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PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

FOURTH REPORT TO PARLIAMENT

A REPORT ON ACTIVITIES - 1993

MAY 1994

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1994

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

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PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE



**Back : Hon G Graeme Weideman, JP, MP (Chairman)
Front L to R: Mr Tony Hyams, MP; Hon Peter Hall, MLC; Mr Tony Plowman, MP**



**Back Row L to R: Mr Kelvin Thomson, MP; Hon G Graeme Weideman, MP (Chairman)
Mr Tony Hyams, MP Front Row L to R: Hon Theo Theophanous, MLC;
Hon Ian Baker, MP (Deputy Chairman); Hon David White, MLC**

COMMITTEE STAFF



Back Row L to R: Mr Craig Burke, Director of Research; Hon G Graeme Weideman, MP (Chairman)
Front Row L to R: Mrs Dianne Agis, Research Officer; Ms Kathy Hogg, Research Officer;
Mrs Helena Cyrulo, Office Manager

PROFILE OF COMMITTEE MEMBERS

Hon G. Graeme Weideman, JP, MLA, Chairman

Graeme Weideman, a pharmaceutical chemist, was first elected to Parliament as MLA for Frankston in March 1976. He has served as Minister for Tourism; Minister for State Development, Decentralisation & Tourism; and Minister assisting the Minister for Health. His Parliamentary committee service has included the Public Accounts Committee 1979-80; Public Bodies Review Committee 1980-81; the House Committee since 1989; and chairmanship of the Public Accounts and Estimates Committee since November 1992.

Hon Ian M. J. Baker, MLA, Deputy Chairman

Ian Baker was elected MLA for Sunshine in October 1988 and is currently the Shadow Treasurer. Ian Baker has served as Minister for Property and Services; Minister for Agriculture; and Minister for Food and Agriculture. His Parliamentary committee service includes membership of the Economic and Budget Review Committee and the Estimates Sub-Committee 1988-92; Library Committee since 1992; and deputy chairmanship of the Public Accounts and Estimates Committee since November 1992. His background includes journalism and television production, as well as executive positions with various public sector bodies.

Hon Peter R. Hall, MLC

Before being elected MLC for Gippsland Province in October 1988, Peter Hall was a secondary teacher with the Ministry of Education, Victoria. He has been Parliamentary representative on Monash University Council since 1991. Parliamentary committee memberships include Public Bodies Review Committee 1988-92; Library Committee since 1988; Privileges Committee, Standing Orders Committee and Public Accounts and Estimates Committee since November 1992.

Mr Tony J. Hyams, MLA

Tony Hyams was elected MLA for Dromana in October 1992. He has served on the Public Accounts and Estimates Committee since November 1992. Before entering Parliament Mr Hyams was active in international banking after briefly practicing law. He was also involved with investment management and small business.

Mr Tony F. Plowman, MLA

Before his election as MLA for Benbambra in October 1992, Tony Plowman's career included several rural industry based occupations, i.e. jackaroo, herdsman, station hand, stockman and station manager. This was followed by work with the Soil Conservation Authority; the Department of Conservation, Forests and Land; and the Independent Committee of Review for the Department of Water Resources. Tony Plowman has served on the Public Accounts and Estimates Committee since November 1992.

Mr Ross Smith, MLA

Ross Smith has a background in teaching and journalism, and has worked for the Immigration Department in London. He served in the regular army for most of his working life, having completed two tours of Vietnam, and later attaining the rank of Lt. Colonel. He was first elected MLA for Glen Waverley in 1985. Ross Smith has served on the Social Development Committee and the Legal and Constitutional Committee 1988-92, and has been a member of both the Privileges Committee and the Public Accounts and Estimates Committee, since November 1992.

Hon Theo C. Theophanous, MLC

MLC for Jika Jika Province since October 1988, Theo Theophanous has a public service and tutoring background, having tutored in politics and sociology at La Trobe University. He has held the portfolios of Consumer Affairs and Small Business and was Minister assisting the Minister for Manufacturing and Industry Development. He is currently the Shadow Minister for Finance as well as State Owned Enterprises, and Shadow Minister responsible for WorkCover. Theo Theophanous was on the Economic and Budget Review Committee and Public Accounts Sub-Committee 1988-1992 (Chairman 1991-92), and has been on the Public Accounts and Estimates Committee since November 1992.

Mr Kelvin J. Thomson, MLA

Kelvin Thomson was elected MLA for Pascoe Vale in October 1988, and is currently the Shadow Minister for Employment, Industry and Trade, as well as Industrial Relations. Before his election, Kelvin Thomson had a varied background. He has worked with the Commonwealth Public Service Board, the Commonwealth Ombudsman and Australia Post, as well as having been an electorate secretary. His Committee memberships include the Legal and Constitutional Committee and the Subordinate Legislation Sub-Committee 1988-92, and the Public Accounts and Estimates Committee since November 1992.

Hon David R. White, MLC

David White was first elected MLC for Doutta Galla Province in 1976. Before his election he had worked as an audit clerk and as a research officer to the Victorian Opposition Leader 1971-76. During his political career, David White has held several portfolios, including Mines; Minerals and Energy; Water Supply; Health; Industry, Technology and Resources; and Manufacturing and Industry Development. He is currently the Shadow Minister for Energy & Minerals, and also for Major Projects & Infrastructure Development. His Committee service includes the State Development Committee 1979-82; Public Bodies Review Committee 1980-82; Statute Law Revision Committee 1979; and both the Privileges Committee and the Public Accounts and Estimates Committee since 1992.

THE COMMITTEE DURING PROCEEDINGS



L to R: Hon Peter Hall, MLC; Mr Tony Hyams, MP; Mr Ross Smith, MP; Hon David White, MLC;
Hon G Graeme Weideman, MP (Chairman)



L to R: Hon Peter Hall, MLC; Mr Tony Hyams, MP; Mr Ross Smith, MP (obscured);
Hon David White, MLC; Hon G Graeme Weideman, MP (Chairman); Mr Craig Burke;
Mr Tony Plowman, MP

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CHAIRMAN'S INTRODUCTION

It is with considerable satisfaction that I look back over the Committee's first year of operation. The Committee has proved that it can work in a constructive and bipartisan way and has produced significant benefits for the Parliament and the community. The Members comprise a balance of diverse backgrounds and significant experience and skills.

Highlights of the year include the issue of the Committee's first three reports. This was achieved with fewer members and a significantly smaller staff than formerly existed.

The aim of this report is to promote a general understanding of the Committee's activities and to demonstrate its willingness to be accountable, the latter being something it demands of public sector bodies. It is planned that future annual reports will detail outcomes against the Committee's performance indicators and include Government responses to the Committee's reports.

Members look forward to another successful year and the celebration of the Committee's centenary in 1995.

On behalf of the Committee I thank the Committee's staff for their very significant and valuable contribution. I would particularly like to acknowledge the work of Mr Craig Burke, Director of Research, Mrs Dianne Agis, Research Officer, and Mrs Helena Cyrulo, Office Manager.

Hon G. Graeme Weideman, JP, MP
Chairman
Public Accounts and Estimates Committee



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|-------------------------|
| CHAPTER 1: INTRODUCTION |
|-------------------------|

1.1 Origins and Functions of the Committee

The first Public Accounts Committee in Australia was appointed by the Victorian Legislative Assembly on 29 January 1895. Victoria has the oldest Public Accounts Committee in Australia, being 100 years old in January 1995. The Assembly had considered a motion to appoint a Public Accounts Committee (PAC) as early as August 13 1868, which was seven years after the appointment of the first PAC by the British House of Commons. The establishment of such a committee however, was not to eventuate until twenty seven years later.

During the last ten years the Committee has operated under another name - the Economic and Budget Review Committee. Its proper name was restored in 1992.

In October 1992, early in the first session of the 52nd Parliament, the new Kennett Government introduced amendments to the *Parliamentary Committees Act 1968* which changed the number, names and functions of the five Joint Investigatory Committees originally set up in 1982 and replaced them with nine new committees being:

- Public Accounts and Estimates Committee;
- Economic Development Committee;
- Community Development Committee;
- Crime Prevention Committee;
- Environment and Natural Resources Committee;
- Law Reform Committee;
- Public Bodies Review Committee;
- Road Safety Committee; and
- Scrutiny of Acts and Regulations Committee.

The Public Accounts and Estimates Committee's nine Members of Parliament are drawn from the Legislative Council and the Legislative Assembly (refer appendix).

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 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 Public Accounts and Estimates Committee clearly views itself as a key element of the State's accountability framework or overall system of control. Of its nine Members, five are from the Coalition and four from the Opposition.

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.

1.2 Committee Processes

The Public Accounts and Estimates Committee has two key functions, those being the traditional public accounts and estimates functions.

The Public Accounts Function

The public accounts function is predominantly based on the reports of the Auditor-General ie. the function is one of post-mortem examination.

The Committee's public accounts function involves writing selectively to the head of each Department or authority which has been mentioned unfavourably in an Auditor-General's report, seeking further information on what occurred and how it is being remedied. Responses deemed unsatisfactory are followed up.

A formal approach is taken to these inquiries. Ministers and/or senior public servants are examined in public hearings. Hansard records the proceedings of the hearings, and produces transcripts of evidence, which are available from the Committee for public examination. The Public Accounts and Estimates Committee has not yet seen a need to examine witnesses under oath at public hearing. Due mainly to its dual estimates and public accounts functions, it has tended to invite both Ministers and senior public servants to public hearing while traditionally Public Accounts Committees (PACs) would normally only invite senior public servants.

In addition to reviewing the reports of the Auditor-General, PACs usually undertake several large inquiries during the year. These may examine the performance of a specific department, or perhaps some aspect of financial procedure across the public sector, eg. debt management or asset valuation.

The Estimates Function

The estimates function of the Committee is carried out using a different approach and is based on:

- the Budget Papers;
- responses of Departments to the Committee's standard and other questionnaires;
- submissions and other documents provided to the Committee;
- monthly Niemeyer statements;
- the annual Finance Statement including the Auditor-General's Report on that Statement; and
- evidence obtained at public hearings.

Not all departments are invited to public hearing each year however it is the aim of the Committee to invite all departments to an "estimates" public hearing at least once during the 52nd Parliament. Major departments can expect to be invited to public hearing at least annually.

Legislative Requirements

The Committee has the power to make recommendations to the Parliament, and the appropriate responsible Minister is required to respond to these recommendations within six months of the report having been tabled. The relevant section of the *Parliamentary Committees Act 1968* reads as follows:

"Where a report to the Parliament of a Joint Investigatory Committee other than the Public Bodies Review Committee recommends that a particular action be taken by the Government with respect to a matter, the appropriate responsible Minister of the Crown shall, within six months of the report of the committee being laid before both Houses of Parliament, report to the Parliament as to the action (if any) proposed to be taken by the Government with respect to the recommendation of the Committee".

CHAPTER 2: CORPORATE PLAN**2.1 Mission:**

On behalf of the Parliament to scrutinise, assess and contribute to public debate on the expenditure of public monies.

2.2 Corporate Objectives

2.2.1 To encourage the economic, efficient and effective utilisation of public sector resources.

2.2.2. To contribute to greater accountability of the executive government to the Parliament and the public.

2.2.3. To contribute to the presentation and disclosure of information provided to the Parliament and the public.

2.3 Corporate Strategies

2.3.1 Examine significant public sector financial and management issues by:

(i) maintaining an awareness of key government policy and public sector financial management issues; and

(ii) reviewing:

- the implementation of government policy; and
- the effectiveness of public sector internal control and risk management systems,

partly through the follow-up of the reports and activities of the Auditor-General.

2.3.2 Develop strategies which aim to bring about the reforms necessary to improve accountability and ensure that services provided by government reflect value for money.

2.3.3 Maintain the Committee's credibility and relevance with members of Parliament, the public sector and the public.

2.4 Performance Measures

| Strategy | Performance Measures | Targets for 1994 |
|--|--|---|
| Examine significant public sector financial and management issues. | Inquiries into reports of the Auditor-General. | 2 |
| | Regular review of departmental budget estimates and outcomes. | All major departments to be reviewed. Triennial reviews of all other departments |
| | The number of reports tabled during the financial year. | 3 |
| | Amount of interest generated by inquiries and reports | At least 50 requests for each Committee report. |
| Develop strategies which aim to bring about the reforms necessary to improve accountability and ensure that services provided by government reflect value for money. | The number of reports tabled during the financial year. | 3 |
| | The number of recommendations included in the Committee's reports which have been rejected by the executive. | Nil |
| | Annual Committee follow-up (and reporting) on outstanding issues/recommendations not yet implemented. | Every Committee report. |
| | Amount of interest generated by reports. | At least 50 requests for each Committee report. |
| | Timeliness of responses to the Committee's reports. | All recommendations to be followed up to ascertain the action taken by the executive and/or the Parliament. |

| Strategy | Performance Measures | Targets for 1994 |
|--|---|--|
| <p>Maintenance of the Committee's credibility and relevance.</p> | <p>Quality of reports as evidenced by acceptance of recommendations and amount of interest generated.</p> | <p>Nil rejected recommendations. At least 50 requests for each Committee report.</p> |
| | <p>Timeliness of responses to the Committee's recommendations.</p> | <p>Responses provided within the timeframe specified in the Act.</p> |
| | <p>Timeliness and quality of information supplied to the Committee.</p> | <p>The Committee's deadlines and requirements always met.</p> |
| | <p>The number of reports tabled during the year.</p> | <p>3</p> |



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| CHAPTER 3: ADMINISTRATION AND STAFFING |
|--|

3.1 Core Staffing

Following the formation of the Public Accounts and Estimates Committee in November 1992, a staffing sub-committee was formed, consisting of :

Hon Graeme Weideman, MP (Chairman)
 Hon Ian Baker, MP
 Mr Ross Smith, MP
 Mr Kelvin Thomson, MP

Advertisements were placed, and the Sub-Committee interviewed the short-listed applicants, resulting in the following core staff being appointed. The Committee's staff are appointed on a contract basis for a maximum term equal to the life of the 52nd Parliament.

| | | |
|-------------------|---|--|
| Mr Craig Burke | - | Director of Research (Commenced 16/6/93) |
| Mrs Dianne Agis | - | Research Officer (Commenced 28/6/93) |
| Mrs Helena Cyrulo | - | Office Manager (Commenced 2/6/93) |

During the period before the commencement of core staff, the Committee was ably assisted in its administration at different times by the following personnel :

| | |
|--------------------|------------------|
| Mr David Ali | Ms Iris McLeod |
| Mr Ray Purdey | Mr Paul Venosta |
| Ms Vera Velickovic | Ms Laurel Keith. |

Ms Victoria Walker assisted the Committee as a research officer until April 1993 and the Committee greatly appreciated her valuable contributions.

3.2 Secondments

The Committee has a policy of accepting officers from the Victorian Audit Office, as well as other public sector bodies and private accounting practices, to act as research officers for the Committee. Such secondments assist the Committee and broaden the participants' work experience. Secondments during the year have been :

Mr Craig Burke : Victorian Audit Office
(February - May 1993) (Subsequently appointed as the
Committee's Director of Research)

Mr Michael Quayle : Department of Finance
(September 1993 - March 1994)

The Committee expresses its thanks to these seconded officers and their organisations for the valuable assistance given and agreement to share costs.

3.3 Consultants

From time to time the Committee employs the services of consultants to augment its core staff, and to provide specialist expertise, experience and knowledge.

The Committee would like to thank the following people, who were engaged as consultants by the Committee during 1993 :

Mr Angus Trumble was employed to assist with preparations for the Committee's centenary celebrations, to be held during January-February 1995. His efforts culminated in the production of an essay, entitled: *The Origins and Early Achievements of the Public Accounts Committee of the Parliament of Victoria*.

Mr Eric Dyrenfurth was employed to assist with preparation of the Committee's third report to parliament: *1992-93 Budget Estimates and Outcomes*.

CHAPTER 4: REPORTS TABLED DURING THE YEAR**4.1 Report No. 1: PRIVATE INVESTMENT IN THE PROVISION
 OF PUBLIC INFRASTRUCTURE
 November 1993**

For its first report, the Public Accounts and Estimates Committee has issued a Report confined to a particular financial management topic, namely private investment in the provision of public infrastructure. The Committee's inquiry was initiated by the former Estimates Sub-Committee and dealt with many complex issues.

The Committee's focus was on financial management and parliamentary accountability and on the identification of ways to improve and promote the provision of public infrastructure using private investment.

The Report discusses some of the key financial characteristics of private investment in public infrastructure having considered some instructive examples. Issues related to parliamentary accountability and control emerged together with the Committee's framework for successful private investment in public infrastructure.

**4.2 Report No. 2: THE PERFORMANCE AUDIT OF THE
 AUDITOR-GENERAL OF VICTORIA
 November 1993**

In 1992, the first performance audit of the Victorian Auditor-General's Office was undertaken by Mr Fergus Ryan of Arthur Andersen. Overall audit conclusions by Mr Ryan were very favourable. A number of recommendations and suggestions were also made by Mr Ryan to further improve accountability and encourage optimal use of public resources.

The Committee's report considered the issues raised by Mr Ryan, along with a number of related matters. Some of the Committee's main findings included:

- the Auditor-General should concentrate his audit resources in those areas which represent the greatest risk and/or are the most significant to the public sector as a whole;

- a bi-partisan Parliamentary committee, rather than the executive, should be responsible for reviewing the Audit Office's budget and making a recommendation on this to the Parliament;
- there is scope for improving public accountability by broadening the Auditor-General's audit mandate; and
- the Public Accounts and Estimates Committee should be responsible for making a recommendation to the Parliament concerning the appointment of the Auditor-General.

4.3 Report No. 3: 1992-93 BUDGET ESTIMATES AND OUTCOMES
November 1993

This Report focused on the 1992-93 Budget Outcomes and was the first 'Estimates' report by the Public Accounts and Estimates Committee.

The Committee found that the Government has taken major strides in improved financial management through its financial management improvement initiatives, with even further progress to come - through, for example, Departmental Performance Estimates. Initiatives include a robust and credible system of forward estimates and a focus on funding outputs/outcomes and not inputs.

The Committee's report made practical suggestions, including:

- more focused reporting on School Education, Hospital Inpatient Services and the Public Transport Corporation;
- more intensive scrutiny of unspent carryovers to future years;
- more rigorous excision of inflated 'softness' from some Departmental recurrent expenditure bases; and
- clearer distinctions between productivity savings from new initiatives, and those rolling forward from previous years.

Other important issues canvassed in the Report included:

- effective teacher reduction outcomes in school education;
- continuing public hospital revenue shortfalls;
- public transport deficit reduction outcomes; and
- the rate of continuing civilianisation of police duties by public servants.

CHAPTER 5: INQUIRIES IN PROGRESS

The following inquiries are in progress:

Visiting Medical Officer Arrangements

The Terms of Reference for this Inquiry include:

To inquire into, consider and report on:

- issues raised by the Auditor-General in his performance audit report - Visiting Medical Officer Arrangements (Special Report No. 21, April 1993); and
- action taken and proposed, by the Australian Medical Association (Victorian Branch), the Victorian Hospitals' Association and the Department of Health and Community Services, as a result of the Auditor-General's findings and recommendations.

The Committee proposes to present its report to the Parliament during the Autumn 1994 session.

1993-94 Budget Estimates and Outcomes

The Committee's objectives are to:

- constructively contribute to the presentation of budget information, including key financial management details, to the Parliament and the public;
- facilitate a greater understanding of the Budget Estimates;
- encourage clear, full and precise statements of the Government's objectives and planned budget outcomes;
- assist the Parliament and the public to assess the achievement of planned budget outcomes; and
- encourage economical, efficient and effective program administration.

The Committee proposes to present an interim report to the Parliament during the Autumn 1994 Session. A final report will be tabled during the Spring 1994 session.

The State's Budget and Financial Management Framework

One key objective of the Inquiry is to place emphasis on the implementation of the recommendations of the Victorian Commission of Audit in respect of the State's Budget and Financial Management Framework, (chapters 5 and 6 of the Commission's Report, excluding those recommendations relating to the Auditor-General).

This inquiry will be conducted in two parts. The Committee proposes to present its report on Phase One to the Parliament during the Autumn 1994 Session.

1993 Ministerial Portfolios Report of the Auditor-General

This Inquiry is in the preliminary planning stages.

Information Technology in the Public Sector

This Inquiry is in the preliminary planning stages.

CHAPTER 6: ACTIVITIES OF THE COMMITTEE

6.1 Meetings and Public Hearings Held

| DATE | SUBJECT | ORGANISATION | WITNESSES/ IN ATTENDANCE |
|-------------|---|--|--|
| 1993 | | | |
| 27 January | Deliberative meeting | | |
| 3 February | Deliberative meeting | | |
| 10 February | Deliberative meeting | | |
| 17 February | Deliberative meeting | | |
| 24 February | Deliberative meeting | | |
| 3 March | Deliberative meeting | | |
| | Public Hearings - PRIVATE INVESTMENT IN THE PROVISION OF PUBLIC INFRASTRUCTURE | Department of the Treasury | Mr Jack Reilly Mr Don Nicholls Mr Justin Brennan |
| | 1992-93 BUDGET ESTIMATES | Department of Transport | Hon Alan Brown, MP Mr John McMillan Mr Steve Shanks |
| 17 March | Deliberative meeting | | |
| 24 March | Deliberative meeting | | |
| | Public Hearing - 1992-93 BUDGET ESTIMATES | Department of Education | Hon Don Hayward, MP Mr Peter Kirby Mr Geoff Spring Mr Murray Sykes Mr Neil Brown Mr John Pascoe Mr Robert Lamb |
| 31 March | Deliberative meeting | | |
| 7 April | Public Hearing - PERFORMANCE AUDIT OF THE AUDITOR-GENERAL | Department of the Premier and Cabinet | Mr Ken Baxter Mr John Rimmer Mr Greg Hyams Mr Bob Arundell |
| 14 April | Deliberative meeting | | |
| | Public Hearing - 1992-93 BUDGET ESTIMATES | Department of Finance | Hon Ian Smith, MP Mr Doug Thomas |
| 21 April | Deliberative meeting | | |
| 28 April | Public Hearing - PERFORMANCE AUDIT OF THE AUDITOR-GENERAL | Zoological Board of Victoria | Mr Chris Larcombe |
| 12 May | Deliberative meeting | PAC Nauru (Chairman) | Hon Kennan Adeang, MP |

| DATE | SUBJECT | ORGANISATION | WITNESSES/ IN ATTENDANCE |
|--------------|---|--|---|
| 1993 | | | |
| 19 May | Deliberative meeting Public Hearing - 1992-93 BUDGET ESTIMATES | Department of Agriculture | Hon William McGrath MP Mr Terry Healy Mr Ras Lawson Mr Ross Davies |
| 26 May | Public Hearing - 1992-93 BUDGET ESTIMATES | Department of Justice | Hon Pat McNamara, MP Mr Warren McCann Mr Mark Thomas Mr Neil Comrie Mr John van Groningen Mr Bon Annelis |
| 13 July | Deliberative meeting | | |
| 7 July | Deliberative meeting | | |
| 21 July | Deliberative meeting | | |
| 28 July | Deliberative meeting | | |
| 4 August | Deliberative meeting | | |
| 13 August | Deliberative meeting | | |
| 18 August | Deliberative meeting Public Hearing - 1992-93 BUDGET ESTIMATES and VISITING MEDICAL OFFICER ARRANGEMENTS | Department of Health | Hon Marie Tehan, MP Dr John Paterson |
| 25 August | Deliberative meeting | Former Commission of Audit | Professor Robert Officer Mr Saul Eslake |
| 10 September | Deliberative meeting Public Hearings - VISITING MEDICAL OFFICER ARRANGEMENTS | The Victorian Hospitals' Association | Mr Allan Hughes Mrs Mavis Smith Mr Stan Capp Mr John Smith |
| | VISITING MEDICAL OFFICER ARRANGEMENTS | The Australian Medical Association (Victorian Branch) | Dr E. Robyn Mason Dr Clyde Scaife |
| 17 September | Deliberative meeting Public Hearing - 1993-94 BUDGET ESTIMATES | Department of the Treasury | Hon Alan Stockdale MP Mr Peter Coatman Dr Michael Vertigan Mr Tom Martin Dr Dennis Sams |

| DATE | SUBJECT | ORGANISATION | WITNESSES/ IN ATTENDANCE |
|--------------|---|--|--|
| 1993 | | | |
| 21 September | Deliberative meeting | | |
| | Public Hearings - 1993-94 BUDGET ESTIMATES | Minister for Gaming | Hon Haddon Storey, MLC Ms Karin Puels |
| | 1993-94 BUDGET ESTIMATES | Minister for Major Projects | Hon Mark Birrell, MLC Mr Richard Roennfeldt |
| 22 September | Deliberative meeting | | |
| | Public Hearings - 1993-94 BUDGET ESTIMATES | Minister for Roads and Ports | Hon Bill Baxter, MLC Mr John McMillan Mr Steve Stanko Mr Colin Jordan Mr Doug Thompson |
| | THE PERFORMANCE AUDIT OF THE AUDITOR-GENERAL | Private residents of the City of Frankston | Mr Colin C. Baird Mr J. McAllester Mr R. Andrewes Mr M. Vanes |
| 1 October | Deliberative Meeting | | |
| 8 October | Deliberative Meeting | | |
| 15 October | Deliberative Meeting | | |
| 25 October | Deliberative Meeting | | |
| | Public Hearing - 1993-94 BUDGET ESTIMATES | Department of Education | Hon Don Hayward, MP Mr Steven Kenmar Mr Geoff Spring Mr Geoff Drury Mr Jeff Rosewarne Mr John Pascoe Mr Frank Peck |
| 29 October | Deliberative Meeting | Department of the Premier and Cabinet | Mr Ken Baxter |
| | Public Hearing - 1993-94 BUDGET ESTIMATES | Department of Transport | Hon Alan Brown, MP Mr David Eizenberg Mr John McMillan Mr Steve Stanko Mr Ian Dobbs |
| 4 November | Deliberative Meeting | The Victorian Auditor-General | Mr Ches Baragwanath Mr Graham Hamilton Mr Russell Walker Mr Ian Claessen |
| | Public Hearing - 1993-94 BUDGET ESTIMATES | The Department of Health and Community Services | Hon Marie Tehan, MP Dr John Paterson Mr David Anderson |

| DATE | SUBJECT | ORGANISATION | WITNESSES/ IN ATTENDANCE |
|-------------|--|--|---|
| 1993 | | | |
| 12 November | Deliberative Meeting | | |
| | Public Hearings - THE PERFORMANCE AUDIT OF THE AUDITOR-GENERAL | City of Frankston | Mr Adrian Butler, CEO |
| | 1993-94 BUDGET ESTIMATES | Department of Finance | Hon Ian Smith, MP Mr Doug Thomas Mr Tim Daly |
| 23 November | Deliberative Meeting | | |
| 1 December | Deliberative Meeting | | |
| 8 December | Deliberative Meeting | | |
| | Public Hearing - 1993-94 BUDGET ESTIMATES | Minister for Local Government and Minister responsible for WorkCover | Mr Roger Hallam, MLC Mr Yehudi Blacher Mr Andrew Lindberg |
| 15 December | Deliberative Meeting | | |
| | Public Hearing - 1993-94 BUDGET ESTIMATES | The Parliament of Victoria | Hon B. Chamberlain MLC Hon J. Delzoppo, MP Mr Warren McKelvie Mr Philip Mithen Mr Allan Bray Mr Bruce Davidson |

| |
|---|
| <p>SUMMARY</p> <p>36 Deliberative Meetings</p> <p>22 Public Hearings</p> |
|---|

6.2 Visitors

The Committee welcomes the opportunity to meet colleagues from overseas and other state parliaments. During 1993 the following guests were welcomed:

- 28 April 1993: The Queensland Parliamentary Committee for Electoral and Administrative Review.
- 12 May 1993: The Hon Kennan Adeang, MP - Chairman of the Public Accounts Committee of Nauru.

6.3 Conferences Attended

| Date | Conference | Subject | Attended By |
|--------------|--|--|---|
| 29 - 30/3/93 | Australasian Council of Public Accounts Committees | Biennial Conference | Hon G. Weideman, MP Hon P. Hall, MLC Ms V. Walker Mr C. Burke |
| 12/10/93 | Risk Management and Internal Control Symposium - Department of Finance | Risk Management and Internal Control | Hon G. Weideman, MP Mr T. Hyams, MP Mr R. Smith, MP Hon D. White, MLC Mr C. Burke |
| 19/10/93 | Victorian Congress 1993 - ASCPA | Opening Plenary | Mr C. Burke |
| 20/10/93 | " " " | Outsourcing | Mr C. Burke |
| 21/10/93 | " " " | Economic Briefing | Mrs D. Agis |
| 21/10/93 | " " " | Public Sector - Actual and Notional Taxation | Mrs D. Agis |
| 21/10/93 | " " " | Public Sector Accountability in the '90s | Mr C. Burke |
| 22/10/93 | " " " | Total Quality Leadership | Mr C. Burke |
| 22/10/93 | " " " | Accrual Accounting in the Public Sector | Mr T. Hyams, MP Mr A. Plowman, MP Mrs D. Agis |
| 03/12/93 | Risk Management and Internal Control Symposium - Department of Finance | Risk Management and Internal Control | Hon G. Weideman, MP Mr T. Hyams, MP Mr R. Smith, MP Mr C. Burke |

6.4 External Presentations

| Date | Organising Body | Subject | Speaker |
|----------|--------------------------|---|----------------------------|
| 12/10/93 | Dept. of Finance | Risk Management and Internal Control | Hon G. Graeme Weideman, MP |
| 7/12/93 | Auditor-General's Office | The Public Accounts and Estimates Committee | Hon G. Graeme Weideman, MP |

6.5 Overseas Visits

No official overseas visits were funded by the Committee during the year. However some members, with the approval of the Committee, undertook the following trips.

6.5.1 *Mr Tony Hyams:*

Mr Hyams visited the United Kingdom in June 1993 with the intention of meeting with Members of the Committee of Public Accounts of the House of Commons. Parliament was sitting at the time, and Mr Hyams met with officers of the Committee.

During his trip Mr Hyams also visited France, where he and Mr Smith met with members of the Committee of Public Accounts (*Commission Des Finances, De L'Economie Generale et Du Plan*). With the aid of an interpreter, M. Jean-Eric Lebelt was able to provide a very useful briefing.

6.5.2 *Mr Ross Smith:*

Mr Smith visited the United Kingdom (UK) in June 1993, and met with Mr Simon Patrick, a former Executive Officer of the UK Committee, and now a Clerk at the Table. Mr Patrick was able to give an excellent briefing on the operation of the Committee. Dr John Benger, Clerk to the UK Committee, also provided a written response to details requested by our Committee. Mr Smith also obtained a report of the Committee of Public Accounts.

As mentioned, Mr Smith met up with Mr Hyams in France, where they were briefed by M. Jean-Eric Lebelt. Mr Smith found that the French Committee provided some very interesting ideas - it is a very large Committee (73 members), with wide powers, including some in the area of policy making.

During his trip, Mr Smith also visited Canada, where he attended the 15th Annual Canadian Council of Public Accounts Committees, held in Toronto. He also visited the Ontario Province PAC, as well as the Federal House of Commons PAC. Mr Smith found one interesting aspect of the Ontario PAC was their power to appoint the Auditor-General.

All the Committees visited by Mr Smith were invited to attend the celebrations of the Centenary of the Victorian Public Accounts and Estimates Committee in 1995. All expressed interest in attending, subject to funds being made available by their Parliaments.

Mr Smith provided the Committee with a written report of his visits, together with various documents provided by the PACs he visited.

6.5.3 *Hon Graeme Weideman:*

The Committee's Chairman, the Hon Graeme Weideman, visited the United Kingdom between 21 December 1993 and 8 January 1994. Mr Weideman had hoped to meet with members of the House of Commons Committee of Public Accounts. This was not possible however, as Parliament was in recess during this time and a meeting could not be arranged. Mr Weideman was nevertheless able to gather pertinent information and subsequently wrote to the UK Committee, itemising other key issues he had intended discussing during his visit. This Committee has since received a most informative written response.

During his stay Mr Weideman was able to meet with Mr Peter Cobb, Secretary of the Commonwealth Parliamentary Association (UK Branch). They discussed common Parliamentary issues.

6.6 Centenary of the Committee

The centenary of the establishment of a Public Accounts Committee in Victoria will occur on 29 January 1995. The Committee plans to celebrate this achievement during January and February of that year.

A Centenary Sub-Committee has been formed and planning for this event is underway. The Sub-Committee comprises:

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

Mr A. F. Plowman, MP

Mr E. R. Smith, MP

The Hon T. C. Theophanous, MLC

The celebrations will coincide with the hosting by the Committee of the 9th Biennial Conference of the Australasian Council of Public Accounts Committees. Functions being considered to mark this joint event include a formal dinner, a cocktail party and possibly an exhibition in Queens Hall, Parliament House. It is envisaged that the guest list for these functions will include many dignitaries, from both Australia and overseas.

In addition, the Committee has commissioned an essay on the origins and early achievements of the Public Accounts Committee of the Parliament of Victoria (refer paragraph 3.3).

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| CHAPTER 7: FINANCIAL REPORT |
|-----------------------------|

7.1 Discussion

The Committee is allocated a core budget annually, and is required to restrict expenditure to within the budgeted figure. Following the election of the present government in October 1992, the Public Accounts and Estimates Committee was formed, and allocated a budget for the second half of that financial year (1992-93) of \$73 170. Partly due to the fact that there was some delay in the appointment of staff to the Committee, the budget outcome was a surplus of \$21 595. That surplus was allowed to be carried over to the 1993-94 budget, and this is reflected in the budget figures below.

A problem common to all of the joint investigatory committees, including those of the last Parliament, is that every item of expenditure must be, and is subject to, the approval of the relevant presiding officer and the Treasurer. This is a requirement of the *Parliamentary Committees Act* 1968.

The Committee considers that it should have the authority to determine and approve its own expenditure priorities within its approved annual budget. This would enable it to allocate funds on its decision alone, within approved global budgets, in order to maximise its effectiveness. Parliamentary committees should not, any more than the Parliament itself, be seen to be dependent on the Executive Government if they are to adequately perform their function of holding the Executive Government accountable.

7.2 Expenditure

| | Former Committee 1991-92 | Current Committee January - June 1993 | | Current Committee 1993-94 | |
|--|-----------------------------|--|---------------|------------------------------|----------------------------|
| | Budget \$ | Budget \$ | Actual \$ | Budget \$ | Actual to Dec. 93 \$ |
| Members' Allowances & Travel: Plus Carryover Total | 30 642 | 9 360 | 3 990 | 30 000 5 370 35 370 | 8 324 |
| Core Staff Salaries: Plus Carryover Total | 337 664 | 51 120 | 34 232 | 167 000 16 888 183 888 | 84 260 |
| General Expenses: Plus Carryover Total | 71 694 | 12 690 | 13 353 | 55 000 (663) 54 337 | 27 995 |
| TOTALS | 440 000 | 73 170 | 51 575 | 273 595 | 120 579 |

As is evidenced by the figures above, this Committee is operating at a much reduced cost when compared to the former (Economic & Budget Review) Committee, while performing similar functions. The major reduction in spending has been in the area of staff. The former Committee had 9 staff members, while the present Committee has a core staff of 3 officers.

To date the Committee's budget has proved adequate. However it may well be that in the future the Committee's investigations will require a substantial increase in funding.

Committee Room
20 April 1994

Appendix

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.