

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2026–27 Budget Estimates

Melbourne – Monday 18 May 2026

MEMBERS

Sarah Connolly – Chair

John Pesutto – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Richard Riordan

Meng Heang Tak

WITNESSES

Ingrid Stitt MLC, Special Minister of State;

Jeremi Moule, Secretary,

Marian Chapman, Deputy Secretary, Public Administration, Department of Premier and Cabinet; and

Kathryn Bannon, Deputy Secretary, Justice System Coordination and Reform, Department of Justice and Community Safety.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee. I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2026–27 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

All evidence taken today is being recorded by Hansard, and it is broadcast live on the Parliament's website. The broadcast includes automated captioning. Members and witnesses should be aware that all microphones are live during hearings, and anything you say may be picked up and captioned, even if you say it quietly.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream and other committee members.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Special Minister of State the Honourable Ingrid Stitt as well as the department Secretary and officials from the Department of Premier and Cabinet. Minister, I invite you to make an opening statement or presentation of no more than 5 minutes after which time the committee will ask you some questions. Your time starts now.

Ingrid STITT: Thank you, Chair. I begin by acknowledging the traditional custodians of the lands on which we meet today, the Wurundjeri people of the Kulin Nation, and I pay my respects to elders past and present and to any Aboriginal and Torres Strait Islander people who may be here with us today.

Visual presentation.

Ingrid STITT: The Special Minister of State portfolio covers matters relating to integrity, accountability and Parliament and provides a whole-of-government approach to public administration. The portfolio is supported by two departments: the Department of Premier and Cabinet, which supports public administration matters, and the Department of Justice and Community Safety, which supports integrity agency functions.

Public administration underpins the operation of our democracy and the business of the government. Public administration in Victoria is principally governed by the *Public Administration Act 2004*, which establishes the framework for public sector governance, public sector values and employment principles and the role of the Victorian Public Sector Commission. Victoria's integrity system is made up of an interconnected arrangement of independent agencies with a range of oversight and jurisdictional responsibilities. While I am responsible for most of the integrity agencies, some oversight functions appropriately sit within other ministerial portfolios. An important focus of my role is supporting a holistic and coordinated approach to the integrity across government while respecting the independence of each agency and the network nature of oversight and accountability arrangements.

The Victorian public sector also continues to reflect the diversity of the Victorian community. In 2025 the public sector grew by 2.3 per cent, with almost 400,000 people employed, driven by increases in frontline roles,

in health services and in government schools. Our public sector is increasingly reflective of our diversity in our community: 17.8 per cent were born outside of Australia and 18.1 per cent speak a language other than English. Aboriginal and Torres Strait Islander employees and employees with disability have increased across both the VPS and the broader public sector.

As of June 2025 women make up more than half of the 3091 executives in the public sector. Public sector staff are located right across our state, with almost a third located in regional and rural Victoria. In June 2025 the public sector comprised 9.9 per cent of the total Victorian labour force and 13.7 per cent of regional Victoria's labour force. DPC's public administration advice and support output includes funding for the Victorian Public Sector Commission as well as funding for DPC to provide advice to public sector stakeholders on public administration matters. Three integrity agencies – the Independent Broad-based Anti-Corruption Commission, Integrity Oversight Victoria and the Victorian Ombudsman – operate independently of government and are funded directly through parliamentary appropriations rather than through department budget processes.

The 'Public sector and local government integrity, privacy and information protection' output principally supports the functions of the Victorian information commissioner, the Local Government Inspectorate and the Public Interest Monitor. While most people often think of our integrity agencies in relation to their investigative functions, they also play an important role in supporting and educating public sector organisations and the broader community. I would therefore like to highlight some of the recent preventative and educational work of these three agencies. The Victorian Ombudsman has released an updated edition of its guide on complaint handling for Victorian public sector organisations, which outlines the full complaint management guidance, from establishing appropriate organisational settings through to learning from completed complaints. The Office of the Victorian Information Commissioner continues to deliver a significant program of education and training for public sector employees, supported by extensive outreach and engagement activities. This includes Victoria's Privacy Awareness Week, which this year focused on protecting privacy in the age of artificial intelligence. IBAC has released new public sector profiles and integrity scenario guidance to support the public sector and Victoria Police in preventing misconduct and corruption. Thank you, Chair. I look forward to taking questions from the committee.

The CHAIR: Thank you very much. The first 8 minutes are going to go to Mr Pesutto.

John PESUTTO: Thank you, Chair. Thank you, Minister, and good afternoon, officials. Minister, would you agree that two of the seven Victorian public sector values are (1) responsiveness and (2) integrity, and in relation to both, responsiveness is providing frank, impartial and timely advice to the government, delivering high-quality public services and identifying and promoting best practice? Would you accept that as a reasonable description of responsiveness as a Victorian public sector value?

Ingrid STITT: Obviously, the government values the work done by our public –

John PESUTTO: You recognise it as a value, though?

Ingrid STITT: Pardon?

John PESUTTO: You recognise it as a value of the Victorian public sector?

Ingrid STITT: I am just seeking to answer your question – I was about 4 seconds in, Mr Pesutto. The government absolutely values the critical work of our public services every day – not only the core VPS but the broader public sector – in ensuring a range of services that Victorians rely on are delivered.

John PESUTTO: That is right, Minister. And just in relation to integrity, being honest, open and transparent in all dealings, using powers responsibly, reporting improper conduct and avoiding conflicts of interest to earn public trust – you would agree, wouldn't you, that that is a description of what the integrity value means?

Ingrid STITT: Well, they are important integrity matters. I know that the public service, the VPS, take those obligations incredibly seriously, as does the government.

John PESUTTO: Okay. Minister, you may have heard an exchange earlier this morning with Minister Williams and her senior staff in relation to the scandal surrounding Schindler and the alleged defrauding of \$6 million of taxpayers money, which occurred, according to media reports in the *Age* masthead, from October

2024 and were not brought to the attention of the government until around November, depending on who received that information, about a year later. Do you think that the defrauding of \$6 million by a contractor to the Cross Yarra Partnership – it is building the Melbourne Metro –

Lauren KATHAGE: Subcontractor.

John PESUTTO: Or subcontractor. Would you agree that such behaviour does constitute a clear and present risk to integrity across the Victorian public sector to the extent that they have an interface with those activities?

Ingrid STITT: Well, Mr Pesutto, I am mindful that those matters have been referred to the appropriate agency for investigation. I am mindful that that is an investigation that is being undertaken currently. It would not be appropriate for me as Special Minister of State to make comment on the specifics of that particular case.

John PESUTTO: But you have privilege here.

Ingrid STITT: Sorry?

John PESUTTO: You can express your concerns with the benefit of privilege.

Ingrid STITT: In taking you up on that interjection, I think it is important for those referrals which have been made by other divisions and agencies across government that those referrals are not only appropriate but the investigations that will ensue will need to take their course.

John PESUTTO: Minister, as the minister responsible for IBAC in this state, are you satisfied that members of the Victorian public service and Victorian public sector acted in a timely manner to bring that matter to the attention of Victoria Police?

Ingrid STITT: As I understand the facts and the evidence that has been put before PAEC, the evidence that I understand other ministers have given indicates that as soon as they became aware those referrals were made to the appropriate agency, and that is the right course of action.

John PESUTTO: Would your opinion change if I put it to you that the evidence this morning was that the matter was brought to the attention of the minister but it was referred to police by VIDA a month later? Would that change your view?

Members interjecting.

John PESUTTO: That is what happened.

The CHAIR: Deputy Chair!

John PESUTTO: Check the record.

Members interjecting.

The CHAIR: Members are to come to order. Deputy Chair, be very careful about your representation in what you heard this morning, because it may differ from what is on record and what others heard. Perhaps you want to rephrase your question.

John PESUTTO: I asked the minister would it change her view if that happened? If it does not, the minister can say so.

The CHAIR: Well, can I just remind you, I have asked you to change your question. You are delving into hypotheticals and opinions. Perhaps you wish to rephrase your question.

John PESUTTO: Minister, as the minister responsible for integrity, the public sector's values in this state and the state's anti-corruption body, are you seeking advice, in light of today's revelations, that would extend IBAC's powers to follow the money?

Ingrid STITT: Since coming into the portfolio I have obviously been briefed by my department officials about the matters that have been the subject of both private members bills but also of course, importantly, a report of the IOC. The government is giving careful consideration to the IOC's report and the recommendations contained within it which go to the adequacy of IBAC's powers. We will take careful consideration of those recommendations.

John PESUTTO: Do you expect a bill this term?

Ingrid STITT: What I can say is that the government will respond in due course in accordance with the normal processes when a parliamentary inquiry is tabled and the government is required to give a response. Obviously I am also in a position to be able to let you know and let the committee know that since coming into the portfolio about four weeks ago I have had the opportunity to sit down with the heads of a number of our integrity agencies, because I think it is important that as minister responsible for those integrity agencies I hear directly from them about their work and what their priorities are. I have been able to meet with both the Auditor-General, the commissioner for IBAC and also the CEO.

John PESUTTO: I appreciate that, Minister, but is it a fair assumption that you are giving consideration, the government is giving consideration, to the possibility of a widening of IBAC's powers?

Ingrid STITT: We are considering the report of the IOC, as we are required to do, and we are giving careful consideration to the recommendations that are contained in it. I think it is important with our integrity agencies and with the integrity framework that we have in place in Victoria that we are very careful and deliberate about the approach, given some of the interdependencies between some of our integrity agencies' powers and responsibilities and scope.

John PESUTTO: Thank you, Minister. One final question from me. I do not expect you to have this information here, but would you be prepared to provide to the committee an up-to-date list of the following: cabinet ministers, parliamentary secretaries, assistant ministers and parliamentary committee chairs and seats on all parliamentary committees by government members? If you could provide that to the committee, I would be grateful.

Ingrid STITT: I think that is publicly available information now, Mr Pesutto.

The CHAIR: Thank you. We are going to go to Mr Galea.

Michael GALEA: Thank you, Chair. Good afternoon, Minister, Secretary and officials. Thank you for joining us today. Minister, I would like to talk through, in reference to your presentation but also in reference to the 'Department Performance Statement', page 117, the departmental objectives. The second objective there lists 'Lead the public sector response to significant state and Commonwealth issues, policy challenges and projects'. Minister, with your role giving you oversight over of course the public service but also to some extent the broader public sector, can you talk to me a little bit about what the objectives are through this portfolio and how these objectives can lead to better service delivery across government?

Ingrid STITT: Thank you very much for that question, Mr Galea. I am pleased to have the opportunity to talk a bit more about the role of the public sector. Obviously, broadly, as well as the Victorian public service, or the VPS, which is delivering on the government's policy agenda, in terms of the public sector more broadly, as of June 2025 there were over 322,000 full-time employees, which is an increase of about 7000 on the year before. Now, I know that figure of 7000 has been rattling around a little bit of late, so I thought that it would be useful to indicate that the growth has largely come from an increase in health practitioners and teachers. Those additional jobs over the previous 12 months: more specifically, if you break those figures down, we have seen the greatest growth in carers and aides of about 7.7 per cent, medical practitioners up by 5.3 per cent – this is across the broader public sector – health therapy and promotion professionals up by 3.1 per cent, midwifery and nursing professionals up by 2.3 per cent and teachers up by 2.4 per cent. When it comes to the VPS, which is a subset of the broader public sector, there are just over 58,000 employees, which is just under 15 per cent of the total public sector workforce. I often think that the perception that the VPS just comprises people sitting around disconnected from the core work of government and the broader public sector could not be further from the truth. In reality nothing we consider to be front line, whether it is teaching in our schools or surgery being performed in a hospital, is possible without the people sitting behind the scenes making it all possible from a policy and service delivery point of view in the VPS.

There are obviously a range of examples that the committee will hear from ministers who are appearing before PAEC in the course of the budget hearings, but I think one example which is close to my heart is the Best Start, Best Life reforms as part of the children's portfolio, for which I did have the pleasure of being the responsible minister at the start of this term. Best Start, Best Life is an incredibly ambitious program that is transforming our early childhood education system and is very much nation leading. There are a few components that I think are worth drawing attention to in the context of the important role that the VPS plays in supporting the government's policy agenda. Ten years ago access to three-year-old kinder was not a given. This is despite all of the evidence internationally of the benefits of that structured play-based learning opportunity for three-year-olds before school. As part of our Best Start, Best Life reforms, we are well on the way to delivering 15 hours a week of three-year-old kinder to every child in the state from 2029.

This has only been possible because of the VPS policy officers who did the research to support the policy, consulted with experts across the sector, looked at models of early childhood education right around the world and mapped out how a reform of this scale could be delivered. They considered all of those tricky questions like: how many additional educators and teachers will we need? What will the infrastructure requirements be? How do we integrate three-year-old kinder into an established and existing learning system operating across a vast array of providers, including local government, not-for-profit and private providers? Big reform on this scale is not only not easy, but I think it is worth pausing every now and then, particularly in forums like PAEC, just to consider that in all of the numbers and the achievements, no program, whether it is a service delivery program or an infrastructure program, gets off the ground without the capable team of public servants who are doing that due diligence behind the scenes, writing the business cases and tackling the complexity of anything from delivering a level crossing removal to ensuring that there are enough nurses in our hospitals, in our emergency departments and in our aged care facilities. I think they are often unsung heroes in the background doing that really heavy lifting.

Michael GALEA: Thank you, Minister. I think it is pretty clear that there are so many essential services that Victorians rely on as those frontline services that require a strong public service to back them up. You did mention as well about jobs in regional Victoria, and I noticed from your presentation as well, if I read it correctly, the overall public sector workforce for regional Victoria as a percentage is larger than the population share, which is quite interesting to see. Can you expand, for our benefit, on the jobs supported by the VPS in regional Victoria and what the make-up is, what sort of roles they are and what that sort of profile looks like?

Ingrid STITT: Yes. Thank you. Great question. Obviously the Victorian public sector, is much more than just the core public service. It is a whole range of other services that Victorians rely on. It includes our teachers, our support staff in public schools, our healthcare workers in public hospitals, public sector aged care, police and other emergency services, so it is very diverse within itself even. The state of the public sector report in 2025 gives us some great data and insights on this question of what proportion of our public sector is based in the regions versus metro Melbourne, which I did touch on briefly in my presentation. 28.6 per cent of all public sector employees work in regional Victoria, and those workers make up 13.7 per cent of regional Victoria's total workforce. In terms of breaking that down a little further by industry and region, for example, in public health care in Barwon South West there are over 13,000 people employed in public health care – in your region, Mr Riordan. In Loddon Mallee there are over 11,000 people employed. In Grampians and Hume, both have close to 9000 people employed, and in Gippsland there are over 8000 people employed in just that public healthcare industry.

I think that demonstrates how many communities in regional and rural Victoria also rely on the broader public sector. It is a great example of how much our public sector contributes to supporting local economies and livelihoods right across the state. In many of our regional towns and cities the local hospital is often the largest employer and provides opportunities for employment for both our frontline health staff and also a range of managerial and administrative disciplines, as well as all those really important roles like cooks and our cleaners, security guards and many other roles. It is just one of the benefits of our government's strong ongoing investment in health care. It is about secure jobs that are supporting our regional communities.

More specifically, when it comes to the Victorian public service, we have worksites right across regional Victoria that employ roles all the way from land management and biodiversity officers to land use planners who work in close collaboration with local government planners to consider rezoning applications. I mean, that in itself is essential to supporting growing towns and industries. I think the idea of back-office roles can really undersell the contribution of our Victorian public sector staff and the contribution they make in these

communities. For example, across our DEECA workforce, many of whom are regionally based, staff who may normally be desk based are also encouraged to volunteer for our emergency services organisations. This means that they are ready to work with an incident control centre during a natural disaster, or it could mean that they are trained to be a frontline firefighter. We know that many of our regional communities would not be the thriving places that they are now without that ongoing investment in quality and secure public sector jobs, and the contribution of our hardworking public servants is certainly not lost on me in this portfolio.

Michael GALEA: Indeed, and it is particularly interesting to have that valuable contribution across more vulnerable communities as well across the state, which could be affected by any other alternative government policy. That is my time. I will leave it there. Thank you, Minister.

The CHAIR: Thank you, Mr Galea. We are going to go to Mr Puglielli.

Aiv PUGLIELLI: Thank you. Good afternoon, Minister and officials. I am looking at budget paper 3, pages 97 and 98. According to the *Age*, 6 May, Victoria's Ombudsman has stated the funding provided to her agency for the coming financial year was about \$1.2 million shy of her expected operating costs and that future forecast deficits would increase pressure to cut staff and investigate less. The same reporting said that IBAC received about 25 per cent of the increase it asked for, which reportedly will result in staff redundancies and worsening delays in responding to complaints. Does the government believe these agencies will be able to investigate all credible allegations of serious maladministration with the resources that they have been given?

Ingrid STITT: Thank you, Mr Puglielli, for that question. I think at the outset I want to reiterate that the budget has increased investment in a number of our integrity agencies, and that does include those matters that you have gone to in BP3, including \$3.6 million over four years for the Ombudsman and \$14.8 million over five years for IBAC. I want to make it very clear, though, that our key integrity agencies are budget independent, which means that they are funded through parliamentary appropriations and that the process that they go through to build their business cases is slightly different to the normal course of budget business case development and decision. They provide their business cases directly to the Treasurer for consideration. I think it is important to put that into context in terms of how their budgets are determined. As I indicated in questioning I had from Mr Pesutto earlier, I have had the opportunity to meet with both the Ombudsman and the Commissioner and CEO of IBAC and hear directly from them about what their priorities are. I will certainly continue to make myself available to our integrity agency heads to ensure that the government and I, as Minister, have a very strong understanding of what their work and their challenges might be in delivering on that work. Since I was sworn in to this portfolio on 15 April, I certainly have made it a high priority to be briefed on the work of our integrity agencies. I certainly take that responsibility very seriously, and I am going to continue to engage as appropriate with those integrity agencies, noting their independence.

The CHAIR: Thank you. Minister, Secretary and officials, thank you very much for appearing before the committee today. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request. The committee will take a very short break before beginning its consideration of the portfolio for government services at 4:25 pm. I declare this hearing adjourned.

Witnesses withdrew.