealand to discuss the direction of financial administrative reforms and the way in which these jurisdictions draft and administer their financial administration legislation. The Committee proposes, therefore, to conduct a tour encompassing South Australia, Victoria, New South Wales, Canberra, and New Zealand. The Committee intends that the tour will provide the opportunity to meet with the following people:

### *SOUTH AUSTRALIA*

Representatives of the Legislative Assembly Standing Committee on Economics and Finance.  
Representatives of the South Australian Commission of Audit.  
Dr Peter Boxall, Under Treasurer.  
Mr Ken MacPherson, Auditor General.

*VICTORIA*

Representatives of the Public Accounts Committee.

Dr Michael Vertigan, Head of Department of Treasury/Finance.

Mr C. Baragwanath, Auditor General.

Professor Bob Officer, author of the report of the Victorian Commission of Audit, Graduate School of Management, Melbourne University.

*NEW SOUTH WALES*

Representatives of the Public Accounts Committee.

Mr Michael Lambert, Office of Financial Management, Treasury.

Mr Tony Harris, Auditor General.

*CANBERRA*

Representatives of the Senate Standing Committee on Finance and Public Administration.

Mr Ted Evans, Secretary, Department of Treasury.

Mr Steve Sedgwick, Secretary, Department of Finance.

Mr Bill Nelson, Acting Auditor General.

*NEW ZEALAND*

Representatives of the Finance and Expenditures Committee.

Dr Murray Horn, Secretary, Department of Finance.

Mr David MacDonald, Auditor General.

The Committee intends to conduct the tour from 28 May 1995 - 7 June 1995. The following Committee members will be attending:

Hon Murray Montgomery MLC (Chairman)

Hon Bob Thomas MLC

Hon Muriel Patterson MLC

Hon Iain MacLean MLC.

Hon Mark Nevill MLC has indicated his apologies for the tour. The Committee will be assisted by the Committee's Advisory/Research Officer.

The cost of the airfares for the five people travelling is estimated at \$15,000. The accommodation expenses plus incidental costs is estimated to be \$13,500. The total cost of the tour will be \$28,500.

**PREVIOUS REPORTS OF THE COMMITTEE**

First Report: 1990/91 Budget Estimates - November 1990.

Second Report: 1991/92 Budget Estimates - November 1991.

Third Report: Leasing of Computer Equipment for the Legislative Council - February 1992.

Fourth Report: 1992/93 Budget Estimates - November 1992.

Fifth Report: Programme Undertaken During 1992.

Sixth Report: 1993/94 Budget Estimates - December 1993.

Seventh Report: Public Submissions 1993/94 - April 1994.

Eighth Report: The Review of the Consolidated Fund Estimates 1994/95.

Ninth Report: The Consolidated Fund Estimates 1994/95.

Tenth Report: Performance Indicators.