PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

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Parliament of Victoria
Public Accounts and Estimates Committee
2007-08 Annual Report
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Public Accounts and Estimates Committee
Membership – 56th Parliament

Bob Stensholt MP (Chair)
Kim Wells MP (Deputy Chair)
Greg Barber MLC
Richard Dalla-Riva MLC
Wade Noonan MP*
Janice Munt MP
Martin Pakula MLC
Gordon Rich-Phillips MLC
Robin Scott MP
Bill Sykes MP

* This member was appointed to the Committee on 27 February 2008 by the Legislative Assembly following the resignation of Judith Graley MP.

The Committee was supported by a Secretariat comprising:

<table>
<thead>
<tr>
<th>Executive Officer:</th>
<th>Valerie Cheong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Research Officers:</td>
<td>Kristopher Waring (seconded)</td>
</tr>
<tr>
<td></td>
<td>Vicky Delgos</td>
</tr>
<tr>
<td>Research Officers:</td>
<td>Ian Claessen</td>
</tr>
<tr>
<td></td>
<td>Charlotte Jeffries (seconded)</td>
</tr>
<tr>
<td></td>
<td>David Baker</td>
</tr>
<tr>
<td>Specialist Advisors:</td>
<td>Joe Manders</td>
</tr>
<tr>
<td></td>
<td>Leah Brohm</td>
</tr>
<tr>
<td></td>
<td>Russell Walker</td>
</tr>
<tr>
<td>Business Support Officer (Acting):</td>
<td>Natalia Peric</td>
</tr>
</tbody>
</table>
Members of the 56th Parliament Public Accounts and Estimates Committee:

Front Row (left to right): 
*Martin Pakula MLC, Bob Stensholt MP (Chair), Bill Sykes MP, Janice Munt MP, Richard Dalla-Riva MLC*

Back Row (left to right):  
*Robin Scott MP, Wade Noonan MP, Kim Wells MP (Deputy Chair), Greg Barber MLC, Gordon Rich-Phillips MLC*
I am pleased to present the 2007-08 Annual Report of the Public Accounts and Estimates Committee. As the Committee was formed in March 2007, this report marks the first full year of the Committee's operation.

Unlike public sector agencies, there is no statutory obligation for an annual report to be prepared for the Committee, but because of the nature and significance of its mandate, the Committee has elected to continue with its annual reporting practice.

The Committee has continued with its annual core program of examining the budget estimates and financial and performance outcomes and undertaking its legislative responsibilities connected with the operations of the Victorian Auditor-General’s Office. The Committee has also been particularly active in expanding its areas of scrutiny by commencing a new process for following-up the findings and recommendations of the Auditor-General with government agencies.

The year also saw a landmark change, compared to previous years, in that a more comprehensive and systematic investigation of financial and performance issues in consort with the government’s Growing Victoria Together stated policy outcomes have been adopted for its first Report on Financial and Performance Outcomes, spanning 2005-2006 and 2006-2007.

Key activities that have occurred during 2007-08 included the following:

- Report on the 2007-08 Budget Estimates – Part Three (September 2007);
- questionnaires and supplementary Questionnaires developed and sent to Ministers, Departmental Secretaries, the Auditor-General and Chief Executives of related major public entities as part of the 2006-07 Financial and Performance Outcomes Inquiry (over September 2007 – November 2007);
- Report on Trustee Arrangements for Governing the Parliamentary Contributory Superannuation Fund (October 2007);
- 2006-07 Annual Report (October 2007);
- prioritisation of follow-up reviews of the findings and recommendations of the Auditor-General’s reports tabled between July 2006 and February 2007 (“Round One”) and agreement to the Auditor-General’s request for the inclusion within Round One of an earlier follow-up of the New Ticketing System Tender audit report (February 2008);
- agreement to a detailed scope and terms of reference for a new self-referenced Inquiry into Victoria’s Public Finance Practices and Legislation (February 2008);
- questionnaires developed and sent to the Auditor-General, Departmental Secretaries and other relevant stakeholders on priority reviews on the findings and recommendations of the Auditor-General’s audit reports relating to Government Advertising, the New Ticketing System Tender and the Condition of Public Sector Residential Aged Care Facilities (March 2008);
- conduct of public hearings in relation to priority reviews on the findings and recommendations of the Auditor-General’s audit reports relating to Government Advertising, the New Ticketing System Tender and
the Condition of Public Sector Residential Aged Care Facilities (over March 2008 and April 2008);

- questionnaires developed and sent to Ministers, Departmental Secretaries, the Auditor-General and Chief Executives of related major public entities as part of the Inquiry into the 2008-09 Budget Estimates (March 2008);

- Report on Strengthening Government and Parliamentary Accountability in Victoria (April 2008);

- Report on the 2006-07 Financial and Performance Outcomes (May 2008);

- co-hosting the 2008-09 State Budget Briefing for Parliamentarians with the Department of Treasury and Finance (May 2008);

- conduct of public hearings with Ministers and Presiding Officers of Parliament for the 2008-09 Budget Estimates Inquiry (over May 2008 and June 2008);

- Report on the 2008-09 Budget Estimates – Part One (May 2008);

- call for public submissions into Victoria’s Public Finance Practices and Legislation (May 2008); and


Unfortunately, the Committee’s Report on the 2007-08 Budget Estimates – Part Three was leaked to the press prior to its presentation to Parliament and an article published highlighting a minority report. This was a regrettable breach of parliamentary privilege. The Committee has asked in this report for improved protocols in handling draft reports once agreed or completed by the Committee, including minority reports prior to publishing and tabling in Parliament.

In terms of new key activities to be undertaken in the forthcoming year, the Committee plans to:

- consult with relevant stakeholders on its preliminary findings on its Inquiry on Victoria’s Public Finance Practices and Legislation;

- conduct a possible Inquiry into amendments to the Audit Act 1994 and related legislation; and

- conduct research into alternate sources of long term funding for capital investment projects.

The Committee would also like to take this opportunity to express its sincere appreciation for the hard work and positive contribution of Judith Graley MP towards the achievements of this Committee of the 56th Parliament. Ms Graley was appointed to the Committee on 1 March 2007 and resigned on 26 February 2008, due to unexpected circumstances.

Mr Wade Noonan MP was appointed by the Legislative Assembly to the Committee on 27 February 2008. During the year, the resources of the Committee’s secretariat were expanded in order to accommodate its new directions, much increased workloads and improvements in expected outcomes. The Premier agreed to an additional $359,000 each year on an on-going basis from 2007-08 to be allocated to this Committee to help it recruit suitably qualified research staff and to help meet its increased outputs.

The recruitment of additional high level research staff resources and expanded accommodation needs have been largely successfully managed by the Committee’s Executive Officer.

Once again this year has been successful in terms of completing a very challenging work program and providing value added reports to the Victorian Parliament. I would like to thank the members of the Committee for their continued cooperation and support and the dedication and exemplary work ethic shown by the members of the Committee’s secretariat.

Bob Stensholt MP
Chair
Background

The Public Accounts and Estimates Committee is at joint house investigatory committee of the Victorian Parliament constituted under the Parliamentary Committees Act 2003. The Committee is unique in Australia and indeed in most other international jurisdictions with Westminster systems, because only in Victoria, has this Committee the distinction of dual responsibilities for scrutinising both the public accounts and the budget estimates.

The Committee’s responsibilities

The responsibilities and functions of the Public Accounts and Estimates Committee are to inquire into, consider, and report to Parliament on:

- any proposal, matter or thing concerned with public administration or public sector finances;
- the annual estimates or receipts and payments and other budget papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council;
- any proposal, matter or thing that is relevant to its function and has been referred to the Committee by resolution of the Legislative Council or the Legislative Assembly or by order of the Governor in Council published in the Government Gazette; and
- various statutory responsibilities in relation to the activities, performance and statutory functions of the Office of the Auditor-General under the Audit Act 1994.

The current Committee of the 56th Parliament was established as a ten member Committee by the Parliamentary Legislation Amendment Act 2007. The Committee has members from the Australian Labor Party, the Liberal Party, the National Party and the Greens and both houses of the Parliament are represented on the Committee. Its Chair, Bob Stensholt MP and Deputy Chair Kim Wells MP were elected to their respective positions on 5 March 2007.
Public accounts function

Under this function, the Committee is empowered to undertake any inquiry, by referral into aspects of public finances or public sector administration or emerging public policy issues related to public funding and investment.

Special Inquiries:

Over 2007-08, the exercise of this function culminated in the Committee tabling two special inquiry reports in relation to:

- Trustee Arrangements for Governing the Parliamentary Contributory Superannuation Fund; and
- Strengthening Government and Parliamentary Accountability on Victoria.

The public accounts function also effected the Committee’s self-referral for a current inquiry in 2008 into Victoria’s Public Finance Practices and Legislation.

A major core deliverable engendered by this function is the Committee’s annual inquiry into the Financial and Performance Outcomes.

Reviewing financial and performance outcomes:

The Committee undertakes a planning and review process in October/November with the Committee seeking information from departments on the outcomes of the previous financial year. This process involves a review of the government’s annual and quarterly financial reports, the annual reports of departments and agencies, the Auditor-General’s report on the annual finances of the state of Victoria and a review of corporate and business plans. Questionnaires are forwarded to all departments seeking information on financial and performance outcomes for departments and related agencies. After responses are received, the Committee prepares a report on financial and performance outcomes which is tabled in May.

This review focuses on gaining insight into the operational and performance achievements of departments and material agencies over the previous financial year and complements the Committee’s other core function on the Budget estimates. The review of financial and performance outcomes enhances the accountability of departments/agencies and aims to provide Parliament with meaningful information about performance results achieved on varied areas of performance and financial results compared with the results expected or previously projected by agencies.

Reviewing reports of the Auditor-General:

In exercising its public accounts function, the Committee can also conduct follow-ups of the tabled performance audit reports of the Auditor-General. This year, the Committee for the 56th Parliament has implemented a pro-active rolling program to review all reports on a six monthly basis, beginning with reports tabled between July 2006 and February 2007. The Committee conducts hearings in relation to what it considers as ‘priority one’ follow-ups of the findings and recommendations of the Auditor-General’s reports. In so doing it invites relevant stakeholders as witnesses, including the Auditor-General, Departmental Secretaries and key experts.

Estimates function

Reviewing the budget papers and related documents:

This is a significant core function of the Committee’s where it undertakes a detailed review of the government’s budget and conducts public hearings with Ministers and Departmental Secretaries on their forward budgeted initiatives, programs and capital projects. The Committee seeks information from departments about proposed government funding, expenditure and expected departmental outputs. After the annual budget is delivered by the Treasurer of Victoria, public hearings are held in May and June with the Premier, the Presiding Officers of Parliament and all Ministers and senior departmental officers.

Before the Budget is released by the Treasurer, the Committee develops and forwards a questionnaire to all departments seeking additional information and explanation to the details that will be provided in the budget papers.
The Committee’s objective in its scrutiny of the budget estimates is to:

- constructively contribute to improving the presentation of budget information to Parliament and the community of Victoria;
- facilitate a greater understanding and transparency of the budget estimates;
- encourage clear, full and precise statements of the government’s objectives and planned budget outputs and outcomes; and
- encourage economical, efficient and effective public administration of resources.

The aim of the Committee is to table a full report of the hearings to facilitate debate on the appropriation bills in the Parliament, and then follow this up with a more detailed analytical report.

Auditing function

The Committee has auditing functions in relation to:

(a) recommending the appointment of the Auditor-General and the independent auditors of the Auditor-General’s Office (both financial and performance); and

(b) considering and reporting to Parliament on the budget estimates and the annual plan of the Auditor-General’s Office.

The Committee:

- also has a consultative role in determining the objectives and terms of reference of performance audits and identifying any particular issues that need to be addressed as part of the audits and in advising the Auditor-General on the audit priorities for the year; and

- can also exempt, if necessary, the Auditor-General from any legislative requirements applicable to government agencies on staff employment conditions and financial reporting practices.
The Committee’s operations

The Committee’s yearly program of activities, reviews and inquiries has its basis in statute. As part of its function as public accounts scrutineer on behalf of Parliament, its work program is also generated by the Parliamentary financial and related reporting activities of public-funded departments, entities and the Auditor-General.

To assist in the effective operation of its demanding work program, the Committee appoints Sub-Committees such as its Audit Sub-Committee to consider performance audit specifications and other matters relating to the auditing functions of the Victorian Auditor-General’s Office (VAGO).

The Committee conducts public hearings for its inquiries into budget estimates and for its other specialised inquiries.

All reports and discussion papers are considered and finalised by the full Committee before being be tabled in Parliament or released for public distribution.

In the facilitation and execution of its intensive and varied program of research, inquiry related activities and Parliamentary reporting for enhancing public accountability, the Committee is assisted by a Secretariat, led by an Executive Officer. The Secretariat staff includes research officers, specialist advisors, a Business Support Officer and a Desktop Publisher and Administration Officer.

The section later in this report on PAEC Budget and Expenditure provides more information and analysis.

The Committee’s website is a wealth of information on its roles and functions, members, details of past and current inquiries, hearing dates, transcripts of hearings, submissions from the public, electronic versions of the latest reports, and the government’s responses to any recommendations contained in those reports.

The Committee’s web address is: www.parliament.vic.gov.au/paec

The email address is: paec@parliament.vic.gov.au

The cost of producing this report was approximately $4,813.
Accountability for performance

Improving government accountability and performance

The Public Accounts and Estimates Committee scopes and plans its work each year and for each inquiry. It takes into account the achievement of its vision and mission statement.

Vision and mission statement

The Committee's vision is:

Making a difference for the people of Victoria by contributing to accountable and well performing government.

The Committee's mission is:

On behalf of the Parliament and the people of Victoria, to scrutinise and assess government accountability and performance, and promote improvements where necessary.

Working to improve government accountability and performance

The Committee's primary purpose is to contribute to improved accountability and performance throughout the Victorian public service through the independence of its assessments. The Committee's reports provide assurance to Parliament and the public on matters relating to public sector management and practices, and offer recommendations for improving future performance.
Impacts on Performance

Events impacting on the Committee's performance in 2007-08 relate to the:

- competitive and tight labour market for appropriately qualified and experienced staff (e.g. Economists, Accountants and Auditors) to fill senior research positions within restricted salary bands in the Secretariat, leading to a six-month delay in recruitment and a shortage of skilled staff to relieve the demanding workloads of existing staff;

- limited capacity of the specialist advisory market to undertake within a reasonable timeframe, comprehensive studies in the suitability of use of multifactor productivity and labour productivity measures in the public sector; and

- the commitment of time and additional resources in accelerating a follow-up review of the findings and recommendations of the Auditor-General's findings and recommendations on the New Ticketing System Tender, following the Committee's consideration of a request to do so by the Auditor-General. This review was originally scheduled for the third quarter 2008-09.
**Table 1: Public Accounts and Estimates Committee – Work plan and performance targets for 2007-08 and 2008-09**

**Strategy**  
(i) Examine significant public sector financial and management issues by:  
– maintaining Committee awareness of key government policies and public sector financial management activities, practices and views  
(ii) reviewing:  
– the implementation of government policy  
– public sector internal control and risk management systems  
(iii) monitoring the impact of and government responses to reports and activities of the Auditor-General, and take further action if required  

**Output**  
Inquiries conducted and reports tabled in Parliament

<table>
<thead>
<tr>
<th>Target 2007-08</th>
<th>Actual 2007-08</th>
<th>Target 2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table by 1 March 2008</td>
<td>Report tabled 9 April 2008.</td>
<td>n/a</td>
</tr>
<tr>
<td>Table by 30 September 2007</td>
<td>Report tabled 15 September 2007.</td>
<td>n/a</td>
</tr>
<tr>
<td>Table by 30 November 2007</td>
<td>Report tabled 11 October 2007.</td>
<td>n/a</td>
</tr>
<tr>
<td>No tabling target previously established for:</td>
<td>Report tabled 11 June 2008.</td>
<td>n/a</td>
</tr>
<tr>
<td>• Report on Trustee Arrangements for Governing the Parliamentary Contributory Superannuation Fund.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initiate two new references for inquiries by the Committee to be conducted during 2008.</td>
<td>One major new reference initiated in relation to Public Finance Practices and Legislation.</td>
<td>Initiate two new references for inquiries by the Committee to be conducted during 2009.</td>
</tr>
</tbody>
</table>
### Strategy (continued)

(i) Examine significant public sector financial and management issues by:
   - maintaining Committee awareness of key government policies and public sector financial management activities, practices and views

(ii) reviewing:
   - the implementation of government policy
   - public sector internal control and risk management systems

(iii) monitoring the impact of and government responses to reports and activities of the Auditor-General, and take further action if required

### Output (continued)

Inquiries conducted and reports tabled in Parliament

<table>
<thead>
<tr>
<th>Target 2007-08</th>
<th>Actual 2007-08</th>
<th>Target 2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Follow up reviews for at least 50% of Auditor-General reports tabled over 2006-07.</td>
<td>70% of follow-up reviews achieved for Auditor-General Reports tabled over 2006-07.</td>
<td>Complete reviews for the remainder of Auditor-General reports tabled over 2006-07. Follow up reviews for at least 60% of Auditor-General Reports tabled over 2007-08.</td>
</tr>
</tbody>
</table>

n/a

Follow up research into productivity in the public sector including a Workshop with relevant stakeholders.
Table 1: Public Accounts and Estimates Committee – Work plan and performance targets for 2007-08 and 2008-09 (continued)

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote any reforms necessary to improve accountability and performance of the financial management of the State</td>
<td>Strengthening constructive professional relationships with the Auditor-General and his Office for managing statutory functions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target 2007-08</th>
<th>Actual 2007-08</th>
<th>Target 2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>New protocol statement for enhancing relationships by mid December 2007.</td>
<td>New Protocol Statement developed by December 2007, considered and agreed between the Committee and the Auditor-General in June 2008.</td>
<td>Improved process, including adopting federal initiatives, for consideration of the annual budget and work program of the Auditor-General's Office.</td>
</tr>
<tr>
<td>Improved process, including adopting federal initiatives, for consideration of the annual budget and work program of the Auditor-General’s Office.</td>
<td>Supplementary funding not sought by the Auditor-General for 2008-09.</td>
<td>Consideration of the Auditor-General’s 2009-2010 Annual Plan by end of April 2009.</td>
</tr>
<tr>
<td>Regular three weekly briefings established between the secretariat and the Auditor-General’s Office.</td>
<td>Fortnightly meetings established between the Secretariat and Auditor-General’s Office.</td>
<td>Consideration of 100 per cent of audit specifications identified within the Auditor-General’s 2008-09 Annual Plan.</td>
</tr>
<tr>
<td>Consideration of 90 per cent of audit specifications identified within the Auditor-General’s Annual Plan.</td>
<td>Considered the overall favourable 2007 performance audit of the Auditor-General’s Office.</td>
<td>Consultation with the Auditor-General on the prioritisation of follow-up reviews of Audit Reports (tabled 2007-08), Rounds Two and Three.</td>
</tr>
<tr>
<td></td>
<td>Revised and more timely process established for the consideration of the Auditor-General’s Annual Plan.</td>
<td>Consultation undertaken with the Auditor-General in relation to:</td>
</tr>
<tr>
<td></td>
<td>Information session and presentation conducted by the EO, Committee Secretariat with staff members of the Victorian Auditor-General’s Office.</td>
<td>• a review of the Financial and Management Act 1994 as part of the Public Finance Practices and Legislation Inquiry; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• proposed amendments on the Audit Act 1994.</td>
</tr>
</tbody>
</table>
Table 1: Public Accounts and Estimates Committee –
Work plan and performance targets for 2007-08 and 2008-09 (continued)

<table>
<thead>
<tr>
<th>Strategy (continued)</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote any reforms necessary to improve accountability and performance of the financial management of the State</td>
<td>Recommendations relating to financial management issues and accountability</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target 2007-08</th>
<th>Actual 2007-08</th>
<th>Target 2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>80 per cent or better acceptance rate of recommendations was achieved in the majority of reports.</td>
<td>An average of 90% acceptance rate (in whole, in-principle or in-part) of recommendations achieved for reports.</td>
<td>80 per cent or better acceptance rate of recommendations achieved in the majority of reports.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investigate the implementation of changed legislative arrangements for the funding and accountability for other independent officers of Parliament</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target 2007-08</th>
<th>Actual 2007-08</th>
<th>Target 2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Follow up on the review of the legislative framework for enhanced reporting and appropriation funding arrangements for independent officers of Parliament to be considered by the Committee.</td>
<td>Follow-up conducted and response from the Premier considered.</td>
<td>n/a</td>
</tr>
</tbody>
</table>
Table 1: Public Accounts and Estimates Committee – Work plan and performance targets for 2007-08 and 2008-09 (continued)

**Strategy**  
Increase awareness of, involvement in, and support for the Committee’s activities by citizens, members of Parliament and the private sector

**Output**  
Timely and relevant communications with citizens, members of Parliament and the private sector

<table>
<thead>
<tr>
<th>Target 2007-08</th>
<th>Actual 2007-08</th>
<th>Target 2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports on:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| At least two new inquiries to be established for 2007-08. Terms of reference to be determined. | One major new Inquiry referenced on Public Finance Practices and Legislation. | Two new inquiries to be referenced for 2008-09.  
| New Committee website to be published by end of February 2008. | Committee website redesigned on a whole of committees’ basis, sample testing and consultations undertaken. | New website rolled out by end of June 2009, with the number of Committee website visitor sessions at least equal to 2007-08 levels.  
| Budget briefing to be held by 9 May 2008. | Budget briefing held on 8 May 2008, in conjunction the Department of Treasury and Finance. | Budget briefing to be held by 9 May 2008.  
| At least six briefings to be held with the Auditor-General and/or Executives from his Office. | Five meetings and briefings held with the Auditor-General. The Auditor-General has appeared as witness in two hearings in relation to three Priority One reviews of the findings and recommendations of his Audit reports tabled July 2006-February 2007. | At least five briefings to be held with the Auditor-General and/or Executives from his Office. |
## Table 1: Public Accounts and Estimates Committee – Work plan and performance targets for 2007-08 and 2008-09 (continued)

### Strategy (continued)

Increase awareness of, involvement in, and support for the Committee’s activities by citizens, members of Parliament and the private sector

### Output

Implementation of initiatives to enhance confidence in the activities of the Committee

<table>
<thead>
<tr>
<th>Target 2007-08</th>
<th>Actual 2007-08</th>
<th>Target 2008-09</th>
</tr>
</thead>
</table>
Table 1:  Public Accounts and Estimates Committee –
Work plan and performance targets for 2007-08 and 2008-09 (continued)

<table>
<thead>
<tr>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure adequate and qualified secretariat staffing is available to service the Committee</td>
</tr>
<tr>
<td>Output</td>
</tr>
<tr>
<td>Increased funding for secretariat</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target 2007-08</th>
<th>Actual 2007-08</th>
<th>Target 2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised secretariat establishment and additional staff recruited by end 2007.</td>
<td>Recruitment of additional senior research staff completed by June 2008, owing to a ‘tight’ market for appropriately qualified and experienced staff.</td>
<td>Clarification of ongoing funding status $359,000 per year specifically allocated to PAEC outputs, first allocated in 2007-08 (Budget Paper No. 3, page 251). Completion of recruitment of Administrative staff by June 2009. Additional recruitment and/or contracting as required.</td>
</tr>
</tbody>
</table>

Source: Data supplied by the Victorian Parliament, July 2008

Figure 2: Public Accounts and Estimates Committee
Number of visitor sessions to the website by quarter for 2005-06, 2006-07 and 2007-08

Source: Data supplied by the Victorian Parliament, July 2008
Over 2007-08, the first quarter marked a new milestone in the new 56th Parliament Committee's achievements in the provision of more extensive reporting and information (including on its website). Reflecting public and stakeholder interest in the Committee's increased Inquiry activities including public hearings conducted between March 2008 and June 2008, the Committee's website experienced the highest number of visitor sessions in its fourth quarter, compared to the preceding two years. The Committee's Reports remain accessible on its website on the day of tabling.

**Outputs and outcomes targets**

The Committee continues to lead in its multiplicity of activities generated from its unique dual functions on public accounts and the budget estimates. It sets itself high performance outcomes targets in relation to continually improved standards and quality of its outputs pertaining to:

- The inquiries it conducts and the reports it tables in Parliament;
- Recommendations it makes pertaining to financial management issues and the enhancement of accountability;
- Strengthening its constructive professional relationships with the Auditor-General and his Office to effect statutory functions;
- Timely and relevant communications with citizens, members of Parliament and the private sector; and
- The implementation of initiatives to enhance confidence in the activities of the Committee.

The Committee’s 2008-09 outcomes strategies and performance targets are outlined above in Table 1.

The Report on the 2007-08 Budget Estimates – Part Three was tabled in the Legislative Assembly and the Legislative Council on 20 September 2007. The Committee made 52 recommendations.1

Background to the report

Part Three was the final instalment of a trilogy of reports that covers the Committee's Inquiry into the 2007-08 Budget Estimates. The trilogy of reports was a uniquely innovative new approach adopted by the Committee to better inform Parliamentarians on Government budgeted output funding matters and facilitating debate in both Houses on the appropriation bills for the 2007-08 Budget.

These bills, when passed, provide authority for the government to deliver planned services and commence new asset investment programs.

Part Three contained:

• information relating to responses received to questions taken on notice;
• unasked questions emanating from the first and second rounds of hearings; and
• analysis, key findings and recommendations relating to the budget estimates for 2007-08

Committee’s findings

The 52 recommendations or 59 including parts of recommendations, contained in the report were primarily concerned with enhancing the quality, transparency and presentation of budget information to promote greater understanding of the budget estimates. They were also aimed at improving accountability on forward projections through its detailed examination of select issues related to the Government's policy vision.

Minority reports

The report included two minority reports.

Government response to the report

The Committee report made 52 recommendations – some had several parts. A total of 80 per cent of the recommendations or parts of recommendations were accepted, accepted in part, or accepted in principle; 6 per cent were under review; and 14 per cent were rejected. The government’s response to the Committee’s recommendations was tabled in Parliament on 8 April 2008. Table 3 provides a summary of the government’s response.

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Accept</th>
<th>Accept in part</th>
<th>Accept in principle</th>
<th>Under review</th>
<th>Reject</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parliamentary departments</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Education</td>
<td>–</td>
<td>–</td>
<td>4</td>
<td>–</td>
<td>–</td>
<td>4</td>
</tr>
<tr>
<td>Human Services</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>–</td>
<td>–</td>
<td>3</td>
</tr>
<tr>
<td>Innovation, Industry and Regional Development</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Justice</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Premier and Cabinet</td>
<td>1</td>
<td>2</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3</td>
</tr>
<tr>
<td>Primary Industries</td>
<td>4</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>4</td>
</tr>
<tr>
<td>Sustainability and Environment</td>
<td>–</td>
<td>1</td>
<td>1</td>
<td>–</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Treasury and Finance</td>
<td>–</td>
<td>3</td>
<td>3</td>
<td>–</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Planning and Community Development (previously Victorian Communities)</td>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Victorian Auditor-General’s Office</td>
<td>1</td>
<td>–</td>
<td>1</td>
<td>–</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Whole of government</td>
<td>6</td>
<td>1</td>
<td>11</td>
<td>3</td>
<td>–</td>
<td>21</td>
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<tr>
<td><strong>Total number of recommendations</strong></td>
<td><strong>13</strong></td>
<td><strong>8</strong></td>
<td><strong>21</strong></td>
<td><strong>3</strong></td>
<td><strong>7</strong></td>
<td><strong>52</strong></td>
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<tr>
<td><strong>Percentage of total recommendations (%)</strong></td>
<td><strong>25</strong></td>
<td><strong>15</strong></td>
<td><strong>40</strong></td>
<td><strong>6</strong></td>
<td><strong>14</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Victorian Government, Response to the Committee’s Report on the 2007-08 Budget Estimates, tabled 20 September 2007*
Report no. 76 – Report on Trustee Arrangements for Governing the Parliamentary Contributory Superannuation Fund

The Report on Trustee Arrangements for Governing the Parliamentary Contributory Superannuation Fund was tabled in the Legislative Assembly and the Legislative Council on 11 October 2007. The Committee made 2 recommendations.¹

Background to the report
The Committee received this inquiry from the Governor in Council on 29 March 2007. The Committee was required to:

“... inquire into and report to Parliament on the most appropriate trustee arrangements for governing the Parliamentary Contributory Superannuation Fund, having regard to the governance structures of comparable Commonwealth and interstate schemes, other public and private sector schemes and industry funds.”

The Committee's assessment and findings focussed on the adequacy of the fund's enabling legislation and its supporting policies and procedures governing the appointment and composition of the fund’s trustee and the adequacy of the approach adopted by the trustee when reaching decisions on non standard or potentially contentious issues.

In line with its terms of reference, the Committee made comparisons with the structure and membership requirements for trustees within applicable legislation governing other Commonwealth, States and Territories and a selection of other public and private sector schemes and industry funds. For this aspect of the inquiry, the Committee concluded there were no significant differences between the various jurisdictions and superannuation schemes.

Committee’s findings
The Committee made 2 recommendations:

- the fund’s trustees appoint an independent expert, preferably a former judicial officer, to advise, where necessary, on potentially contentious issues or matters requiring impartial opinion.
- the legislative arrangements for trustee membership of the fund be reviewed again, soon after the 2010 state election, to address the likely future impact on trustee and member profiles of the fund’s 2004 closure.

Government response to the report
The government response to the PAEC’s Report on trustee arrangements for governing the Parliamentary Contributory Superannuation Fund is summarised in table 4.

Table 4: Summary of Government Response to the PAEC's Report on Trustee Arrangements for Governing the Parliamentary Contributory Superannuation Fund

<table>
<thead>
<tr>
<th></th>
<th>Agreed and in place</th>
<th>Agreed and partly in place</th>
<th>Agreed and under consideration in</th>
<th>Agreed part and in place</th>
<th>Agreed in part</th>
<th>Not agreed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>1</td>
<td>–</td>
<td>1</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Percentage</td>
<td>50</td>
<td>–</td>
<td>50</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>100</td>
</tr>
</tbody>
</table>

¹ Public Accounts and Estimates Committee, Report on Trustee Arrangements for Governing the Parliamentary Contributory Superannuation Fund, October 2007, pp.19 & 21
Report no. 77 – 2006-07 Annual Report

The 2006-07 Annual Report was tabled in the Legislative Assembly and the Legislative Council on 31 October 2007 and contained no recommendations.


Background to the report

This inquiry was referred to the Committee by Parliament, as part of the government's election commitment for reforms of current practices and procedures.

Committee’s findings

The report outlines investigations, findings and recommendations specifically relating to:

- Parliamentary committees;
- Question time;
- Parliamentary behaviour;
- Overseas travel;
- Modernisation of Parliament; and
- Petitions.

A number of other significant changes are also recommended including ones aimed at improving question time and parliamentary behaviour, video webcasting of Parliament, simplifying the passing of laws, and modernising the opening of Parliament.


Background to the report

This Inquiry is a core public accounts function of the Committee. Under this function, the Committee is empowered to undertake any inquiry, by referral into aspects of public finances or public sector administration or emerging public policy issues related to public funding and investment.

The 2006-07 Financial and Performance Outcomes Report marks the first report of the 56th Parliament Committee on outcomes in the Victorian public sector. It provides a unique, much expanded report and covers a greater variety of issues, compared to previous years and contains analysis of the financial and performance outcomes of Victoria's government departments and a wider ambit of reviews undertaken of major statutory agencies (budget and non-budget funded), including their annual reports, in 2005-06 and 2006-07.

3 Public Accounts and Estimates Committee, Report on Strengthening Government and Parliamentary Accountability, pp 7-12
This Outcomes Inquiry report complements the Committee’s annual budget estimates inquiry by focusing on results achieved by departments and agencies against established targets and completes the Committee’s yearly cycle of work focusing on performance and accountability.

**Committee’s findings**

The report’s 88 findings and recommendations captured the Committee’s interest in:

- the national reform agenda;
- advertising and promotion, public sector staffing; and
- accounting for productivity improvements.

In this report the Committee also initiated analysis and made recommendations for enhanced reporting on aspects of:

- regulation reduction;
- departmental savings;
- revenue foregone including subsidies and concessions;
- trust fund accounts;
- drought relief;
- asset investment; and
- performance bonuses.

The report has also led the way in public accounts scrutiny via its unprecedented expanded examination of the quality of annual reports tabled by 47 public sector agencies.

It also devoted examination to each vision of the government’s macro strategic document, *Growing Victoria Together* (GVT) and provided information on 88 separate issues that are aimed at contributing to the achievement of the respective GVT visions and goals and/or enhanced disclosure from an accountability perspective.


The Report on the 2008-09 Budget Estimates – Part One was tabled in the Legislative Assembly and the Legislative Council on 29 May 2008 and contained no recommendations.

**Background to the report**

This report covers 16 budget estimates hearings up to 16 May 2008 held with Ministers. It is aimed at providing the Victorian public and Parliamentarians (to facilitate debate on the appropriation bills), with timely access to the range of issues raised by the Committee in hearings with the Ministers.

In addition to the transcripts of proceedings, the inclusion of responses received from departments to the Committee’s questionnaire on the 2008-09 budget estimates and questions on notice to Ministers arising from the hearings, the report summarises on a portfolio basis:

- the key matters raised at the hearings in the form of the Committee’s questions and responses from Ministers (266 in total); and
- documents presented by the Ministers to the Committee at hearings

The importance of this annual core inquiry responsibility of the Committee is evident from the magnitude and financial complexities associated with the fact that the 2008-09 budget estimates identify that the government expects total income in the year from operating transactions of $37.8 billion and total expenditure from operating transactions of $37 billion. On the capital side, over the period 2008-09 to 2011-12, net infrastructure investment is expected to average $4.3 billion a year.

The Report on the 2008-09 Budget Estimates – Part Two was tabled in the Legislative Assembly and the Legislative Council on 12 June 2008 and contained no recommendations.

Background to the report

This report, the second in the trilogy of the Committee's Budget Estimates reports, following on from the Part One report covers the remaining 25 budget estimates hearings held between 21 May 2008 and 3 June 2008 held with Ministers. As with Part One, it is aimed at providing the Victorian public and Parliamentarians (to facilitate debate on the appropriation bills), with access through Parliament to the range of issues raised by the Committee in hearings with the Ministers.

Similar to Part One, Part Two provides the transcripts of proceedings, an index, on a portfolio basis, of key matters raised at the hearings in the form of Committee questions and 241 responses from Ministers, documents produced by Ministers at hearings and questions on notice to Ministers arising from hearings.


The Report on the Notification of a New Inquiry into Victoria’s Public Finance Practices and Legislation was tabled in the Legislative Assembly and the Legislative Council on 11 June 2008 and contained no recommendations.

Background to the report

This report provides formal notification to Parliament, the rationale for undertaking the inquiry, the terms of reference and the anticipated reporting date.

2008-09 Budget briefing

On 8 May 2008, together with the Department of Treasury and Finance, the Committee co-hosted a briefing on the 2008-09 State Budget, for Parliamentarians and their electorate staff. Briefings were given by Grant Hehir, Secretary, Department of Treasury and Finance on the 2008-09 Budget Financial Results and Budget Initiatives and Stein Hegelby, Department of Treasury and Finance on the government theme of ‘remaining fiscally responsible and accountable in a changing environment’. This event affords one of the earliest opportunities for members of parliament and their electorate staff for a briefing on the Budget and to seek clarification on any aspects of the Budget.

Statutory Functions in relation to the Victorian Auditor-General’s Office

Under the Audit Act 1994 and the Constitution Act 1975, the Committee’s statutory responsibilities include:

- consideration of the Auditor-General’s annual budgetary needs;
- review of the Auditor-General's annual plan; and
- review of
  - audit priorities; and
  - objectives and scope for all performance audits.

The Auditor-General and other senior members of VAGO met with the Committee and its Audit Sub-Committee on several occasions during 2007-08 to discuss the:

- Auditor-General’s draft Annual Plan for 2008-09; and
- Committee’s follow-up reviews of the findings and recommendations of specific prioritised tabled audit reports.
Reviews of the findings and recommendations of Auditor-General’s reports

The Committee prioritised three audit reports as ‘priority one’ for follow-up Inquiry reviews, following consultation with the Auditor-General. Public submissions were invited in March 2008 and seven public hearings were held over March 2007 and April 2007 with relevant witnesses including the Auditor-General and Departmental Secretaries, in relation to:

- Government Advertising;
- The New Ticketing System Tender; and
- The Condition of Public Sector Residential Aged Care Facilities.

In addition, the Committee also followed-up ‘priority two’ audits on a lesser scale, in relation to:

- Vocational Education and Training: Meeting the skill needs of the manufacturing industry; and
- Results of special audits and other investigations:
  - Docklands Film and Television Studios;
  - Delivering Regional Fast Rail Services; and
  - Rail Gauge Standardisation project.

Performance Audit of the Victorian Auditor-General’s Office

On 21 June 2007, the Legislative Assembly and Legislative Council accepted the Committee’s recommendation that Mr John Phillips of Acumen Alliance, now a member of the Oakton Group, be appointed to undertake the next triennial performance audit of VAGO.

Mr Phillips presented his report on the results of the audit to both Houses of Parliament on 5 December 2007.

Overall audit conclusions

In summary, Mr Phillips found that:

- the Auditor-General and the Victorian Auditor-General’s Office (VAGO) are complying with the legislative objectives, undertaking the audit mandate in accordance with the Act and Australian Auditing Standards and achieving their objectives;
- VAGO is operating in compliance with the Act; and
- the Auditor-General and VAGO are operating effectively, economically and efficiently by reference to Audit Offices in other jurisdictions.

In reaching the latter conclusion, Mr Phillips drew attention to the difficult transitional period experienced by VAGO from March 2006, when it became known that Mr Wayne Cameron would not seek re-appointment as Auditor-General at the end of his seven year term in office, through to October 2006, when Mr Des Pearson assumed office as Auditor-General.

Importantly, Mr Phillips considered that problems experienced within VAGO during this time of management uncertainty and significant organisational and operational change, particularly in relation to some performance audits, could be regarded as transitional issues and not indicative of systemic problems.

It is also significant that Mr Phillips has expressed support for a number of initiatives introduced by Mr Pearson aimed at bringing about permanent improvement in the quality of VAGO’s services.

Owing to Mr Phillips’ overall favourable audit findings, the Committee has elected not to proceed with a formal response to the audit findings.
Consideration of performance audit specifications

Over 2007-08, the Committee’s Audit Sub-Committee has also met with senior representatives of the Auditor-General's Office to discuss the draft specifications, including planned objectives and scope, for the following broad scope and limited scope performance audits:

- Smartcard Tender;
- Discovering Bendigo Project;
- Southern Cross station Project;
- Melbourne Convention Centre Project;
- Calder and Tullamarine Freeway Interchange Project;
- Buyback of Concession Notes associated with the Melbourne City Link;
- Accommodation for people with a disability;
- Victoria’s planning framework for land use and development;
- Planning for Water Infrastructure in Victoria;
- Performance reporting in local government: relevance and appropriateness;
- Records Management;
- Project Rosetta (Streams 1 and 2);
- South East Water alliance Contract (formerly titled south-East Water Ltd: alliance Agreement);
- Mt Project (West Gate – CityLink-Monash upgrade);
- Agricultural Research Investment, Monitoring and Reporting;
- Planning for water infrastructure in Victoria;
- Melbourne Convention Centre Development;
- Management of the Southern Cross Station Precinct;
- Tullamarine/Calder Interchange Project;
- Performance reporting in local government: relevance and appropriateness;
- Maintaining the State’s Regional Arterial Road Network;
- Co-ordinating services and initiatives for Aboriginal people (formerly titled Effectiveness of indigenous health and education matters);
- Wimmera-Mallee Pipeline;
- Goldfields Superpipe (formerly titled Piping the system: Wimmera-Mallee Pipeline and Goldfields Superpipe);
- Services for young offenders;
- Patient safety in public hospitals;
- HealthSMART Whole-of-Health ICT Program — Governance and Program Management; and
- Performance reporting by financial institutions and insurance agencies: relevance and appropriateness.

International delegations

The Committee participated in information sharing in welcoming several international delegations over 2007-08, namely:

5 July 2007 – The National Audit Office of China hosted by the Victorian Auditor-General
17 September 2007 – Asia Pacific Journalism Centre / Pacific Area Newspaper Publishers Association
4 February 2008 – World Public Accounts Committees / La Trobe University Summer Residential School
7 April 2008 – Australian Council of Auditor-Generals / Canadian Council of Legislative Auditors
Inquiry into 2008-09 Budget Estimates Part Three

The Committee is looking forward to tabling its Report on the 2008-09 Budget Estimates Part Three in October 2008, which contains the Committee's high level analysis of certain substantive issues of clear economic, social and environmental relevance to the Parliament and community. The Committee will make far-ranging recommendations for improving financial and resource management for strengthening accountability in the public sector.

Inquiry into Public Finance Practices and Legislation

This Inquiry arose from a strong vested interest of Parliament in initiatives commenced in late 2007 by the Department of Treasury and Finance to reform public sector reporting encapsulated in the Financial Management Act 1994, termed the ‘Public Finance Bill’ project in government.

The Inquiry Commenced in April 2008 with a call for public submissions in May 2008, the terms of reference of this new Inquiry are that the Committee will investigate:

(a) Modernisation of the Victorian public finance system based on world’s best practice;

(b) New and flexible mechanisms for financial administration and reporting that reflect the changing nature of the Victorian economy and society;

(c) Simpler and more effective ways of public financial reporting;

(d) Recent developments in democratic systems including Westminster jurisdictions on government financial and performance management reporting and related matters to the Parliament; and

Hon. Lynne Kosky MP, Minister for Public Transport and Hon. Bronwyn Pike MP, appear before the Committee at the 2008-09 Budget Estimates hearing on 14 May 2008
(e) Possible future changes to the legislative framework for financial administration and reporting in Victoria.

The Committee’s inquiry aims are to enhance:

(i) The Victorian public finance system, which includes the management of Parliamentary appropriations;

(ii) Public reporting at a Government level (budget papers and ex post periodic reports) and at an agency level, which includes:
   - Financial reporting
   - Performance reporting; and

(iii) Parliamentary control over public finances and accountability.

To help satisfy its reference on the investigation of best practice in financial and performance management reporting in comparable international jurisdictions, the Committee obtained approval from the Presiding Officers of both Houses to conduct an intensive visit to selected countries to hold private briefings with relevant government, Parliaments and private sector organisations, over late June 2008-July 2008.

The Committee expects to consult on a preliminary report and present the final findings of its investigations to the Parliament of Victoria by the end of 2008.

**Reviews of the findings and recommendations of Auditor-General’s reports**

The Committee will be reporting on the Auditor-General’s reports tabled July 2006-February 2007 including three ‘priority one’ (Round One) Auditor-General audit reports for follow-up reviews, in relation to:

- Government Advertising;
- The New Ticketing System Tender; and
- The Condition of Public Sector Residential Aged Care Facilities.

This report will also contain findings on a number of lesser priority audits.

It is expected this report will be tabled in Parliament by the end of 2008.

The Committee has also commenced Round Two of its follow-up review Inquiry on the findings and recommendations of the Auditor-General’s reports tabled March 2007 – August 2007, with priority one status given to the following audit reports:

- State Investment in Major Events;
- Maintaining Victoria’s Rail Infrastructure Assets; and
- Promoting Better Health through Healthy Eating and Physical Activity.

The Committee plans to develop Questionnaires for proposed witnesses in October 2008 and conduct any public hearings on these matters in November 2008.

The Committee expects to provide a report on the follow-up of these audits in the first half of 2009.
Committee performance at a glance – 2007-08

Committee of the 56th Parliament

<table>
<thead>
<tr>
<th>Sub-Committees active</th>
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</tr>
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<tbody>
<tr>
<td>Witnesses who appeared before the Committee</td>
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<tr>
<td>Reports tabled</td>
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<tr>
<td>Recommendations made</td>
<td>170</td>
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<td>Submissions received</td>
<td>30</td>
</tr>
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<td>Public Hearings held</td>
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</table>

Sub-Committees – membership

Committee of the 56th Parliament

<table>
<thead>
<tr>
<th>Bob Stensholt MP – Chair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kim Wells MP – Deputy Chair</td>
</tr>
<tr>
<td>Richard Dalla-Riva MLC</td>
</tr>
<tr>
<td>Janice Munt MP</td>
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</table>

Members attendance at meetings and hearings

56th Parliament – 2007-08

Number of meetings and hearings held

<table>
<thead>
<tr>
<th>Committee</th>
<th>Number of private meetings</th>
<th>Number of public hearings</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>29</td>
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Number of meetings and hearings attended

<table>
<thead>
<tr>
<th>Member’s name</th>
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<th>Full Committee</th>
<th>Audit Sub-Committee</th>
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<tbody>
<tr>
<td></td>
<td>No. of private</td>
<td>No. of private</td>
<td>No. of public</td>
</tr>
<tr>
<td></td>
<td>meetings</td>
<td>meetings</td>
<td>hearings</td>
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<td>eligible to</td>
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<tr>
<td></td>
<td>attend</td>
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<td></td>
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<tr>
<td>Bob Stensholt MP (Chair)</td>
<td>29</td>
<td>29</td>
<td>64</td>
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<tr>
<td>Kim Wells MP (Deputy Chair)</td>
<td>29</td>
<td>28</td>
<td>64</td>
</tr>
<tr>
<td>Greg Barber MLC</td>
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<td>26</td>
<td>64</td>
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<tr>
<td>Richard Dalla-Riva MLC</td>
<td>29</td>
<td>28</td>
<td>64</td>
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<tr>
<td>Judith Graley MP*</td>
<td>14</td>
<td>12</td>
<td>16</td>
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<tr>
<td>Wade Noonan MP**</td>
<td>15</td>
<td>14</td>
<td>48</td>
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<tr>
<td>Janice Munt MP</td>
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<td>Martin Pakula MLC</td>
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<td>Gordon Rich Phillips MLC</td>
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<tr>
<td>Robin Scott MP</td>
<td>29</td>
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<td>64</td>
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<tr>
<td>Bill Sykes MP</td>
<td>29</td>
<td>18</td>
<td>64</td>
</tr>
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* Judith Graley resigned as a Committee Member 26 February 2008
** Wade Noonan was appointed as a Committee Member 27 February 2008
## PAEC Budget and Expenditure 2006-07 to 2007-08

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditure 2006-07 ($)</th>
<th>Expenditure 2007-08 ($)</th>
<th>Budget 2007-08 ($)</th>
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<td>Members’ expense allowances</td>
<td>28,381</td>
<td>18,279</td>
<td>33,000</td>
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<td>Salaries and associated costs of the Secretariat (a)</td>
<td>325,889</td>
<td>287,589(b)</td>
<td>523,837</td>
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<tr>
<td>Administrative expenses</td>
<td>71,219</td>
<td>66,193</td>
<td>40,500</td>
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<td>Inquiries</td>
<td>91,351</td>
<td>286,988(c)</td>
<td>421,681(d)</td>
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<tr>
<td>Additional funding from Treasurer’s Advance</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<tr>
<td><strong>Total expenditure</strong></td>
<td><strong>516,840</strong></td>
<td><strong>659,049</strong></td>
<td><strong>1,019,018</strong></td>
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</tbody>
</table>

Notes:

(a) This category does not include cost of specialist advisors who have been included in inquiries.

(b) This sum figure reflects the impacts of delays incurred (due to tight market conditions) for the recruitment of two senior research officers and approval delays (arising from other internal reviews) for the recruitment of a Desktop Publisher and Administration Officer for the Committee’s secretariat.

(c) This sum figure reflects consultancy fees not expended on a proposed *Study on the Measurement of Multi-Factor Productivity in the Public Sector* and unexpended overseas travel allowances.

(d) This item includes provision for overseas travel allowances for the *Inquiry on Victoria’s Public Finance Practices and Legislation* and the costs of specialist advisors.

In recognition of its importance to the Parliament and its ongoing workload, the PAEC had separately requested and received from the Government an additional $359,000 per year for improved staffing and consultancies. This was reflected in the budget for 2007-08. Unfortunately, significant recruitment delays occurred leading to lower than planned staffing. This had a major impact on the Committee’s ability to achieve its planned work program.

However, it is a testament to the dedication and professionalism of the PAEC Secretariat staff led by Valerie Cheong that they were not only able to finalise reports but were able to produce reports that were of high...
analytical quality. They served to enhance the already fine reputation of the Victorian PAEC among its peers.

As of the time of the presentation of this report to Parliament, the Committee has been able to recruit additional staff to assist with the heavy workload.

An appropriate staffing and funding profile is necessary, including the ongoing additional $359,000 per annum as initially provided with the 2007-08 Budget, so that the Committee can properly fulfil its mission.

**Leaking of PAEC Report**

The Committee’s *Report on the 2007-08 Budget Estimates – Part Three* was leaked to the press prior to its presentation to the Parliament in September 2007. An article was published highlighting a minority report.

All members of the Committee and staff provided written advice or statutory declarations, that they did not leak the draft report including a minority report to the press.

This incident was a regrettable breach of parliamentary privilege in that it is incumbent of Committees to provide their reports to Parliament and not to the press in the first instance.

The Committee believes that there would be benefit if Standing Orders outlined more clearly the appropriate protocols in relation to the handling of reports prior to submission to Parliament, including minority reports. The Committee would also appreciate the Assistant Clerk Committees reviewing internal handling protocols, including with printing companies, for draft reports once they are agreed or completed by a Committee, including minority reports, prior to their being tabled in Parliament.

The Committee thanks the Clerk and the Assistant Clerk Committees for their assistance to the Committee in considering this matter.
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