



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

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2 August 2006

Mr Alistair Sands
Secretary
Senate References Committee on Finance and Public Administration
Parliament House
CANBERRA

Alistair
Dear Mr Sands

Transparency and accountability of Commonwealth public funding and expenditure

Thank you for your letter of 26 June in which you invited a submission in connection with the committee's inquiry concerning Commonwealth public funding and expenditure.

I do not regard myself as having expertise in the wider areas of public sector budgetary or financial matters, or in connection with the related documentation. I will not, therefore, offer any opinion on these matters.

It may however be of some use to the Committee to have a short statement on the consideration of appropriation bills in the House of Representatives. An understanding of these processes will allow committee members to add to their own experience and expertise and to gain an impression of the totality of parliamentary consideration of appropriation bills.

I attach an explanatory statement on the processes of the House in relation to the appropriation bills, and will be happy to provide any more information the committee may require.

Yours sincerely

I C Harris

I C HARRIS
Clerk of the House

Consideration of Budget Bills in the House of Representatives

Presentation

Technically, the Treasurer's budget speech is the second reading speech made after presentation of Appropriation Bill (No.1) each year. After the Treasurer's speech debate on the motion for the second reading of the bill is adjourned on the motion of the Leader of the Opposition.

The Treasurer then presents budget related documents and statements - see list at Attachment 'A'

The next action is the presentation of Appropriation Bill (No.2). After debate on the motion for the second reading of that bill is adjourned the Appropriation (Parliamentary Departments) bill is presented, its second reading moved and the debate also adjourned. Sometimes additional appropriation bills and/or other budget related measures have also been presented on 'Budget night' before the House adjourns.

Although formal consideration of the budget is not resumed until the early evening of the Thursday after its presentation, it is relevant to mention that usually from Question Time the following day numerous references are made to budget proposals. In the present Parliament the rule against questions anticipating orders of the day has been suspended by sessional order. This action recognises the reality that in practice there is invariably intense questioning of the Treasurer and other Ministers about the details of the budget. Questions typically deal with both expenditure and revenue matters, with the authority or information on which budget calculations have been based and with the impact or effect of budget or budget related proposals. This process of questioning usually continues for some weeks. In addition, from the Wednesday after budget day, the opportunity to propose matters of public importance for discussion is used to probe and challenge aspects of the budget.

Second reading debate

The main budget debate is responded to at 7.30 pm on the Thursday of budget week. The first speaker is the Leader of the Opposition who presents an official opposition position on the budget. After the Opposition Leader's speech the debate is adjourned, before the House itself adjourns. Further debate then occurs in the House over several sitting days. Technically the second reading of debate on the main budget bill is a 'cognate' or joint debate and the related appropriation bills are listed as subject to debate as a package.

The budget debate is a valued opportunity for members. The standing orders allow the widest scope of debate, and members' speeches range over a considerable area. The debate is also unusual in that a number of Ministers may speak. This stage of the debate thus features contributions from a large number of backbenchers, but also many shadow Ministers and some Ministers. Often the speeches of shadow Ministers (and other opposition speakers) may analyse and be critical of aspects the budget

proposals, conversely Ministers and Parliamentary Secretaries may highlight the advantages, as may government members.

Sometimes the Leader of the Opposition or a shadow Minister may move an amendment to the motion for the second reading to highlight particular points of criticism.

The second reading stage budget debate usually runs over several weeks. In the first stage the debate is conducted in the House. By agreement, however, after a certain number of members have spoken further debate is referred to the Main Committee. The rules as far as time limits and relevance are concerned are the same, whether debate is taking place in the House or the Main Committee. The standing orders allow any Member who is unhappy with any aspect of the arrangement to stop discussion in the Main Committee and force the bill back to the House.

A great advantage of the ability to have the debate referred to the Main Committee at an agreed stage is that it enables two legislative streams to operate simultaneously. Thus, for example, while the main budget debate is being conducted in the Main Committee other bills, possibly budget related measures, can be debated in the House itself. This has led to a reduction in the use of the gag and the guillotine.

After the last speech in the debate a Minister speaks in reply. A decision is then made on any second reading amendment and on the second reading of the main appropriation bill.

In May-June this year 113 members spoke at this stage; 26 in the House and 87 in the Main Committee.

Detailed consideration

Standing orders provide for the consideration of proposed expenditures immediately after the second reading. In practice, while the second reading debate is running negotiations take place as to both the sequence in which proposed expenditures will be considered, and the time to be allocated for each portfolio. After agreement is reached details are presented formally by a Minister who suggests that 'it may suit the convenience of Members to consider the proposed expenditures in the [agreed] order'. Having been negotiated carefully in advance, this suggestion is invariably agreed to and becomes the program for the detailed stage. Again, it may be departed from by agreement if this becomes necessary.

In recent years the detailed stage has been taken in the Main Committee.

The consideration of each portfolio area starts when the chair reads out the amount of the expenditure proposed for a portfolio, this proposal thus becoming the question before the Committee. The first speaker is usually the relevant Shadow Minister, or a representative if the shadow Minister is a Senator. The standing orders provide that Members, including Ministers and Parliamentary Secretaries, may speak as many times as they wish to each question for a maximum of 5 minutes each time. The practice is flexible with some Members, for example, preferring to ask one or two questions, resume their seats and wait for the reply before proceeding. On other occasions shadow Ministers may speak for a full five minutes - or indeed for a number of five minute terms in succession.

This flexibility is also available to other Members and to Ministers and Parliamentary Secretaries. A feature of this stage is that, although all remarks must be relevant to the portfolio area, in debating the proposed expenditure, Members often raise matters of policy or administration.

While officials from each portfolio area are in attendance, they are not able to be questioned or to speak directly to the committee; their role is to assist Ministers in answering questions and in responding to comments. This assistance typically takes the form of quick comments *sotto voce*, as well as passing notes and documents forward.

Although the time to be spent on each portfolio area is discussed and agreed in advance, these times are not binding and it is common for some additional time to be taken. Typically the consideration in detail stage continues for a number of days.

As in the earlier stage, during this stage the standing orders allow any member unhappy with any aspect to force the bill back to the House. This does not happen in practice, but the potential for it is well recognised.

Technically, the proposed expenditure considered for each portfolio area is that set out in Appropriation Bill (No.1), but because members are able to ask questions about or make comments on any matters within the portfolio area, they are able to raise matters concerning proposed expenditure in Appropriation Bill (No2) or any other relevant appropriation or budget related bill.

After the last proposed expenditure has been agreed to, the remaining stages of the consideration in detail are completed, and then the bill is returned to the House. If amendments have been made by the Main Committee the House must endorse them; the third reading is then moved. It is rare for this motion to be debated.

It is also appropriate to mention that it is possible for a House committee to consider the annual report of a department or authority, and in doing so for it to seek information or make comments concerning a matter related to the funding of the department or agency.

Other appropriation bills

While the other usual appropriation bills (Appropriation Bill (No2) and the Appropriation (Parliamentary Departments) Bill) are part of a cognate debate with the main and any other associated appropriations bill, each bill must be called on and dealt with separately after consideration of the main bill has been completed. Each can be debated at the second reading stage, a consideration in detail can be required by any member, and the motion for the third reading is open to debate. In practice, it is common for these bills to be passed without further debate.

Budget related bills

It is common for a number of budget-related bills to be introduced following the budget. While provisions of or proposals concerning such bills may be referred to in question time and matters of public importance, and while references to them may be made during the budget debates they are subject to separate processes. The scheduling of debate on such bills and matters such as the use of the Main Committee are subject to separate negotiation and agreement.

Clerks Office
2 August 2006.