

CHAPTER 10: MEASURING THE COMMITMENT OF MINISTERS AND DEPARTMENTS IN SERVICING THE PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Key findings of the Committee:

- 10.1** The demands placed on Ministers and their supporting departments in servicing the Committee's inquiries are significant. The Committee appreciates the professional manner in which Ministers and departments respond to these demands.
- 10.2** The total annual cost to departments associated with supporting Ministers in servicing the Committee's inquiries is at least \$1 million.
- 10.3** The Committee intends to give greater visibility in future reports to the commitment of Ministers and departments in servicing the activities of the Committee and responding to their accountability obligations.
- 10.4** The government has provided additional ongoing funding of \$360,000, from and inclusive of 2007-08, to specifically augment the Committee's activities.

10.1 The Committee's role in the accountability process

The Public Accounts and Estimates Committee is a joint investigatory committee of the Victorian Parliament. Its role is unique in Australia in that it has the dual responsibility of scrutinising both the public accounts and the annual budget estimates. The Committee is also responsible for a range of statutory functions associated with the independence and performance of the Auditor-General.

The Committee's *Report on the 2007-08 Budget Estimates – Part One*, was tabled in Parliament on 24 May 2007 and describes the role of the Committee in the budget estimates process, which includes:

- the conduct of public estimates hearings with each Minister and the Presiding Officers of Parliament at which they are questioned on their budgetary allocations for the ensuing financial year;
- the seeking of written responses from Ministers to questions taken on notice and unasked questions arising from the hearings for their portfolios; and
- provision of responses by departments to an annual budget estimates questionnaire issued by the Committee addressing the impact of the budget on departmental operations and future directions.

Subsequent to the budget estimates process, the Committee seeks information from departments on their financial results for the previous year and their performance against planned outcomes. This retrospective outcomes review complements the prospective budget estimates exercise.

The Committee also undertakes inquiries from time to time into specific aspects of public administration either selected by the Committee for examination or referred to it by the Governor-Council on behalf of the Parliament or government.

In summary, the Committee is the key representative body of Parliament assigned the responsibility of ensuring adequate transparency about the government's financial management practices. It fulfils a major role in strengthening the government's accountability to Parliament and the community.

10.2 Relationship between the Committee and Ministers and their supporting departments

Ministers and their supporting departments are significant contributors to inquiries of the Committee. Much of the Committee's annual work on budget estimates and outcomes centres on information and responses provided by Ministers and departments.

By way of illustration, at the budget estimates hearings, Ministers make a presentation to the Committee on the key issues and budgetary priorities impacting on their portfolios. These presentations are a valuable source of information to the Committee and members of the public on the main strategic matters earmarked for attention in each portfolio over the next forward estimates budget period (usually four years).

Following these presentations, Ministers and their senior departmental officials are questioned by all Members of the Committee about their proposed use of allocated funds.

The demands placed on Ministers and supporting departments in preparation for and participation at the estimates hearings, as well as other inquiries, are therefore significant. The Committee appreciates the professional manner in which Ministers and departments respond to these demands. The Committee considers it is indicative of their respect for the scrutiny powers of the Committee, separate from the Executive arm of government, and their commitment to upholding public accountability in Victoria.

10.3 Estimates of departmental resources involved in servicing inquiries of the Committee

Mindful of the extent of cooperation and assistance provided by Ministers and departments, the Committee sought, during its 2007-08 Budget Estimates inquiry, information from Ministers on the estimated level of resources and staffing costs involved annually for each portfolio department in servicing inquiries of the Committee.

The ministerial responses were informative and indicated that the total annual cost, predominately of a staffing nature, to coordinating departments supporting Ministers in servicing the activities of the Committee is at least around \$1 million. This figure represents a minimum estimate as:

- two responses, from the Treasurer and the Department of Education on behalf of the Minister, did not attach a dollar value to the resource estimates;
- estimates were not provided for three of the five portfolios supported by the Department of Human Services;
- some estimates cited were conservative in nature and in one case the estimate was limited to the Committee's budget estimates inquiry; and
- servicing of the Committee's activities was not always costed in departments as a separate activity because it was viewed as integral to the budget development phase, which meant in those cases only broad estimates could be furnished.

In six instances, the annual cost estimate was greater than \$50,000 with the Department of Justice providing the highest estimate, namely \$422,500.

The Committee is aware that not a lot of information is available in the public arena to illustrate the extent of the commitment by Ministers and departments to meeting their public accountability obligations. The Committee therefore intends to seek, as a standard budget estimates question, similar information from Ministers in future years. It suggests that departments make suitable provision within their costing systems to facilitate the annual extraction of relevant information.

The Committee recommends that:

Recommendation: 32: **Departments ensure their costing systems readily identify the level and cost of resources allocated to supporting Ministers in their servicing of the Committee's inquiries.**

10.4 Staffing needs of the Committee

The wide ranging scrutiny role accorded by Parliament to the Committee accentuates the importance of the availability to it of adequate staffing levels so that it can consistently produce high quality output and convey value adding recommendations in its reports.

As mentioned in the Chair's introduction in the Committee's *Report on the 2007-08 Budget Estimates – Part One* tabled on 24 May 2007, the Committee was pleased to hear from the then Premier, Hon. S Bracks MP at the estimates hearing of 3 May 2007, on the importance the government attaches to its role. At the hearing, the Premier indicated that additional funding of \$360,000 would be made available in 2007-08 and subsequent years:¹⁵⁵

...to this Committee for its work, its staffing and undertaking the investigations that it pursues. I am very pleased about that.

The Premier also undertook:¹⁵⁶

...to have formal correspondence submitted by the Treasurer to the PAEC outlining the money resources and the allocation of that and the principles on which it was allocated.

On 17 May 2007, the then Acting Premier formally advised the Committee of this additional funding as well as a further \$240,000 for 2006-07. As no new staff were appointed before the end of the financial year, this \$240,000 was not utilised.

Evidence was taken at the estimates hearings with the Presiding Officers on this matter and the Speaker agreed that the funding was 'to provide for additional inquiries and for additional staff and operational expenditure.' The Chair tabled a letter to the Clerk, on behalf of the Committee, seeking a classification of the executive officer position at the VPS 6.2 level with a gratuity, while noting that the Committee believed the position merited an E03 level classification. The Committee has also sought additional research officers and believes that the appointment of senior research officers at the VPS 5.2 level is warranted.

¹⁵⁵ Hon. S Bracks MP, Premier, 2007-08 Budget Estimates hearing, transcript of evidence, 3 May 2007, p.2
¹⁵⁶ *ibid.*, p.34

The Speaker noted that a higher classification of the executive officer position was an issue. The Clerk also noted that he was happy to look at a work value case in respect of the PAEC secretariat.

Subsequent to the hearing, the Presiding Officers have employed Hay Consulting to report on the work value of senior parliamentary positions including the executive officer of the Public Accounts and Estimates Committee. The Clerk has also employed a private consultant, Mr Warren Peart to review the staffing resources of the secretariat. The Committee was advised of the terms of reference of the latter review but was not consulted on them. It was of the view that the terms of reference did not sufficiently address the immediate need for more senior and additional full-time staff. The Chair and Deputy Chair met with the consultant and put the Committee's view that the additional funding provided by Parliament should be allocated for what was intended when the Committee sought the funds from the Premier: the appointment of a more senior executive officer and additional full-time research staff.

At the time of the preparation of this report the results of the two external staffing reviews were not available. The Committee looks forward to the early and positive resolution of the secretariat's urgent staffing needs.