PROFILE OF COMMITTEES OF THE AUSTRALIAN PARLIAMENT
UNDERTAKING BUDGET REVIEW

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Australian Senate Committees and Budget Review

The Australian Parliament does not have an independent parliamentary budget office. Rather, it uses its committees to undertake the scrutiny of policy, legislation and financial measures.

The Senate Legislative and General Purpose Standing Committees undertake oversight activities through the process known as 'estimates', through the examination of the annual reports of departments and agencies and by way of the conduct of policy-related inquiries. Members of the Parliament may also undertake scrutiny activities though other committees including the Joint Committee of Public Accounts and Audit.

The following describes the work of the Senate committees and the Joint Committee of Public Accounts and Audit.

Senate Committees

History
Prior to 1970, the Senate appointed select committees on an ad hoc basis to undertake inquiries. The Government's expenditures were considered by the Senate itself. In 1970, seven legislative and general purpose standing committees were established to undertake policy-related inquiries. At the same time, five estimates committees were established to undertake a detailed examination of the Government's proposed expenditure. The estimates committees were intended to achieve the advantage of more expeditious consideration of the estimates, in that three estimates committees could meet simultaneously. An additional advantage was that questions could be put directly to departmental officers, subject to the right of ministers to answer questions themselves.

In 1994, the Senate committee structure was reformed. Two types of committees were created for each of eight portfolio areas: references committees to conduct general inquiries (with a non-government majority and chair) and legislation committees (with a government majority and chair) to conduct estimates and legislation inquiries. In 2004, the references and legislation committees were again amalgamated into one legislative and general purpose standing committee for each portfolio area (with a government majority and chair).

The Senate also establishes select committees to undertake inquiries into specific matters. There are also a number of committees set up by statute.

Since 1970, the work of the committees has grown: many inquiries are undertaken, including inquiries into proposed legislation. The estimates process has evolved from early efforts by Senators to elicit basic information about government expenditure to inform their decisions about appropriation bills, to a wide-ranging examination of expenditure with an increasing focus on performance.

Establishment

The Australian Constitution recognises committees as essential instruments of the Houses of Parliament. The Constitution also authorises each House to make rules and orders with respect to the mode in which the powers, privileges and immunities may be exercised and upheld and the order and conduct of each House's business and proceedings. These are known as the Standing Orders. The Standing Orders provide for the establishment of Senate committees including the
legislative and general purpose standing committees, their powers and the conduct of their proceedings.

The legislative and general purpose committees appointed under the Standing Orders of the Senate are as follows:

- Community Affairs
- Economics
- Employment, Workplace Relations and Education
- Environment, Communications, Information Technology and the Arts
- Finance and Public Administration
- Foreign Affairs, Defence and Trade
- Legal and Constitutional Affairs
- Rural and Regional Affairs and Transport

The committees cover between them all the areas of government responsibility. The Finance and Public Administration Committee also undertakes the scrutiny of the Parliamentary departments apart from the Department of the House of Representatives.

The Standing Orders provide the committees with the powers to send for persons and documents (i.e. summons people to attend to give evidence and to produce documents) and to take evidence in private or public, and also prescribe membership and quorums.

The estimates scrutiny role of the committees is specifically provided for, as under the Standing Orders:

- the annual and additional estimates stand referred to committees; and
- the committees may ask for explanations of the proposed expenditure from ministers in the Senate or government officers.

While undertaking the estimates inquiries, the Standing Orders provide that the examination of ministers and officers must take place in public sessions. The rationale for this is that the estimates process replaces the detailed consideration of the relevant bills in the Senate, which would be in public. Additionally, the examination of the estimates of expenditure is the accounting to the Senate and the public of a government's expenditure and planned expenditure and as such, the process should be open and transparent.

Organisation

Committee members

The legislative and general purpose committees are made up of eight Senators. The composition of the membership is prescribed in the Standing Orders:

- four government Senators;
- three from the main opposition party; and
- one from minority groups or independent Senators.

The committees are chaired by a government Senator, who has a casting vote. The deputy chair is a member of a non-government party.
The allocation of Senators to committees is decided within each party in the Senate and is usually based on a Senator's areas of interest or expertise. The appointment or discharge of a member of a committee is by motion moved in the Senate.

Senators may also nominate as a participating member of a committee. Participating members may attend a hearing, question witnesses, participate in the deliberations of the committee and add a reservation to the report of the committee. A participating member may not vote on a matter before the committee. When a committee is conducting proceeding on estimates any senator can attend with the same rights as a participating member.

Committee staff

Each legislative and general purpose committee is provided with a staff of five: a Secretary, a principal research officer, a senior research officer, an estimates officer and an executive assistant.

The role of each officer is as follows:

Secretary: undertakes and supervises research and analytical work; drafts reports; provides procedural advice and manages the committee secretariat;

Principal research officer: undertakes major research; drafts reports and briefing papers; liaises with witnesses, officials and the general public on committee business;

Senior research officer: provides drafting and research assistance for committee inquiries; undertakes administrative tasks in relation to hearings and meetings;

Estimates officer: provides administrative, research and report writing support to the committee particularly in relation to estimates and review of annual reports of agencies; and maintains registers of questions on notice; and

Executive assistant: provides secretarial and administrative support; and prepares documents for printing and publishing online.

Staff are appointed under the Parliamentary Service Act 1999 as on-going employees and are bound by the Parliamentary Code of Conduct.

The selection process for staff is conducted by the department through written application and interview with selection on merit. Committee staff are employed to work in the Senate Committee Office, not to one particular committee. However, if staff have a particular expertise they are generally appointed to the relevant committee. For example, staff on the Legal and Constitutional Affairs Committee have legal training.

All staff at the secretary and research officer levels have tertiary qualifications. Many have, or are working towards, post graduate qualifications (doctorates and masters degrees). Most estimates officers have tertiary qualifications and this position is seen as training position for advancement to research officer level. The department actively promotes the attainment of higher qualifications and additional training.

The total number of full-time equivalent staff in the Department of the Senate in 2007-08 was 152. At the present time, there are 60 full-time equivalent staff in the Committee Office.
Committee staff resources may be supplemented through:

- employment of a person on contract;
- public sector officers undertaking the *Working in the Senate* program;¹
- secondment of an officer of a government department or agency;
- engagement of a consultant to undertake a specific task (this is only on the approval of the President of the Senate).

The Scrutiny of Bills Committee and the Senate Regulations and Ordinances Committee are the only Senate committees which employ a permanent consultant, legal advisers to assist in the analysis of legislation before the Senate.

*Financial matters*

The work of the Senate committees is funded through the budget of the Department of the Senate, the Department of Parliamentary Services and the Department of Finance and Deregulation.

The Department of the Senate has a total budget of $A20 million for 2008-09 with a budget of $A6 million for committees. The legislative and general purpose committees have budgets of between $A500,000 and $A630,000. Costs covered in this budget include:

- staff costs including salaries; and
- inquiry costs including staff travel, venue hire charges, printing, postage etc.

The Department of Parliamentary Services covers the costs of the production of transcripts of evidence taken by committees in Parliament House and other venues.

The Department of Finance and Deregulation covers the committee-related costs of Senators including travel.

*Work of the committees*

The following table summarises the work of the legislative and general purpose committees for the year 12 February 2008² to 31 December 2008.

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¹ Public sector officers at the middle management level are invited to apply for a place in the *Working in the Senate* (WISE) executive development program. Selection is based on a written application and interview. The successful applicants (usually three per year) continue to be paid by their home agency. WISE officers work in all areas of the department but spend more time with a committee and contribute to all aspects of committee inquiries. Officers gain an informed understanding of the operations of the national legislature and its committees and of the accountability requirements of the Parliament.

**Table 1: Work of the Senate Legislative and General Purpose Committees, 12 February to 31 December 2008**

<table>
<thead>
<tr>
<th>Committee</th>
<th>No. of matters referred</th>
<th>No. of reports tabled</th>
<th>No. of public hearings – policy related &amp; legislation</th>
<th>No. of estimates hearings</th>
<th>No. of witnesses – policy related inquiries</th>
<th>No. of witnesses – estimates</th>
<th>No. of witnesses – legislation</th>
<th>No. of submissions received</th>
<th>No. of inspections</th>
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<tbody>
<tr>
<td>Community Affairs</td>
<td>25</td>
<td>25</td>
<td>33</td>
<td>10</td>
<td>203</td>
<td>1311</td>
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<td>409</td>
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<tr>
<td>Economics</td>
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<td>36</td>
<td>55</td>
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<td>230</td>
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<td>Education, Employment &amp; Workplace Relations</td>
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<td>9</td>
<td>11</td>
<td>8</td>
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<tr>
<td>Environment, Communication &amp; the Arts</td>
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<td>18</td>
<td>23</td>
<td>9</td>
<td>216</td>
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<td>Finance and Public Administration</td>
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<tr>
<td>Rural and Regional Affairs and Transport</td>
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<td>18</td>
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<td>266</td>
<td>568</td>
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</table>
Scrutiny of expenditure proposals by Senate legislative and general purpose committees

The scrutiny of expenditure and government activities is undertaken by the legislative and general purpose committees primarily through the estimates process but also through the review of annual reports and policy-related inquiries.

The estimates process

Estimates scrutiny is an important part of the Senate’s calendar and a key element of the Senate's role as a check on government. The estimates process provides the major opportunity for the Senate to assess the performance of the public service and its administration of government policy and programs.

Referral

The government's expenditure proposals are contained in appropriation bills which are introduced in the House of Representatives. Before the bills are received in the Senate, a minister will move that the particulars of proposed expenditure be referred to the committees for inquiry and report by a nominated date. These references are usually moved twice a year, for the main Budget bills in May and the additional estimates in February.

It is considered that normally the appropriation bills should not be passed until the committees have concluded their hearings. The rationale for this is that the hearings may lead to senators wishing to move amendments or requests to the bills.

Documentation

Departmental explanations of the estimates are tabled in the Senate. These are the Portfolio Budget Statements (PBS). The PBS assist the committees in their examination of the particulars.

Committees also have access to other budget statements tabled with the particulars. Annual reports of agencies, required to be tabled by 31 October, are also available for consideration in the context of an agency's performance over the previous financial year.

Conduct of hearings

Hearings are held three times a year: for four to five days in May to consider the Budget and the main appropriation bills with a supplementary round of two to three days of hearings in October; and for two to three days in February to consider the additional appropriations. The committees are free to set additional times for estimates hearings if they so choose. Any such additional hearings would have to occur before the time set by the Senate for the committees to report. The Senate does not meet on days when main estimates hearings are taking place.

The hearings are conducted in Parliament House with the responsible minister or their Senate ministerial representative and officials in attendance. Although it is desirable that a minister be present at the hearings, it is not required by the Standing Orders. In practice, ministers always appear. All government departments and agencies, including bodies established by statute and companies in which the government has a share-holding, may be called to give evidence. Non-government bodies in receipt of public funds have also appeared.
The committee proceeds by calling on items of proposed expenditure usually by reference to the programs and subprograms for which funding is described in the PBS. Senators then seek explanations from ministers and officers. The evidence is heard in public and the committees are not empowered to receive confidential information or material in the absence of a specific resolution of the Senate.

The only substantive rule of the Senate relating to the scope of questions is that questions must be relevant to the matters referred to the committees, namely the estimates of expenditure. Any questions going to the operations or financial positions of departments or agencies are relevant questions. A Senator's right to seek such explanations is supported by resolutions of the Senate which recognises that as the estimates represent departments' and agencies' claims on the Commonwealth for funds, any questions going to the operations or financial positions of the departments and agencies which shape those claims are relevant. Annual reports are statements to Parliament of the manner in which departments use the resources made available to them, and therefore references to annual reports are relevant.

Most questions are answered at the hearings, but witnesses may also choose to take questions on notice and provide written responses after the hearing. Members and participating members of committees may also place questions on notice. Such questions are lodged with the secretary of the committee and are distributed to members of the committee and to relevant departments.

Questions may be lodged only while there are estimates proceedings in progress, that is, from the time of the reference of the main or additional appropriations to the committees to the time when the committees report.

Reports

The committees report after their main hearings and draw attention to any matters for further consideration by the Senate. They do not necessarily make any further reports after the supplementary hearings unless they have specific recommendation to make, for example, a recommendation that a matter be referred to a standing committee for further inquiry.

Annual reports reviews

All annual reports of government departments, agencies and statutory corporations are referred to the legislative and general purpose committees in accordance with the Standing Orders. Committees review these reports and are required to consider in more detail those reports which are apparently not satisfactory and may select other annual reports for more detailed consideration.

Committees report to the Senate following review of annual reports.

Policy-related inquiries

The legislative and general purpose committees also undertake policy-related inquiries. In undertaking these inquiries, the committees seek submission from the government, organisations and individuals. They hold hearings at Parliament House and other venues throughout Australia and report their findings and recommendations to the Senate. The Government is required to provide a response to a committee's recommendations within three months, though in practice this deadline is not always met.
Senate Finance and Public Administration Committee

The Finance and Public Administration Committee is the main committee reporting on government financial and budgetary related policy issues as the Department of Finance and Deregulation falls within its portfolio area. This Department is responsible for maintaining and developing the government's financial framework and the provision of guidance on the operation of that framework.

Since its establishment in 1970, the Finance and Public Administration Committee has undertaken a wide range of inquiries into government financial arrangements and the operations of government agencies. These inquiries have had a direct impact on the activities of government bodies.

In the 1970s and 1980s, the committee reported on bodies created under statute. For the first time, the Parliament was provided with a comprehensive list of such bodies. The committee made extensive recommendations leading to the improvement of parliamentary oversight through improved reporting requirements and disclosure of financial information. The committee also examined the role of bodies created by the government without a statutory basis and government companies.

The committee has also played an important role in the oversight of the budget documentation provide to the Parliament through its examination of program statements during the 1980s and reports on the format of PBS during the 1990s.

In the last decade, the committee's reports have included:

- contracting out of government services (1997 & 1998)
- review of the sale of certain Commonwealth properties (1998)
- mechanisms for providing accountability to the Senate in relation to government contracts (2000)
- accountability issues with government information technology outsourcing (2001)
- recruitment and training in the Australian Public Service (2003)
- government advertising and accountability (2004)
- departmental and agency contracts (2007)
- transparency and accountability of Commonwealth funding and expenditure (2007)

The report on transparency and accountability of Commonwealth funding and expenditure examined many problems of ensuring adequate scrutiny of accrual budgeting and outcomes and output frameworks. The report made extensive recommendations to improve budget documentation, to address problems of applying accrual accounting to government operations, and to improve parliamentary oversight.
The Joint Committee of Public Accounts and Audit

Members of both Houses of the Parliament are members of the Joint Committee of Public Accounts and Audit. It is established by the Public Accounts and Audit Committee Act 1951 (PAAC Act).

The purpose of the Joint Committee of Public Accounts and Audit (JCPAA) has remained essentially unchanged since it was first established in 1913: the JCPAA exists to hold Commonwealth agencies to account for the lawfulness, efficiency and effectiveness with which they use public monies.

The JCPAA's duties are set out in the PAAC Act and include examination of the financial affairs of authorities of the Commonwealth and intergovernmental bodies and the examination of all reports of the Auditor-General (including reports of the results of performance audits) that are tabled in each House of the Parliament. The JCPAA must approve or reject any nomination by the Audit Minister (currently the Prime Minister) to fill the positions of Auditor. This power, and the Auditor-General's status under the Auditor-General Act 1997 as an Independent Officer of the Parliament, reflect the fact that the Auditor-General's primary client is the Parliament rather than the Executive.

The JCPAA is also responsible for approving annual report guidelines for Commonwealth departments on behalf of the Parliament.

Lastly, from April 2007 onwards the JCPAA has conducted biannual public hearings with the Commissioner of Taxation in the interests of greater public accountability and transparency. These provide an opportunity for the Commissioner to outline the Australian Taxation Office's forward plans.