



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

SEVENTY SECOND REPORT TO THE PARLIAMENT

ANNUAL REPORT FOR 2005-06

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Parliament of Victoria

Public Accounts and Estimates Committee

Annual Report for 2005-06

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CHAIR'S REVIEW



I am pleased to present the 2005-06 annual report of the Public Accounts and Estimates Committee. This is the final annual report in my term as Chair of the Committee during the 55th Parliament because the Parliament will shortly be dissolved for the November 2006 election.

The Committee's primary purpose is to contribute to improved accountability and performance in the Victorian public sector. It does this through independent scrutiny of the budget estimates and the management of public funds.

The Committee's annual report is an important means for it to discharge its own accountability obligations, informing Parliament and the public about how it has fulfilled its purpose and enabling others to judge its performance.

Presenting reports to Parliament is the Committee's principal role each year. Through its reports, the Committee aims to provide informative analysis and pragmatic recommendations so that its work is considered an effective conduit for reinforcing public accountability and for enhancing public sector performance. The extent to which government accepts the Committee's recommendations is a matter solely for government, and while the Committee does not control the outcome, it can influence the result through the standard of its work.

In what was an interesting and challenging year, the Committee and its Sub-Committees met on 65 occasions during 2005-06, including at 30 private and public hearings, taking evidence from 190 witnesses and publishing six reports containing 292 recommendations. The Committee also:

- considered 11 performance audit specifications and suggested additional matters be included in audits to be undertaken by the Victorian Auditor-General's Office (VAGO);
- reviewed and commented on the VAGO draft annual plan for 2006-07; and
- considered the proposed 2006-07 Budget Estimates for the VAGO and consulted with the Treasurer on a suitable budget allocation.

A highlight of the year was the tabling of two groundbreaking reports – *Parliamentary control and management of appropriations* (September 2005) and *A legislative framework for independent officers of Parliament* (February 2006). These reports addressed fundamental issues about:

- Parliament's role in discharging its constitutional responsibilities in overseeing and controlling public expenditure; and

- Parliament's relationship with constitutional 'watchdogs' such as the Auditor-General, the Ombudsman and the Electoral Commissioner.

A further feature of the Committee's activities for the year was its inaugural involvement (in May and June 2006) in the appointment process for Victoria's new Auditor-General. The role of the Committee in this process is set out in the *Constitution Act 1999*. The Victorian Government agreed to the Committee's nomination, and Mr Des Pearson took up the appointment on 1 October 2006.

The Committee continued to have a wider role in assisting public officials and parliamentarians from developing countries to implement financial reforms and improved accountability arrangements.

Members of the Committee were deeply saddened by the passing of Mr Ian Little during the year. As Secretary of the Department of Treasury and Finance, Ian provided valuable assistance to the Committee, particularly through his participation in the Committee's annual briefing to Members of Parliament and their staff on the state budget. Ian provided the highest standard of service to Victorians and will be greatly missed.

Over the last four years, the Committee has been faced with a challenging and expanding workload covering all areas of Victoria's public services. A small but dedicated secretariat, together with a huge commitment from Committee members, ensured the production of a significant output including:

- 23 reports (see appendix 6 for details);
- 999 recommendations; and
- 80 per cent of the Committee's recommendations were accepted, accepted in part or in principle by the government.¹

Many of the Committee's recommendations over this time have aimed at improving accountability and transparency as well as securing real advancements in the quality of public services. Chapter 2 outlines some of the outcomes that have arisen from the work of the Committee during this term of Parliament.

I pay tribute to the Committee members: Deputy Chair, Hon. Bill Forwood, MLC who was formerly Chair of the Committee during the 53rd Parliament and Ms Glenyys Romanes, MLC, Chair of the Sub-Committee that undertook the inquiry into corporate governance in the Victorian public sector and who, together with Mr Robert Clark, MP provided invaluable assistance during the inquiry into private investment in public infrastructure, also Hon. Bill Baxter, MLC; Ms Danielle Green, MP; Mr James Merlino, MP; Hon. Gordon Rich-Phillips, MLC; and Mr Adem Somyurek, MLC, for their bipartisan support and commitment in furthering the public accountability process.

¹ Does not include government responses to PAEC reports on 2006-07 Budget Estimates and Private investment in public infrastructure, which have not yet been received

To the staff of the Victorian Auditor-General's Office, I express my gratitude for their assistance during my term as Chair of the Committee, and acknowledge the important role of the Auditor-General in protecting the public interest.

Finally, I am immensely appreciative of the assistance provided by the hard working secretariat of the Committee under the leadership of Michele Cornwell, who has given 10 years of dedicated service to the Committee.

It has been my immense privilege to Chair Victoria's Public Accounts and Estimates Committee over the last four years. I trust that our collective work, including the recently tabled, *Report on private investment in public infrastructure*, will assist in the delivery of efficient and effective public services. The Victorian Parliament can take enormous pride, as do I, that our Public Accounts and Estimates Committee's work is nationally and internationally acclaimed and our advice is both sought and heeded.



Hon. Christine Campbell, MP

Chair

CHAPTER 1: THE PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

1.1 Background

The Public Accounts and Estimates Committee is a joint investigatory committee of the Victorian Parliament constituted under the *Parliamentary Committees Act 2003*. The Committee is unique in Australia because it has the dual responsibility of scrutinising both the public accounts and the budget estimates.

The Committee comprises nine Members of Parliament, drawn from both Houses of Parliament and from three political parties.

Its functions under the *Parliamentary Committees Act* are to inquire into, consider, and report to Parliament on:²

- any proposal, matter or thing concerned with public administration or public sector finances;
- 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; and
- audit priorities for the purposes of the *Audit Act 1994*.

The Committee is also responsible for guarding the independence of the Auditor-General and for facilitating the Auditor-General's accountability to Parliament.

1.2 The Committee's responsibilities

The responsibilities of the Committee can be divided into three areas:

- public accounts
- estimates
- auditing

² *Parliamentary Committees Act 2003*, s.14

1.2.1 Public accounts function

The Committee's public accounts function sees it undertake two roles:

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

The Victorian Auditor-General has no power to require departments and agencies to implement recommendations contained in his reports. An important aspect of the Committee's work, therefore, is to follow-up matters raised by the Auditor-General. These reports draw Parliament's attention to financial concerns or issues relating to any public sector agency. The Committee can follow-up these matters by using its powers to hold public hearings and to take evidence. In this way, matters raised by the Auditor-General are scrutinised for the benefit of Parliament and the community.

One report followed up in the 2005-06 period was the *Report on Parliamentary control and management of appropriations* published in September 2005. In addition, the Committee frequently follows up during the budget estimates hearings action taken by Ministers in response to issues raised by the Auditor-General in his reports to Parliament.

The Committee not only reviews the reports of the Auditor-General; it can also undertake inquiries of public interest such as the inquiry it undertook on the development of a legislative framework for statutory independent officers of Parliament.

1.2.2 Estimates function

Parliament has a fundamental role in scrutinising the government's management of the state. To assist Parliament in this role, the Committee is responsible for undertaking a detailed review of the budget estimates and revenues contained in the budget papers, and presenting a report on its findings to Parliament.

The Committee holds public hearings to scrutinise the expenditure and activities of 44 portfolios³ and the parliamentary departments. All Ministers and their senior departmental officers are invited to appear before the Committee and are questioned on proposed departmental expenditure for the next financial year. The evidence given at the public hearings is reviewed and further information is sought where the Committee considers it necessary.

³ includes Veterans' Affairs

A further review occurs in November, where the Committee seeks information from departments on the outcomes of the previous financial year. This process involves a retrospective review of the annual reports of departments, the government's annual financial report, and the report of the Auditor-General on Victoria's finances. This additional review focuses on the operation and performance of departments over the previous financial year and complements the initial estimates review process.

The Committee considers that its review of the budget estimates leads to increased information and provides greater transparency of the government's proposed revenue raising and spending activities. It also strengthens the government's accountability to Parliament and the community.

1.2.3 Auditing function

An important function of the Committee is to act on behalf of Parliament in relation to the Auditor-General and report to Parliament on the activities of the Victorian Auditor-General's Office (VAGO). Under the *Audit Act* 1994 and the *Constitution Act* 1975, the Committee has a statutory responsibility to:

- recommend the appointment of the Auditor-General;⁴
- recommend independent performance and financial auditors to review the Victorian Auditor-General's Office;⁵
- consider the budget estimates of the Victorian Auditor-General's Office;⁶
- review the Auditor-General's draft annual plan, and provide comments on it to the Auditor-General before its finalisation and tabling in Parliament;⁷
- have a consultative role in scoping performance audits, determining particular objectives of audits, and identifying any particular issues that should be addressed;⁸
- have a consultative role in determining performance audit priorities; and⁹
- exempt the Auditor-General from legislative requirements that apply to government agencies on staff employment conditions and financial reporting practices, if deemed necessary.¹⁰

⁴ *Constitution Act* 1975 (as amended), s.94A

⁵ *Audit Act* 1994 (as amended), s. 17, s.19

⁶ *ibid.*, s.7D(2)

⁷ *ibid.*, s.7A

⁸ *ibid.*, s.15(2)

⁹ *ibid.*, s.7D(1)

¹⁰ *ibid.*, s.7C

The Auditor-General and other senior members of VAGO met with the Committee on several occasions during 2005-06 to discuss:

- the budget estimates for the Victorian Auditor-General's Office for 2006-07;
- the performance audit program for 2006-07;
- proposed changes to financial reporting by governments and public sector agencies as a result of the adoption of International Accounting Standards and proposals to converge Generally Accepted Accounting Principles with Government Finance Statistics;
- the Auditor-General's draft annual plan for 2006-07; and
- the report of the independent performance auditor on the performance audit of the Victorian Auditor-General's Office.

Throughout the year, the Committee also met with the Auditor-General to discuss the specifications, including planned objectives and scope, for the following performance audits:

- public sector residential aged care facilities;
- giving Victorian children the best start in life;
- state investment in major events;
- access to specialist medical outpatient care in Victoria's major health services;
- maintaining Victoria's rail infrastructure assets;
- road safety strategies to address speed and speeding;
- maintenance, replacement and extension of sewerage infrastructure;
- meeting the skill requirements of the manufacturing industry;
- contract and tendering practices in selected departments; and
- strategic workforce management in Victoria Police.

1.2.4 How the Committee operates

The Committee has the capacity to determine its own work program and priorities and generally undertakes a number of inquiries concurrently. Most of the Committee's hearings (at which evidence is gathered) are open to the public and interested parties can access the transcripts of those public hearings.

The Committee presents the results of inquiries in reports that are tabled in both Houses of Parliament. Copies are distributed to all Ministers and departments, as well as to industry and community organisations with an interest in the inquiry. The reports are also available to the public.

The Committee's website provides background information on its roles, functions and members, and provides details of current inquiries, meeting dates, electronic versions of the latest reports, and government responses to any recommendations contained in those reports.

The Committee's web address is www.parliament.vic.gov.au/paec

The Committee also has an email address – paec@parliament.vic.gov.au – so that members of the public can send submissions and request information electronically.

The cost of producing this report was approximately \$16,150.

CHAPTER 2: ACCOUNTABILITY FOR PERFORMANCE

The Public Accounts and Estimates Committee has developed a corporate plan to guide its work and provide a framework for the selection of inquiry topics. The corporate plan includes the Committee's vision and mission.

2.1 Vision and mission statements

The Committee's vision is:

Making a difference for the people of Victoria by contributing to accountable and well performing government.

The Committee's mission is:

On behalf of the Parliament and the people of Victoria, to scrutinise and assess government accountability and performance, and promote improvements where necessary.

2.2 Working to improve public sector accountability and performance

The Committee's primary purpose is to contribute to improved accountability and performance throughout the Victorian public service. The Committee achieves this by providing independent assessments to Parliament and the public. The Committee's reports provide assurance to Parliament on matters relating to past events or practices within the public sector, and offer suggestions for improving future performance.

2.3 Performance measures

The Committee's performance during the year, as measured against the targets shown, clearly demonstrates a period of mixed achievement. While the number of reports completed met the target level, some timeliness targets were not met, and little progress was made in terms of reviewing the backlog of Auditor-General's reports. These targets were not met because of:

- the need to give priority to the 2006-07 Budget Estimates inquiry;
- the loss of the economist research officer position;
- difficulties in recruiting auditors with a high level of expertise; and
- budgetary constraints.

There continued to be a high level of interest in the Committee reports, and their relevance and significance was acknowledged by political and media commentators, academics, parliamentarians and public sector agencies in a number of articles and forums.

Exhibit 2.1:

**Public Accounts and Estimates Committee
Work plan and performance targets for 2005-06**

Strategy	Output	Target 2005-06	Actual 2005-06	Target 2006-07
Examine significant public sector financial and management issues by: (i) maintaining Committee awareness of key government policies and public sector financial management activities, practices and views (ii) reviewing: - the implementation of government policy - public sector internal control and risk management systems (iii) monitoring the impact of and government responses to reports and activities of the Auditor-General, and take further action if required.	Reports tabled in Parliament	Table by November 2005 • <i>Report on the 2005-06 Budget Estimates</i>	Report tabled out of session on 30 November 2005	Table by 14 September 2006 • <i>Report on the 2006-07 Budget Estimates</i>
		Complete all hearings to review the 2006-07 Budget Estimates prior to 30 July 2006	All hearings completed prior to 7 July 2006	
		Table by March 2006: • <i>Report on the 2004-05 Budget Outcomes</i>	Tabled in April 2006: • <i>Report on the 2004-05 Budget Outcomes</i>	
		Table by September 2005: • <i>Report on parliamentary control and management of appropriations</i>	Tabled in September 2005: • <i>Report on parliamentary control and management of appropriations</i>	
		Table by November 2005: • <i>Report on a legislative framework for statutory independent officers of Parliament</i>	Tabled in February 2006: • <i>Report on a legislative framework for statutory independent officers of Parliament</i>	
		Table by February 2006: • <i>Review of the report on the performance audit of the Victorian Auditor-General's Office</i>	Tabled in March 2006: • <i>Review of the report on the performance audit of the Victorian Auditor-General's Office</i>	
		Table by April 2006: • <i>Report on private investment in public infrastructure</i>	Not yet tabled	Table by 4 October 2006: • <i>Report on private investment in public infrastructure</i>

Exhibit 2.1:

Public Accounts and Estimates Committee
Work plan and performance targets for 2005-06 (continued)

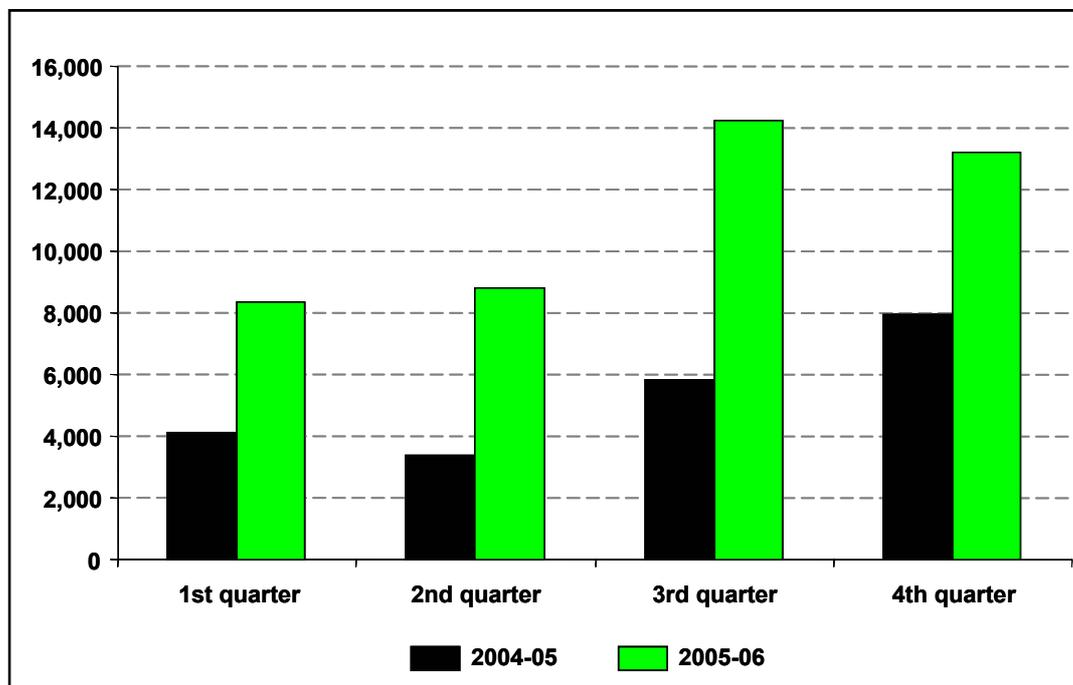
Strategy	Output	Target 2005-06	Actual 2005-06	Target 2006-07
Promote any reforms necessary to improve accountability and the financial management of the state	Recommendations relating to financial management issues and accountability	Achieve an acceptance rate of 80 per cent or better in terms of recommendations	80 per cent or better acceptance rate of recommendations achieved in the majority of reports	80 per cent or better acceptance rate of recommendations achieved in the majority of reports
		Have all major recommendations implemented		
Increase awareness of, involvement in, and support for the Committee's activities by citizens, Members of Parliament and the private sector	Timely and relevant communications with citizens, Members of Parliament and the private sector	Increase awareness of new follow-up inquiries	No new inquiries established	To be determined by the PAEC of the 56th Parliament
		Continue to enhance the Committee's website	The number of visitor sessions to the Committee's website increased from 8,339 to 13,188 (exhibit 2.2).	Re-design the Committee's website for improved accessibility
		Organise the 2006-07 budget briefing for Members of Parliament and their staff	Budget briefing held on 1 June 2006	Briefing for members and their staff on the 2007-08 budget to be arranged
		Continue the practice of regular meetings and briefings with the Auditor-General	Seven meetings and briefings held with the Auditor-General.	
Implementation of initiatives to enhance confidence in the activities of the Committee		At mid term meeting of Australasian Council of Public Accounts Committees (ACPAC) have constitution changed to provide for expanded membership	The mid term meeting of ACPAC discussed the proposed changes to the constitution and it was agreed that a resolution should be put at the biennial ACPAC conference.	ACPAC conference to be held in April 2007 to vote on a proposal that full membership be offered to PACs or equivalent committees from Tonga, Vanuatu, the Solomon Islands, Samoa and the Cook Islands.
		Contribute to the development of the agenda for the mid term meeting and assist with the organisation of the meeting	One member and the Executive Officer attended the ACPAC mid term conference in Alice Springs and made a substantial contribution to the development of the agenda	

Exhibit 2.1:

Public Accounts and Estimates Committee
Work plan and performance targets for 2005-06 (*continued*)

Strategy	Output	Target 2005-06	Actual 2005-06	Target 2006-07
Increase awareness of, involvement in, and support for the Committee's activities by citizens, Members of Parliament and the public sector (<i>continued</i>)	Implementation of initiatives to enhance confidence in the activities of the Committee (<i>continued</i>)	Keep abreast of developments with other relevant committees	Committee represented at ACPAC conferences and meetings held with other parliamentary committees and major accounting organisations	Attend 2007 ACPAC conference and continue to attend meetings with other parliamentary committees and accounting/public sector bodies
		Continue to make presentations at seminars and conferences	The Chair gave two presentations at international conferences	Continue to make presentations at seminars and conferences
		Continue to be involved in briefing overseas and interstate delegations and/or academics	Seven briefings were conducted for overseas and interstate delegations/academics	Continue to be involved in briefing overseas and interstate delegations

**Exhibit 2.2: Public Accounts and Estimates Committee
Number of visitor sessions to the
website by quarter for 2005-06**



Source: Prepared by Mr S Rosman, webmaster, Victorian Parliament, Webtrends, 6 July 2006

2.4 Outcomes and impacts of the Committee's activities

Each year, the Committee addresses a range of issues associated with resource management and accountability in the Victorian public sector. The results of its inquiries, as reflected in its analysis of issues and formulation of recommendations, are reported to Parliament.

The Committee's recommendations are primarily directed to government to provide constructive suggestions for enhancing the effectiveness and efficiency of service delivery in the public sector, and for improving performance measurement and reporting by government. The Committee's recommendations may include opportunities for government to strengthen transparency and accountability when communicating to Parliament and taxpayers on the management of public resources.

An early measure of the relevance and significance of the Committee's findings and conclusions, in contributing to enhanced public administration, is the extent to which government accepts the recommendations of the Committee. Often, however, and particularly with demanding and complex policy matters, a more definitive picture of the outcomes and impacts of the Committee's work will progressively emerge and this is illustrated in the following examples.

2.4.1 Management of outstanding fines and unexecuted warrants

How the Sheriff's Office manages the enforcement of warrants, and the associated level of fines owing to the state, was the subject of a special inquiry undertaken in 1997 by a previous Public Accounts and Estimates Committee. The Committee's report from that inquiry, *Outstanding fines and unexecuted warrants*, was presented to Parliament in September 1997. The Committee's findings addressed the growing level of unpaid fines and identified legislative and policy measures that government should adopt to improve the system for the issue and enforcement of infringement notices. The Committee has raised the need for improvements in several subsequent reports.

The Auditor-General reported to Parliament in May 2005 that by 30 June 2004, outstanding fines and fees had reached \$694 million.

During the Committee's 2005-06 Budget Estimates inquiry, the Attorney-General presented information on initiatives adopted to improve procedures within the Sheriff's Office in recent years. These initiatives included implementing a broad ranging revitalisation program in 2001 to reform processes; establishing a '*hot warrants pool*' to improve recovery rates; and using two refurbished mobile offices for use in special operations.

The Attorney-General also informed the Committee that the outcomes of a recent whole of government review of the infringement system may significantly enhance the operations of the Sheriff's Office. The Attorney-General advised the Committee that the government was considering making a range of sanctions available to the Sheriff's Office including wheel clamping, vehicle registration suspension, wage deductions and non-renewal of a driver's licence and vehicle registration. The Attorney-General pointed out that while tougher enforcement measures may be implemented, safeguards will be strengthened to ensure that the system is fair for those people in genuine hardship.

The Committee's *Report on the 2006-07 Budget Estimates* identifies that the total value of outstanding fines and fees had reached \$718.9 million. It also states that new legislation, the *Infringements Act 2006*, came into effect on 1 July 2006. The legislation is one of the government's key strategies to improve its performance in reducing the number and value of outstanding fines and fees over time, and reflects several of the measures previously recommended by the Committee. The government also implemented a fee waiver initiative early in 2006, which it expects will result in the recoupment of approximately \$50 million in outstanding fines.

The Committee is pleased that its early work on this matter, together with its advice to Parliament on subsequent developments, has helped to bring about substantial changes to the way such an important state revenue item is managed.

2.4.2 Auditing the courts' administrative functions

In 1996, the then Auditor-General decided not to transmit a performance audit report to Parliament on the Children's Court. The Auditor-General's decision was based on a legal opinion by the Solicitor-General (provided by the Department of Justice on the evening prior to the intended tabling of the report in Parliament), which explicitly stated that because the scope of the audit was beyond the jurisdiction of the Auditor-General under the *Audit Act* 1994, there was no legislative basis to table the report in Parliament.

The Solicitor-General's advice to the Auditor-General was largely based on the principle of non-interference by the legislative and executive arms of government with the functioning of the judicial arm. This principle is derived from the doctrine of the separation of powers under the Westminster system of government.

Mindful of the major accountability gap relating to the audit of non-judicial functions that has existed since the above legal opinion, the Committee has actively monitored this issue over the years. Its work has included the commissioning of specialist advice on constitutional matters relating to the status of courts, and the Auditor-General's powers for examining their administrative functions.

In several reports to Parliament, the most recent involving the 2006-07 Budget Estimates, the Committee has strongly recommended the matter be resolved through the adoption of a protocol between the Auditor-General and the judiciary. The advice received by the Committee from the Attorney-General during the 2006-07 Budget Estimates inquiry was that a protocol is now in place. Performance audits by the Auditor-General on the non-judicial functions of Victoria's courts under the terms of the protocol can now be undertaken.

2.4.3 Agriculture and the food sector – investment performance report

During its review of the 2004-05 Budget Estimates, the Committee examined the research activities of the Department of Primary Industries. In commenting on the operational arrangements and expenditure incurred on the department's research programs, the Committee reported in its estimates report for that year that:

The Committee acknowledges the importance of scientific research and development in creating an environment that fosters sustainable, profitable production and industries that export to the world and promote economic growth. Given the prime role that research plays in stimulating exports and the importance of exports to the economic performance of the state, there is a need for a reporting framework to enhance accountability for moneys directed at research. The Committee believes it is essential that research activities of the state be linked to funding, government outcomes and research objectives. It is also

important that benefits, in terms of achievements and income generated for the state, be transparent to Parliament and the public. The department's reporting framework should also cover the commercial arm of research in the form of intellectual property interests of the state. Disclosure of this type of material would facilitate the making of judgements about whether:

- *commercial opportunities for the state emanating from research activities are maximised; and*
- *the commercialisation process is undertaken in an effective manner.*

Responding to the Committee's recommendation that the Department of Primary Industries prepare an annual research report card on its agricultural research activities, and a synopsis of this report be included in its annual report, the Committee was encouraged to find that the department had recently published an investment performance report for the agriculture and food sector for 2004-05. The Minister advised the Committee that the report would be referred to in the department's 2005-06 annual report and that it was the department's intention to produce a similar report annually. The purpose of the report is to demonstrate the return to government, industry and the community from ongoing investment in research, development and extension projects.

2.4.4 The aged care land bank pilot program

The Committee recommended in its *Report on the 2004-05 Budget Estimates* that in view of the increased need for residential aged care, the projected growth in population, and the considerable delay between approvals and building completion of aged care facilities, the Department of Human Services and the Victorian Government Property Group identify and facilitate the sale of suitable state government sites for residential aged care developments.

The Committee was pleased to find that the government had acted on this recommendation, allocating \$4.8 million in the 2006-07 budget to fund an aged care land bank pilot program. This initiative will provide not-for-profit aged care providers with access to surplus government land at concessional prices, as part of a pilot to encourage additional high-care residential aged care beds to be provided in the inner metropolitan suburbs of Melbourne.

The Minister indicated at the 2006-07 Budget Estimates hearing that:

We are very happy to work hand in glove with PAEC when we are at the cutting edge of public policy. When we are together there can be nothing stronger within public policy in Victoria, and we are together on this one because we recognise the value.

Benefits from this initiative include the prospect of providing more residential beds for the elderly close to the centre of the city, and reducing the backlog of people occupying hospital beds that would be more appropriately housed in residential aged care facilities. The Committee was interested to hear that positive responses have been received from the not-for-profit sector, and Preston and Coburg are the first locations where services are to be developed.

The Committee will follow with interest the progress of this initiative as it unfolds, and expects that commentary on the outcomes of the investment strategy will be included in the annual report of the Department of Human Services.

2.4.5 Accessing waiting times for elective surgery

The Committee's *Report on the 2005-06 Budget Estimates* indicated that it was interested in examining the strategies employed by the Department of Human Services to encourage patients and doctors to use the new electronically generated information for comparing hospital average waiting times for particular elective surgery procedures, prior to making a decision about whether to seek a booking at a hospital with shorter waiting times for treatment. The Committee recommended that the department consider other ways of distributing such information to general practitioners who may not be computer literate or who may not elect to access this information electronically.

In accepting this recommendation, the Committee was pleased to hear that such information had been provided in a pamphlet distributed to all general practitioner clinics in the state and published in the *Your hospitals* report. The department also advised the Committee that it was investigating other cost-effective and user-friendly ways of distributing this information. With more than 40,000 people on elective surgery waiting lists, the Committee encourages all parties to make use of the information produced by the department on waiting times for elective surgery.

2.4.6 Victorian rural ambulance services

The Committee's report on Victoria's rural ambulance services was tabled in Parliament in November 2004 and examined actions taken by the government in response to the Auditor-General's special report no. 51, *Victorian Rural Ambulance Services: fulfilling a vital community need*. The Committee established that many of the matters raised by the Auditor-General relating to the efficiency and effectiveness of the delivery of rural ambulance services had still not been addressed, including the need to provide priority funding for a computer-aided dispatch system for Rural Ambulance Victoria.

The government accepted 17 of the 21 recommendations contained in the Committee's report. Importantly, the government provided \$6.8 million in 2005-06 to complete the upgrade of the Rural Ambulance Service's emergency communication systems, which included the introduction of a computer-aided dispatch system, mobile messaging, and an automatic vehicle location system.

CHAPTER 3: THE YEAR IN REVIEW



Some members of the Public Accounts and Estimates Committee from left to right:
Ms Glenyys Romanes, MLC, Mr James Merlino, MP, Hon. Christine Campbell, MP, (Chair)
Hon. Gordon Rich-Phillips, MLC, Hon. Bill Forwood, MLC, (Deputy Chair) Mr Robert Clark, MP



Other members are Hon. Bill Baxter, MLC; Mr Adem Somyurek, MLC, Ms Danielle Green, MP

3.1 Report no. 62: Report on the 2003-04 Budget Outcomes

3.1.1 Government response to the report

The government response to the Committee's recommendations was tabled in the Legislative Assembly on 4 October 2005.¹¹

The Committee made 97 recommendations in its *Report on the 2003-04 Budget Outcomes*.¹² Three recommendations related to the operations of the Victorian Auditor-General's Office and seven related to the operations of the parliamentary departments.

Exhibit 3.1 provides a summary of the government's response.

¹¹ The Victorian Government response to the Committee's recommendations is available at the Public Accounts and Estimates Committee's website at www.parliament.vic.gov.au/paec

¹² Public Accounts and Estimates Committee, *Report on the 2003-04 Budget Outcomes*, April 2005, pp.31–49

**Exhibit 3.1: Summary of government response to the PAEC's
Report on 2003-04 Budget Outcomes**

Department	Accept	Accept in part	Accept in principle	Under review	Reject	Total
Education and Training	3		3		3	9
Human Services	4		1			5
Infrastructure	4	2	1			7
Innovation, Industry and Regional Development	3	1	1			5
Justice	9	4		1	2	16
Premier and Cabinet	5	2	1			8
Primary Industries	3	1				4
Sustainability and Environment	10					10
Treasury and Finance	4	1	2	4		11
Victorian Communities	1	1	2	2	1	7
Across-the-board recommendations (a)	2		2		1	5
Victorian Auditor-General's Office			3			
Parliamentary departments	2		3		2	
Total number of recommendations	50	12	19	7	9	97
Percentage of total recommendations (%)	52	12	20	7	9	100

Note: (a) recommendations nos. 2, 5, 6, 8 and 11

Source: Victorian Government, response to the Committee's Report on the 2003-04 Budget Outcomes, tabled 4 October 2005

Of the Committee's 97 recommendations, 81 (84 per cent) were accepted, accepted in part or accepted in principle, seven are under review and nine were rejected.

3.2 Report no. 63: Report on Corporate Governance in the Victorian Public Sector

3.2.1 Government response to the report

The government's response to the Committee's *Report on Corporate Governance in the Victorian Public Sector* was tabled in Parliament on 18 November 2005. Exhibit 3.2 provides a summary of the government's response.

**Exhibit 3.2: Summary of government response to the PAEC's
Report on Corporate Governance in the Victorian Public Sector**

	Accept	Accept in part	Accept in principle	Under review	Reject
Total number of recommendations	14	3	7	16	12
Percentage of total recommendations (%)	27	6	13	31	23

Source: Victorian Government, response to the Committee's Report on Corporate Governance in the Victorian Public Sector, tabled 18 November 2005

Of the 52 recommendations in the report, 24 were accepted, accepted in part or accepted in principle (46 per cent); 16 are under review and 12 were rejected.

3.3 Report no. 64: Report on the review of the Auditor-General's report on parliamentary control and management of appropriations

3.3.1 Background to the report

An important aspect of the Committee's work is to follow-up on matters raised by the Auditor-General in various reports to Parliament. The Auditor-General's reports draw Parliament's attention to financial concerns or issues relating to any public sector agency. The Committee can 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 Parliament and the community.

3.3.2 Committee's findings

The report contained 27 recommendations, and the major recommendations were as follows:

The Committee recommended that the government:

- seek expert advice on the relevance of and inconsistencies between the financial provisions contained in the *Constitution Act 1975* and the budget management provisions contained in the *Financial Management Act 1994* and annual appropriation acts;
- use the resources of the Department of Treasury and Finance and/or the Department of Justice to conduct a review of the ongoing appropriateness of all legislation providing for special appropriations in the context of the current financial management arrangements within government;

- amend the Model Financial Report to require departments to include explanations in their annual reports of major variations in revenue collections compared with budgets and the previous year's collections; and
- periodically review all trust accounts with large balances above a prescribed level, with a view to requiring departments to either justify the need to retain such balances or to return surplus funds to the Consolidated Fund.

The Committee recommended that the Minister for Finance:

- issue a direction clearly defining the purpose of the Treasurer's Advance, the circumstances in which it can be used compared with other legislative alternatives, and what constitutes urgent expenditure; and
- establish comprehensive guidelines and monitoring provisions for the use of the Treasury Trust Fund.

3.3.3 Government response to the report

The report made 27 recommendations; six were accepted, eight were accepted in part, two are under review, and 11 were rejected. The Committee did not agree with the reasons given for rejecting the recommendations, and revisited some of the issues in its *Report on the 2004-05 Budget Outcomes*, report no. 69, which was tabled in Parliament in April 2006. The Committee understands that of the recommendations rejected, a number have subsequently been reconsidered by the government and accepted. The Committee's report is also used as part of training and development for budget officers within a large government department.

Exhibit 3.3: Summary of government response to the PAEC's Report on the review of the Auditor-General's report on – parliamentary control and management of appropriations

	Accept	Accept in part	Accept in principle	Under review	Reject
Total number of recommendations	6	8	2	11	27
Percentage of total recommendations (%)	22	30	7	41	100

Source: Victorian Government, response to the Committee's Report on the review of the Auditor-General's report on – parliamentary control and management of appropriations, tabled 2 March 2006

3.4 Report no. 65: PAEC annual report for 2004-05

The report was tabled in the Legislative Council on 16 November 2005 and contained no recommendations.

3.5 Report no. 66: Report on the 2005-06 Budget Estimates

3.5.1 Background to the report

The passing of appropriation bills by Parliament provides the government with the authority to raise taxes and appropriate expenditure from the Consolidated Fund for the forthcoming year. Two separate appropriation bills are presented to Parliament – one relating to the operations of Parliament and the Auditor-General, and the other relating to general government activities. The *Appropriation (Parliament 2005/2006) Act 2005* and the *Appropriation (2005/2006) Act 2005* provided for net expenditure of \$25,084.8 million.

The budget papers accompany the introduction of appropriation bills in Parliament, and cover the application of additional funds to support service delivery and capital that do not require parliamentary approval each year. These additional funds include amounts that Parliament appropriates on an ongoing basis via special appropriations (\$1571.1 million in 2005-06), revenue received by agencies that is credited to appropriations (\$1721.6 million in 2005-06) and funding carried over from the previous year (\$194.8 million).

The government's aggregated revenues and expenses (about \$30 billion) is not reconciled in the budget papers with the value of appropriations subject to parliamentary approval. For Parliament to have a more effective oversight of the activities of the government, the Committee is responsible for reviewing the budget estimates and revenues contained in the budget papers, and presenting a report to the Parliament.

The 2005-06 Budget Estimates involved 55 hours of scrutiny by the Committee at public hearings held with the Premier, each Minister and the Presiding Officers of the Victorian Parliament between May and June 2005. The Committee's report is based on the estimates hearings and on information contained in a range of documents including the budget papers; departmental responses to the Committee's budget estimates questionnaire; reports of the Auditor-General; departmental and portfolio agency annual reports; and other public documents. Departments also provided information in response to questions taken on notice at the estimates hearings, and on issues subsequently raised by the Committee.

3.5.2 Committee's findings

The Committee's report contained 156 recommendations, some of which contained several parts, making a total of 208 separate recommendations. The key recommendations are presented below:

Key findings included:

- departmental estimates indicated that in the three years to 2009, the number of secondary teachers graduating from Victorian universities will not be sufficient to meet demand. The department expects to offset this shortfall by recruiting from other sources such as from interstate, through teachers returning to the workforce, and by implementing other initiatives;
- it has taken a year for the Department of Human Services to divulge to the Committee that the \$458,000 information program connected with the launch and promotion of the Austin and Mercy complex was met by the department incurring \$32,000 directly and providing a grant of \$215,000 to the Austin Hospital, with the remaining \$211,000 met from hospital funds. A breakdown of this expenditure, although appearing in the media in April 2006, was not provided to the Committee despite being requested in June 2005;
- at 31 May 2006, Major Projects Victoria was managing 14 projects (including two public private partnerships projects), worth a combined value of \$3.1 billion. The government's contribution to these projects is \$1.6 billion. Major Projects Victoria expects to complete just over half of these projects within the original expected completion dates, with six projects having their timeliness revised. This includes the industrial waste long term containment facility, which the government does not expect to open until at least June 2007;
- contrasting with the \$1.56 billion in gambling taxes expected to be received in 2006-07 (with \$1 billion or 64.1 per cent coming from electronic gaming machines), \$29.4 million is to be directed at problem gambling initiatives in 2006-07; and
- the 2006-07 budget provides \$30 million towards building a new pipeline to secure Bendigo's water supply and the future of surrounding irrigators. An extra 20 billion litres of water will be needed annually to meet the Bendigo region's needs. Based on the feasibility study, the estimated project cost is \$70 million. The potential partners are Coliban Water, Goulburn-Murray Water and the National Water Commission. If federal funding is not forthcoming, Coliban Water has indicated that the people of Bendigo and the farmers in that area who use the system will have to fund the balance through their water rates.

Key recommendations included that:

- the Department of Education and Training review its current data collection and recording system so that details of school fees and voluntary contributions collected can be separately identified for reporting purposes.
- the Department of Human Services and the Office of Senior Victorians in the Department for Victorian Communities develop a strategy to protect the wellbeing of the frail elderly living in the community, who may be at risk of abuse and neglect.

- the Department of Human Services adopt a risk management framework over its capital works program to ensure any avoidable delays to project completion are addressed at an early stage. This framework should include an internal review mechanism of project management to detect and rectify delays due to poor project management.
- the Department of Infrastructure publish in its annual report to Parliament information about the economic and social benefits to the community from implementation of the Regional Fast Rail project.
- to assist in preparing future water conservation initiatives, the Department of Sustainability and Environment commission an immediate study, to assess the effectiveness of each of the Victorian Government's current demand management strategies for conserving water across the state.

3.5.3 Government response to the report

The government's response to the Committee's recommendations was tabled in Parliament on 30 May 2006. Exhibit 3.4 provides a summary of the government's response.

Exhibit 3.4: Government response to the PAEC's Report on the 2005-06 Budget Estimates

Department	Accept	Accept in part	Accept in principle	Under review	Reject	Total
Education and Training	0	0	13	1	2	16
Human Services	16	2	20	2	10	50
Infrastructure	8	2	2	0	0	12
Innovation, Industry and Regional Development	10	11	0	0	1	22
Justice	14	2	6	1	5	28
Premier and Cabinet	0	6	1	0	2	9
Primary Industries	5	2	5	1	2	15
Sustainability and Environment	14	2	3	1	1	21
Treasury and Finance	4	0	1	1	0	6
Victorian Communities	10	2	11	1	1	25
Parliamentary departments	0	0	3	0	1	4
Total number of recommendations	81	29	65	8	25	208
Percentage of total recommendations (%)	39	14	31	4	12	100

Source: Victorian Government, response to the Committee's Report on the 2005-06 Budget Estimates, tabled 30 May 2006

The Committee report made 208 separate recommendations. Eighty-one of the recommendations were accepted, 29 were accepted in part, 65 were accepted in principle, eight are under review, and 25 were rejected.

3.6 Report no. 67: Report on a legislative framework for independent officers of Parliament

3.6.1 Background to the report

Before the 1999 state election, the Australian Labor Party made an election commitment to Victorians to strengthen the role of the Auditor-General. In particular, it was proposed:¹³

Labor will strengthen our democratic system by restoring the independence of our key public watchdogs.

Prior to the implementation of this proposal, the Auditor-General wrote to the Public Accounts and Estimates Committee of the 54th Parliament, requesting that the roles, powers and functions of the Auditor-General, and the relationship between the Auditor-General and Parliament, be clarified.

On 15 April 2000, following a briefing by the Auditor-General on these issues, the Committee resolved to undertake an inquiry into these matters.

The Committee received 11 written submissions to the inquiry and in preparing this report, drew heavily on the material and views presented through submissions, public hearings and private briefings.

3.6.2 Committee's findings

The report contained 17 separate recommendations. Key recommendations included:

- the legislation relating to each officer of Parliament be amended to provide that both Houses of the Victorian Parliament pass a resolution appointing the Auditor-General, the Ombudsman and the Electoral Commissioner, based on the recommendation of the appropriate parliamentary committee;
- the legislation relating to each officer of Parliament be amended to provide that the appropriate parliamentary committee be responsible for reviewing and recommending the remuneration and allowances of independent officers of Parliament; the process should be transparent, with the relevant committee reporting to Parliament on the outcomes of its deliberations;

¹³ *Australian Labor Party 1999, New solutions: a better government, integrity in government*, paragraph 10.2

- the enabling legislation relating to the Ombudsman and the Electoral Commissioner be amended to provide that these officers of Parliament be appointed for an initial period of eight years, with the option of Parliament, or its delegate, extending the appointment if practicable into the middle of the next election cycle;
- no officer of Parliament be eligible to take up a position within the Victorian public sector until after a period of at least two years from the completion of their appointment as an officer of Parliament:
 - the legislation relating to the Ombudsman and the Electoral Commissioner be amended to provide consistency with the procedures for removing or dismissing these officers of Parliament and for consultation with the relevant parliamentary committee before any action is taken;
 - the procedures be based on the arrangements applying to the Auditor-General.
- the legislation governing the operations of officers of Parliament explicitly state that Parliament and its parliamentary committees cannot direct these officers of Parliament on operational matters, but can request them to undertake specific investigations;
- the Ombudsman's and the Electoral Commissioner's enabling legislation be amended to provide that both officers and their agencies are subject to an independent external performance review every four years and that Parliament, on the recommendation of the appropriate parliamentary committee, appoint an appropriate person to undertake the review and determine the terms and conditions of the appointment;
- the legislation relating to each officer of Parliament be amended to provide:
 - that the appropriate parliamentary committee has a role in reviewing and advising Parliament of the budget estimates for particular officers of Parliament
 - the appropriate parliamentary committee table in Parliament its report on the forthcoming appropriation for the relevant officers of Parliament and forward a copy to the Treasurer
- Parliament, or the appropriate parliamentary committees, be consulted before any legislation to create any further officers of Parliament is introduced in Parliament. This will ensure the legislative framework governing the appointment and removal of such officers, their financing and resourcing, and their accountability arrangements and relationship with Parliament are consistent with the expectations of the core criteria for officers of Parliament

3.6.3 Government response to the report

The government's response to the report was tabled in Parliament on 10 August 2006. Exhibit 3.5 provides a summary of the government's response.

Exhibit 3.5: Summary of government response to the PAEC's Report on a legislative framework for independent officers of Parliament

	Accept	Accept in part	Accept in principle	Under review	Reject
Total number of recommendations	4	2	1	8	2
Percentage of total recommendations (%)	23	12	6	47	12

Source: Victorian Government, response to the Committee's Report on a legislative framework for independent officers of Parliament, tabled 10 August 2006

Of the total number of 17 recommendations, 7 were accepted, accepted in part or accepted in principle; 8 are under review; and 2 were rejected.

3.7 Report no. 68: Review of the report on the performance audit of the Victorian Auditor-General's Office

3.7.1 Background to the report

The Committee is required by the *Audit Act* 1994 (s.19) to arrange for a performance audit of the Victorian Auditor-General's Office. The review is to determine:

*... whether the Auditor-General and the Victorian Auditor-General's Office are achieving their objectives effectively and doing so economically and efficiently and in compliance with the Audit Act 1994.*¹⁴

Mr John Phillips from Acumen Alliance was appointed by Parliament on the Committee's recommendation. The audit was conducted in accordance with the requirements of the *Audit Act* 1994 and the Statement of Auditing Standard AUS 806 'Performance Auditing' and other relevant auditing standards and professional statements. The review was wide ranging and covered a number of aspects of the operations of the Victorian Auditor-General's Office. The performance auditor's report was tabled in both Houses of Parliament on 7 December 2004. The Committee began a review of the report in October 2005 and tabled its report in March 2006.

¹⁴ *Audit Act* 1994, s.19(1)

The independent auditor's report raised some serious issues regarding the operations of the Victorian Auditor-General's Office, including topic selection for performance audits; a lack of emphasis on risk when selecting performance audits; deficiencies in working papers and lack of quality control with financial audits; high staff turnover; poor culture; and a need to improve audit methodologies. Audit staff were also seen as having a better understanding of the business operations of agencies, along with a general willingness to improve relationships with agencies and 'add value' where possible.

The Committee considered that addressing the issues raised by the independent performance auditor would improve the operations of the Auditor-General's Office. It would also strengthen the focus of the Office in discharging its legislative mandate to undertake financial, special and performance audits on behalf of Parliament.

The Auditor-General responded in his 2005-06 annual report, stating that he was disappointed in the observations noted in the Committee's report. He also considered that certain matters raised in the Committee's report were not reported in the independent auditor's report, leading to '*some rather unfair and in some instances, unjustifiable conclusions*'.

The Committee rejected the Auditor-General's comments because he had previously been advised by the Committee that the additional comments contained in the Committee's report were drawn from the working papers provided to the Committee by the independent performance auditor. The Committee's experience in reviewing the Auditor-General's annual plan, performance audit specifications and subsequent auditor reports were also another source of information. The Committee informed the Auditor-General that it stood by the comments in its report.

3.8 Report no. 69: Report on the 2004-05 Budget Outcomes

3.8.1 Background to the report

The Committee's review of the budget outcomes enhances the accountability of government departments and agencies, and provides Parliament and the community with more meaningful information about results achieved in a particular year compared with expectations. This follow-up process complements the Committee's initial review of the budget estimates.

The *Report on the 2004-05 Budget Outcomes* is based on an analysis of the government's 2004-05 Budget Outcomes (consisting of \$27,760.1 million in expenditure and \$29 904 million in revenue) and on information contained in a range of documents. These documents include the annual reports of all departments and some portfolio agencies; the responses to the Committee's questionnaire; the Auditor-General's *Report on the Finances of the State for 2004-05* and other relevant reports; the 2004-05 Budget Papers; and the government's 2004-05 financial report.

3.8.2 Committee's findings

The Committee's report contained 92 recommendations. Some of the Committee's key recommendations were that:

- the financial statements and annual reports of all public sector agencies should disclose full details of remuneration packages paid to the most senior executives in those organisations, including the payment of performance bonuses;
- the Department of Sustainability and Environment be designated and supported as the first Victorian department to move to triple bottom line reporting;
- the Department of Premier and Cabinet re-examine the quantitative performance measures established for the *'ICT strategy and services'* output with the purpose of developing performance measures that separately identify the number of projects to be completed and the number of projects that are underway;
- the Department of Education and Training centrally monitor levels of fixed term teacher employment to determine whether this is likely to act as a disincentive to attracting and retaining high quality teaching staff;
- the Department of Education and Training conduct a longitudinal study of all students who have either completed or failed to complete the Victorian Certificate of Applied Learning and who are not in employment or in other forms of education and training, as a means of determining additional action that may be required to address any significant concerns;
- with a view to maximising the creation of new respite opportunities for people with a disability and their families and enhance their quality of support, the Department of Human Services review whether there is a need to expand the availability of flexible, community-based respite options in preference to bed based facilities;
- the Department of Justice publish the results of the external evaluation of the effectiveness of the Home Detention Pilot Program, and the nature of any consequential changes to the program's future scope and direction, as soon as practicable after completion; and
- the Department of Treasury and Finance give priority to developing authoritative guidance on the accounting treatment of assets forming part of public private partnership projects that will ultimately revert back to the state.

Some key findings of the Committee are also listed:

- total revenue was \$29,904 million compared with the initial budget of \$28 984.9 million, an increase of \$919.1 million. The increased revenue was mainly due to additional grants from the Commonwealth Government, improved investment returns and increases in the sale of goods and services;

- expenditure decreased by \$679.8 million compared with the initial budget of \$28,439.9 million, mainly due to a decrease of \$1,209.1 million in the superannuation expense on account of better than expected investment performance in the state's superannuation funds;
- departments and agencies with the largest stress claims costs were public hospitals (\$5.9 million), Department of Human Services (\$4.8 million), Victoria Police (\$2.8 million), Department of Education and Training (\$2.5 million) and Ambulance Service Victoria (\$1.1 million); and
- most departments have advised they are on track to achieve a 15 per cent reduction in energy use in buildings by June 2006.

3.8.3 Government response to the report

The government tabled its response to the report on 3 October 2006. Exhibit 3.6 provides a summary.

**Exhibit 3.6: Summary of government response to the PAEC's
Report on 2004-05 Budget Outcomes**

Department	Accept	Accept in part	Accept in principle	Under review	Reject	Total
Chapter 1: <i>Responses to previous budget outcomes report</i>			5	1	1	7
Education and Training			6			6
Human Services	5	2	5	1	1	14
Infrastructure		2	1			3
Innovation, Industry and Regional Development	2		3		1	6
Justice	1			2		3
Premier and Cabinet	2	2				4
Primary Industries	5	1		1		7
Sustainability and Environment	2	3	3			8
Treasury and Finance	1			1	1	3
Victorian Communities			1			1
Across-the-board recommendations (a)	4	2	12	2	2	22
Victorian Auditor-General's Office	1	1	1	1	2	6
Parliamentary departments			1		1	2
Total number of recommendations	23	13	38	9	9	92
Percentage of total recommendations (%)	25	14	41	10	10	100

Note: (a) recommendations nos. 8–24 and 88–92

Source: Victorian Government, response to the Committee's Report on the 2004-05 Budget Outcomes, tabled 3 October 2006

CHAPTER 4: WORK IN PROGRESS AT 30 JUNE 2006

4.1 Inquiry into the 2006-07 Budget Estimates



The Treasurer appears before the Committee at the budget estimates hearing

Before the presentation of the budget on 30 May 2006, the Committee forwarded a questionnaire to all departments to obtain additional information to assist with the review of the 2006-07 Budget Estimates. During June and July 2006, public hearings were held with the Premier, all Ministers and the Presiding Officers of Parliament. The Committee's report was tabled on 14 September 2006.

4.2 Inquiry into private investment in public infrastructure

4.2.1 *Background to the report*

On 22 April 2003, the Committee appointed a Sub-Committee to complete the inquiry commenced by the previous Public Accounts and Estimates Committee into private investment in public infrastructure. The terms of reference for this inquiry required the Committee to:

- provide an overview of the various major infrastructure projects in Victoria that have involved private sector funding since 1990, with particular emphasis on issues relating to risk allocation and protection of the public interest;

- review and evaluate the expectations and outcomes of these projects in relation to the benefits and disadvantages to the community;
- review Victorian, Australian and international legislative and policy frameworks and practices regarding private sector investment in public infrastructure;
- examine the various government models for evaluating and monitoring private investment in public infrastructure projects and the governance and accountability arrangements;
- review and evaluate mechanisms used by the Victorian Government to protect the public interest;
- review the mechanisms which the Victorian Government uses to evaluate the effectiveness of private sector investment in public infrastructure projects to determine whether they represent value for money for the government and benefit the community;
- assess the framework for risk allocation between the public and private sectors and its application, with particular emphasis on how well risk is assessed, allocated and managed; and
- consider and report on any other relevant matters.

4.2.2 Committee's findings

The Committee's report was tabled on 4 October 2006.

This report was adopted by the Public Accounts and Estimates Committee on 6 October 2006.

**APPENDIX 1: COMMITTEE PERFORMANCE
AT A GLANCE 2005-06**

Sub-Committees active	2
Witnesses who gave evidence	190
Reports tabled	6
Recommendations made	292
Meetings held with overseas delegations and interstate parliamentary committees and academics	7

APPENDIX 2: SUB-COMMITTEES – MEMBERSHIP OF SUB-COMMITTEES ACTIVE IN 2005-06

<p>Hon. Christine Campbell, MP – Chair Membership of the following Sub-Committees:</p> <ul style="list-style-type: none"> • Review of the Independent Auditor’s Report (Chair) • Scoping of performance audits (Chair)
<p>Hon. Bill Forwood, MLC – Deputy Chair Membership of the following Sub-Committees:</p> <ul style="list-style-type: none"> • Review of the Independent Auditor’s Report • Scoping of performance audits
<p>Hon. Bill Baxter, MLC Membership of the following Sub-Committee:</p> <ul style="list-style-type: none"> • Scoping of performance audits
<p>Mr Robert Clark, MP Membership of the following Sub-Committee:</p> <ul style="list-style-type: none"> • Review of the Independent Auditor’s Report
<p>Mr James Merlino, MP Membership of the following Sub-Committee:</p> <ul style="list-style-type: none"> • Scoping of performance audits
<p>Hon. Gordon Rich-Phillips, MLC Membership of the following Sub-Committee:</p> <ul style="list-style-type: none"> • Review of the Independent Auditor’s Report
<p>Mr Adem Somyurek, MLC Membership of the following Sub-Committee:</p> <ul style="list-style-type: none"> • Review of the Independent Auditor’s Report

APPENDIX 3: MEMBERS ATTENDANCE AT MEETINGS AND HEARINGS

Member's name	Full Committee	Full Committee	Full Committee	Sub-Committees
	No. of private meetings attended	No. of private hearings attended	No. of public hearings attended	No. of meetings and private hearings attended
Hon. Christine Campbell, MP (Chair)	32	11	15	6
Hon. Bill Forwood, MLC (Deputy Chair)	25	9	9	4
Hon. Bill Baxter, MLC	12	3	10	0
Mr Robert Clark, MP	29	9	15	1
Ms Danielle Green, MP	20	8	12	0
Mr James Merlino, MP	20	6	15	5
Hon. Gordon Rich-Phillips, MLC	17	6	14	1
Ms Glenyys Romanes, MLC	33	11	13	1
Mr Adem Somyurek, MLC	26	11	15	1

Number of meetings and hearings, Full Committee and Sub-Committees

Committee	
Number of private meetings	33
Number of private hearings	11
Number of public hearings	15
Sub-Committees	
Number of private meetings	2
Number of private hearings	4

Sub-Committee on Scoping of Performance Audits

	No. of meetings/private hearings attended
Hon. Christine Campbell, MP (Chair)	5
Hon. Bill Forwood, MLC	4
Hon. Bill Baxter, MLC	–
Mr James Merlino, MP	5
Ms Glenyys Romanes, MLC ¹⁵	1
Private meeting	1
Private hearings	4

¹⁵ Attended the meeting as an observer

Sub-Committee on Review of the Independent Auditor's Report

	No. of meetings held
Hon. Christine Campbell, MP (Chair)	1
Mr Robert Clark, MP	1
Hon. Gordon Rich-Phillips, MLC	1
Mr Adem Somyurek, MLC	1
Private meeting	1

APPENDIX 4: PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE SECRETARIAT

Executive Officer	Ms M Cornwell
Assistant Executive Officer	Ms J Nathan
Research Officers	Mr I Claessen – Performance Auditor Ms P Toh – Financial Auditor Mr M Dalton – Economist (<i>19 September 2005 – 17 March 2006</i>)
Secondees from the Auditor-General's Office	Mr P Stoppa (<i>10 February 2005 – 21 April 2006</i>) Mr C Sheard (<i>7 June 2006 – 30 June 2006</i>)
Specialist advisors (part time)	Mr T Wood Mr J Manders
Office Manager	Ms K Taylor

**APPENDIX 5: PAEC BUDGET AND EXPENDITURE
2004-05 TO 2005-06**

	Expenditure 2004-05 (\$)	Budget 2005-06 (\$)	Budget revised 2005-06 (a) (\$)	Expenditure 2005-06 (\$)
Members' expense allowance	11,000	22,000	22,000	12,873
Salaries and associated costs of the Secretariat	(b) 468,300	(b) 480,488	(b) 480,488	(b) 440,927
Administrative expenses	65,500	77,500	77,500	95,972
Inquiries	182,700	134,913	159,737	(c) 123 968
Total expenditure	727,500	714,901	739,725	673,740

Notes: (a) budget was originally \$714,901 and adjusted in April 2006 by \$24,824
(b) does not include cost of specialist advisors who have been included in inquiries
(c) the vacant economist position was not filled from 18 March 2006

APPENDIX 6: PAEC REPORTS – 55TH PARLIAMENT

Report number	Date tabled	Title of report
72	October 2006	Annual Report for 2005-06
71	October 2006	Report on private investment in public infrastructure
70	September 2006	Report on the 2006-07 Budget Estimates
69	April 2006	Report on the 2004-05 Budget Outcomes
68	March 2006	Review of the report on the performance audit of the Victorian Auditor-General's Office
67	February 2006	Report on a legislative framework for independent officers of Parliament
66	November 2005	Report on the 2005-06 Budget Estimates
65	November 2005	Annual Report for 2004-05
64	September 2005	Report on the review of the Auditor-General's report on – Parliamentary control and management of appropriations
63	May 2005	Report on Corporate Governance in the Victorian Public Sector
62	April 2005	Report on the 2003-04 Budget Outcomes
61	December 2004	Annual Report for 2003-04
60	December 2004	Report on the review of the Auditor-General's performance audit report on – Services for people with an intellectual disability, and Easy English version
59	November 2004	Report on the 2004-05 Budget Estimates
58	November 2004	Report on the review of the Auditor-General's special report no.51 – Victorian Rural Ambulance Services: fulfilling a vital community need
57	May 2004	Report on the Appointment of Persons to conduct Financial and Performance Audits of the Victorian Auditor-General's Office
56	April 2004	Report on the 2002-03 Budget Outcomes
55	April 2004	Report on the review of the Auditor-General's performance audit report no.65 – Reducing landfill: waste management by municipal councils
	November 2003	Report on the evidence obtained overseas in connection with the Inquiry into Private Sector Investment in Public Infrastructure
54	September 2003	Report on the 2003-04 Budget Estimates
53	July 2003	Annual Report for 2001-02
52	June 2003	Report on the 2002-03 Budget Estimates
51	June 2003	Report on the 2000-01 Budget Outcomes

