

Procedure Committee

Report on consideration of the annual estimates by the House

Chair's tabling statement

The report I have just presented considers how the House can improve its procedures for scrutiny of public expenditure. We have taken a broad view of financial scrutiny, encompassing the estimates of proposed expenditure and the performance of agencies.

The decision to undertake an inquiry into this topic was made against a background of concern by backbenchers on both sides of the House about the lack of opportunities to scrutinise expenditure – both proposed and actual - in any depth. It is true that from time to time such opportunities do arise. Some Ministers *have* been generous with their time during the consideration in detail stage of the appropriation bills. Some committees *have* used the referral of annual reports to examine aspects of expenditure by agencies. But there has not been an organised and comprehensive scheme for scrutinising the estimates. Our report, *House Estimates* addresses this shortcoming.

The House's power to scrutinise government expenditure arises from the Constitution, which requires the Parliament to approve, by law, all expenditure of public money. *House of Representatives Practice* notes that

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."

There are many avenues by which the House can do this. The procedures for questions without notice, and indeed, questions on notice, are examples of financial scrutiny by the House. House committees commonly consider aspects of government expenditure - but the details of proposed expenditure are not referred to House committees. They are referred to Senate committees but Members have no role in this. Also, Ministers who are Members of the House are not subject to scrutiny by Senate committees.

Our report focuses on two aspects of improving financial scrutiny by the House – both relating to opportunities arising from the appropriation bills. First we looked at how to improve procedures for consideration in detail of the appropriation bills. We then considered

methods by which committees could be involved in estimates hearings at the time the appropriation bills are introduced to the House.

The timetable for the appropriation bills is a threshold problem for improving House scrutiny. The detailed stage cannot commence until the second reading is agreed to. The second reading stage of the main appropriation bill is lengthy, providing a much-valued opportunity for a large number of members to speak on a wide-ranging debate. By the time the detailed stage commences - the government is keen for the House to pass the remaining stages of the bills so they can be transmitted to the Senate.

Our solution is to shorten the second reading stage of the main appropriation bill so the consideration in detail stage can commence much earlier than is currently the case. At the same time we wanted to retain the opportunity for a wide-ranging budget debate. The proposed mechanism is for the House to agree to the second reading without further debate, following the Leader of the Opposition's speech in response to the Treasurer's budget speech. The motion "that the House approves the Budget" could be moved. The budget debate would be on that motion.

The committee recommends that a comprehensive schedule be devised which would allow all Ministers or their representatives to participate. The Selection Committee could be responsible for arranging the timetable and order of business, having first sought advice from the Leader of the House on the availability of Ministers. The timetable would be published in the Notice Paper though publication would not prevent some flexibility.

In the past there has been a problem with Members' attendance at the consideration in detail stage. A timetable might assist Members by letting them know when a particular department's estimates was likely to be considered. The report includes a sample timetable.

The detailed stage would be enhanced if the Minister responsible, or another Minister representing the Minister, made an opening statement summarising proposed expenditure and noting trends, changes and significant developments. The chair of the relevant general purpose standing committee, or a Member of the committee representing the chair, should also have an opportunity to make a short statement, outlining any report or activity of the committee relevant to the expenditure of the department.

The report's other main focus is the scrutiny role of House standing committees and the House members of joint committees, which are administered by the Department of the House of Representatives. The committees would effectively operate as House estimates committees for a two-week period following the presentation of the budget.

Most Members are all too aware that committee resources are stretched almost to breaking point. It is undeniable that the proposal for House estimates hearings would add to the workload of committees and we have recommended that the Clerk of the House review the issue of committee resources.

The report proposes a comprehensive scheme, with sample timetable for committee estimates hearings relating to departments with a House Minister or junior Minister. For example, there would be no House estimates committee hearing involving the Defence Minister or Defence Department because the Minister is a Senator. However, there would be hearings relating to Veterans' Affairs because it has a House Minister. continue in the Main Committee. I thank the Members of the

I urge all Members to study the report and I hope debate on it can Committee for their considered input to the report – a topic on which we all had a great interest. I also thank the staff of the committee for their assistance.

I commend the report to the House.