

ANZACATT Parliamentary Law, Practice and Procedure Course (2017)

Research Paper

The Victorian Public Accounts and Estimates Committee: Protecting the public purse?

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1.0 Introduction

Concerns about the executive dominance over the Parliament in Victoria and the subsequent impact on the scrutiny of the budget estimates have recently been raised. A paper was released on the independence of Parliament highlighting the need for more control by parliament over its appropriation and vigilance against 'executive creep'.¹ Concerns were also raised in the 2017-18 Victorian Budget Estimates hearings about the Public Accounts and Estimates Committee (PAEC) Budget Estimates hearings being held after the Appropriation Bills had already passed in the lower house.² In 2017, for the first time since reforms were introduced under the *Constitution (Parliamentary Reform) Act 2003* to allow the presentation of an appropriation bill for royal assent if it had not passed the Council within a month, the Appropriation Bill was not passed in the Opposition dominated Legislative Council by 30 June, so was automatically presented to the Governor for Royal Assent.

Public Accounts Committees have been described as the cornerstone to effective financial accountability and governance in the public sector.³ In the context of parliamentary debate of the 2017 state budget being stymied and wider concerns about 'executive creep' it is timely to evaluate whether the factors considered to be pre-requisites for an effective PAC are present in Victoria.

The hypothesis that will be tested in this paper is: that some of the key factors that determine whether a Public Accounts Committee is effective or successful are absent in the case of the Victorian PAEC. The factors or conditions that are absent represent opportunities for the PAEC to strengthen its' functioning.

The paper will use the seminal works and criterion developed by McGee on behalf of the Commonwealth Parliamentary Association (CPA)⁴ and World Bank⁵ as the benchmark. The factors fall into three categories:

¹ Parliamentary Library and Information Service, Department of Parliamentary Services Parliament of Victoria, *Independence of Parliament: research paper*, May 2017, No. 3

² Morris, D. MP, Deputy Chair, Public Accounts and Estimates Committee, *2017-18 Budget estimates transcript of evidence*, 2 June 2017, p. 12

³ KPMG, 2006, *The Parliamentary Public Accounts Committee: an Australian and New Zealand Perspective*, Foreword

⁴ McGee, D QC, 2002, *The Overseers: public accounts committees and public spending*

- 1) the composition of the Committee
- 2) the powers of the Committee
- 3) the practices of the Committee.

The scope of the study will be limited to the work and operations of the Victorian Public Accounts and Estimates Committee in the 54th, 57th and 58th (current) Parliaments due to time constraints. The Parliaments selected traverse three different governments – a minority Labor government (54th), Liberal/National government (57th) and Labor government (58th). Examples of best practice from other Australian and international jurisdictions have been used sparingly. The paper does not extend to an evaluation of the effectiveness of the Victorian PAEC as this is a topic perhaps best suited to another forum.⁶

2. Part one: Composition of the Committee

The majority of respondents to the World Bank survey believed the composition of the PAC is a crucial factor in making it work well.⁷ Excluding Members of Parliament serving in the Cabinet from the PAC was also considered important or very important by 85 per cent of respondents. The proportional representation of parliamentary parties in PACs was regarded as important (10 per cent) or very important (86 per cent). The CPA study group concluded that party membership of the PAC should be proportionate with membership in the House, even when the Chair was an Opposition member. Two-thirds of PACs surveyed by the CPA had Opposition chairs including the United Kingdom where the Chair is usually the former Treasury Minister. In contrast PAC Chairs in Australia are usually government members.

The CPA highlighted the importance of PAC's being regarded as Parliament's pre-eminent committee, with service on it considered to be a matter of prestige.⁸ The CPA also recommended that Parliaments seek to ensure that there is always sufficient experience and seniority among the membership of the PAC.⁹

The composition of the PAEC, status of the committee in the Victorian Parliamentary system and experience of members is discussed below.

⁵ Pelizzo, R and Stapenhurst R, 2008, 'Chapter 8: Public accounts committees', pp.121-122 in Stapenhurst, R; Pelizzo, R; Olson, D and von Trapp, L; 2008, *Legislative oversight and budgeting: a world perspective*, World Bank Institute; and Stapenhurst R; Sahgal V; Woodley W and Pelizzo R; May 2005, 'Scrutinizing public expenditures: assessing the performance of public accounts committees', *World Bank Policy Research Working Paper 3613*

⁶ Refer to Monk, D, 2010, 'A framework for evaluating the performance of Committees in Westminster Parliament' in *The Journal of Legislative Studies*, Vol. 16, No.1, pp. 1-13; Jacobs, K, 2012, 'The capacity and performance of public accounts committees', Paper presented at IPAS – AISP Conference, Madrid; Aldons, M, 2000, Rating the Effectiveness of Parliamentary Committee Reports: the Methodology, *Legislative Studies*, Vol. 15. No. 1; Uhr, J, 2001, 'Parliament and Public Deliberation: Evaluating the Performance of Parliament', *UNSW Law Journal* Vol. 24, No. 3, pp. 708-723 for discussions on evaluating Committee performance

⁷ Pelizzo, R and Stapenhurst R, 2008, 'Chapter 8: Public accounts committees', pp.121-122 in Stapenhurst, R; Pelizzo, R; Olson, D and von Trapp, L; 2008, *Legislative oversight and budgeting: a world perspective*, World Bank Institute, p. 121

⁸ McGee, D QC, 2002, *The Overseers: public accounts committees and public spending*, p. 59

⁹ Ibid, p. 62

2.1 Reflective of the composition of Parliament

The PAEC memberships of the 54th, 57th and 58th Parliaments largely reflect the composition of the Legislative Assembly. Ultimately the membership of all joint Parliamentary Committees, of which PAEC is one, is the result of informal negotiations between the political parties, usually as a package.

In the 54th Parliament, for example, there were 10 PAEC Members: Chair (Labor), Deputy Chair (National), one independent, three Liberal and four Labor party members. Labor had formed government with the support of three independents. One of the three independent members served on the PAEC – Ms Susan Davies.

In the 58th Parliament the membership of the PAEC was not just about the numbers in the lower house as Labor had 47 seats (54 per cent of seats), Liberal/Nationals had 37 seats (43 per cent) and the cross benches had three seats (three per cent) at the outset. This would translate to 4.9 Labor members of a nine-member committee, 3.8 Liberal/National members and 0.3 members from the cross bench. Yet the current committee has two members from the cross bench. This can be explained by the numbers in the Legislative Council where the government is a minority with 14 Labor, 16 Liberal/National and 10 members from the cross bench. Consequently, the makeup of the upper house came into consideration as part of the negotiations of the PAEC.

There have been no Ministers on PAEC in the three terms of parliament that this paper focuses on. It is thought that having government ministers on a PAC may disrupt the Committee's ability to effectively fulfil its oversight function free of government interference.¹⁰ Cabinet ministers may also affect the credibility of the PAC and its deliberations 'which are the PAC's true assets'.¹¹

The Chair of the PAEC has been a government member in the 54th, 57th and 58th Parliaments. However, the Chair has not always had 'the numbers'. For instance, in the current Parliament there are four Labor members on a nine-member Committee. In the 54th Parliament, in a show of bipartisanship or perhaps acknowledgement of the political reality of minority government, some of the PAEC sub-committees were chaired by Opposition members, for example the sub-committee on Environmental Accounting and Reporting; and the sub-committee on Valuation and Reporting of Cultural, Heritage and Infrastructure Assets.

2.2 Status of PAEC

PAEC has always been regarded as the pre-eminent Committee in the Victorian Parliament. Many PAEC members go on to become Ministers or the Premier. For example, half (five) of the PAEC members from the 54th Parliament become Ministers in successive Parliaments, while another became a Presiding Officer.

¹⁰ Pelizzo, R and Stapenhurst R, 2008, 'Chapter 8: Public accounts committees', pp. 121-122 in Stapenhurst, R; Pelizzo, R; Olson, D and von Trapp, L; 2008, *Legislative oversight and budgeting: a world perspective*, World Bank Institute

¹¹ Pelizzo, R and Stapenhurst R, 2008, 'Chapter 8: Public accounts committees', p. 122 in Stapenhurst, R; Pelizzo, R; Olson, D and von Trapp, L; 2008, *Legislative oversight and budgeting: a world perspective*, World Bank Institute

In recognition of the higher workload than other Parliamentary Committees the PAEC Chair's additional salary is larger than that of other Committee Chairs. The *Parliamentary Salaries and Superannuation Act 1968* provides for the PAEC Chair to receive an additional salary of 20 per cent on top of the base salary payable to a Member of Parliament. The Chairs of the Scrutiny of Acts and Regulations Committee, Independent Broad-based Anti-corruption Commission Committee, and Accountability and Oversight Committee receive an additional 15 per cent. All other Joint Committee chairs receive an additional ten per cent on top of their base salary. Deputy Chairs of the aforementioned Committees, including PAEC, all receive a four per cent additional salary. There is no additional salary for the other Deputy Chairs.

The most recent review into MP Salaries in 2013 offered the commentary that it considered "the relativities between various office holders were sound, based on rates in other jurisdictions and consultation with stakeholders".¹² The current Government has introduced a Bill to establish a remuneration tribunal. The tribunal may provide more a detailed rationale for Committee Chair salaries in the future.

2.3 Experience of Members

The seniority of PAEC members has varied significantly between parliaments. The term seniority in this context refers to the number of years of services as a member of Parliament and also serving on Parliamentary Committees. There is a stark contrast between the PAEC membership in the 54th and 58th Parliaments for instance:

- only two of the ten PAEC members were new members to Parliament in the 54th Parliament compared to seven of the nine current PAEC members, including the Chair
- in the 54th Parliament three Members had over 10 years of experience being an MP before coming onto the PAEC. Four PAEC members had over three years of experience. In the 58th Parliament no Members had over 10 years of experience being an MP. The two longest serving MPs had eight years of experience of being an MP.

The number of years being an MP is not the only measure of experience. Many Members bring other essential attributes and experiences to the role which make them successful and effective in their Committee work. However, not having Parliamentary and Committee experience means Members face a steep learning curve on a number of fronts. The PAEC is a unique Committee. It consistently has a higher profile, is more political and gets more media exposure than other committees.¹³

A 2006 KPMG study of Australian and New Zealand PACs, found that the average number of years of being an MP prior to coming onto the PAC was over eight

¹² Hazell, M, 2013, *Independent review of Victorian MPs' salary entitlements, allowances and other arrangements*

¹³ Halligan, J, Miller, R and Power J, 2007, state 'the place of estimates is very different because they are by their nature intensely political and inter-party' in 'Parliament in the Twenty-first Century – Constraints and Opportunities', *Institutional reform and emerging role*, p. 258

years.¹⁴ This meant MPs were relatively very experienced and elevated to a PAC in the later stages of their political career.

The Victorian Parliament has not always assisted Members in providing them with training on Committee work and the work of the PAEC. The current PAEC was formed fairly late after the state election. Its membership was announced on 16 April 2015, only two and a half weeks prior to the State Budget being handed down and the budget estimates hearings of PAEC commencing. There was not the opportunity to provide new PAEC members with training in addition to the generic induction for all committee members.

In the 57th Parliament PAEC Members received written briefings on the statutory responsibilities and functions of the Committee, approaches taken by Australian PACs to follow-up inquiries of Auditors-General reports and a proposed approach to the 2011-12 Budget Estimates Inquiry soon after the Committee's formation in February 2011.

The issue of providing training to MPs on oversight functions such as PAC work has been recognised as a need for some time. The need for training to improve the capacity of elected representatives to carry out their role of scrutiny of the actions of executive government was discussed at a meeting of the Australasian Council of Public Accounts in 2003. The Public Sector Governance and Accountability Research Centre (PSGARC) at La Trobe University was established as a result in 2004. The aims of the centre were to:

- conduct and promote research into issues of accountability and governance within the public sector, and especially of the role of Members of Parliament in these issues
- conduct seminars and training workshops for the members and staff of Public Accounts Committee, and especially for those of Australia, New Zealand and the Asia-Pacific region, aimed at promoting practice that contributes to accountability, openness and transparency of governments
- facilitate the study of such issues by staff and postgraduate student at La Trobe University.

Currently the centre, which has been renamed, is not offering any training programs to local MPs.¹⁵

In Canada a significant body of materials has been produced to assist members with their PAC work. The Canadian Audit and Accountability Foundation has been working with the Canadian Council of Public Accounts Committees since the 1980s to 'develop innovative means to strengthen Canada's PACs and enhance cooperation between PACs and the legislative auditors'.¹⁶ The guide titled *Attributes*

¹⁴ KPMG, 2006, *The Parliamentary Public Accounts Committee: an Australian and New Zealand Perspective*, Canberra: KPMG, p. 24

¹⁵ Prof. Z Hoque, Director, Centre for Public Governance, Accountability and Performance, La Trobe University, Personal communication, 14 December 2017

¹⁶ CCAF, 2010, *Parliamentary oversight committees and relationships. Attributes of an effective Public Accounts Committee*, p. 4

of an effective Public Accounts Committee has been recently updated and contains practice highlights of progressive PACs. The 2010 version makes reference to the Victorian PAEC's (former) practice of tabling an annual report including work plans and performance targets with an assessment of actual achievement against these targets.¹⁷

More recently the Office of the Auditor General of Canada produced a booklet *Examining public spending. Estimates review: a guide for Parliamentarians* in 2015. The foreword of the guide states:

In the past years, concerns have been voiced in Parliament and elsewhere about the adequacy and effectiveness of committee review of the Estimates documents. It is undoubtedly a complex and laborious task. This reference document is intended to assist parliamentarians in the review process. We hope that it will be useful.¹⁸

The guide explains:

- the role and responsibilities of Parliament
- the government's expenditures annual cycle
- the role of Committees in reviewing estimates
- the office of the Auditor General's relationship with Parliament
- estimates-related questions for Standing Committees.

There is a need to support PAEC members in their work. There is also a need to enhance other MPs' understanding of the budget papers, scrutinising government performance and work of the PAEC. The PAEC hosted a seminar in October 2017 for Electorate Officers on how to read the budget papers. The seminar was designed to provide Electorate Officers with:

- an understanding of the budget estimates process and role of the Public Accounts and Estimates Committee
- guidance on the different parts of the budget papers, how to utilise the budget papers to obtain further information on a particular government initiative or project, the purpose of performance measures and targets
- tips on locating and identifying key content in the budget papers of significant public interest.

Another seminar for Members is planned for March 2018 ahead of the 2018 budget.

3 Part two: Powers of the Committee

The World Bank paper produced by Stapenhurst et al. concluded that PACs require a broad scope with the power to investigate all past, current and committed expenditures of government:

It gives the PAC a vantage point with respect to a wide range of public services, and an entry point into the administration of many departments and agencies even if other parliamentary committees are involved in their policy aspects. The wider the PAC mandate, the greater its

¹⁷ Ibid, p. 30

¹⁸ Office of the Auditor General of Canada, 2015, *Examining public spending. Estimates review: a guide for Parliamentarians*, p. 3

potential to deter waste and wrongdoing and encourage better management of public resources.¹⁹

Good support from the legislative auditor, but not too much dependence, is regarded as a factor that can help a Committee make the best of a broad mandate.²⁰ The powers of the PAEC and its symbiotic relationship with the Auditor-General are discussed below.

3.1 Broad mandate

Stapenhurst et al. believe that PACs should have a broad scope - the power to investigate all past and present government expenses regardless of when they were made.²¹ They argue this gives the PAC a vantage point with respect to a wide range of public services and an entry point into the administration of many departments and agencies even if other parliamentary committees are involved in their policy areas. It is common and important to have a permanent reference to examine the public accounts and legislative audit reports.²² The World Bank emphasises the importance of PAC's free choice – the power to choose subjects for examination without Government direction and advice. An overwhelming percentage of PAC Chairs (91 per cent) rated the power to choose topics for investigation without following the suggestions of government as very important and another nine per cent rated it as important.²³ The CPA assumed the broad mandate and scope of PACs was a fundamental pre-requisite.

The Victorian PAEC has a broad legislative mandate. Its functions under the *Parliamentary Committees Act 2003* are to inquire into, consider and report to Parliament on:

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

Under separate pieces of legislation the Committee is also responsible for facilitating the Auditor-General and Parliamentary Budget Officer's (PBO) accountability to Parliament.²⁴

Aside from the new statutory responsibilities relating to the PBO, the functions of PAEC have remained static between the 54th and current Parliaments. However, the

¹⁹ Stapenhurst R; Sahgal V; Woodley W and Pelizzo R; May 2005, 'Scrutinizing public expenditures: assessing the performance of public accounts committees', *World Bank Policy Research Working Paper 3613*, p. 7

²⁰ Ibid, p. 8

²¹ Ibid, p. 7

²² Ibid, p. 8

²³ Pelizzo, R and Stapenhurst R, 2008, 'Chapter 8: Public accounts committees' in Stapenhurst, R; Pelizzo, R; Olson, D and von Trapp, L; 2008, *Legislative oversight and budgeting: a world perspective*, World Bank Institute, p. 123

²⁴ *Audit Act (1994)* and *Parliamentary Budget Officer Act (2017)*

work program of the Committee has shifted significantly, as set out in Table 1 below, particularly in relation to the public accounts.

Table 1: Types of reports produced by PAEC in the 54th, 57th and 58th Parliaments

	54th Parliament 3 November 1999 - 5 November 2002	57th Parliament 21 December 2010 - 4 November 2014	58th Parliament 23 December 2014 - present
Public accounts (own motion, government reference, Governor in Council reference)	8	6	1
Estimates (and financial and performance outcomes)	3*	9**	8
Audit related	4	4	6
Report on own operations (annual or end-of-term)	2	3	1
PBO related	n/a	n/a	1
Total	17	22	17 (estimate)

* After the 54th Parliament the budget estimates process was split into two inquiries (estimates and outcomes). This accounts in part for the increase in reports in later Parliaments.

** Some reports have multiple parts. They have been counted as the one inquiry.

A substantial component of the work of the Committee in the 54th Parliament – six reports – was the result of self-initiated references. The Committee investigated and reported on issues of significant public interest such as use by government departments of commercial-in-confidence clauses, outsourcing of government services and Department of Human Services' contracts. It also addressed more technical issues such as environmental accounting and reporting and the valuation of heritage and cultural assets.

In the 57th Parliament the Committee followed up on several performance audits conducted by the Auditor-General. Topics included access to public hospitals, preparedness for terrorism incident response and maintaining the integrity and confidentiality of personal information.

The Committee this current Parliament has not utilised the full extent of its statutory powers in the same way, as only three Auditor-General reports have been followed up through desk-top research rather than through full inquiries and no self-initiated references have been conducted.

An important aspect of the Committee's work is to follow up on matters raised by the Auditor-General in various reports to the Parliament.²⁵ The Auditor-General's reports draw Parliament's attention to the financial concerns or issues relating to any public sector agency. The Committee can follow up on 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 Committee has followed up on concerns of the Auditor-General since the early

²⁵ PAEC, October 2006, *Annual Report for 2005-06*, p. 6

1900s with inquiries into the Maffra Sugar Beet Company and Government Cool Stores in West Melbourne.²⁶

It could be argued that the Victorian legislation is too vague on the onus of the Committee to follow-up on Auditor-General reports. For instance the Commonwealth legislation states that the duties of the Committee include 'to examine all the reports of the Auditor-General (including reports of the results of performance audits) that are tabled in each House of the Parliament'.²⁷ However, given the Victorian PAEC has not been stymied previously in undertaking such follow-up work, the lack of legislative clarity cannot explain this situation. It is likely that there are a range of factors contributing to this. The exploration of these factors is beyond the limited scope of this paper.

Some of the outcomes of the Committee's follow up work and own motion references are immediately tangible. The establishment of the first Victorian Commissioner for Children after the tabling of the PAEC report on child protection services is a clear example.²⁸ The reintroduction of regular, independent state of the environment reporting is another example, after the tabling of the PAEC reports on environmental accounting and reporting.²⁹ Other outcomes take longer to work through policy and legislative processes and are less immediately obvious.

3.2 Relationship with the Auditor-General

The World Bank argued that PACs must have a close working relationship with the Auditor-General but provided few details on what this relationship might look like.³⁰ The CPA highlighted the interdependence of PACs and Auditors-General noting that most Commonwealth PAC work depends primarily on Auditors-General reports:

... it is inevitable and desirable that the main focus of PAC work should be guided by the work of the A-G. Close consultation on the Auditor-General's work programme should ensure a coincidence of interest in any event. Were the two bodies to be entirely uninterested in each other programmes, public sector accountability would suffer greatly in its effectiveness.³¹

The functions of PAEC in relation to the Auditor-General are set out in the *Audit Act 1994* and *Constitution Act 1975*. Collectively these statutory functions are designed to support and protect the independence of the Auditor-General and ensure the Auditor-General's office is accountable to the Parliament. PAEC is responsible for:

- Recommendation of appointments to the position of Auditor-General (section 94A(2) of the *Constitution Act*)

²⁶ Trumble, A., 1994, *Thrift and the noiseless step: 100 years of the Public Accounts Committees of the Parliament of Victoria*

²⁷ *Public Accounts and Audit Committee Act 1961 (Cth)*, section 8(1)(c)

²⁸ PAEC, November 2001, *Review of the Auditor-General's Special Report no. 43 Protecting Victoria's Children: the role of the Department of Human Services*

²⁹ PAEC, March 2002, *Final report on environmental accounting and reporting*; PAEC, June 1999, *Interim report of the inquiry into environmental accounting and reporting*

³⁰ Stapenhurst R; Sahgal V; Woodley W and Pelizzo R; May 2005, 'Scrutinizing public expenditures: assessing the performance of public accounts committees', *World Bank Policy Research Working Paper 3613*, p. 12

³¹ McGee, D QC, 2002, *The Overseers: public accounts committees and public spending*, p. 57

- Review of the Auditor-General's draft annual work plan and provision of comment of the document prior to its finalisation and tabling in Parliament (section 7A of the *Audit Act*)
- Consideration of the annual budgetary needs of the Auditor-General (section 7D of the *Audit Act*)
- A consultative role in relation to audit priorities of the Auditor-General (section 7D of the *Audit Act*)
- A consultative role in the formulation of objectives and scope for all performance audits undertaken by the Auditor-General (section 15 of the *Audit Act*)
- Periodic recommendations to Parliament on appointments of a financial statement auditor and of a performance auditor to independently examine and report on the quality of financial reporting and resources management within the Auditor-General's office (sections 17 and 19 of the *Audit Act*)
- Monitoring and reviewing the performance of the duties and functions of the Victorian Inspectorate in respect of VAGO officers (section 14 of the *Parliamentary Committees Act 2003*).

The PAEC has been thorough in discharging its duties in this regard in the 54th, 57th and current Parliaments. The reports tabled in Parliament attest to this.³² The nature of the working relationship between the two offices has not surprisingly varied with the different PAEC membership and Auditors-General. The relationship has in some Parliaments been formalised through a signed protocol. Of the three Parliaments, perhaps the lowest point in the working relationship was when PAEC was required in the 58th Parliament to investigate allegations made against the former Auditor-General by a member of his own staff.

The most productive working relationships have involved:

- sound communication on multiple levels between the offices
- respect for and understanding of the complementary nature of each office in strengthening the accountability and performance of the public sector
- understanding of each office's statutory functions and operational autonomy
- regular, timely tabling of reports and briefings for MPs on financial and performance audit findings
- the Parliament and Victorian community being recognised as the primary stakeholders.

A former Victorian Auditor-General emphasised the importance of the symbiotic³³ relationships between VAGO and the PAEC, including the PAEC's follow up of VAGO audits:

³² For example, reports on the appointment of an Auditor-General, findings of the financial auditor of VAGO, performance audit of VAGO, references to consultation between VAGO and PAEC in VAGO's annual plans

³³ Refer to Wehner, J. 'Principles and patterns of financial scrutiny: Public Accounts Committees in the Commonwealth', *Commonwealth and Comparative Politics*, Vol. 41 No. 3 p. 27 for a discussion on the 'mutual dependency' between PACs and the Auditor-General

Public Accounts Committee follow up and Inquiries are central to holding accountable officers and authorities to account.

Although audit reports are taken seriously and the overwhelming majority of recommendations are accepted, in practice competing priorities and emerging issues can lead to delays in remedial action. Public Accounts Committee follow-up of audit reports is therefore an important contributor to encouraging timely action and to providing assurance regarding the effectiveness of the implementation of audit recommendations.

While an Auditor-General can follow up on earlier reports to Parliament, Public Accounts Committee follow-up is considered far preferable. The Committee brings an informed scrutiny to the matters being raised. Committee feedback also provides useful intelligence to the Auditor-General as to the nature of the Committee's interest and concerns. This can usefully inform future audit focus.³⁴

The importance of the Auditor-General and work of VAGO is universally recognised by the current PAEC membership. One only has to refer to PAEC's most recent report tabled on the 2017-2018 budget estimates in October 2017 to see the number of different VAGO reports that have informed the work of the Committee.³⁵

4. Part three: Practices of the Committee

Stapenhurst et al found that the *behavior of members and functioning of the Committee itself* were important determinants of success.³⁶ Stapenhurst et al stated that PAC members must act in a nonpartisan fashion and should try to have a good working relationship with other committee members in spite of possible partisan differences.³⁷ In its functioning the PAC should always strive for consensus. Similarly, the CPA study group noted the importance of committee members endeavouring for consensus over their reports and emphasised the importance of the Chair's role in this process.³⁸ The CPA went further noting that the Chair is 'extremely important' in ensuring the effective operation of the PAC, representing the Committee in the House and to the wider public.³⁹

The World Bank study revealed that the effectiveness of PAC activity also increases whenever:

- PAC members do their homework and study the documentation and prepare themselves before the PAC meetings
- PACs keep transcripts of their meetings and publish their conclusions and recommendations
- the public and the media are involved; with meetings held in public and media coverage is encouraged.⁴⁰

³⁴ 'Partnering with the AG's office', D Pearson AO, in *Making governments accountable: the role of public accounts committees and national audit offices*, ed. Z Hoque, 2015, pp. 31-32

³⁵ PAEC, October 2017, *Report on the 2017-18 budget estimates*

³⁶ Stapenhurst R; Sahgal V; Woodley W and Pelizzo R; May 2005, 'Scrutinizing public expenditures: assessing the performance of public accounts committees', *World Bank Policy Research Working Paper 3613*, p. 24

³⁷ *Ibid*, p. 15

³⁸ McGee, D QC, 2002, *The Overseers: public accounts committees and public spending*, p. 67

³⁹ *Ibid*, p. 66

⁴⁰ Stapenhurst R; Sahgal V; Woodley W and Pelizzo R; May 2005, 'Scrutinizing public expenditures: assessing the performance of public accounts committees', *World Bank Policy Research Working Paper 3613*, p. 19

Clearly the quality of the briefing material put before Committee members by Secretariat staff is important. The World Bank noted that solid research support is critical 'especially when a committee decides to tackle difficult issues, it needs skills and practices to obtain and analyse information and testimony'.⁴¹ The CPA identifies the importance of not only adequate staffing but also resourcing more generally. It highlighted the importance of PAC members having access to training on reading and understanding the public accounts, the structure of government and departments, the role and work of the Auditor-General along with the role of PACs in reinforcing accountability.

This paper examined two of the practices of the Committee relating to seeking consensus and public and media involvement.

4.1 Striving for consensus

In the current Parliament only two minority reports have been attached to 13 Committee reports. In the previous Parliament there was just one minority report attached to 26 PAEC reports. In the 54th Parliament only one of 17 reports had a minority report attached. Most PAEC members understand the value of reports adopted based on consensus as it adds weight to the recommendations to Government.

The PAEC Chairs in the 57th and 58th Parliaments have recognised the importance of working in a nonpartisan fashion. Both Chairs have had respectful and constructive working relationships with other parties within the PAEC membership. Such a relationship has been necessary, certainly in the current Parliament to effectively respond to issues arising in relation to the former Auditor-General and to appoint the inaugural Parliamentary Budget Officer. In the Report on the 2015-16 Financial and Performance Outcomes, the PAEC Chair stated in his foreword:

One of the determinants of Public Accounts Committees' success is their ability to strive for consensus. I would like to thank my fellow members of the Committee for their work delivering another unanimous report. The report reflects the strong PAEC tradition of multi-partisanship.⁴²

The PAEC Chair of the 57th Parliament, acknowledged the bipartisan approach of the Committee in its end of term report stating that:

The Committee's fulfilment of its extensive responsibilities, Inquiry reports entailing 268 public hearings, 65 meetings of the full Committee, 31 meetings of its Audit Sub-Committee and innumerable related activities, would not have been possible without the energy, collaboration in achieving constructive solutions and bipartisan support of my fellow Committee members, who I thank.⁴³

4.2 Public and media involvement

Most Committee hearings, including the budget estimates hearings are held in public at Parliament House. There has been a significant change, most markedly between the 54th and current Parliament in the way Parliament engages with the media, especially social media. In the 54th Parliament, Committee relied on print media advertisements to promote its hearings and to call for written submissions.

⁴¹ Ibid, p. 12

⁴² PAEC, May 2017, *Report on the 2015-16 Financial and Performance Outcomes*

⁴³ PAEC, October 2014, *PAEC End-of-term report*, p. 5

Sometimes a media release was distributed via facsimile to various media outlets. Committees' relationship with the media has changed significantly with the creation of the position of Communications and Public Engagement Manager in August 2014 by the Parliament. Today, the PAEC uses multiple channels to promote its role and work. The Budget Estimates process for 2017-18 made use of the following:

- Parliament of Victoria news alert service
- Newspaper advertising
- Facebook
- YouTube
- Twitter
- Website.

Public hearings are now also broadcast live.

5. Conclusion

The aim of this paper was to test the hypothesis that some of the key factors that determine whether a Public Accounts Committee is effective or successful are absent in the case of the Victorian Public Accounts and Estimates Committee (PAEC). The criterion developed by McGee and the World Bank were utilised.

The paper found that with regards to the composition of the Committee the Victorian PAEC reflects the Parliament. It also found that the experience of members has varied markedly over the three terms of Parliament examined. Nevertheless, the Committee continues to be regarded as the pre-eminent Committee in the Victorian Parliament.

In relation to the powers of the Committee, the PAEC has a broad legislative mandate but has not always made full use of it. The value and importance of the relationship between the Committee and VAGO has always been held in high regard by the PAEC.

With respect to the practices of the Committee, the PAEC in the three Parliaments examined have worked in a bipartisan fashion. The limited number of minority reports is evidence of this. Furthermore, the engagement of the public through media involvement has substantially widened and become more sophisticated between the 54th and current Parliaments.

Most of the factors considered to be pre-requisites for PAC success are present in Victoria. However, there are opportunities to strengthen the foundations for success/effectiveness and 'protect the public purse'. There is scope to:

- significantly enhance the briefings and training for new PAEC members to support them in their complex role
- amend the *Parliamentary Committees Act 2003* to clarify the PAEC's traditional role of examining audit reports
- continue the work of instigating own motion references on matters of significant public importance and reporting on them to the Parliament and community.

Acknowledgements

I gratefully acknowledge the information and insightful advice provided by Danny Pearson MP (current PAEC Chair), David Morris MP (former PAEC Chair and current Deputy Chair), Bridget Noonan (Acting Clerk of the Legislative Assembly), Robert McDonald (Deputy Clerk of the Legislative Assembly) and Kathleen Hurley (Senior Research Officer PAEC) in the preparation and review of this research paper.