



Public Accounts and Estimates Committee



Annual Report for
1997-98

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PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

TWENTY FIFTH REPORT TO PARLIAMENT

ANNUAL REPORT FOR 1997-98

NOVEMBER 1998

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1998



Private meeting of the Public Accounts and Estimates Committee
L to R: Hon. A J Sheehan, MP; Mr R J Hulls, MP; Mr S P Bracks, MP;
Hon. N B Lucas, MLC; Hon. R Best, MLC; Mr S McArthur, MP;
Hon. W Forwood, MLC (Chairman); Mr K Wells, MP;
(Hon. T C Theophanous, MLC absent)



Hon. T C Theophanous, MLC, longest serving member of the Committee

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At a Glance

COMMITTEE ACTIVITIES

- *52 meetings*
- *7 sub committees appointed*
- *350 submissions received*
- *183 witnesses gave evidence*
- *4 inquiries completed*
- *4 reports tabled in Parliament*
- *4 new inquiries commenced*
- *35 days of hearings*
- *3 seminars organised*
- *2 issues papers distributed*

Highlights of the Year

1997

- 18 September Report No. 21 tabled – Inquiry into Outstanding Fines and Unexecuted Warrants
- 2 October Chairman addresses Australian Public Service inter-agency roundtable on Competitive Tendering and Contracting Out in the Victorian Public Sector
- 21 October Committee held a reception for representatives attending the Australasian Auditor-General's Conference
- 28 October Report No. 22 tabled – Annual Report for 1996-97
- 30 October Seminar for Members and their staff held on the Annual Financial Statement for 1996-97
- 6 November Committee met with delegation of senior finance officials from Brazil
- 3 December Report No. 23 tabled – Report on the 1997-98 Budget Estimates
- 10 December Committee met with Members of the Queensland Public Accounts Committee
- 16 December Committee met with the Minister for Finance and other senior officials from Mongolia

1998

- 18 February Announced Inquiry into Annual Reporting in the Public Sector and distributed issues paper
- 18 February Call tenders for the appointment of Independent Auditors to conduct Financial and Performance Audits of the Victorian Auditor-General's Office
- 19 February Seminar for Members and their staff held on National Competition Policy

- 27 February Chairman attended Australasian Council of Public Accounts Committees mid term meeting to determine agenda and review papers for discussion at next year's biennial conference
- 28 February Announced Inquiry into Information Technology and the Year 2000 Problem: Is the Victorian Public Sector Ready? Questionnaire distributed to all government agencies
- 5 March Chairman addresses the Monthly Outsourcing Seminar Program on the Inquiry into Outsourcing of Government Services in the Victorian Public Sector
- 13 March Chairman addresses delegation of senior officials from Mongolia
- 13 March Issues paper for Inquiry into Environmental Accounting and Reporting distributed
- 29 April Seminar for Members and their staff held on the 1998-99 Budget
- 30 April Report No. 24 tabled – The appointment of Independent Auditors to conduct Financial and Performance Audits of the Victorian Auditor-General's Office
- 5 May Estimates hearings commenced
- 26 May to 16 June Sub-Committee on Environmental Accounting and Reporting overseas study tour to review developments with public environmental reporting.



Hon. Bill Forwood, MLC
Chairman of the Public Accounts and Estimates Committee

Chairman's Review

1997-98 was a year of significant challenge and achievement for the Public Accounts and Estimates Committee.

During the year the Committee continued to focus on improving transparency and accountability in matters relating to the State's financial management. The Committee did this by adopting the following strategies:

- examining significant public sector financial and management issues, particularly reforms connected with accrual accounting and reporting, and whole of government reporting;
- promoting reforms necessary to improve accountability;
- producing reports on issues that contribute to public sector reforms.

Significant achievements were:

- most goals in the Committee's corporate plan were met or exceeded;
- four reports containing 109 recommendations were tabled in the Parliament;
- a significant number of the Committee's recommendations were adopted by the Government with:
 - 48 recommendations accepted;
 - 17 recommendations accepted in part;
 - a further 33 recommendations still under consideration as part of a legislative review;
 - 11 recommendations rejected.
- two further inquiries (Outsourcing of Government Services and Commercial in Confidence and the Public Interest) were completed. These reports will be tabled in the spring session;
- four new inquiries were commenced:
 - Information Technology and the Year 2000 Problem - Is the Victorian Public Sector ready?
 - Annual Reporting in the Public Sector;
 - Environmental Accounting and Reporting; and
 - Estimates of Expenditure for 1998-99.
- three seminars were held for Members of Parliament and their staff on:
 - National Competition Policy;
 - financial management reform program and the new accrual budget; and

- the annual financial statement for 1996-97;
- two issues papers were produced by the Committee:
 - Environmental Accounting and Reporting; and
 - Annual Reporting in the Public Sector;
- the Committee gained ‘in principle’ support from the Victorian Government for the Australasian Council of Public Accounts and Estimates Committees to be represented on the proposed Financial Reporting Council which will be responsible for setting accounting standards for the public and private sectors.

The year was very productive for the Public Accounts and Estimates Committee. In total the full Committee and its seven sub-committees held 52 meetings, received 350 submissions and took evidence from 183 witnesses.

Two major reports with far-reaching recommendations were tabled. Report No. 21 on Outstanding Fines and Unexecuted Warrants now forms the basis for a major overhaul of the present on-the-spot fines system in Victoria and the development of omnibus legislation to cover the multitude of pieces of legislation that govern fines. Report No. 23, an examination of the 1997-98 Budget Estimates, is the most comprehensive review of departmental expenditure and performance yet undertaken by the Committee or its predecessors. This report contained significant recommendations relating to the financial reporting process and proposed substantial changes to the structure and content of the State’s budget papers. The Committee also produced an annual report (Report No. 22) and a report recommending the appointment of auditors to conduct financial and performance audits of the Victorian Auditor-General’s Office (Report No. 24).

The Committee continued the practice of selectively following up issues raised by the Auditor-General. Two new inquiries were initiated as a result of matters raised by the Auditor-General (Information Technology and the Year 2000 Problem - Is the Victorian Public Sector Ready? and Annual Reporting in the Public Sector). In addition, the report on the estimates of expenditure for 1998-99, which will be tabled in the spring session, will report on the whole of government financial statement for 1996-97, the financial management reform program and the new format of the State’s budget papers.

As a result of changes to the Audit Act in December 1997, the Committee now has an enhanced role, on behalf of the Parliament, in the performance

audit process. The Committee looks forward to continuing and developing its already close liaison with the Office of the Auditor-General.

The past year has been an active one. The Committee worked on many new areas and issues and made an important contribution to the many financial and management reforms, which are transforming the public sector in Victoria.


The Committee benefited greatly from the advice received from its advisers. We would especially like to thank Professor Richard Fox for his work on the Fines Inquiry. The Committee is also grateful for the assistance and co-operation from the Ministers and public officials that we have dealt with in the past year.

The Committee acknowledges the important work of the Auditor-General and expresses appreciation for the productive relationship between the Victorian Auditor-General's Office and the Committee.

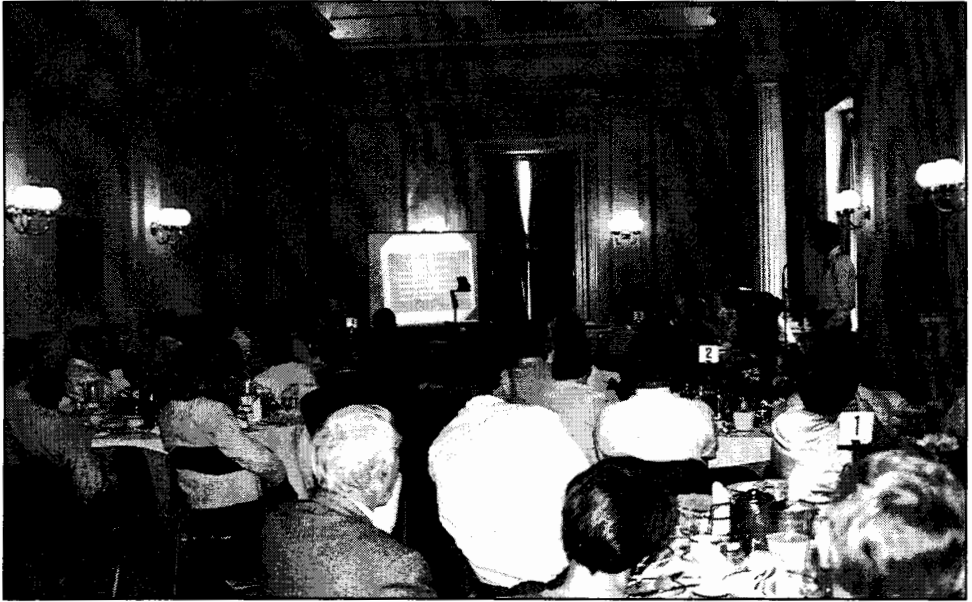
I would like to thank my fellow members— Ron Best, Steve Bracks, Rob Hulls, Neil Lucas, Stephen McArthur, Theo Theophanous, and Kim Wells for their efforts and support during the year. The fact that the Committee has been able to achieve so much is a reflection of the bipartisan approach that is taken to matters of public interest.

The Committee's Deputy Chairman, the Honourable Tony Sheehan, resigned from Parliament on 8 July 1998. The Committee would like to place on record its gratitude for his contribution to the work of the Committee.

Finally, I would like to place on record my appreciation to the staff of the PAEC, especially Michele Cornwell and Frances Essaber. Section 5.3 of this Report deals with the significant staffing problems faced by this Committee. The fact that, in the face of these problems, the Committee has achieved so much is the result of the extraordinary efforts of Michele and Frances. I hope that these staffing problems will be solved this year.



Bill Forwood
Chairman
Public Accounts and Estimates Committee



Members of Parliament at the seminar organised by the PAEC on
National Competition Policy February 1998

1997-98 Committee Membership



The Honourable Bill Forwood, MLC
Chairman of the Public Accounts and Estimates Committee

Bill Forwood was elected MLC for Templestowe Province in 1992, and has served as Chairman of the Public Accounts and Estimates Committee since May 1996. He has been a member of the University of Melbourne Council since 1993. Before entering Parliament, Bill Forwood was employed as a senior adviser and manager and held executive positions in a number of companies. On 24 February 1998 he was appointed as Parliamentary Secretary to the Premier. Bill Forwood is a Member of the following PAEC Sub-Committees:

- Outstanding Fines and Unexecuted Warrants
- Outsourcing of Government Services
- Commercial in Confidence and the Public Interest
- Appointment of Performance Auditor and Financial Auditor for the Auditor-General's Office
- Annual Reporting in the Public Sector
- The Year 2000 Problem within the Public Sector
- Environmental Accounting and Reporting



The Honourable Tony Sheehan, MLA
Deputy Chairman of the Committee (resigned 8 July 1998)

Tony Sheehan was the MLA for Ivanhoe during 1982-85 and represented Northcote from 1988-1998. Before his election he had worked as a teacher and as a ministerial adviser. Tony Sheehan was Minister for Housing and Construction August 1990-January 1991, Minister for Finance, January 1991-January 1992 and Treasurer from January to October 1992. Tony Sheehan has served as Shadow Minister for Education and Employment and Shadow Minister for Tourism October-November 1992. He had been a member of the Public Accounts and Estimates Committee since May 1996. Tony Sheehan was a Member of the following PAEC Sub-Committees:

- Outstanding Fines and Unexecuted Warrants
- Annual Reporting in the Public Sector
- Appointment of Performance Auditor and Financial Auditor for the Auditor-General's Office
- Environmental Accounting and Reporting



The Honourable Ron Best, MLC

MLC for North Western Province since 1988, Ron Best has served as Secretary of the Parliamentary National Party since 1992. Ron Best has served on the Public Accounts and Estimates Committee since October 1996. Before entering Parliament, he was employed in management and small business. Ron Best is a Member of the following PAEC Sub-Committees:

- Environmental Accounting and Reporting
- Appointment of Performance Auditor and Financial Auditor for the Auditor-General's Office



Mr Steve Bracks, MLA

Steve Bracks was elected MLA for Williamstown in 1994 and has served as Shadow Minister for Employment and Industrial Relations; Shadow Minister for Tourism and Assisting the Shadow Treasurer; Chair, State Opposition Decentralisation Taskforce, December 1994 - March 1996; and Shadow Treasurer, Shadow Minister for Finance and Industrial Relations since April 1996. He has served on the Public Accounts and Estimates Committee since May 1996. Before his election, Steve Bracks worked as a teacher, employment project officer and ministerial adviser. Steve Bracks is a member of the following PAEC Sub-Committees:

- Outsourcing of Government Services
- Commercial in Confidence and the Public Interest
- Appointment of Performance Auditor and Financial Auditor for the Auditor-General's Office
- Annual Reporting in the Public Sector



Mr Rob Hulls, MLA

Rob Hulls was elected MLA for Niddrie in February 1996. He was elected as MHR for Kennedy (Qld) 1990-93 and has served as Shadow Attorney-General, Shadow Minister for Gaming and Shadow Minister for Tourism. Before entering Parliament Rob Hulls was a solicitor. He has been a member of the Public Accounts and Estimates Committee since May 1996. Rob Hulls is a Member of the following PAEC Sub-Committees:

- Commercial in Confidence and the Public Interest
- The Year 2000 Problem within the Public Sector



The Honourable Neil Lucas, PSM, MLC

Before being elected MLC for Eumemmerring Province in 1996, Neil Lucas was a senior executive in Local Government. He has served on the Public Accounts and Estimates Committee since May 1996. Neil Lucas is a Member of the following PAEC Sub-Committees:

- Outstanding Fines and Unexecuted Warrants
- Annual Reporting in the Public Sector
- Appointment of Performance Auditor and Financial Auditor for the Auditor-General's Office
- Environmental Accounting and Reporting



Mr Stephen McArthur, MLA

Stephen McArthur was elected MLA for Monbulk in October 1992. He has served on the Public Accounts and Estimates Committee since May 1996. Before entering Parliament he was a farmer. Stephen McArthur is a Member of the following PAEC Sub-Committees:

- Outstanding Fines and Unexecuted Warrants
- Commercial in Confidence and the Public Interest
- The Year 2000 Problem within the Public Sector



The Honourable Theo Thephanous, MLC

MLC for Jika Jika Province since October 1988, Theo Thephanous has a public service and academic background, having tutored in politics and sociology at La Trobe University. He has held the portfolios of Consumer Affairs and Small Business and was Minister Assisting the Minister for Manufacturing and Industry Development. He is currently the Leader of the Opposition in the Legislative Council and Opposition spokesperson on Industry and Employment and WorkCover. Theo Thephanous has been a member of the Public Accounts and Estimates Committee since November 1992, and is a Member of the following PAEC Sub-Committees:

- Outsourcing of Government Services
- Environmental Accounting and Reporting
- The Year 2000 Problem within the Public Sector



Mr Kim Wells, MLA

Kim Wells was elected MLA for Wantima in October 1992. Before entering Parliament he was an accountant and an operations manager. He was appointed to the Public Accounts and Estimates Committee in May 1996. Kim Wells is a Member of the following PAEC Sub-Committees:

- Appointment of Performance Auditor and Financial Auditor for the Auditor-General's Office
- Environmental Accounting and Reporting.
- Outsourcing of Government Services

Chapter 1:

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE - PURPOSE, MEMBERSHIP AND METHODS OF OPERATION

1.1 Introduction

The Public Accounts and Estimates Committee is an all party joint Investigatory Committee of the Victorian Parliament established by the *Parliamentary Committees Act 1968*. The Committee has wide powers to review State public sector finances or administration and the budget estimates.

1.2 Membership

The Public Accounts and Estimates Committee has nine members, four of whom are appointed by the Legislative Council and five by the Legislative Assembly. There are five Government and four Opposition members represented on the Committee. By tradition, the Committee's Chairman is a Government member elected by the whole Committee, while the Deputy Chairman is an Opposition member.

On 8 July 1998, Hon. Tony Sheehan, Deputy Chairman of the Committee, resigned as a Member of Parliament and was replaced by Peter Loney, MLA.

1.3 Functions

The Committee carries out investigations and reports to Parliament on matters associated with State financial management. Its functions under the *Parliamentary Committees Act* are to inquire into, consider and report to the Parliament on -

- (a) any proposal, matter or thing connected with public administration or public sector finances; and
- (b) the annual estimates or receipts and payments and other Budget Papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council.

As a result of changes to the Audit Act in December 1997 the Committee was given an enhanced role, on behalf of the Parliament, in the performance audit process.

1.4 Committee Processes

The Public Accounts and Estimates Committee has three key functions, these being the traditional public accounts and estimates functions and a new role in performance auditing.

1.5 The Public Accounts Function

The role of the Committee in this area falls into two categories:

- following up matters of concern raised in the reports of the Auditor-General; and
- general inquiries relating to some aspect of financial administration or public sector management.

An important aspect of the Committee's work is to follow up on matters raised by the Auditor-General in various reports to the Parliament. These bring to the Parliament's attention financial concerns or relevant issues relating to any public sector agency and the Committee can then elect to follow up these matters by virtue of its powers to hold public hearings and take evidence. In this way, matters raised by the Auditor-General are put under the microscope for the benefit of the Parliament and the public. During the year the reports of the Auditor-General raised a number of issues on which the Committee either sought a briefing or investigated further. They involved cross portfolio and individual agency issues.

In addition to reviewing the reports of the Auditor-General, the Public Accounts and Estimates Committee usually undertakes a number of public interest inquiries during the year. These may examine the performance of a specific Department, or perhaps some aspect of the financial reform program across the public sector, eg. corporate or business plans or annual reporting.

1.6 The Estimates Function

Following the delivery of the Budget Speech by the Treasurer, the Committee forwards a questionnaire to all departments requesting information to supplement the details in the Budget Papers. The information received from departments is analysed and background briefing papers are prepared.

The Committee follows a schedule of public hearings for the budget estimates. All Ministers and departments are invited to appear before the

Committee at least once in the life of the Parliament, with the major portfolios of Treasury, Finance, Health, Education and Transport examined at a public hearing at least once each financial year. The evidence given at the public hearings is analysed and, where the Committee considers it necessary, further information is sought.

The Committee's objective in its scrutiny of the budget estimates is to:

- constructively contribute to the presentation of budget information, including key financial management details, to the Parliament and the community of Victoria;
- facilitate a greater understanding of the budget estimates;
- encourage clear, full and precise statements of the Government's objectives and planned budget outcomes;
- assist the Parliament and the community of Victoria to assess the achievement of planned budget outcomes; and
- encourage economical, efficient and effective administration.

The report on the estimates of expenditure is tabled in the spring session each year.

1.7 Performance Audit Function

A key element of the new auditing framework, provided for in the *Audit (Amendment) Act 1997*, enhances the role of the Committee in the performance audit programme of the Auditor-General. This involves, in consultation with the Auditor-General, determining the objectives of a performance audit and identifying any particular issues that need to be addressed. As the Auditor-General has identified a programme of 18 performance audits that will either be undertaken or commenced this financial year, there will be a significant amount of work for the Committee in discharging this new function.

1.8 Government Response to Committee Reports

The Committee has the power to make recommendations to the Parliament, and the appropriate responsible Minister is required to respond within six months of the report being tabled.

An integral part of the accountability process is the consideration of the Committee's recommendations. The Committee thanks Ministers for their timely responses to the Committee's reports.

1.9 How the Committee Operates

Because the Committee has the capacity to determine its own work program and priorities, it generally undertakes a concurrent number of inquiries. In 1997-98 there were seven sub-committees in operation.

Inquiries are generally advertised and the Committee invites interested individuals and organisations to make written submissions.

Almost all of the Committee's evidence gathering hearings are open to the public and interested parties can receive transcripts of those public hearings.

The Committee presents the results of its inquiries in reports which are tabled in both Houses of Parliament. Copies are distributed to all Ministers and State agencies with an interest in individual reports. The reports are also available to the public.

To increase public access to and awareness of the Public Accounts and Estimates Committee's activities, a home page on the Internet has been established. The Committee's Internet address is:

<http://www.parliament.vic.gov.au/paec/default.htm>

The home page provides background information on the Committee and its Members; details of current inquiries; meeting dates and a list of recent reports.

The Public Accounts and Estimates Committee also publishes summaries of its reports and the full text of issues papers on the Internet.

Chapter 2:

CORPORATE PLAN

To guide its work and provide a framework for the selection of inquiry topics, the Committee has developed the following corporate plan:

2.1 Mission Statement

On behalf of the Parliament to scrutinise and assess the financial administration of the public sector, and promote reform where necessary.

2.2 Objectives

The duties of the Public Accounts and Estimates Committee are described in detail in section 4EB of the *Parliamentary Committees Act* 1968 and in section 16 of the Audit Act, as amended. These duties can be interpreted as setting the following objectives for the Committee:

1. to encourage the economic, efficient and effective utilisation of public sector resources;
2. to enhance the accountability of the Executive Government to the Parliament and the public; and
3. to enhance the presentation and disclosure of information to Parliament and the public.

2.3 Strategies

The strategies used by the Committee to achieve its objectives include:

1. examining significant public sector financial and management issues by:
 - (i) maintaining an awareness of key Government policy and public sector financial management issues; and
 - (ii) reviewing:
 - the implementation of Government policy;
 - the effectiveness of public sector internal control and risk management systems; and

- (iii) monitoring the impact and implementation of reports and activities of the Auditor-General and taking further action if required.
2. actively promoting any reforms necessary to improve accountability and ensure that services provided by Government reflect value for money; and
3. maintaining the Committee's credibility and relevance with Members of Parliament, the public sector and the public by the production of timely, focused and relevant quality reports on matters reviewed or investigated.

2.4 Performance Measures

The Committee's performance during the year, as measured against the targets shown below, clearly demonstrates a period of significant achievement. Both the quantity and quality of the Committee's reports are at high levels and exceed the targeted levels. Interest in the Committee's reports is strong, and their relevance and importance is acknowledged by political and media commentators, academics, parliamentarians and public sector agencies. This is reflected in the following extracts from correspondence received by the Committee:

"I would like to congratulate the Committee on the recently released report on outstanding fines and unexecuted warrants. The attention to detail and the report's responsiveness to the many issues raised by ourselves and other councils is greatly appreciated. I have learnt a significant lesson in how to proactively approach change to legislation and personally thank the Committee for the high level of interest and sincerity brought to this review."

*Gerry Hindman
Regulatory Manager and
Member of the Local Government
Statutory Services Special Interest Group
Stonnington City Council*

“The PERIN Fines Working Group is pleased with the overall thrust of the (PAEC’s) report. We believe it has been well researched and provides a sound basis upon which appropriate legislation can be drafted to deal with PERIN matters.”

*Federation of Community Legal
Centres (Vic) Inc. (the peak organisation
for 41 legal centres in Victoria)*

“We particularly support the Committee’s recommendations of practical measures to improve the present fine enforcement system”

*Public Interest Law Clearing House
Victoria*

“The Department of Justices welcomes the tabling of such a comprehensive report which explains many of the issues hampering the development of an efficient and effective fines enforcement system.”

*Secretary of the
Department of Justice*

The Committee has set itself a high target for the level of acceptance of the Committee’s recommendations by the Government. The Committee is pleased to note that the majority of its recommendations have been accepted and acted on by the Government.

In summary, the Committee has delivered on its corporate mission and is well placed to meet the challenges of the next financial year.

PERFORMANCE MEASURES

Strategy	Output	Target 1997-98	Actual 1997-98	Target 1998-99
<p>Examining significant public sector financial and management issues by:</p> <p>(i) maintaining an awareness of key government policies and public sector financial management issues;</p> <p>(ii) reviewing:</p> <ul style="list-style-type: none"> the implementation of government policy; and the effectiveness of public sector internal control and risk management systems; <p>(iii) monitoring the impact and implementation of reports and activities of the Auditor-General and take further action if required</p>	<p>Reports tabled in the Parliament.</p>	<p>Annual estimates report – all major departments reviewed annually, other departments in the life of each Parliament.</p> <p>Inquiries into:</p> <p>(a) matters raised in reports by the Auditor-General; and</p> <p>(b) issues relating to public sector management and financial administration.</p>	<p>Report on Budget Estimates for 1997-98 tabled in December 1997 – Estimates of expenditure for nine ministerial portfolios and the five parliamentary departments examined.</p> <p>4 reports tabled for 1997-98 – Outstanding Fines and Unexecuted Warrants, 1997-98 Budget Estimates; Annual Report for 1997-98 and Appointment of Financial and Performance Auditors for the Victorian Auditor-General's Office.</p> <p>More than 50 copies provided.</p>	<p>Annual estimates report – all major departments to be reviewed as well as Natural Resources and Environment and the remainder of State Development.</p> <p>Inquiries to be completed in 1998-99 include: outsourcing of government services, commercial confidentiality, environmental accounting and reporting, annual reporting in the public sector and the Year 2000 problem. Review of all outstanding Auditor-General's reports to be undertaken.</p>
<p>Actively promoting any reforms necessary to improve accountability and ensure that services provided by government reflect value for money.</p>	<p>Reports include recommendations relating to financial management reform issues and matters relating to accountability.</p>	<p>Majority of recommendations accepted by the Government.</p> <p>Outstanding issues/recommendations relating to 1996-97, and not yet dealt with, monitored to ascertain their status.</p>	<p>In respect of reports issued prior to 1997-98, significant recommendations were accepted.</p> <p>Status of outstanding issues/recommendations has been determined and follow up action taken.</p>	<p>Achieve an acceptance rate of 75% or better in respect of recommendations made.</p> <p>All matters in pre 1997-98 reports have been dealt with satisfactorily. No significant matters remaining.</p>

PERFORMANCE MEASURES

Strategy	Output	Target 1997-98	Actual 1997-98	Target 1998-99
<p>Maintaining the Committee's credibility and relevance as a Committee of the Parliament with Members of Parliament, the public sector and public by the production of timely, focused and relevant quality reports on matters reviewed or investigated.</p>	<p>Implement initiatives aimed at enhancing confidence in the activities of the Committee.</p>	<p>Revision of the estimates inquiry process to take account of financial management reforms.</p> <p>Adequate representation by interested parties in relation to all inquiries.</p> <p>Briefing sessions for parliamentarians on emerging issues relating to public sector reform and financial management.</p> <p>Liaison with, and awareness of activities of Parliamentary, Audit Offices and other relevant Committees.</p>	<p>Revised estimates questionnaire responded to by departments.</p> <p>Structured approach to requesting submissions to the inquiries. Production of issues papers to summarise matters being addressed.</p> <p>Seminars were held for parliamentarians and their staff on:</p> <ul style="list-style-type: none"> (a) annual financial statement for the State; (b) financial management framework; (c) budget documents, and (d) national competition policy. <p>A number of meetings were held with the Victorian Auditor-General and members and staff from Parliamentary Committees in other jurisdictions.</p>	<p>Further refinement of requests for information e.g. moving to performance information based on intended outcomes</p> <p>Extension of coverage through increase in number of submissions made to Committee inquiries.</p> <p>Seminars to be held on:</p> <ul style="list-style-type: none"> (a) Commonwealth State Financial Relations; (b) Year 2000 Problem; (c) annual financial statement for 1997-98; and (d) private sector funding of infrastructure. <p>Continue practice of regular meetings and briefings with the Auditor-General. Continue to attend meetings of ACPAC and keep abreast of developments with other relevant Committees.</p>



Minister for Planning and Local Government (Hon. R Maclellan), Minister for Transport (Hon. R Cooper) and Minister for Roads and Ports (Hon. G Craige) and departmental officers preparing for the Public Accounts and Estimates Committee public hearing on the budget estimates for their portfolios.

Chapter 3:

REPORTS PRESENTED DURING THE YEAR

3.1 Report No. 21: Outstanding Fines and Unexecuted Warrants

Reference

Since the establishment of the PERIN Court in 1986-87, the Auditor-General has commented in several reports to the Parliament on the level of uncollected fines and outstanding warrants. Despite a number of administrative initiatives by the Department of Justice and amendments made to legislation to improve the enforcement and collection of fines the value of uncollected fines continued to rise.

Inquiry

The Auditor-General again raised this matter in the May 1996 Report on Ministerial Portfolios. After receiving a briefing from the Auditor-General on this issue and representations from the Manningham City Council, the Committee conducted an Inquiry into the level of outstanding fines and unexecuted warrants. The Committee tabled its report on 18 September 1997.

Committee's Findings

The Committee examined the fines collection system and made 44 recommendations to improve the effectiveness of the system.

Major recommendations included:

- creation of a new Act to govern the operation of the infringement notice system;
- development of guidelines to deal with offenders with medical, psychiatric or other special circumstances, which may justify waiving the infringement penalties;
- allowing fine payments to be made by direct debit against offender bank accounts or credit cards, or other means such as periodic payments; and
- amending legislation to give the Sheriff power to impose a charge on or execute against the defaulter's real property, where the outstanding fines in total value exceed the dollar equivalent of 10 penalty units.

Government's response to the Report

The government's response was tabled on 8 April 1998. The government broadly accepted the Committee's Recommendations: Nos. 1, 12, 14, 22, 31, 32, 34, 36 and 38.

Recommendation No. 23 was rejected. Recommendations Nos. 2 to 11, 15 to 18, 21, 24 to 38, and 40 to 44, are still under consideration. Of these matters, seventeen recommendations are dependent on the legislative review which is the subject of Recommendation No. 1, already accepted in principle by the government.

A number of the recommendations still under consideration require further consultation with other agencies.

The Committee will review the outcome of the legislative review and await further advice from the Attorney-General.

3.2 Report No. 22: Annual Report for 1996-97

Reference

It is the Committee's practice to present an annual report on its activities.

Committee's Findings

This report contained a recommendation that when Parliament is not sitting, parliamentary committees should be able to present their reports to the Presiding Officers and these reports are then deemed to be presented to the Parliament and their publication authorised. When the Parliament resumes, the reports are then formally tabled in both Houses.

This arrangement would enable the Committee to release reports during the several months that the Parliament is adjourned between each session.

Presiding Officers' response to the Report

The Presiding Officers have indicated their support for this proposal and have written to the Premier requesting that an appropriate amendment be made to the Parliamentary Committees Act.

3.3 Report No. 23: 1997-98 Budget Estimates

Reference

The Public Accounts and Estimates Committee has the power to carry out investigations and report on the annual estimates of receipts and payments and other budget documents presented to the Parliament.

Inquiry

Following the delivery of the Budget Speech by the Treasurer, the Committee circulated a questionnaire to all departments requesting supplementary information to the details presented in the Budget Papers.

During May and June 1997 the Committee held public hearings for the major portfolios of Treasury and Finance, Health, Education and Transport.

Committee's Findings

This report was the most comprehensive review of departmental expenditure and performance yet undertaken by the Committee or its predecessors. Nine ministerial portfolios and the five parliamentary departments were examined by the Committee at public hearings. Apart from reviewing departmental estimates of expenditure, the Committee made a number of recommendations to enhance the presentation of, and the information in, the Budget Papers.

The report contained sixty recommendations, many of which were intended to give momentum to the development of a comprehensive financial reporting process.

The Government's response to the Report

On 14 May 1998, the government's response to the report was tabled.

The Committee is pleased that the majority of recommendations were accepted by the government:

- 33 recommendations were accepted;
- 16 recommendations were partly accepted;
- 10 recommendations were rejected, and
- 1 recommendation required no action.

The Committee has taken up three key recommendations relating to the availability of Corporate and Business Plans, Interim Reporting and the

interim guidelines for Corporate and Business Plan. These matters will be again raised in the Committee's report on the 1998-99 estimates of expenditure.

3.4 Report No. 24: Report on the appointment of Independent Auditors to conduct financial and performance audits of the Victorian Auditor-General's Office

Reference

In accordance with Sections 17 and 19 of the *Audit Act* 1994 as amended, the Committee is required to recommend to the Parliament the appointment of independent auditors to conduct an annual financial audit of the Victorian Auditor-General's Office; and a performance audit of the Victorian Auditor-General's Office at least once every three years.

Committee's Findings

After calling tenders for the audits and interviewing representatives of all firms submitting proposals, the Committee recommended that:

1. (a) the Legislative Council and the Legislative Assembly appoint Mr Douglas N. Bartley of KPMG to conduct the financial audit of the Victorian Auditor-General's Office for the 1997-98 financial year;
 - (b) the level of remuneration for the financial audit be \$10,1250; and
 - (c) Mr Bartley be appointed for three years, subject to negotiation of a suitable level of remuneration for future financial audits.
2. That the Audit Act be amended to provide that in relation to financial audits of the Auditor-General the Public Accounts and Estimates Committee can:
 - (a) give directions to the independent auditor appointed to undertake financial audits; and
 - (c) determine the terms and conditions of the appointment of the auditor.
3. That, in accordance with section 19 of the *Audit Act* 1994, as amended, the Legislative Council and the Legislative Assembly appoint Mr Stuart Alford of Ernst & Young to conduct the performance audit of the Victorian Auditor-General's Office; and

4. The level of remuneration for the performance audit be \$49,700.

Response to the Report

The Parliament endorsed the appointment of Mr Bartley and Mr Alford.



Hon. Ron Best, MLC and Mr Kim Wells, MP (Members of the Sub-Committee on Environmental Accounting and reporting) at a meeting with the Auditor-General of The Netherlands



Mr Kim Wells, MP, Hon. Ron Best, MLC, Hon. Theo Theophanous, MLC (Members of the Sub-Committee on Environmental Accounting and Reporting) at a meeting with government officials at The Hague, June 1998.

Chapter 4:

INQUIRIES IN PROGRESS

The following inquiries are in progress:

4.1 Commercial Confidentiality and the Public Interest

Reference

This Inquiry has been initiated as a result of issues raised by the Victorian Auditor-General in the Report on Ministerial Portfolios dated May 1996. The Auditor-General pointed out that some agencies claimed that information he wished to include in reports was considered to be commercially confidential and sensitive. The Auditor-General stated that this issue should not override the fundamental obligation of Government to be fully accountable at all times for all financial arrangements involving public moneys.

Although audit legislation does not place any restrictions on the information actually available to the Auditor-General, it restricts the disclosure of commercially sensitive information. No alternative mechanism exists within the parliamentary arena to evaluate the merit of claims that certain material should not be publicly disclosed in reports to the Parliament. It is left to the judgement of the Auditor-General to decide whether or not claims that the material is commercially confidential or sensitive are legitimate and whether or not disclosure of such material is in the public interest.

The Inquiry

The Inquiry examined what principles should be adopted to protect commercial confidentiality of information in the public sector whilst also ensuring accountability.

In April 1997 the Committee published an issues paper in connection with this Inquiry.

The Committee sought submissions on the following issues:

- in what instances has public accountability been hampered by the application of the “commercial in confidence” argument, and to what extent has this occurred?

- in what instances has the disclosure of negotiated outcomes for a contract led to a company losing trade secrets or losing the value of sensitive commercial information?
- what contract information has been traditionally disclosed to the public, to the Auditor-General, and to the Parliament?
- how has the disclosure of this information improved public accountability?
- which points of information about contracts or agency operations should be disclosed to the public and the Parliament, and which should remain confidential?
- at what point should any disclosures be made?
- who should make these disclosures?
- what form should such disclosures take?
- should the government issue guidelines on disclosure of information relating to contract confidentiality?
- if so, should these be general guidelines applicable to all cases, or separate ones issued for individual projects?
- should there be an “independent” person or body to observe the process and ensure probity and integrity?
- should government agencies be permitted to enter into agreements which contain a provision prohibiting that agency or the responsible Minister from providing to the Auditor-General or the Parliament information as to its operations or the contents of that agreement?

Ninety four submissions were received. The Sub-Committee, appointed to undertake the Inquiry, took evidence in Melbourne, Sydney and Canberra from 30 organisations and individuals.

The Committee expects to report on this matter in November 1998.

4.2 Budget Estimates for 1998-99

Reference

Under the Parliamentary Committees Act, the Public Accounts and Estimates Committee has the power to carry out investigations and report on the annual estimates of receipts and payments and other budget documents presented to the Parliament.

The Inquiry

Following the presentation of the Budget in April 1998, the Committee forwarded a questionnaire to all departments to obtain additional information to assist with the review of the budget estimates.

After analysing this information, public hearings were held with nine Ministers and the Heads of the Parliamentary Departments.

A draft report is currently being prepared and the Committee expects to present its report to the Parliament in November 1998.

4.3 Environmental Accounting and Reporting

Reference

The Committee has the authority to undertake an inquiry into any matters associated with state financial management.

The Inquiry

Although Australia and Victoria has a large number of environmental protection laws and regulations, there are no general reporting requirements and few mandatory accounting standards which require disclosure of environmental information in financial statements and annual reports.

Unlike many overseas countries which have integrated social, economic and environmental factors into a cohesive financial reporting model, there is no environmental accounting framework in Australia.

The potential benefits in developing a whole of government environmental financial statement for internal and external reporting, include:

- improved transparency of environmental costs and benefits, assets and liabilities which may otherwise be obscured or simply overlooked;
- increased understanding of environmental issues and their relationships to the State's financial accounts;
- increased community awareness of the financial implications of environmental management;
- comparability of environmental costs, benefits, assets and liabilities from one year to the next, and the potential to allow for comparisons on a local, regional, state, national and international level;
- increased predicability of environmental costs, benefits, assets and liabilities through time series analysis of consistent, classified and

recorded information, potentially leading to the development of environmental budgets; and

- increased knowledge and accountability of environmental costs, benefits, assets and liabilities as a basis for improved policy making.

As improved performance information and reporting is crucial to better understanding the environmental implications of organisations' activities, the Public Accounts and Estimates Committee has appointed a Sub-Committee to undertake an Inquiry into Environmental Accounting and Reporting.

The terms of reference for the Inquiry require the Sub-Committee to:

- review and seek advice on international and national developments in environmental accounting and reporting;
- consider the current application of these developments for both private and public organisations in Australia and overseas;
- investigate the implications of these developments for Victorian public sector accounting and reporting; and
- review the extent to which public and private sector organisations in Victoria and in Australia should be required to disclose information about the negative impacts of their activities on the environment and the positive outcomes of their efforts to protect the environment, control pollution and remediate environmental damage.

In March 1998 the Committee distributed an issues paper. In researching and preparing the issues paper on the key matters to be addressed during this Inquiry, it became apparent that there are significant issues that are not going to be easily resolved as there is no comprehensive and consistent method of generating, analysing and reporting on the financial implications of environmental management or the environmental implications of financial management in Australia. There is also no standard methodology in relation to environmental accounting and there are difficulties in determining what are environmental costs and how to identify and evaluate liabilities.

As environmental accounting is still at a conceptual stage in Australia there are a wide range of views amongst experts and practitioners on these issues. Much of the relevant literature contains vague definitions and there is a lack of consensus on how to develop and use environmental indicators. There is also no agreement on how to standardise the information to enable interstate and international comparisons.

The Committee believed that it would be very helpful to the Inquiry to know how countries, which are well ahead of Australia in developing and implementing environmental management systems, had addressed these matters, what practices they have adopted and why their approaches to a number of key issues are different.

In May 1998, a number of Members of the Sub-Committee (Messrs Wells, Best, Lucas and Theophanous) took evidence from key officials in the four countries (UK, Germany, Denmark and the Netherlands) which are considered to be at the leading edge of developments in this area. This provided a valuable insight and a solid foundation of information which will considerably enhance the Sub-Committee's understanding of the many technical and complex issues to be addressed during the Inquiry.

The Committee expects to report on this Inquiry in 1999.

4.4 Outsourcing of Government Services

Reference

In August 1995 the previous Public Accounts and Estimates Committee commenced an inquiry into outsourcing in the Victorian public sector.

The Inquiry was interrupted by the State election in 1996. This Committee resumed the Inquiry but adopted different terms of reference because operations within agencies have changed significantly and outsourcing has evolved to a stage where more detailed information is now available.

The key issues to be considered by the Committee during the Inquiry are:

- the extent of outsourcing activities in the public sector;
- whether the guidelines/directions, if any, are appropriate including whether or not they define core and non-core services;
- whether the agencies conducted a base line costing and established objectives before deciding to outsource a service;
- whether the agencies are monitoring the outcomes of the outsourcing and the performance of the contractors; and
- the public and parliamentary accountability implications of outsourcing.

Submissions were sought from all agencies who had previously responded to the Inquiry and from a range of community and professional organisations.

To date, the Committee has received one hundred and seventy five submissions. The Committee has taken evidence in Melbourne, Sydney and Canberra from 42 witnesses

The Committee expects to report on the outcome of the Inquiry in November 1998.

4.5 Matters arising from reports of the Auditor-General

Reference

In virtually all Parliaments in the Westminster system the Public Accounts Committee works closely with the Auditor-General. The form this co-operation takes varies, but almost always includes a review by the Committee of the reports published by the Auditor-General, and a follow up to those reports when the Committee considers it appropriate.

This is the practice which is followed in Victoria by this Committee.

The Inquiry

Reports Nos. 42 to 57 and the Auditor-General's Reports on Ministerial Portfolios May 1997 and 1998 and responses from the Minister for Finance to these reports will be considered by the Committee after a number of current inquiries are completed in the latter half of 1998.

4.6 Information Technology and the Year 2000 Problem – Is the Public Sector Ready?

Reference

The Auditor-General indicated in the report on Ministerial Portfolios May 1997 that he was concerned about the readiness of a number of public sector agencies for the Year 2000 problem.

The Inquiry

The Committee forwarded a survey questionnaire to all public sector agencies seeking detailed information regarding the nature, extent of assessment, planning and remedial efforts being taken to address the Year 2000 problem.

Two hundred and forty-four agencies responded to the survey. In addition, the Sub-Committee appointed to undertake this inquiry took evidence from a number of officials with business critical systems.

The Committee expects to report on this Inquiry in November 1998.

4.7 Annual Reporting in the Public Sector

Reference

Last year in the Report on the 1997-98 Budget Estimates, the Committee commented on the disparity in the quality and content of annual reports from government agencies. Subsequently, the Committee resolved to undertake an inquiry into the effectiveness of annual reporting to determine whether the focus of the reports needed to change in light of recent financial and management reforms in the public sector.

The Inquiry

Although the business of government has changed significantly in recent years, the Committee is aware that annual reporting by agencies continues to focus heavily on inputs, processes and compliance—not on outputs and outcomes—and is primarily concerned with financial accountability. Even though agencies are now shifting their emphasis to the management of results, they have not yet provided adequate performance information in annual reports to assist the community and parliamentarians in judging how well government programs are performing and whether programs are achieving what was intended.

While the Department of Treasury and Finance has developed a management reform program to encompass the diverse range of government operating activities, an accountability framework has not yet been developed to guide agencies in providing appropriate and meaningful performance information to the community and the Parliament.

In February 1998 the Committee distributed an issues paper seeking comments on the following key issues to be addressed during the Inquiry:

- who are the principal readers of public sector annual reports? How useful are these reports to their readers?
- who should be the readers of public sector annual reports?
- what level of reliability do readers place on annual reports?
- what level of monitoring is undertaken as to how effectively agencies are meeting the needs of readers of annual reports?
- what is the level of external/independent scrutiny of information contained in the annual reports of agencies?
- how readily accessible is the information in annual reports to potential readers?

- how effective are the current annual reporting requirements in ensuring public accountability?
- what new requirements should be included to meet the needs of readers?
- to what extent should annual reporting guidelines be prescriptive?
- are the current compliance requirements adequate to ensure continuous improvement in annual reporting?
- are there any alternative means of ensuring compliance with annual reporting regulations?
- should the quality of annual reports prepared by statutory authorities be different to that of reports prepared by agencies?
- what should be the link between annual reports/budget documents and agencies' corporate/business plans?
- are the corporate objectives of agencies identified and linked to overall government policy objectives? Do annual reports effectively link outputs and achievements to corporate objectives?
- to what extent are performance indicators reported in annual reports? Are these indicators objective and realistic, and are they directly linked to outcomes? Should the reporting of performance indicators be subject to audit scrutiny?
- should the annual report contain a statement of the key corporate governance practices adopted by agencies?
- is there a need to have specific standards and guidelines for certain types of information, ie. reviews of agencies by the Auditor-General or Parliamentary Committees?
- what mechanisms should be in place to achieve best practice standards in public sector annual reporting?
- to what extent do annual reporting awards contribute towards increasing the quality of annual reporting? Should such awards be introduced for the Victorian public sector, as is the case in other jurisdictions?
- are there any other matters on public sector annual reporting in Victoria, which need to be considered?

Eighty-one submissions were received. The Sub-Committee undertaking this Inquiry has taken evidence from a range of interstate organisations and individuals with an interest in annual reporting. It is proposed to hold public hearings in Victoria in October and November 1998. It is expected that the Committee's report will be tabled early in the Autumn session 1999.

Chapter 5:

OTHER MATTERS

5.1 Members Seminars on Financial and Public Sector Reforms

Last financial year, the Committee, with the assistance of Department of Treasury and Finance, initiated a seminar programme for parliamentarians and their staff to promote awareness about financial management or public sector reform issues.

During 1997-98, the Committee held seminars on:

- 1997-98 accrual output budget;
- National Competition Policy; and
- inaugural annual financial statement for 1996-97.

The seminars have been well attended and from the comments made by participants on evaluation forms, Members have found the programme informative and useful.

5.2 Australasian Council of Public Accounts Committees

The Australasian Council of Public Accounts Committees (ACPAC) , consisting of all public accounts-type committees throughout Australia, New Zealand and New Guinea, operates on a two year cycle, with a biennial conference and a mid-term meeting each alternate year.

The aims of ACPAC are to:

- exchange information, ideas and opinions relating to public accounts committees;
- improve public and parliamentary accountability through the work of public accounts committees; and
- seek ways of improving the performance of public accounts committees.

The Chairman and the Executive Officer attended the ACPAC mid term meeting held in Perth in February 1998 to discuss the agenda and draft discussion papers for the 1999 biennial conference.

The papers discussed at the meeting included:

- reform and role of ACPAC meetings and decision making processes;
- Public Accounts Committees' staffing and resource standards;

- accountability of grants; and
- representation on the Accounting Standards Board.

It was agreed that at the next conference, papers would be presented on the Year 2000 problem; and outsourcing of services and intellectual property rights.

The biennial conference will be held in Perth in February 1999.

5.3 Staffing of the Committee

The staffing situation with the Committee has continued to be a major problem throughout the year. Despite endorsement by the Premier that the Committee should be adequately resourced to undertake its new responsibilities with performance auditing, and a review undertaken in May 1998 by the Public Service Commissioner on the appropriate level of staffing for the secretariat, a decision has still not been made about allocating additional staff.

This is despite the fact that the 1998 report on the Performance Audit of the Auditor-General's Office¹ contained the following statements about an enhanced role for the Public Accounts and Estimates Committee and the need for additional staff:

Key Findings

The extent to which audit findings are followed up and acted upon warrants further attention. There is a clear role for the Public Accounts and Estimates Committee, working with the Auditor-General, to become more involved with facilitating and monitoring this important aspect of accountability. This may require increasing the resources available to the Committee to allow it to more effectively support the audit process and the extent of public sector accountability. (page 2)

Communicating Audit Findings

An opportunity exists for the Public Accounts and Estimates Committee to enhance audit and accountability processes by becoming more involved in the follow up of the matters raised or reports issued by the Auditor-General's Office. (page 4)

¹ S.Alford, Report of the Performance Audit of the Victorian Auditor-General's Office, 1998

Need for stakeholder involvement in business planning

Any planning involvement by the Public Accounts and Estimates Committee in the Audit Office planning processes would need to be supplemented by a periodic (maximum two to three times per annum) reporting process to provide for ongoing consultation and feedback as to the results of audit activity. (page 15)

Additional resourcing needed to follow up reports

Additional resources should be allocated by the Public Accounts and Estimates Committee to providing effective follow up on matters identified in reports issued by, or affecting, the Audit Office. (page 15)

Prioritise selection criteria and further involve stakeholders

The Public Accounts and Estimates Committee could play an enhanced role in the process through its involvement in the assessment of risk and materiality inherent in the topics proposed by the Victorian Auditor-General's Office. (page 20)

Opportunity for the Public Accounts and Estimates Committee to enhance audit and accountability processes. (page 25)

The Auditor-General is dependent upon a strong and effective Public Accounts and Estimates Committee to follow up issues raised in his/her reports to the Parliament. (page 26)

I acknowledge that any extension of the role undertaken by the Public Accounts and Estimates Committee will need additional resourcing to research issues and to properly prepare and brief the Committee. (page 27)

Feedback techniques compared with private sector firms – but results may not be as objective

The PAEC could play a role in periodically seeking independent and effective feedback from selected auditees. (page 27)

Authority – the legislation is silent

Given the public emphasis on accountability (both within the public and private sector), it may be appropriate for the Public Accounts and Estimates Committee to take on the responsibility for having the legislation clarified in this area. (page 31)

Previous Performance Audit

The effectiveness of the findings and recommendations resulting from the previous audit was reduced by the absence of any effective process of follow up by the Public Accounts and Estimates Committee. (page 35)

The Committee is firmly of the belief that it is substantially under-resourced, both in terms of numbers of staff and expertise. The Committee plays a vital role, and that role should not be compromised by lack of resources.

APPENDICES

Appendix 1

List of Hearings and Meetings 1997-98

DATE	SUBJECT	ORGANISATION	WITNESSES IN ATTENDANCE
1997 23 July	Private Meeting Sub-Committee	<i>Inquiry into Outstanding Fines and Unexecuted Warrants</i>	
28 July	Public Hearing Sub-Committee	<i>Inquiry into Outsourcing of Government Services</i>	
		Ernst & Young	Mr P. Rohan, Principal
		Community and Public Sector Union	Mr P Keogh Mr T Monagle Mr P Bertolus
4 August	Private Meeting Sub-Committee	<i>Inquiry into Outstanding Fines and Unexecuted Warrants</i>	
4 August	Deliberative meeting with briefing by the Auditor-General Full Committee	Victorian Auditor- General's Office	Mr C Baragwanath Mr G Hamilton Mr R Walker Mr J Manders
13 August	Private Briefing Sub-Committee	<i>Inquiry into Commercial in Confidence and the Public Interest</i>	
		Department of Premier and Cabinet	Ms M Sussex Ms M van Rees
		La Trobe University	Professor S Zifcak
18 August	Public Hearing Sub-Committee	<i>Inquiry into Commercial in Confidence and the Public Interest</i>	
		Victorian Government Purchasing Board Department of Treasury and Finance	Mr L Bailey Mr J Peachey Mr R Venables
		Graduate School of Management Monash University	Dr K Coghill
		University of Melbourne	Professor A Freiberg
25 August	Public Hearing Sub-Committee	<i>Inquiry into Outsourcing of Government Services</i>	
		Industry Commission	Mr R Kerr, Ms L Maddock
		Ombudsman	Dr B Perry
3 September	Deliberative meeting Full Committee		
9 September	Private Briefing Sub-Committee	<i>Inquiry into Outsourcing of Government Services</i>	
		Graduate School of Business, University of Sydney	Professor Simon Domberger
		Public Sector Research Centre University of NSW	Mr Michael Paddon
		NSW Audit Office	Mr A C (Tony) Harris
		NSW Council of Social Services	Mr Gary Moore

Hearings and Meetings (continued)

DATE	SUBJECT	ORGANISATION	WITNESSES IN ATTENDANCE
		NSW Department of Finance	Ms Mara Burns Mr Peter Kell
10 September	Private Briefing Sub-Committee	<i>Inquiry into Outsourcing of Government Services</i>	
		Access Education and Finance Branch, Department of Industry Science and Tourism	Mrs Janet Murphy
		Australian Competition and Consumer Commission	Mr Greg d'Arville
		House of Representatives Family and Community Affairs Commission	Mr Bjarne Nordin
		Department of Finance	Mr Graeme Moffatt Dr Sylvie Trosa
		Member, Senate Committee on Finance and Public Administration Secretary to the Committee	Senator Kate Lundy Mr Derek Abbott
		Office of Information and Government Technology	Mr Alan MacLean
12 September	Deliberative Meeting Full Committee		
22 September	Public Hearing Sub-Committee	<i>Inquiry into Commercial in Confidence and the Public Interest</i>	
		Ombudsman	Dr B Perry
		Catholic Social Services	Father J Caddy
		Catholic Social Justice Commission	Ms L Curran
		Victorian Council of Social Service	Ms P. Morrison
		Federation of Community Legal Centres	Ms A George Ms A Sharman Ms J Cox Ms S Burchfield Mr S Biondo Ms C Gow
		Save Albert Park	Ms C Hutchens Ms M Gillespie Mr D Littlewood Dr H Ward
29 September	Public Hearing Sub-Committee	<i>Inquiry into Outsourcing of Government Services</i>	
		Department of Human Services.	Mr A Clayton Mr L Wallis Ms L Dormer Mr L Ulrick

Hearings and Meetings (continued)

DATE	SUBJECT	ORGANISATION	WITNESSES IN ATTENDANCE
		Victorian Council of Social Service	Ms P Morrison
		Consumer Law Centre Vic Ltd	Mr D Nelthorpe
		Northern Accommodation and Support Services, Berry Street Inc.	Mr J McDougall
		Anglicare Victoria	Mr J Wilson
		RMIT, CCT Research	Ms S Moore
6 October	Public Hearing Sub-Committee	<i>Inquiry into Commercial in Confidence and the Public Interest</i>	
		Australian Shareholders Association	Mr J Stock Mr S Mather
		Australian Stock Exchange Ltd.	Mr S Crosby Ms D Hambleton
		Maribyrnong City Council	Mr P Shanahan Ms K Manley
		Chartered Accountant	Mr E M Wells
		City of Manningham	Ms H Lanyon Mr B Douglas
13 October	Private and deliberative meeting Sub-Committee	<i>Briefing on Environmental Accounting and Reporting</i>	
		University of New South Wales	Prof Bob Walker
20 October	Public Hearing Sub-Committee	<i>Inquiry into Commercial in Confidence and the Public Interest</i>	
		Law School, University of Tasmania	Mr R Snell
		Worksafe Australia	Dr Vladimir (Reg) Diakiw
		Hillside Trains, Public Transport Corporation	Mr J Lind
27 October	Public Hearing Sub-Committee	<i>Inquiry into Outsourcing of Government Services</i>	
		Faculty of Law, Monash University	Professor M Neave
		Department of Infrastructure	Mr J McMillan Mr L Thompson
		Skilled Engineering Ltd	Mr L Edwards Mr R Cheffers
		Yarra Valley Water	Mr C Peeters
		Municipal Association of Victoria	Cr B Matheson Ms H Proctor Ms J Wills
		Civil Contractors Federation	Mr R Jeffrey Mr I Jacka
20 November	Deliberative Meeting Full Committee		

Hearings and Meetings (continued)

DATE	SUBJECT	ORGANISATION	WITNESSES IN ATTENDANCE
		Australian Education Union, Victorian Branch.	Mr C Smith
1998 13 February	Deliberative Meeting Full Committee		
12 March	Deliberative Meeting and Briefing Full Committee	<i>Briefing on Management Reform Program</i>	
		Department of Treasury and Finance	Mr S Gurr Mr A Nye
31 March	Private Briefing Sub-Committee	<i>Appointment of Performance Audit and Financial Audit of the Auditor-General</i>	
		Ernst & Young	Mr S Alford
		Hall Chadwick	Mr R Yeo Mr J Davis Mr N Narielvala
		KPMG	Mr D Bartley
2 April	Private Briefing Sub-Committee	<i>Inquiry into Annual Reporting in the Public Sector</i>	
		Department of Treasury (NSW)	Mr J Chan-Sew Ms D McCue
		NSW Audit Office	Mr T Hogan
		Public Bodies Review Committee	Mr S Neilly Mr D Beck Mr I McManus Mr M Richardson Mr G Sullivan Mr A Bridges Ms C Watson
		Macquarie University	Professor J Guthrie
		Council on the Cost of Government	Professor R Walker Mr S Droder
		Public Accounts Committee	Mrs P Azarias
		Law and Justice Standing Committee	Mr D Blunt
3 April	Private Briefing Sub-Committee	<i>Inquiry into Annual Reporting in the Public Sector</i>	
		Senate	Ms A Lynch
		Senate Committee on Finance and Public Administration	Mr J Watson Mr A Murray Mr B Heffernan
		Department of Prime Minister and Cabinet	Mr M Bonsey Ms B Belcher Ms A Dowd
		Department of Finance and Administration	Mr L Hawke Mr C Sadlier Mr N Jackson

Hearings and Meetings (continued)

DATE	SUBJECT	ORGANISATION	WITNESSES IN ATTENDANCE
		Institute of Public Administration	Ms M Allen
		Convenor of the Panel of Assessors	Mr G O'Loghlin
		Australian National University	Dr J Uhr
21 April	Private Meeting Sub-committee	<i>Appointment of Performance and Financial Auditors for the Auditor-General's Office</i>	
23 April	Deliberative Meeting Full Committee		
5 May	Deliberative Meeting with briefing by the Auditor-General and Public Hearing Full Committee	<i>Inquiry into 1997-98 Budget Estimates</i>	
		Victorian Auditor-General's Office	Mr C Baragwanath Mr G Hamilton Mr R Walker Mr J Manders
		Department of Treasury and Finance	Hon. A Stockdale, MLA Mr I Little
7 May	Public Hearing Full Committee	<i>Inquiry into 1997-98 Budget Estimates</i>	
		Health and Aged Care	Hon. R Knowles, MLC Mr R Doyle Mr W McCann Mr B Nicholls Dr C Brook Mr J Hayes
11 May	Private Briefing Sub-Committee	<i>Inquiry into the Year 2000 issue within the Public Sector</i>	
		Department of Premier and Cabinet	Mr M Harrington
		Multimedia Victoria	Mr J Best Mr I Webb Mr R Straw
		Adviser to Inquiry	Professor B Garner
20 May	Briefing Sub-Committee	<i>Environmental Accounting and Reporting</i>	
		Adviser to Inquiry	Professor C Deegan
22 May	Deliberative Meeting Sub-Committee	<i>Appointment of Performance and Financial Auditors for the Auditor-General's Office</i>	
		Ernst & Young	Mr S Alford
28 May to 18 June	Sub-Committee Private meetings and briefings overseas	<i>Inquiry into Environmental Accounting and Reporting. Meetings were held with 48 government officials, academics, parliamentarians and representatives from business and community groups.</i>	

Appendix 2

Staffing of the PAEC Secretariat and other assistance provided to the Committee

The Committee has the following core staff:

Ms Michele Cornwell	Executive Officer
Ms Frances Essaber	Office Manager

Word processing support is provided by officers of the Joint Committee Secretariat:

Ms Lisa Clayworth
Ms Laurel Keith
Ms Sonia Kestle

Secondments

The Committee has a policy of seconding officers from the Victorian Auditor-General's Office, as well as from other public sector agencies, to act as research officers for the Committee. Secondments during the year have been:

Mr Remy Szpak	Auditor-General's Office
Mr Chiang Yip	Department of Treasury and Finance
Mr Steve McIntosh	Department of Natural Resources and Environment
Ms Sharell Cook	Auditor-General's Office
Mr John Arnol	Auditor-General's Office

The Committee expresses its thanks to these seconded officers and their organisations for their invaluable assistance.

Specialist Advisers

To assist with some of the more technical and complex issues that may arise during an Inquiry, the Committee has a panel of specialist advisers to provide advice on complex and technical issues. The composition of the panel changes depending on the degree of specialisation and complexity of each Inquiry.

During this year, the Committee has been assisted by the following advisers:

Inquiry into Outstanding Fines and Unexecuted Warrants

Professor Richard Fox	Associate Dean of the Law Faculty, Monash University
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Inquiry into Outsourcing Government Services

Dr Graeme Hodge	Senior Lecturer, School of Government, Monash University
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Inquiry into Environmental Accounting and Reporting

Professor Robert Walker	Dean of the School of Accounting, University of New South Wales
Professor Craig Deegan	Faculty of Commerce, University of South Queensland

Inquiry into Commercial Confidentiality and the Public Interest

Ms Moira Paterson	Senior Lecturer, Faculty of Law, Monash University
Mr Bruce Dyer	Senior Lecturer, Faculty of Law, Monash University

Inquiry into Information Technology and the Year 2000 Problem: Is the Victorian Public Sector ready?

Professor Brian Garner	Head of the School of Computing and Mathematics, Deakin University
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The Committee would like to acknowledge their professionalism and their assistance.

Hansard

The excellent service provided by the Parliamentary Reporter and her staff is also acknowledged.

Appendix 3**Committee Expenditure for 1997-98**

The Committee's expenditure for 1997-98 was as follows:

	\$
Members' Travel/Expense Allowance	9,532
Salaries and associated costs	166,647
Administrative expenses	78,627
Inquiries' Budget	93,985
Total Expenditure	348,791

This expenditure was \$86,610 less than budgeted due to a number of factors, including:

- (a) the delay in appointing staff; and
- (b) some inquiries were postponed because of other priorities.

Appendix 4:

Membership of the Committee and Sub-Committees

Full Committee	No. of Meetings Attended
The full Committee met on ten occasions:	
Hon. Bill Forwood, MLC (Chairman)	10
Hon. Tony Sheehan, MP (Deputy Chairman)	6
Hon. Ron Best, MLC	7
Mr Steve Bracks, MP	10
Mr Rob Hulls, MP	5
Hon. Neil Lucas, MLC	10
Mr Stephen McArthur, MP	10
Hon. Theo Theophanous, MLC	9
Mr Kim Wells	9
No. of Public Hearings – 1	
No. of Private Meetings – 9	
Sub-Committee on Outstanding Fines and Unexecuted Warrants	No. of Meetings Attended
The Sub-Committee met on two occasions:	
Hon. Tony Sheehan, MP (Chairman)	1
Hon. Bill Forwood, MLC	2
Hon. Neil Lucas, MLC	2
Mr Stephen McArthur, MP	1
No. of Public Hearings – Nil	
No. of Private Meetings – 2	
Sub-Committee on Outsourcing in the Public Sector	No. of Meetings Attended
The Sub-Committee met on six occasions:	
Hon. Bill Forwood, MLC (Chairman)	6
Mr Steve Bracks, MP	5
Hon. Theo Theophanous, MLC	4
Mr Kim Wells, MP	6
No. of Public Hearings – 4	
No. of Private Meetings – 2	

**Sub-Committee on Commercial in Confidence
Material and the Public Interest**

The Sub-Committee met on five occasions:

	No. of Meetings Attended
Hon. Bill Forwood, MLC (Chairman)	5
Mr Steve Bracks, MP	3
Mr Rob Hulls, MP	5
Mr Stephen McArthur, MP	3
No. of Public Hearings – 4	
No. of Private Meetings – 1	

**Sub-Committee on Inquiry into Annual Reporting
in the Public Sector**

The Sub-Committee met on two occasions:

	No. of Meetings Attended
Hon. Neil Lucas, MLC (Chairman)	2
Mr Steve Bracks, MP	Nil
Hon. Bill Forwood, MLC	2
Hon. Tony Sheehan, MP	Nil
No. of Public Hearings – Nil	
No. of Private Meetings – 2	

**Sub-Committee on the Appointment of Independent
Auditors to conduct Financial and Performance
Audits of the Victorian Auditor-General**

The Sub-Committee met on three occasions:

	No. of Meetings Attended
Hon. Bill Forwood, MLC (Chairman)	3
Hon. Ron Best, MLC	1
Hon. Neil Lucas, MLC	2
Hon. Tony Sheehan, MP	Nil
Mr Kim Wells	2
No. of Public Hearings – Nil	
No. of Private Meetings – 3	