PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

122nd Report to Parliament
PAEC End-of-Term Report
October 2014

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The Public Accounts and Estimates Committee of the 57th Parliament
Parliament of Victoria Library

Back row (left to right): Neil Angus MP, Robin Scott MP, David O’Brien MLC.
Front row (left to right): David Morris MP (Chair), Jane Garrett MP, Craig Ondarchie MLC, Martin Pakula MP (Deputy Chair).
It is with pleasure that I present this End-of-Term Report of the Public Accounts and Estimates Committee, which documents the Committee’s work and outcomes generated during the 57th Parliament.

It has been a privilege for my fellow Committee members and I to have been selected by Parliament to serve on this Committee, which has the proud tradition of being the longest-established committee of the Parliament of Victoria and the oldest public accounts committee in Australia. The Committee has been established for nearly 120 years, since 1895. One of the primary roles of the Committee, then and now, is to examine, by gathering evidence, any aspects of public receipts and expenditure. In 1992, Parliament reformed the committee structure and brought together into one Committee the responsibility for both the ex-post and ex-ante examination of public sector finances (due to their linkages), by entrusting its yearly ex-ante scrutiny of its Budget Estimates function to the Public Accounts Committee. This has enabled the Committee to apply consistent scrutiny across all departmental portfolios using past, present and projected future information and to report more comprehensively on the Committee’s findings to Parliament.

Today, the Committee continues to be Parliament’s primary representative mechanism for the financial scrutiny of past, present and future receipts and expenditure by Victorian public sector departments and agencies. Including other statutory functions, it is Parliament’s busiest joint investigatory committee.

This End-of-Term Report is a biennial initiative of the Committee and follows on from its Mid-Term Report tabled in 2013. In this Report, the Committee documents its efforts, outputs and outcomes in fulfilling its extensive statutory responsibilities under the Constitution Act 1975, Parliamentary Committees Act 2003 and the Audit Act 1994. Throughout the four-year term, the Committee has taken its roles very seriously and has reported to Parliament on various inquiries and matters in 26 reports. I wish to acknowledge and thank my former parliamentary colleague, Mr Philip Davis, former Chair of the Committee, for delivering successful outcomes on the Committee’s demanding work schedule during the first two years of this Parliament.

The reports delivered by this Committee range in subject matter from the discharge of its statutory duties, such as the recommendation to appoint a new Auditor-General (report no. 113) and inquiring into departmental budget estimates (report nos. 102, 111, 116 and 120), to the financial and performance outcomes of the Victorian public sector (report nos. 107, 109, 115, 118 and 119), where the Committee recommended improved reporting and accountability in both asset and service delivery.
Chair’s Foreword

“...the Committee continues to be Parliament’s primary representative mechanism for the financial scrutiny of past, present and future receipts and expenditure by Victorian public sector departments and agencies.”

During the term, the Committee also received a special reference from the Legislative Assembly to inquire into effective decision making for the successful delivery of infrastructure projects. Following extensive evidence gathering and analysis, the Committee recommended changes be made in infrastructure planning and project delivery, to strengthen Victoria’s competitive edge for attracting infrastructure investment (report no. 112).

In 2014, the Committee tabled a unique report which assessed the Government’s performance measurement system and related reporting processes (report no. 118) which provided a positive appraisal outcome that a number of important changes have recently been introduced and in many cases, government departments had adhered to better reporting practices and guidance materials. There was however scope for further improvement and for better collaboration between departments and central agencies.

During this Parliament, the Committee initiated an examination of departmental performance measures presented in budget papers (report no. 102). This initiative is an enhancement of its recurrent analysis of departmental performance measures contained in regular chapters within its Budget Estimates and Financial and Performance Outcomes inquiry reports. Related to this interest, the Committee has been appreciative of the opportunity given by the Minister for Finance, the Hon. Robert Clark MP, and the Department of Treasury and Finance to comment on performance measures proposed to be discontinued by departments during each budget.

A regular feature of the Committee’s reports on its Financial and Performance Outcomes Inquiry is its review of departmental and related agencies’ annual reports. It expanded this review with a unique special report focused on the adequacy of departments’ and agencies’ reporting in their annual reports (report no. 107).

As a representative body of Parliament, the Committee has important statutory functions in relation to the Auditor-General’s relationship with Parliament. These functions are detailed in the appendix to this Report. The Committee provides consultative input to the Auditor-General’s annual work plan, annual budget and the preparation of each performance audit specification. The Committee respects the Auditor-General’s independence and discretion in determining the outcomes of these operational matters.

During the 57th Parliament, the Committee managed the appointment processes and recommended to Parliament the appointments of two separate external expert auditors under sections 17 and 19 of the Audit Act. One auditor was appointed to conduct financial audits of the annual financial statements of the Victorian Auditor-General’s Office (VAGO) for the financial years ended 2012, 2013...
Chair’s Foreword

and 2014 (report no. 110) and the other was appointed to conduct a performance audit of the economy, efficiency and effectiveness of the Auditor-General and the operations of VAGO (report no. 113). The latter is an appointment made on a triennial basis.

The audit reports tabled by the Auditor-General are of relevance and interest to the Committee in enabling it to further examine recurrent performance issues within the Victorian public sector. The audit reports enable the Committee to identify and follow-up selected specific topics that are of significance in their impacts on the Victorian community, and would benefit from further scrutiny by the Committee. The Committee is able to investigate using its wide evidence-gathering powers, including public hearings.

Throughout the 57th Parliament, the Committee publicly inquired into, reported and made recommendations regarding the status of departmental implementation of the findings and recommendations contained within 14 selected audit reports tabled by the Auditor-General over 2009-2011 inclusive (report nos. 105, 106, 108 and 121).

In this parliamentary term, the Committee has also recognised the importance of following up departments and their related agencies in relation to implementing the Committee’s own recommendations. This follow-up initiative has helped the Committee assess the ultimate impact of the Committee’s inquiries. To this end, the Committee devoted sections within its main reports, including commentary on the implementation of its recommendations, in its recurrent inquiries into audit reviews (report no. 108), the budget estimates (report nos. 102, 111 and 116) and financial and performance outcomes (report nos. 109, 115 and 119).

The Committee was pleased to welcome delegates from other jurisdictions and successfully hosted the 2014 Mid-Term Meeting of the Australasian Council of Public Accounts Committees.

The Committee’s fulfilment of its extensive statutory responsibilities, Inquiry reports entailing 268 public hearings, 65 meetings of the full Committee, 31 meetings of its Audit Sub-Committee and innumerable related activities, would not have been possible without the energy, collaboration in achieving constructive solutions and bipartisan support of my fellow Committee members, whom I thank.

The Committee has also greatly appreciated the consistently professional, impartial and high-quality support of the Committee’s Secretariat, in helping the Committee successfully deliver its intensive work outputs and timely outcomes.

I commend this report to the Parliament, and the Victorian community whom the Committee serves, and wish the new Committee of the 58th Parliament well in continuing the Public Accounts and Estimates Committee’s proud tradition in the performance of its scrutiny and oversight roles.

David Morris MP
Chair
COMMITTEE MEMBERSHIP

David Morris MP
Chair, PAEC (February 2011 – present)
Member, PAEC (February 2011 – present)
Chair, PAEC Audit Sub-Committee
Member for Mornington

Philip R. Davis MP
Chairman, PAEC (February 2011 – February 2013)
Chairman, PAEC Audit Sub-Committee (February 2011 – February 2013)
Member for Eastern Victoria

Paul A. Davis
Member, PAEC (February 2011 – present)
Member for Forest Hill

Neil Angus MP
Member, PAEC
Member, PAEC Audit Sub-Committee
Member for Forest Hill

David O’Brien MLC
Member, PAEC
Member for Western Victoria

Craig Ondarchie MLC
Member, PAEC (February 2013 – present)
Member, PAEC Audit Sub-Committee
Member for Northern Metropolitan

Robin Scott MP
Member, PAEC
Member, PAEC Audit Sub-Committee
Member for Preston

Jane Garrett MP
Member, PAEC (February 2014 – present)
Member for Brunswick

Martin Pakula MP
Deputy Chair, PAEC
Deputy Chair, PAEC Audit Sub-Committee
Member for Lyndhurst

Jill Hennessy MP
Member, PAEC (February 2011 – February 2014)
Member for Altona

David O’Brien MLC
Member, PAEC
Member for Western Victoria

Martin Pakula MP
Deputy Chair, PAEC
Deputy Chair, PAEC Audit Sub-Committee
Member for Lyndhurst

Jill Hennessy MP
Member, PAEC (February 2011 – February 2014)
Member for Altona

Committee Membership
INTRODUCTION

The Committee’s primary purpose is to contribute to improved accountability, transparency and performance throughout the Victorian public sector through the Committee’s recommendations from its independent and quality assessments. The Committee’s reports aim to provide assurance to the Parliament and the community on matters relating to public sector financial and performance reporting and practices.

The members of the Public Accounts and Estimates Committee of the 57th Parliament were appointed in the sitting week commencing 8 February 2011. The Committee has now reached the end of its busy four-year term which has seen the appointment of a new Chair mid-way through the term as well as two changes in Committee membership.

This end-of-term report has been prepared to provide the Parliament and the community with an overview of the achievements and activities of the Public Accounts and Estimates Committee of the 57th Parliament.

Since February 2011, the Committee has formally met 65 times, held 268 public hearings, and tabled 26 reports in the Parliament. These 26 reports have included a total of 569 recommendations. This represents a substantial work schedule for a Parliamentary Committee supported by a small Secretariat.

The work of the Committee represents an important component of public sector accountability in Victoria. The Committee’s recommendations are aimed at promoting best practice and continuous improvement in public sector administration and management in the State.

To this end, the Committee is pleased to note that, to date, support has been expressed for 73 per cent of the recommendations made by the Committee, whether in full, in part or in principle. Of the remainder, the Government advised that a number of recommendations were “under review” (approximately 8 per cent). The Committee of the 58th Parliament may, as part of its ongoing work, follow-up on the status of any key recommendations which were described by the Government as “under review”, and also check on the implementation of recommendations that the Government has advised that it supports.

In forming its conclusions and developing the recommendations for its reports, the Committee analyses evidentiary materials including those provided in written submissions and answers from departments and agencies to specific questions, and conducts public hearings in order to take evidence from key witnesses. In some cases, Committee members have visited interstate and overseas organisations to take further evidence and investigate relevant best practice policy and procedures in other similar jurisdictions.

The cost of this report was approximately $12,300.
Since its appointment in February 2011, the Committee has tabled 25 reports (this is the 26th report).

These reports included reviews of the budget estimates for each financial year, from 2011-12 to 2014-15 inclusive, financial and performance outcomes for each financial year, from 2009-10 to 2012-13 inclusive, a review of departmental annual reports for 2009-10 and 2010-11, and follow-ups of a selection of performance audit reports of the Auditor-General, as well as the Inquiry into Effective Decision Making for the Successful Delivery of Significant Infrastructure Projects requested by the Legislative Assembly.

The Committee distributed questionnaires, held public hearings, received submissions, and travelled interstate and overseas to gather evidence for these reports.

This section provides an overview of all the reports tabled by the Committee during the 57th Parliament, and includes information on the number of recommendations supported by the Victorian Government. Recommendations supported include those fully supported, supported in principle and supported in part.

102ND REPORT
Report on the 2011-12 Budget Estimates — Part One
Date tabled: 1 June 2011; Recommendations: 9; Recommendations supported: 100%

Part One of this report provides an overview of the key aspects of the 2011-12 Budget and a summary of the key issues raised at the 48 public hearings held with the Parliament's Presiding Officers and all Victorian Ministers.

102ND REPORT
Report on the 2011-12 Budget Estimates — Part Two
Date tabled: 30 June 2011; Recommendations: 24; Recommendations supported: 92%

Part Two of this report examines the departmental performance measures presented in the 2011-12 Budget Papers, and makes a number of recommendations for their improvement. The report also examines the performance measures that the Government proposed discontinuing or substantially altering in the 2011-12 Budget Papers.

102ND REPORT
Report on the 2011-12 Budget Estimates — Part Three
Date tabled: 14 September 2011; Recommendations: 90; Recommendations supported: 65%

Part Three of this report provides a detailed analysis and recommendations relating to the budget estimates for the 2011-12 year and forward estimates. This analysis is based on the Budget Papers, budget estimates hearings, departments’ responses to questionnaires from the Committee, Ministers’ responses to questions on notice and requests for additional information.
This report provides an overview of the achievements and activities of the Committee of the 56th Parliament in the 2010-11 financial year and the first five months of the operation of the new Committee of the 57th Parliament. It also includes information on the work plan and performance targets established by the Committee for 2010-11 and 2011-12.

This report arose in response to a written request by the Parliament’s appointed Financial Auditor of the Victorian Auditor-General’s Office to terminate his services before the contracted term expired due to a perceived conflict of interest.
ACHIEVEMENTS

All PAEC reports can be downloaded as PDFs by following the Publications link or the relevant Inquiry link at: www.parliament.vic.gov.au/paec

105TH REPORT
Review of the Auditor-General’s Report on Preparedness to Respond to Terrorism Incidents: Essential Services and Critical Infrastructure
Date tabled: 9 November 2011; Recommendations: 26;
Recommendations supported: 77%

The Auditor-General’s report on Preparedness to Respond to Terrorism Incidents: Essential Services and Critical Infrastructure was selected by the Committee for a follow-up Inquiry due to the significance of the findings and recommendations for the State’s security and economy, and significant public interest involved.

The Committee’s conclusions on the adequacy of the Department of Premier and Cabinet’s oversight arrangements affirmed those expressed by the Auditor-General in his January 2009 report. The report’s recommendations are aimed at assisting improvement in the future management of critical infrastructure protection arrangements across the Victorian public sector.

106TH REPORT
Date tabled: 8 February 2012; Recommendations: 10;
Recommendations supported: 70%

The Auditor-General’s report on Access to Public Hospitals: Measuring Performance recognised that the time taken to receive emergency and elective surgery care can significantly influence clinical outcomes for patients.

The Auditor-General examined the relevance, appropriateness and representativeness of 12 indicators for measuring performance in public hospitals. After examining the Auditor-General’s findings, the Committee considered substantial remedial action was required by the Department of Health to restore public confidence in the performance data produced by public hospitals.

The Committee noted that a number of initiatives had commenced to address the Auditor-General’s recommendations. The Committee’s report advocates that continuing work at the national and State level should be aimed at the development of meaningful measures and targets which accurately reflect public hospital performance in the clinical treatment of patients.
This report considered the 2009-10 and 2010-11 annual reports of government departments and selected agencies. In particular, the report focused on what information was included and presented in these annual reports, and the adequacy of reporting.

The analysis and recommendations contained in the report are aimed at encouraging departments and agencies to provide more useful and informative annual reports in future years. The report complements the Committee’s Report on the 2009-10 and 2010-11 Financial and Performance Outcomes.
This report includes status reviews of the findings and recommendations contained within the following selected Auditor-General’s performance audit reports:

» Management of School Funds (May 2009);
» Withdrawal of Infringement Notices (June 2009);
» Connecting Courts – the Integrated Courts Management System (June 2009); and
» Implementing Victoria Police’s Code of Practice for the Investigation of Family Violence (June 2009).

The recommendations made by the Committee as a result of its follow-up are aimed at improving public sector management in the areas reviewed.

Chapter 5 of the report also includes a review of the progress of actions taken by public sector departments and agencies on the recommendations made by the Committee in three of its earlier reports:

» 82nd report: Review of the Findings and Recommendations of the Auditor-General’s Reports Tabled July 2006 – February 2007 (November 2008);
» 86th report: Review of the Findings and Recommendations of the Auditor-General’s Reports 2007 (June 2009); and

As a result of this review, the Committee identified those issues and recommendations which have been satisfactorily actioned by public sector agencies and also those instances where responses and actions have been less than satisfactory.

The Committee found that a significant proportion of its past recommendations had been satisfactorily actioned by agencies.
This report highlights the many achievements of the Victorian public sector over 2009-10 and 2010-11 together with comment on how those achievements were reported. It examines the Government's performance in a number of areas including:

» overall financial performance;
» comparison of actual income and expenditure to budget estimates;
» delivery of outputs;
» actual performance against targets; and
» progress of asset investment projects.

The recommendations relate to the areas where government entities could improve disclosure in their reporting. In its report, the Committee identified improvements which could be made to the Budget Papers, the Annual Financial Report for the State, and departmental annual reports to assist the Parliament and community in gaining a better understanding of intended outcomes and actual achievements.

This report arose from the need to appoint a replacement independent financial auditor following Parliament's agreement to terminate the services of the previous Auditor, at the Auditor's request, due to a perceived conflict of interest (see report no. 104). Following a selected tender process and an evaluation and selection process by a panel appointed by the Committee, the appointment of Mr Steven Bradby of the then firm, Lawler Draper Dillon, Chartered Accountants (now PKF Lawler), was recommended to conduct audits for the financial years ended 30 June in 2012, 2013 and 2014.
AchEIVements

111th report
Report on the 2012-13 Budget Estimates — Part One
Date tabled: 6 June 2012; Recommendations: 5; Recommendations supported: 80%

Part One of this report provides an overview of the key aspects of the 2012-13 Budget and a summary of the key issues raised at the 48 public hearings held with the Parliament's Presiding Officers and all Victorian Ministers. The report also considers the performance measures that the Government proposed discontinuing in the 2012-13 Budget Papers.

111th report
Report on the 2012-13 Budget Estimates — Part Two
Date tabled: 12 September 2012; Recommendations: 54; Recommendations supported: 52%

Part Two of this report provides an analysis and commentary on the plans and estimates detailed in the 2012-13 Budget Papers. The Committee found that there is scope for additional disclosure in regards to savings measures, reprioritised funding and expenditure on public private partnerships. In other areas, such as asset investment and election commitment funding, the report notes that disclosure could be clearer and more uniform in its presentation.

The Public Accounts and Estimates Committee at the 2012-13 Budget Estimates hearings
This Inquiry arose in response to a reference from the Legislative Assembly. The Committee focused on exploring innovative strategies for identifying and harnessing appropriate competencies and skills to successfully develop and deliver major infrastructure projects, using best practice in the planning, management and delivery of significant infrastructure projects.

In conducting the Inquiry, the Committee consulted with a wide range of stakeholders including public sector agencies, private sector organisations and academia. In addition, the Committee examined six of the State's recent major infrastructure projects to identify lessons to inform future decision-making and project implementation. The Committee's investigation of public sector project management in interstate and overseas jurisdictions also assisted in identifying reforms which could be beneficial, if implemented in Victoria.

The Committee's report considered that methods, such as reference class forecasting, which use similar projects as benchmarks, could assist in addressing the issue of overly optimistic and/or deliberately unrealistic project cost and delivery timeframes.

As a result of this Inquiry, the Committee recommended changes in the areas of infrastructure planning and project delivery in Victoria. Specifically:

» a new advisory body to recommend priorities for infrastructure investment in Victoria;

» a new "centre of excellence" for project development and delivery, focused on ensuring that Victoria has the requisite expertise and capability to successfully deliver major infrastructure projects; and

» strengthening the oversight and accountability mechanisms surrounding the delivery of major infrastructure projects in Victoria.
On 8 August 2012, the then Victorian Auditor-General notified the Governor in Council of his decision to resign his position with effect from 14 December 2012. Under the Constitution Act 1975, the Committee has responsibility for recommending the appointment of a new Auditor-General to the Governor. This report outlined the recruitment and selection process put in place by the Committee to appoint a new Auditor-General. The Committee recommended the appointment of Mr John Doyle, then Auditor-General of British Columbia, Canada, to the position.

This report outlined the activities and achievements of the Committee for the first half of the 57th Parliament. The report is a development from the resource-intensive past practice of tabling an annual report. The Committee was one of only two parliamentary committees in Victoria which tabled annual reports.
This report examined the State’s financial position at the conclusion of the 2011-12 year, and how that compared to expectations set out in the 2011-12 Budget. The Committee also considered the adequacy of disclosure of information in relation to Government revenue, expenditure, and asset investment in 2011-12.

The Committee made a number of recommendations about areas where additional reporting or monitoring would be beneficial. The report also highlighted planned productivity gains and changes in the public service as important areas of interest.

Part One of this report included an overview of the 2013-14 Budget and Budget Papers, key details about departments’ priorities and an index of the key issues discussed in each of the 50 public hearings with Parliament’s Presiding Officers and all Ministers.

Part Two provided a detailed analysis of the 2013-14 Budget, including the estimates and assumptions within it, the Government’s plans and what they mean for Victorians. The report contained 42 recommendations, particularly in relation to providing information about significant risks, explaining substantial changes in the Budget from one year to another, and defining key terms.
As a part of its responsibilities under the Audit Act 1994, the Committee is responsible for the recommendation to the Parliament of a performance auditor to conduct a performance audit of the Victorian Auditor-General’s Office and the Victorian Auditor-General. The performance audit is required to be undertaken at least once every three years.

A Request for Tender was developed and advertisements placed in major newspapers in Australia and New Zealand, seeking submissions from experienced parties. The Committee convened a Tender Evaluation Panel to evaluate submissions and to recommend to Parliament the preferred tenderer.

The Committee recommended Mr Andrew Nicolaou of PriceWaterhouseCoopers for appointment to conduct the performance audit.

This report was the first part of a two-part report by the Committee on its Inquiry into the 2012-13 Financial and Performance Outcomes. The report contained an assessment of the Government’s performance measurement system and related reporting processes.

The Committee found that, in many cases, departments were following the relevant guidance and better practice with respect to performance measurement and reports. However, the Committee found there was potential for improvements in a number of areas and made a number of recommendations in this regard. The Committee found that the responsibility for these improvements needed to be shared between individual departments and central agencies.
This was the second and final report by the Committee as part of its Inquiry into the 2012-13 Financial and Performance Outcomes. It examined the achievements of the Victorian public sector in 2012-13, and its financial performance during the year compared to the expectations at the time of the 2012-13 Budget.

The report examined the achievements of the three sectors of government that make up the Victorian public sector: the general government sector, the public non-financial corporations sector, and the public financial corporations sector, and included an assessment of how revenue, expenditure, liabilities and debt components compared to Budget expectations.

The report included a particular focus on asset investment. One chapter examined the provision of assets by the Government through the general government sector and their progress compared to timelines and cost targets. A second chapter looked at reporting practices for asset projects in Victoria.
Part One of this report provided an overview of the main aspects of the 2014-15 Budget and a summary of key issues raised at each of the 50 public hearings that the Committee held with the Parliament’s Presiding Officers and all Victorian Ministers. This part of the report also contained an assessment of the performance measures that the Government proposed discontinuing in this budget and the new measures it introduced.

Part Two of this report focused on four key areas of the Victorian State Budget, namely revenue; borrowings and net debt; output expenditure; and asset investment. The Committee’s recommendations were intended to improve the Government’s accountability and transparency.
This report followed up eight performance audit reports tabled by the Auditor-General between January 2009 and December 2011, namely:

» The Effectiveness of Student Wellbeing Programs and Services;
» Literacy and Numeracy Achievement;
» Maintaining the Integrity and Confidentiality of Personal Information;
» Management of the Community Support Fund;
» Security of Infrastructure Control Systems for Water and Transport;
» Taking Action on Problem Gambling;
» Towards a 'smart grid' – the roll-out of Advanced Metering Infrastructure; and
» Use of Development Contributions by Local Government.

The report provided a thorough assessment of the status of all 37 recommendations made by the Auditor-General in these reports. The Committee made a number of its own recommendations addressed at areas where it considered further actions were necessary by the relevant public sector agencies.

The Committee also identified a number of common themes arising from the audit reports, particularly around the issues of:

» the quality of the responses to the Auditor-General's reports;
» progress made in implementing the Auditor-General's recommendations;
» monitoring and oversight within the Victorian public sector; and
» performance measurement within the Victorian public sector.
In undertaking its responsibilities and producing its reports and recommendations during the 57th Parliament, the Committee has engaged in a number of activities. These include the usual business of Committee and Sub-Committee meetings, evidence-gathering activities, and professional development and information exchange activities.

**Committee Meetings**

The full Committee of the 57th Parliament met on a regular basis. During 2011-2014 inclusive, the Committee met on 65 occasions.

The Audit Sub-Committee, comprising five members from the full Committee, met from time to time with staff from the Victorian Auditor-General’s Office to discuss and comment on performance audit specifications prepared by that Office, as well as the consideration of the Auditor-General’s annual budget and annual plan on behalf of the Parliament.

During 2011-2014 inclusive, the Audit Sub-Committee met 31 times and discussed 115 separate Performance Audit Specifications.

**Public Hearings**

During 2011-2014 inclusive, the Committee held 268 public hearings to gather evidence for its various inquiries.

In total, the Committee met with 1,113 witnesses at hearings, including Ministers, departmental Secretaries, senior departmental representatives, the Victorian Auditor-General, senior representatives from the Victorian Auditor-General’s Office, as well as representatives of private sector organisations, as required.

**Interstate and International Evidence Gathering**

The Inquiry into Effective Decision Making for the Successful Delivery of Significant Infrastructure Projects required that the Committee seek evidence from relevant state, national and international jurisdictions.

In late 2011 and early 2012, the Committee travelled to Perth, Adelaide, Canberra and Sydney and met with representatives of 25 different organisations including Public Accounts Committees, Auditor-Generals’ offices and relevant public and private sector organisations and professional bodies.

In September 2012, following approval by the Parliament, the Committee also travelled internationally and met with representatives of 23 different organisations in Canada, the United Kingdom and France. These organisations included:

- Public Accounts Committees;
- Members of Parliament;
- Auditors-General;
- private sector companies working in public infrastructure and public private partnerships; and
- other public bodies and international organisations.
The Australasian Council of Public Accounts Committees (ACPAC) enables public accounts committees from the region to exchange information and opinions, so as to enhance ideas for better practice within member committees. ACPAC also fosters international engagement with similar committees within twinned Pacific jurisdictions.

ACPAC holds biennial conferences for member and non-member committees from the Australasian region. These conferences provide the opportunity to discuss views and experiences across different jurisdictions and offer a valuable professional development opportunity for members. ACPAC also holds mid-term meetings in alternate years, which provide an opportunity to plan for conferences and discuss any other relevant matters.

During the 57th Parliament, representatives of the Committee and its Secretariat participated in the following ACPAC events:

» in April 2011, the Committee Chairman and Executive Officer attended the ACPAC biennial meeting in Canberra;

» in April 2013, four members of the Committee as well as the Executive Officer and Senior Research Officer attended the ACPAC biennial conference in Sydney; and

» on 20 June 2014, the Committee hosted the ACPAC mid-term meeting at Parliament House in Melbourne. The meeting was chaired by David Morris MP, and was attended by 34 Committee members and secretariat staff from around Australia, as well as Papua New Guinea.

This event affords an early opportunity for Members of Parliament and their electorate staff to gain first-hand information on the Budget and to seek clarification on any aspects of the Budget from the representatives of the Department of Treasury and Finance.

Mr David Martine, Secretary (presented in 2014), Mr Dean Yates, then Deputy Secretary, Budget and Financial Management (presented in 2011-2012 inclusive), and Ms Melissa Skilbeck, Deputy Secretary, Budget and Finance (presented in 2012-2014 inclusive).

The Public Accounts and Estimates Committee and the Department of Treasury and Finance co-hosted briefing seminars for Parliamentarians on the Victorian Budget following the release each year of the Victorian State Budgets in May 2011-2014 inclusive.

The Chair acted as convenor and the briefings were presented by senior staff from the Department of Treasury and Finance, namely Mr Grant Hehir, then Secretary (presented in 2011), Mr David Martine, Secretary (presented in 2014), Mr Dean Yates, then Deputy Secretary, Budget and Financial Management (presented in 2011-2012 inclusive), and Ms Melissa Skilbeck, Deputy Secretary, Budget and Finance (presented in 2012-2014 inclusive).
Public Accounts and Estimates Committee

The Public Accounts and Estimates Committee is a joint House investigatory committee of the Victorian Parliament constituted under the Parliamentary Committees Act 2003. The Committee has dual responsibilities for scrutinising both the public accounts and the budget estimates, which makes it unique in Australia and indeed in most other international jurisdictions with Westminster systems.

The Committee’s responsibilities

Not only does the Committee have functions as a joint investigatory committee under the Parliamentary Committees Act 2003, the Committee has unique statutory oversight responsibilities regarding the Auditor-General under the Constitution Act 1975 and the Audit Act 1994.

The responsibilities and functions of the Public Accounts and Estimates Committee are to inquire into, consider, and report to the Parliament on:

» any proposal, matter or thing concerned with public administration or public sector finances;

» the annual estimates of receipts and payments, other Budget Papers, and any supplementary estimates of receipts or payments presented to the Legislative Assembly and the Legislative Council;

» any proposal, matter or thing that is relevant to its function and has been referred to the Committee by resolution of the Legislative Council or the Legislative Assembly or by order of the Governor in Council published in the Government Gazette;

» any annual report or other document relevant to the functions of the Committee that is laid before either House of Parliament in accordance with an Act; and

» various statutory responsibilities in relation to the activities, performance and statutory functions of the Office of the Auditor-General under the Audit Act 1994.

The Committee is able to self-reference inquiries related to the above matters and has done so throughout its history.

Originally a ten-member Committee, the Committee of the 57th Parliament was reconstituted as a seven-member committee by the Parliamentary Legislation Amendment Act 2007. The Committee has members from the Australian Labor Party, the Liberal Party and the National Party and both Houses of the Parliament.

Public accounts function

Under this function, the Committee is empowered to undertake any inquiry into aspects of public finances or public sector administration, or emerging public policy issues related to public funding and investment.

Reviewing financial and performance outcomes

The Committee undertakes a review of the financial and performance outcomes of each financial year for the public sector. This process involves questionnaires covering financial and performance outcomes sent to all departments as well as related agencies, and a specific questionnaire on the Financial Report for the State sent to the Department of Treasury and Finance and the Victorian Auditor-General’s Office.

The review focuses on the operational and performance achievements of departments and material agencies and complements the Committee’s other core function on the budget estimates. The review enhances the accountability of departments and agencies and aims to provide the Parliament with meaningful information about how the financial and performance results achieved compared with the results expected or previously projected.

In late 2010, the Parliament of Victoria was prorogued due to the State Election in November of that year. As a result of the election and the establishment of a new Parliament and a new Public Accounts and Estimates Committee, the Committee deferred its report on the 2009-10 financial and performance outcomes. The 2009-10 outcomes were examined together with the 2010-11 outcomes and the report was tabled in April 2012.
 Estimates function

Reviewing the Budget Papers and related documents

As part of its statutory responsibility, the Committee undertakes a detailed annual review of the Government’s Budget.

Before the Budget is released by the Treasurer, the Committee develops and forwards a questionnaire to all departments seeking additional information to, and explanation of, the details that will be provided in the Budget Papers.

Immediately following the delivery of the annual State Budget by the Treasurer in May, public hearings are held with the Premier, Deputy Premier, Attorney-General, Treasurer, Assistant Treasurer, the Presiding Officers of Parliament, all Ministers, and senior departmental and key agency officers.

Following the public hearings, questions on notice and further clarification questions seeking additional information are sent to departments.

The Committee’s objectives in its scrutiny of the budget estimates are to:

» constructively contribute to improving the presentation of budget information to the Parliament and the community of Victoria;

» enhance Parliamentary debates on the Appropriation Bills;

» facilitate greater understanding and transparency of the budget estimates;

» encourage clear, full and precise statements of the Government’s objectives and planned budget outputs and outcomes; and

» encourage the economic, efficient and effective public administration of resources.

 Auditing function

Auditor-General and the Victorian Auditor-General’s Office (VAGO)

The Committee exercises statutory functions in relation to:

» recommending the appointment of the Auditor-General and the independent auditors of the Auditor-General (performance audit) and VAGO (financial and performance audits); and

» considering and reporting to the Parliament on the budget estimates and the Annual Plan of VAGO.

The Committee also:

» has a consultative role in determining the objectives and terms of reference of performance audits, identifying any particular issues that need to be addressed as part of the audits and in advising the Auditor-General on the audit priorities for the year; and

» can exempt, if necessary, the Auditor-General from any legislative requirements applicable to government agencies on staff employment conditions and financial reporting practices.

Reviewing reports of the Auditor-General

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. The Auditor-General’s reports draw the Parliament’s attention to financial concerns or issues of efficiency, effectiveness or value for money relating to public administration. The Committee is legislatively empowered to follow-up these matters and takes further evidence on the progress achieved by public sector agencies on the Auditor-General’s recommendations.

During 2011 to 2014, the Committee of the 57th Parliament followed-up 14 specific audit reports tabled in the Parliament by the Auditor-General. The Committee prioritises these reports using various criteria, including the seriousness of audit findings, public interest, risks, social impacts, criticality.
APPENDIX - ABOUT THE COMMITTEE

and unresolved disputes, materiality, and opportunities to enhance accountability. The Committee retained a broad scope for its terms of reference, that is, to review any aspects of the findings and recommendations contained within those reports.

Committee references

On 5 May 2011, the Legislative Assembly referred a new inquiry to the Committee, Inquiry into Effective Decision Making for the Successful Delivery of Significant Infrastructure Projects.

The Committee’s operations

The Committee’s yearly program of activities, reviews and inquiries has its basis in statute. As part of its function as public accounts scrutineer on behalf of the Parliament, its work program is largely generated by the budgetary cycle and the financial and related reporting activities of public-funded departments, entities, and its statutory functions in relation to the Auditor-General.

To assist in the effective operation of its demanding work program, the Committee appoints Sub-Committees such as its Audit Sub-Committee to consider the performance audit specifications and other matters relating to the auditing functions of VAGO.

The Committee conducts public hearings for its inquiries into budget estimates and for its other specialised inquiries.

All reports and discussion papers are considered and adopted by the full Committee before being tabled in the Parliament and then released for public distribution.

In the facilitation and execution of its intensive and varied program of research, inquiry-related activities and Parliamentary reporting for enhancing Government’s public accountability, the Committee is assisted by a Secretariat, led by an Executive Officer. The Secretariat staff includes senior research officers, research officers, specialist advisors and administrative staff comprising a Business Support Officer and a Desktop Publisher. The Committee has been assisted from time to time by secondees from VAGO and gratefully acknowledges the support from the secondees. On occasions, the Committee is also supported by research officers seconded from other Victorian parliamentary committees and it appreciates the work supplemented by these secondees.

Website

The Committee’s website is an extensive source of information on its roles and functions, members, details of past and current inquiries, hearing dates, transcripts of hearings, submissions from the public, electronic versions of the Committee’s tabled reports, and the Government’s responses to any recommendations contained in those reports. The website address is: www.parliament.vic.gov.au/paec.