

# PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee



## Public Accounts and Estimates Committee End of Term Report for the 59th Parliament

Parliament of Victoria  
Public Accounts and Estimates Committee

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# Committee membership



**CHAIR**

**Ms Sarah Connolly**  
Tarneit



**DEPUTY CHAIR**

**Mr Danny O'Brien**  
Gippsland South



**Mr Rodney Barton**  
Eastern Metropolitan



**Mr Sam Hibbins**  
Pahran



**Mr Gary Maas**  
Narre Warren South



**Mrs Bev McArthur**  
Western Victoria



**Mr James Newbury**  
Brighton



**Ms Pauline Richards**  
Cranbourne



**Mr Tim Richardson**  
Mordialloc



**Ms Nina Taylor**  
Southern Metropolitan

# About the Committee

## Functions

The Public Accounts and Estimates Committee is a joint parliamentary committee constituted under the *Parliamentary Committees Act 2003* (the Act).

The Committee comprises ten members of Parliament drawn from both Houses of Parliament.

The Committee carries out investigations and reports to Parliament on matters associated with the financial management of the State. Its functions under the Act 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 or receipts and payments and other Budget papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council
- audit priorities for the purposes of the *Audit Act 1994*.

The Committee also has a number of statutory responsibilities in relation to the Office of the Auditor-General and Parliamentary Budget Office.

## Contact details

**Address** Public Accounts and Estimates Committee  
Parliament of Victoria  
Spring Street  
EAST MELBOURNE VIC 3002

**Phone** 61 3 8682 2867

**Email** [paec@parliament.vic.gov.au](mailto:paec@parliament.vic.gov.au)

**Web** <https://parliament.vic.gov.au/paec>

This report is available on the Committee's website.



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# Chair's foreword

It is with pleasure that I present this End of Term Report of the Public Accounts and Estimates Committee, which documents the Committee's extraordinarily busy work program and the outcomes it generated during the 59th Parliament. The Committee has tabled 16 reports in the Parliament containing 511 recommendations. These reports have promoted public sector reform and improved government accountability and transparency.

A regular feature of the Committee's work is its annual budget estimates and financial and performance outcomes inquiries. The Committee's scrutiny on behalf of the Parliament of the budget papers and review of the outcomes achieved from budget expenditure and revenue is a critical part of the annual cycle of public accountability.

The beginning of the COVID-19 pandemic impacted the Committee's combined inquiries into the 2017-18 and 2018-19 financial and performance outcomes and also delayed the handing down of the 2020-21 Budget from May to November 2020, which in turn delayed the Committee's budget estimates inquiry for the year. Nonetheless, the Committee successfully completed these inquiries, tabling a total of four budget estimates reports and three financial and performance outcomes reports in the 59th Parliament. Topics covered in the reports included the use of off-budget funding, Victoria's *Climate Change Strategy* and the progress and effectiveness of the Government's medium-term fiscal strategy. The reports demonstrate changes in demand for services and methods of service delivery from 2019 to 2022 because of COVID-19 pandemic, especially in the areas of health, housing, family violence, child protection and education.

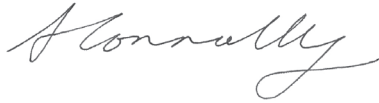
In this Parliament, the Committee also initiated four inquiries. One inquiry involved a review and assessment of the functions and operational and resourcing arrangements for the Parliamentary Budget Office, while another considered how Victoria can improve and drive sustainable gender equality outcomes through Gender Responsive Budgeting. Two follow up inquiries into performance audit reports concerning government obligations to protect Ramsar wetlands and managing school infrastructure were also commenced.

During the term, in response to the COVID-19 pandemic and a request from the Premier, the Committee conducted an inquiry into the Victorian Government's response to the COVID-19 pandemic. This special reference saw the Committee consider the effectiveness of the Victorian Government's approach to responding to the COVID-19 pandemic. The Committee held hearings across 20 days for this inquiry and gathered evidence from a diverse range of witnesses representing many different sectors, including hospitality, tourism, education and health. Changes made in response to this inquiry included special schools staying open for children with disability during lockdowns and a commitment to greater transparency on the reporting of rent relief grants paid.

## Chair's foreword

To my fellow Committee members, I thank you for your commitment throughout the parliamentary term—especially to the annual budget estimates and financial and performance outcomes processes and the spirit of cooperation demonstrated through the long and challenging process of public hearings for these inquiries. I would like to express my gratitude to the Hon Lizzie Blandthorn MP for her service as Chair of the Committee for the majority of this Parliament. I also extend my thanks to Tim Richardson MP for his contribution as Chair and Danny O'Brien as Deputy Chair. The Committee also appreciates the support of the secretariat in helping it to successfully deliver on its intensive work program.

I commend this report to the Parliament and wish the Public Accounts and Estimates Committee of the 60th Parliament the best in continuing the important role of scrutinising public administration and finance to improve outcomes for the Victorian community.



**Ms Sarah Connolly MP**  
**Chair**



# End of Term Report

## 1.1 Introduction

The Public Accounts and Estimates Committee's primary purpose is to contribute to improved accountability, transparency and performance throughout the Victorian public sector. 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 Committee of the 59th Parliament were appointed in March 2019. The Committee has now reached the end of its busy four-year term, which has seen the appointment of four Chairs and multiple changes in Committee membership. See Appendix A.

This report has been prepared to provide the Parliament and the community with an overview of the achievements and activities of the Committee in the 59th Parliament.

Since March 2019, the Committee will have met formally no less than 75 times, held 72 days of public hearings, and tabled 16 reports. See Appendix B. These reports have included a total of 511 recommendations and 1,271 findings. This represents a substantial work schedule for a parliamentary committee.

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. It also conducts public hearings to take evidence from key witnesses and in some cases, Committee Members will attend site visits to inform themselves first hand of matters relevant to an inquiry.

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 financial management.

## Activities and achievements of the Committee at a glance



**THE PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**  
**ACTIVITIES AND ACHIEVEMENTS DURING THE 59TH PARLIAMENT**

### COMMITTEE MEMBERSHIP

**4 Chairs** appointed across the Parliament  
**16 members** served across the Parliament

### INQUIRIES AND REPORTS



**12 inquiries** undertaken



**16 reports** adopted and tabled

### ACTIVITIES



**75+ meetings** in person and online



**2 site visits** to Ramsar wetlands

### PUBLIC HEARINGS



**72 days** of hearings in person and online

### FINDINGS AND RECOMMENDATIONS



**511 recommendations** and **1,271 findings** included in the Committee's 16 reports

## 1.2 Budget estimates

### BUDGET ESTIMATES



**4 Budget estimates reports** tabled in the 59th Parliament

Tabled in October 2019, April 2021, October 2021 and August 2022



The *Parliamentary Committees Act 2003* (Vic) requires the Committee to inquire into and consider the annual budget estimates and report its findings to the Parliament. This yearly inquiry considers the budget estimates of government revenue and expenditure and the financial and performance measures in the State Budget.

The 2019–20 Budget was delivered on 27 May 2019, after being delayed by one month due to the federal election. The COVID-19 pandemic also delayed the handing down of the 2020–21 Budget to 24 November 2020. This in turn delayed the Committee's consideration of the budget estimates for the 2020–21 year.

While the 2021–22 and 2022–23 Budgets were delivered at the beginning of May in the usual course, the public health restrictions announced in 2021–22 caused the majority of hearings for that inquiry to be deferred to later in June 2021.

## Inquiry into the 2021–22 Budget estimates—Hearing, Legislative Council Committee Room



To assist the Committee Members with the annual budget estimates inquiry, a questionnaire is sent to all departments and their agencies. New topics in the Committee's estimates questionnaire over the course of the 59th Parliament included:

- strategic issues faced by departments
- use of Treasurer's Advances
- grant programs announced as part of the COVID-19 response
- alliance contracting
- savings realised by the Jobs and Skills Exchange platform
- Victoria's Climate Change Strategy and the reduction of greenhouse gas emissions
- the effectiveness of the Government's medium-term fiscal strategy.

## 1.3 Financial and performance outcomes



The Committee's inquiry into the financial and performance outcomes assists the Parliament and the community to assess what the Government achieved in the last financial year, compared to what the Government planned to achieve.

This inquiry complements the Committee's scrutiny of the budget estimates and aims to:

- improve the accountability of Victorian Government departments and agencies
- improve the transparency and clarity in the reporting of public sector performance
- provide the Parliament and community with more meaningful information about the outcomes delivered in the last financial year.

The summer bushfires and COVID-19 pandemic meant the Committee could not hold hearings for their combined financial and performance outcomes inquiry for the 2017–18 and 2018–19 years. However, the Committee prepared a report for this inquiry which tabled in July 2020. For the Committee's 2019–20 financial and performance outcomes inquiry, public hearings were held in February 2021 and the Committee tabled its report for this inquiry in May 2021.

Public hearings for the Committee's inquiry into the 2020–21 financial and performance outcomes were held in November 2021. The Committee tabled its report for this inquiry in April 2022. In reviewing the performance outcomes for 2020–21, the report evidenced changes in demand for services and methods of service delivery because of COVID-19, especially in the areas of health, housing, family violence, child protection and education.

To assist Committee Members with the annual financial performance and outcomes inquiry, a questionnaire is sent to all departments and their agencies. Over the course of the 59th Parliament the topics of 'on' and 'off' budget expenses related to the COVID-19 pandemic response and the impact of COVID-19 on financial performance were included in the questionnaire.

## 1.4 Oversight responsibilities

The Committee has oversight responsibilities in relation to two independent officers of the Parliament—the Victorian Auditor-General and the Parliamentary Budget Officer.

In fulfilling its oversight responsibilities, the Committee undertook its regular annual activities, including participating in the Auditor-General's draft annual plan and budget

process and reviewing the PBO's operational plan. The Committee also provided feedback to the Auditor-General on numerous performance audit specifications.

### **1.4.1 Financial and performance audits of the Victorian Auditor-General's Office**

The *Audit Act 1994* (Vic) requires that an independent financial auditor be appointed for a period not exceeding four years to conduct annual financial audits of the Victorian Auditor-General's Office (VAGO).

The Committee is responsible under the Audit Act for recommending to both Houses of Parliament, the appointment of a suitably qualified person to undertake the financial audit. Mr Geoff Parker of Nexia conducted the financial audit of VAGO for 2018–19. Mr Steven Bradby of PKF Melbourne Audit and Assurance conducted the financial audits of VAGO for 2019–20 and 2020–21 and will also do so for 2021–22.

Under the Audit Act, the Committee recommends to the Parliament the appointment of a person to undertake an independent performance audit of the Auditor-General and VAGO at least every four years. The independent performance auditor is required to determine whether the Auditor-General and the Office are achieving their objectives effectively, economically and efficiently, and in compliance with the Act.

Allen and Clarke Consulting conducted a performance audit of VAGO for 2019–20. Several key issues were looked at by Allen and Clarke in this performance audit, including consideration and assessment of the following areas:

- independence and objectivity
- contribution to an effective and efficient public service
- professional and respectful relationships
- contemporary methodology, tools and techniques
- focus on quality and continuous improvement
- strong practice management
- participative leadership and inclusive culture
- engaged staff and a focus on wellbeing.

The performance audit report tabled on 4 August 2020.

### **1.4.2 Follow up inquiries on Victorian Auditor-General performance audits**

Under the *Parliamentary Committees Act 2003* (Vic) the Committee has the important function of conducting follow up inquiries on recommendations made in selected Victorian Auditor-General performance audit reports.

Follow up inquiries look at the progress that has been made in implementing audit recommendations, identify any issues with implementation and investigate new issues that may have arisen since the report tabled. Follow up inquiries also allow the Committee to make recommendations that will improve specific areas of public administration and accountability.

The Committee commenced two such inquiries in the 59th Parliament.

### **Meeting obligations to protect Ramsar wetlands**

Victoria has 12 Ramsar listed wetlands. They are mainly managed by Parks Victoria and are a critical part of Victoria's natural environment.

The Committee resolved at its meeting on 23 September 2019 to conduct a follow up inquiry into the Victorian Auditor-General's report no. 202: Meeting obligations to protect Ramsar wetlands, tabled on 14 September 2016.

The audit report considered how well managed Victorian wetlands are and whether international obligations in relation to their conservation were being met. The audit report concluded that general management of Ramsar wetland sites needed to improve for Victoria to effectively meet its obligations. The Committee's inquiry provided an opportunity to examine what actions government agencies had taken in response to the audit report's findings and recommendations.

The Committee received 457 submissions, undertook two site visits and conducted three days of public hearings for this inquiry.

### **Committee site visit to Gippsland Lakes Ramsar wetland site**



The report tabled in June 2020 and made 16 recommendations that focused on the management, monitoring, funding and governance of Victoria's 12 Ramsar sites. The Government tabled its response to the inquiry on 3 May 2022.

### **Managing school infrastructure**

The Department of Education and Training receives the second largest budget allocation after the Department of Health and has one of Victoria's largest state-owned asset portfolios.

The Committee resolved at its meeting on 23 September 2019 to conduct a follow up inquiry into the Victorian Auditor-General's report No. 253: Managing School Infrastructure, tabled on 11 May 2017.

The audit report examined the long-term planning and accountability mechanisms involved with Victorian school infrastructure programs. The audit report found that the Department of Education and Training's recent focus on improving long-term planning through a 10-year asset strategy was encouraging. However, at the same time, it concluded that work remained for the department in relation to management arrangements for school assets. The Committee's inquiry provided an opportunity to examine the programs to renew and maintain Victoria's schools and consider how they are implemented as well as examine how the department has responded to the findings and recommendations made in the audit report and whether further actions are required.

For the purposes of this follow up inquiry the Committee was interested to hear from the Department of Education and Training, relevant government agencies, and peak bodies representing school principals and parents.

The Committee received 24 submissions and held one day of public hearings in March 2020 for this inquiry. However, while preparations for further public hearings relating to this inquiry were underway, the COVID-19 pandemic hit Victoria. In response to a request from the Premier, the Committee resolved on 29 April 2020 to undertake an inquiry into the Victorian Government's response to the COVID-19 pandemic (discussed in more detail at Section 1.5). As the Committee was required to report to Parliament twice in relation to the COVID-19 inquiry, it resolved to postpone this inquiry.

Given the Committee's unanticipated workload in this Parliament and concerns about the time that had lapsed since evidence gathering in early 2020, the Committee decided to table an interim report for this inquiry in April 2022. No consideration in detail of the issues raised during the inquiry was undertaken in this interim report. However, the Committee noted that the evidence received in the 59th Parliament could be considered by the Committee in the 60th Parliament and it would be open to that Committee to take up the inquiry and conduct more extensive consultations and evidence gathering.

### 1.4.3 Inquiry into the Parliamentary Budget Officer

Under the *Parliamentary Budget Officer Act 2017* (Vic), the Committee is responsible for reviewing and assessing the effectiveness of the Parliamentary Budget Office (PBO). In the 59th Parliament the Committee undertook its first review of the PBO since its establishment in 2017.

#### Background and overview of the inquiry into the Parliamentary Budget Officer



As part of this inquiry the Committee gathered evidence from Victorian, Australian, and international agencies, through public hearings and written submissions.

The report examined best practice principles for independent institutions, including how the PBO's legislative framework aligned with the Organisation for Economic Co-operation and Development's best practice Principles for Independent Fiscal Institutions. The Committee tabled its report for this inquiry in September 2021. The Government tabled its response to this inquiry on 7 March 2022.

### 1.4.4 Terms expiring in 2023

As the Parliamentary Budget Officer's current term expires in April 2023 and the Auditor-General's seven-year term expires in September 2023, it will be important that the Public Accounts and Estimates Committee of the 60th Parliament be formed as a matter of priority.

## 1.5 Inquiry into the Victorian Government's response to the COVID-19 pandemic

In response to the COVID-19 pandemic and a request from the Premier, the Committee commenced an inquiry into the Victorian Government's response to the COVID-19 pandemic in April 2020.



Under the terms of reference for the inquiry, the Committee considered the effectiveness of the Victorian Government's approach to responding to the COVID-19 pandemic.

The Committee gathered evidence from a diverse range of witnesses representing many different sectors, including hospitality, tourism, education and health. The Committee received 228 submissions and hearings were held across 20 days. Witnesses included the Premier, Ministers, the Chief Health Officer, departmental officials and representatives from various organisations.

### **Inquiry into the Victorian Government's response to the COVID-19 pandemic— Hybrid hearings**



The Committee tabled an interim report for this inquiry in August 2020 and a second report in February 2021. The Government responses to these reports were tabled in March and August 2021.

Changes made in response to this inquiry included special schools staying open for children with disability during lockdowns, and a commitment to greater transparency on the reporting of rent relief grants paid and the international student support fund.

The Government accepted all but three of the 47 recommendations made by the Committee in its second report. For example, it is commissioning independent and expert modelling of the broader health and mental health impact of the pandemic and associated nonpharmaceutical interventions in response to Committee recommendations.

## 1.6 Inquiry into Gender Responsive Budgeting

The Committee has a role in examining the financial management of the State and identifying improvements that can be made for the benefit of the Victorian community. In performing this function, on 9 September 2019, the Committee resolved to conduct an Inquiry into Gender Responsive Budgeting (GRB).

### Background and overview of Gender Responsive Budgeting



The terms of reference for the inquiry required the Committee to:

Review and seek advice on international and national developments in gender responsive budgeting.

Assess the status of the Victorian Public Sector's gender responsive budgeting initiatives and what outcomes have been achieved to date.

Consider the current application of developments in gender responsive budgeting for both private and public organisations in Australia and overseas.

Investigate the implications of these developments for Victorian and Australian Public Sector accounting and reporting.

Review the extent to which the Victorian and Australian Public Sector should be required to publicly report on the positive outcomes and negative impacts of their activities to achieve gender equality.

The Committee received 32 submissions and conducted seven days of public hearings. The inquiry was impacted by the COVID-19 pandemic and several hearings had to be delayed.

Notwithstanding the extended timeline for this inquiry and the progress made in Victoria in advancing GRB during this period, the inquiry report tabled on 22 March 2022 and made 23 recommendations.

The report considered best practice examples of intergovernmental organisations' approaches to GRB and models for GRB implemented by international jurisdictions. The Committee received submissions and evidence from international, State and Commonwealth Government departments and agencies, academics, research institutes, advocacy groups and non-government organisations.

Using lessons learned from other jurisdictions, the Committee's recommendations focused on how Victoria can enhance and drive sustainable gender equality outcomes through GRB, particularly through an overarching, linked and integrated approach. The report made specific recommendations around constructive stakeholder engagement, effective assessment of current and new spending initiatives, and increasing transparency and accountability in the budget process.

The report concluded that the continued investment in, commitment to and adoption of this type of GRB practice in Victoria will create more opportunities to enhance gender equality and ensure that all people can contribute effectively in all elements of their life, for the betterment of societies and economies at large.

## 1.7 Other activities

### 1.7.1 Budget estimates breakfast briefings

Each year the Committee co-hosts with the Department of Treasury and Finance a breakfast briefing on the budget papers for Members of Parliament and their staff. These events are always well attended and help to enhance the understanding of the budget estimates and the wider economic environment, and assist Members of Parliament in their deliberation on the appropriation bills. The Committee did not hold a briefing in 2020.

#### 2021–22 Budget estimates breakfast briefing—Legislative Council Committee Room



## 1.7.2 Australian Council of Public Accounts Committees

The aim of the Australian Council of Public Accounts Committees (ACPAC) is to facilitate the exchange of information and opinion relating to Public Accounts Committees (PACs) and to discuss matters of mutual concern, as well as to improve the performance of PACs in Australasia.

In November 2019, Lizzie Blandthorn MP, who was Chair of the Committee at the time, delivered a paper at the ACPAC conference in Canberra titled *Finding the way forward: measuring the effectiveness of public accounts committees*. Richard Riordan MP, who was Deputy Chair of the Committee at the time also attended, as did Committee Member, Sam Hibbins MP. Due to COVID-19 the next ACPAC conference in Wellington was delayed until July 2022.

**Adopted by the Public Accounts and Estimates Committee  
Parliament of Victoria, East Melbourne  
15 August 2022**

# Appendix A

## Committee membership

### Chair

Sarah Connolly MP	From August 2022
Tim Richardson MP	July 2022 – August 2022
Lizzie Blandthorn MP	June 2019 – June 2022
Philip Dalidakis MLC	March 2019 – June 2019

### Deputy Chair

Danny O'Brien MP	From October 2021
Richard Riordan MP	March 2019 – October 2021

### Members

Sarah Connolly MP	From August 2022
Rodney Barton MLC	From March 2022
Bev McArthur MLC	From October 2021
James Newbury MP	From May 2021
Nina Taylor MLC	From October 2020
Sam Hibbins MP	From March 2019
Gary Maas MP	From March 2019
Danny O'Brien MP	From March 2019
Pauline Richards MP	From March 2019
Tim Richardson MP	From March 2019
Lizzie Blandthorn MP	June 2019 – August 2022
David Limbrick MLC	April 2020 – March 2022
Richard Riordan MP	March 2019 – October 2021
Bridget Vallenge MP	March 2019 – May 2021
Ingrid Stitt MLC	March 2019 – October 2020
Philip Dalidakis MLC	March 2019 – June 2019



# Appendix B

## Committee reports tabled in the 59th Parliament

B

Title	Tabling date
1. Report on the appointment of a person to conduct the financial audit of the Victorian Auditor-General's Office	30 April 2019
2. Recommendation on the appointment of a person to conduct the performance audit of the Auditor-General and the Victorian Auditor-General's Office	16 October 2019
3. Inquiry into the 2019–20 Budget Estimates	29 October 2019
4. Report on the appointment of a person to conduct the financial audit of the Victorian Auditor-General's Office	23 April 2019
5. Inquiry into Auditor-General's report No. 202: Meeting Obligations to Protect Ramsar Wetlands (2016)	16 June 2020
6. Inquiry into the 2017–18 and 2018–19 Financial and Performance Outcomes	17 July 2020
7. Inquiry into the Victorian Government's Response to the COVID-19 Pandemic: Interim Report	4 August 2020
8. Inquiry into the Victorian Government's Response to the COVID-19 Pandemic: Final Report	2 February 2021
9. Inquiry into the 2020–21 Budget Estimates	1 April 2021
10. Inquiry into 2019–20 Financial and Performance Outcomes	25 May 2021
11. Inquiry into the Parliamentary Budget Officer	7 September 2021
12. Inquiry into the 2021–22 Budget Estimates	5 October 2021
13. Inquiry into Gender Responsive Budgeting	22 March 2022
14. Inquiry into the 2020–21 Financial and Performance Outcomes	5 April 2022
15. Inquiry into Auditor-General's report No. 253: Managing School Infrastructure (2017): Interim Report	5 April 2022
16. Inquiry into the 2022–23 Budget Estimates	30 August 2022

