

# CORRECTED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2011–12

Melbourne — 13 May 2011

#### Members

Mr N. Angus

Mr P. Davis

Ms J. Hennessy

Mr D. Morris

Mr D. O'Brien

Mr M. Pakula

Mr R. Scott

Chair: Mr P. Davis

Deputy Chair: Mr M. Pakula

#### Staff

Executive Officer: Ms V. Cheong

#### Witnesses

Mr R. Clark, Minister for Finance,

Mr G. Hehir, Secretary,

Mr D. Yates, Deputy Secretary, Budget and Financial Management Division,

Dr L. Williams, Undersecretary, and

Mr J. Fitzgerald, Deputy Secretary, Commercial Division, Department of Treasury and Finance.

**From 10.40 a.m. to 10.45 a.m. not recorded.**

**Mr CLARK (Continuing)** — Similarly, we have made the standing directions of the Minister for Finance public, and in each budget paper there is a considerable amount of data being made available online in a copyable form. I am more than happy to elaborate on the benefits of that if members would like me to.

Moving to the next slide, this covers whole-of-government level responsibilities for public sector industrial relations policy. The government has established a policy which in many respects is similar to the policy of the previous government, that the starting point indicative wage increase figure is 2.5 per cent. However, certainly this government is more than willing to negotiate additional increases provided they are based on genuine productivity enhancements. Various IR processes and enterprise bargaining negotiations are at various stages at present operating under this policy.

Moving to the next slide, insurance and risk management, as I indicated the VMIA plays a very important role within government primarily as an in-house insurer, but then of course it aggregates the risk across government and arranges for reinsurance, where appropriate, to mitigate the government's whole-of-government risk. From what I have been able to see so far since coming to office, the VMIA has carried out that part of its responsibilities very effectively and has served Victoria in good stead.

Beyond the pure insurance role, however, VMIA provides broader advice about risk assessment and risk management to government agencies. Clearly a risk goes far beyond insurance. There are a lot of risks that cannot be adequately insured, and clearly it is better to mitigate and avoid risk than simply to insure against it, so there is a whole body of expertise within the VMIA that attends to that.

Lastly, let me touch on essential services. The Essential Services Commission and its predecessor, the Office of the Regulator-General, have been around for some years, and they have played a very important role in regulating essential services. That role has been changing over time as reforms such as energy and gas, reforms which were pioneered in Victoria, have now moved nationally, and national bodies have increasingly taken over regulation of those sectors. But there are a number of residual roles for the ESC, and the one that is highlighted in the final bullet there, for which funding was provided in the budget, was to improve the administration of the Energy Saver Incentive scheme approval, previously known as the VEET scheme. We had a number of concerns about how that had been policed and oversights previously. We are moving to ensure that that oversight is effective and that the ESC is funded to undertake that task.

That concludes my introduction, and I am happy to respond to members' questions.

**The CHAIR** — Thank you very much, Minister. As you know, I am interested in the impacts of population growth on the framing of the 2011-12 budget and the out years, so I ask: in relation to the discharge of your finance portfolio responsibilities what factors have you taken into consideration?

**Mr CLARK** — Population growth, I think, affects the finance portfolio in two key ways, and I alluded to one of them in my previous presentation. Population growth makes long-term planning and budgeting for service delivery and infrastructure even more important than it would otherwise be, because government needs to have regard to population trends and likely population levels in future years and needs to be thinking well in advance to ensure that provision is made for both capital and service delivery that will meet both growing population needs and also, as I referred to earlier, changing patterns of population across the state.

I think up until now government has not done as much as it could in terms of forward planning, and I would be particularly critical of some of the practices under the previous government where budgets seemed to change in focus rapidly from year to year. In particular there were issues with proper planning and preparation for the delivery of capital works projects, so that goes to both proper long-term planning and also to proper supervision of capital works, which again I am happy to elaborate on if members would like me to.

There is probably a second aspect of population growth that is worth mentioning, and that is the implications in relation to risk management, because I touched earlier on the role of the VMIA in managing risk. I have a slide that deals more generally with risk, if we are able to find it, but as you can see, there is a range of different risks and different levels of intensity of risk. I pay tribute to the VMIA for putting this pyramid together, which is a very informative and very useful tool for people to understand risk, but one of the particular risks that government needs to bear in mind is the fact that going forward over time population is steadily increasing, and

if the implications of that are not properly addressed, there are going to be issues. As the layers of that pyramid indicate, that has implications at an agency level, inter-agency level, systemically across the VPS and indeed risks of state significance. That reinforces the importance of long-term population planning and therefore long-term planning for infrastructure and service delivery around it, as indeed many other aspects of government service delivery and regulation.

**Mr SCOTT** — Minister, I would like to refer you to your role, as you indicated in your presentation, of ‘Improving accountability for, and transparency of, public resources in Victoria’, and also to budget paper 3, page 92, and I note the savings of 2.3 million for senior public service travel. I also note the plan that I think you co-authored for better financial management and a commitment to the end of extravagance in travel by senior public servants. I also note the failure of a large number of departments — in fact I think all but one — to respond to question 6.4, which sought detailed information on travel by public servants overseas. Could the minister please guarantee for the committee that less money will be spent on travel by senior bureaucrats and ministers for the next four years than in the past four years?

**The CHAIR** — I will be interested to hear the answer myself.

**Mr CLARK** — Chair, this is a department-wide question and not a question that relates specifically either to my portfolio or my responsibilities as Minister for Finance. I am not sure if Mr Hehir is in a position to offer any comment in relation to how the question applies at a departmental level.

**The CHAIR** — Is the secretary able to illuminate at all?

**Mr HEHIR** — Are you speaking with respect to the Department of Treasury and Finance?

**Mr SCOTT** — In fact I am speaking in two contexts. One is the departmental responsibility, but the other is the failure of information to be provided to this committee. It is also a government-wide responsibility to carry out; it is a whole-of-government responsibility.

**Mr CLARK** — My understanding, and the secretary will correct me if I am wrong, is that the department has responded.

**Mr SCOTT** — No, I am talking about the responsibility of the department to ensure, as you are the finance minister, accountability of the government. The information has not been provided to this committee.

**The CHAIR** — Sorry, I am having trouble now. Can you just go back and explain what your point is.

**Mr SCOTT** — I will explain.

**Mr O'BRIEN** — Can you establish the high base you were starting from?

**Mr SCOTT** — Minister, there is only one department which has provided information to the committee on government travel overseas, as was requested by this committee — the Department of Justice. I believe you are the first law officer of the state, so you should be familiar with that, but it appeared you were not. Therefore it is clearly relevant in your role as Minister for Finance — and you have even referenced it in your presentation — the role of the Public Accounts and Estimates Committee in providing transparency and accountability to this state.

**The CHAIR** — So the point you are wanting to make is in fact that the questionnaire was not completed by a number of departments?

**Mr SCOTT** — I am seeking from him a guarantee that less money will be spent by senior bureaucrats in the context of him not providing information to this committee.

**The CHAIR** — I do not think the minister is responsible for every department, but — —

**Mr SCOTT** — He actually is. He is the Minister for Finance.

**Ms HENNESSY** — He made a big deal about cutting this down as part of the election savings.

### **Members interjecting.**

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**The CHAIR** — Minister, are you able to assist the committee with information?

**Mr CLARK** — I will make one comment, and Mr Hehir can add some further comments. I indicated I do not believe this relates to my portfolio responsibilities directly, but let me say that the figures you have referred to, if you are referring to page 92 of the budget papers, relate to a whole-of-government savings initiative. That clearly applies across a range of portfolios, and that is what has been required by government and has been expected by government to achieve savings. I think Mr Hehir is in a position to add some further comment in relation to DTF.

**Mr HEHIR** — With respect to DTF we provided a response for our expenditure or our estimated expenditure in 10–11. In 11–12 we did not provide an estimate for —

**Mr SCOTT** — Others did.

**Mr HEHIR** — simply because we do not do budgeting at that level. If you looked at Treasury's expenditure on overseas travel, which is pretty small, it also tends to be relatively lumpy, because we do not do a lot. As you can see from our forecast, the expected expenditure in 10–11 is \$60 000.

**Mr SCOTT** — Could I seek one point of clarification?

**The CHAIR** — One point, so long as it is on the issue.

**Mr HEHIR** — When you have got \$60 000 it is only probably three or four, if that, travels in that particular year. Some years it might be two; some years it might be eight. It is so small for us. It is quite lumpy, and we do not actually budget that because it is such a small level to budget when you split it up. So I am sorry about that.

**Mr O'BRIEN** — On a point of clarification, Mr Chairman, I would like Mr Scott as a member of the previous government to clarify the base upon which he is seeking to establish there will be a reduction if he is asking these questions.

**The CHAIR** — Thank you for your assistance, Mr O'Brien.

**Mr O'BRIEN** — We have a commitment to reduce it; where is it coming from? What is the base?

**The CHAIR** — Mr Scott, I understand, has a point of clarification. I think one of the issues, as I recall, in earlier advice on this general issue is that some departments do not actually have the detailed budgeting process at the time of producing budget papers to be able to provide that information anyway. That advice has already been provided to the committee. Mr Scott, would you like to clarify?

**Mr SCOTT** — I would like to clarify. If I am clear on this — and there is another point you raised which I would seek clarification on — we have a Minister for Finance who is not responsible for implementing the coalition's plan for better financial management, that you are the author of, and you do not see it as your responsibility, as the Minister for Finance, to respond to the level to which your officials are dusting off their frequent-flier points, swanning around executive lounges and shucking oysters and brie.

**The CHAIR** — That is out of order. We are moving on. Mr Morris.

**Mr SCOTT** — It is not. So you are not going to answer the question?

**The CHAIR** — You have had a number of goes at it. I gave you the opportunity to seek clarification, and you have abused it, so I am going to the next question.

**Mr MORRIS** — Minister, I would like to move to an issue of substance. On budget paper 2, chapter 3, page 36, under the heading 'Expenditure risks' there is commentary regarding employee expenses. Can you advise the committee on the government's approach to negotiating enterprise bargaining agreements?

**Mr CLARK** — Thank you, Mr Morris. This is a very important issue. Clearly the workforce that supports the services delivered by the Victorian government has a crucial role in the delivery of those services. The talents, skills and flexibility of that workforce are a vital ingredient of any government providing the services that Victorians expect of it. Remuneration is very significant. This year the government will be renegotiating a

range of enterprise bargaining agreements, as I mentioned in my presentation and as you will probably be aware of. Those negotiations will take place in the normal manner, in good faith between employer representatives and employee representatives. At the level of whole of government and within my responsibilities as Minister for Finance, the government has endorsed a framework for those negotiations to take place for Victorian public service departments and for agencies. As I say, responsibility for the actual negotiations rests with the employer, namely, the management of the department or agency, and the bargaining representatives of that department or agency.

The way the mechanisms work, and those who served in former governments will be familiar with them, is that departments and agencies that are funded from the state budget are required to seek approval from government for their management negotiation position, often referred to as a management log, before they start negotiations. For major agreements it is expected that the department will establish a team that will manage the preparation for a negotiation of the enterprise agreement, and the government framework makes the provisions for how that will operate. If parties reached an in-principle agreement, departments and agencies will then seek approval from government to enter into the proposed agreement, and the government will obviously want to make sure it is consistent with the industrial and wages policies.

As I mentioned in my presentation, the government has adopted a policy position relating to the negotiations which is very similar to the position of the previous government, namely, that there is a guideline starting point rate of 2.5 per cent that is there as a potential starting point but there is more available to be negotiated when parties are able to arrive at genuine productivity savings that will support a greater rate of increase. Obviously it is very important for the government to ensure that the wages outcomes are ones that Victorian taxpayers can afford, particularly given the budgetary pressures we are operating under at the moment as a result of both the commonwealth's funding costs and a lot of the blow-outs and black holes that we inherited from our predecessors.

**Ms HENNESSY** — Come fly with me, Minister.

**Mr CLARK** — Clearly we want to get outcomes that are fiscally sustainable and deliver measurable improvements in service and in workforce productivity and flexibility. We do not believe it is helpful or — —

**Mr PAKULA** — What does that look like for a teacher?

**Mr MORRIS** — Let the minister answer.

**Mr CLARK** — Effective to conduct enterprise bargaining negotiations through the media, through question time or indeed through PAEC.

**Mr MORRIS** — On a point of order, Chair, my question related to the general principle of enterprise bargaining — that was there it was headed. It was not about the detailed negotiations on an agency basis — —

**Mr PAKULA** — Who are you taking a point of order on? The minister?

**Mr MORRIS** — I would appreciate the minister being given the opportunity to answer the question that I asked, not the question that Mr Pakula and others would like to have asked.

**The CHAIR** — I think we have had the point made, and the minister will continue and conclude.

**Mr CLARK** — Thank you, Chair. Let me just conclude by reinforcing the fact that Victorians expect government to manage public funds prudently and responsibly on behalf of the people of Victoria in relation to enterprise bargaining negotiations and in other ways, and that is exactly what the government intends to do.

**The CHAIR** — Before I call the next question I just want to give the committee some guidance about questions. The procedure here is that members will ask a question and a minister will respond. The Chair has endeavoured to be as flexible as possible to allow members who have a genuine point of clarification to ask a follow-up question. That should not be seen as a right to frame a supplementary question to make a political point on every occasion that a question is asked. I think members need to take that into account, because if they do not, they will find that follow-up questions may be ruled out of order.

**Mr SCOTT** — Thank you, Chair. I cannot imagine what you are meaning, but I will continue. My question refers to the parliamentary budget office. I refer the minister to budget paper 3, page 147, which reads under ‘Output initiatives’ ‘Nil’, through to page 371, which shows a total output cost of \$152.8 million for 2011–12. I also note the election commitment, which you gave on your website:

A coalition government will establish a parliamentary budget office within Parliament, overseen by the Auditor-General.

...

We will transfer to the parliamentary budget office the taxpayer-funded resources Labor is using exclusively to develop and cost its own election policies ...

I will not go on. Can the minister please advise the committee whether this funding has been transferred, and whether it is part of the \$152.8 million?

**The CHAIR** — Thank you, Mr Scott. Can you just clarify the page numbers again?

**Mr SCOTT** — It is pages 371 and 147 of budget paper 3.

**Mr CLARK** — Thank you, Chair, and thank you, Mr Scott. The parliamentary budget office is a key reform initiative that we committed to in opposition for reasons that were very well founded at that time and continue to be well founded. I am more than happy to go over the ins and outs of the debate that took place in the run-up to the election to emphasise the importance of the parliamentary budget office, but let me just make the point that New South Wales has moved in a similar direction and the commonwealth also is moving in a similar direction. It was a very well-founded initiative designed to put an end to the sort of spurious accusations and distortions that took place during the previous election campaign under the system the previous government tried to implement, which was tried and failed in Canberra and yet the previous government tried to have it operate in Victoria during the last campaign.

We are committed to the introduction of a parliamentary budget office, and we are moving to have that put in place. Clearly there are things developing in other jurisdictions as well, and we have been watching very closely what has been happening at the commonwealth level. There has recently been quite a detailed report, as I recall, of the parliamentary committee at the commonwealth level about the manner in which the commonwealth would establish its parliamentary budget office. On an initial read that report made some very sound recommendations. Clearly we want to have regard to what is being done in New South Wales and what is being done in Canberra in the way we frame our parliamentary budget office, and that is what we intend to do.

I think at the end of the day your question was: is there provision in the estimates for a parliamentary budget office? And the answer is no, not in this year’s budget. We are still in the process of establishing a parliamentary budget office, but it remains a policy to which we are committed.

**The CHAIR** — Thank you, Minister. I move to — —

**Mr SCOTT** — Could I have a follow-up? It is a very reasonable one.

**Mr ANGUS** — Fair go. Time is on the march.

**The CHAIR** — The issue is that it needs to be a point of clarification, and I thought that the minister’s answer was absolutely fulsome.

**Mr ANGUS** — It could not be clearer.

**Mr SCOTT** — I was just seeking a time line on when you intend to do that. That is a reasonable clarification, isn’t it, Chair?

**The CHAIR** — Fine.

**Mr CLARK** — We will be proceeding as expeditiously as we can, having regard to the fact that we want to get it right because this is a very important innovation which will have very beneficial and far-reaching consequences going forward.

**Mr PAKULA** — So by whenever.

**Mr ANGUS** — Minister, I refer you to page 150 of budget paper 3 and the heading ‘Changes to performance measures’. Could you please advise the committee on any changes made to the presentation of the budget papers to improve transparency and accountability of government?

**Mr CLARK** — I thank Mr Angus for his question because this is a very important issue, and it follows on from some of the themes I touched on in my earlier presentation. We are making a range of changes to the presentation of the budget papers. I touched on the role of the PAEC in supervising proposed omissions or substantial variations to performance measures, and I think that is an absolutely fundamental change.

We have made a series of changes in these budget papers to try to make them easier to read, to reduce repetition and to improve cross-referencing. There is a compliance index in budget paper 5. The introduction of budget paper 5 itself is a renumbered budget paper to recognise the fact that the former budget information paper 1 has become budget paper 4, as to capital initiatives by government, to integrate it more directly into the budget papers.

One of the key reforms that we have made — and no doubt PAEC members will be aware of this already — is to publish a range of information online in a readable and analysable format; in other words, in the format of Excel spreadsheets. There is some very good time series data available there, and if members have not had a look at it on [budget.vic.gov.au](http://budget.vic.gov.au), I would certainly encourage them to do so. The significance of that is just for people to be able to readily lay hands on data in a readily usable format to perform the sorts of analytics that people might reasonably want to. It is a huge innovation.

I can say for myself in opposition days a lot of time was taken up in keying data that was set out and only publicly available in printed format into Excel spreadsheets so that basic analytics could be undertaken on it. There are now key data series available online in Excel spreadsheets. One of my first experiences as an opposition MP prior to 1992 was to try to obtain from what I think then would have been the Department of Treasury basic data in spreadsheet format, and that had to be the subject of an FOI request. I think in the end I got it on a floppy disk very close to the 1992 election. That is going to be in the past. People will be able to go online and access those data sets. That is a huge reform.

**Mr SCOTT** — That was 20 years ago, Chair. We are being very indulgent.

**Ms HENNESSY** — I was still at school then, Minister.

**Mr CLARK** — Other changes that we have made are that we have taken the former economic reform agenda chapter into ‘Chapter 2 — Economic context’ in BP2. We have embedded explanations of variances for performance measures in BP3 into the tables. I think that makes them a lot more easily legible and intelligible than they were in the previous format of footnotes. We have tried to improve the clarification of departmental objectives and strategic priorities and improve some of the reconciliation between the appropriation bill and other information, which I know is often the bane of members’ lives. In short, there is a wide range of enhancements to the budget papers, which we believe and expect will be beneficial, and we certainly welcome feedback from the PAEC as to how members of the committee find the new format.

**Mr SCOTT** — I would like to continue a discussion regarding public sector industrial relations policy, and I refer you to page 168 of budget paper 3 — —

**Mr MORRIS** — We have finally got to it, have we?

**Mr SCOTT** — which details the allocation of the Department of Education and Early Childhood Development. Can the minister please explain to the committee where the \$1 billion required to make Victorian teachers the highest paid in the nation is to be allocated to the education department? I understand that EBAs will now fall under your purview, as you indicated.

**Mr CLARK** — As I also indicated in my presentation, my responsibility as Minister for Finance is at a whole-of-government level for wages policy, and I went through that in some detail in answer to a previous question. It is not appropriate for me to venture into comment, particularly at this stage, in relation to individual EBAs.

**Mr SCOTT** — In establishing these policies have you established a framework that will ensure that there is not a diminution of services in reaching what are described as productivity gains? For example, would such policies ensure that class sizes were not increased?

**Mr ANGUS** — We had that question the other day.

**Mr CLARK** — Again, it is not appropriate for me as Minister for Finance to comment on individual EBAs, but let me make the point in broad policy terms that avoiding a diminution of service delivery is one of the key components of the government's wages policy. That is why we are insisting that there be genuine productivity savings to match increases in remuneration above the guideline starting point, because the previous government sometimes did not have genuine productivity savings to match those increases and it did run the risk of diminishing service delivery capacity.

**The CHAIR** — I am tempted to ask a follow-up about the definition of productivity, because I just thought it was apparent that productivity means more efficiency to get the same output. I ask Mr O'Brien to ask a question.

**Mr O'BRIEN** — Following on from your answer to Mr Angus's question, I take you, Minister, to the budget paper 5, 'Introduction', specifically where it refers to the historical and forward estimates tables, and I ask: could you advise of any changes to the presentation of budget-related information to enhance its accessibility and transparency in relation to that measure?

**Mr CLARK** — As I touched on in one of my previous answers, one of the innovations in this budget is to make a range of information available online, and I will not repeat what I said about the virtues of that in relation to having current budget data available for analysis. Mr O'Brien's question highlights another aspect of the fact that this data is being made available online — namely, that it is not only current data that is being made available online, it is long-term series. If members have a look at those series, they will see they go back over many years. Certainly the ones that I have looked at in relation to the financial statements go back to 1996–97. I believe the same applies to state taxation revenue and the financial aggregates, such as net debt and financial liabilities. With the macroeconomic indicators, such as GSP growth, employment and unemployment rates and population growth, there is a time series dating back to 1989–90.

I believe this data will serve the community well and I hope it will serve the committee and others who have a particular interest in state finances well, because it provides data that can enable not only short-term matters but also longer term trends to be examined. I think that therefore makes a very important contribution to policy development and obviously to greater transparency and accessibility. Certainly it represents the aspiration of the government and the enthusiasm of Treasury to be able to identify and make available in future years additional information to enhance the information that has been made available in these budget papers.

**Mr SCOTT** — Minister, I refer you to budget paper 5, page 11, and the table that shows estimated payments for employees over the estimates period. I refer you to your role in public sector industrial relations policy and your commitment prior to the election that a Liberal-Nationals coalition government would protect Victorian public sector jobs. Will the minister today commit that not one Victorian public sector job will be cut?

**Mr CLARK** — The member refers to my role in relation to public sector industrial relations policy, and I am more than happy to confirm that our policy is designed so that the wage increases that are paid can be paid based on productivity savings rather than as a result of redundancies.

**The CHAIR** — What point of clarification would you have at this time, Mr Scott?

**Mr SCOTT** — You are saying that the policies are designed to do so, but in your policy framework have you ruled out cutting Victorian public sector jobs?

**Mr CLARK** — In relation to the industrial relations framework, which is the aspect of the question that falls within my portfolio responsibilities, the answer is that we have set the framework so that it will not involve people being sacked. That is why we are concentrating on achieving genuine productivity, so you can see that all this has brought wage increases.

**Mr PAKULA** — Sounds like weasel words to me.



**The CHAIR** — I refer to BP3, page 145 and 146, the energy saver incentive scheme administration. Minister, what is the purpose of the additional funding that the government has allocated to the Essential Services Commission?

**Mr CLARK** — Again, as I touched on in my presentation, the additional funding is to assist the Essential Services Commission in its administration of the energy saver incentive scheme, which is a scheme that was formerly know as the VEET (Victorian energy efficiency target). That was a responsibility that was given to the ESC by the previous government, and it sits alongside its other responsibilities in relation to various aspects of essential service regulation. The funding is to allow it to continue to administer the scheme, and its role in administering the scheme is to accredit businesses, to assess and register certificates and to ensure compliance with the legislation, which is the Victorian Energy Efficiency Target Act 2007.

The way the scheme operates is that it allows accredited businesses to create certificates relating to energy savings which they can then onsell to energy retailers. However, there have been a range of concerns about how well the system is operating and whether or not it is being abused. Clearly there are a number of elements in the scheme, because it relies on retailers creating certificates based on their compliance or their delivery of energy savings that are envisaged under the act to householders — be it lighting improvements, space heating, shower roses or whatever it might be — and earning a certificate based on that and then paying money through selling that certificate to a retailer. If there is any rorting or abuse going on, then that undermines the whole system. The funding is to ensure there are safeguards in place to prevent rorting, which would undermine the delivery of the energy efficiency, which the scheme seeks to achieve, and support the extension of the scheme to small and medium enterprises. There have been abuses in the past, and we are determined to ensure that the ESC is equipped as best it can be to tackle abuses in the future.

**Mr SCOTT** — Minister, I again refer you to your role in improving accountability for and transparency of public resources in Victoria, and I note your government has created two extra ministries. Can you please outline to the committee the cost of creating two new ministries, including the creation of ministerial suites at level 2, 3 Treasury Place for Mr Kotsiras, and level 17, 8 Nicholson Street for Minister Powell?

**Mr MORRIS** — All I can say is I wish, as a parliamentary secretary, I had accommodation like the former parliamentary secretaries.

**Ms HENNESSY** — You have got odds-on. The ministry just keeps expanding daily. I mean, never say never, and reach for the stars, my friend.

**The CHAIR** — I am tempted to answer this myself, but, Minister, please answer.

**Mr ANGUS** — We got rid of the spin doctors. That helps pay.

**Mr CLARK** — We could get involved in a protracted debate about what the incoming ministers found in terms of what their predecessors had been up to with their offices, but I think the short answer to Mr Scott's question is that this is not matter within the finance minister's portfolio responsibilities.

**Mr SCOTT** — So as a follow-up, can you seriously suggest — —

**The CHAIR** — No.

**Mr SCOTT** — On a point of order — —

**The CHAIR** — What is the point of order?

**Mr SCOTT** — This is an additional expense that is not identified in the budget of an action of government over the estimates period. Frankly, I am including their wages, superannuation, the staffers, cars, drivers — —

**Mr MORRIS** — We want to go into ministerial staff, do we?

**Mr SCOTT** — I am happy to, because the offsetting — —

**Mr ANGUS** — That would be a good starting point. You blokes are the world record holders.

**Mr MORRIS** — You do not want to go there, I can assure you.

**Mr SCOTT** — The IT installations, the communications, the maintenance, let alone the works on offices to bring them up to standard for their security is not a matter that should be subject to the accountability processes of this committee; is that seriously the contention?

**The CHAIR** — No, that is not the contention. The question is: does this relate to this minister's portfolio?

**Mr SCOTT** — He is the Minister for Finance!

**The CHAIR** — The minister has responded in relation to his portfolio that he does not have specific responsibility for this.

**Mr O'BRIEN** — There will a lot less waste with this government than there has been after the last 11 years.

**Mr SCOTT** — On a point of order, the minister has provided information that his role includes publishing data on budgetary information, so if it is not the role of the Minister for Finance to accord information to this committee about accountability and to provide accountability, no-one has it. He is the Minister for Finance!

**The CHAIR** — Mr Morris, on the point of order.

**Mr MORRIS** — If it is the minister's responsibility for publishing data, it is clearly not the minister's responsibility to provide every detail of that data.

**Mr SCOTT** — It is, actually.

**Mr MORRIS** — His responsibility is to publish it.

**Ms HENNESSY** — Unless this is becoming the anti-accountability committee, it is in fact his role.

**The CHAIR** — I am not going to take any more on the point of order. I am going to allow the minister to respond and conclude this line of discussion, because I thought it was clear what the minister said in the first instance, but it was apparently unclear to the member. Minister?

**Mr CLARK** — Let me return to the first slide that I presented, where I outlined to the committee what the responsibilities of the Minister for Finance were. Essentially the responsibility of the Minister for Finance in relation to the sort of matters that Mr Scott touches on are to establish rules for accountability and reporting. The actual data content in that respect is not a matter for the Minister for Finance.

**Mr PAKULA** — Who is it a matter for?

**Mr CLARK** — My objective is to ensure that the mechanisms, the frameworks, the publications and the datasets that are made available are as informative as they can be and that there are improvements and enhancements made to the presentation of that data.

**Mr SCOTT** — Sir Humphrey would be proud.

**Mr PAKULA** — Which minister should we direct these questions to?

**Mr ANGUS** — Just let the minister answer.

**The CHAIR** — Do not respond to that.

**Mr SCOTT** — So who is responsible for your finance policy? The finance policy is your responsibility.

**The CHAIR** — I move to Mr Morris.

**Ms HENNESSY** — Sir Humphrey will perhaps come this afternoon.

**Mr MORRIS** — Minister, returning to budget paper 2, chapter 1, in particular page 4, under the heading 'Fiscal challenges', there is reference to a number of existing major projects which face significant costs. In

what ways are you working to reduce the risks associated with the planning, management and delivery of projects for Victorians in the discharge of your portfolio responsibilities?

**Mr CLARK** — Not only is this an important topic in its own right, but in some respects it illustrates the point I was making in answer to the previous question, because in referring to the planning, management and delivery of projects there are some aspects of that which come within the responsibility of the Minister for Finance, and there are some aspects that come within the responsibility of the Treasurer, but across the Department of Treasury and Finance and all ministers it is important that this issue is tackled. It gets back to some of the things I said in relation to the Chair's opening question about population, because you do need to have a proper framework for planning, management and delivery of projects because if not, projects can very quickly go off the rails. I am not going to start running through a catalogue of claims of our predecessors.

**Mr ANGUS** — It would take too long.

**Mr CLARK** — We would be here a long time.

**Mr O'BRIEN** — We would be here late again, and we would not want to hear that.

**Ms HENNESSY** — You have those figures, but no figures about your blow-out.

**Mr PAKULA** — That's right! You are full bottle on our figures, but you are not much good on your own.

**The CHAIR** — Minister, please continue.

**Mr CLARK** — We are determined to ensure that those failures are not repeated and that we give particular attention to high-value, high-risk projects in terms of the rules that we apply to them, and the way in which we try to ensure that there is proper lead time in the planning of projects, because I think it is fair to say that one of the prime causes of problems with high-value, high-risk projects is when they try to be rushed out in a hurry in response to short-term imperatives, particularly short-term political imperatives.

**Mr ANGUS** — Knee-jerk reactions.

**Ms HENNESSY** — Like your PSOs policy.

**Mr O'BRIEN** — Like the desal you said you would not have.

**Mr CLARK** — The knee-jerk reactions, as Mr Angus said, or the desal, as Mr O'Brien said. My role in relation to that is to ensure that there is a strengthening of the forward planning for capital provision.

**Mr ANGUS** — A refreshing change.

**Mr CLARK** — There are already arrangements in which departments have a long-term vision for what they want to do themselves, but unless that is given whole-of-government attention, you can end up with a silo effect, in which departments are operating on their own forward plans, which because they have not been considered in a whole-of-government context become as much wish lists as considered and measured government policy. One of my key roles as Minister for Finance is to look at how we can reshape the planning processes, particularly the forward planning processes, across departments and then at a Department of Treasury and Finance and whole-of-government level to ensure that many of the errors and blow-outs that we saw under the previous government are not repeated in future.

**The CHAIR** — Thank you, Minister. That concludes consideration of the budget estimates — —

**Mr SCOTT** — There is still time.

**The CHAIR** — I beg your pardon?

**Mr SCOTT** — I thought it was just before.

**The CHAIR** — No, we are past time. That concludes the consideration of the budget estimates for the portfolios of Attorney-General and finance. I thank the minister and departmental officers for their attendance today. It has been very useful. Where questions were taken on notice and where there are unasked questions, the

committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 21 days.

I remind all that this is the conclusion of this hearing, and I would ask those responsible for transmission to cease any transmission and/or recording. Thank you.

**Witnesses withdrew.**