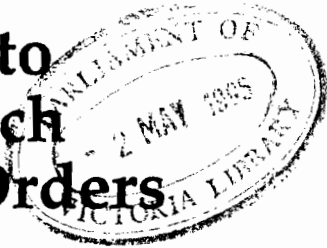




PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Investigation Into A Possible Breach Of The Standing Orders



SPECIAL REPORT TO THE PARLIAMENT
MAY 1995



1
1

GPV

16

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

SPECIAL REPORT TO THE PARLIAMENT
INVESTIGATION INTO A POSSIBLE BREACH OF THE
STANDING ORDERS

MAY 1995



Ordered to be printed

Melbourne
L.V. NORTH, GOVERNMENT PRINTER
1995

No.

16

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Members

Hon. G.G. Weideman, JP, MP (Chairman)
Hon. I.M.J. Baker, MP (Deputy Chairman)
Hon. P.R. Hall, MLC
Mr T. Hyams, MP
Mr A.F. Plowman, MP
Mr E.R. Smith, MP
Hon. T.C. Theophanous, MLC
Mr K.J. Thomson, MP
Hon. D.R. White, MLC

Staff of the Committee

Mr C. S. Burke, Director of Research
Mrs S. Kaur, Research Officer
Ms J. Hutchinson, Office Manager

The Committee's address is - 19th Level, Nauru House
80 Collins Street
MELBOURNE VICTORIA 3000

Telephone Inquiries - (03) 655 9767

Facsimile - (03) 655 6075

CONTENTS

	Page
Membership and Staff of the Committee.....	i
Findings and Recommendation	v
Functions of the Public Accounts and Estimates Committee.....	vii

INVESTIGATION INTO A POSSIBLE BREACH OF THE STANDING ORDERS

1. Introduction	1
2. Investigation into a Possible Breach of the Standing Orders	2
3. Evidence of a Leak of a Written Submission to the Committee	2
4. Interference with the Work of the Committee	4
4.1 Committee Functions	4
4.2 Impact of a Leak on the Committee's Work	5
5. Possible Sources of the Leak	6
5.1 Overview	6
5.2 The Auditor-General and his Staff	6
5.3 The Committee's Staff	7
5.4 Committee Members	7
Appendix A - Letter from the Auditor-General dated 24 March	11
Appendix B - Extract from <i>The Herald Sun</i> 10 April.....	19
Appendix C - Extract from <i>The Financial Review</i> 10 April	21
Appendix D - Extract from <i>The Age</i> 10 April.....	23
Appendix E - Extract from <i>The Australian</i> 11 April.....	25
Appendix F - Letter from the Auditor-General dated 12 April	27
Appendix G - Letter from the Auditor-General dated 12 April.....	29
Appendix H - Chairman's letters to Committee staff	31
Appendix I - Responses of Committee staff to Chairman's letter	35
Appendix J - Chairman's letters to Committee members.....	51
Appendix K - Responses of Committee members to Chairman's letter.....	59
Extracts from the Records of Parliament.....	63
Reports of the Public Accounts and Estimates Committee.....	65

FINDINGS AND RECOMMENDATION

Finding 1 (page 3)

The Committee finds that a written submission to the Committee has been leaked to the media in contravention of Legislative Assembly standing order number 208 and Legislative Council standing order number 207.

Finding 2 (page 5)

The Committee finds that the leak of the written submission is likely to constitute a substantial interference with the work of the Committee.

Finding 3 (page 9)

The Committee finds that the available evidence indicates that the leak did not come from all but one of the identified possible sources, the evidence however does not conclusively prove who leaked the document.

Recommendation (page 9)

The Committee recommends that the Parliament consider what action it wishes to take in response to the Committee's findings concerning a breach of standing order number 208 of the Legislative Assembly and standing order number 207 of the Legislative Council.

FUNCTIONS OF THE PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

The Public Accounts and Estimates Committee is constituted under the *Parliamentary Committees Act 1968*, as amended. It presently consists of nine members of Parliament drawn from the Legislative Council and the Legislative Assembly.

The Committee carries out investigations and reports to Parliament on matters associated with State financial management. Its functions under the Act are to inquire into, consider and report to the Parliament on -

- a) any proposal, matter or thing connected with public administration or public sector finances;
- b) the annual estimates or receipts and payments and other Budget papers and any supplementary estimates of receipts and payments presented to the Assembly and the Council;

if the Committee is required or permitted so to do by or under the Act.

INVESTIGATION INTO A POSSIBLE BREACH OF THE STANDING ORDERS

1. INTRODUCTION

The Parliamentary Committees Act 1968 (the Act) provides that any person or body may make written submissions to a Joint Investigatory Committee with respect to any proposal, matter or thing being inquired into or being considered by the Committee (section 4J(6)). The Act states that a Joint Investigatory Committee shall on request make available to any member of the public a copy of any written submissions made to it unless in the opinion of the Committee special circumstances make it undesirable to do so (section 4R (1)).

The Act also provides that *save as otherwise expressly provided in this Act the standing orders and the practices as to select committees and joint committees shall extend and apply with respect to every committee referred to in this Act* (section 3(2)). The standing orders state that documents presented to any Select Committee, which have not been reported to the House, shall not be published by any member of such Committee, nor by any other person (Legislative Assembly standing order number 208 and Legislative Council standing order number 207). The Standing Orders therefore do not apply to any written submissions properly authorised to be released under section 4R (1) of the Act. The converse is also true.

The Committee's meeting of 17 September 1993 discussed the possible leak of a Committee submission to the press, and the confidentiality of Committee submissions generally. The following motion was carried by the Committee, in the light of the provisions of the Act and the Standing Orders concerning the release of written submissions:

That the committee authorize the Director of Research to release non-confidential documents and where doubt about the status of a document exists, the Director of Research should consult the Committee and/or the Chairman as appropriate.

The minutes of the Committee's 17 September 1993 meeting also stated:

It is also the understanding of the Committee that no document is to be released prior to its presentation at a meeting of the Committee.

The Chairman or Director of Research will report to the Committee any request for a document considered to be confidential.

2. INVESTIGATION INTO A POSSIBLE BREACH OF THE STANDING ORDERS

At its meeting of Wednesday 12 April 1995 the Committee resolved that the Chairman and the Director of Research conduct an investigation into a possible breach of the standing orders, relating to the apparent leak of a letter to the Committee, and report back to the Committee.

The investigation followed the procedures set out in Erskine May, *Parliamentary Practice*, relating to the premature disclosure of the content of a report of a committee. In essence the investigation:

- formally asked each member of the Committee and its staff if they can explain how the leak came about;
- reviewed available evidence relating to the leak;
- considered if the leak caused a substantial interference with the work of the Committee, or if it is likely to; and
- identified possible sources of the leak.

3. EVIDENCE OF A LEAK OF A WRITTEN SUBMISSION TO THE COMMITTEE

On 28 March 1995 the Committee's offices at Nauru House received a letter from the Auditor-General dated 24 March (the letter). The letter comprised a covering letter and attachment (refer Appendix A). In accordance with normal practice the letter was date stamped and recorded by the Committee's Office Manager, and held in the Office of the Committee's Director of Research. On Friday 7 April the letter was duplicated and included in the agenda papers for the Committee meeting to be held on the following Wednesday. The agenda papers were distributed to members and staff that day, (Friday 7 April).

On Monday 10 April, after the agenda papers were distributed, there were several reports in the electronic and print media on matters contained in the letter. Attached are copies of three of the press reports (appendices B, C and D). In particular one of the articles, Appendix B, includes:

In the document, the Auditor-General states:

"We seek to understand the background and the process by which the Office of (State Owned Enterprises) is addressing the risks associated with these privatisation objectives.

"The lines of inquiry are the first step for audit in gaining a detailed understanding of the department's approach to risk management in the very important area of privatisation."

The document - entitled Risk Management Audit Department of the Treasury - is accompanied by a cover letter from Mr Baragwanath dated March 24.

The Auditor-General has confirmed in writing to the Committee (refer Appendix G) that the only letter signed by him dated 24 March which included the second quote above (beginning with "The Lines ...") was in fact his letter of 24 March to the Committee (Appendix A).

No request was received for the release of the letter in accordance with the Act, nor was its release authorised by the Director of Research, Chairman or the Committee, up to and including the Committee's meeting of 12 April.

The Committee is satisfied that a breach of the standing orders (Legislative Assembly standing order number 208 and Legislative Council standing order number 207) has occurred as a consequence of the leak of the letter.

Finding 1

The Committee finds that a written submission to the Committee has been leaked to the media in contravention of Legislative Assembly standing order number 208 and Legislative Council standing order number 207.

4. INTERFERENCE WITH THE WORK OF THE COMMITTEE

4.1 Committee Functions

The Public Accounts and Estimates Committee is an all party Joint Investigatory Committee of the Victorian Parliament established by way of amendment to the *Parliamentary Committees Act* 1968. The Committee has wide powers to review State public sector finances or administration and the budget estimates on behalf of the Victorian Parliament. The Committee's mandate includes both the traditional "public accounts" and "estimates" functions.

The public accounts function is predominantly based on the reports of the Auditor-General, that is, the function is one of post-mortem examination. The Committee seeks the Auditor-General's advice concerning those matters raised in his reports which he recommends the Committee could most usefully pursue. In light of the Auditor-General's advice the Committee then deliberates on those matters it will pursue.

The functions of the Committee under the Act are to inquire into, consider and report to the Parliament on -

- (a) any proposal, matter or thing connected with public administration or public sector finances;
- (b) 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 -

if the Committee is required or permitted so to do by or under this Act.

The Westminster system of parliamentary Government which operates in Australia requires that the Government of the day must account for its handling of funds entrusted to it. The Committee exists to assist the Parliament in holding the Government to financial account. The Committee exercises Parliament's power of scrutiny and review over public finance, ensures that extravagance and waste are minimised and that sound and proper financial practices are in place. It examines the accountability of the public sector to Parliament and thereby to the

electorate. The Committee therefore fulfils a very important and critical role for the State.

4.2 Impact of a Leak on the Committee's Work

Erskine May, *Parliamentary Practice*, states in relation to the premature disclosure of the content of a report of a committee, that the committee should decide whether or not the leak constitutes a substantial interference, or the likelihood of such, with the work of the committee, with the select committee system or the functions of the House.

The ability of the Committee to carry out its functions effectively and efficiently under the Act depends heavily upon the cooperation of potential witnesses, and the willingness of persons or organisations to provide evidence to the Committee. In particular the continuation of the full and unreserved cooperation of the Auditor-General is essential to the effective and efficient conduct of the Committee's public accounts functions.

The Committee is in no doubt that should it become public knowledge that documents and other evidence provided to it may be leaked to various parties or become part of political debates then the willingness of persons and organisations to cooperate completely, fully and frankly is seriously undermined. This has a direct impact on the Committee's ability to carry out its functions under the Act. Further the Committee's credibility when undertaking to ensure confidentiality, while accepting evidence in camera, is seriously undermined by leaks.

The Committee has not reviewed all of the electronic and print media articles which relate to the matters raised in the letter due to their large number and the cost of doing so. Those articles perused do not suggest to the general public that their source is the Committee's letter. However it is known within the Media, the Victorian Auditor-General's Office, and apparently the Departments of the Treasury and Premier and Cabinet that their source is the Committee's letter (refer Appendix F and G).

Finding 2

The Committee finds that the leak of the written submission is likely to constitute a substantial interference with the work of the Committee.

5. POSSIBLE SOURCES OF THE LEAK

5.1 Overview

The Committee finds itself in a most unfortunate position, having found that a leak has occurred which is likely to constitute a substantial interference with the work of the Committee, that it must now consider the possible source of the leak.

The Committee agrees with the Auditor-General in his letter of 12 April (Appendix G) that the three potential sources of the leak are:

- the Auditor-General and his staff;
- the Committee's staff; and
- members of the Committee.

5.2 The Auditor-General and his Staff

The following indicates that the leak did not come from the Auditor-General or his staff. The Committee:

- received significant assurances from the Auditor-General, refer appendices F and G, that he had no part in the release of the letter;
- notes that the article in *The Australian* newspaper dated 11 April states *In a document leaked by the Opposition, Mr Baragwanath questions ...* (refer Appendix E);
- received a statutory declaration from the Committee's Director of Research (Appendix I) that on 12 April he personally received verbal confirmation (during a telephone conversation) from a journalist, who had authored an article on matters contained in the letter, that the letter was not provided to the journalist by the Auditor-General; and

- notes that the Victorian Auditor-General's Office had issued its questions (contained in the letter) to the Department of the Treasury on 30 January without any apparent leak to the media prior to the Committee receiving the letter on 28 March.

5.3 The Committee's Staff

As set out in Erskine May, *Parliamentary Practice*, the Committee's Chairman wrote to each member of the Committee's staff to ask if they could explain how the leak came about (refer Appendix H).

The following indicates that the leak did not come from the Committee's staff. The Committee:

- notes that the responses of its staff to the Chairman's letter (included as Appendix I) include substantial assurances, including statutory declarations, that they did not leak the letter and/or could not explain how the leak came about;
- notes that the article in *The Australian* newspaper dated 11 April states *In a document leaked by the Opposition, Mr Baragwanath questions ...* (refer Appendix E);
- received a statutory declaration from the Committee's Director of Research (Appendix I) that states on 12 April he personally received verbal confirmation (during a telephone conversation) from a journalist, who had authored an article on matters contained in the letter, that the letter was not provided to the journalist by the Committee's staff; and
- notes that the letter was received at the Committee's offices on 28 March without any apparent leak to the media until 10 April, after the agenda papers had been distributed on 7 April.

5.4 Committee Members

As set out in Erskine May, *Parliamentary Practice*, the Committee's Chairman wrote to each Committee member to ask if they could explain how the leak came

about (refer Appendix J). The Hon. P.R. Hall, Mr T. Hyams and Mr E.R. Smith responded in writing to the Chairman's letter (refer Appendix K). The Hon. I.M.J. Baker, Mr A.F. Plowman, Mr K.J. Thomson and the Hon. D.R. White responded verbally. The Hon. T.C. Theophanous did not respond.

The leak of the letter apparently occurred on or after Friday 7 April but before Monday 10 April, given that:

- evidence before the Committee indicates that the leak did not come from the other two possible sources, that is the Auditor-General (or his staff) and the Committee's staff (refer paragraphs 5.2 and 5.3), and therefore did not occur prior to Friday 7 April (the date the letter was distributed to the members);
- on Friday 7 April the letter was distributed, as part of the agenda papers, to members for the Committee meeting to be held on the following Wednesday (refer paragraph 3);
- subsequently print media articles appeared in the Monday 10 April editions of *The Age*, *The Herald Sun* and *The Financial Review* on matters contained in the letter (refer appendices B to D); and
- the Chairman was contacted by the journalists who wrote the articles included in appendices B and C, late Sunday afternoon 9 April.

The agenda papers for the Hon. G.G. Weideman, Mr T. Hyams and Mr E.R. Smith were posted by normal mail late Friday afternoon, 7 April, to their respective electorate offices. Assurances made either to the Committee's meeting of 12 April, and/or in responses to the Chairman's letters (refer Appendix K and J), indicate that these members did not receive the letter (included in the agenda papers) until on or after Monday 10 April. This is after the period when the leak is believed to have occurred.

The agenda papers for the Hon. I.M.J. Baker, the Hon. P.R. Hall, Mr A.F. Plowman, Mr K.J. Thomson, the Hon. D.R. White and the Hon. T.C. Theophanous were hand delivered by the Director of Research to Parliament House at about 5.30 pm on Friday 7 April. Only one member was observed at that time by the Director of Research as being present in the House.

The Hon. I.M.J. Baker, the Hon. P.R. Hall, Mr A.F. Plowman, Mr K.J. Thomson and the Hon. D.R. White stated at the Committee's meeting of 12 April, and/or in responses to the Chairman's letters, or in subsequent conversation with the Chairman (refer Appendix K and J), that they did not receive or open the envelope containing the agenda papers until on or after Monday 10 April. This is after the period when the leak is believed to have occurred.

The Hon. T.C. Theophanous stated at the Committee's meeting of 12 April that he received the agenda papers on Friday night (7 April).

The Hon. T.C. Theophanous was quoted, in his capacity as opposition spokesman for privatisation, in *The Financial Review* article which appeared on 10 April (refer Appendix C).

Evidence before the Committee indicates that the leak did not come from all but one of its members, the evidence however does not conclusively prove who leaked the document.

Finding 3

The Committee finds that the available evidence indicates that the leak did not come from all but one of the identified possible sources, the evidence however does not conclusively prove who leaked the document.

Recommendation

The Committee recommends that the Parliament consider what action it wishes to take in response to the Committee's findings concerning a breach of standing order number 208 of the Legislative Assembly and standing order number 207 of the Legislative Council.

COMMITTEE ROOM
27 APRIL 1995



RECEIVED

28 MAR 1995

PUBLIC ACCOUNTS &
ESTIMATES COMMITTEE

The Hon. G. Graeme Weideman MP. JP.
Chairman
Public Accounts and Estimates Committee
Level 19, Nauru House
80 Collins Street
Melbourne Vic 3000


Dear Mr Weideman

I would like to convey my thanks to you and your Committee for the hospitality extended to Mr George Morfit, the British Columbian Auditor-General earlier in the week.

As you will recall I indicated my willingness to provide you with a copy of a preliminary document covering my Office's lines of inquiry in our audit of risk management strategies in the Department of the Treasury in the area of privatisation.

The document is attached together with a list of the 8 areas proposed for coverage as part of the overall audit of risk management within the Department. The capital works component is currently being finalised with the draft report due for discussion with the Department early next week. The lines of inquiry are the first step for audit in gaining a detailed understanding of the Department's approach to risk management in the very important area of privatisation.

Yours sincerely


C.A. BARAGWANATH
Auditor-General
24/3 /1995

RISK MANAGEMENT AUDIT

DEPARTMENT OF THE TREASURY

KEY FUNCTIONAL AREAS TO BE REVIEWED ARE AS FOLLOWS:

- Capital works

- The Office of State Owned Enterprises
 - Corporatisation and Privatisation
 - Monitor the operations of Government Business Enterprises

- Budget process

- Revenue collection

- Debt management

- Financial management and financial and economic reforms

- Intergovernmental financial relations

PRIVATISATION

"The reform program under way is designed to serve 3 main objectives aimed at placing the GBEs on a more commercial footing closely aligned to the environment facing private sector enterprises".

Specifically, the objectives are as follows :

"More effective use of the community's resources using competition to achieve ongoing efficiency gains within public sector businesses"

"Maximisation of customer choice aimed at putting power back in the hands of consumers"

"The use of the proceeds of privatisation to reduce Victoria's debt burden"

We seek to understand the background and the process by which the Office of SOEs is addressing the risks associated with these privatisation objectives. Lines of enquiry will be as follows :

LINES OF ENQUIRY

Policy

- (1) What are the major differences between the corporatisation and privatisation policies of the former and current government?
- (2) Will the State reforms be compatible with the agreed national reforms eg. the National Electricity Grid and the National Gas Grid?

Progress of the reform program

- (3) What developments have occurred in relation to the privatisation of GBEs since the position outlined in the 1994-95 budget papers? For example, in relation to:
 - the electricity industry;
 - gas industry;
 - water industry;
 - emergency service communications;
 - the Grain Elevators Board;
 - the ports; and
 - prisons and jails in police stations?

- (4) Is there a timetable for the privatisation of the corporatised components of the former SECV (5 new regionally based distribution companies and one of the 5 power station companies) and any other GBEs?

Initial Evaluation

- (5) What did the initial evaluation of the reform processes within the GBE sector, which audit understands is now completed for a number of major entities, involve?
- (6) What criteria is used to determine whether privatisation is the appropriate measure to achieve the Government's overall reform objectives?
- (7) What risk criteria are to be used as part of the assessment process as well as key success benchmarks?
- (8) What factors are taken into account when investigating the feasibility of privatisation?
- (9) Did the Government consider testing the privatisation model to be assured that prior to selling GBEs such reforms will in fact lead to the intended benefits e.g. establishing a competitive environment?
- (10) What processes are in place to ensure that privatisation leads to:
- enhanced business performance and efficiency;
 - the best cost structure for users;
 - promotion of competition; and
 - improved quality of service delivery?

Costs / Benefit analysis

- (11) In relation to assessing the costs and benefits of privatisation :
- What cost/benefit analysis has been undertaken to ensure that the economic benefits of sale of each GBE exceeds the costs?
 - What summary evidence can you provide which will clearly demonstrate the expected economic impact of privatisation on a case by case basis?
 - What steps have been taken to validate and confirm the analysis upon which the summary evidence is based?
 - What steps have been taken (or are planned to be taken) subsequent to privatisation of particular GBEs to evaluate and confirm that the pre-privatisation cost/benefit assumptions have in fact held during the post privatisation period?
 - What steps have been taken to factor in the political risks? For example, was the UK approach of incorporating a statement of policy from the opposition parties considered?

- (12) What analyses have been undertaken to evaluate whether privatisation could prove to be inefficient as economies of scale would not be achieved?

Consultation

- (13) Prior to the decision to privatise a GBE what form of "consultative process" is entered into by the Government with all affected parties including the relevant unions involved?

Method of Disposal

- (14) In relation to the method of disposal:

- On what basis does the Government decide the method of disposal (e.g. sale, float, a combination of the two, other)?
- What are the key criteria in establishing timing?
- Are advisers used in making these and other relevant decisions?

If so :

- what are the criteria for selection of advisers?
- which advisers have been consulted in the context to date?
- how is the advice of advisers tested and evaluated?

If not :

- what are the checks and balances in the decision making process?

Impact of Privatisation

- (15) How has the Government planned for:

- recognising the impact of privatisation on other industries or Federally dependent authorities (eg. the impact on the Australian Wheat Board if the Grain Elevators Board was sold to a competitor of the Board;
- redundancies - pre and post privatisation?

- (16) What arrangements are in place to ensure that:

- prices do not increase as a result of privatisation;
- profits for privatised bodies do not increase substantially;
- salaries for Chief Executive Officers of GBEs do not escalate rapidly?

Social and Environmental Affects

- (17) What work is being undertaken to overcome any environmental and social problems that may be associated with privatisation (e.g. social issues involved in privatising prisons)?

Consumer Protection

- (18) What processes are in place to address consumer protection issues dealing with standards of service, access to supply and safety?

Access to Competitive Markets

- (19) With regard to trading in new competitive markets :
- What steps (if any) have been taken to protect any Victorians who may experience difficulties in accessing essential services in newly established competitive markets?
 - What low cost and readily accessible dispute resolution measures are planned (if any)?

Community Service Obligations

- (20) In relation to services provided by privatised businesses, will Victorians continue to receive existing "community service obligations" such as concessions and advice services?

Compensation from the Federal Government

- (21) What arrangements are in place for obtaining adequate compensation from the Federal Government (i.e:- to compensate the State for the net transfer of revenue to the Commonwealth in the form of federal company tax formerly kept by the State and the increase in the level of GDP flowing from the benefit of competition to the Victorian economy)?
- (22) What are the consequences if adequate compensation is not derived from the Federal Government e.g. imposing additional State taxes?
- (23) Is the risk of not obtaining adequate tax compensation from the Federal Government taken into account in deciding whether to seek private ownership of a GBE?
- (24) In view of the difficulties involved in determining the impact of greater competition and private ownership on the profits of state bodies, should the revenue sharing debate be restricted to transitional costs i.e: the costs of re-organising the operations of utilities?

Sale Value

- (25) What processes are in place to ensure that Victoria receives the maximum sale value of GBEs that are privatised e.g:-
- ensuring that the business evaluation and disposal phases are separated;
 - analysing whether the sale value would be adversely affected if the utility was sold as separate businesses rather than as a whole;
 - analysing whether achievement of the maximum sale price would be dependent on substantially reducing the utility's debt; and

- analysing whether lower sales prices may eventuate on the basis that competitive systems may generate less profits than monopolies?

(26) In relation to the valuation of GBEs to be privatised :

- What process/methodology was used to value the GBEs?
- What steps were taken to ensure that the value was assessed for each business both as an operational whole as well as the aggregate value of the specific assets and liabilities of the business?
- What account is taken of audited financial statements in the process?
- As some financial statements exclude certain liabilities such as debt and superannuation liabilities, are these financial obligations taken into account in determining the sale price of GBEs?
- What steps have been taken to ensure that all rights and obligations accruing to GBEs by virtue of dealings in derivative financial instruments (particularly granted options), if any, have been properly assessed in the valuation process?
- To the extent that longer term obligations may exist under such transactions, what steps (if any) have been taken to cap any consequential liability which may subsequently arise?
- What is the basis for monitoring any contingent or derivative exposures during the period that government money is at risk?
- What reports have been developed to facilitate this?

Future investment in infrastructure

(27) What is the strategy for ensuring that the level of investment in infrastructure continues at an appropriate level after privatisation?

Foreign Ownership

(28) With regard to the advent of foreign ownership in some industries, does the Government propose introducing sale conditions that require:

- foreign buyers to have Australian partners; or
- part of the business to be subject to a float on the Australian stock exchange?

Herald Sun April 10, 1995

Herald S

Watchdog probes state sell-off plan

By DAMON
JOHNSTON

VICTORIA'S Auditor-General has launched an inquiry into the State Government's privatisation plans to examine "risks" associated with selling public assets.

In a potentially damaging development for the Government, a leaked document has revealed the powerful financial watchdog is investigating key aspects of the privatisation process.

According to the document — which has been seen by the *Herald Sun* — Auditor-General Ches Baragwanath wrote to Treasurer Alan Stockdale last month outlining the inquiry.

The revelation sparked a political row yesterday, with the State Opposition claiming the inquiry cast grave doubt on the Government's privatisation strategy.

Labor leader John Brumby called for a moratorium on the sale of public assets pending the result of the Auditor-General's investigation.

"The Government must put an immediate hold on plans to sell off the electricity industry and other assets ... because the inquiry could find they are not in the public interest," Mr Brumby said.

But the Government dismissed the Opposition's demand and also criticised the Auditor-General, describing the inquiry as unnecessary.

In the document, the Auditor-General states:

"We seek to understand the background and the process by which the Office of (State Owned Enterprises) is addressing



Inquiry: Auditor-General Ches Baragwanath.

the risks associated with these privatisation objectives.

"The lines of inquiry are the first step for audit in gaining a detailed understanding of the department's approach to risk management in the very important area of privatisation."

The document — entitled *Risk Management Audit Department of the Treasury* — is accompanied by a cover letter from Mr Baragwanath dated March 24.

It sets out 28 questions covering privatisation, such as the timing of asset sales, evaluation procedures, social and environmental effects of the program.

The Auditor-General has sought details on the development of privatisation plans in the past 12 months for prime public assets in the electricity, gas and water industries.

"Is there a timetable for chief executive offic-

ers of the Government Business Enterprises do not escalate rapidly;

PROCESSES in place to address consumer protection issues dealing with standards of service, access to supply and safety;

COST benefit analyses undertaken by the Government to ensure that the economic benefits of the sale of each GBE exceeds the costs;

EVIDENCE which clearly demonstrates the expected economic impact of privatisation on a case-by-case basis; and

PROCESSES in place to ensure Victoria receives the maximum sale value and an appropriate level of Commonwealth compensation for selling the GBEs.

The document also questions the Government on whether it has considered the political risks of its privatisation program and asks whether it looked at including a policy statement from the Opposition parties in sale negotiations.

And it raises the issue of whether the Government has consulted community groups affected by privatisation, including unions.

On the critical issue of foreign ownership, the document asks whether the Government will introduce sale conditions requiring foreign buyers to have Australian partners or that part of the business be floated on the stock exchange.

Mr Brumby welcomed the involvement of the Auditor-General in the privatisation debate.

"Obviously we support the move by Mr Baragwanath to examine the issue ... and I have no doubt that when he receives the information he will conclude that privatisation is not in the public interest," he said.

the privatisation of the corporatised components of the former SECV (five new regionally based distribution companies and one of the five power station companies) and any other GBE's?" the document states.

Emergency services communications, ports, prisons, police stations jails and the Grain Elevators Board are also cited in the document.

It asks the Government to detail what arrangements are in place to ensure consumers benefit from the best cost structure, improved quality of service delivery and enhanced business performance and efficiency.

Other points include asking for details on:

SAFEGUARDS to ensure prices do not increase, profits for privatised bodies do not increase substantially and salaries

Victorian Auditor-General widens powers with inquiry

THE Victorian Auditor-General, Mr Ches Baragwanath, has wielded his extended powers to examine political decision-making, with a wide-ranging inquiry into the Kennett Government's multi-billion-dollar asset sales program.

The Risk Management Audit of the Treasury Department, forming part of the Auditor-General's annual audit of government business, includes detailed examination of the policies and processes underlying the privatisation of many Government Business Enterprises (GBEs), including the \$14-billion sale of the State's electricity assets. The potential impact on the fast-tracked sale of electricity distribution company

By **BILL PHEASANT**
United Energy is unclear, but the Government said the inquiry would not cause a delay.

A spokesman for the Premier, Mr Jeff Kennett, said it appeared that "some of the lines of enquiry went beyond what is normally considered the bounds of the Auditor-General".

"The Government has nothing to hide in relation to the privatisation or the privatisation process," he said.

It is believed to be the first time for a government financial watchdog to evaluate proposed transactions and policies rather than provide a review of the year's dealings.

The powers of the Auditor-General were expanded last year to permit examination of government processes, but proposals to permit examination of former government businesses were rejected.

The audit was welcomed by the Opposition Labor Party yesterday, which has raised many similar issues with the Government about the potential costs to consumers of the reforms being undertaken.

A list of questions put to the Department of Treasury by the Office of the Auditor-General at the end of March outlines the preliminary aspects for consideration.

These include: policy, progress of

reform, initial evaluation of GBEs, cost/benefit analysis, consultation, method of disposal, impact of privatisation, social and environmental effects, consumer protection, access to competitive markets, and community service obligations.

The document asks about exposure of GBEs to derivatives and contingent liabilities, how the maximum sale price for GBEs is being ensured (including whether utilities should be split up or retained as monopolies) and the steps taken to protect Victorians "who may experience difficulties in accessing essential services in newly established competitive markets".

The policy inquiries included the differences of the corporatisation and privatisation policies of the former Labor Government and the current Coalition Government, and whether the Victorian reforms are compatible with agreed national reforms for the national electricity grid and the national gas market.

Labor's spokesman for Privatisation, Mr Theo Theophanous, said the move set "an interesting precedent".

"We have argued that the Auditor General should take responsibility for examining transactions before they occur, not just afterwards," he said.

Mr Baragwanath was unavailable for comment yesterday.

APPENDIX C

New sinor f

Government questioned on asset sales

BY NICOLE BRADY, state politics reporter

The state's auditor-general, Mr Ches Baragwanath, in an unprecedented move, has written to the Government questioning its sale of state assets, such as the former SEC.

As part of a risk management audit of the sale of Government businesses, he has called on the Treasury Department to provide information about all aspects of asset sales.

Mr Baragwanath questions the Government about its asset-sale policies, the recent progress of the reforms, the amount of consultation it has entered into with "all affected parties including the relevant unions" and consumer protection.

CHURCH WARNS POWER CARD COULD HIT POOR

Low-income earners might be given a "smartcard" to pay for electricity on a daily basis if they failed to pay regular bills, the Catholic Church said yesterday.

In a discussion paper to be sent to 235 parishes the Catholic Commission for Justice, Development and Peace said it had deep concerns about the plight of low-income groups if Victoria's electricity is privatised.

Mr Jack de Groot, the commission's executive officer, said poor consumers might be given a credit card under privatisation but their electricity would be cut when the credit ran out.

"The worrying scenario would be a low-income family

running out of credit in the coldest of Melbourne winters and going without heating," he said.

The paper said the scheme was being used in Britain, where disconnections had fallen by 96 per cent since privatisation. But Mr de Groot said the figures did not show the numbers of people who had their power regularly cut off when they ran out of credit on their card.

He said the system would deny low-income groups services such as regular bills that document current and past consumption, access to alternative payment plans and information in other languages.

— Elissa Blake

A Government spokesman refused to comment on Mr Baragwanath's request beyond saying: "Treasury has received the questions and is consid-

ering its response." The Opposition Leader, Mr Brumby, said Mr Baragwanath's actions raised serious doubts about the Government's asset-sales program.

Mr Brumby said it was unprecedented but appropriate for the auditor-general to question the Government and make it accountable.

"His job is to properly scrutinise the way in which Government is run, and to ensure that the public interest is protected," Mr Brumby said.

Mr Baragwanath could not be contacted yesterday. Under law, the Government is required to provide any information his office requests. The risk management audit also asked:

• About arrangements for the Federal Government to compensate the

state for the transfer of earnings to the Commonwealth in the form of federal company tax.

• What processes have been established to ensure that Victoria receives the maximum value for its assets.

• The method of valuation for the state businesses that are marked for sale.

• What steps have been taken to factor in the political risks.

• Was the UK approach of including a policy statement from the Opposition considered.

• What is being done to counter any social or environmental problems that may result from sales.

The questions are regarded as unusual by the Government because they feature policy and social issues.

Police asked to examine child sex allegations

By KAREN MIDDLETON, diplomatic correspondent, Canberra

The secretary of the Department of Foreign Affairs, Mr Michael Costello, has asked the Australian Federal Police to investigate new allegations that Australian diplomats had sex with children while posted in Asia.

A spokeswoman for the department confirmed the request yesterday. She said that even if no criminal offences were proved, the department would consider bringing Public Service misconduct charges against employees found to be behaving improperly.

The Age revealed last week that the Justice Minister, Mr Kerr, had been told by social workers during a 1993 briefing

Picture SIMON ODWYER



A flood

Kennett team dependence

Auditor to inquire into power sale

By EBRU YAMAN

THE Victorian Government would have nothing to hide from an auditor-general's inquiry into its privatisation plans, the Premier, Mr Kennett, said yesterday.

The State auditor-general, Mr Ches Baragwanath, has said he will conduct a "risk management" audit of the economic, social and environmental impact of privatising Victoria's electricity, gas and water industries. The audit would also examine the privatisation of ports, jails, the Grain Elevators Board and emergency services communications.

The Opposition leader, Mr Brumby, welcomed the inquiry and called on the Government to place a moratorium on the sale of the former State Electricity Commission.

Mr Brumby said the auditor-general's report would cast doubt over the Government's privatisation program.

"Nowhere has the Government been able to demonstrate that the sell-off is in the public interest," Mr Brumby said.

"In those circumstances — although I can't pre-judge the answers — I think it's appropriate that the State Government put in place a moratorium."

But Mr Kennett said he was unconcerned about the inquiry.

"The auditor-general has a function to look at the efficiency and effectiveness of government — also to look at the efficiency and the way in which governments perform," Mr Kennett said on ABC radio. "I think you'll find when he does the work ... there are no fears."

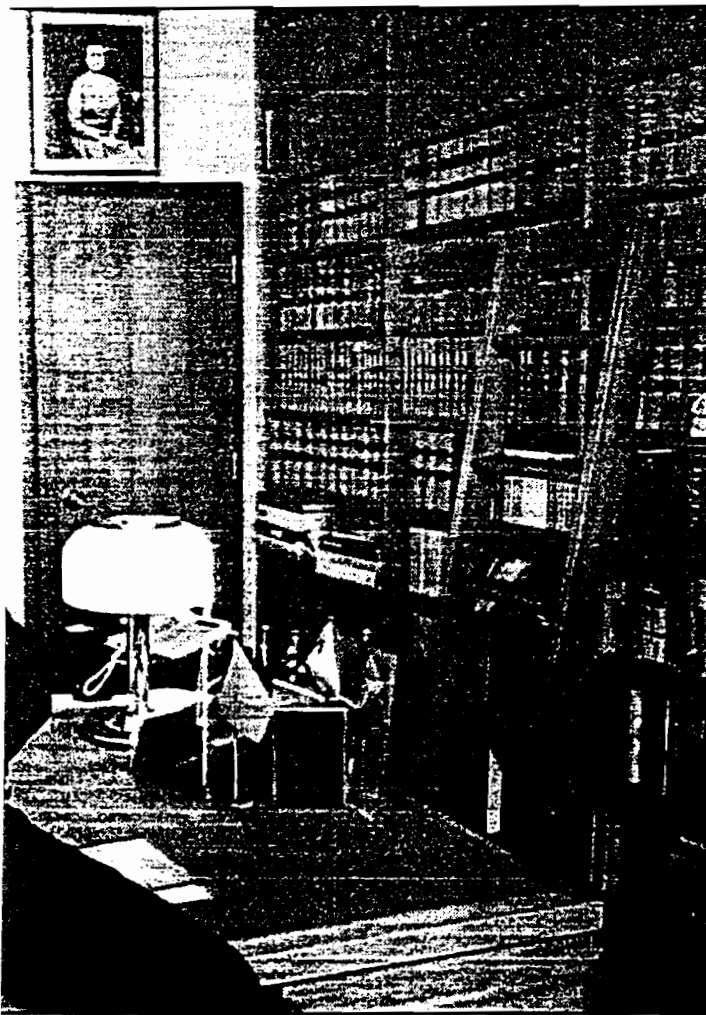
Mr Kennett said large sections of the inquiry were unnecessary, because the Government's position on areas including consumer protection, concessions and community service obligations had already been placed on the public record.

He hoped Mr Baragwanath's recommendations would be accepted by the Government, but privatisation was a "matter of policy", which the auditor-general could comment on but not determine.

In a document leaked by the Opposition, Mr Baragwanath questions the reasons for the sale of State-owned assets, the extent of public consultation in the process and the measures in place to protect the interests of consumers.

In other developments, employees of the Victorian electricity supplier, Powercor, will hold a 24-hour strike tomorrow in protest against continuing disputes over wages and conditions.

The employees want a \$20,000 payment for workers forced to relocate and a 15 per cent wage increase over two years for all workers.



Independence — Picture: MICHAEL AMENDOLIA

Bongiorno resigned in October later his office had been meaningless and its independence compromised.

Wade has maintained the version was a draft Bill did not target him personally not related to his threat of court action against Premier, Mr Kennett.

In ABC-TV's Four Corners public servant who was responsible for the production of the Bill, Ms Collins, claimed it was directly at the DPP and that

it was fast-tracked with special approval and attention from Mr Kennett.

Ms Collins, who in 1993 was a legal officer in Ms Wade's department, said Ms Wade's special adviser, crown counsel Mr Greg Craven, worked on the Bill with advice from Mr Nick Papas, then a DPP prosecutor and now Victoria's Chief Magistrate.

Ms Collins said she was told the reason behind the original Bill was that Mr Bongiorno was a "megalomaniac", partly because he had tried to lay charges against Mr Kennett.

The Hon. G. Graeme Weideman JP MP
Chairman
Public Accounts and Estimates Committee
Level 19
Nauru House
80 Collins Street
MELBOURNE 3000

RECEIVED
12 APR 1995
PUBLIC ACCOUNTS
ESTIMATES

Dear Mr. Weideman,

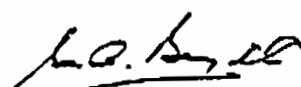
You may recall that at a meeting with your Committee last month I volunteered to provide your Committee with a copy of the preliminary document covering my Office's lines of inquiry in an audit of risk management strategies in the Department of the Treasury in the area of privatisation. As you are aware the genesis of this audit was the Committee's desire that I should implement the recommendations of the Fergus Ryan Report relating to the desirability of conducting a review of risk identification and management processes within central agencies.

The information was provided to your Committee under cover of my letter of 24 March last and appears to have been made available to the media over the past weekend.

The purpose of this communication is to assure you that I had no part in the release of this information to the media. I have already given similar assurances to senior officials of the Department of Treasury and Premier and Cabinet at a meeting in my Office on Monday last. At this meeting, the question was raised as to whether I was conspiring with the Opposition by releasing information which could jeopardise the Government's reform program.

I think it would be in our mutual interest to investigate this matter and I would be only too happy to meet with you and your Committee to discuss this matter further.

Yours sincerely


C.A. BARAGWANATH
Auditor-General

12/ 4/1995

The Hon. G. Graeme Weideman JP MP
Chairman
Public Accounts and Estimates Committee
Level 19
Nauru House
80 Collins Street
MELBOURNE 3000

Dear Mr. Weideman,

Further to this morning's letter and following discussions with Mr. Craig Burke of your staff today, the following information is provided to assist you in any further investigations you may propose in relation to the article which appeared in the Herald Sun last Monday.

Firstly, I can confirm that the only letter signed by myself on 24 March last which included the following sentence -

"The lines of inquiry are the first steps for audit in gaining a detailed understanding of the Department's approach to risk management in the very important area of privatisation"


was in fact my letter of 24 March to yourself as Chairman of the Public Accounts and Estimates Committee.

The fact that I am able to provide this confirmation would indicate that the only possible sources of the media leak are

- myself or members of my office;
- members or staff of your Committee.

In this morning's letter to yourself I gave you my personal assurance that I had no part in the release of the letter of 24 March to the media. If you decide to proceed with this issue, and, as I stated in this morning's letter, I think it would be in our mutual interest to do so, I would be only too prepared to appear before your Committee and repeat my assurances under oath.

Yours sincerely


C.A. BARAGWANATH
Auditor-General
12/ 4/1995



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 6075
FAX: (03) 655 6075

APPENDIX H

12 April 1995

Mr Craig Burke
Nauru House
MELBOURNE VIC 3000

Dear Mr Burke

As you are aware the Committee resolved this morning that we conduct an investigation into a possible breach of the standing orders and report back to the Committee.

As set out in Erskine May, *Parliamentary Practice*, I am writing to each member of the Committee and its staff to ask if they can explain how the leak came about? I would welcome your response, and any other comments you may wish to make, before Tuesday 18 April. All responses received may be included in my report upon this investigation.

Yours sincerely

A handwritten signature in black ink, reading 'G Graeme Weideman'.

The Hon G Graeme Weideman, MP, JP
Chairman



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

12 April 1995

Mrs Helena Cyrulo
Nauru House
MELBOURNE VIC 3000

Dear Mrs Cyrulo

As you are aware the Committee resolved this morning that I and the Director of Research conduct an investigation into a possible breach of the standing orders and report back to the Committee.

As set out in Erskine May, *Parliamentary Practice*, I am writing to each member of the Committee and its staff to ask if they can explain how the leak came about? I would welcome your response, and any other comments you may wish to make, before Tuesday 18 April. All responses received may be included in my report upon this investigation.

Yours sincerely

A handwritten signature in cursive script, reading 'G Graeme Weideman'.

The Hon G Graeme Weideman, MP, JP
Chairman



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

12 April 1995

Mrs Sarjeet Kaur
Nauru House
MELBOURNE VIC 3000

Dear Mrs Kaur

As you are aware the Committee resolved this morning that I and the Director of Research conduct an investigation into a possible breach of the standing orders and report back to the Committee.

As set out in Erskine May, *Parliamentary Practice*, I am writing to each member of the Committee and its staff to ask if they can explain how the leak came about? I would welcome your response, and any other comments you may wish to make, before Tuesday 18 April. All responses received may be included in my report upon this investigation.

Yours sincerely

A handwritten signature in cursive script, reading 'G Graeme Weideman'.

The Hon G Graeme Weideman, MP, JP
Chairman



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

12 April 1995

Ms Jennifer Hutchinson
Nauru House
MELBOURNE VIC 3000

Dear Ms Hutchinson

As you are aware the Committee resolved this morning that I and the Director of Research conduct an investigation into a possible breach of the standing orders and report back to the Committee.

As set out in Erskine May, *Parliamentary Practice*, I am writing to each member of the Committee and its staff to ask if they can explain how the leak came about? I would welcome your response, and any other comments you may wish to make, before Tuesday 18 April. All responses received may be included in my report upon this investigation.

Yours sincerely

A handwritten signature in black ink, reading 'G Graeme Weideman'.

The Hon G Graeme Weideman, MP, JP
Chairman



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9779
FAX: (03) 655 6075

APPENDIX I

13 April 1995

The Hon G Graeme Weideman, MP, JP
Chairman
Public Accounts and Estimates Committee
Parliament House
MELBOURNE VIC 3000

Dear Mr Weideman *Graeme*

I refer to your letter dated 12 April concerning the investigation into a possible breach of the standing orders.

I tender the attached statutory declaration in response to your letter.

I undertake to include all relevant evidence known to me or discovered as part of the investigation, in the draft report I will prepare for your consideration.

I would like to take this opportunity to assure you, and the Committee, that my interest in the matter under investigation derives solely from my responsibilities to provide advice to the Committee on matters of procedure and practice, in accordance with the *Parliamentary Committees Act 1968* and the Standing Orders.

I am willing, should it be required, to appear on oath before the Committee in connection with this matter.

Yours sincerely

Craig Burke
Director of Research

DATED _____ 19

STATE OF VICTORIA

Statutory Declaration
OF

I.

Craig Stephen Burke

of

Montmorency

in the State of Victoria

do solemnly and

sincerely declare

THAT

Save as declared below, I have not disclosed, or provided a copy of any part or all of the letter dated 24 March 1995, from the Auditor-General to the Committee, to any representative of the media.

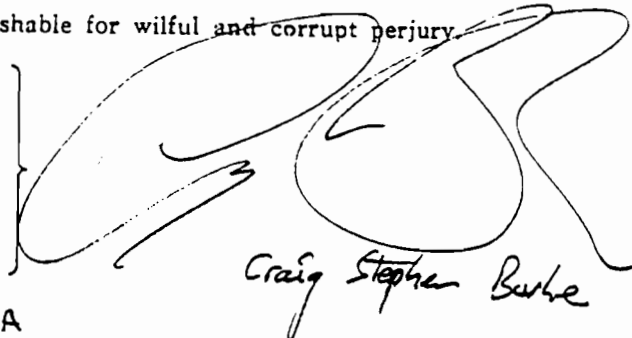
On 12 April, and after the Committee's meeting of that date, I received a telephone call from a journalist who had authored an article on matters contained in the letter dated 24 March 1995, from the Auditor-General to the Committee. I sought confirmation from that journalist, and it was provided verbally, that the letter was not provided to the journalist by the Committee's staff or the Auditor-General.

AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of an Act of the Parliament of Victoria rendering persons making a false Declaration punishable for wilful and corrupt perjury.

DECLARED at *Melbourne* in the
State of Victoria this *13th*
day of *April* One Thousand
nine hundred and *95*

Before me

G. J. Wentworth CPA



Craig Stephen Burke



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

13 April 1995

The Hon G Graeme Weideman, MP
Chairman
Public Accounts and Estimates Committee
Level 19, Nauru House
80 Collins Street
MELBOURNE VIC 3000

Dear Graeme,

In response to your letter of 12 April, I wish to advise that I have no knowledge of how the leak referred to came about.

Please find enclosed a statutory declaration formalising the above statement.

Yours sincerely

A handwritten signature in cursive script that reads 'H. Cyrulo'.

HELENA CYRULO

enc

DATED 13 April 19 95

STATE OF VICTORIA

Statutory Declaration
OF

HELENA CYRULO

I, Helena Cyrulo

of St Albans

in the State of Victoria

do solemnly and

sincerely declare

THAT

I have no knowledge of how the leak of a document received by the Public Accounts and Estimates Committee from the Victorian Auditor-General, dated 24 March 1995, came about.

AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of an Act of the Parliament of Victoria rendering persons making a false Declaration punishable for wilful and corrupt perjury.

DECLARED at Melbourne in the
 State of Victoria this Thirteenth
 day of April One Thousand
 nine hundred and ninety five.

Before me } *H. Cyrulo*
S.H. Whiteth CPA



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

16 April 1995

The Hon G Graeme Weideman, MP, JP
Chairman
Public Accounts and Estimates Committee
Melbourne 3000

Dear Mr Weideman,

I refer to your letter dated 12 April 1995 regarding a possible breach of the standing orders.

To the best of my knowledge I do not know how the Auditor-General's letter of 24 March 1995 to the Committee was leaked to the press. I have also attached a statutory declaration with this letter, sincerely declaring that I did not disclose the contents of the letter to any representative of the media.

Yours sincerely

A handwritten signature in cursive script that reads 'Sarjeet'.

Sarjeet Kaur

DATED

19

STATE OF VICTORIA

Statutory Declaration
OF

I, Sarjeet Kaur
of Donvale

in the State of Victoria

do solemnly and

sincerely declare

THAT

I have not disclosed or provided a copy of any part or all of the letter dated 24 March 1995 from the Auditor-General to the Committee, to any representative of the media.

AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of an Act of the Parliament of Victoria rendering persons making a false Declaration punishable for wilful and corrupt perjury.

DECLARED at Melbourne in the
State of Victoria this thirteenth
day of April One Thousand
nine hundred and ninety-five
Before me
S. H. Whitehead CPA

Sarjeet Kaur



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

13 April 1995

The Honourable G. Graeme Weideman, JP, MP,
Parliament House,
MELBOURNE. 3002

Dear Mr Weideman,

I enclose a statutory declaration signed by me in regard to the possible breach of standing orders.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Jennifer Hutchinson'.

Jennifer Hutchinson

DATED _____ 19

STATE OF VICTORIA

Statutory Declaration
OF

I, Jennifer Hutchinson
of North Balwyn

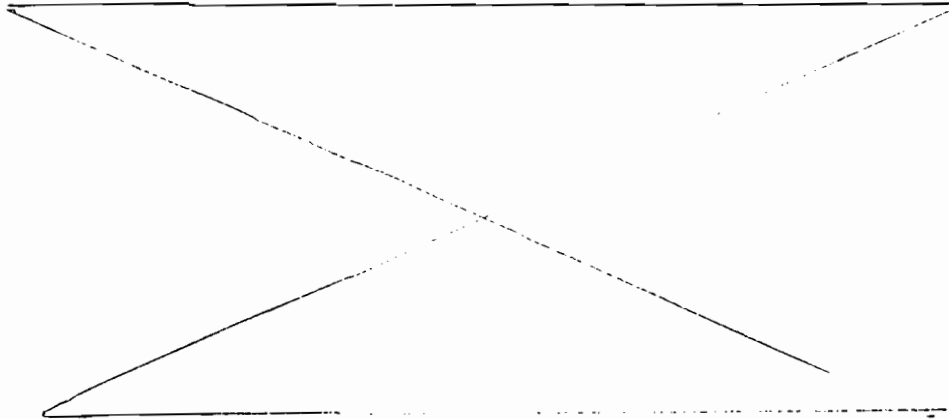
in the State of Victoria

do solemnly and

sincerely declare

THAT

I have not disclosed or provided
a copy of any part of all of
the letter dated 24 March 1995
from the Auditor-General to the
Committee, to any representative
of the media.



AND I make this solemn declaration conscientiously believing the same to be true
and by virtue of the provisions of an Act of the Parliament of Victoria rendering
persons making a false Declaration punishable for wilful and corrupt perjury.

DECLARED at Melbourne in the
State of Victoria this 13th
day of April One Thousand
nine hundred and ninety five
Before me

Dominique Saunders
A Solicitor holding a current
practising certificate in the State
of Victoria under the Legal
Profession Practice Act 1958.

P.O. Box 1405
Collingwood 3066.



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE (03) 655 9767
FAX: (03) 655 0072
APPENDIX J

12 April 1995

Hon. Ian Baker
Parliament House
MELBOURNE VIC 3000

Dear Mr Baker

As you are aware the Committee resolved this morning that I and the Director of Research conduct an investigation into a possible breach of the standing orders and report back to the Committee. Subsequent to the Committee's meeting this morning you indicated that you opened your agenda papers on Tuesday 11 April.

As set out in Erskine May, *Parliamentary Practice*, I am writing to each member of the Committee and its staff to ask if they can explain how the leak came about? I would welcome your response, and any other comments you may wish to make, before Tuesday 18 April. All responses received may be included in my report upon this investigation.

Yours sincerely

A handwritten signature in cursive script that reads 'G Graeme Weideman'.

The Hon G Graeme Weideman, MP, JP
Chairman



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

12 April 1995

Mr Ross Smith
Parliament House
MELBOURNE VIC 3000

Dear Mr Smith

As you are aware the Committee resolved this morning that I and the Director of Research conduct an investigation into a possible breach of the standing orders and report back to the Committee. At the meeting this morning you indicated that you did not read the agenda papers until the meeting. Subsequent to the meeting you indicated that you received the agenda papers in the mail on Monday, 10 April.

As set out in Erskine May, *Parliamentary Practice*, I am writing to each member of the Committee and its staff to ask if they can explain how the leak came about? I would welcome your response, and any other comments you may wish to make, before Tuesday 18 April. All responses received may be included in my report upon this investigation.

Yours sincerely

A handwritten signature in cursive script that reads 'G Graeme Weideman'.

The Hon G Graeme Weideman, MP, JP
Chairman



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

12 April 1995

Mr Tony Hyams
Parliament House
MELBOURNE VIC 3000

Dear Mr Hyams

As you are aware the Committee resolved this morning that I and the Director of Research conduct an investigation into a possible breach of the standing orders and report back to the Committee. At the meeting this morning you indicated that you received your agenda papers on Monday 10 April.

As set out in Erskine May, *Parliamentary Practice*, I am writing to each member of the Committee and its staff to ask if they can explain how the leak came about? I would welcome your response, and any other comments you may wish to make, before Tuesday 18 April. All responses received may be included in my report upon this investigation.

Yours sincerely

A handwritten signature in cursive script that reads 'G Graeme Weideman'.

The Hon G Graeme Weideman, MP, JP
Chairman



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

12 April 1995

Mr Tony Plowman
Parliament House
MELBOURNE VIC 3000

Dear Mr Plowman

As you are aware the Committee resolved this morning that I and the Director of Research conduct an investigation into a possible breach of the standing orders and report back to the Committee. At the meeting this morning you indicated that you received the agenda papers on Tuesday morning, that is 11 April.

As set out in Erskine May, *Parliamentary Practice*, I am writing to each member of the Committee and its staff to ask if they can explain how the leak came about? I would welcome your response, and any other comments you may wish to make, before Tuesday 18 April. All responses received may be included in my report upon this investigation.

Yours sincerely

A handwritten signature in cursive script that reads 'G Graeme Weideman'.

The Hon G Graeme Weideman, MP, JP
Chairman



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

12 April 1995

Hon. Peter Hall
Parliament House
MELBOURNE VIC 3000

Dear Mr Hall

As you are aware the Committee resolved this morning that I and the Director of Research conduct an investigation into a possible breach of the standing orders and report back to the Committee. At the meeting this morning you indicated that you opened your agenda papers last night, that is Tuesday 11 April.

As set out in Erskine May, *Parliamentary Practice*, I am writing to each member of the Committee and its staff to ask if they can explain how the leak came about? I would welcome your response, and any other comments you may wish to make, before Tuesday 18 April. All responses received may be included in my report upon this investigation.

Yours sincerely

A handwritten signature in black ink, reading 'G Graeme Weideman'.

The Hon G Graeme Weideman, MP, JP
Chairman



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

12 April 1995

Hon. David White
Parliament House
MELBOURNE VIC 3000

Dear Mr White

As you are aware the Committee resolved this morning that I and the Director of Research conduct an investigation into a possible breach of the standing orders and report back to the Committee. At the meeting this morning you indicated that you received the agenda papers on Friday 7 April but did not open the envelope until Monday 10 April.

As set out in Erskine May, *Parliamentary Practice*, I am writing to each member of the Committee and its staff to ask if they can explain how the leak came about? I would welcome your response, and any other comments you may wish to make, before Tuesday 18 April. All responses received may be included in my report upon this investigation.

Yours sincerely

A handwritten signature in cursive script that reads 'G Graeme Weideman'.

The Hon G Graeme Weideman, MP, JP
Chairman



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

12 April 1995

Mr Kelvin Thomson
Parliament House
MELBOURNE VIC 3000

Dear Mr Thomson

As you are aware the Committee resolved this morning that I and the Director of Research conduct an investigation into a possible breach of the standing orders and report back to the Committee. Subsequent to the Committee's meeting this morning you indicated that you did not receive the agenda papers until Monday 10 April.

As set out in Erskine May, *Parliamentary Practice*, I am writing to each member of the Committee and its staff to ask if they can explain how the leak came about? I would welcome your response, and any other comments you may wish to make, before Tuesday 18 April. All responses received may be included in my report upon this investigation.

Yours sincerely

A handwritten signature in cursive script that reads 'G Graeme Weideman'.

The Hon G Graeme Weideman, MP, JP
Chairman



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

LEVEL 19
NAURU HOUSE
80 COLLINS STREET
MELBOURNE, VIC. 3000

TELEPHONE: (03) 655 9767
FAX: (03) 655 6075

12 April 1995

Hon. Theo Theophanous
Parliament House
MELBOURNE VIC 3000

Dear Mr Theophanous

As you are aware the Committee resolved this morning that I and the Director of Research conduct an investigation into a possible breach of the standing orders and report back to the Committee. At the meeting this morning you indicated that you received the document in question on Friday 7 April, that the document had also been provided to the Department of the Treasury and commented on possible motives of the Auditor-General.

As set out in Erskine May, *Parliamentary Practice*, I am writing to each member of the Committee and its staff to ask if they can explain how the leak came about? I would welcome your response, and any other comments you may wish to make, before Tuesday 18 April. All responses received may be included in my report upon this investigation.

Yours sincerely

A handwritten signature in black ink, reading 'G Graeme Weideman'.

The Hon G Graeme Weideman, MP, JP
Chairman



LEGISLATIVE ASSEMBLY
PARLIAMENT HOUSE
MELBOURNE, VIC. 3002
TELEPHONE: 651 8911
EXT. 18835

Electorate Office,
73 Railway Parade North,
GLEN WAVERLEY 3150.

ROSS SMITH M.P.
MEMBER FOR GLEN WAVERLEY

Telephone: (03) 803 0501/2
Facsimile: (03) 803 3513

13th April 1995

The Hon G. Graeme Weideman, JP, MP
Chairman
Public Accounts and Estimates Committee
Parliament of Victoria
Level 19
Nauru House
80 Collins Street
MELBOURNE VIC 3000

Dear Mr Weideman,

Further to your letter of 12th April 1995, which pursues a breach of standing orders in relation to a leak of a Committee document, I am unable to provide any information to assist you.

As I told the Committee, I did not read the document until the morning of the meeting held on 12th April. Furthermore, my electorate office did not receive the minutes containing the document sent by mail from the Committee until the morning of Monday, 10th April 1995.

Yours sincerely,

ROSS SMITH MP
Member for Glen Waverley

TONY HYAMS MLA
MEMBER FOR DROMANA

ELECTORATE OFFICE-
853 POINT NEPEAN ROAD
ROSEBUD, VIC. 3939
TELEPHONE: (059) 86 6661
FACSIMILE: (059) 81 1360



LEGISLATIVE ASSEMBLY
PARLIAMENT HOUSE
MELBOURNE, VIC. 3002
TELEPHONE: 651 8911
EXT:

13 April 1995

The Hon G Graeme Weideman, MP, JP
Chairman
Public Accounts & Estimates Committee
19 / Nauru House
80 Collins Street
MELBOURNE 3000

Dear Graeme

I refer to your letter of 12 April 1995 in which you advise that you and the Director of Research will conduct an investigation into a possible breach of Standing Orders. In response to your enquiry, I advise that I am unable to explain how the leak of information discussed at yesterday's meeting might have come about.

I can confirm, however, that I received my Agenda papers on Monday 10 April and I can assure you that the leak did not and could not have come from me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Hyams'.

TONY HYAMS MP

ELECTORATE OFFICE
122 FRANKLIN STREET
P.O. BOX 1836
TRARALGON, VICTORIA 3844
TELEPHONE 034 410003
FACSIMILE 034 410038



LEGISLATIVE COUNCIL
PARLIAMENT HOUSE
MELBOURNE, VIC. 3002
TELEPHONE 651 6511

THE HON. PETER HALL, M.L.C.
MEMBER FOR GIPPSLAND PROVINCE

13th April, 1995.

The Hon Graeme Weideman, MP, JP,
Chairman,
Public Accounts and Estimates Committee,
Level 19
Nauru House
80 Collins Street,
MELBOURNE 3000

Dear Mr. Weideman,

In response to your letter of April 12 I wish to confirm the following:

On Monday, April 10 at approximately 6.45pm, I arrived at Parliament House and first noticed a sealed envelope from the Public Accounts and Estimates Committee on my desk chair. I did not open this envelope until Tuesday evening April 11. It was at this time I first became aware of the letter from the Auditor-General, the subject of your enquiry.

I am totally unaware of any circumstances pertaining to the leak to which you refer and am unable to contribute anything by way of explanation.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Peter Hall'.

Peter Hall, MLC
MEMBER FOR GIPPSLAND PROVINCE

EXTRACTS FROM THE RECORDS OF PARLIAMENT

MINUTES OF THE PROCEEDINGS OF THE LEGISLATIVE COUNCIL

Tuesday 10 November 1992

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE - The Honourable R.I. Knowles moved, by leave, That, contingent upon the Royal Assent being given to the Parliamentary Committees (Amendment) Bill, the Honourables P.R. Hall, T.C. Theophanous and D.R. White be members of the Public Accounts and Estimates Committee

Question - put and resolved in the affirmative.

VOTES AND PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY

Friday 13 November 1992

JOINT INVESTIGATORY COMMITTEES - Motion made, by leave, and question - That contingent on the coming into operation of the *Parliamentary Committees (Amendment) Act 1992* -

Mr Baker, Mr Hyams, Mr Plowman (*Benambra*), Mr Smith (*Glen Waverley*), Mr Thomson (*Pascoe Vale*) and Mr Weideman be members of the Public Accounts and Estimates Committee.

(*Mr Gude*) - put and agreed to.

REPORTS OF THE PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

REPORT	TITLE	DATE
1	Private Investment in the Provision of Public Infrastructure	November 1993
2	The Performance Audit of the Auditor General of Victoria	November 1993
3	1992-93 Budget Estimates and Outcomes	November 1993
4	A Report on Activities - 1993	May 1994
5	Victorian Public Hospitals - Arrangements with Contracted Doctors	May 1994
6	Interim Report on the 1993-94 Budget Estimates and a Report on a matter related to the Auditor-General's Report on the 1992-93 Finance Statement	May 1994
7	Interim Report on the State's Budget and Financial Management Framework	May 1994
8	Housing Guarantee Fund Limited; A report on the Housing Guarantee Fund Limited's annual reports for 1991-92 and 1992-93	September 1994
9	Final Report on the 1993-94 Budget Estimates and Outcomes	November 1994
10	A Report on Activities - 1994	April 1995

OTHER

Thrift and the Noiseless Step; 100 Years of Public Accounts Committees of the Parliament of Victoria	July 1994
Appointment of an Auditor to Conduct a Performance Audit of the Auditor-General	April 1995
Appointment of an Auditor to Conduct a Financial Audit of the Victorian Auditor-General's Office	April 1995
Special Report: Investigation into a Possible Breach of the Standing Orders	May 1995

EXTRACT FROM THE PROCEEDINGS OF THE COMMITTEE

27 April 1995

The minutes of the Proceedings of the Committee show the following Divisions which took place during consideration of the draft report.

Consideration of Draft Report

Question, moved by the Hon. T.C. Theophanous and seconded by the Hon. D.R. White, That the draft report be considered at the next meeting of the Committee and that the new evidence which has been provided to the Committee be incorporated in the report - put.

The Committee divided:

Ayes, 3

Hon. I.M.J. Baker, MP

Hon. D.R. White, MLC

Hon. T.C. Theophanous, MLC

Noes, 5

Hon. G.G. Weideman, JP, MP (Chairman)

Mr T. Hyams, MP

Mr A.F. Plowman, MP

Mr E.R. Smith, MP

Hon. P.R. Hall, MLC

And so it passed in the negative.

Finding 1

Question, moved by the Hon. P.R. Hall and seconded by Mr A.F. Plowman, That draft Finding 1 stand part of the report - put.

The Committee divided:

Ayes, 5

Hon. G.G. Weideman, JP, MP (Chairman)

Mr T. Hyams, MP

Mr A.F. Plowman, MP

Mr E.R. Smith, MP

Hon. P.R. Hall, MLC

Noes, 3

Hon. I.M.J. Baker, MP

Hon. D.R. White, MLC

Hon. T.C. Theophanous, MLC

And so it was resolved in the affirmative.

Finding 2

Question, moved by Mr T. Hyams and seconded by Mr E.R. Smith, That draft Finding 2 stand part of the report - put.

The Committee divided:

Ayes, 5

Hon. G.G. Weideman, JP, MP (Chairman)

Mr T. Hyams, MP

Mr A.F. Plowman, MP

Mr E.R. Smith, MP

Hon. P.R. Hall, MLC

Noes, 3

Hon. I.M.J. Baker, MP

Hon. D.R. White, MLC

Hon. T.C. Theophanous, MLC

And so it was resolved in the affirmative.

Finding 3

Question, moved by Mr E.R. Smith and seconded by the Hon. P.R. Hall, That draft Finding 3 stand part of the report - put.

The Committee divided:

Ayes, 5

Hon. G.G. Weideman, JP, MP (Chairman)

Mr T. Hyams, MP

Mr A.F. Plowman, MP

Mr E.R. Smith, MP

Hon. P.R. Hall, MLC

Noes, 3

Hon. I.M.J. Baker, MP

Hon. D.R. White, MLC

Hon. T.C. Theophanous, MLC

And so it was resolved in the affirmative.

Recommendation

Question, moved by Mr A.F. Plowman and seconded by the Hon. P.R. Hall, That the draft Recommendation stand part of the report - put.

The Committee divided:

Ayes, 5

Hon. G.G. Weideman, JP, MP (Chairman)

Mr T. Hyams, MP

Mr A.F. Plowman, MP

Mr E.R. Smith, MP

Hon. P.R. Hall, MLC

Noes, 3

Hon. I.M.J. Baker, MP

Hon. D.R. White, MLC

Hon. T.C. Theophanous, MLC

And so it was resolved in the affirmative.

Appendix L

Question, moved by Mr E.R. Smith and seconded by the Hon. P.R. Hall, That Appendix L stand part of the report - put.

The Committee divided:

Ayes, 5

Hon. G.G. Weideman, JP, MP (Chairman)

Mr T. Hyams, MP

Mr A.F. Plowman, MP

Mr E.R. Smith, MP

Hon. P.R. Hall, MLC

Noes, 3

Hon. I.M.J. Baker, MP

Hon. D.R. White, MLC

Hon. T.C. Theophanous, MLC

And so it was resolved in the affirmative.

Adoption of draft report

Question, moved by Mr E.R. Smith and seconded by the Hon. P.R. Hall, That the draft report including paragraphs 1 to 5, and appendices, be the report of the Committee - put.

The Committee divided:

Ayes, 5

Hon. G.G. Weideman, JP, MP (Chairman)

Mr T. Hyams, MP

Mr A.F. Plowman, MP

Mr E.R. Smith, MP

Hon. P.R. Hall, MLC

Noes, 3

Hon. I.M.J. Baker, MP

Hon. D.R. White, MLC

Hon. T.C. Theophanous, MLC

And so it was resolved in the affirmative.

EVIDENCE FROM MEMBERS

A. Verbal evidence from the Hon. T.C. Theophanous.

Extract of the minutes of the Committee's meeting of 27 April:

"Mr Theophanous: I am quite happy to indicate to the Committee that I received the document on the Friday and did not provide any journalist with the document. The document was in my office from Friday. I understand that the document was also in the office of other members on that Friday. My office is always open but beyond that I have no further comment to make in relation to this issue, except to say that I was obviously contacted by the media and asked for comments on it.

Mr Weideman: When were you contacted by the media?

Mr Theophanous: I think it would have been the Sunday.

Mr Weideman: Are you saying you did not discuss it or give it to anyone at all?

Mr Theophanous: I discussed it with other advisers, my secretary. I think it is appropriate to talk about such issues with my staff."

"Mr Weideman: Therefore you discussed the matter with other members of your inner sanctum but no-one else?

Mr Theophanous: Yes. "

B. Written evidence from Mr A.F. Plowman.

y Plowman M.P.

TEL No.

060561172 26,04,95 9:17 P.01

ELECTORAL OFFICE
SUITE 8
27 STANLEY STREET
P.O. BOX 587
WODONGA, VIC. 3689
PHONE (060) 24 4400
FAX No. (060) 56 1172



LEGISLATIVE ASSEMBLY
PARLIAMENT HOUSE
MELBOURNE, VIC. 3002
TELEPHONE (051) 653 6533
FAX

TONY PLOWMAN MP
STATE MEMBER FOR BENAMBRA

24th April 1995

The Hon G Graeme Weideman, MP, JP
Chairman
Public Accounts & Estimates Committee
Level 19, Nauru House
80 Collins Street
MELBOURNE VIC 3000

Dear Graeme,

In response to your request on the 12 April 1995, I would like to indicate that I received the Agenda papers for the Public Accounts and Estimates Committee that are in question on Tuesday morning, 11th April 1995.

Neither I nor any member of my staff had the opportunity to read them or were even aware of their presence until that time.

Yours sincerely,

A handwritten signature in cursive script that reads "Tony Plowman".

Tony Plowman
Member for Benambra

C. Written evidence from Mr K.J. Thomson.



**SHADOW MINISTER FOR EMPLOYMENT, INDUSTRIAL RELATIONS,
INDUSTRY and TRADE**

ELECTORATE OFFICE
122 Snell Grove,
OAK PARK, 3046
Tel: 306 9023
Fax: 306 2891



LEGISLATIVE ASSEMBLY
PARLIAMENT HOUSE
MELBOURNE, VIC. 3002
TELEPHONE: 651 8911

**KELVIN THOMSON, M.L.A.
MEMBER FOR PASCOE VALE**

18 April, 1995

The Hon. Graeme Weideman, MP,
Chairman,
Public Accounts and Estimates
Committee,
Level 19,
Naura House,
80 Collins Street,
MELBOURNE 3000

Dear Graeme,

I refer to your letter of 12 April concerning a possible breach of the standing orders.

I received the agenda papers to which you refer on Monday, 10 April. I was not involved in "leaking" or releasing it in any form, nor am I aware of the source of its release. Indeed until I received your letter of 12 April, I had neither read the agenda papers in question, nor was I aware that there had been a leak.

Yours sincerely,

**KELVIN THOMSON, M.L.A.,
Member for Pascoe Vale**