

# Victorian Budget 2014 | 15

Public Accounts and Estimates Committee  
2014-15 Budget Estimates hearing



The Hon. Robert Clark MP  
Minister for Finance

Thursday 15 May, 2014

# Minister for Finance responsibilities

## Core responsibilities

- Whole of Government Risk Management and Financial Management frameworks
- Oversight of the Victorian Managed Insurance Authority and Essential Services Commission
- Standards, directions and policies for Victorian Government Building and Construction projects including work undertaken by Construction Code Compliance Unit (CCCU)
- Responsibility for public sector industrial relations has transferred from my role as Minister for Finance to my role as Minister for Industrial Relations

# Responsibilities for Budget Outputs

## Department of Treasury & Finance outputs:

### Finance portfolio only

- Economic Regulatory Services (Essential Services Commission (ESC))

### Shared with Treasurer & Assistant Treasurer portfolios

- Budget & Financial Policy Advice
- Economic & Financial Policy
- GBE Performance Monitoring & Financial Risk Management

### Shared with Treasurer portfolio

- Financial Reporting
- Financial and Resource Management Framework
- Land and Infrastructure Investment Management

### Statutory Authorities

- Victorian Managed Insurance Authority (VMIA)

# Financial governance and oversight

- Government Response to the Auditor-General's Reports
- Government's response to PAEC's review of the Audit Act
- Standing Directions under the Financial Management Act 1994

# Insurance and Risk Management

- Insurance and risk management policy matters
  - Victorian Government Risk Management Framework (VGRMF)
  - Domestic Building Consumer Protection Reform Strategy
  - VCEC review of the *Wrongs Act 1958*
- Victorian Managed Insurance Authority (VMIA)
  - VMIA provides insurance and risk management services to departments and agencies and Domestic Building Insurance

# Domestic Building Consumer Protection Reform

- Building Legislation Amendment Bill 2014 offers significant reforms with benefits for both consumers and builders
  - Fewer building disputes resolved quickly, fairly and cost efficiently
  - Improved claim triggers and limits for consumers
  - Streamlined and simplified processes
- Victorian Building Authority (VBA) - One stop shop
  - Conciliation and a new consumer protection fund within the VBA
- Victorian Managed Insurance Authority (VMIA)
  - VMIA will continue to provide domestic building insurance for one year to allow industry to adjust to the changes
  - VMIA will assist the VBA to implement the Fund

# Risk Management Framework

- Effective risk management is important for a whole of government approach to effective and efficient service delivery
- In 2007, the Government released the Victorian Risk Management Framework that provided guidance to departments and agencies on managing risks
- The Auditor General's 2013 report on the implementation of the Framework found that the Framework has helped public sector agencies improve their risk management practices.
- The Auditor General's findings and recommendations provide a valuable opportunity to improve the Framework. Work is underway to update the Framework in 2014.

# Victorian Code of Practice for the Building and Construction Industry

- The Code's Implementation Guidelines have been applied to over 440 State projects and 359 contractors across Victoria
- CCCU has provided education and advice to stakeholders on over 1000 occasions through its hotline, mailbox, stakeholder liaison and formal presentations
- From mid-2014 construction companies will be required to implement drug and alcohol testing and improved site security



# Essential Services Commission

- Victoria's independent economic regulator of essential services comprising:
  - Water
  - Energy (electricity and gas)
  - Ports
  - Transport
- Administrator of the Victorian Energy Efficiency 'White Certificate' Registry
- Provider of independent advice to the Victorian Government on a range of regulatory and other matters such as statutory insurance

# Essential Services Commission – Key projects

- **Water** – Water price review 2016-17 to 2019-20 for Goulburn-Murray Water; Urban water comparative performance reports; annual approvals of price adjustments
- **Energy** – Energy retailers comparative performance reports; Harmonisation of energy retail code and guidelines with national framework; streamlined audit processes; modernised licensing framework
- **Transport** – Review of regulatory regime for Port of Melbourne; Taxi fare reform; broader review of accident towing; rail freight access charges
- **Other** – Domestic building insurance performance report and premium validation