REPORT 38

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

ACTIVITY REPORT FOR THE PERIOD 1 JANUARY 2011 TO 30 JUNE 2012

Presented by Hon Giz Watson MLC (Chair)

November 2012
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 Liz Behjat MLC               Hon Ljiljanna Ravlich MLC
Hon Ken Travers MLC             

Staff as at the time of this inquiry:
Steve Hales (Advisory Officer)   Alex Hickman (Advisory Officer (Legal))
                                 Samantha Parsons (Committee Clerk)

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REPORT OF THE STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

IN RELATION TO THE

ACTIVITY REPORT FOR THE PERIOD 1 JANUARY 2011 TO 30 JUNE 2012

1 INTRODUCTION

1.1 This report provides an overview of the work of the Standing Committee on Estimates and Financial Operations (Committee) during the period 1 January 2011 and 30 June 2012 (report period).

Terms of reference

1.2 The terms of reference of the Committee are:

2. Estimates and Financial Operations Committee

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 –

(a) consider and report on –

(i) the estimates of expenditure laid before the Council each year;

(ii) any matter relating to the financial administration of the State; and

(iii) any Bill or other matter relating to the foregoing functions referred by the Council;

and

(b) consult regularly with the Auditor General.

Membership

1.3 The Committee comprises five members of the Legislative Council.
During the report period, the Committee comprised the following Members:

- Hon Giz Watson MLC (Chair);
- Hon Philip Gardiner MLC (Deputy Chair);
- Hon Ken Travers MLC;
- Hon Ljiljanna Ravlich MLC; and
- Hon Liz Behjat MLC.

The Committee is supported by the Legislative Council Committee Office. During the report period, the Committee was staffed at various times by:

- Steve Hales, Advisory Officer (General);
- Carolyn Malouf, Committee Clerk;
- Hannah Gough, Committee Clerk;
- Renae Jewell, Committee Clerk,
- Samantha Parsons, Committee Clerk.

Over the report period, the Committee has had an extensive workload and wishes to extend its thanks and appreciation to Committee staff for the professional and competent way in which they have enabled the Committee to undertake this workload.

ACTIVITIES OF THE COMMITTEE DURING THE REPORT PERIOD

Estimates of expenditure review

The Committee continued with its established Estimates hearings procedure for the examination of expenditure by dividing its examination into two phases:

- Annual Hearings held on consecutive days after the Budget Papers are tabled in the Legislative Council; and
- Ongoing Hearings held throughout the year¹,

as well as also extending its Estimates inquiries to cover:

¹ Note that the Committee did not hold any Ongoing Hearings in relation to the 2011/2012 Budget Estimates during the report period.
2.2 All Members of the Legislative Council were notified of all Annual and Ongoing Hearings noted below and invited to participate. 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 on the Committee’s webpage.\(^2\)

2010/2011 Budget Estimates Ongoing Hearings

2.3 The Committee conducted Ongoing Hearings in relation to the 2010/2011 Budget Estimates during the report period.

2.4 The Committee held hearings with the Department of Premier and Cabinet, following up a matter arising from an earlier hearing on 16 July 2010.

2011/2012 Budget Estimates Annual Hearings

2.5 The Committee held the Annual Hearings in relation to the 2011/2012 Budget Estimates on 30 May, 14-16, 20 and 27 June 2011 and heard from 17 agencies.

2.6 The Committee sought feedback on the Annual Hearings, distributing a questionnaire to all Members on 29 June 2011. The feedback received was mostly positive and indicated a strong preference for the concentrated period of hearings.

2.7 The Committee was generally pleased with the conduct of the hearings, the level of attendance and Member participation, the quality of the answers during the hearings as well as those taken on notice.

2.8 Regarding the timeliness of responses to questions on notice, the Committee makes the following comment.

- There were a number of Ministers and agencies that provided complete and prompt responses. However, there were a number of Ministers who did not provide answers in a timely manner or failed to provide complete answers. The Committee emphasises the importance for agencies to submit complete answers within ten working days of receiving the questions. If this is not possible, agencies must advise the Committee within two working days which answers to questions cannot be provided by this deadline.

The Committee requests the Premier remind his Ministers of the obligations to provide full, frank and timely responses to questions taken on notice.

When an objection is made to answering a question or producing a document on the basis that it is commercial in confidence, such information should still be provided to the Committee and be accompanied by a request that the information be kept confidential and the reasons why, for the Committee’s consideration. The Committee recognises the basis of these requests and has granted them on all occasions where appropriate justification has been provided.

The Committee held the Annual Hearings in relation to the 2012/2013 Budget Estimates on 5 - 8, 11, 18, 22 and 25 June 2012 and heard from 15 agencies.

Annual reports are an important tool in assisting the public’s understanding of the operations of government agencies, as well as ensuring financial and performance accountability to Parliament. The Committee scrutinises Annual Reports to identify matters of public interest and holds hearings to question government agencies on such matters.

All Members of the Legislative Council were notified of the hearings noted below and invited to participate. 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 on the Committee’s webpage.

The Committee notes it has been beneficial to conduct hearings in non-sitting weeks to avoid concentrating too many hearings in sitting weeks.

The Committee conducted ongoing hearings into agency Annual Reports for the 2009/2010 financial year.

The Committee reviewed the Annual Reports of five agencies.

On 19 September 2011 the Committee resolved to hold hearings into agency Annual Reports for the 2010/2011 financial year.

The Committee reviewed the Annual Reports of 21 agencies.
Inquiry into Western Australian Tourism Commission’s Involvement in Major Tourism Events

2.19 On 21 February 2011, the Committee commenced an inquiry into Western Australian Tourism Commission’s (Tourism WA) involvement in major tourism events.

2.20 This inquiry’s principal focus was to determine whether the Western Australian Tourism Commission’s sponsorship of the One Movement for Music Festival represented value for money for the taxpayer. In this regard, the Committee’s main focus was on the public outcomes that were achieved in sponsoring the event.

2.21 The inquiry arose out of information sought by the Committee from Tourism WA, as part of the 2010/2011 Budget Estimates Hearings, regarding the One Movement for Music Festival and the dissatisfaction of the Committee with answers provided by Tourism WA.

2.22 The Committee tabled its report on 1 December 2011 and found that:

> although the Western Australian taxpayer received value for money from Tourism WA’s sponsorship of the One Movement Music Festival because it achieved an independently measured positive tourism return on investment, One Movement Pty Ltd suffered unsustainable financial losses in staging the event; therefore, the value of the festival to the Western Australian economy as a whole is open to question.

2.23 The report contained the following recommendations:

- The Committee recommends that during future contract negotiations Tourism WA seeks stronger safeguards in matching the timing of milestone payments with the timing of the contractual performance delivery of the event.

- The Committee recommends that in future, Tourism WA ensure that all material supporting agreements are consistent throughout, formally executed and give proper effect to the main contract.

- The Committee recommends that due to the high financial risk of many major tourism events that, as a matter of urgency, Tourism WA produce a policy that sets out the minimum standards required for due diligence.

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3 Western Australia, Legislative Council, Standing Committee on Estimates and Financial Operations, Report 35, Inquiry into Western Australian Tourism Commission’s Involvement in Major Tourism Events, 1 December 2011.

4 Hon Giz Watson MLC, Western Australia, Legislative Council, Parliamentary Debates (Hansard), 1 December 2011, p10291.
The Committee recommends that Tourism WA should review its methodology of calculating economic value to the State from visitor numbers.

2.24 The Committee expressed the view that the main outcomes of the One Movement for Music Festival were:

- The public tourism-related benefits were reasonably close to those forecast for the event.
- Although event attendances were poor, there were some positive artistic benefits from staging the event.
- The most significant adverse outcome of the One Movement for Music Festival was the financial loss incurred by One Movement Pty Ltd in establishing, promoting and staging the One Movement for Music Festival in 2009 and 2010.5

2.25 The Government responded to the report’s recommendations on 28 March 2012.6 Three recommendations were fully supported and one partly supported.7

The Auditor General

2.26 The Committee received briefings from the Auditor General on 4 April 2011, 31 October 2011 and 4 April 2012. These briefings covered a number of matters, including:

- Current audit issues and forward audit programme;
- Review of the Auditor General Act 2006 (WA); and
- The proposal to establish a Joint Standing Committee on Audit.

Hearings in relation to funding for the Non-Government Community Sector

2.27 The Committee held public hearings with the Departments of Treasury, Finance and Premier and Cabinet on 23 April 2012 to question these agencies about the increased funding in the 2011/2012 State Budget for the non-government community sector and in particular:

- the administration and use of funding by non-government organisations;

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6 Tabled in the Legislative Council on 28 March 2012.
7 Ibid, p1.
• how the Government is monitoring the implementation of its 2011/2012 budget initiative;

• who is monitoring the 2011/2012 budget initiative; and

• what reporting mechanisms are in place to demonstrate that this funding has been used appropriately.

Miscellaneous

2011 Australasian Council of Public Accounts Committees Conference

2.28 The 11th biennial Australasian Council of Public Accounts Committees (ACPAC) Conference was held in Perth from 27 to 30 April 2011 and was attended by Committee members and staff. The theme of the conference was ‘Seeking Improved Performance for Public Accounts Committees’.

2.29 Hon Giz Watson MLC co-chaired the conference (together with Hon John Kobelke MLA) as well as taking part in various sessions.

2.30 A report on the ACPAC Conference was tabled in the Legislative Assembly on 26 May 2011 by the Public Accounts Committee.8

Public accessibility of Committee hearings

2.31 It is important to ensure Committee hearings are as accessible to the public as possible. This is an important priority for the Committee.

Media coverage

2.32 The Committee was pleased with the media coverage given to Estimates and other hearings during the report period, which assisted in raising public awareness of the important issues raised during these hearings.

Transcripts of hearings

2.33 Uncorrected transcripts of public hearings are now being placed on the Committee’s webpage as soon as they are available, improving public accessibility.

3 Statistics

Reports tabled

3.1 The Committee tabled four reports during the report period, as follows:

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Estimates and Financial Operations Committee


- Report 34: *Interim Report of the Inquiry into the Western Australian Tourism Commission’s Involvement in Major Tourism Events: Request for A Member of the Legislative Assembly to Appear before the Committee*, tabled on 12 April 2011; and

- Report 35: *Inquiry into Western Australian Tourism Commission's Involvement in Major Tourism Events*, tabled on 1 December 2011.

Meetings and hearings

3.2 A summary of key activities undertaken by the Committee during the report period is outlined in the charts below. These demonstrate the extensive workload of the Committee. For example, the number and hours of Committee meetings, especially in June and November in 2011 and 2012 (Budget Estimates and Annual Agency hearings respectively) were significant.

Chart 1: Number of Committee meetings held during the report period.
Chart 2: Number of hours of Committee meetings held during the report period.

Chart 3: Number of witnesses appearing before the Committee during the report period.

Hon Giz Watson MLC
Chair

Date: 27 November 2012