



# The Public Accounts and Estimates Committee

## BRIEFING PAPER

## Introduction to the Public Accounts and Estimates Committee

### Role

In 1895 the Victorian Legislative Assembly appointed the first Public Accounts Committee in Australia. It was one of the first such oversight and scrutiny Committees established in the world.

From these strong historical roots, the Committee has built a proud tradition of active engagement in oversight, producing reports at the forefront of promoting public sector reform and accountability. It is considered the flagship committee of the Victorian Parliament.

The Public Accounts and Estimates Committee (PAEC)'s broad mandate is to:

'inquire into, consider and report to the Parliament on—

- i. any proposal, matter or thing concerned with public administration or public sector finances;
- ii. 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;
- iii. audit priorities for the purposes of the Audit Act 1994'.

The *Audit Act 1994* also outlines the responsibilities of the Committee in guarding the independence of the Auditor-General and in facilitating the Auditor-General's accountability to the Parliament.

The Committee's three core functions are displayed below.

### Public accounts function

The Committee has two roles in this area:

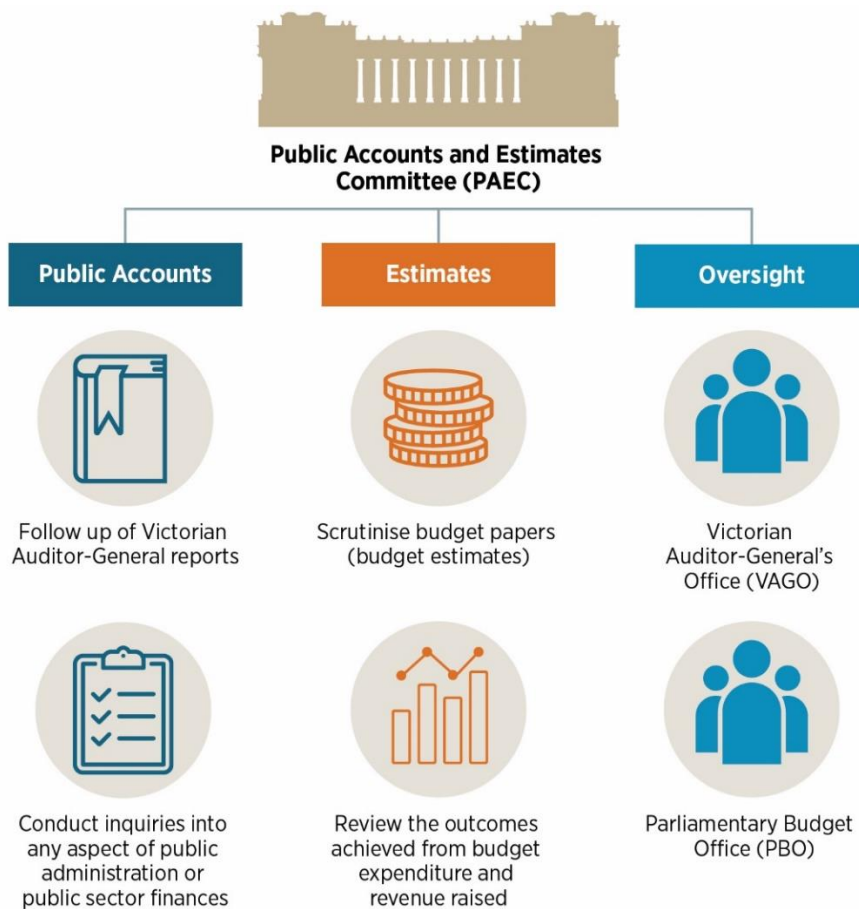
- following up matters of concern raised in the Auditor-General's reports
- undertaking inquiries into important aspects of financial administration or public sector management, otherwise known as 'own motion inquiries'.

A critical element of the Committee's work is to follow up on matters raised by the Auditor-General in various reports to the Parliament. The Auditor-General's reports draw Parliament's attention to financial concerns or issues relating to any public sector agency. The Committee can follow up these matters by virtue of its powers to hold public hearings and take evidence. In this way, matters raised by the Auditor-General are scrutinised for the benefit of the Parliament and the community. The tradition of Committee follow up on issues raised by the Auditor-General was established in the early 1900s with inquiries into the Maffra Sugar Beet Company (1912–13) and Government Cool Stores in West Melbourne.

Landmark own motion reports have been produced by PAEC on:

- corporate governance in the Victorian Public Sector
- private investment in public infrastructure
- the use of commercial-in-confidence clauses and the public interest
- Department of Human Services' contracts
- gender responsive budgeting.

## Responsibilities of the Public Accounts and Estimates Committee



### Estimates and outcomes function

Every year, the Committee holds public hearings to scrutinise the expenditure and activities of ministerial portfolios including the Parliamentary Departments.

All Ministers and senior departmental officers appear before the Committee and are questioned on the proposed expenditure of departments for the next financial year.

Before the Budget is brought down by the Treasurer, the Committee forwards a questionnaire to all departments, seeking information to supplement details that will be contained in the Budget papers. The evidence given at the public hearings is reviewed and where the Committee considers necessary, further information may be sought. The Budget Estimates report is usually tabled in the spring session of Parliament.

The Committee's objective in its scrutiny of the budget estimates is to:

- assist Members of Parliament in their deliberation on the appropriation bills
- make recommendations which promote clear and full disclosure of the information contained in the budget papers
- provide Members of Parliament and the Victorian community with an improved understanding of the budget
- provide feedback on the performance measures that the Government proposes to discontinue
- encourage economical, efficient and effective government administration.

Upon completion of the financial year, the Committee reviews the budget financial and performance outcomes. This process aims to improve the accountability of Victorian government departments and agencies, and provide Parliament and the community with more meaningful information about the results achieved in the preceding financial year. The intention of the outcomes process is to complement the Committee’s initial review of the Budget Estimates.

The report on the Budget Financial and Performance Outcomes is usually tabled in the autumn session, in late March or April.

**Oversight function**

The Committee’s oversight functions extend to two independent officers of the Parliament—the Victorian Auditor-General and Parliamentary Budget Officer.

There are a number of parallels between the Committee’s statutory responsibilities for the two offices as shown below.

**Statutory responsibilities of the Committee in relation to the Victorian Auditor-General’s Office and the Parliamentary Budget Office**

	VAGO	PBO
Recommend appointment of	✓	✓
Commission annual financial audit	✓	✗
Review, assess and report on performance of the office	✓	✓
Be consulted on draft operational/annual plan and draft budget	✓	✓
Other	<ul style="list-style-type: none"> <li>• Consultative role in determining performance audit priorities</li> <li>• Exempting, if ever deemed necessary, the AG from legislative requirements applicable to government agencies on staff employment conditions and financial reporting practices</li> <li>• Monitor and review the performance and duties and functions of the Victorian Inspectorate in respect of VAGO officers, reporting such matters to the Parliament when necessary</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting to both Houses of Parliament on any matter connected with the operational and resourcing arrangements for the PBO that requires the attention of Parliament</li> </ul>

**Membership**

The Committee traditionally has ten members, comprising both major and minor parties. The Chair is a member of the party which holds government with the Deputy Chair being a member of the party in opposition. Being a Joint Investigatory Committee, both Houses of the Legislative Assembly and the Legislative Council are represented.

## Secretariat

The Committee is supported by the Secretariat which consists of parliamentary officers.

## Operations

What is unique about the workload of this Committee is that much of its work is not self-generated but is initiated either by statute or by external factors such as reports of the Auditor-General, annual reports and other reports to Parliament.

Since the Committee can have a heavy work program, and in the case of responding to proposed performance audits of VAGO a tight deadline, it has been the practice for the Committee to appoint a number of sub-committees to undertake the respective inquiries. This has worked well and ensured that the workload does not become too onerous for most Members. The only inquiries that are undertaken by the full Committee are the budget estimates and the financial and performance outcomes reviews. However, all reports and discussion papers need to be endorsed by the full Committee before they can be tabled or released for public distribution.