

# Submission No. 3



AUSTRALIAN SENATE

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10 September 2002

Ms Judy Middlebrook  
Secretary  
House of Representatives Standing Committee  
on Procedure  
Parliament House  
CANBERRA ACT 2600



Dear Ms Middlebrook

## EXAMINATION OF ESTIMATES

Thank you for your letter of 14 August 2002, in which the committee invites me to make a submission in relation to its inquiry into the adequacy of procedures for the House's examination of the estimates.

I hope that the following observations may be of some interest to the committee.

### **Non-duplication of Senate process**

The committee has indicated that: "In pursuing this inquiry the Committee is not seeking to duplicate the approach of the Senate and its committees in scrutinising the budgetary processes."

Some preliminary observations on the nature of the Senate's estimates process are therefore warranted.

Senate estimates hearings are twice-yearly occasions, arising from the presentation by government of its annual and additional estimates, for the examination of the activities, operations and financial situations of all government departments and agencies. This scrutiny process therefore covers all areas of government activity. The selection of subjects for examination is determined by the senators themselves. Controversial activities attract more scrutiny than others, although senators often pursue non-controversial subjects in which they have particular interests. No areas of activity can be examined in great depth; such examination is left for specific inquiries by the standing committees.

Although not conducive to deep analysis of outputs or programs, this process is universally recognised as a valuable accountability mechanism. Two recent examples of that acknowledgment were:

.... I am actually a supporter of the estimates process, because in some ways it is the most effective level of financial accountability that exists within our system.

(Senator Hill, Leader of the Government in the Senate, *Senate Hansard*, 19 August 2002, p. 3053)

.... the Senate's committee system is the best accountability mechanism that we have in the Australian Parliament. I'd actually go further and say to you it is the best accountability mechanism of any Australian parliament, and it ought to be supported and defended by governments and oppositions alike.

(Senator Faulkner, Leader of the Opposition in the Senate, *Life Matters*, Radio National, 27 August 2002)

Although the process is undoubtedly useful to governments, and has been acknowledged as such by some ministers, the effectiveness of the process largely depends on the inability of government to restrict or control it. In 1999 an attempt was made to restrict questions in estimates hearings to matters deemed by a minister to be relevant to the estimates of expenditure. This resulted in the Senate resolving that, as in the past, any questions relating to the activities or financial positions of government departments or agencies are relevant questions. On numerous occasions, when particular ministers, departments or agencies were thought to be not sufficiently forthcoming in the hearings, the Senate has directed particular committees to hold additional hearings, to examine particular departments, agencies and programs and to take evidence from particular ministers and officers. Orders for documents denied to committees have also been used. This ability of the Senate to keep the process open has ensured that senators are able to select the subjects they wish to examine and pursue their examination of them in their own way. Apart from the undesirability of duplicating the Senate process, the same openness and freedom of the members would be more difficult to achieve in the House of Representatives context.

### **An alternative suggestion for the House**

Given that it is not the intention to duplicate the Senate's estimates hearings process, the task is to find some alternative method of better scrutinising government expenditure.

Examination in the whole House is not likely to be effective. The standing committees are obviously the best forums.

I suggest that such an alternative should have the following features:

- scrutiny of the financial situations and budgetary requirements of departments and agencies *before* the annual estimates of expenditure are issued by government, so as to understand and influence the estimates formulation process
- selection of particular outputs, programs, departments and agencies, so as to allow deeper analysis, and to avoid any attempt to cover the whole area of government activity
- selection of the outputs, programs, departments or agencies by the committees themselves, with some subjects to be nominated by opposition members, in the hope of avoiding government restriction and control of the process.

What I suggest is that each committee be empowered to select a specified number of subjects, where critical funding issues arise, for examination in the period leading up to the formulation of the estimates, and to examine past and future funding of those subjects. The committees would be obliged to adopt a specified number of subjects (perhaps half) nominated by the opposition members of the committees. The committees would then examine the funding of those subjects and make whatever observations and recommendations they considered appropriate.

For example, there has recently been some controversy about the funding, past and future, of the CSIRO, giving rise to questions about the future of that organisation. The relevant committee could select, either by decision of the committee itself or on the nomination of its opposition members, the funding of the CSIRO as a subject for examination. Similarly, the question of the appropriate level of funding for the Australian Broadcasting Corporation could be examined.

These kinds of inquiries would provide useful information leading up to the preparation of the estimates, to allow a better judgment of the soundness of particular estimates decisions.

As the inquiries would be conducted *before* the presentation of the estimates, there would be no question of competing with the Senate's estimates hearings. It would be a simple matter of liaison to ensure that subjects selected by the House under this process and those selected by the Senate under its committee reference processes did not result in duplication.

Please let me know if the committee would like to have any elaboration or further information about this proposal.

Yours sincerely



(Harry Evans)