



The Public Accounts and Estimates Committee

BRIEFING PAPER

Annual PAEC budget estimates inquiry

Background

Each year around May, the Government tables the budget papers and the Appropriation Bills in the Parliament.¹ The budget papers include estimated projections of government revenue over the forward estimates (three years) and expenditure for the next financial year. They also outline the fiscal outlook for the State's economy and the Government's proposed major initiatives.²

The appropriation bills reflect the spending proposals contained in the budget papers and the Parliament must pass the bills to authorise the expenditure of public money. The budget papers and the appropriation bills form the basis of accountability for financial and performance management for each government department.³

On behalf of the Parliament, the Committee conducts detailed scrutiny of the Government's annual spending and revenue (the budget estimates).⁴

Objectives

The Committee's budget estimates inquiry aims to benefit the Parliament and the community by:

- promoting the accountability, transparency and integrity of the executive and the public sector
- encouraging effective and efficient delivery of public services and assets
- enhancing the understanding of the budget estimates and the wider economic environment and
- assisting members of Parliament in their deliberation on the appropriation bills.

The process

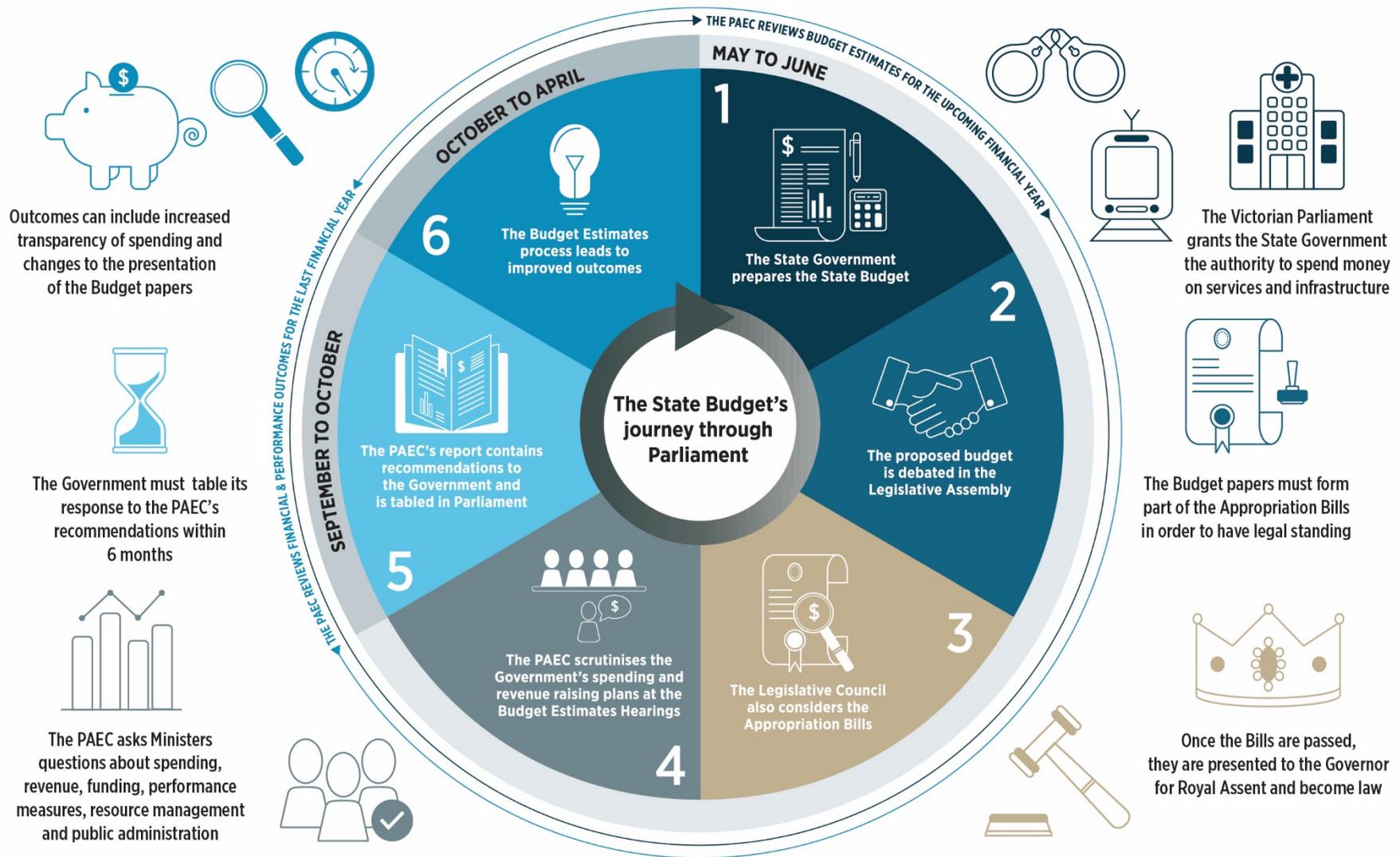
The Budget's journey through Parliament and the role of the Committee is illustrated over the page.

1 Department of Treasury and Finance, *Budget process in Victoria*, <https://www.dtf.vic.gov.au/state-budget/budget-process-victoria> (accessed 1 February 2019).

2 The budget papers are published on the Department of Treasury and Finance's website.

3 Department of Treasury and Finance, *Budget Operations Framework for Victorian Government Departments*, Updated February 2017, p. 7, <https://www.dtf.vic.gov.au/sites/default/files/2018-01/Budget%20Operations%20Framework%20-%20February%202017.docx> (accessed 1 February 2019).

4 The *Parliamentary Committees Act 2003* (Vic), subsection 14(a) requires the Committee to inquire into, consider and report to the Parliament on any proposal, matter or thing concerned with public administration or public sector finances and the annual budget estimates.



The process by which the Committee scrutinises the budget estimates includes the following stages:

General questionnaire: Before the budget papers are tabled the Committee sends a general questionnaire to all departments.⁵ It seeks information about how the anticipated Budget affects each department, including how budget allocations are connected to service delivery, infrastructure projects and assets, and other key economic, financial management and emerging issues.

Public hearings: Around June, the Committee holds two weeks of public hearings with all Ministers and the Parliamentary Presiding Officers. At the hearings the Committee asks questions about a variety of matters, including the decisions that led to the framing of the Budget, departmental performance targets, and issues of financial significance to the State. Witnesses may take some questions on notice⁶ or agree to provide the Committee with further information.

Further information gathering: After the public hearings, the Committee may send a witness or a department follow up questions regarding matters not addressed at the public hearings or that require clarification. The Committee may also send a further questionnaire to departments to seek additional information relevant to its inquiry.

Report: Around September, the Committee reports its analysis of the budget estimates to Parliament and makes recommendations to the Government.

Government response: Six months after the report is tabled the Government is required to respond to the Committee's recommendations.⁷

⁵ This includes Court Services Victoria (CSV). CSV is an independent statutory body corporate that provides services and facilities to Victoria's courts, Victorian Civil and Administrative Tribunal and the Judicial College of Victoria.

⁶ At the hearings witnesses may take questions on notice if the information sought is not available or incomplete. The Committee will set a date for return of responses to questions taken on notice. The responses are published on the Committee's website with the relevant transcript.

⁷ See *Parliamentary Committees Act 2003* (Vic), section 36.