



THIRTY-EIGHTH PARLIAMENT

REPORT 28

**STANDING COMMITTEE ON ESTIMATES AND
FINANCIAL OPERATIONS**

**ANNUAL HEARINGS IN RELATION TO THE
BUDGET ESTIMATES 2010/11**

Presented by Hon Giz Watson MLC (Chair)

August 2010

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

Date first appointed:

30 June 2005

Terms of Reference:

The following is an extract from Schedule 1 of the Legislative Council Standing Orders:

“2. Standing Committee on Estimates and Financial Operations

2.1 *An Estimates and Financial Operations Committee* is established.

2.2 The Committee consists of 5 Members, 3 of whom shall be non-government Members.

2.3 The functions of the Committee are to consider and report on -

- (a) the estimates of expenditure laid before the Council each year;
- (b) any matter relating to the financial administration of the State;
- (c) any bill or other matter relating to the foregoing functions referred by the House;
- (d) to consult regularly with the Auditor General and any person holding an office of a like character.”

Members as at the time of this inquiry:

Hon Giz Watson MLC (Chair)

Hon Philip Gardiner MLC (Deputy Chair)

Hon Ljiljana Ravlich MLC

Hon Ken Travers MLC

Hon Liz Behjat MLC

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REPORT OF THE STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

ANNUAL HEARINGS IN RELATION TO THE BUDGET ESTIMATES 2010/11

1 REFERENCE AND PROCEDURE

The estimates of expenditure

- 1.1 Government revenue goes into the Consolidated Account¹, which is the major source of funding for the State Public Sector.² The ‘estimates of expenditure’ comprise the Appropriation (Consolidated Account) Bills and the supporting documentation (**Budget Papers**). These are presented to the Parliament on an annual basis in order that Government may access or ‘appropriate’ money from the Consolidated Account to fund expenditure by the Government over a given financial year.³
- 1.2 It is a function of the Estimates and Financial Operations Committee (**Committee**) to consider and report to the Legislative Council (**Council**) on the estimates of expenditure laid before the Council each year.⁴
- 1.3 This report relates to the Annual Hearings held in relation to the Budget Estimates for 2010/11.⁵

The Committee’s approach

- 1.4 The Committee adopted a Budget Estimates Hearings approach for its consideration of the estimates of expenditure laid before the Council each year as follows:
 - i) hearings held throughout the year (**Ongoing Hearings**); and
 - ii) hearings held soon after the Budget Papers are tabled in the House, over one to three consecutive days (**Annual Hearings**).
- 1.5 In the past estimates hearings have been held annually, over three to four days, during which Members of the Council (**Members**) could ask questions relating to the Budget

¹ Subsequent to the assent of the *Financial Management Act 2006* on 21 December 2006, the Consolidated Fund is now called the Consolidated Account.

² The major revenue sources for the Western Australian Government include taxes, imposts, fines, rates, duties, royalties and Commonwealth Government grants: section 64, *Constitution Act 1889*, and section 8 of the *Financial Management Act 2006*.

³ Section 72, *Constitution Act 1889*.

⁴ Term of reference 2.3a.

⁵ The 2010/11 Budget Statements were tabled in the Legislative Council on 20 May 2010. The Appropriation (Consolidated Account) Capital 2010-11 Bill 2010 and the Appropriation (Consolidated Account) Recurrent 2010-11 Bill 2010 were assented to on 7 July 2010.

Papers. In 2005, the Committee changed this practise and commenced a program of ongoing estimates hearings throughout the year which is supplemented by a one day session of 'traditional' annual estimates hearings (concentrating solely on the contents of the Budget Papers) held between the time of the tabling of the Budget Papers and the passing of the Appropriation (Consolidated Account) Bills in the Council.

- 1.6 The Annual Hearings aid the Committee in identifying issues for further inquiry during its Ongoing Hearings. The hearings also provide Members with the opportunity to ask questions on the Budget at a time when it is most relevant, that is before the Appropriation Bills are passed.
- 1.7 In 2006, the Committee resolved that during the Annual Hearings questions must relate to the Budget Papers only, due to the limited time and purpose it had allocated to the hearings. In the Committee's view the Ongoing Hearings are the appropriate fora for Members to pursue wider issues regarding financial management through the Committee.

2 ANNUAL HEARINGS

- 2.1 To assist the Committee in determining which agencies to examine, the Committee corresponded with all Members. Forms were distributed to Members asking them to nominate the agencies they would like to appear.
- 2.2 The Committee received ten responses nominating 23 different agencies to appear. Of these, six agencies were included in the Committee's program for its Annual Hearings. The remaining 17 agencies will be included in the Committee's program for its Ongoing Hearings.
- 2.3 The Committee sought to give priority to the portfolios of the Ministers in the Council.
- 2.4 Details of the hearings were placed on the parliamentary website (www.parliament.wa.gov.au).
- 2.5 The Annual Hearings were held on 16 June 2010. The Committee heard from the following agencies:
- Western Australia Police
 - Department of Corrective Services
 - Department of Education
 - Department of Environment and Conservation
 - Swan River Trust

- Department of Mines and Petroleum

- 2.6 The Committee observed a Procedure Policy for the conduct of the hearings. The Procedure Policy is attached at **Appendix 1**.
- 2.7 All Members were notified of the hearings and invited to participate.
- 2.8 All of the hearings were public and the proceedings were recorded by *Hansard*. Full transcripts of the evidence taken at the hearings can be found at the Committee's web page.⁶

Questions on notice

- 2.9 In accordance with the Procedure Policy, the Committee invited Members to submit questions on notice prior to the hearings. Two Members submitted questions on notice prior to the hearings and the answers were provided to the Members prior to the hearings.
- 2.10 During the Annual Hearings a number of questions were taken on notice.
- 2.11 Where a Member was unable to ask all their questions in the scheduled period, they were provided with the opportunity to submit those questions in writing at the end of the hearing.
- 2.12 Copies of the questions and answers can be found on the Committee's web page.⁷

Subjects covered during the hearings

- 2.13 This section provides a point form summary of some of the subjects that were raised during the Annual Hearings. Refer to the transcripts of evidence and supplementary information for a complete record of the hearings.⁸

Western Australia Police

- increase in detection and dismantling of clandestine drug laboratories
- funding for DNA testing
- survey of community perception of crime problems in their neighbourhood
- enforcement of hoon legislation

⁶ <http://bit.ly/cSNMBq> (current at 1 July 2010).

⁷ Ibid.

⁸ Ibid.

- media monitoring of reporting of hoon legislation
- funding for the emergency communications network
- Perth vs regional radio network expansion
- cannabis law reform
- Geraldton Police and Community Youth Centres (**PCYC**) program
- funding to Constable Care and Police Rangers
- Rockingham PCYC program
- Perth police complex
- police officers and police auxiliary officers in the South West
- cost impact of the Commonwealth Heads of Government meeting in Perth on Western Australia Police
- budget allocation for the operational costs of the new helicopter
- sale of Subiaco and Cottesloe police stations
- police station closures
- police staff numbers
- gender and diversity of police staff
- digitising of speed and traffic light cameras
- upgrades to police stations
- forensic services
- graffiti task force

Department of Corrective Services

- funding to the Geraldton Aboriginal Streetwork Aboriginal Corporation
- alcohol and other drug programs within prisons
- literacy and educational programs

-
- decrease in capital appropriation over the forward estimates
 - management of over-capacity in prisons
 - cell ligature points
 - pastoral care for prisoners with religions other than Christianity
 - increase in the recidivism rate for juveniles
 - offender program service delivery
 - recruitment of additional prison officers
 - funding allocation to the juvenile justice team
 - funding for additional staff for new facilities currently under construction
 - double-bunking
 - funding allocation for cannabis law reform

Department of Education

- reasons the three per cent efficiency dividend target was not met
- funding variation for education assistants, cleaners, gardeners, enterprise bargaining agreement
- funding for english as a second language support for the children of temporary 457 visa holders
- sources of funding for capital works program
- increase in allocation for amounts authorised by other statutes
- salary and on costs for the senior executive
- additional full time equivalents (FTEs)
- recovery of moneys from the Commonwealth
- determination of funding and staffing allocation to schools
- cost of increasing kindergarten hours from 11 to 15 hours per week
- senior school allocation funding

- funding models for each school
- additional funding to district high schools for years 11 and 12
- social issues of students at school
- breakfast clubs
- refurbishment and maintenance of schools
- new funding for indigenous students at district high schools
- reclassification of Kununurra District High School
- funding allocation to Bullsbrook District High School
- independent public schools initiative
- funding for students identified as carers
- funding for students with disabilities
- schools plus funding
- school charge for School of Isolated and Distance Education (SIDE)
- Dalyellup College funding for stage II works

Department of Environment and Conservation

- grant savings
- recashflow of the Kimberley Science and Conservation Strategy
- recashflow of the Low Emissions Energy Development (LEED) Fund
- funding allocation for voluntary severance
- funding for the tourism road improvement program, conservation parks infrastructure, and roads and park improvement program
- funding allocation for roads within national parks and conservation parks
- funding for biodiversity conservation and additional staffing for policing
- funding for the Nambung National Park

- expenditure for the Great Western Woodlands
- Brookdale hazardous waste facility decommissioning
- funding for the Gnangara Park development
- assistance to local governments for assessment and rehabilitation of contaminated sites
- funding to the Karijini National Park
- funding allocation for conservation programs relating to the Gorgon gas project
- funding allocation to the Araleun Botanic Park
- Bellevue site remediation
- implementation of recommendations of the report into dolphin deaths
- funding allocations to Camden Sound
- works undertaken on the Walpole and Nornalup Marine Parks
- assessment of the percentage of LEED fund milestones achieved within targeted timeframe key effectiveness indicator
- funding allocation for bushfire suppression
- Bush Forever sites

Swan River Trust

- cost implications of adoption of recommendations of the report into dolphin deaths
- environmental education programs
- funding for small business audit
- monitoring of old contaminated landfill sites
- proportion of nutrient load estimated to come from residential vs commercial/farming
- funds from the Burswood Casino levy

- funding allocation to State Natural Resource Management
- risks to the river foreshore
- audits undertaken by the Trust on local government activities
- locations of public sewerage tanks for boats
- funding allocation to the Bingham Road creek artificial wetland
- requirements for the use of fertilizers in the Bingham Road catchment

Department of Mines and Petroleum

- increase in FTEs for the Department's Resources Safety Division
- attraction and retention of staff strategies
- funding allocation for regulating the introduction of uranium mining
- managing environmental and occupational health and safety concerns regarding uranium mining
- compliance with the radiation protection series
- benefits to the State and industry from the exploration incentive scheme
- regulatory barriers that are inhibiting the progress of the regulatory framework for offshore petroleum operations
- new approach to mine safety management
- funding for exploration in the Wheatbelt
- impact of resources super tax
- exploration incentive scheme and the strategy for geological survey
- risk based evidential mine safety system and how this could be applied practically in Western Australia
- regulation of the uranium industry
- inventory of greenhouse gas emissions by point source from the petroleum, mining and gas industries
- rates for royalty income from iron ore and other minerals

- percentage reduction in mineral title application backlog key effectiveness indicator
- funding allocation to approvals process automation
- calculation of the mine safety levy
- funding for the regulation of the Gorgon gas project

3 FEEDBACK

3.1 The Committee sought feedback on the Annual Hearings, distributing a questionnaire to all Members on 17 June 2010. Four completed questionnaires were received.

3.2 Overall, the feedback received was favourable, however, criticism was expressed:

- at the period of time allocated for the hearings which did not provide sufficient opportunity for Members to ask all their questions;
- that not enough time was allocated to non-Committee Members to ask questions; and
- at the number of ‘Dorothy Dix’ questions asked by Government Members.

Committee comment

3.3 The Committee was pleased with the conduct of the hearings, the level of attendance at the hearings and Member participation. A good cross-section of questions were asked by both Government and non-government Members and a large number of issues were canvassed in the course of the proceedings.

3.4 The Committee is committed to continually reviewing and refining its processes to ensure that an effective and worthwhile estimates process is conducted. To this end, the Committee will continue to consult with Members to improve the process.



Hon Giz Watson MLC
Chair

Date: 19 August 2010

APPENDIX 1

PROCEDURE POLICY

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

2010/11 ANNUAL BUDGET ESTIMATES HEARINGS PROCEDURE POLICY

- 1. CONDUCT OF THE 2010/11 BUDGET ESTIMATES HEARINGS**
 - 1.1 The Estimates and Financial Operations Committee (Committee) has the function of considering the estimates of expenditure laid before the Council each year. The conduct of the estimates hearings is determined by the Committee in accordance with the Standing Orders of the Legislative Council.
 - 1.2 A Member of the Committee will preside over the estimates hearings and has those powers necessary or incidental to the maintenance of the orderly conduct of its proceedings.
- 2. SELECTION OF AGENCIES TO BE REVIEWED**
 - 2.1 The Committee will determine which departments/agencies are to be reviewed. To assist the Committee in making its determination, a survey will be distributed amongst all Members of the Legislative Council inviting suggestions. Members will be requested to advise the Committee of any specific area of interest with the department/agency, to ensure the attendance at the hearings of the relevant departmental/agency staff.
- 3. CIRCULATION OF NOTICES, INVITATIONS AND PROCEDURAL GUIDELINES PRIOR TO THE HEARINGS**
 - 3.1 At the earliest possible opportunity, the Committee will issue notices, invitations and procedural guidelines as follows:
 - a) an invitation to the Chief Executive Officer (CEO) and the responsible Minister/Parliamentary Secretary for each department/agency to be examined by the Committee to attend the estimates hearings, including the date and time of the hearing and this Procedure Policy; and
 - b) a notice to all members of the Legislative Council advising of the estimates hearings including the departments/agencies that will attend, the date and time of the hearings and this Procedure Policy.
- 4. WITNESS INFORMATION SHEET**
 - 4.1 Ministerial advisors and departmental/agency staff appearing before the Committee will be requested to complete a "Witness Information Sheet" (a copy is attached at Appendix A). All

the information sought is necessary to allow Hansard to meet various requirements involved in producing a final and correct document.

4.2 Ministerial staff cannot be a substitute for a Minister/Parliamentary Secretary at a hearing.

5. QUESTIONS ON NOTICE LODGED PRIOR TO THE ESTIMATES HEARINGS

5.1 Questions on notice may be lodged by Members of the Legislative Council with the Committee Clerk no later than **two weeks** prior to the hearings.

5.2 The procedure for handing up questions on notice is as follows:

a) questions on notice must be provided by electronic e-mail, followed by a signed hard copy, and must clearly identify:

- the name of the Member asking the question; and
- the correct name of the department/agency required to answer the question;

b) each Member may provide no more than five questions on notice to each department/agency, with each Member's list of questions for a particular department/agency not to exceed a single A4 page in length (using at least 10 point Times New Roman in accordance with Hansard's requirements); and

c) questions on notice must comply in all other respects with this Procedure Policy.

5.3 These questions will be forwarded to the department/agency via the responsible Minister. Responses to these questions are required **seven days** prior to the hearing. Upon receipt of the department/agency's written response, the Chair will distribute the response to the Member who submitted the question.

6. ASKING OF QUESTIONS

6.1 The Chair will facilitate the asking of questions by all Members present at a particular hearing (subject to time constraints).

6.2 The calling of questions is at the Chair's discretion. During the hearings, questions should be directed through, and be acknowledged by, the Chair.

6.3 Members who provide questions on notice will be given priority to ask questions after the Committee members.

6.4 Questions must relate to the 2010/11 Budget Papers and should not be:

- a) hypothetical; or
- b) questions regarding Government Policy, unless directed towards the Minister (Standing Order 331).

- 6.5 The Chair has the discretion to rule a question out of order.
- 6.6 As a general guide for Members, the rules governing questions in the Chamber will be followed (see SO 140).
- 6.7 Questions will only be permitted during the time allocated for the hearing.
- 6.8 At the Chair's discretion, if there is a reasonable number of questions outstanding at the close of a particular hearing these questions may be directed to the relevant department/agency in writing through the Chair. Outstanding questions should be handed to the Committee Clerk immediately after the close of each hearing for forwarding to the department/agency via the responsible Minister. Responses to such questions will be requested by the relevant department/agency within **five working days** of receipt of the question. Responses to questions should be in accordance with the procedure set out in Appendix B. Upon receipt of the department/agency's written response, the Chair will distribute the response to the Member who asked the question.
7. **QUESTIONS TAKEN ON NOTICE**
- 7.1 Questions that are asked during the hearings which the departmental/agency representatives then present are unable to answer prior to the end of the hearing will be taken on notice. Each question taken on notice during the hearing will be allocated a number by the Chair to facilitate identification of the question in Hansard.
- 7.2 Following each hearing, the Committee Clerk will forward a copy of all questions taken on notice, as they appear in the uncorrected Hansard, to the office of the Minister responsible for the relevant department/agency, copied to the relevant department/agency CEO. Departments/agencies responding to questions taken on notice should do so through their responsible Minister. Responses to questions should be in accordance with the procedure set out in Appendix B.
- 7.3 The department/agency's response to the questions on notice, and other supplementary information, should be provided in both hard copy and electronic e-mail, in Word format.
- 7.4 Responses are required within **five working days** of the Committee Clerk's initial forwarding date of questions to the responsible Minister. Upon receipt of the department/agency's written response, the Chair will distribute the response to the Member who asked the question.

APPENDIX A

Committee Hearings Information for Witnesses

Important: Please read the following notes before giving evidence.

Full Name: (Title) (First Name) (Last Name)

Title of Position Held:

Business Name and Address:

Telephone:

Fax:

Signature:

Date:

Introduction

1. A committee hearing is a proceeding in Parliament. As such, you must not deliberately mislead the committee and you must respect the members of the committee and the committee's orders and procedures. If you do not comply with these requirements, you may be subject to legal penalties.

What happens at a hearing?

2. Committees are made up of members of Parliament. Usually there are 5 - 8 members on a committee.
3. You will be escorted to the committee's meeting room by one of the committee's staff. After you are seated, the chairperson of the committee will ask you:
 - a. to state your full name, address and the capacity in which you appear before the committee; and
 - b. if you have read and understood these notes.
4. The chairperson may invite you to make an opening statement to the committee.
5. The chairperson will then ask you a series of questions, following which other members of the committee may ask you more questions. If other members of the Legislative Council are present, they may also ask you questions. With limited exceptions (discussed below) you must answer questions you are asked.

6. The chairperson may invite you to make any additional comments you consider necessary.

Parliamentary privilege

7. Parliamentary privilege provides protection for what is said in parliamentary proceedings, so that what is said in such proceedings may not be the basis of a suit in defamation. However, it is only the authorised Hansard report, or that of an accredited media reporter, which is protected when what is said in the proceeding is related outside the confines of Parliament. Similarly, parliamentary privilege means that what you have said to a committee cannot be used against you in a subsequent related proceeding in a court or tribunal. The purpose of parliamentary privilege is to enable parliamentarians and witnesses to speak candidly without fear of legal repercussions.

Your entitlements

8. In giving your evidence you are entitled to:
- (a) access to relevant documents;
 - (b) raise any matter of concern to you relating to evidence to be given or documents produced;
 - (c) benefit of counsel¹;
 - (d) apply for all or part of your evidence to be given in private session and for an order restricting publication of, or access to, that evidence;
 - (e) decline to answer a question or produce a document on the grounds that the question is unlawful or outside the scope of the matters in issue or under inquiry;
 - (f) be informed before your evidence is given that if part of it might incriminate you or another person, that fact should be made known to the committee before that part is actually given;
 - (g) know of and, if desired, rebut any allegations made against you whether or not those allegations amount to criminal conduct or dealing;
 - (h) a reasonable opportunity to correct errors in a transcript of evidence; and
 - (i) provide supplementary or new evidence.

Is your evidence public or private?

9. Most hearings of standing committees are public. In other words, members of the public and the media may attend the hearings and the proceedings may be reported. In contrast, most hearings of select committees are private, which means that members of the public and the

¹ This means that you are entitled to have counsel (a legal adviser) present with you to advise you. It does not mean that you are entitled to be represented by counsel who responds to the committee on your behalf.

media may not attend them. If you are uncertain as to whether your hearing is private or public, ask the committee's staff before the hearing or the chairman of the committee before you start giving evidence.

10. It is important that any request for the committee to prohibit publication of all or part of your evidence, or your identity, be made *prior* to giving the relevant evidence. You should be prepared to state why you want it confidential. If the committee grants your request, the public and media will be excluded from the hearing.
11. The committee may also decide that all, or part, of the hearing should be in private, particularly if the evidence adversely reflects on a third person or the matter being investigated is subject to legal proceedings.
12. You should note that the committee retains the power to publish any private evidence. The Legislative Council may also authorise publication. This means that even your private evidence may become public.

If you are a public servant

13. Public servants appearing before a committee in that capacity are entitled to refuse to answer questions on matters of policy. The committee must direct all such questions to the responsible Minister.

You must not disclose evidence given in private session

14. You must not publish or disclose any evidence given to a committee in private session unless that evidence has been reported to the Legislative Council in a public document. Premature publication or disclosure may:
 - a. constitute a contempt of the Legislative Council; and
 - b. mean that the publication or disclosure of the relevant material is not subject to parliamentary privilege.

Transcript of your evidence

15. A transcript of your evidence will be made and sent to you for correction of typographical and transcription errors. You should not discuss your evidence until the Hansard report is finalised. Please see the letter that will accompany the uncorrected transcript in this regard.

Threats or intimidation

16. If you have been threatened or intimidated by any person in respect of giving your evidence to the committee, you should immediately inform the committee or one of its staff.

APPENDIX B

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Ministerial officers should follow the format shown below when supplying questions on notice related supplementary information.

Wednesday, 16 June 2010

Ministry of Whatever

Question No. 171: Hon A Brown (not "the member for West Metropolitan") asked -

(1) How many officers work on subprogram 1.2?

Answer: Subprogram 1.2 does not include staffing and running costs for the latest version of the ministry's operational

(2) In which areas of the State are officers located?

Answer: ...

(3) When will the work that is expected to cost \$24,000 be completed?

Answer: ...