PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

REPORT ON THE PUBLIC FINANCE AND ACCOUNTABILITY BILL 2009

AUGUST 2010
98TH REPORT TO PARLIAMENT
PUBLIC ACCOUNTS
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98th REPORT TO THE PARLIAMENT

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Report on the Public Finance and Accountability Bill 2009

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The Committee is supported by its secretariat.
CHAPTER 1: INTRODUCTION

1.1 Referral to Committee – Public Finance and Accountability Bill 2009

The Committee has reported comprehensively to Parliament on Victoria’s existing public finance legislation\(^1\) in June 2009 and the government’s response showed that it had accepted outright or accepted in principle a large number of the Committee’s recommendations. An amending Bill (Public Finance and Accountability Bill 2009) was presented to Parliament by the government in December 2009.

On 27 July 2010, the Legislative Council agreed as follows in respect of the Public Finance and Accountability Bill 2009 (see further in Appendix 1):\(^2\)

> That the contents of this Bill be referred to the Public Accounts and Estimates Committee for consideration and report by 31 August 2010.

This action of the Legislative Council followed passage of the Bill through the Legislative Assembly and debate in the Legislative Council.

1.2 Outline of Committee’s approach

The Committee determined to undertake a high-level examination of the Legislative Council’s reference within the restricted time frame. It adopted the following approach in relation to the reference:

- list suggested amendments that were made by parties opposing the Bill in the Council;
- hold private briefings with the Secretary, Department of Treasury and Finance, Mr Roger Hallam and other senior DTF representatives on the key features of the Bill and its potential to achieve best practice in resource management and accountability in Victoria’s public sector;
- hold private briefings with the Shadow Minister for Finance to explain the Opposition’s principal concerns; and
- consider the views of those parties as appropriate and report back to both Houses of Parliament.

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\(^1\) Public Accounts and Estimates Committee, New Directions in Accountability: Inquiry into Victoria’s Public Finance Practices and Legislation, June 2009

\(^2\) Minutes of the Proceedings of the Legislative Council, 27 July 2010
CHAPTER 2: PUBLIC FINANCE AND ACCOUNTABILITY BILL 2009

2.1 Purpose of the Bill

Clause 1 of the Bill sets out its purpose which is:

_The purpose of this Act is to enact a framework in Victoria for public finance, accountability and resource management based on the principles specified in this Act._

2.2 Second Reading Speech – description of main features of the Bill

The Public Finance and Accountability Bill 2009 was introduced into the Legislative Assembly on 8 December 2009. Following debate, the Bill passed through the Legislative Assembly on 24 June 2010 and was introduced into the Legislative Council on that day.

In the Bill’s Second Reading Speech on 10 December 2010, the Minister for Finance, WorkCover and the Transport Accident Commission outlined the proposed legislation to replace Victoria’s principal public finance legislation, the Financial Management Act 1994 (FMA). The Minister described the FMA as in many respects still best practice, however, ‘the pace of development in public financial and resource management throughout advanced countries has been beyond what the FMA can keep up with’. The Minister added that the FMA:

...is now too reliant on complex procedures rather than clear, fundamental principles, providing for prescriptive administrative procedures rather than principles of financial management that should be followed. It confines public bodies of vastly different size, risk profile and importance to a “one-size-fits-all” governance approach. Finally, and most significantly, the FMA does not provide for a focus on outcomes.

The Minister referred to the consultation process that was undertaken, including the issue of a discussion paper on the state’s public finance practices and legislation, that was followed in the lead-up to development of the Bill. The Minister indicated that the government established a project board to guide the development of the policy which included a former Minister for Finance, the Honourable Roger Hallam.

The Minister proceeded to describe the Bill’s ‘most important innovations and benefits’. This description included:

- Principles-based legislation – essential principles for good and effective resource and financial management. Such an approach enables legislation to evolve and therefore remain relevant and useful for a generation.
- Clear principles of public finance and accountability for all – ...which will apply across government.

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3 Victorian Parliamentary Debates, Legislative Assembly, 10 December 2009, p.4630, (Hon. T Holding, MP)
4 ibid, pp.4630–3
• The outcome-output framework – …one of the primary objectives of the bill is to make outcomes and associated outputs the basis for the whole of the cycle of planning, resource allocation, resource management and reporting.

• Appropriations reform – in order for an outcomes-output framework to function,…this bill enables the transfer of appropriations during the year by the Treasurer, in consultation with relevant ministers. Appropriations can only be transferred between departments for the same outcome and consistent with the bill’s principles.

• Reform of the public account – departmental working accounts will be established…[which will] enable departments to manage all their funds in a single account within the public account. The bill also significantly changes the use of trust accounts.

• Improved governance of public bodies– [under this heading, the Minister cited several features of the Bill including] an improved, clearer and better definition of public bodies,… a fit-for-purpose, differential framework that takes into account the varying size, complexity and risk profile of public bodies…, the centralisation of borrowing and investment practices, and …a requirement for departments to provide support to portfolio ministers to enhance oversight of public body compliance with public finance requirements.

• Procurement – the current Victorian Government Purchasing Board will be replaced by the State Procurement Board [which will] focus on high-value, high-risk procurement activities across the public sector, not just departments.

• Reporting – the changes in reporting practices instituted by this bill will further enhance the quality of reporting and the full accountability of the government to parliament and the public. [The changes mentioned by the Minister included] reporting of financial information will be more comprehensive, … the budget papers and budget update will include estimates for the public financial corporations sector,…a greater amount of better quality non-financial information will also be disclosed and it will be better aligned with financial information,…[and the report on operations of departments in annual reports will] comment on the contribution of outputs towards the achievement of outcomes (based on intermediate performance indicators) and the influence of external factors on this contribution. [The responsibility of departments to develop and report on achievement of outcomes against intermediate performance indicators is not specifically addressed in the Bill and presumably would be covered under ministerial directions.]

The Minister completed the Bill’s Second Reading Speech with the following concluding paragraph:5

The Public Finance and Accountability Bill will deliver enhanced governance across the public sector that is based on risk and materiality. It provides for management and accountability frameworks that will enable the government to respond to the many challenges that face the modern public sector. In this respect, this bill represents the next evolution of Victoria’s public finance and resource accountability and management frameworks, positioning Victoria to be once again at the forefront.

5 ibid., pp.4633–4
2.3 Overview of reasons put forward in Legislative Council for this reference to the Committee

In the debate on the Bill in both the Legislative Assembly and Legislative Council, a range of concerns was expressed pertaining to particular elements of the Bill. In the debate in the Legislative Council, these concerns mirrored detailed analysis and criticism in several areas of the Bill by the Shadow Minister for Finance in the Legislative Assembly. The concerns put forward in both Houses of Parliament were cited in the Legislative Council as the basis for the view that the Bill ‘needs to be subject to further scrutiny and possible amendment’ and for the reference to the Committee.\(^6\)

The Committee’s reading of the debate indicates that the principal concern about the Bill’s contents relates to the provisions of its Clause 12. That Clause sets out a range of responsibilities of departments and public bodies including a requirement to ‘support the achievement of outcomes by ensuring that outputs are delivered in an efficient and economical manner and obligations are met in a timely manner’. The expressed concerns in this area cite the fact that traditionally independent agencies falling within the definition of public bodies in the Bill, such as ‘the Electoral Commissioner, the Ombudsman, the DPP or even the courts’, could be required to support the achievement of government outcomes, as articulated in its statement of outcomes provided under Clause 26. The concerns state ‘that this particular provision could act to undermine the independence of agencies that to date have had their independence protected by this Parliament’.\(^7\)

A related expressed concern, also focussing on Clause 12 and the potential to undermine the independence of particular agencies, is that departmental heads are authorised to obtain any information from a public body for the purpose of advising the relevant Minister on whether public bodies within the portfolio are complying with their assigned responsibilities. This aspect of the Bill is seen as potentially requiring an independent agency to provide information to a Minister.\(^8\)

Several other concerns cited in the debate as supporting the need for a reference to the Committee include:\(^9\)

- the statement of outcomes – ‘the fact that the reporting framework and the objectives and responsibilities imposed upon departments and public bodies will come back to what can be an extremely vague statement of outcomes’;
- the flexibility that the legislation is putting in place under the principles-based approach – ‘we should have a prescriptive, technical framework when we are putting in place the reports by which the Parliament understands how the government is spending the $45 billion it is receiving from taxpayers, either through appropriations or other revenues’. The comments in this area link this flexibility with criticism of some changes made by the government in the past to its performance measures. The Committee also notes that there has been improvements by the government in framing some performance measures in recent years;

\(^7\) ibid., p.45
\(^8\) ibid.
\(^9\) ibid., pp.45, 47
• ministerial discretion on form and content of documents under Clause 45(2) which provides that the ‘Minister must base the manner and form of any document required to be prepared under this Part [Part 5 Resource Management] on the relevant Australian Accounting Standards with any variations that the Minister considers appropriate’. The debate included the comment that it ‘gives carte blanche to the minister to deviate completely from accounting standards, should the minister choose to do so’; and

• centralising of borrowing and investment functions — ‘a number of those agencies [smaller public bodies that operate across Victoria] have expressed concern about how the centralisation of borrowing and investment powers will impact on their operations but also their capacity to raise funds....I think it is fairly widely accepted that there are fewer bigger disincentives in many communities to raising funds for the local hospital or health service than to know that those funds that are raised will then be subject to centralised control in terms of investment’.

Another contributor to the debate in the Legislative Council also drew attention to the central element of the earlier-mentioned criticism of Clause 12 and cited ‘the fairly broad ranging powers seemingly set up in clause 12 which is about the responsibilities of departments and public bodies to comply with certain orders and directions from the relevant minister’. 10

This contribution expressed concern about the requirement that a public body must provide to the relevant departmental head any information sought to enable the departmental head to advise the relevant Minister on the discharge by the public body of its responsibilities under that Clause. Those responsibilities include the support of achievement of outcomes. The contribution to the debate added:11

That starts to become quite wide, potentially very wide. It is possible that the government did not mean to be so wide and that it was only thinking within the environment of this bill and how it would operate, but we need some clarification on that.

2.4 Matters raised by Auditor-General in July 2010 report to Parliament

When reporting to Parliament on the interim results of the 2009-10 audits of portfolio departments, the Auditor-General raised three issues relating to the Bill.

On the Bill’s proposed approach to differential reporting, the Auditor-General stated that a key feature of the Bill is:12

...the proposed classification of public sector entities into four categories with different reporting and auditing requirements. The Australian Accounting Standards Board has also mandated a differential reporting framework. However, this has only two categories. It is important that these two differential reporting frameworks reconcile so that the accountability for, and transparency of, the use of taxpayer funds is maintained.

10 Victorian Parliamentary Debates, Legislative Council, 27 July 2010, p.49, (Mr G Barber, MLC)
11 ibid., pp.49–50
12 Victorian Auditor-General’s Report, Portfolio Departments: Interim Results of the 2009-10 Audits, July 2010, (ix)
Chapter 2: Public Finance and Accountability Bill 2009

The Auditor-General also commented on the timing of implementation of the Bill’s proposed annual reporting timeframes as follows: \(^{13}\)

As the bill was not passed before 1 July 2010, the shortened annual reporting timeframes proposed in the bill may not be mandatory for the year ending 30 June 2011. However, the timeliness of annual reporting by public sector agencies would be improved if the shortened timeframes proposed in the bill, and which are consistent with those adopted for 2009-10, were adopted for the year ending 30 June 2011.

The Auditor-General also considered that it would be opportune for the Department of Treasury and Finance to consider international proposals, currently at the consultative stage, for reporting on long-term sustainability of public finances, when developing the proposed Ministerial directions to underpin the Bill. \(^{14}\) This is a matter for future consideration rather than one directly relevant to the Committee’s reference.

The issues concerning the differential reporting framework and annual reporting timeframes were raised by the Committee in the briefings it received to assist its response to the Legislative Council’s reference. The relevant points discussed at those briefings on these two subjects are addressed in section 2.6 of this report.

The Committee did not seek a briefing from the Auditor-General. The Bill represents the government’s policy following its extensive new legislation development project, which included consideration of the Committee’s views as reported to Parliament in June 2009 and those of the Auditor-General during the project’s consultative phase. The Committee considers that the seeking of comments of the Auditor-General on the government’s policy set out in the Bill would bring the Auditor-General in conflict with the important statutory constraint set out in section 16(5) of the Audit Act 1994. That section precludes the Auditor-General from questioning the merits of the policy objectives of government.

2.5 Committee’s consideration of matters put forward at its briefings

2.5.1 Introduction

To assist it in formulating a response to the reference from the Legislative Council, the Committee received briefings from:

- Mr Robert Clark MP, Shadow Minister for Finance, to explain the basis of the principal concerns directed at the Bill in the parliamentary debates; and

- representatives of the Department of Treasury and Finance and a former Minister for Finance, the Honourable Roger Hallam, to elaborate on the Bill’s features and to respond to particular concerns raised in the parliamentary debates and mentioned in Mr Clark’s presentation. The Honourable Roger Hallam was the Chair of the project board established by the government to guide the development of the government’s policy for the Bill.

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\(^{13}\) ibid., (x)

\(^{14}\) Victorian Auditor-General’s Report, Portfolio Departments: Interim Results of the 2009–10 Audits, July 2010, (x)
At the Committee’s request, Mr Clark provided the Committee with a listing of the issues that he wished to address at the briefing. These issues were:15

- *removing power for the Minister for Finance to give directions to bodies that are exempt or special bodies under the Public Administration Act and removing the requirements for such bodies to hand over any information required to Departmental Secretaries or the Minister*

- *narrowing the scope of clause 12(1)(a) and (b) to apply only to outcomes relevant to and consistent with a body’s functions and only to legislative rather than policy requirements*

- *providing for the Minister to consult with PAEC over specifying performance measures, and requiring PAEC approval for any deletion or amendment of a performance measure*

- *requiring the tabling of annual reports within a specified time from Auditor-General signoff*

- *revising the categories of public body for reporting purposes in line with AASB standards, as referred to in the Auditor-General’s recent report on interim results of 2009-10 audits, page ix*

- *addressing timelines for 2011 reporting, as referred to ibid. at page x*

- *requiring publication of all Ministerial directions and other requirements on the DTF web site*

- *not basing appropriations on outcomes, or downgrading existing accountabilities based on outputs or inputs, unless and until the use of outcomes becomes established and proven as part of the budget and accountability cycle*

- *further consideration of the proposed removal of borrowing and investment powers for public bodies, having regard to the impact on bodies such as hospitals to receive and mange bequests, and on bodies such as the Legal Services Board to mange funds that they have traditionally managed*

Mr Clark elaborated on these issues at the briefing and responded to a range of questions put to him by the Committee on the issues.

The Committee also questioned representatives of DTF on these issues at their briefing and invited comment from the Honourable Roger Hallam on any of the matters under discussion.

### 2.6 Committee’s analysis and conclusion

#### 2.6.1 Analysis of the matters discussed at the briefings to the Committee

A summary of the pertinent points canvassed at the two briefings, based on the issues addressed by Mr Clark, together with the Committee’s perspective on the discussions at the briefings is presented in the following paragraphs.

**Issue No.1 - removing power for the Minister for Finance to give directions to bodies that are exempt or special bodies under the Public Administration Act and removing the**
requirements for such bodies to hand over any information required to departmental secretaries or the Minister

Mr Clark cited under this issue the potential for the Minister for Finance to exercise control over independent bodies through directions issued under Clause 17 of the Bill and drew attention to the absence of the safeguards for such bodies that are built into the Public Administration Act 2004 to protect their independence.

The view from DTF representatives on this issue was that the Bill needed to be examined as a whole taking into account all relevant clauses, including Clauses 4, 12, 17 and 53, to establish its key intention. The Committee was informed that the overarching principle underpinning the Bill was that its coverage was as wide as possible, focussing directly on the responsibility of departments in managing outputs in an efficient, economical and timely manner to support the achievement of government outcomes, as well as supporting public bodies established under statute in the achievement of outcomes consistent with their enabling legislation.

DTF representatives made their view clear that it was not possible for any ministerial direction to override the enabling legislation of particular public bodies as the power to issue directions under Clause 53 was limited to the regulations permitted under that Clause.

On the issues of information required by departmental secretaries from public bodies under Clauses 12(3) and (4) for the purpose of advising portfolio ministers, the Committee was advised by DTF that this process already exists in a sense and that the department was looking at some clarification which relates the requested information to the intention of the Bill. Any such clarification was not provided at the time to the Committee. As mentioned above, this intention was described to the Committee in the context of statutory bodies as supporting those bodies in the achievement of outcomes derived from their legislative functions.

**Issue No.2 - narrowing the scope of Clause 12(1)(a) and (b) to apply only to outcomes relevant to and consistent with a body’s functions and only to legislative rather than policy requirements**

Mr Clark’s concerns here were directed to the responsibilities of public bodies under Clauses 12(1)(a) and (b) of the Bill and the potential under those clauses to require independent bodies to support government outcomes and comply with associated government policy frameworks.

The advice given to the Committee by DTF on this issue, was that the responsibility of departments and public bodies set out in Clause 12(1)(a) needed to be interpreted as relating solely to its latter limb for the delivery of ’outputs in an efficient and economical manner’ and for obligations to be ’met in a timely manner’. DTF indicated that, for departments, these responsibilities are designed to support their achievement of government outcomes, but, for statutory bodies, the purpose of the Clause was to support achievement of their statutory functions as articulated in their enabling legislation. It was stressed again to the Committee that nothing in Clause 12 is meant to override the enabling legislation of statutory bodies. The Committee has not seen any advice which supports the DTF view.

This principle put forward by DTF also applies to the point raised by Mr Clark concerning the requirement in Clause 12(b) for public bodies to implement associated policy frameworks with the reference to such frameworks taken to relate to those of statutory bodies in the implementation of their legislative functions.
The Committee has not received any independent advice to corroborate DTF’s view.

**Issue No.3 - providing for the Minister to consult with PAEC over specifying performance measures, and requiring PAEC approval for any deletion or amendment of a performance measure**

The Committee considers that the development of performance measures is primarily a government function. The Committee has a role in examining the adequacy of performance measures established by government and reporting on ways in which their management can be enhanced to provide strong transparency and robust accountability in the use of resources in the public sector. Several reports of the Committee have addressed this subject in recent years, either in terms of noting deficiencies or improvements.

Changes in performance measures generally occur as part of the State budget preparation process in April each year and are disclosed in the Budget papers via footnotes and appendices. Sometimes, this results in discontinuity in the series. The Committee views that it would be inappropriate to transfer Executive responsibility to a Parliamentary Committee.

**Issue No.4 - requiring the tabling of annual reports within a specified time from Auditor-General signoff**

Mr Clark recognised the shorter reporting timeframe established under the Bill but indicated that the linking of tabling of annual reports to the Auditor-General’s signoff would help to avoid simultaneous tabling of numerous reports.

The Committee unanimously recommended in its June 2009 report that departments and public bodies be required to table annual reports within a period of three months, consistent with requirements under the *Corporations Act 2001*. The Bill incorporates this earlier timeframe. The Committee thus urges the government to ensure that all the 2010–2011 annual reports are tabled within three months of the end of the financial year. This can be done by Executive decision.

**Issue No.5 - revising the categories of public body for reporting purposes in line with AASB standards, as referred to in the Auditor-General’s recent report on interim results of 2009-10 audits, page ix**

Section 2.4 explains the Auditor-General’s comments to Parliament on this issue. DTF advised the Committee that this matter had been discussed with the Auditor-General and that the four tier approach was necessary to better reflect the structure and differential reporting framework requirements of the public sector.

**Issue No.6 - addressing timelines for 2011 reporting, as referred to ibid. at page x**

The comments of the Auditor-General on this issue are also mentioned in section 2.4. As the Bill has not yet passed through Parliament, adoption of an earlier reporting timeframe for 2010-11 would be a matter for Executive government decision. The Committee has suggested above that such action be taken.

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**Issue No.7** - requiring publication of all Ministerial directions and other requirements on the DTF web site

Mr Clark informed the Committee that he found it difficult to locate Ministerial directions on the DTF website. The Committee views this matter as non-legislative in nature and DTF should address the issue.

**Issue No.8** - not basing appropriations on outcomes, or downgrading existing accountabilities based on outputs or inputs, unless and until the use of outcomes becomes established and proven as part of the budget and accountability cycle

Mr Clark advocated that it was important to get outputs right before embarking on outcomes-based appropriations, particularly in view of the open-ended nature of outcomes envisioned under the Bill.

The DTF representatives stressed the importance of moving progressively in the development and use of outcomes.

The Committee recommended in its June 2009 report that outcomes-based appropriations be introduced as a means of achieving better transparency and stronger accountability in the Victorian public sector. Such a move would bring about a significant advancement in public administration in Victoria.

**Issue No.9** - further consideration of the proposed removal of borrowing and investment powers for public bodies, having regard to the impact on bodies such as hospitals to receive and manage bequests, and on bodies such as the Legal Services Board to manage funds that they have traditionally managed

In commenting on this issue, DTF outlined to the Committee the rationale for the proposed centralisation of investment and borrowing powers which included the importance of having a standard approach across the public sector and that such powers operate within the State’s central risk parameters bearing in mind the State is the guarantor.

DTF also referred to the exempt option within Clause 17 for a Ministerial direction which can be exercised in this area where deemed necessary. The Committee considers it would be useful for the Treasurer to refer to this exemption option at the Committee stage of the Bill.

**2.6.2 Conclusion**

Following its consideration of the matters addressed at the above briefings, the Committee recommends that the Legislative Council should resume its consideration of the Bill, taking cognisance of the issues and responses that have been presented to the Committee, as outlined in this Report and the analysis of these by the Committee.
13. **PUBLIC FINANCE AND ACCOUNTABILITY BILL 2009** – Question – That the contents of this Bill be referred to the Public Accounts and Estimates Committee for consideration and report by 31 August 2010 – put.

The Council divided – The President in the Chair.

AYES, 20  NOES, 18

Question agreed to.
Minority Report of Certain Members of the
Public Accounts and Estimates Committee

The undersigned Members of the Public Accounts and Estimates Committee (PAEC) oppose the adoption of the Report on the Public Finance and Accountability Bill 2009 due to the lack of openness, transparency and accountability in the Committee’s deliberations, and the refusal of the majority members of PAEC to acknowledge that there are serious flaws in the Public Finance and Accountability Bill 2009 (the Bill).

In fact, this so-called Report by the majority members of PAEC is nothing more than a whitewash.

Over the term of this Parliament, the PAEC has undertaken an extensive review of the Financial Management Act 1994.

The Chair of PAEC, Mr Bob Stensholt, in the Chair’s Foreword to the PAEC’s Final Report of June 2009, “New Directions in Accountability – Inquiry into Victoria’s Public Finance Practices and Legislation” (the Final Report), stated at p. 4:

“In November 2008, the Committee issued a preliminary report of this New Directions in Accountability which outlined a range of issues which, the Committee considered could be included in the new legislation and action that could be undertaken by the Government, aimed at enhancing the financial management of the public sector and reporting requirements to Parliament.”

Mr Stensholt, also stated at p.4:

“I regard the recommendations proposed in this report (44 in total) as vital for ensuring the Victoria processes to a leading edge public finance and accountability framework.”

The Committee endorsed the Final Report without a minority report.

The Government subsequently introduced the Bill into the Legislative Assembly on 8 December 2009. This wide reaching Bill proposes to establish a substantially altered framework for public finance and financial management, including repeal of the Financial Management Act 1994 and other Acts.

On Tuesday, 27 July 2010, the Legislative Council required this PAEC Committee to enquire into the contents of the Bill, for consideration and report by 31 August 2010.

We are deeply concerned that the Labor majority of PAEC have used their numbers to prevent an open, full and transparent examination of this Bill. Specific requests made by us that were denied or have not been addressed are:

1. For the Auditor-General to be asked to brief the Committee about his views on the Bill. Consequently:

(a) While Department of Treasury and Finance (DTF) officials made statements regarding their discussions with the Auditor-General, the Committee was not
able to test the veracity of the claims made about their discussions with the Auditor-General;

(b) We were not able to discuss with the Auditor-General his concerns about the Bill as expressed in his Report, Portfolio Departments: Interim Results of the 2009-10 Audits, July 2009, p. ix, regarding inconsistencies between the Bill and the requirements of the Australian Accounting Standards Board in relation reporting and auditing requirements for different bodies;

(c) We were not able to find out why no final letter from the Auditor-General, in relation to his views on the Bill, was received by the Department of Treasury and Finance. According to DTF officials, a letter was forwarded by DTF to the Auditor General on 9 December 2009 requesting advice of any further concerns about the Bill, however, no response was received.

2. For the Minister for Finance to attend a private hearing to express his views or otherwise on the Bill. This was particularly relevant as the DTF officials were prevented from speaking on government policy, and yet the Committee understands that possible changes to the Bill have been put forward by the government in discussions with the opposition

3. For Russell Walker, the Committee’s Specialist Advisor on the Final Report, to prepare an analysis of the extent to which the Bill gives effect to the recommendations of the Final Report.

The Labor members of PAEC have even refused to allow the Committee to conduct and report on its own comparison of the Bill against the recommendations of the Final Report.

However, in response to a question asked of him at a meeting with the Committee, the Shadow Minister for Finance, Robert Clark, has provided the Committee with an annotated copy of the government’s response to the Committee’s Final Report, which sets out his assessment of the government’s responses to each of the Committee’s recommendations. A copy of that document is incorporated as an appendix to this minority report. On Mr Clark’s assessment, the government has in substance rejected 23 of the 44 recommendations in the Final Report.

PAEC has traditionally been a strong Parliamentary committee that has a long established history of producing independent and constructive reports irrespective of the wishes of the government of the day. Sadly, the Chair and the Labor members of this Committee now give every sign of having made themselves entirely subservient to the wishes of the Brumby government, not only in their findings, but in gagging the very conduct of a proper and effective inquiry.

To not allow, for example, this Committee to compare our 44 recommendations against the Bill and report on our findings smacks of hypocrisy and cover up.

The Brumby government is a government which does not like to be accountable for its shortcomings. It now seeks to continue to hide its financial incompetence and mismanagement by replacing the Financial Management Act 1994 with a badly
flawed Bill that will mean the people of Victoria may never see if outcomes and outputs are being achieved.

We, the undersigned, call on the Government members of the Committee to stand up to the government and to restore the standing which the PAEC once had as an independent and highly regarded Parliamentary committee.

We believe that if the Bill is passed without proper and full scrutiny and without extensive amendments, it will dramatically undermine Victoria’s financial reporting standards and government accountability.

We therefore recommend to the Legislative Council not to pass the Bill until a full, proper and honest examination of it has been undertaken and the necessary amendments have been made to overcome its many flaws.

Dated 9 Aug 2010

Kim Wells MLA
Shadow Treasurer

Gordon Rich-Phillips MLC
Assistant Shadow Treasurer

Richard Dalla-Riva MLC
Shadow Minister, Industry

Bill Sykes MLA
Shadow Parl Secretary – Agriculture & Water
Government Response to the Recommendations of
PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE’S
85th Report to the Parliament
New Directions in Accountability
Inquiry into Victoria’s Public Finance Practices and Legislation
4 December 2009
The Government welcomes the Public Accounts and Estimates Committee’s “Inquiry into Victoria’s Public Finance Practices and Legislation” at a time when it is about to reform public finance legislation and practices in Victoria. The Committee’s Report reflects a convergence of thinking with the Government on the focus and direction for the next step in public finance and resource management and accountability in Victoria.

The Government’s views on Victoria’s public finance legislation and practices are broadly in line with the vast majority of the Committee’s findings. The Government will shortly introduce legislation that demonstrates a shared commitment with the Committee towards ensuring Victoria’s place as a leading edge jurisdiction in resource management and accountability.

Long-standing Focus on Public Finance and Resource Management Reform:
Victoria’s public financial management and accountability practices have evolved considerably over the past 30 years. Reforms during the 1980s and 1990s were aimed at making the public service more flexible and efficient and more responsive to government, including the introduction of program budgeting. This was important in focusing scrutiny on inputs (such as staffing requirements) and introducing private sector practices such as contestability. Public resource management became characterised by a stronger focus on the:

- objectives the Government is seeking to achieve, with performance being assessed on the results; and
- effectiveness of the public service in carrying out its core functions.

In 1994 the Financial Management and Audit Acts were introduced following a Victorian Commission of Audit review of Victoria’s public sector finances. This review recommended fundamental changes to governance structures, and transformed public sector accounting and accountability techniques. The review included a move to accrual-based accounting, and the adoption of output-based planning and reporting.

In 2000, the Financial Management Act 1994 was amended to introduce principles of sound financial management, requiring the Government to publish its longer term financial policies and objectives. Accountability was enhanced with the incorporation of a detailed whole-of-government reporting framework. A review in
2005 led to the adoption of the Australian equivalent for the International Financial Reporting Standards.

Today Victoria is recognised as the most transparent Australian state in terms of financial reporting (reflected in Access Economics' March 2008 report on fiscal transparency).

These reforms have served Victoria well and have ensured that the financial reporting by government is more transparent and in a language that the public can readily understand. This increased transparency has demonstrated that the Government has maintained:
- a strong balance sheet with a low level of debt;
- an operating surplus, even throughout the global financial crisis; and
- a strong focus on service delivery that meets the needs of the community.

Victoria, like the rest of Australia, has avoided the worst effects of the global financial crisis but the economic outlook remains sensitive to a number of risks. Frameworks and systems are therefore required that will keep the budget focussed and enable best value for money to be achieved.

The Government is strongly committed to build upon Victoria’s leadership position in relation to public finance and resource management and accountability. The journey of reform continues. More broadly, the Victorian Government has a strong record of public sector reform. Since 1999, the Government has reformed the State’s Constitution Act and introduced the Public Administration Act in 2004. The Government has also committed to review the State’s public finance legislation.

The Government is therefore pleased to respond to the Committee’s 85th Inquiry at a time when it is finalising its own review of public finance legislation and practices in Victoria as announced in recent Statements of Government Intentions. This review will shortly culminate in reforms to Victoria’s public finance legislation and practices.

**Next Phase of Reforming Public Finance Legislation and Practices:**
The Government’s objectives in reforming public finance legislation and practices are to:

1. improve the management of the State’s resources through modernising and clearly articulating how public finances are managed;
2. establish a new **principles-based** public finance **legislative framework** that:
   a. enhances Victoria’s position as a leader in best practice financial management; and
   b. enables Victoria’s public finance framework to better meet government’s needs now and into the future;
3. **promote greater accountability and transparency** to Parliament and the public by:
   a. broadening and clarifying the **scope of public bodies** and their accountabilities;
   b. establishing a **differential framework** that takes account of public bodies’ varying size, risk profile and complexity – thereby avoiding a one-size-fits-all approach that is onerous for small public bodies;
   c. creating a **planning and reporting framework** based on government’s intended outcomes, and ensuring plans and reports
are more relevant, timely, include non-financial information and improved accessibility for users; and
d. aligning appropriations with a focus on outcomes, and streamlining and simplifying the budget management framework; and

Importantly, the Government recognises the importance of principles-based legislation, meaning that the primary legislation should focus more on assuring required outcomes rather than procedural details or technicalities which will be addressed in subordinate legislation and guidance material.

This approach will achieve a better balance of clear, easy-to-understand legislative direction while ensuring responsiveness to changing circumstances and continued delivery of best practice.

The specific elements of the proposed reforms will incorporate the vast majority of the Committee’s recommendations either in full or in principle. In some circumstances, the method or approach for achieving the intended outcome of improved accountability and public finance and resource management will differ from the Committee’s specific recommendations.

In other instances, the increase in accountability provided under the proposed reforms will be undertaken on a fit-for-purpose basis. This reflects the Government’s commitment to not introduce significant administrative burden — particularly for smaller public bodies at a time when Government’s accountability to Parliament will increase overall. However, it should be clear that the proposed reforms will raise the minimum standards of public finance and resource management and accountability in Victoria through the:
• cohesive, principles-based approach adopted in the framework;
• broader scope of both public bodies and public finance requirements;
• increased fit-for-purpose compliance;
• greater disclosure of information; and
• clearer accountability inherent in the framework.

The Government is pleased that the vast majority of the Committee’s recommendations are able to be either accepted or accepted in principle, including:
• broadening the scope of the public financial management and accountability framework to include Corporations Act companies controlled by the State and to apply the accounting control test;
• the need for differential reporting based on the size of public bodies;
• planning and reporting of outcomes;
• bringing forward timelines for providing information to Parliament;
• tracking of information through appropriations and budget papers;
• planning arrangements for departments and public bodies; and
• covering other public finance requirements such as borrowing and investing, and dividends as part of the one framework.
Following the introduction and passage of the necessary legislation, and implementation of its supporting frameworks, the Government is confident that Victoria will maintain its position as a leading jurisdiction in the management of and accountability for public finances.

The Government thanks the Committee for its Report and the underpinning hard work and commitment towards the enhancement of accountability and public finance and resource management. The following section of this Government response highlights the extent of any differences between the Government's proposed reforms to public finance legislation and practices and the Committee's recommendations. The Government looks forward to shortly being in a position to introduce legislation to give effect to its proposed reforms.
Government Response to the Recommendations of
PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE'S
85th Report to the Parliament
New Directions in Accountability
INQUIRY INTO VICTORIA'S PUBLIC FINANCE PRACTICES AND LEGISLATION

Pursuant to Section 36 of the Parliamentary Committees Act 2003, this paper provides a response to the recommendations contained in the Public Accounts and Estimates Committee's (PAEC) 85th Report.

Guide for Readers:
Following is the explanation of the format of this paper.

<table>
<thead>
<tr>
<th>1</th>
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<tr>
<td>2</td>
<td>Chapter number and topic</td>
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<td>PAEC Recommendation</td>
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Row 1: Indicates the title of this paper.
Row 2: Indicates the number and topic of the response to the PAEC recommendations.
Column 1: Contains the PAEC’s recommendations as published in its 85th Report.
Column 2: Indicates the Government's response to each recommendation – “Accept”, “Accept in Principle”, “Not to be legislated”, or “Not able to be adopted”.
Column 3: Provides an explanation of the Government's position and policies relevant to the recommendation.
## CHAPTER 2: BUDGET FRAMEWORK

### Recommendation 1 (page 26)

Budgeted resources should be linked in the budget papers to the relevant individual outcomes the Government aims to achieve and ultimately its strategic priorities and policy service objectives.

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<tr>
<th>PAEC Recommendation</th>
<th>Response</th>
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<tbody>
<tr>
<td>Accept</td>
<td></td>
<td>Under the proposed reforms, there will be strengthened emphasis on the individual outcomes the Government aims to achieve through the delivery of outputs. This will be clearly shown in the budget papers. Accepted in part - Bill links resources to outcomes, but not necessarily &quot;individual&quot; outcomes.</td>
</tr>
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</table>

### Recommendation 2 (page 27)

The performance indicators and targets outlined in the budget papers relating to the Government desired outcomes and outputs should:

- focus on effectiveness and efficiency, which include the concept of value add and equity; and
- take into account the new performance and assessment framework developed by COAG.

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<tr>
<td>Accept in Principle</td>
<td></td>
<td>During the implementation of the proposed reforms, the Government will develop outcome and intermediate performance indicators and measures, to complement the current output performance measures, which will be further reviewed. Intermediate performance indicators are intended to demonstrate the impact of outputs and their effectiveness in contributing towards the achievement of government's intended outcomes. This approach is consistent with the reformed approach to Commonwealth-State funding adopted by the Council of Australian Governments (COAG) in 2008, which moved the focus from the quantum of dollars spent to what has been achieved. The Government will continuously improve the performance indicators and move towards addressing additional measures which may include efficiency, value add and equity. However these measures are not proposed to be mandated at this time in order to focus implementation on effectiveness and measures that can complement COAG Reforms. Rejected - government is not committing to performance measures to give effect to recommendation.</td>
</tr>
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</table>

Page 6 of 24
## Recommendation 3 (page 28)
There should be greater consistency in the timeframes covered in relation to the data outlined in the various budget documents. Projected data should be disclosed for the budget year and the three forward years, and actual (and projected) results for the two years prior to the budget year. The same level of disclosure should also appear in annual reports.

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| Accept in Principle | In order to improve the comparability and alignment of time-series financial and non-financial information, the proposed reforms will:  
- introduce whole-of-government plans and reports that provide financial information over a six-year time frame (budget year, two years previous, and three forward years) where relevant; and  
- require departmental annual reports to include retrospective summary financial information.  
The proposed reforms will also:  
- not require forward year projections in annual reports which appropriately have a historical focus; and  
- maintain the current practice of reporting output information over a three year time frame (budget year and two years previous) where it more clearly relates to the relevant appropriations.  
Rejected - recommended disclosure not being implemented. |

## Recommendation 4 (page 28)
Budget papers should include every four years (in line with the parliamentary term), a generational report which should disclose projections over the longer-term, say, 10 to 40 years, taking into account changing economic and demographic circumstances.

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| Not to be legislated | Longer-term forecasting, such as an intergenerational report, has been considered. However, following research and the responses to the discussion paper, it was concluded that the assumptions underpinning any such long-term projections would be too broad to achieve reliable estimates. On this basis, it was concluded that such reports would not be mandated. However, this does not preclude the Government from exercising its discretion to produce such reports from time to time.  
Rejected - no provision requiring long term projections every four years. |
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<th>PAEC Recommendation</th>
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<th>Comment</th>
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<tr>
<td><strong>Recommendation 5 (page 28)</strong></td>
<td>Accept in Principle</td>
<td>Under the proposed reforms, the budget papers will reconcile departmental funding being sourced from Appropriations and published in budget papers. The focus of the new framework is on the effectiveness of the delivery and cost of outputs regardless of the funding source. Accordingly, reconciliation of the appropriation to the value of department expenditure will not be undertaken. Rejected - recommended reconciliation will not be provided.</td>
</tr>
<tr>
<td><strong>Recommendation 6 (page 29)</strong></td>
<td>Accept in Principle</td>
<td>Under the proposed reforms, the budget papers accompanying the Appropriations Bill will include the asset investment project information currently published separately in Budget Information Paper No. 1. This will provide more timely disclosure of asset investment data for the budget year, and total estimated investment, rather than the suggested three year projections. Rejected - No requirement of greater disclosure covering the life of construction projects/PPP arrangements.</td>
</tr>
<tr>
<td><strong>Recommendation 7 (page 30)</strong></td>
<td>a) Accept in Principle</td>
<td>a) The Government will continue to ensure consistency in the information provided in output statements and estimated financial statements. Importantly and in most cases, a department's estimated total expenses from transactions (operating expenditure) accord with its estimated total output costs. However, where a department manages funding on behalf of the government or another entity, its departmental expenses (shown in Budget Paper No. 4) will exceed the cost of providing outputs (shown in Budget Paper No. 3). Going forward, the budget papers will provide sufficient disclosures to enable users to reconcile between departmental expenses and output costs. Rejected - no reconciliation to be provided b) Current practice to continue.</td>
</tr>
<tr>
<td></td>
<td>b) Not able to be</td>
<td>b) Under the proposed reforms, the budget papers will provide contingent operational</td>
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GOVERNMENT’S RESPONSE TO THE PAEC REPORT NO. 85
INQUIRY INTO VICTORIA’S PUBLIC FINANCE PRACTICES AND LEGISLATION: NEW DIRECTIONS IN ACCOUNTABILITY

CHAPTER 2: BUDGET FRAMEWORK

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<td>for the budget (general government) sector separately disclose, in addition to capital expenditure approved but not yet allocated, the contingent expenses for operating purposes.</td>
<td>adopted</td>
<td>expenditure as part of the aggregate budget estimates and in line with prudent financial management practices. This will enable the government to respond to unavoidable and unforeseen events. However, it is not possible for the government to reliably predict how much of this contingency will ultimately be required or how it will be allocated to specific outputs or outcomes. However, the amount of the contingencies included in the estimates will continue to be disclosed in a manner similar to the current practice (e.g. Table 3.1 in Budget Paper No. 4). The Government will continue to look for ways to enhance the disclosure of this information.</td>
</tr>
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- **Recommendation 8 (page 30)**

  The budget papers should be enhanced by including:
  
  a) information not only on the budget (general government) sector, but also the other two sectors (public non-financial corporations and public financial corporations) which form the whole of government; and
  
  b) a rural and regional statement.

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<th>a) Accept</th>
<th>b) Not to be legislated</th>
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<tr>
<td>a) The proposed reforms involve including aggregate estimates for Public Financial Corporations (PFCs) sector in the annual Budget and Budget Update, as are currently produced for the Public Non-Financial Corporations (PNFCs) sector. Actual outcomes for all sectors (General Government, PNFC and PFC) will continue to be disclosed in the Mid-Year Report and Annual Financial Report.</td>
<td></td>
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<td>b) While the Government may release a statement on its rural and regional activities and investments, it is not proposed that such reports be required through the legislation.</td>
<td></td>
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  a) Accepted  b) Rejected.

- **Recommendation 9 (page 30)**

  The annual Budget Update and Pre-election Update should continue to be required to be produced.

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<tr>
<td>The proposed reforms will maintain the current requirement that the Government table in Parliament once per year a Budget Update, and that the Department of Treasury and Finance prepare and publicly release a Pre-election Budget Update.</td>
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</table>

  Already done.
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<tr>
<th>PAEC Recommendation</th>
<th>Response</th>
<th>Comment</th>
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</table>
| **Recommendation 10 (page 31)** | Accept in Principle | Under the proposed reforms, the Government will specify minimum expectations for public bodies’ planning on a fit for purpose basis. A one-size-fits-all approach is not appropriate for small public bodies. Subordinate legislation will require accountable officers to meet the specific requirements for public bodies’ plans, specifically their:
  - form;
  - content;
  - provision to Ministers;
  - publication; and
  - application in end of cycle reporting. Where key public bodies contribute to the outputs provided by departments, this will be disclosed in the output statements published in the Budget Papers.

Rejected - recommended entity plans not to be prepared, tabled in Parliament or reported against.
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| **Recommendation 11 (page 37)** | It is not proposed to legislate the specific timing of the introduction of the annual Appropriation Bills (and associated budget-related requirements). This is because there may be compelling reasons to table a budget outside of the established practice such as a severe shock to the Victorian budget, or the need to respond to an external shock.  
The Government will continue the practice of being one of the first Australian jurisdictions to table its Budget and ensure that the annual Appropriation Bills are introduced in time for proper Parliamentary scrutiny and debate. The enactment of the Bills is ultimately dependent on the Parliament. | **Rejected - budget not to be brought forward.** |
| The legislative provisions relating to the budget papers and the accompanying appropriation bills should require that:  
a) these documents be tabled in Parliament at least two months prior to the commencement of the financial year to which they relate to enable further time for Parliamentary scrutiny and debate; and  
b) the appropriation bills be enacted prior to the commencement of the financial year to which they relate. | Not to be legislated |
### Recommendation 12 (page 44)

The appropriation framework should be based on accrual based annual appropriations for the individual outcomes the Government aims to achieve, standing spending authorities (special appropriations) in specific legislation which are usually for payments of an on-going basis, and discretionary budget management arrangements outlined in legislation.

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<tr>
<th>PAEC Recommendation</th>
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<tr>
<td>Accept</td>
<td>A key principle of the proposed reform is that Parliament will appropriate accrual-based funding by department for their contribution to the achievement of government's intended outcomes. The framework will continue to authorise special appropriations using specific legislation and include a range of discretionary budget management provisions designed to support the delivery of outcomes within the appropriation approved by Parliament.</td>
<td>Accepted in part - Bill links appropriations to outcomes, but not necessarily &quot;individual&quot; outcomes.</td>
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### Recommendation 13 (page 45)

There should be separate appropriation authority relating to operating and capital expenditures for individual outcomes. However, consideration should be given to multi-year appropriation authority for capital expenditures which require long planning and construction periods.

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<tr>
<th>PAEC Recommendation</th>
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<tr>
<td>Not to be legislated</td>
<td>Whilst multi-year appropriation authority was considered, the proposed reform will instead shift the focus away from dictating how funds are spent towards enabling the government to allocate and manage funding based on its intended outcomes. This framework reflects a joined-up government approach to service delivery and management of public finances. Further the issue of providing timely capital information is being addressed through including the asset investment project information currently published separately in Budget Information Paper No. 1 in the suite of budget papers generally tabled in May.</td>
<td>Rejected - no provision for multi-year capital appropriation authority. Response does not address separate appropriation for operating and capital expenditures.</td>
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### Recommendation 14 (page 45)

The requirement to issue warrants prior to drawing down funds from the Consolidated Fund could be discontinued.

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<tr>
<th>PAEC Recommendation</th>
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<tbody>
<tr>
<td>Accept</td>
<td>Under the proposed reform, warrants are no longer relevant given the accrual-based accounting framework.</td>
<td>Accepted - Bill ceases requirement for warrants.</td>
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<td>PAEC Recommendation</td>
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<tr>
<td><strong>Recommnedation 15</strong> (page 46)</td>
<td>Accept in Principle</td>
<td>Under the proposed reform, the level of disclosure for the use of the supplementation provision will increase as it will include the underlying reason. This information will be disclosed to Parliament in the whole-of-government Annual Financial Report, and the impacts reflected in the Annual Financial Reports through adjustments to the financial estimates. With respect to other budget management provisions such as carry over and supplementation for salaries and related costs, the level of disclosure will be further considered although it is not proposed to be legislated at this time.</td>
</tr>
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</table>
| **Recommnedation 16** (page 46) | Accept in Principle | Rejected - government does not intend to legislate for greater disclosure in relation to most discretionary management arrangements. The proposed reform will include disclosure of the application of the available appropriation authority for the year at a whole of government level and in departmental financial reports. The whole-of-government and departmental annual reports will continue to provide an audited section with annual and specific appropriations, as well as detailed explanations on material variances (in both the audited section and the explanatory text) in:  
  - revenue;  
  - expenditure; and  
  - balance sheet items. |
<p>| | | Rejected - Bill does not require a compliance statement as recommended. |</p>
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<th>Recommendation</th>
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<tr>
<td><strong>Recommendation 17 (page. 49)</strong></td>
<td>Accept</td>
<td>Consistent with contemporary practice, it is proposed that the legislation will require the Government to table in Parliament the audited whole-of-government Annual Financial Report by 30 September (ie within three months following the end of the financial year). &lt;br&gt;Accepted.</td>
</tr>
<tr>
<td><strong>Recommendation 18 (page 49)</strong></td>
<td>Accept</td>
<td>The proposed reform will continue to require the Government to produce an unaudited whole-of-government Mid-year Report. The latest tabling date of this document will be brought forward from 15 March to 28 February. &lt;br&gt;Six monthly interim results already done.</td>
</tr>
<tr>
<td><strong>Recommendation 19 (page 49)</strong></td>
<td>Accept</td>
<td>As part of a continuous improvement approach to reporting, the government regularly looks for opportunities to enhance transparency and accountability. Consequently, much of the current disclosure and commentary regarding key performance indicators that appear in Victoria’s Annual Financial Report were based on the Canadian models. The outcomes of the studies undertaken in Canada on financial result indicators were reviewed in the development of the proposed legislative framework and several indicators for reporting will continue to be considered as part of the implementation phase. &lt;br&gt;Accepted in part. No commitment to annual review of indicators.</td>
</tr>
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</table>
## Recommendation 20 (page 51)

Departments and public bodies should be required to table in Parliament their reports of operations and audited financial reports within a period of three months (or 13 weeks) after the end of the financial year to which they relate which would be in line with better practice in a number of other jurisdictions and ASIC requirements.

**Response:** Accept in Principle

- It is proposed that departments and the majority of public bodies that currently report to Parliament will table their audited Annual Reports in Parliament by 30 September (or within three months following the end of the financial year).
- It is proposed that reporting information for small, low-risk public bodies will be fit for purpose and available on request.

**Comment:** Accepted in part. Reporting by 30th September to be required for major entities.

## Recommendation 21 (page 51)

If particular entities are required by the Department of Treasury and Finance to bring forward the date of completion of the audited financial report, the date for the tabling in Parliament of the report of operations and audited financial report should also be advanced by the same period.

**Response:** Not to be legislated

- A public body's annual report provides much more information than that used by the Department of Treasury and Finance in the consolidated whole-of-government reports and therefore sufficient time is required in order for the public body to complete its own annual report that is reliable and relevant to users of that information. The responsible Minister may choose to table the annual report of their portfolio public bodies earlier, however, tabling dates earlier than 30 September are not proposed to be legislated at this time.

**Comment:** Rejected - proposed bringing forward not to be implemented.

## Recommendation 22 (page 51)

Entities that cease to be a public body during a financial year should be required by the enabling legislation to prepare general purpose financial statements covering the period they were a public body and once audited by the Auditor-General those statements should be tabled in Parliament.

**Response:** Accept in Principle

- It is proposed to require public bodies that cease to exist or merge to prepare a final annual report within three months of winding up or merging. Responsibility for preparing this final report will sit with the accountable officer, the chief financial officer or a person nominated by the Minister.
- The specific information and publication requirements for these reports will apply on a fit for purpose basis.

**Comment:** Accepted in part - final statements to be prepared, but not by entity and not necessarily general purpose financial statements.
## Government's Response to the PAEC Report No. 85

### Inquiry into Victoria's Public Finance Practices and Legislation: New Directions in Accountability

**Chapter 5: Accountability Framework – Financial Reporting**

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<tr>
<td><strong>Recommendation 23</strong> (page 55)</td>
<td>Accept in Principle</td>
<td>It is proposed that the Government will continue to improve the accessibility and transparency of key financial and performance information in whole of government reports (such as the budget papers, Budget Update, Mid Year Report and Annual Financial Report) and these documents will include overview information. Reporting directions will specify requirements for departments and public bodies on a fit for purpose basis.  <strong>Rejected - two page &quot;citizen's report&quot; not to be included in budget papers and annual reports.</strong></td>
</tr>
<tr>
<td><strong>Recommendation 24</strong> (page 55)</td>
<td>Accept in Principle</td>
<td>All departments will be required to continue to produce general purpose financial reports. It is proposed that the majority of public bodies that currently report to Parliament will continue to produce general purpose financial statements. It is proposed that the reporting requirements for small, low risk public bodies will be fit for purpose. The proposed reforms will not change the provisions regarding the preparation and tabling of composite reports. <strong>Rejected - not all public bodies will in future be required to produce general purpose financial statements.</strong></td>
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<th>PAEC Recommendation</th>
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| **Recommendation 25 (page 55)** | Accept        | It is proposed that different standards of reporting requirements will apply to public bodies, based on their size, risk profile and complexity. The level of reporting requirements will be fit for purpose, and will be established:  
• with reference to the Australian Accounting Standards; and  
• in consultation between the Department of Treasury and Finance and the Australian Accounting Standards Board various avenues, including the Heads of Treasuries Accounting and Reporting Advisory Committee. |
| To assist users and those preparing financial reports, the level of disclosure in general purpose financial statements could vary depending on the size of the entity. The Department of Treasury and Finance should work with the Australian Accounting Standards Board to assist the Board to finalise its differential reporting projects. |               | Accepted in part - different levels of disclosure will apply, but not as part of general purpose financial statements. |
| **Recommendation 26 (page 57)** | Accept in Principle | All departments and public bodies will be responsible for ensuring that appropriate financial and non-financial information is maintained on a fit for purpose basis and made available to the relevant minister as required. The Government will continue to seek to improve the efficiency, effectiveness and timeliness of its reporting and disclosure practices, as practicable. |
| Public sector entities should enhance their management information systems so that, in the long term, complete, reliable and useful financial and non-financial information is available to ensure accountability on an on-going (real-time) basis. |               | Rejected - no commitment to enhance management information systems or to have information available for on-going (real-time) accountability. |
| **Recommendation 27 (page 57)** | Accept        | The Government will provide year to date information for the general government sector four times a year. |
| Reporting to the Parliament of the unaudited interim results for the budget (general government) sector should continue to be produced on a quarterly basis. |               | Already done. |
### Recommendation 28 (page 58)

The legislative framework should be enhanced to require the accountability reports on the whole of government, budget sector and individual entities to be prepared not only in a manner and form determined by the responsible Minister, but that also accords with the Australian Accounting Standards.

**Response:** Accept in Principle

The proposed reforms involve specifying minimum requirements for planning and reporting for the whole of government, departmental and the majority of public bodies that currently report to Parliament. This material will be prepared in a manner and form determined by the responsible minister, but also in accordance with the Australian Accounting Standards.

Under the proposed reforms, planning and reporting requirements for public bodies will be fit for purpose.

**Comment:** Rejected - Bill authorises Minister to depart from Australian Accounting Standards in determining manner and form of preparing documents (cl.45(2)).

### Recommendation 29 (page 70)

An annual whole of government performance report should be required to be prepared and tabled in Parliament.

**Response:** Not to be legislated

The Government has and will continue to plan and report on its performance and the contribution to targeted outcomes. The proposed reforms will require the Government to report progress of contributions to outcomes in either the budget papers or through some other mechanism to be developed during the implementation phase.

However, the form and tabling of this report will not be mandated.

**Comment:** Rejected - annual whole of government performance report not to be required.

### Recommendation 30 (page 71)

As part of the budget papers major entities (departments and major agencies) should include a one page summary of outcomes and related outputs planned to be delivered in the coming year as well as key indicators and targets.

**Response:** Accept in Principle

Under the proposed reforms, the Treasurer will be required to include in the budget papers a statement that:

- describes:
  - the outputs that are planned to be produced by departments and the potential role of applicable key public bodies;
  - how these outputs will contribute to the achievement of the government's intended outcomes; and
- includes performance indicators and targets to measure service delivery and the impact or effectiveness of outputs in contributing to the achievement of outcomes.

**Comment:** Rejected - one page summary of planned outcomes and related outputs not required and not committed to.
### Recommendation 31 (page 73)

All public sector entities that separately report to Parliament should be required to produce an annual performance report and include them together with their financial report, in their annual report.

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<tr>
<td><strong>Accept in Principle</strong></td>
<td>Departments and the majority of public bodies that currently report to Parliament will be required to prepare, for inclusion in their annual report, a report of operations for the financial year. The requirements for the report of operations will be specified in subordinate legislation and are expected to improve the extent of performance reporting by departments and public bodies. However the specific details of the content of the report of operations are still being considered.</td>
<td>Rejected - not all public bodies will be required to provide an annual performance report.</td>
</tr>
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### Recommendation 32 (page 73)

The annual whole of government performance report and the annual performance reports of public sector entities should be required to be:
- prepared in a manner and form determined by the responsible Minister and in accordance with generally accepted professional pronouncements; and
- tabled in Parliament within a period of three months after the end of the financial year to which they relate.

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</table>
| **Accept in Principle** | Under the proposed reforms, annual reports will be tabled in Parliament by 30 September (or within three months following the end of the financial year) for:  
  - whole of government (financial report only);  
  - departments; and  
  - the majority of public bodies that currently report to Parliament.  
  
  Tabled annual reports from departments and public body will include a report of operations for the financial year and are expected to improve the extent of performance reporting.  
  
  The outcome progress report states performance at a whole of government level. It is intended to be published in the budget papers to provide context for the government's decisions and future strategies.  
  
  Smaller public bodies will report directly to the responsible Minister on their performance on a fit for purpose basis and the Minister will report to Parliament on the receipt and availability of this information and the extent of any adverse issues. These reports will be available on request.  
  
  These reports will be prepared in a manner and form determined by the responsible Minister and to the extent possible, in accordance with generally accepted professional pronouncements for performance reporting requirements. Such requirements may need to be developed. | Rejected - annual whole of government performance report not to be required; not all public bodies will be required to provide an annual performance report. |
### Recommendation 33 (page 73)

To achieve consistency in the reporting of performance across the public sector, performance reports should:

- for entities that form part of the State budget, include the outcomes and related outputs, and related key indicators and targets, specified in the budget papers or in supporting Annual Plans;
- for entities that do not form part of the State budget, include the outcomes and related outputs, and related key indicators and targets, specified in the entity's Annual Plan;
- for each indicator, include the targets and actual results for the period that the statement relates and the two previous financial years, and the targets for the following three financial years; and
- in instances where actual results vary materially from the established targets, provide an adequate reason for the variance.

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<tr>
<th>PAEC Recommendation</th>
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<th>Comment</th>
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<tbody>
<tr>
<td>Accept in Principle</td>
<td>Under the proposed reforms, departments and public bodies will support the development of appropriate performance measures and targets that provide consistent and meaningful information to users, linking them to the state budget or annual plans as appropriate. To achieve a better alignment between the time-series financial and non-financial information reported in budget papers and annual reports, it is currently proposed that departments will provide output information over a three year time-frame (budget year and two years historical) as this more clearly aligns with the appropriation. Details of the performance reports, and any accompanying narratives, will be further developed.</td>
<td>Rejected - government is not adopting recommended contents of performance reports.</td>
</tr>
</tbody>
</table>
## Recommendation 34 (page 74)

A generally accepted conceptual framework that identifies the essential characteristics of performance reporting in the Victorian public sector context should be developed under the leadership of the Department of Treasury and Finance (the work undertaken in British Columbia would be a good reference point).

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<tr>
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<tr>
<td><strong>Accept</strong></td>
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<td>Throughout the implementation stage of the proposed reforms, departments and public bodies will support the development of appropriate performance measures and targets that provide consistent and meaningful information. The outcomes of work undertaken in other jurisdictions (nationally and internationally) will continue to be considered in the development of future performance reporting arrangements.</td>
</tr>
</tbody>
</table>

**Rejected - government has not committed to develop a generally accepted conceptual framework as recommended.**

## Recommendation 35 (page 74)

The Department of Treasury and Finance should work with the Australian Accounting Standards Board to develop a specific accounting standard for performance reporting (the work undertaken in Canada would be a good reference point).

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<tr>
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<tr>
<td><strong>Accept</strong></td>
<td></td>
<td>The Department of Treasury and Finance will continue to work with the Australian Accounting Standards Board in the potential need to develop public sector performance reporting standards.</td>
</tr>
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</table>

**Rejected - government has not committed to work with AASB to develop a specific accounting standard for performance reporting, only to work with AASB on "the potential need" for such standards.**

## Recommendation 36 (page 75)

Audit reports on performance indicators should be phased in so that entities have a sufficient period of time to "bed down" the reporting processes and the underlying management control systems.

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<th>PAEC Recommendation</th>
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<tr>
<td><strong>Accept</strong></td>
<td></td>
<td>Matters relating to audit scope are within the purview of the Victorian Auditor-General. The Government supports phasing in the implementation of the extent of any audits of performance reporting information.</td>
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</table>

**Accepted.**
### CABINET-IN-CONFIDENCE

**GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 85**  
**INQUIRY INTO VICTORIA'S PUBLIC FINANCE PRACTICES AND LEGISLATION: NEW DIRECTIONS IN ACCOUNTABILITY**

**CHAPTER 7: ENTITIES SUBJECT TO THE FRAMEWORK**

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<th>PAEC Recommendation</th>
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<td><strong>Recommendation 37 (page 80)</strong></td>
<td>Not to be legislated</td>
<td>This is not the purpose of this legislative framework. The State Services Authority (SSA) has been established to advise government on the development of an efficient, integrated and responsive public sector and to foster a highly ethical, accountable and professional public service and public sector in the delivery of services to the Victorian community. As part of its functions, the SSA will continue to identify opportunities to improve the delivery and integration of government services when requested by the Premier, Minister and/or Public Service Body Head. The Government will consider any specific advice from the SSA or any other party in relation to the number of public sector entities.</td>
</tr>
<tr>
<td>The Government should consider rationalising the number of public sector entities in Victoria. It should: (a) undertake a review to identify instances where existing entities could be consolidated with other public sector entities; and (b) establish a framework which could be utilised to determine whether it is appropriate to fulfil the roles and responsibilities outlined in proposed legislation through an existing entity or via the establishment of a new entity.</td>
<td><strong>Rejected - rationalisation of the number of public sector entities not being undertaken; no commitment to framework to determine whether establishment of new entities is appropriate.</strong></td>
<td></td>
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<tr>
<td><strong>Recommendation 38 (page 80)</strong></td>
<td>Accept</td>
<td>Under the proposed reform, the definition of a public body will take into consideration a range of factors, including whether that body is controlled by the State or other public sector body. The term control will have the same meaning as it has in the Australian Accounting Standards. Accepted in general - Under the Bill, &quot;public body&quot; includes bodies corporate controlled by the State which hold, raise, collect or expend money. However, under the Bill, the definition extends to entities which should be independent of government.</td>
</tr>
<tr>
<td>The definition of public body in the legislation should be expanded to include entities of which the State or a public body has control.</td>
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### PAEC Recommendation | Response | Comment
--- | --- | ---
* **Recommendation 39 (page 81)**
All entities, including a corporation within the meaning of the Corporations Act which is controlled by the State or a public body should be required, as far as possible, to comply with requirements of both the financial management and accountability frameworks. | Accept | It is proposed that all public bodies, including *Corporations Act* companies controlled by the State will be required to comply with the proposed legislative framework – and the requirements for public bodies will apply on a fit for purpose basis, based on size, risk profile and complexity. Where there is an inconsistency between the proposed legislation and the *Corporations Act 2001*, the provisions of the *Corporations Act 2001* will prevail. Accepted in general. However, under the Bill, government control over entities which should be independent of government extends beyond financial management and accountability.

* **Recommendation 40 (page 81)**
All public sector entities should be required to comply with the legislative accountability, and financial and performance reporting requirements (reporting separately or consolidated with another entity). | Accept | All public bodies will be required to comply with a minimum level of accountability, financial and performance reporting requirements. Under the proposed reform, different levels of financial and performance reporting requirements will be applied to public bodies on a fit for purpose basis. Accepted in general. However, reporting requirements for smaller entities will be substantially reduced.

* **Recommendation 41 (page 81)**
A report should be tabled in Parliament, on an annual basis, identifying particular entities that do not meet the accountability and reporting requirements. The report should outline in each case the rationale why the particular requirement could not be met, the action being taken to overcome the difficulties being encountered and the timeframe required to implement appropriate action. | Accept | The proposed compliance framework will be designed on a fit for purpose basis with reference to public bodies’ size, risk profile and complexity, to ensure that:
- accountable officers of departments and public bodies certify their compliance with the proposed legislative framework and provide “if not, why not disclosures” where best practice documentation has not been applied; and
- the majority of public bodies that currently report to Parliament will publicly-attest their levels of compliance in annual reports tabled in Parliament. Accepted in general. However, reporting requirements for smaller entities will be substantially reduced.
CABINET-IN-CONFIDENCE

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 85
INQUIRY INTO VICTORIA'S PUBLIC FINANCE PRACTICES AND LEGISLATION: NEW DIRECTIONS IN ACCOUNTABILITY

CHAPTER 8: OTHER MATTERS

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| **Recommendation 42 (page 84)** | Accept | It is proposed that in addition to replacing the Financial Management Act 1994, the proposed public finance and accountability legislation will consolidate and replace the following Acts:  
- Borrowing and Investment Powers Act 1987;  
- Monetary Units Act 2004; and  
- Public Authorities (Dividends) Act 1983.  
In addition, the legislation will result in a number of consequential amendments, including to the Administrative Arrangements Act 1983 and the Constitution Act 1975. These amendments assist to streamline and simplify the legislative framework for public finance in Victoria. |
| **Recommendation 43 (page 84)** | Accept in Principle | It is proposed that the relevant public finance and accountability requirements from other Acts be incorporated into the proposed public finance and accountability legislation. As appropriate, the policy scope will be extended to all public bodies on a fit for purpose basis, according to public bodies' size, risk profile and complexity. |
| **Recommendation 44 (page 85)** | Accept | The proposed legislation could be principle-based, except for those elements outlining the parliamentary requirements of the Government when it utilises the discretionary budget management provisions, and the accountability of the Government and individual public sector entities on their utilisation of public resources. The proposed public finance and accountability legislation will be designed to be principles-based in order to ensure that operational practices can continue to meet changing best-practices and to ensure that the legislation is as clear and concise as possible.  
In proposing to adopt principles-based legislation, the Government has been mindful of the need for the Executive to remain accountable to the Parliament on the utilisation of public resources. This means that some matters relating to budget allocation and reporting processes require relatively more detail in the legislation, to maintain Parliamentary oversight and control. The proposed legislation will deliver an appropriate balance between principles-based and prescriptive legislation. |

Accepted in general. Bill seems to go further than recommendation in removing borrowing and investment powers from various bodies.

Accepted in part. Extent of recommendation is unclear.
Item 3: Public Finance and Accountability Bill 2009 (Council reference)

Consideration and adoption of draft report for tabling.

Chapter 1: Introduction

Motion: Under sub-heading 1.2 Outline of Committee’s Approach – that the word ‘examination’ be replaced with the word ‘whitewash’.

Moved: Kim Wells MP
Seconded: Richard Dalla-Riva MLC

The Committee was divided on the amendment.

**Ayes**

Kim Wells MP
Richard Dalla-Riva MLC
Gordon Rich-Phillips MLC
Bill Sykes MP

**Noes**

Bob Stensholt MP
Judith Graley MP
Jennifer Huppert MLC
Wade Noonan MP
Robin Scott MP
Sue Pennicuik MLC

Motion was negatived.

Motion: Under sub-heading 1.2 Outline of Committee’s Approach – that additional dot points be included:

‘Non-government members requested the appearance of the Minister for Finance and the Auditor-General for private briefings but they were not invited.’

Moved: Kim Wells MP
Seconded: Sue Pennicuik MLC

The Committee was divided on the amendment.

**Ayes**

Kim Wells MP
Richard Dalla-Riva MLC
Gordon Rich-Phillips MLC
Bill Sykes MP
Sue Pennicuik MLC

**Noes**

Bob Stensholt MP
Judith Graley MP
Jennifer Huppert MLC
Wade Noonan MP
Robin Scott MP

Under Section 24 of the Parliamentary Committees Act 2003, the Chair used his casting vote.

Motion negatived.

Motion: Under sub-heading 1.2 Outline of Committee’s Approach – that additional dot points be included:
‘Non-government members insisted on a reconciliation of the PAEC report and the Bill that was presented to Parliament, but this was refused.’

Moved: Kim Wells MP    Seconded: Richard Dalla-Riva MLC

The Committee was divided on the amendment.

Ayes
Kim Wells MP
Richard Dalla-Riva MLC
Gordon Rich-Phillips MLC
Bill Sykes MP
Sue Pennicuik MLC

Noes
Bob Stensholt MP
Judith Graley MP
Jennifer Huppert MLC
Wade Noonan MP
Robin Scott MP

Under Section 24 of the *Parliamentary Committees Act 2003*, the Chair used his casting vote.

Motion negatived.

*Motion:* Under sub-heading 1.2 *Outline of Committee’s Approach*, following the dot points – that an additional paragraph be included:

‘The Committee notes that the Legislative Council has allowed five weeks for the Committee to fully investigate a report on this matter, however, the Committee has elected not to use the full timeframe provided to it to fully consider this matter.’

Moved: Gordon Rich-Phillips MLC    Seconded: Kim Wells MP

The Committee was divided on the amendment.

Ayes
Kim Wells MP
Richard Dalla-Riva MLC
Gordon Rich-Phillips MLC
Bill Sykes MP
Sue Pennicuik MLC

Noes
Bob Stensholt MP
Judith Graley MP
Jennifer Huppert MLC
Wade Noonan MP
Robin Scott MP

Under Section 24 of the *Parliamentary Committees Act 2003*, the Chair used his casting vote.

Motion negatived.

*Motion:* Subject to amendments the *Chapter 1: Introduction* be agreed to and adopted

Moved: Robin Scott MP    Seconded: Judith Graley MP

The Committee was divided on the motion.
Under Section 24 of the *Parliamentary Committees Act 2003*, the Chair used his casting vote.

Resolved in the affirmative.

**Chapter 2: Public Finance and Accountability Bill 2009**

*Motion:* Under sub-heading 2.4 *Matters raised by Auditor-General in July 2010 report to Parliament* that a new sentence be included:

‘The Committee considers the seeking of comments from the Auditor-General could potentially embarrass the Government and hence the Committee has not considered this option’.

Moved: Gordon Rich-Phillips MLC  
Seconded: Richard Dalla-Riva MLC

The Committee was divided on the motion.

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Motion negatived.

*Motion:* Under sub-heading 2.4 *Matters raised by Auditor-General in July 2010 report to Parliament* in the last paragraph before sub-heading 2.5 *Committee’s consideration of matters put forward at its briefing*, that the words ‘… and those of the Auditor-General during the project’s consultative phase’ at the end of the first line be deleted.

Moved: Gordon Rich-Phillips MLC  
Seconded: Richard Dalla-Riva MLC

The Committee was divided on the motion.

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<td>Sue Pennicuik MLC</td>
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Under Section 24 of the *Parliamentary Committees Act 2003*, the Chair used his casting vote.

Motion negatived.

*Motion:* Under sub-heading *2.4 Matters raised by Auditor-General in July 2010 report to Parliament* in the last paragraph before sub-heading *2.5 Committee’s consideration of matters put forward at its briefing*, that the words ‘which applies only to Audit reports to Parliament’ be added to the end of the second last sentence.

Moved: Gordon Rich-Phillips MLC  
Seconded: Richard Dalla-Riva MLC

The Committee was divided on the motion.

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Motion negatived.

*Motion:* Under sub-heading *2.4 Matters raised by Auditor-General in July 2010 report to Parliament* that the last paragraph be deleted in entirety.

Moved: Sue Pennicuik MLC  
Seconded: Gordon Rich-Phillips MLC

The Committee was divided on the motion.

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<td>Robin Scott MP</td>
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Motion negatived.

*Motion:* Under sub-heading *2.4 Matters raised by Auditor-General in July 2010 report to Parliament*, that the last paragraph was never considered during the investigation phase and further demonstrates the whitewash of this Labor dominated Committee.

Moved: Richard Dalla-Riva MLC  
Seconded: Gordon Rich-Phillips MLC

The Committee was divided on the motion.
Motion negatived.

**Motion:** Under sub-heading 2.6.1 Analysis of the matters discussed at the briefings to the Committee, Issue No. 2 that the sentence ‘The Committee has not seen any advice which supports the DTF view’ be added at the end of the first sentence of the second paragraph.

Moved: Gordon Rich-Phillips MLC  Seconded: Richard Dalla-Riva MLC

The Committee was divided on the motion.

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<td>Sue Pennicuik MLC</td>
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</table>

Under Section 24 of the *Parliamentary Committees Act 2003*, the Chair used his casting vote.

Motion negatived.

**Motion:** Under sub-heading 2.6.1 Analysis of the matters discussed at the briefings to the Committee, Issue No. 2 that the sentence ‘The Committee has not received any independent advice to corroborate DTF’s view’ be added as a new paragraph before Issue No. 3.

Moved: Gordon Rich-Phillips MLC  Seconded: Richard Dalla-Riva MLC

The Committee was divided on the motion.

<table>
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<tr>
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</table>

Under Section 24 of the *Parliamentary Committees Act 2003*, the Chair used his casting vote.

Motion negatived.
Motion: That a new paragraph be added at the conclusion of the report to read:

‘The Committee notes that unacceptable behaviour of the Chairman whilst conducting the review of the Public Finance and Accountability Bill 2009. As Chairman of PAEC he has a responsibility to ensure the integrity of the committee is upheld, and retains its reputation as a credible Parliamentary Committee. The Chairman and the Government’s members of the PAEC have overseen a whitewash of what was supposed to be a thorough and full investigation of the Public Finance and Accountability Bill 2009.’

Moved: Kim Wells MP Seconded: Richard Dalla-Riva MLC

The Committee was divided on the motion.

Ayes
Kim Wells MP
Gordon Rich-Phillips MLC
Bill Sykes MP
Richard Dalla-Riva MLC

Noes
Bob Stensholt MP
Judith Graley MP
Jennifer Huppert MLC
Wade Noonan MP
Robin Scott MP
Sue Pennicuik MLC

Resolved in the negative.

Procedural Motion: That the Committee condemns the unhelpful and disrespectful behaviour of the Deputy Chair and his lack of productive contributions to the PAEC Inquiry into the Public Finance and Accountability Bill 2009.

Moved: Judith Graley MP Seconded: Jennifer Huppert MLC

The Committee was divided on the motion.

Ayes
Bob Stensholt MP
Judith Graley MP
Jennifer Huppert MLC
Wade Noonan MP
Robin Scott MP

Noes
Kim Wells MP
Richard Dalla-Riva MLC
Gordon Rich-Phillips MLC
Bill Sykes MP
Sue Pennicuik MLC

Under Section 24 of the Parliamentary Committees Act 2003, the Chair used his casting vote.

Resolved in the affirmative.

Motion: Subject to amendments that Chapter 2: Public Finance and Accountability Bill 2009 be agreed to and adopted.

Moved: Jennifer Huppert MLC Seconded: Wade Noonan MP

The Committee was divided on the motion.
Under Section 24 of the *Parliamentary Committees Act 2003*, the Chair used his casting vote.

Resolved in the affirmative.

*Motion:* Subject to amendments that the *Report on the Public Finance and Accountability Bill 2009* be agreed to and adopted.

Moved: Judith Graley MP  
Seconded: Wade Noonan MP

The Committee was divided on the motion.

Ayes

- Bob Stensholt MP
- Judith Graley MP
- Jennifer Huppert MLC
- Wade Noonan MP
- Robin Scott MP

Noes

- Kim Wells MP
- Richard Dalla-Riva MLC
- Gordon Rich-Phillips MLC
- Bill Sykes MP
- Sue Pennicuik MLC

Under Section 24 of the *Parliamentary Committees Act 2003*, the Chair used his casting vote.

Resolved in the affirmative.

*Procedural Motion:* Non-government members regret that the Inquiry has been rushed and that reasonable requests for additional information and briefings were refused.

Moved: Sue Pennicuik MLC  
Seconded: Bill Sykes MP

The Committee was divided on the motion.

Ayes

- Kim Wells MP
- Gordon Rich-Phillips MLC
- Bill Sykes MP
- Sue Pennicuik MLC

Noes

- Bob Stensholt MP
- Judith Graley MP
- Jennifer Huppert MLC
- Wade Noonan MP
- Robin Scott MP

Motion negatived.