

HOUSE ESTIMATES

**Consideration of the annual estimates by the
House of Representatives**

House of Representatives
Standing Committee on Procedure

October 2003
Canberra

The Parliament of the Commonwealth of Australia

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Membership of the Committee

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Terms of reference

Terms of reference of the committee

To inquire into and report on the practices and procedures of the House generally with a view to making recommendations for their improvement or change and for the development of new procedures.

Terms of reference of the inquiry

To inquire into the adequacy of procedures for the House's examination of the estimates of proposed expenditure in annual and additional appropriation bills and to suggest ways in which the role of the House in examining the estimates could be enhanced.



List of recommendations

Recommendation 1

The committee recommends that:

- the second readings of the appropriation bills be agreed to without further debate following the Leader of the Opposition's speech in response to the Treasurer's budget speech;
- after the second reading of the appropriation bills the motion 'That the House approves the Budget' be moved;
- the wide-ranging budget debate (currently occurring on the question for the second reading of the main appropriation bill) then take place on the question 'That the House approves the Budget';
- the rules relating to relevance and amendment which currently apply to the second reading of the main appropriation bill apply to the budget debate in its new form;
- debate on the consideration in detail stage of Appropriation Bill (No. 1) in the Main Committee take place concurrently with the budget debate in the Chamber of the House, and possibly alternately with the budget debate after the budget debate has been referred to the Main Committee;
- the procedures above be adopted for the additional appropriation bills, adapted to the shorter time frame, and the general budget-type debate at this time take place on the question 'That the House approves the additional estimates'.

Recommendation 2

The committee recommends that:

- the Selection Committee be responsible for arranging the timetable and order of business for the consideration in detail stage of the main appropriation bills. In doing so the committee must seek advice from the Leader of the House on the availability of Ministers;
- the timetable be published on the Notice Paper for the first sitting day of the week of consideration and remain on the Notice Paper until the consideration has been completed; and
- the timetable published on the Notice Paper be generally observed, with the proviso that consideration of a department may conclude earlier than indicated on the program if no further Member seeks the call, and that the consideration of the next department may commence if the representing Minister is available and other Members present agree.

Recommendation 3

The committee recommends that the standing orders provide that if the Chair notes that no Minister is present to respond to matters raised during the consideration of the estimates, the Chair shall suspend proceedings until a Minister is available.

Recommendation 4

The committee recommends that when proposed expenditure for a department is being debated during the detail stage of Appropriation Bill (No. 1), the relevance rule applying should permit reference to expenditure in respect of the department contained in Appropriation Bill (No. 2) and to any other document relevant to expenditure of a department which has been tabled in the House, including the department's annual report, portfolio budget statement, portfolio additional estimates statement, report of the Auditor-General or parliamentary committee report relating to the department. A similar provision should apply to any detail stage debate of an additional appropriation bill.

Recommendation 5

The committee recommends that the standing orders require portfolio budget statements of departments to be tabled in the House as soon as they are available and before the consideration of the estimates, and that the portfolio additional estimates statements also be tabled in the House.

Recommendation 6

The committee recommends that when the proposed expenditure of a department or group of departments is considered in detail:

- the Minister responsible for the department, or another Minister representing the Minister, shall make an opening statement, summarising proposed expenditure for the department, noting trends and changes and significant developments; and
- the chair of the relevant general purpose standing committee, or a Member of the committee representing the chair, shall have the opportunity to make a short statement, outlining any report or activity of the committee relevant to the expenditure of the department, and reporting any observations the committee wishes to make on the operations of the department.

Recommendation 7

The committee recommends that the chapter of the standing orders headed 'Financial Procedures' (current standing orders 291–293) be amended to include all standing orders applying to the budget and estimates processes, and equivalent changes be made to the proposed revised standing orders.

Recommendation 8

The committee recommends that:

- immediately after the second reading of the main appropriation bill is agreed to (in accordance with recommendation 1), the House refer the estimates of proposed expenditure, and other budget documentation including portfolio budget statements, to the relevant House standing committees or to House committees composed of the House members of joint committees administered by the Department of the House of Representatives;
- the allocation of departments to committees be determined by the Speaker;
- the committees hold estimates hearings for those departments where the responsible Minister or Presiding Officer is a Member of the House of Representatives;
- the hearings be held after the rising of the House on the Thursday evenings and the Fridays of the two sitting weeks immediately following budget week;

- the standing orders relating to estimates hearings permit any Member of the House to attend and question witnesses;
- the timetable of hearings be notified to Members, Ministers and departments well in advance;
- the processes above be adopted for the additional appropriation bills, adapted as appropriate to the shorter time frame.

Recommendation 9

The committee recommends that (if not already occurring in accordance with recommendation 8) portfolio budget statements, portfolio additional estimates statements and copies of details of expenditure contained in appropriation bills be automatically referred to the relevant general purpose standing committee.

Recommendation 10

The committee recommends that:

- the resources, staffing and workload of House general purpose standing committees, and joint committees administered by the Department of the House of Representatives, be reviewed by the Clerk of the House with a view to accommodating annual reviews by the committees of the expenditure and performance of government departments and agencies; and
- following a satisfactory outcome to the review, each general purpose standing committee form an expenditure subcommittee to report annually on the expenditure and performance of the departments and agencies within its area of responsibility.

Introduction

The House's power of financial scrutiny

- 1.1 The House's power to scrutinise government expenditure derives from the Constitution, which requires the Parliament to approve, by law, all expenditure of public money.¹
- 1.2 The surveillance, appraisal and criticism of government administration is a recognised function of the House. *House of Representatives Practice* states the following:

It is the duty of the House to ensure that public money is spent in accordance with parliamentary approval and in the best interests of the taxpayer. The responsibility for scrutinising expenditure is inherent in the consideration of almost any matter which comes before the House. The most significant means by which the Government is held to account for its expenditure occurs during the consideration of the main Appropriation Bill each year. However the examination of public administration and accounts has to some extent been delegated to committees which have the means and time available for closer and more detailed scrutiny.²

1 Constitution, s. 83— 'No money shall be drawn from the Treasury of the Commonwealth except under appropriation made by law.' Section 81 requires all revenues received by the Executive to be paid into the Consolidated Revenue Fund (i.e. the Treasury).

2 *House of Representatives Practice*, 4th edn, 2001, p. 38.

- 1.3 All Members of the House would subscribe to the first sentence of the quotation above. This duty is accepted by Members and expected by the community they represent.
- 1.4 To the Committee this function of the House is undisputed. This report is about the way the function is fulfilled—in particular, by the consideration of the annual appropriation bills and by the examination of public administration and accounts by committees.
- 1.5 The current significance of the annual appropriation process in the House can be questioned. The House does not now consider the detail of the appropriations to any serious extent. The appropriations are not referred to House committees, and examination by the House has in recent years been curtailed because insufficient time has been allocated.
- 1.6 The appropriations are of course considered by Senate committees, but this is a process in which Members of the House do not participate. This inquiry initially arose because of a desire by some Members, expressed to members of the Committee, to so participate.
- 1.7 Perhaps more importantly, Ministers who are Members of the House—that is, the majority of Ministers—are not subject to scrutiny by Senate committees.
- 1.8 The Committee has concluded that there should be further development of the financial scrutiny role of House committees, and this report makes recommendations to facilitate the committee scrutiny process. However, the Committee also sees a continuing and valuable role for the annual appropriation consideration in the House, and has made recommendations to improve its effectiveness.
- 1.9 There are other means of scrutiny that the Committee has not examined—for example, questions on and without notice, and the opportunities all Members have, by various procedural means, to raise any matter in the House. Some Members (interestingly, all of whom happen to be Ministers) have argued in submissions that these means and the existing appropriations and committee procedures are sufficient scrutiny. The Committee does not agree with this point of view. However, it does appreciate Ministers' desire that increased scrutiny processes should not place undue burdens on the resources of their departments and the time of the House.

The scope and course of the inquiry

- 1.10 On 20 June 2002 the Standing Committee on Procedure resolved to inquire into the adequacy of procedures for the House's examination of the estimates of proposed expenditure in annual and additional appropriation bills and to suggest ways in which the role of the House in examining the estimates could be enhanced.
- 1.11 The committee has adopted a broad interpretation of its terms of reference to facilitate an exploration of all useful approaches to better financial scrutiny by the House. The scope of the inquiry has not been restricted to the 'estimates'—that is, the proposed expenditure as provided for in the annual and additional appropriation bills—but has extended to the performance of agencies as foreshadowed in their portfolio budget statements and reported in their annual reports.
- 1.12 The Committee wrote to all Members seeking their views on the subject of the inquiry and also sought submissions from the Clerk of the House and the Clerk of the Senate, and the Clerks of other Australasian Parliaments. To broaden the range of potential options, the Committee also sought information from two of the largest local councils (some of which have budgets of the same order as those of some small Parliaments)—Brisbane City Council and the Gold Coast City Council. An article was commissioned for the publication *About the House*, with the aim of inspiring a wider interest.
- 1.13 To obtain some more focussed views from the people who would be most closely involved with the implementation of any proposals for House estimates or expenditure committees, the Committee arranged a round table conference of the chairs and deputy chairs of House standing committees and joint committees. A similar session was held with committee secretaries.
- 1.14 The Committee considered a range of options for more effective scrutiny of the financial performance of the Government by Members of the House. After considering the evidence submitted to it and having surveyed alternative arrangements in other Parliaments, the Committee came to the conclusion that the most appropriate course was to focus on what is likely to be achievable within the constraints of the current framework. Thus, while some of the recommendations may be seen as innovative, none of them are radical. The Committee makes no claim that, in themselves, its proposals will ensure effective financial scrutiny by the House. Their purpose is basically to enable more effective financial scrutiny.

Outline of the report

- 1.15 Chapter 2 presents relevant background information to place the subsequent chapters in context. The purpose of this report is to make recommendations to the House for change to its current procedures, which are well understood by present Members. However, Members are not necessarily familiar with processes that operated in the past which are relevant to the discussion, and some basic general information is also included here for what we hope will be a wider readership.
- 1.16 Chapter 3 covers the examination of the estimates in the House—that is, the consideration in detail stage of the main annual appropriation bill. In recent years these debates have been curtailed because of the time restraints which are imposed by the need to have the appropriation legislation introduced in mid-May agreed to by both Houses of the Parliament before the beginning of the financial year on 1 July. The central recommendation here, to separate the general budget debate from the second reading of the main appropriation bill, is aimed at making better use of the potential for ‘parallel processing’ afforded by the House’s second debating chamber, the Main Committee. Other recommendations are aimed at making these proceedings more effective and more useful to Members.
- 1.17 Chapter 4 covers the consideration of the annual estimates by House committees, and other options for greater scrutiny of government performance by House committees. The Committee recommends House estimates hearings by existing committees. In addition, the committee recommends that House committees undertake the annual and continuing scrutiny of the expenditure and performance of government departments and agencies. Recommendations here envisage the development of an existing model and its extension to all general purpose standing committees, subject to a review of the committees’ resources, staffing and workload.

2

Background

Appropriation legislation

- 2.1 Section 83 of the Constitution requires all government expenditure to be authorised by an ‘appropriation made by law’—that is, by an Act of Parliament, which is introduced into the Parliament as an appropriation bill.
- 2.2 For purposes of discussing parliamentary scrutiny, there are two types of appropriation bill. The annual appropriation bills, and special appropriation bills.
- 2.3 An appropriation is the authorisation of expenditure. Any bill which authorises expenditure, or which would have the effect of increasing, altering the destination of, or extending the purpose of an already existing appropriation, is an appropriation bill. An appropriation bill does not necessarily have the word ‘appropriation’ in its title. An appropriation bill cannot be passed unless the purpose of the appropriation has been recommended by a message from the Governor-General.¹ Appropriation bills cannot be initiated in the Senate, and appropriation bills for ‘the ordinary annual services of the Government’ cannot be amended by the Senate.²

1 Constitution, s. 56.

2 Constitution, s. 53.

Annual appropriation bills

- 2.4 The annual appropriation bills are bills which are passed regularly each financial year to appropriate money from the Consolidated Revenue Fund to provide funds for government and parliamentary expenditure. (As Parliament is constitutionally separate and independent from the Government, it now has separate funding by means of its own appropriations.)
- 2.5 The main annual appropriation bills are introduced with the Budget. Appropriation Bill (No. 1) covers expenditure for ordinary annual government services (continuing expenditure by government agencies on services for existing policies); Appropriation Bill (No. 2) covers new policies, new capital expenditure, and payments to the States; and the Appropriation (Parliamentary Departments) Bill covers expenditure for the Parliament.
- 2.6 Additional appropriation bills provide additional funds for the current financial year when departments need more funds than those appropriated by the main appropriation bills. These are usually³ Appropriation Bill (No. 3) (ordinary annual government services), Appropriation Bill (No. 4) (other expenditure), and the Appropriation (Parliamentary Departments) Bill (No. 2) (expenditure for the Parliament).
- 2.7 Supply bills are a kind of annual appropriation bill which provide interim funding in the event that the main appropriation bills do not pass before the start of the financial year. They used to be necessary when it was the practice for the Budget to be presented in August, and could still be needed, if for some reason (such as an election) the present May budget timetable was not able to be followed.
- 2.8 The main annual appropriation bills and the additional appropriation bills are subject to the special parliamentary scrutiny processes which are the main focus of this report.

Special appropriation bills

- 2.9 Special appropriation bills appropriate funds for a specified purpose—for example, to finance a particular project or program set up by the bill. Special appropriation bills are often not specific in amount or duration—those providing funds for an indefinite period are said to give ‘standing appropriation’.

3 Numbering of additional appropriation bills may vary.

- 2.10 Special appropriation bills are not subject to special financial scrutiny processes, but (apart from the addition step of reporting a Governor-General's message) are treated in the same way as bills which do not contain appropriations. Like other bills they may be referred to general purpose standing committees in the House (although this is rare) and to legislation committees in the Senate.
- 2.11 The majority of government expenditure (about 70%) is covered by special appropriation. As an example, while annual appropriations for the Department of Family and Community Services in Appropriation Bills No. 1 and No. 2 for 2003–2004 were some \$5.3 billion, estimates of expenditure from special appropriations administered by the department amounted to some \$57 billion.⁴
- 2.12 Information on estimated expenditure under special appropriations is included in the portfolio budget statements (see paragraph 2.24).

Summary of the annual budget cycle

- 2.13 With May budgets, the budget cycle begins in about *November* when departments update their *forward estimates of expenditure*. These cover a three year period assuming continuation of current government policies.
- 2.14 Later in *November* or in *December*, a *Senior Ministers' review* takes place—i.e. the Prime Minister, the Treasurer and the Minister for Finance and Administration—to establish policy priorities and budgetary strategy for the next financial year.⁵
- 2.15 On the basis of this review, agencies prepare *portfolio budget submissions*, which outline major new funding proposals and potential savings within the agency's area of responsibility. These are lodged with the Cabinet Office in late *February*.
- 2.16 The *Expenditure Review Committee* (ERC) of Cabinet—the Prime Minister and the Ministers as noted above and two other senior Ministers—considers the portfolio budget submissions in *March* and makes recommendations to Cabinet for proposals to include in the coming Budget. Following this process, revenue aspects of the Budget are

4 Source *Portfolio Budget Statements 2003–04—Family and Community Services Portfolio*. This is an extreme example—the department is the largest portfolio by expenditure, representing over one third of all Commonwealth government expenditure. The special appropriations are for various types of social security payment.

5 Information about minor spending proposals is submitted separately to the Minister for Finance and Administration.

considered by the *Revenue Committee* of Cabinet, based on advice from the Treasury.

- 2.17 In *March* agencies start preparing the budget documentation (including the various budget papers and the portfolio budget statements) and update their estimates in accordance with Cabinet decisions.
- 2.18 *The Budget* is presented in *May*—traditionally on a Tuesday at 7.30 pm—when the Treasurer and other Ministers introduce the three *appropriation bills* (see paragraph 2.4)—Appropriation Bill (No. 1), Appropriation Bill (No. 2), and the Appropriation (Parliamentary Departments) Bill—and present the budget papers and associated documents to the House. Other legislation containing budget measures may also be introduced at that time or at a later date. Copies of the budget documentation, including the *portfolio budget statements* (see paragraph 2.24) which expand on the detail contained in the appropriation bills, are also tabled in the Senate. Current practice is for the portfolio budget statements not to be tabled in the House.
- 2.19 The parliamentary aspects of the annual budget process in the House centre on the passage of the annual Appropriation Bill (No.1) ‘for the ordinary annual services of the Government’ introduced by the Treasurer. The Treasurer’s *budget speech* is in procedural form the ministerial second reading speech on this bill. The budget debate then takes place on the question before the House that this bill ‘be now read a second time’. This is a wide-ranging debate on public affairs in general and is not confined to the appropriation bill or to budget measures. The ‘estimates’—the details of proposed expenditure by government departments for the coming financial year—are debated at the next step in the bill’s progress—the consideration in detail stage, when the House goes through the proposals department by department. The other appropriation bills are usually not debated separately.
- 2.20 While the House considers the budget bills, in the Senate copies of the details of the proposed expenditure in the appropriation bills are referred to the Senate estimates committees (or more correctly, *Senate legislation committees* considering the estimates), as described in paragraph 2.29. The appropriation bills themselves are not extensively debated in the Senate. The appropriation bills must pass both Houses and be assented to before the end of the financial year on *30 June*.
- 2.21 Generally in *November* (but possibly as late as January), the Government presents to the Parliament a *Mid-Year Economic and Fiscal Outlook* report. This compares estimates to actual expenditure and provides an update on the budgetary position.

- 2.22 At around the same time, the *Additional Estimates* process is undertaken, which enables portfolios to reassess funding requirements and, if necessary, submit requests for additional funding. The Additional Estimates are incorporated into Appropriation Bills (Nos. 3 and 4) and the Appropriation (Parliamentary Departments) Bill (No. 2). These are dealt with by each House in a similar way to the May appropriation bills, but on a smaller scale. The House has a general debate on the bills but does not usually consider them in detail, and the Senate legislation committees examine the additional estimates. *Portfolio additional estimates statements*, which explain the changes to outcomes or expected expenditure, are tabled in the Senate but not in the House.
- 2.23 In *September*, three months after the end of the financial year, the *final budget outcome* documents for the financial year are tabled in the Parliament. Agencies table their annual reports at about this time—these include financial statements and reports on performance against portfolio budget statement targets for the preceding financial year.

Portfolio budget statements

- 2.24 The portfolio budget statements (PBS), tabled in the Senate at budget time, contain information, explanation and justification to enable Parliament to understand the purpose of items proposed in the annual appropriation bills—there is a provision in each Appropriation Act requiring the PBS to be taken into account in the interpretation of the Act.
- 2.25 PBS provide information on the allocation of government resources to outcomes. They focus on the performance of agencies, give performance indicators for outcomes and outputs, and enable links to be drawn between information in the PBS, the appropriation bills and agencies' annual reports.
- 2.26 As well as estimates of expenditure under the annual budget appropriations, PBS contain information about expected expenditure under special appropriations administered by each portfolio.
- 2.27 Portfolio additional estimates statements (PAES), tabled on the introduction of the additional appropriation bills, serve as addendums to the PBS, explaining changes to outcomes or estimates for outcomes.
- 2.28 The PBS and PAES are major source documents for the Senate estimates process and Department of Finance and Administration guidelines

instruct agencies to be responsive to the requirements of the Senate legislation committees in the content of these documents.

Senate estimates committees

- 2.29 Senate estimates committees were first established in 1970. In 1994 they ceased to exist in their own right to be replaced by a system of 8 legislation committees which act as estimates committees when 'particulars of proposed expenditure' (the schedules in the appropriation bills containing the estimates) are referred to them when tabled in the Senate on budget night. This allows Senate consideration of the estimates before the budget legislation has passed the House of Representatives, as the bills themselves cannot be considered by both Houses at the same time.
- 2.30 The portfolio budget statements (PBS) (see paragraph 2.24) are also referred to the committees at this time. The PBS form the framework of the hearings and are in practice more important to the estimates hearings than the estimates (the 'particulars of proposed expenditure') themselves. Annual reports and Auditor-General's reports tabled in the Senate are also automatically referred to the committees and may be examined in conjunction with the estimates.
- 2.31 The legislation committees conduct hearings in estimates mode usually over a two week period shortly after the budget legislation has been introduced in the House of Representatives, while the House is engaged in the budget debate. Senate standing orders require evidence to be taken in public session. Committee members may question public servants directly. However, the responsible Minister (or Minister representing a Minister who is a Member of the House of Representatives) is expected to be present and to deal with matters of policy as distinct from administration.
- 2.32 The committees have the power to send for persons, papers and records. Information not provided during the initial round of hearings may be requested on notice and delivered for examination at supplementary meetings some weeks later. In the meantime the committees present their respective reports to the Senate in accordance with a timetable set earlier in the year by resolution of the Senate. By this stage the budget legislation has passed the House and been transmitted for passage through the Senate. A further single round of hearings (with no supplementary hearings) is held when the additional estimates are presented later in the financial year.

- 2.33 Senate estimates committees were established in the first instance to provide the basis for informed debate during detailed consideration of the budget legislation in the Senate after its second reading. However, this pre-consideration has largely replaced the Senate's equivalent of the consideration in detail stage. In addition, it has been suggested that individual Senators have been able to develop a more detailed knowledge of government operations, and because officials are required to explain in open forum the rationale for aspects of departmental administration, the accountability process has extended beyond less revealing mechanisms such as departmental annual reports. The process of holding the Government accountable to the Parliament has been assisted by new forms of budgetary documentation which focus on outputs and outcomes—that is, what the funds are meant to achieve, rather than the narrower focus on how the funds will be spent.
- 2.34 However, rather than concentrating narrowly on the justification of proposals for future expenditure, to a great degree the committees employ the estimates and the PBSs as tools to provide a framework for reviewing departmental performance during the current and previous financial years, and questioning often concerns specific details of past expenditure or departmental activity.
- 2.35 The topics for questioning are chosen by the Senators involved. While the focus of the proceedings is often directed to politically controversial subjects (and even more so the media interest in the proceedings), non-controversial matters are also pursued.
- 2.36 With the proviso that the process is not conducive to deep analysis of outputs or programs, it is recognised as a valuable accountability mechanism by all sides of the Parliament. Even Ministers are ready to concede this—for example 'I strongly support the current examination of the estimates of expenditure by the Senate and believe that it also plays an important role in holding the Government accountable to the Parliament and the Australian public at large.'⁶ (However, as Ministers who are Members of the House do not appear before Senate committees, the accountability mechanism is less than comprehensive.)
- 2.37 The Clerk of the Senate notes that the effectiveness of the process largely depends on the inability of the Government to restrict or control it. He suggests that the same effect would be more difficult to achieve in the House of Representatives context.⁷

6 Submission from Hon B Nelson MP, Minister for Education, Science and Training.

7 Submission from the Clerk of the Senate, p. 2.

The Joint Committee of Public Accounts and Audit

- 2.38 The Joint Committee of Public Accounts and Audit (JCPAA) is a statutory committee established by the *Public Accounts and Audit Committee Act 1951*.
- 2.39 The committee has 16 members, six appointed by the Senate and ten by the House of Representatives. The committee has a majority of government members. The chair is a government member and the deputy chair an opposition member.
- 2.40 The JCPAA's function is to scrutinise, usually by means of public inquiry, the performance of all Commonwealth government agencies in spending the funds appropriated to them by the Parliament. The JCPAA has a broad range of responsibilities, which include examining all reports of the Auditor-General; reporting on any circumstances connected with the financial accounts and statements of Commonwealth agencies; and reporting on any matter (which may include bills) referred by the Parliament. The committee is also responsible for approving annual report guidelines for government departments.
- 2.41 The ability to consider and report on any circumstances connected with reports of the Auditor-General or with the financial accounts and statements of Commonwealth agencies is one of the main sources of the JCPAA's authority, as it enables the committee to initiate its own references and, in the main, to determine its own work priorities. This power gives the JCPAA a significant degree of independence from the Executive Government.

Former financial procedures of the House 1901–1963

- 2.42 For its first six decades the House of Representatives followed practice derived from the United Kingdom House of Commons by giving preliminary consideration to proposed charges (upon the public revenue, i.e. appropriations, or on the people, i.e. taxes) in committee of the whole.⁸

8 A committee of the whole is a committee composed of the whole membership of the House, apart from the Speaker. Historically in the UK House of Commons bills were committed to a single Member (i.e. to a committee) or to a small group of Members for revision or to incorporate amendments. The committee of the whole arose as a device to allow all Members to participate in these deliberations, and later became recognised as an efficient method of discussing matters of detail and finance, as proceedings were less formal than in the House itself. The absence of the Speaker during the period when that position was a nominee of the Crown is also said to be a consideration. See Lord Campion, *An introduction to the procedure of the House of Commons*, 3rd edn, Macmillan, London, 1958, pp. 27–29. The House of Representatives no longer resolves itself into a committee of the whole when it considers a bill in detail. However, to confuse the issue, the Main Committee of the House of

The main appropriation bill each financial year was preceded by the Governor-General transmitting estimates of proposed expenditure, which on receipt were referred to the Committee of the Whole House sitting as the Committee of Supply. The Treasurer made the budget speech in committee while moving that the first item in the estimates be agreed to. The budget debate and consideration of the details of the estimates of expenditure also took place in the Committee of Supply.

- 2.43 The Committee of Supply's item-by-item consideration of the estimates extended for several weeks. When the Committee of Supply had reported to the House its resolution that a sum not exceeding a certain quantity be 'granted to Her Majesty . . . for the services of the year', the Committee of Ways and Means (the Committee of the Whole House under another designation) then convened and resolved the granting of a sum out of the Consolidated Revenue Fund 'towards making good the Supply granted to Her Majesty for the service of the year'. As soon as the Committee of Ways and Means reported to the House, the main appropriation bill was introduced and usually passed through all stages immediately.
- 2.44 The House followed a similar procedure in dealing with the additional estimates and the subsequent interim provision for the next financial year.
- 2.45 During the 1960s the procedure was streamlined to remove what had come to be seen as 'a mass of formal and time consuming procedure involving the moving of a great number of motions, consequent questions from the Chair, and movements in and out of various committees'.⁹
- 2.46 In the new arrangements the complete budget process was subsumed into the procedures for the passage of the main appropriation bill. The budget speech became the Treasurer's second reading speech on the bill and the budget debate became the second reading debate on the bill. The estimates were presented as a schedule of the bill and were considered in the committee of the whole stage of the bill (that is, in what is now called the consideration in detail stage).

House estimates committees 1979–1981

- 2.47 The House experimented with separate estimates committees during three years of the Fraser Government (1975–1983) in 1979, 1980 and 1981. In the

Representatives, the parallel debating chamber to which both the second reading and consideration in detail stages of bills may be referred, is technically a committee of the whole.

9 *House of Representatives Practice*, 1st edn, 1981, Canberra: AGPS, pp. 345-6.

first year two estimates committees were appointed. Their membership comprised an ex officio chair, the Minister responsible for each item of proposed expenditure as it was considered, and between 12 and 18 other Members per portfolio (in effect providing a differently constituted committee for each portfolio) nominated to reflect the proportional numerical strength of the Government and Opposition in the House. The committees could examine and report—and express an opinion—on proposed expenditures but not vote on or vary their amount. A Minister’s departmental advisers could respond to committee members’ queries subject to the Minister’s approval. Meetings were public.

- 2.48 More committees were appointed in the next two years—four in 1980 and six in 1981—each with fewer members (chair, Minister and 10 Members). However, the Government abandoned the experiment in 1982 by not moving to renew the sessional orders. Despite opposition protestations at that time, estimates committees were not revived when there was a change of government in 1983.
- 2.49 Reasons for the demise of the House estimates committees are canvassed in Chapter 4.

Alternative approaches—estimates consideration in other Parliaments

- 2.50 The following summary concentrates on processes which are different from those followed in the Commonwealth Parliament.¹⁰

New South Wales	NSW had joint estimates committees until 1995 when the Legislative Council established its own estimates committees. Legislative Assembly standing orders have provisions enabling the appointment of estimates committees, however in practice they are not appointed. Neither does the Assembly any longer consider appropriations in the House (committee of the whole).
Victoria	Estimates are referred to the Public Accounts and Estimates Committee (joint statutory committee). Estimates questionnaire sent to departments before the Budget.

¹⁰ The Committee also looked at budget consideration in local government, but found the processes (e.g. proposed budget considered by a budget committee before presentation to full council for formal adoption) not directly comparable.

Western Australia	In the Legislative Assembly estimates committees (2 committees A and B) replace the consideration in detail stage. A Management Committee (Leader of the House, one other government member and two opposition members) determines the allocation of time and the distribution of the estimates between the committees. In the Legislative Council the annual estimates of expenditure and budget papers are considered in committee of the whole (known as the Estimates Committee).
Queensland (unicameral)	Estimates are referred to seven estimates committees A–G.
South Australia	In the Legislative Assembly estimates are referred to 2 estimates committees A and B, which meet concurrently in the Chambers of the House and the Legislative Council. Ministers, including those who are members of the Legislative Council are questioned. Other members of the Council do not participate. Ministers and shadow ministers make opening statements.
Tasmania	The Legislative Council has 2 estimates committees A and B. The Legislative Assembly does not have estimates committees.
Northern Territory (unicameral)	Estimates are considered in committee of the whole.
ACT (unicameral)	Estimates are referred to a Select Committee on the Estimates.
United Kingdom House of Commons	The Liaison Committee of committee chairs selects which estimates are to be debated in the House. Debate is limited to a total of three ‘Estimates’ days, the remainder of the estimates being dealt with without debate. Estimates are not referred to committees.
New Zealand House of Representatives (unicameral)	Estimates are referred to the Finance and Expenditure Committee which keeps some for its own consideration and allocates others to subject committees. The Committee reports back to House but does not pass or approve the estimates. Estimates questionnaire sent to departments before the Budget. Committees do not consider all estimates referred to them in detail.
Canada House of Commons	The estimates are tabled in the House and referred to the appropriate standing committees. If a committee has not reported the estimates back by the required date, it is deemed to have reported, whether it has actually considered them or not. While considering the main estimates, committees are also empowered to consider the documents setting out expenditure plans and priorities in future years.

Consideration of the estimates in the House

- 3.1 The recommendations in this chapter can stand alone. However, the exact form in which they are realised will be influenced by whether and in what manner the Committee's proposals in Chapter 4 for consideration of the estimates by standing committees are adopted by the House.

Definition

- 3.2 The term 'estimates debates' refers to the consideration in detail stage of Appropriation Bill No. 1.

Current procedures

- 3.3 The 'estimates' are the details of the proposed expenditure by government departments and agencies for the coming financial year, as listed in a schedule of the main appropriation bill for the year. This is Appropriation Bill (No. 1), which appropriates money from the Consolidated Revenue Fund for ordinary annual government services of government—that is, continuing expenditure by government agencies on services for existing policies. The bill is introduced by the Treasurer on Budget Day—which now normally occurs in May—along with two other appropriation bills. These are Appropriation Bill (No. 2), which appropriates funds for expenditure on new policies, new capital expenditure, and grants to the States; and the Appropriation (Parliamentary Departments) Bill, which appropriates money for the running of the Parliament.

- 3.4 The consideration of the estimates is preceded by the budget debate, the second reading stage of the main appropriation bill. This is a lengthy debate in which all Members have the opportunity to speak. However, this is a wide-ranging debate on ‘public affairs’ in general and is not confined to (and to a great extent does not cover) the appropriation bill or budget measures.¹
- 3.5 In contrast, debate during the consideration in detail stage of the bill should be relevant to the departmental estimates of expenditure in the bill. During this stage the House goes through the schedule of the bill department by department, debating for each department the question that ‘the proposed expenditure be agreed to’.
- 3.6 Rather than consider the departments individually in the order in the schedule, the House usually agrees, by resolution, to vary the order and to group some departments together, to better suit the convenience of Ministers and Members participating in the debate. The order agreed to is important, as if time is short departments lower down the list may not be reached.
- 3.7 As each department or group of departments is considered, the Minister for the department, or one of the departments if they are grouped, takes the floor as the main government speaker. In some cases another Minister or a Parliamentary Secretary representing the Minister takes over this function. Ministers take different approaches to the debate—some rise to speak between and to respond to other Member’s speeches, others confine their remarks to a closing speech in reply. Sometimes a Minister may undertake to provide a written response to a matter raised by a Member. Departmental staff are present for the Minister to consult with, but advisers can take no part in debate themselves.
- 3.8 The opposition spokesperson for the portfolio (shadow minister) usually plays a central role in the debate, and other Members with an interest in the activities of the particular department also participate. Members may speak for no more than 5 minutes at a time but may speak as many times as they wish. If no other Member seeks the call a Member speaking can speak again immediately, and it is possible for a quite lengthy speech, in total, to be made in this way.
- 3.9 As with all bills, amendments may be moved at the detail stage, although this is not usual. Private Members—that is, Members who are not

1 The debate is exempted from usual requirement that Members’ speeches must be relevant to the question before the House by S.O. 81, which states that ‘matters relating to public affairs may be debated’.

Ministers (or Parliamentary Secretaries) are restricted in the amendments they may move.²

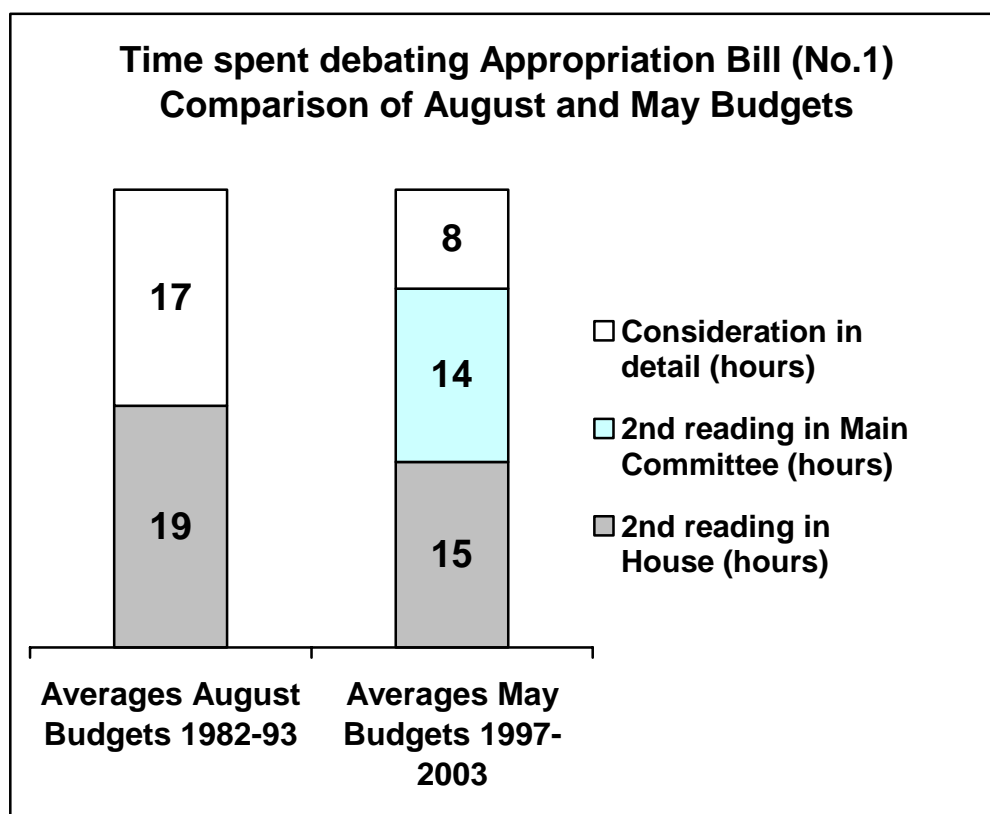
- 3.10 Appropriation Bill (No. 2) and the Appropriation (Parliamentary Departments) Bill are generally not considered in detail. The additional appropriation bills later in the financial year ('additional estimates') usually also bypass the detail stage.
- 3.11 Consideration of the estimates in the House or Main Committee usually covers departmental activity or government policy in the particular subject area, with some discussion of financial details. Some Members also raise electorate issues which are relevant to the estimates being debated.
- 3.12 Members see current procedures as most effective when there is an interchange between Members and the Minister (or Parliamentary Secretary) representing the departments being considered—when Members raise concerns in their short speeches and the Minister responds. The new intervention procedure, currently under trial in the Main Committee, whereby Members may interrupt the Member speaking to ask a question, were used for the first time in estimates debates in 2003, and made the process more interactive.
- 3.13 Criticisms of current practice include:
- the insufficient allocation of time for full debate of the estimates (discussed at paragraph 3.15);
 - the poor attendance of Members due to the low profile of the proceedings and the lack of structure and timetabling of the debates (discussed at paragraph 3.41);
 - the occasional absence of Ministers (discussed at paragraph 3.47); and
 - the content and style of debate (discussed at paragraph 3.49).
- 3.14 The Committee has made recommendations addressing each of these concerns.

Allocation of time

- 3.15 Statistics provided to the Committee by the Clerk of the House showing the times spent on the second reading and consideration in detail stages of Appropriation Bill (No. 1) since 1973 are reproduced at Appendix A.

2 S.O. 292—a private Member may move to reduce an amount or to omit an item, but may not move to increase an amount or alter the purpose of a proposed expenditure.

These figures, and the table below which is based on them,³ clearly show that in recent years the time spent on the consideration of the estimates has significantly decreased.



- 3.16 The referral of the Appropriation Bills to the Main Committee has enabled budget proceedings in the House to be completed in one month (bills presented in May have to pass both Houses before 30 June). However, Main Committee time has been used for additional second reading debate at the expense of consideration of the estimates.⁴
- 3.17 Currently (that is, with May Budgets and using the Main Committee) about 8 hours are available for the consideration of the estimates. In previous years (August Budgets) 17 hours were available. Time spent on the budget debate has expanded from 19 hours to 29 hours. There has been little change to the total time (budget debate + estimates) which has stayed at about 36 or 37 hours. These figures are averages—in 2003 the estimates were debated for eight hours, while the budget debate increased to 35 hours (13 in the House; 22 in the Main Committee), giving a total

3 The table compares the period of August Budgets starting after the cessation of the experiment with estimates committees, with the period of May Budgets following the introduction of the Main Committee. The intervening years 1994–1996 have been excluded as not representative of either period, because the use of the Main Committee was still getting established and because of the 1996 August Budget.

4 Submission from the Clerk of the House, p. 6.

time of 43 hours. The trend of recent years is now even more marked—the potential offered by the Main Committee for greater debating time has been used for a longer budget debate rather than for consideration of the estimates.

- 3.18 With most available time now used for the budget debate, little time is left for the consideration of the estimates. Recent experience has been that the estimates of a department, or several departments together, may be ‘considered’ in a few minutes, or even not considered at all. In 1996 no estimates were considered as Appropriation Bill (No. 1) was guillotined before the consideration in detail stage was reached. In 2002 the bill was returned to the House from the Main Committee after 6 hours of debate of the estimates—with several departments still to be covered—and then agreed to without further debate. In 2003 the same action occurred after 8 hours of estimates debate. As shown in Appendix C, five of eight departments not covered in 2002 were also not covered in 2003.
- 3.19 In the Committee’s opinion there should always be sufficient time allocated to the consideration in detail stage of Appropriation Bill (No. 1) to enable all departments to be covered. As a rough guide based on the times shown in Appendix C, at least 17 hours needs to be available, about double the amount of time currently provided.⁵ In other words, the time available for the estimates should revert to the average of earlier years (that is, before May Budgets and before the Main Committee).

Options for making more time available

- 3.20 The Committee considered several ways of increasing the time available for the consideration in detail stage of the main appropriation bill, as discussed below. The Committee’s preferred solution is outlined at paragraph 3.33.

Increasing the total sitting hours available for the budget processes

- 3.21 In the Committee’s opinion, any measure aimed at merely increasing the total hours available, either by increasing the number of sittings or by suspending non-budget business, would not go to the root of the problem, which is the time relationship between the budget debate and the

⁵ The Committee’s proposals would provide more time than this minimum, which works out at about 1 hour per department—see Appendix D.

estimates debates. For this reason the Committee did not favour the following options:⁶

- more sitting days for the House—this would be difficult to accommodate within the tight budget timeframe. (However, as discussed in Chapter 4, the Committee does propose additional days in Canberra for House committees to hold estimates hearings);
- more sittings of the Main Committee—the Main Committee already sits much longer hours than usual to accommodate the budget debate and estimates;
- reintroduce the pre-1988 practice of suspending Private Members' Business until the appropriation bills have passed—the Committee believes the regular Private Members' Business period should be sacrosanct.

Redistributing time from the budget debate

3.22 The Committee examined options for redistributing the time currently available—to reduce the time spent on the budget debate in order to allow more time for the consideration of the estimates.

A shorter budget debate

3.23 The budget debate could be shortened by setting a time limit for the whole debate, or by reducing the time limit on Members' speeches. The length of the budget debate could also be greatly reduced if the relevance exemption applying to the debate were to be removed.⁷

3.24 Such action would greatly reduce the pressure on the time of the House during the short budget sittings, and a large block of time could be released for the estimates. For example, if the budget debate was reduced to its previous length of about 20 hours, an additional 8 hours would be available for the detail stage (that is, double the existing amount of time).

3.25 While setting a time limit on the budget debate appeared to be an easy and obvious solution, it was one the Committee was opposed to, after careful consideration of the nature and purpose of this debate.

6 Submission from the Clerk of the House, p. 7. The Clerk put forward options for discussion without making recommendations.

7 Submission from the Clerk of the House, p. 7.

Discussion of the purpose of the budget debate

- 3.26 The budget debate provides an annual opportunity for Members to talk generally on matters of concern. It is made possible by standing order 81(b) which exempts this debate—the second reading debate on Appropriation Bill (No. 1)⁸—from the normal requirement that debate be relevant to the question under discussion.
- 3.27 The nature of the budget debate, like the grievance debate,⁹ has its ultimate origin in the ancient House of Commons practice of insisting on airing its grievances and debating matters of concern to it, before granting financial supply to the Crown.
- 3.28 In earlier centuries, when the Parliament may have been called together for the sole purpose of granting financial supply to the Crown, this ancient custom was extremely important. However, it could be seen as having less relevance now in the House of Representatives, where there are regular opportunities for debate of matters of concern to individual Members available throughout the year.
- 3.29 Now that a May budget has become the normal practice and there is pressure of time for appropriation bills to pass before the new financial year, the budget debate in its current form could perhaps be viewed as a luxury from more leisurely times. The traditional budget debate procedure can be seen as serving to prevent real scrutiny of the Budget, as it takes time that could otherwise be spent on consideration of the estimates, and it uses time that could be spent debating other legislation.
- 3.30 On the other hand, speed in the passage of legislation is not the sole consideration. Parliament is a national forum in which to raise matters of public interest as well as a law making body, and the opportunities that Members have to talk in a general debate on matters of their own choosing are essential to the proper functioning of the House. In the Committee's view it is not the *occurrence* of general debate that should be at issue. The real issue is the *timing* of the general debate, which in its current form, as purported debate on the second reading of the main appropriation bill, prevents progress to the consideration in detail stage, which cannot commence until the second reading has passed.

8 The exemption is for 'appropriation bills for the ordinary annual services of the Government' and also applies to the main additional appropriation bill later in the financial year.

9 See *House of Representative Practice*, 4th edn, p. 555.

A shorter budget debate compensated by additional grievance debates

- 3.31 One way to continue to have the same amount of general debate with less delay to the passage of the appropriation bills would be to make an equal amount of time available for an equivalent general debate *outside* the appropriation bill process.¹⁰ That is, existing regular opportunities for Members to address the House could be extended, in preference to having a very large block of time set aside during one month of the year.
- 3.32 Under this approach, the budget debate would be shorter and relevant to the Budget, and throughout the year there could be longer or perhaps more frequent grievance debates. For example, if 10 hours were taken from each of the current budget debate and the current additional appropriations debate¹¹ an additional hour per week of grievance debate would be available. The grievance debate speech limit of 10 minutes, compared to 20 minutes for the budget debate, would provide more opportunities for Members to speak in total.

Existing budget debate retained but separated from the appropriation bill debate—the preferred option

- 3.33 In the pre-1963 financial procedures of the House (outlined in Chapter 2), the ‘budget debate’ took place in Committee of Supply, before the appropriation bills were introduced. That the budget debate now occurs on the second reading of Appropriation Bill (No. 1) is no more than a procedural device. This was appropriate and convenient under the traditional August budget timetable, which provided the House with many weeks to consider the bill. However, this practice is less suitable to the lesser time available with May budgets, and there seems to be no procedural or legislative reason necessitating its continuation.
- 3.34 The Committee’s proposal is that the budget debate take place on a separate question—for example, ‘That the House approves the Budget’. This ‘budget debate’ would in practice be the same as the current budget debate (including the opportunity to move an amendment to the question), but separate from the second reading debate of the appropriation bill, which could be very short or even formal. This would permit the consideration in detail stage of the bill to start soon after the Budget is presented.

10 Submission from the Clerk of the House, p. 14.

11 In recent years the second readings of the additional appropriation bills have been debated for about 16 hours—9 hours in the House and 7 hours in the Main Committee (1997–2002 averages). These bills are generally not considered in detail.

Procedure for the passage of Appropriation Bill (No.1) Budget and estimates debates

Current procedure

*[Budget and estimates debates
in sequence]*

Appropriation Bill introduced Treasurer moves 2nd reading Budget speech
Leader of the Opposition's response
Second reading debate continues— <u>Budget debate on bill</u> <i>9 sitting days available*</i> Second reading agreed to
Consideration in detail (estimates consideration) <i>3 sitting days available*</i>
Third reading

Proposed procedure

*[Budget and estimates debates
in parallel]*

Appropriation Bill introduced Treasurer moves 2nd reading Budget speech	
Leader of the Opposition's response Second reading agreed to Motion moved 'That the House approves the Budget'	
Consideration in detail (estimates consideration) <i>12 sitting days available*</i>	<u>Budget debate on motion</u> <i>12 sitting days available*</i>
Question put on budget motion Third reading	

* The debates referred to may be spread over the potentially available days. Not every day or hour available is necessarily used for that purpose.

Current and proposed budget timetables based on the 2003 calendar are given at Appendix B, and a sample timetable for the proposed consideration in detail stage at Appendix D.

- 3.35 The Committee envisages that the Treasurer's budget speech would be given as it is now, as the second reading speech of the main appropriation bill. The Leader of the Opposition's speech in response to the Budget would be made as it is now, after which the second reading of the appropriation bills would be formally agreed to. At this time the Treasurer would move 'That the House approves the Budget'. The continuation of the debate on the question 'That the House approves the Budget' would be the budget debate as we now know it, with the same rules of relevance.

- 3.36 The budget debate—in its present form, but to a different (and more appropriate) question—would, as now, commence in the House. After some hours of debate it could, as now, be continued in the Main Committee. The difference to existing arrangements is that the start of the consideration in detail stage of the appropriation bills (estimates debates) would no longer be dependant on the finishing of the budget debate. While the budget debate is taking place in the House, the consideration in detail stage of the appropriation bills could take place *at the same time*, in the Main Committee.
- 3.37 This approach provides a solution to the time problem while retaining without change the existing opportunities provided to Members by the budget debate. In addition it makes full use of the possibilities offered by the Main Committee for parallel debates in two chambers.
- 3.38 The budget debate could remain in the House longer than it does now or return to the House, quite independently of the concurrent estimates debates. It could also be referred backwards and forwards between the two chambers as gaps arose in the timetable of each. Alternatively, the budget debate and the estimates debates could both be referred to the Main Committee—for example, the budget debate and other business could occur in the Main Committee during the day, and the evening sittings could be reserved for the estimates (or vice versa), with only one or two departments considered at each sitting. The flexibility provided by parallel debating chambers would allow various feasible timetables which would make the estimates debates less rushed and more easily timetabled in advance (as the Committee proposes at paragraph 3.45). A sample timetable for the estimates debates based on the 2003 calendar is given at Appendix D.
- 3.39 If House estimates hearings by House committees are adopted, as the Committee proposes in Chapter 4, this arrangement would still operate, subject to the proviso that the estimates debates relating to a department would take place after any committee hearings. Estimates debates would commence with departments administered by Senate Ministers, followed by the departments covered by the first week of committee hearings, and conclude with those departments covered by the second week of committee hearings.
- 3.40 It is proposed that similar procedures operate in relation to the additional appropriation bills, to provide time for consideration in detail to occur concurrently with a general debate on the question ‘That the House approves the additional estimates’.

Recommendation 1

The committee recommends that:

- the second readings of the appropriation bills be agreed to without further debate following the Leader of the Opposition's speech in response to the Treasurer's budget speech;
- after the second reading of the appropriation bills the motion 'That the House approves the Budget' be moved;
- the wide-ranging budget debate (currently occurring on the question for the second reading of the main appropriation bill) then take place on the question 'That the House approves the Budget';
- the rules relating to relevance and amendment which currently apply to the second reading of the main appropriation bill apply to the budget debate in its new form;
- debate on the consideration in detail stage of Appropriation Bill (No. 1) in the Main Committee take place concurrently with the budget debate in the Chamber of the House, and possibly alternately with the budget debate after the budget debate has been referred to the Main Committee;
- the procedures above be adopted for the additional appropriation bills, adapted to the shorter time frame, and the general budget-type debate at this time take place on the question 'That the House approves the additional estimates'.

Attendance of Members

3.41 Evidence given to the Committee has referred to the sometimes low attendance of Members during the estimates debates.¹²

3.42 A low turn up of Members during consideration of the estimates is regrettable, as this is one of the limited opportunities for the House to debate departmental expenditures and activities. The 5 minute time limit on single speeches (and now the intervention procedure) is conducive to several Members participating at any one time. The Minister is present (or should be) to respond to matters raised, and departmental staff are in attendance.

12 Submission from the Clerk of the House, p. 5.

- 3.43 The Committee encourages all Members to participate in the consideration of the estimates, and in particular members of the appropriate standing committee when 'their' departments are being considered.
- 3.44 One reason for a low turn out seems to be the low profile of the proceedings.¹³ The Committee hopes that its various recommendations, taken together, will raise this profile. Another reason is the lack of structure to the proceedings and the lack of advance warning of its timetable.
- 3.45 The Committee considers that the attendance of Members may be improved if a fixed period of time was allocated for each department or group of departments, and sufficient advance warning given to Members, and others, of the timetable on the Notice Paper. This would make it easier for Members interested in a specific department to program their time. There could be a formal process to program estimates for consideration in detail. It has been suggested that this could be done through the Liaison Committee of Chairs and Deputy Chairs.¹⁴ Another possibility could be to extend the programming role of the Selection Committee.
- 3.46 Timetabling is also discussed at paragraph 3.38. A sample timetable for the estimates debates based on the 2003 calendar is shown at Appendix D.

Recommendation 2

The committee recommends that:

- the Selection Committee be responsible for arranging the timetable and order of business for the consideration in detail stage of the main appropriation bills. In doing so the committee must seek advice from the Leader of the House on the availability of Ministers;
- the timetable be published on the Notice Paper for the first sitting day of the week of consideration and remain on the Notice Paper until the consideration has been completed; and
- the timetable published on the Notice Paper be generally observed, with the proviso that consideration of a department may conclude earlier than indicated on the program if no further Member seeks the call, and that the consideration of the next department may commence if the representing Minister is available and other Members present agree.

13 Another reason is, as one Member put it 'All of us are always scratching to find times for the things we have to do', *Transcript of roundtable discussion with chairs and deputy chairs*, p. 7.

14 Submission from the Clerk of the House, p. 8.

Attendance of Ministers

- 3.47 Evidence given to the Committee has referred to the possible non-arrival of a Minister or Parliamentary Secretary to an estimates debate.¹⁵ The Committee notes that this occurred in 2002, and for a short period at the start of estimates consideration in 2003, but regards this as an exceptional occurrence.
- 3.48 Nevertheless, the Committee believes that the absence of a Minister during the consideration of a department's estimates is unacceptable. This is an insult to the House and makes a nonsense of the concept of responsible government. The Committee considers that there should be a requirement in the standing orders for the relevant Minister, or another Minister representing the relevant Minister, to be present at all times during the consideration of the estimates. The proposals for advance timetabling of the estimates debates should help Ministers in this respect.

Recommendation 3

The committee recommends that the standing orders provide that if the Chair notes that no Minister is present to respond to matters raised during the consideration of the estimates, the Chair shall suspend proceedings until a Minister is available.

The content and style of debate

Relevance

- 3.49 The objective should be that the debate focuses on the estimates, and that proceedings are more an interchange between Members and the Minister of matters raised and response, rather than set speeches. This does happen now, but not consistently.
- 3.50 On occasion debate of the estimates can become a series of statements, possibly with a fairly tenuous connection to the proposed expenditure being considered. Some Members may be tempted to use the proceedings as an extension of the budget debate.

15 Submission from the Clerk of the House, p. 5.

- 3.51 The situation where a Member has been able to make a quite lengthy (and perhaps not totally relevant) speech in a series of successive five minute blocks should not arise if there are other Members present to seek the call.
- 3.52 The maintenance of relevance in debate is of course a matter for the Chair. This may be aided by a routine formal reminder read out by the Chair at the start of each estimates proceedings.
- 3.53 However, the relevance rule applied should not be so tight that only the contents of Appropriation Bill (No. 1) can be referred to. Reference to expenditure contained in Appropriation Bill (No. 2) should also be allowed, as this is not debated separately. Any budget measure affecting a department, and related documents such as the department's portfolio budget statement or annual report should also be fair game for comment. In addition, reference should be able to be made to any committee report relevant to a department's expenditure. Although such wider debate may now sometimes occur in practice, it could be regarded as technically out of order. An explicit statement in the standing orders permitting a wider scope of debate would give guidance to Members and be useful to the Chair.

Recommendation 4

The committee recommends that when proposed expenditure for a department is being debated during the detail stage of Appropriation Bill (No. 1), the relevance rule applying should permit reference to expenditure in respect of the department contained in Appropriation Bill (No. 2) and to any other document relevant to expenditure of a department which has been tabled in the House, including the department's annual report, portfolio budget statement, portfolio additional estimates statement, report of the Auditor-General or parliamentary committee report relating to the department. A similar provision should apply to any detail stage debate of an additional appropriation bill.

Tabling of portfolio budget statements

- 3.54 The portfolio budget statements (PBS), tabled in the Senate on Budget Day, are not currently tabled in the House, but in the Committee's opinion they should be. Information in the PBS is highly relevant to the estimates debates and they are declared in the appropriation bills to be relevant documents for the interpretation of the Appropriation Acts. The purpose

of these documents, as outlined in Chapter 2, is to provide information, explanation and justification to enable Parliament to understand the purpose of items proposed in the annual appropriation bills. It is inappropriate that only one House should benefit from such explanation.

- 3.55 The portfolio additional estimates statements (PAES), tabled in the Senate on the introduction of the additional appropriation bills in the House, should also be tabled in the House.

Recommendation 5

The committee recommends that the standing orders require portfolio budget statements of departments to be tabled in the House as soon as they are available and before the consideration of the estimates, and that the portfolio additional estimates statements also be tabled in the House.

Opening statements by Ministers and committee chairs

- 3.56 The Committee agrees with the Clerk's suggestion that focus could be improved by the Minister making an opening statement—for example, summarising proposed expenditure for each department, noting trends and changes and significant developments.¹⁶ This would give other Members something to react to, and thus also encourage interchange.
- 3.57 The Committee also suggests that the content of the debate might be more substantial if the chair of the relevant standing committee were to make a statement, outlining any report or activity of the committee relevant to the expenditure of the department.

Recommendation 6

The committee recommends that when the proposed expenditure of a department or group of departments is considered in detail:

- **the Minister responsible for the department, or another Minister representing the Minister, shall make an opening statement, summarising proposed expenditure for the department, noting trends and changes and significant developments; and**

16 Submission from the Clerk of the House, p. 8.

- **the chair of the relevant general purpose standing committee, or a Member of the committee representing the chair, shall have the opportunity to make a short statement, outlining any report or activity of the committee relevant to the expenditure of the department, and reporting any observations the committee wishes to make on the operations of the department.**

Style of debate

- 3.58 Interchange would be aided by the continuation of the intervention procedure which is the subject of a current trial. However, the five minute speech format is in itself conducive to proceedings by way of matter being raised and response. The Committee expects that any Minister representing another would be briefed and able to fully represent the relevant Minister in these kind of proceedings.

The standing orders relating to financial procedures

- 3.59 In examining the relevant standing orders during the course of its deliberations the Committee recognised that readers of the standing orders could be excused for remaining oblivious of the estimates process, or of budget procedures in general. Chapter XVIII of the Standing Orders, FINANCIAL PROCEDURES (S.O.s 291–293) makes no mention of these.
- 3.60 Greater assistance to Members would be provided if the standing orders were to better signal the importance, or even the existence, of these proceedings. The Committee proposes that standing orders relating to the budget and estimates process be included in Chapter XVIII. The recommendations in this report would be implemented, for example, by new standing orders 293A to 293D. Even if procedures do not change as recommended, the Committee sees merit in inserting standing orders here outlining the current budget process.

Recommendation 7

The committee recommends that the chapter of the standing orders headed 'Financial Procedures' (current standing orders 291–293) be amended to include all standing orders applying to the budget and estimates processes, and equivalent changes be made to the proposed revised standing orders.

Consideration of the estimates by committees

Current procedures

- 4.1 The estimates are not currently referred to committees of the House. Committees are able to scrutinise government expenditure, but do not do so on a systematic basis.
- 4.2 Standing order 324 which establishes the general purpose standing committees, empowers each of these committees 'to inquire into and report on any matter referred to it by either the House or a Minister, including any pre-legislation proposal, bill, motion, petition, vote or expenditure, other financial matter, report or paper.' This provision would allow the estimates (as covered by the expression 'vote or expenditure') to be scrutinised by House committees in a comprehensive way if the House or Minister were to refer them. However, this has not once occurred since the establishment of the committees in 1987.
- 4.3 Standing order 324 also provides that 'Annual reports of government departments and authorities and reports of the Auditor-General tabled in the House shall stand referred to the relevant committee for any inquiry the committee may wish to make'. If used systematically, this provision would enable general purpose standing committees, on their own initiative, to scrutinise the annual expenditure of government departments. The resolutions establishing joint committees contain similar provisions. While several committees have made effective use of this ability to instigate their own inquiries, these provisions have not been used to enable comprehensive scrutiny of expenditure except for an initiative of the Joint Standing Committee on Foreign Affairs, Defence and Trade,

which has started using the annual reports referrals to systematically scrutinise outcomes of the relevant departments. This initiative is discussed later in this chapter at paragraph 4.39.

- 4.4 While the budget debate is taking place in the House, the estimates are being considered by Senate legislation committees¹ to which copies of the estimates contained in the appropriation bills (and other documents including the portfolio budget statements) have been referred by the Senate immediately after the Budget. The Senate estimates process is outlined in Chapter 2.
- 4.5 A criticism of the current situation sometimes encountered is to the effect that the House has abandoned its financial scrutiny role to the Senate. The Committee has found it difficult not to agree with this. While the Committee accepts that Senate estimates hearings play an important role in the scrutiny of government expenditure, and that they are well entrenched, the Committee also feels that the House should be doing more in this area.
- 4.6 The Committee does not accept that the scrutiny of government expenditure and performance is a role for the Senate alone. The Committee also does not accept the view expressed in submissions to it by some Ministers that the current standing orders provide sufficient opportunities for scrutiny.²
- 4.7 A more specific and practical criticism of current practice is that Members of the House of Representatives are excluded from the estimates hearings process—House Ministers are not able to represent their own departments, and Members are not able to ask questions. For example, a former Minister commented ‘I found it very frustrating to have somebody answering the questions on my behalf’.³ A shadow Minister commented ‘it is also frustrating for the shadow minister and their staff do all the work then have to hand it over to Senators’.⁴
- 4.8 The fact that most Ministers are Members of the House and therefore do not appear before the Senate committees is a central weakness of current accountability mechanisms.

1 Since 1994 Senate estimates committees have been legislation committees considering the estimates, but the term ‘estimates committees’ continues in common use.

2 Submissions by Hon Tony Abbott MP, Leader of the House and Minister for Employment and Workplace Relations, Hon Dr Brendan Nelson MP, Minister for Education, Science and Training, Hon Daryl Williams AM QC MP, Attorney-General.

3 *Transcript of roundtable discussion with committee chairs and deputy chairs*, pp. 5, 8.

4 *Transcript of roundtable discussion with committee chairs and deputy chairs*, pp. 8–9.

- 4.9 While the Committee acknowledges that some Members are not attracted to the concept of estimates committees in the House because of their observations of Senate estimates hearings (e.g. ‘the theatre, the circus that goes on over in the Senate’⁵), it is convinced that there is a real case for the involvement of the House committee system in the scrutiny of the estimates of expenditure.

Lessons from the 1979–81 House estimates committees

- 4.10 As outlined in Chapter 2, the House experimented with estimates committees between 1979 and 1981. Why were the estimates committees discontinued?
- 4.11 Reid and Forrest⁶ state that the creation of the House estimates committees (which they describe as ‘a novel and useful innovation’) had been grudgingly approved by the Government following pressure from government Members,⁷ and that, after Members’ enthusiasm had declined, hope for maintaining the committees went when Members who had been instrumental in pushing for estimates committees lost their seats.⁸
- 4.12 In 1982, when the then Leader of the House, Sir James Killen, wrote to the then Manager of Opposition Business, Lionel Bowen, informing him of the decision not to re-appoint estimates committees, he noted ‘On a practical level, the operations of the Committees have indicated that both sides of the House have reservations . . . On a number of occasions . . . Committees have not been able to commence hearings . . . because of a lack of a quorum due to a lack of interest.’
- 4.13 In debate in the House (on an unsuccessful motion by Mr Bowen to re-instate the sessional orders providing for estimates committees), reasons for low attendance were given as competing interests and responsibilities, insufficient notice of a meeting, lack of interest in a particular subject by members of a particular committee, and grandstanding and hogging by one or two individuals which led to a loss of interest by other Members.⁹

5 *Transcript of roundtable discussion with committee secretaries*, p. 14.

6 G. S. Reid and Martyn Forrest, *Australia's Commonwealth Parliament 1901–1988: 10 perspectives*, Melbourne University Press, 1989, p. 357.

7 Specifically from the Government Members’ Parliamentary Reform Committee (unofficial backbench committee).

8 John Hyde MP and Barry Simon MP.

9 *House of Representatives Hansard*, 16/9/82 pp. 1535–48. The letter referred to above was quoted in the debate.

- 4.14 In 1981 the then Speaker, Sir Billy Snedden (a supporter of estimates committees), had noted that it was always difficult for the Opposition to service the estimates committees, simply because of the smallness of their numbers, and that unhappy experiences of this kind had led to opposition Members questioning the value of the committees. Speaker Snedden also observed that ‘. . . the Executive’s natural inclination is to avoid that sort of examination and scrutiny, and so if the committees do not work the Government is not going to be unhappy about it . . .’.¹⁰
- 4.15 However, other statements made by Members in the debate on Mr Bowen’s motion support the opinion expressed in the submission by the Clerk of the House—that the experiment with estimates was successful in letting Members get an insight into departmental operations, and in letting departmental officials get an insight into Members’ thinking.¹¹ In fact Members’ claims in the debate went beyond this—they viewed the process as preferable to considering the estimates in the House with its ‘set-piece speeches’; information was obtained from departments, and some Ministers were, in the eyes of some Members, found not to be on top of their portfolios. In other words, the estimates committees could be seen as effective.
- 4.16 Lessons can be drawn from the House’s previous experience of estimates committees. If re-introduced, their success will depend on bipartisan support, the willingness of Members to become involved, and good timetabling with advance notice of hearings.

Options for House committees to examine the estimates

- 4.17 The Committee considered several options for consideration of the estimates by House committees. The Committee’s preferred option is outlined at paragraph 4.26.

Joint estimates committees

- 4.18 Joint estimates hearings would enable Members of the House to be involved with no additional expense for the Parliament and no additional requirements or expense for government departments. The Committee was initially attracted to joint estimates hearings because of these considerations.

10 New Zealand. House of Representatives, *[Proceedings of] Twelfth Conference of Presiding Officers and Clerks, 15-21 March 1981, Wellington*, p. 27.

11 Submission from the Clerk of the House, p. 10.

4.19 Under this option House committees would be authorised to meet with their Senate counterparts as joint committees for the purpose of estimates consideration. House Ministers would have leave to appear before the joint committees.

4.20 Senate attitudes towards joint committees and joint meetings of Senate and House committees are not favourable. *Odgers* states:

Joint committees have some potential difficulties in a bicameral legislature. In the Australian situation, in which one House is rigidly controlled by the ministry, the use of joint committees tends to prevent the Senate exercising a review and second opinion function and thereby subvert the concept of bicameralism. The effect is worse when there is unequal representation of the Houses.¹²

and

The independence of each House from the other, and their differing composition and history make joint meetings of committees a rarity not lightly authorised by the Senate, which values particularly the advice of its own committees. Practical difficulties in reaching agreement on rules for joint meetings and in securing agreed reports are also grounds for the traditionally strong resistance in the Senate to such joint meetings.¹³

4.21 In face of such attitudes, it is evident that the Senate would have to be persuaded to cooperate with joint estimates hearings. Rather than a full blown joint committee system giving the House an equal role, joint committees in which the Senate is allowed to dominate may be possible. Existing Senate procedures could operate and administration could continue to be a Senate responsibility. Traditionally, joint committees have equal numbers of members from each House, but this is not necessarily essential.¹⁴

4.22 A variation of the minimalist joint committee approach could be 'concurrent estimates hearings'. SO 342 gives a House committee the power to confer with a similar Senate committee. This provision could be extended to permit committees of the two Houses to confer and meet concurrently (rather than jointly) for the purposes of deliberating and

12 *Odgers' Australian Senate Practice*, 10th edn, Department of the Senate, Canberra, 2001, p. 390.

13 *Odgers*, 10th edn, p. 429.

14 For example, *Erskine May's Parliamentary Practice* gives examples of joint committees with unequal numbers of members from the Commons and the Lords (22nd edn, p. 725). *May* also notes that in Britain the Lords always determines the time and place of meetings of joint committees (p. 727).

examining witnesses.¹⁵ Under this system, the ‘concurrent’ committees could be in essence Senate committees in all but name. The difference would be that a (perhaps limited) number of House Members would be able to participate and House Ministers would be able to represent their departments.

- 4.23 However, in the end the Committee concluded that an arrangement that would allow Members of the House to participate in joint or concurrent estimates hearings would be difficult to negotiate to the satisfaction of both Houses. In addition, for such a system to be successful, goodwill and compromise from both Houses would need to continue. This cannot be guaranteed. The Committee notes the fate of the joint estimates committee system in the New South Wales Parliament. New South Wales had joint estimates committees until 1995, when the Legislative Council withdrew from the joint arrangements to establish its own estimates committees.¹⁶

Referral of estimates to the Public Accounts and Audit Committee

- 4.24 An option which the Committee has not seriously considered is the referral of the estimates to the Joint Committee of Public Accounts and Audit (PAAC).
- 4.25 If the Parliament was designing a scrutiny process from scratch, the process followed by the Parliament of Victoria, which refers the estimates to its joint Public Accounts Committee, would be worthy of attention. However, this is not a practical current option in view of the reservations with respect to joint committees discussed above, and existing PAAC responsibilities.

15 As is the case in the UK where committees and subcommittees of the Commons and Lords now regularly have the power to confer and meet concurrently, for the purpose of deliberating and examining witnesses, with a committee or subcommittee of the other House appointed to consider a similar matter. The committees may also communicate evidence to the committees of the other House. *May*, 22nd edn, p. 731.

16 Since then the Legislative Assembly has not participated in estimates committee processes—while its standing orders make provision for Assembly estimates committees, these are not in practice appointed; nor has the Assembly in recent times considered the estimates in committee of the whole (submission from the Clerk of the NSW Legislative Assembly).
The appointment of Assembly estimates committees depends on a motion from a Minister, which the Government has consistently declined to supply, preferring instead to push for the continuation of joint committees. After 1995 negotiations between the Houses continued over the re-establishment of joint committees, but failed to agree on their nature. For example, compare the Council’s proposals in which government members would not be a majority and chairs would be elected (*NSW Legislative Assembly Hansard*, 7/5/1997 p. 8257) with the Assembly’s proposal for a majority of government members and chairs nominated by the Government. (*NSW Legislative Assembly Hansard*, 22/5/1997 p. 9118).

Parallel House estimates hearings—the preferred option

- 4.26 This option envisages parallel, rather than duplicate, House and Senate estimates hearings. House committees would cover only those departments and agencies which have Ministers who are members of the House.
- 4.27 If Senate committees covered only those departments and agencies which have Ministers who are members of the Senate, this arrangement would impose minimal additional requirements or expense for government departments; but an additional demand for resources on the Department of the House of Representatives¹⁷, and additional demands on Members' time.¹⁸
- 4.28 The proposed House estimates hearings would be held by the existing general purpose standing committees, and committees composed of House members of joint committees. The allocation of departments to committees would be determined by the Speaker (in the same way as the current allocation of annual reports). In addition to the normal provision for two supplementary members for a standing committee inquiry, any Member of the House should be able to attend any estimates hearing and question witnesses.
- 4.29 If the second reading debate is concluded rapidly, as proposed in Chapter 3, the estimates themselves can be referred to the committees. Alternatively, copies of the estimates could be referred. In either case the consideration in detail stage of the appropriation bill could commence in the Main Committee before or during standing committee consideration. Departments not being scrutinised by standing committees (that is, those with Senate Ministers) would go straight to consideration in detail, followed by the first batch of departments whose committee hearings had concluded.
- 4.30 The Committee proposes that the hearings be held after the rising of the House on Thursday evenings, and on the Fridays, of the first two sitting weeks after budget week (that is, in the same two weeks that Senate estimates hearings are currently held¹⁹), and that three hearings be held concurrently. The timetable of hearings would be notified to Members, Ministers and the relevant departments well in advance.

17 *Transcript of roundtable discussion with committee secretaries*, pp. 4, 5, 7. However, the point was also made that a lesser need for increased resources would be necessary if other inquiry work paused while the estimates were being considered, p. 5.

18 The issue of Members' time is addressed at paragraph 4.47.

19 Because the Senate committees would have fewer estimates to consider, the Senate could perhaps sit for other business on some days during these two weeks.

- 4.31 Appendix E shows a proposed schedule for estimates hearings by House committees, using current Ministers as examples, and showing the correspondence of departments to existing committees. The Department of the House of Representatives has been allocated to the Standing Committee on Economics, Finance and Public Administration. This will be the first time there has been provision for the House to scrutinise its own administration and expenditure.

Recommendation 8

The committee recommends that:

- **immediately after the second reading of the main appropriation bill is agreed to (in accordance with recommendation 1), the House refer the estimates of proposed expenditure, and other budget documentation including portfolio budget statements, to the relevant House standing committees or to House committees composed of the House members of joint committees administered by the Department of the House of Representatives;**
- **the allocation of departments to committees be determined by the Speaker;**
- **the committees hold estimates hearings for those departments where the responsible Minister or Presiding Officer is a Member of the House of Representatives;**
- **the hearings be held after the rising of the House on the Thursday evenings and the Fridays of the two sitting weeks immediately following budget week;**
- **the standing orders relating to estimates hearings permit any Member of the House to attend and question witnesses;**
- **the timetable of hearings be notified to Members, Ministers and departments well in advance;**
- **the processes above be adopted for the additional appropriation bills, adapted as appropriate to the shorter time frame.**

Options for expenditure and performance scrutiny by House committees

- 4.32 Submissions to the Committee have proposed that House committees concentrate on reviewing departmental expenditure and performance, rather than on the estimates. For example, a submission from a Member proposed that present committees should establish a program to look at expenditure in their portfolio areas to see if outcomes meet objectives.²⁰
- 4.33 As noted above, and as pointed out in submissions to the Committee, existing standing orders allow committee scrutiny of departmental expenditure and performance by means of the automatic referral of annual reports and Auditor-General's reports to standing committees. However, existing provisions are not used or used inconsistently. The main use of annual reports by the committees has to date been to use them 'as a hunting ground to establish policy inquiries.'²¹
- 4.34 If existing provisions were used or further developed, a distinctive role for the House could be developed outside the time restraints imposed by the estimates process. Changes to standing orders could be made to either facilitate or ensure annual scrutiny of departmental expenditure and performance.

Facilitate more comprehensive scrutiny

- 4.35 This is an essential first step—the objective being to improve the operation of existing provisions by including copies of the estimates (and other financial documents, such as the portfolio budget statements) in the class of documents that are automatically referred to committees.
- 4.36 The estimates and other documents would be available with annual reports and Auditor General's reports so that a committee scrutinising a department's expenditure or performance would have a complete set of documentation. With the estimates and portfolio budget statements available, preparatory work on an inquiry could be started before the relevant annual report has been presented. The referral of other financial documents, in particular portfolio budget statements, could give committees a basis for extending their inquiries to include expenditure not covered in the annual estimates.

20 Submission from Hon D. Adams MP.

21 *Transcript of roundtable discussion with committee secretaries*, p. 10.

- 4.37 Under this option, committees would have no obligation to undertake such inquiries. The decision to do so, as now, would rest with the individual committee.

Recommendation 9

The committee recommends that (if not already occurring in accordance with recommendation 8) portfolio budget statements, portfolio additional estimates statements and copies of details of expenditure contained in appropriation bills be automatically referred to the relevant general purpose standing committee.

Formalise comprehensive scrutiny

- 4.38 In addition to providing for the automatic referral of estimates and related documents to the standing committees, this option would explicitly require committees (or subcommittees) to carry out an annual scrutiny of the departments under their responsibility. Work in this area has been started by the Joint Standing Committee on Foreign Affairs, Defence and Trade (JCFADT).

The JCFADT model

- 4.39 The Joint Standing Committee on Foreign Affairs, Defence and Trade's first report on annual reports was tabled in September 2002.²² The report reviewed the 2000–2001 annual reports from the Department of Defence, the Department of Foreign Affairs and Trade, the Australian Agency for International Development (AusAID) and the Australian Trade Commission (Austrade), which had been tabled in February 2002. Two days of public hearings were held in May with officials from the departments and agencies attending as witnesses.
- 4.40 In the report's introduction the committee stated that part of its motivation for this initiative was 'a desire to ensure both Houses of Parliament play a role in holding Executive agencies to account for their performance and their expenditure of public monies', and that 'members of the House should be able to participate in activities similar to those routinely available to Senators'. These sentiments were well received by members of the Procedure Committee who had commenced this inquiry into the estimates with a similar motivation.

22 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Review of Foreign Affairs, Trade and Defence Annual Reports, 2000–2001*, September 2002.

4.41 The joint committee stated that it had been careful not to duplicate the type of scrutiny undertaken by its equivalent Senate committee. The joint committee had taken a broader view— surveying a range of operational, policy and management issues on the Government’s agenda, seeking status reports on key issues of interest, and seeking responses to issues canvassed in earlier reports of the joint committee. In other words, it concentrated on policy and performance outcomes rather than on financial matters.

4.42 Benefits of the process identified by the committee included:

- Committee members were able to meet with the officials of the relevant departments.
- The committee was able to obtain up to date information and place it on the public record as a contribution to community debate and parliamentary scrutiny.
- The committee was able to identify issues for further inquiry.
- The committee had the opportunity to determine the status of overdue government responses to its reports.

4.43 The committee stated that it expected that annual report reviews would become a regular part of its work program. Soon after presenting the report, the committee resolved that:

- the Foreign Affairs Sub-Committee, the Defence Sub-Committee, Trade Sub-Committee and Human Rights Sub-Committee should develop separate or combined programs for the review of the 2001-2002 annual reports from government agencies responsible within their area of interest; and
- the review programs should aim to result in the presentation of a report to Parliament in the Autumn sittings 2003.

In the event this timetable proved over-ambitious. Subcommittees each held one-day public hearings between December 2002 and April 2003, and the report was still pending in August 2003.

The committee also adopted guidelines for the reviews, the key elements of which were:

- the reviews to be conducted by each sub-committee should focus on the performance of agencies in delivering products (that is, outputs) for the Government, rather than on seeking information updates on issues of interest;
- each sub-committee should select a limited number of issues (say 3, 4 or 5 issues) from annual reports within its area of interest—to allow for consideration in detail;

- agencies should be advised in advance of the issues to be reviewed (ensuring that relevant officials attend the hearing, but, as a consequence, requiring that members do not go beyond the selected areas of examination); and
- ideally, all questions should be put on the day of the hearing.²³

The new guidelines can be seen as serving to narrow the ambit of the annual review and to make proceedings more predictable for the agencies.

Benefits to individual Members

- 4.44 A closer ‘shadowing’ of departments by the standing committees, as well as providing the overall benefit of greater scrutiny, and the benefits to committees identified at paragraph 4.42, would bring benefits to individual Members. Involvement in the process will assist Members, some of whom will be future Ministers, and especially new Members, to develop their knowledge of the financial processes of government and familiarity with the activities of government departments and agencies.

Committee resources

- 4.45 Before any recommendation for annual reviews of departmental expenditure and performance by House standing committees can be adopted, the question of the availability of adequate committee resources needs to be considered.
- 4.46 If the JCFADT model is to be adopted universally by House standing committees, additional resources will be required if other committee activities are not to be affected. Evidence from committee chairs and committee secretaries made the point that existing committee resources are under strain even with current activities.²⁴ Alternatively, other inquiry work would have to be reduced. In the case of the JCFADT annual report scrutiny, the committee has the following guideline on resource implications:

‘The requirement to support annual report reviews will, for the duration of the review (especially in the pre-hearing phases of the review), limit the secretariat’s capacity to support the Committee’s on-going inquiry work.’²⁵

23 *Guidelines for reviewing 2001-2002 annual reports*, attached to Submission from the Secretary of the Joint Standing Committee on Foreign Affairs, Defence and Trade. The summary of key elements is from the committee’s website at www.aph.gov.au/house/committee/jfad/annreps_0102/.

24 *Transcript of roundtable discussion with committee chairs and deputy chairs*, p.10. *Transcript of roundtable discussion with committee secretaries*, p. 9.

25 *Guidelines for reviewing 2001-2002 annual reports*, attached to Submission from the Secretary of the Joint Standing Committee on Foreign Affairs, Defence and Trade.

- 4.47 The availability of Members is a crucial consideration, in some eyes the most crucial,²⁶ especially bearing in mind the experience of the 1979–81 estimates committees. Members are already thinly stretched with other responsibilities—an example was given of one committee where three of the opposition members were shadow ministers and three of the government members chairs of other committees.²⁷ The point was also made that Members have constituencies to look after and want to get back to the electorate when Parliament is not sitting.²⁸ There is a community expectation that Members will be available in their electorates to fulfil their constituency role.
- 4.48 One solution to the shortage of Members might be to divide each standing committee into two subcommittees, an inquiry subcommittee and an expenditure subcommittee. Another might be to have fewer committees—that is, divide the range of government activity covered by the general purpose standing committees into fewer but larger groupings by subject area. In this case, each secretariat could again support a single committee, rather than two or three as they do now.

Recommendation 10

The committee recommends that:

- **the resources, staffing and workload of House general purpose standing committees, and joint committees administered by the Department of the House of Representatives, be reviewed by the Clerk of the House with a view to accommodating annual reviews by the committees of the expenditure and performance of government departments and agencies; and**
- **following a satisfactory outcome to the review, each general purpose standing committee form an expenditure subcommittee to report annually on the expenditure and performance of the departments and agencies within its area of responsibility.**

26 *Transcript of roundtable discussion with committee secretaries*, pp. 7, 9.

27 *Transcript of roundtable discussion with committee secretaries*, p. 12.

28 *Transcript of roundtable discussion with committee secretaries*, p. 12. The observation was also made that this responsibility does not rest to the same extent on Senators.

Pre-budget involvement by committees

- 4.49 The Clerk of Senate recommended House committees become involved in the scrutiny of financial requirements of departments before the annual estimates are issued by the Government, so as to understand and influence the estimates formulation process.²⁹ The Clerk of the House also raised the possibility of House committees having an input into budget formulation through committee reports on expenditure priorities and issues.³⁰
- 4.50 The Committee sees no role for direct or formal involvement by parliamentary committees in budget formulation. However, pre-budget briefings of committees on departments' future funding needs, and committee reports (soundly based on the examination of past performance and expenditure) seeking to influence the direction or amounts of future expenditure, could be later, and perhaps natural, developments of the expenditure committee proposal.

MARGARET MAY
Chair
18 September 2003

29 Submission from the Clerk of the Senate, pp. 2-3.

30 Submission from the Clerk of the House, p. 10.



Appendixes

Appendix A—Appropriation bill statistics

Appropriation Bill (No.1)

Budget and committee/consideration in detail debates 1973-2003

<u>Year</u>	<u>Date introduced</u>	<u>Date 3rd reading agreed to</u>	<u>2nd reading total hours</u>	<i>of which</i>		<u>consideration in detail hours</u>	<u>Total debate hours</u>	
				<u>2nd reading hours in Main Cttee</u>				
1973	21 Aug	21 Nov	25			42	67	
1974	17 Sep	31 Oct	22			34	56	
1975	19 Aug	8 Oct	24			36	60	G
1976	17 Aug	20 Oct	30			30	60	
1977	16 Aug	27 Oct	20			29	49	
1978	15 Aug	26 Oct	14			29	43	
1979	21 Aug	25 Oct	32			56 *	88	
1980	19 Aug	12 Sep am	9			47 *	56	
1981	18 Aug	21 Oct	22			66 *	88	
1982	17 Aug	26 Oct	15			18	33	
1983	23 Aug	13 Oct	17			20	37	S
1984	21 Aug	12 Sep	12			17	29	
1985	20 Aug	17 Oct	22			17	39	S
1986	19 Aug	20 Oct	17			22	39	
1987	15 Sep	8 Oct	15			17	32	
1988	23 Aug	18 Oct	16			16	32	
1989	15 Aug	4 Oct	24			16	40	
1990	21 Aug	15 Oct	23			15	38	
1991	20 Aug	10 Oct	22			13	35	
1992	18 Aug	12 Oct	25			19	44	
1993	17 Aug	6 Oct	19			9	28	S G
Average	82-93		19			17	36	
1994	10 May	7 June	18			7	25	
1995	9 May	6 June	22	5		2	24	
1996	20 Aug	10 Oct	34	6		0	34	S G
1997	13 May	19 Jun	29	14		10	39	S G
1998	12 May	4 Jun	24	5		9	33	S
1999	11 May	23 Jun	34	15		9	43	
2000	9 May	22 Jun	30	14		6	36	S
2001	22 May	21 Jun	22	12		10	32	S
2002	14 May	20 Jun	28	13		6	34	S
2003	13 May	19 Jun	35	22		8	43	S
Average	97-03		29	14		8	37	S

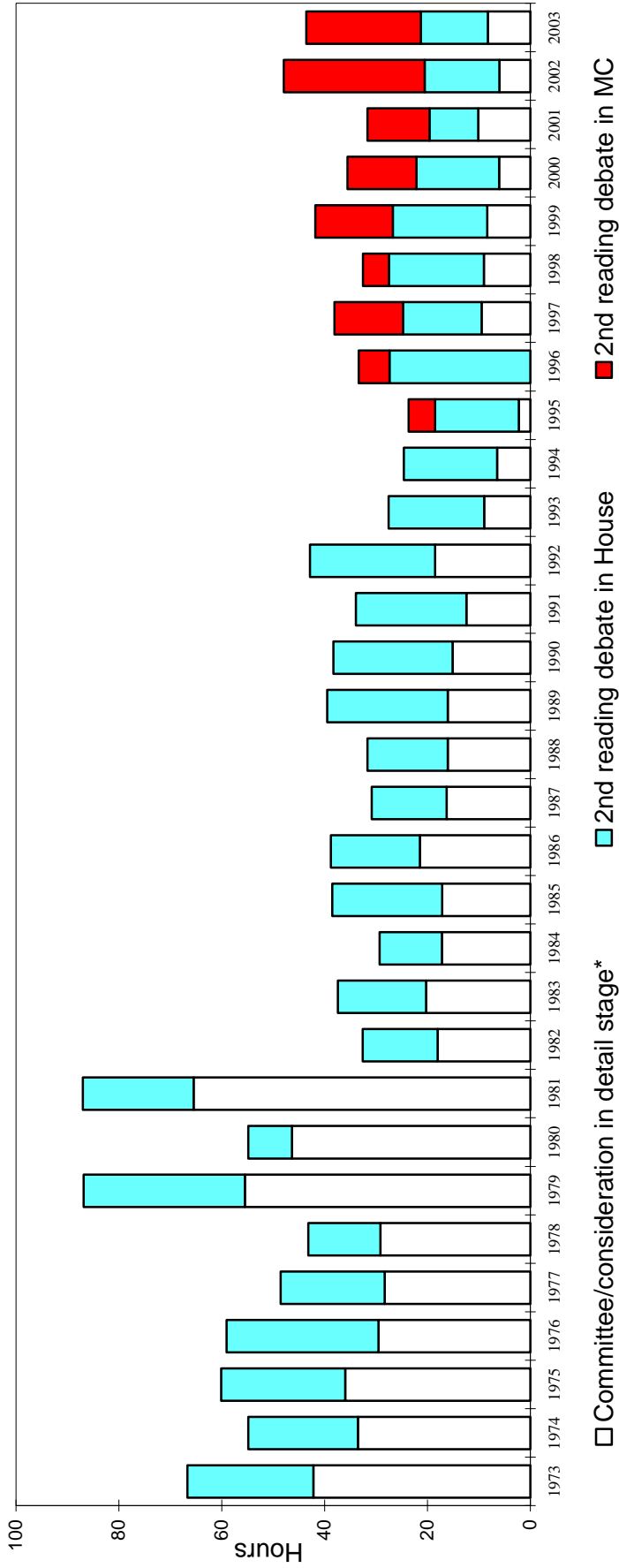
* = Consideration in detail stage taken in Estimates Committees

S = Second reading amendment moved

G = Bill guillotined

Figures are rounded to whole hours

**Appropriation Bill (No.1)
Budget and committee/consideration in detail debates 1973-2003**



* Includes time spent in Estimates Committees in 1979, 1980 and 1981. All consideration in detail since 1995 has occurred in the Main Committee.

Source:
House of Representatives
Chamber Research Office

Appendix B—Current and proposed budget timetables

Timetable for passage of Appropriation Bill (No.1) 2003 (actual)

House	Main Committee	House
13 May – Introduction of Appropriation Bill and 2nd reading speech (budget speech) 15 May – Opposition response 26, 27, 29 May and 2 June – second reading debate (38 speakers – 13 hours total in House)	3, 4, 5 16, 17 June – 2 nd reading debate in MC (71 speakers – 22 hours total in Main Committee) 18 and 19 June – consideration in detail (8 hours) (proceedings commenced on 17 June but no actual debate) 19 June – returned to House	19 June – appropriation bills reported back to House (no further debate) 19 June – 3 rd reading 30 June – Assent

Proposed timetable applied to 2003

House	Main Committee	House
13 May – Introduction of Appropriation Bill and 2nd reading speech (budget speech) 15 May – Opposition response – 2nd reading passed . Motion ‘That the House approves the Budget’ moved (budget debate) 26, 27, 29 May – budget debate 16 17, 18, 19 June – budget debate	2, 3, 4, 5 June – budget debate in MC (35 hours total for budget debate – House and MC. These dates are indicative, the distribution between the two chambers can be more flexible) 26 May to 18 June – consideration in detail in MC (min 17 hours) [see sample timetable at Appendix D] 18 June – bill returned to House	19 June – Question on the Budget debate put 19 June – appropriation bills reported back to House (no further debate) 19 June – 3 rd reading 30 June – Assent

Estimates hearings by standing committees	Standing Committees may commence other inquiries related to government administration and expenditure (annual reports)
Thurs 29 May (evening), Fri 30 May, Thurs 5 June (evening), Fri 6 June [see Appendix E]	Later

Appendix C—Estimates debates 2003–4

The consideration in detail stage of Appropriation Bill (No.1)

Main Committee

Tuesday 17 June 2003

Consideration in detail commenced but no estimates considered

Main Committee

Wednesday 18 June 2003

APPROPRIATION (No. 1) consideration in detail

Department of Industry, Tourism & Resources *(1 hr 37 mins)*

Department of Communications, Information Technology & the Arts *(1 hr 9 mins)*

Department of Employment & Workplace Relations *(24 mins)*

Department of Education, Science & Training *(1 hr 25 mins)*

Department of Environment & Heritage *(34 mins)*

Department of Immigration, Multicultural & Indigenous Affairs *(15 mins)*

Main Committee

Thursday 19 June 2003

APPROPRIATION (No. 1) consideration in detail (cont)

Department of Immigration, Multicultural & Indigenous Affairs (cont) *(32 mins)*

Attorney-General's Department *(33 mins)*

Department of Family & Community Services *(1 hr 22 mins)*

Department of Transport & Regional Services *(36 mins)*

Bill returned to House (no further debate before third reading)

Not considered:

* Department of Veterans' Affairs }

* Department of Defence }

Department of Foreign Affairs and Trade

Department of Agriculture, Fisheries & Forestry

Department of Health & Ageing

* Department of Finance & Administration }

* Department of Prime Minister & Cabinet }

* Department of the Treasury }

* also not considered in 2002–2003

Appendix D—Sample timetable for consideration in detail

Department	Responsible Minister	Scheduled consideration in detail time and Chamber
Department of Defence*	Hon F Bailey	Mon 26 May 4.30 – 6.30 pm MC
Dept of Prime Minister and Cabinet	Hon J Howard/ Hon J Kelly	Mon 26 May 6.30 – 8.30 pm MC
Department of Finance & Administration*	Hon P Slipper	Tue 27 May 4.30 – 6.30 pm MC
Department of Family and Community Services*	Hon L Anthony/ Hon R Cameron	Tue 27 May 6.30 – 8.30 pm MC
Dept of Communications, Information Technology & the Arts*	Hon P McGauran	Wed 28 May 9.30 – 11.30 am MC
Dept of the Treasury	Hon P Costello	Wed 28 May 11.30am–1.30pm MC
Department of Health and Ageing *	Hon K Andrews/ Hon T Worth	Mon 2 June 4.30 - 6.30 pm MC
Dept of Environment and Heritage	Hon D Kemp/ Hon S Stone	Mon 2 June 6.30 – 8.30 pm MC
Dept of Agriculture, Fisheries and Forestry	Hon W Truss	Tue 3 June 4.30 – 6.30 pm MC
Department of Industry, Tourism and Resources	Hon I Macfarlane/ Hon J Hockey/ Hon W Entsch	Tue 3 June 6.30 – 8.30 pm MC
Dept of Employment and Workplace Relations	Hon T Abbott/ Hon M Brough	Thu 5 June 9.30 -11.30 am MC
Dept of Veterans' Affairs	Hon D Vale	Thu 5 June 11.30am-1.30 pm MC
Dept of Foreign Affairs and Trade	Hon A Downer Hon M Vaile	Mon16 June 4.30 – 6.30 pm MC
Dept of Transport and Regional Services	Hon J Anderson/ Hon W Tuckey	Mon 16 June 6.30 – 8.30 pm MC
Dept of Immigration and Multicultural and Indig. Affairs	Hon P Ruddock/ Hon P McGauran	Tue 17 June 4.30 –6.30 pm MC
Attorney-General's Dept	Hon D Williams	Tue 17 June 6.30 – 8.30 pm MC
Dept of Education, Science and Training	Hon B Nelson/ Hon P McGauran	Wed 18 June 9.30 – 11.30 am MC

* Portfolio Minister is a Senator; MC= Main Committee

Note: Table uses 2003 calendar as an example. Part of the consideration in detail stage of the Appropriation Bills coincides with Budget Estimates hearings in the Senate (26 May to 5 June). There are gaps in the detail stage schedule to allow time in the Main Committee for the budget debate. The two hours indicated is the *maximum* amount of time allotted and consideration may finish earlier.

Appendix E—Proposed schedule of estimates hearings for House committees

Name of Committee*	Responsible Minister**	Scheduled hearing time
Aboriginal and Torres Strait Islander Affairs	Hon P Ruddock	Thursday 6.00 – 9.00 pm 29 May—Main Committee (2R3)
Ageing	Hon K Andrews	Thursday 6.00 – 9.00 pm 29 May—Committee Rm 2R1
Agriculture, Fisheries and Forestry	Hon W Truss	Thursday 6.00 – 9.00 pm 29 May—Committee Room 1R1
Education and Training	Hon B Nelson	Friday 9.00 am – 12 noon 30 May—Main Committee (2R3)
Employment and Workplace Relations	Hon T Abbott	Friday 9.00 am – 12 noon 30 May—Committee Rm 2R1
Environment and Heritage	Hon D Kemp	Friday 9.00 am – 12 noon 30 May—Committee Rm 1R1
Industry and Resources	Hon I Macfarlane	Friday 1.00 – 4.00 pm 30 May—Main Committee (2R3)
Legal and Constitutional Affairs	Hon D Williams	Friday 1.00 – 4.00 pm 30 May—Committee Rm 2R1
Science and Innovation	Hon P McGauran	Friday 1.00 – 4.00 pm 30 May—Committee Rm 1R1
Transport and Regional Services	Hon J Anderson	Thursday (next) 6.00 – 9.00 pm 5 June—Main Committee (2R3)
Economics, Finance and Public Administration	Hon P Costello	Thursday 6.00 – 9.00 pm 5 June—Committee Rm 2R1
Foreign Affairs, Defence and Trade (House Members) Treaties?	Hon A Downer & Hon M Vaile	Thursday 6.00 – 9.00 pm 5 June—Committee Room 1R1
Migration (House Members)	Hon P Ruddock	Friday 9.00 am – 12 noon 6 June—Main Committee (2R3)
National Capital and External Territories (House Members)	Hon W Tuckey	Friday 9.00am – 12 noon 6 June—Committee Rm 2R1
Economics, Finance and Public Administration (Dept of the House of Representatives estimates hearing)	The Speaker	Friday 9.00am – 12 noon 6 June—Committee Rm 1R1

* The schedule is based on the current ministry. Hearings are for departments administered by House Ministers. Hearings are by House standing committees and committees of House members of joint committees administered by the House.

** To provide flexibility, another Minister may represent the responsible Minister if the latter is unavoidably unavailable.

Appendix F—List of submissions

1	Hon Dick Adams MP
2	Mr Russell D Grove, Clerk of the NSW Legislative Assembly
3	Mr Harry Evans, Clerk of the Senate
4	Mr Ian Harris, Clerk of the House of Representatives
5	Mr Andrew Beattie, Clerk-Assistant (Select Committees), New Zealand House of Representatives
6	Mr John Mandy, Acting Clerk of the WA Legislative Assembly
7	Brisbane City Council
8	Hon Dr Brendan Nelson MP, Minister for Education, Science and Training
9	Gold Coast City Council
10	Hon Daryl Williams AM QC MP, Attorney-General
11	Hon Tony Abbott MP, Leader of the House and Minister for Employment and Workplace Relations
12	Mr Grant Harrison, Secretary, Joint Standing Committee on Foreign Affairs, Defence and Trade