



**LEGISLATIVE ASSEMBLY**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

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# MODELS FOR ESTIMATES INQUIRIES

STANDING COMMITTEE ON ADMINISTRATION AND PROCEDURE

Report 6

February 2018

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## RESOLUTION OF APPOINTMENT

In 1995 the Legislative Assembly for the Australian Capital Territory ('the Assembly') amended Standing Order 16, which established the Standing Committee on Administration and Procedure ('the Committee').

Standing Order 16 authorises the Committee to inquire into and report on, among other things, the practices and procedure of the Assembly.

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# 1. BACKGROUND

1.1 On Thursday 15 February 2018, the Assembly passed the following resolution:

That Assembly business notice No 1 (relating to the proposed establishment of a Select Committee on Estimates 2018-2019) be referred to the Standing Committee on Administration and Procedure to inquire into the establishment of an Estimates Committee for this year, but also to inquire into any other matter pertaining to the conduct of Estimates in the Assembly going forward, with a reporting date of no later than the 22<sup>nd</sup> of this month.

1.2 At its meeting on Monday 19 February 2018, the Committee discussed the reference and resolved that a brief report be presented to the Assembly on 22 February 2018.

## 2. CONDUCT OF ESTIMATES IN THE ASSEMBLY

2.1 The Assembly has established a Select Committee on Estimates for each year since self-government. The *Companion to the Standing Orders for the Legislative Assembly for the Australian Capital Territory* sets out the practice of the Assembly in paragraphs 11.173-11.175:

11.173 The practice of the Assembly in relation to the main appropriation bill for the year has been to refer it to a Select Committee on Estimates following agreement to it in principle. The committee is established to examine the expenditure proposals contained in the bill, together with any revenue estimates proposed by the Government in the budget. Appropriation bills introduced subsequent to the main appropriation bill for the year have also been referred to estimates committees or to the Standing Committee on Public Accounts.

11.174 Reports of estimates committees include recommendations which may relate to specific items of expenditure, to overall financial management, to other budgetary issues or to the presentation of the budget papers themselves. Following presentation of a committee report, the government provides a response outlining its attitude to the various recommendations and indicating which, if any, it is prepared to act on. The practice is that motions are moved to take note of the respective papers.

11.175 After the estimates committee has reported and the government response has been presented, the Assembly then proceeds to the detail stage of consideration of the bill. Normally the Assembly agrees to permit the orders of the day for the consideration of the report of the estimates committee and the government response to be called on and debated cognately with the order of the day relating to the appropriation bill. At the commencement of consideration of the detail stage, the Speaker reminds the Assembly that leave of the Assembly has been granted for a cognate debate and that Members can speak to the bill, the relevant parts of the estimates committee report and the government's response to that report.

2.2 The Committee noted that in 2010, as a result of a recommendation of the Select Committee on Estimates 2010-2011, the Standing Committee on Administration and Procedure of the 7<sup>th</sup> Assembly had examined what process of scrutinising the budget estimates best suited the Assembly.

2.3 On 8 March 2011, the Chair of the Committee made a statement to the Assembly indicating that the Committee has considered six different options but had not reached a resolution. The text of the statement follows:

**Statement pursuant to Standing Order 246A  
relating to**

**Select Committee on Estimates 2010-2011 recommendation no. 1**

Pursuant to Standing Order 246A, I wish to make a statement on behalf of the Standing Committee on Administration and Procedure.

The Select Committee on Estimates 2010-2011 recommended that:

the Standing Committee on Administration and Procedure investigate and advise the Assembly on

- the effectiveness of the select committee model; and
- the adequacy of procedural guidelines for estimates inquiries and whether amendments to standing orders or a more detailed referral motion are warranted in the future.

The Committee has discussed the issues raised by the recommendation but has not reached a resolution.

To assist the Committee with this discussion, the secretariat prepared the following documents:

1. Briefing paper outlining possible models for the conduct of estimates inquiries;
2. Draft detailed referral of Estimates to Select Committee
3. Draft referral of estimates to Standing Committees of the Legislative Assembly

I table these documents for the information of all Members and leave the matter for the Assembly to resolve.

- 2.4 Having regard to the previous work of this Committee in the 7<sup>th</sup> Assembly, the Committee resolved:
- (a) that a decision on whether to establish a Standing Committee on Estimates 2018-2019 should be made at the March 2018 sittings; and
  - (b) that the matter be left in the hands of the Assembly, and to assist that consideration, attached to this report documents showing:
    - (i) a paper showing the practices in legislatures across Australian and New Zealand; and
    - (ii) the options paper prepared in 2010 listing six options to consider the estimates in the appropriation.
- 2.5 The Committee also agreed that it would further consider the matter at a future meeting of the Committee.

3. WHAT PROCESSES ARE UNDERTAKEN IN OTHER JURISDICTIONS?

**Estimates Committees  
Australia and New Zealand**

**August 2011**

	WA Legislative Assembly / Legislative Council	ACT Legislative Assembly	Commonwealth Senate	NSW Legislative Assembly / Legislative Council	NT Legislative Assembly	QLD Legislative Assembly	SA House of Assembly	Tas Legislative Council	Vic Legislative Assembly / Legislative Council	NZ House of Representatives
Scrutiny of budget estimates – organisation and format	<p>LA – two estimates committees, which replace the consideration in detail stage of the Appropriation Bills, meet simultaneously over three days. A timetable (including membership) is agreed to by the Management Committee, comprising the Leader of the House, a member nominated by the Premier and two members nominated by the Leader of the Opposition.</p> <p>Various portfolios are grouped together and given a time allocation. Sessions cannot commence prior to the scheduled time nor exceed the prescribed</p>	<p>Select committee is established prior to the tabling of the budget and generally has a membership of five in proportion to the party representation of the Assembly. Non-government members are usually elected Chair and Deputy Chair at the first meeting.</p> <p>Hearing dates are set out in the sitting pattern for the year but supplementary hearings may be added by the committee.</p> <p>The membership composition and reporting date are specified in the referral motion. The Appropriation Bill is referred to the select committee following the</p>	<p>Eight Senate standing legislation committees carry out the estimates scrutiny function. No more than four committees may meet simultaneously. The schedule for the hearings is organised by each committee within a broad framework agreed to in the Chamber. While indicative times for questioning are often established by the committees, they are not always adhered to.</p> <p>In 2001 supplementary hearings were confined to annual Appropriation Bills, and not done for additional Appropriation Bills.</p>	<p>LA – SO 246 allows for the appointment of any number of estimates committees during the agreement in principle debate stage. These can be joint committees or of either House.</p> <p>The LA held joint estimates committees with the LC from 1991 to 1994. Since 1995, the LA has not conducted estimates committees, and it is now accepted the LC performs the scrutiny of budget estimates.</p> <p>LC – since 1995, General Purpose Standing Committees (GPSCs) have undertaken the estimates process. The</p>	<p>A select committee is established for the purpose of examining and reporting upon estimates. It considers the Appropriation Bill and budget papers.</p> <p>A separate select committee, the Government Owned Corporations Scrutiny Committee (GOCSC) is established to examine and report on the activities and financial management of the Power and Water Corporation. It functions like the estimates committee.</p> <p>Membership of both</p>	<p>As at June 2011, seven portfolio-based committees were established. The House allocates the dates for each committee's estimates hearing and the date by which the committee must report to the House. Each committee has one hearing day (seven days total). The hearing can only be held between 9 am and 9.30 pm.</p> <p>The Appropriation Bills are referred to the committees after the second reading of each Bill. Each committee is composed of an even number of</p>	<p>In the HA the process for estimates scrutiny is provided for in SOs.</p> <p>An Appropriation Bill may be referred on motion by a Minister to estimates committees at the conclusion of the second reading, which then replaces consideration in the committee of the whole House. Estimates committees A &amp; B then scrutinise the budget. The referral motion includes a timetable by which the committee orders its business.</p>	<p>Estimates committees A &amp; B (treated as select committees by this Parliament).</p> <p>SOs of the LC provide that when debate has concluded on the question 'that the budget papers be noted', the budget papers are referred to estimates committees A &amp; B.</p> <p>Members of the committee (not fewer than five) are appointed on motion by the Leader of the House after consultation with the President.</p> <p>Government Businesses</p>	<p>Joint standing committee with PAC functions.</p> <p>All scrutiny of the budget estimates is conducted by a joint standing committee, the Public Accounts and Estimates Committee (PAEC).</p> <p>After the Appropriation Bills are introduced, the committee begins its review, which is undertaken over several months, culminating in a report tabled in both Houses.</p> <p>Independent to this process, the Appropriation Bills are debated in each House and in the committee of the whole and passed.</p> <p>In 2010, the Appropriation Bill</p>	<p>Select committees of the House.</p> <p>An Appropriation Bill is not itself referred to a select committee, but the estimates are referred. They are referred to the Finance and Expenditure Committee (FEC). This committee then either examines a vote itself or allocates it to one of the other portfolio committees. Votes can be divided between committees as they may have more than one responsible Minister.</p>

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	time.  LC – Estimates and Financial Operations Standing Committee (EFOC) conducts annual and ongoing hearings.	agreement in principle stage.		House refers any matter to these committees as it sees fit. In 2010 the Appropriation Bill was referred to the Legislation Review Committee.	committees is that of the Public Accounts Committee.	members (minimum six) with half being nominated by the Government and half by the Opposition. The Chair is nominated by the Leader of the House.	(In the LC there is ongoing review by the Budget and Finance Committee which is a select committee.)	Scrutiny Committees in both the House of Assembly (HA) and the LC scrutinise off-budget authorities. These are seen as complementary to the estimates committees.	did no go to the consideration in detail stage, but rather passed through to the third reading stage.	
Mandate / objective	LA – the mandate is simply to report back to the House upon whether or not an appropriation is recommended for each division/vote of money. Failure to report on any part is taken to be a vote recommending the proposed expenditure. Reports are simply minutes of the committees, without any additional comment or recommendation.	Committee examines (scrutinises) the Bill. The referral does not require consideration / confirmation of a vote or appropriation.  Broad mandate limited only by the establishment referral. The conduct of the inquiry is entirely a matter for the committee to determine (in accordance with SOs) and traditionally this has meant a very	Standing committees are mandated to examine and report upon proposed expenditures. A range of information is included in the reports, such as issues raised, records of proceedings and other general information. Reports highlight particular areas of concern and/or recommendations.  Dissenting reports can be tabled.	LA – if dedicated estimates committees are established under SO 246 the mandate would be to report on whether the votes of each organisational unit in the estimates and corresponding clauses and schedules in the Appropriation Bill(s) are recommended or otherwise.  LC – budget estimates hearings are	The committee discharges its function by examining proposed expenditure on an output-by-output basis then deliberating and reporting to the House. Questioning relates to proposed expenditure. It is during the deliberative meetings (where motions relating to the substance of	Portfolio committees are required to investigate and report upon the Appropriation Bills by considering the Bills and the estimates relevant to the committee's portfolio area of responsibility.  A report must be tabled at the end of the deliberations, which must state whether the proposed expenditures	The mandate of the estimates committees are to examine and report, but not vote, on proposed payments contained in the Schedule to the Appropriation Bill.  The report of the committee may contain a resolution or expression of opinion of a committee, but	The mandate of the estimates committees are to examine and report, but not vote, on proposed expenditures contained in the Appropriation Bill. Expenditures are considered on an output-by-output basis.  The report of a committee may contain a resolution or	As a standing committee, the PAEC has a broad remit to provide comprehensive reporting and recommendations regarding the budget estimates and the strategic planning that underpins these.  The stated objective of the PAEC is to encourage and facilitate improved presentation of budget information and government objectives, and also to encourage	Each select committee to which a vote is referred must examine the vote and determine whether to recommend that the appropriations in respect of the vote be accepted and may recommend a change to the vote.  It is necessary for each class of estimates to be passed by the select committee

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	LC – the terms of reference of EFOC are wide ranging. With regards to estimates, the committee is to consider and report upon these, which gives the committee a broad remit to include any information, including recommendations to the Government, in its report.	broad ranging review.  Recommendations of a general nature are made in the report. Dissenting reports may be appended to the majority report.		primarily to review and examine government expenditure. The GPCs inquire into and report on any matters referred to them by the House.	proposed expenditure may be moved) that the committee determines the content of the report. The report should contain any resolution or expression of the committee.	referred to it are agreed to. Reports contain a recommendation to this effect. Dissenting reports or statements of reservation may be added.	may not vary amounts of proposed payments.	expression of opinion of the committee.	economical, efficient and effective administration. Recommendations are made to this effect.  Report 3 of 2010 contained 51 recommendations to the Executive.	before the committee of the whole House can debate them.  All committees must report to the House on their examinations of the estimates within two months of the delivery of the budget.
Part of the legislative process for the Appropriation Bills	LA – yes, estimates committees replace the consideration in detail stage of the Appropriation Bills.  LC – no, Appropriation Bills are dealt with like any other Bill.	Yes, the Appropriation Bill is referred to a select committee on estimates for examination and report after the in-principle stage and a cognate debate is conducted during the detail stage of the Appropriation Bill consideration.	Yes, estimates hearings held by the standing legislation committees replace the committee of the whole stage of the Appropriation Bills in the Senate.	LA – yes, under SO 246, estimates committees are established after the Minister’s speech and the reports of the committees are considered by the House during the consideration in detail stage.	No, the Appropriation Bills can be passed with the estimates hearings being conducted earlier or later. So, the Appropriation Bill process is not inextricably reliant upon the estimates	Yes, referred after the second reading stage. The reports of the standing committees are considered as part of the consideration in detail stage of the Appropriation Bills.	Yes, replaces consideration in the committee of the whole House stage.	Estimates committees are a part of the legislative process.  While they do not replace the ‘in committee’ consideration of the Appropriation Bills, they are aimed at	There is no requirement for the PAEC to report to the Parliament before the Appropriation Bill passes, so examination of the estimates is not a prerequisite for the Bill’s passage. However, the PAEC does generally attempt	Yes, estimates committees are a part of the House’s consideration of the main Appropriation Bill.

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		Debate is on the motion to note the report and the motion to note the Government's response to the report.		LC – no, Bills are normally passed prior to hearings commencing, although the budget papers are referred to the GPSCs for their investigation and report.	committee process.			reducing the time spent at this stage to dealing only with matters of importance recommended for further debate by the estimates committees.	to table a brief summary report before the Bill passes, and follows this up with a detailed analysis later in the year.	
<b>Standing Orders</b>	LA – yes, LA SOs 221–234.  LC – governed by SOs and also its own terms of reference. SO 49 provides that a motion to debate the budget papers has precedence in the House for up to 10 sitting days.	No specific orders relating to the operation of estimates. Self-determined within SOs relating to general committee operations.	Yes – governed by Senate SOs, specifically SO 26.	LA – SO 246 applies. In addition, when joint standing committees have been established, specific terms of reference have had application.  LC – since 1995 the budget estimates and related papers have been referred to the GPSCs under paragraph 2(1) of the resolution establishing these committees.	Terms of reference govern the operation of the select committee.	Yes, provided for under SOs 177–192.	Yes, provided for in SOs.	Yes – governed by LC SOs (see Part 21 Estimates Committees).	SOs do not determine inquiry conduct – this is self-determined. For functions of joint committees see Joint SO 15. PAEC is established by, and its functions set out in, the <i>Parliamentary Committees Act 2003</i> .	Yes, SOs 327–328 govern the referral of estimates to the FEC.  Select committees operations are governed by SOs of the House.
<b>When held</b>	LA – May/June after budget papers tabled.	May/June.	The Senate refers estimates to the legislation committees twice	LA – June; if appointed, estimates committees are	June.	Hearings held in July following the introduction of the annual	June.	June.	Over several months following the introduction of the Appropriation	Immediately following the delivery of the budget.

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	LC – ongoing hearings held throughout the year and annual hearings held soon after budget papers are tabled (May/June).		a year. Those estimates contained in the May budget are examined in May/June, with supplementary hearings held in Oct/Nov. Additional Appropriation Bills are examined later in the financial year, usually February.	held before the Appropriation Bill has passed the LA to enable the reports of the committees to be considered in detail by the House together with the Bills.  LC – recently, initial rounds of hearings have been held in Sept–Oct, with supplementary hearings in Oct–Nov.		Appropriation Bills in June.			Bills.  Public hearings are held in May and June after the budget is brought down.	Estimates hearings may even begin while the budget is still being debated.
Ministers present	LA – Ministers must attend. If the Minister resides in the other House, they are represented by a Minister or Parliamentary Secretary.  LC – Ministers usually attend, although this is not mandatory.	Yes, but not required.	Desirable, but not mandatory. A Minister is usually present if a Senator, otherwise a Minister representing or a Parliamentary Secretary attends. Proceedings may continue in the absence of the Minister with the consent of the committee.	LA – yes.  LC – yes, along with CEOs of government agencies.	Ministers must be present and may be accompanied by advisors.	Yes, as a unicameral legislature, the responsible Minister as well as the DG and CEO must be present at all times.	Yes.	Yes. A Minister may appear before an estimates committee for six hours, but at the request of two or more members of a committee, the Chair may extend the hearing to a maximum period of nine hours.	Ministers are called to appear before the PAEC.	Ministers are expected to attend the hearings.  Ministers are usually accompanied by the CEO of the relevant agency and other officials.

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Departments examined	<p>LA – all departments and agencies are scheduled for scrutiny, with some off-budget authorities covered. However, in practice, some departments and agencies do not get examined in depth (or at all) due to time constraints.</p> <p>LC – committee chooses agencies after consultation with all members – usually all are covered either by annual or ongoing hearings. Key agencies are always covered.</p>	All departments and agencies, including Territory-owned corporations.	The estimates of all departments and agencies are referred to committees and are available for examination. The majority of budget-dependent agencies are in fact examined. Each committee determines the extent to which it wishes to scrutinise departments and agencies.	<p>LA – all departments and agencies would be potentially subject to examination by estimates committees upon resolution of the committee.</p> <p>LC – every Minister appears and can be asked about any agency for which they are responsible.</p>	All.	All Ministers / portfolios are listed for scrutiny and the committee decides where to focus the questioning.	The Schedule to the Appropriation Bill defines the area of expenditure or proposed payments to be examined. This includes all departments and agencies.	All departments and agencies are examined.	<p>The committee determines which departments it will examine.</p> <p>Pre-hearing questionnaires are sent to each department and agency. These are in two parts – before the budget is handed down and following the presentation of the budget papers.</p>	Each vote in the main Appropriation Bill is examined by a committee.
Advance notice of questions	LA – QONS are not taken either before or during hearings.	QONS are not accepted prior to the hearing and any submitted	Any Senator can place QONS during, or immediately after,	LA – no provision for this, although, in practice, committees allow	QONS can be taken by the Minister. Additional	An estimates committee may put a combined total of 20 QONS	No. All questions are without notice.	Usually questions are simply put without notice	Questionnaires are sent to each department and agency prior to	Ministers are sent standard questionnaires prior to hearings

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<p>Questions on notice (QONs)</p> <p>Answers to questions on notice</p> <p>Additional information</p>	<p>However, members can request that the Minister provide 'supplementary information'. The provision of supplementary information in a timely way is not obligatory, although generally all departments supply the material within two weeks for inclusion into Hansard. Members are often encouraged to submit a formal QON following the hearings.</p> <p>LC – members can submit QONs prior to, and during, hearings. Questionnaires are also sent to departments prior to the hearing to gather preliminary information. Members can submit unasked questions in</p>	<p>following must be lodged within three days of the hearing.</p> <p>Answers to QONs are available to all members once received and published online as soon as possible. They are tabled separately at the same time as the report. Ministers are asked to provide responses to questions within five working days but this is not always possible. Ministers may refuse to answer questions where the administrative cost is considered too high. A temporary SO (SO 253A) was introduced in 2010 to deal with outstanding answers and requires those answers to be provided to the</p>	<p>hearings. If a witness is unable to answer a question during the hearing, they may take that question on notice.</p> <p>Answers are circulated by the committee secretary as required. Each committee sets a nominal date by which answers should be received (for estimates this must be at least 10 days before the committee's supplementary hearings commence). This is not always adhered to – in which case the committee may criticise at subsequent hearings or report the matter to the Senate in its report. Answers and</p>	<p>questions to be taken on notice and additional information to be supplied to the committee.</p> <p>LC – no provision for advance notice of questions as part of the formal process.</p> <p>QONs following hearings must be lodged no later than two days after that hearing. Answers to QONs are distributed to committee members then published on the website for the relevant committee. Answers must be submitted within 21 days.</p>	<p>information may also be provided by the Minister about an answer given.</p> <p>Additional information or answers to QONs are given in writing at a time decided by the committee and may be included in a volume of additional information to be tabled. They may also be published on authorisation by the committee prior to tabling.</p>	<p>to the Minister (10 QONs must go to non-government members). Written answers to the allowable 20 QONs submitted before hearing must be provided by 10 am on the day before the hearing.</p> <p>QONs may also be taken during a hearing and answers provided in written form either at a time decided by the committee or otherwise 48 hours after the close of hearing. These may be published at a later date either in material tabled in the House or beforehand. The Minister can refuse to take questions that</p>	<p>While QONs are not taken, Ministers may undertake to supply additional information at a later date for insertion in Hansard.</p> <p>A Minister may advise that an answer will be given later to the committee, where possible that committee sitting day.</p> <p>A Minister may also provide additional information about an answer given. Additional information is to be written and given at a time decided by the committee (usually a quick turn-around of two to three days due to time constraints). It may be tabled</p>	<p>during the hearings; however, members may give Ministers questions in advance.</p> <p>A Minister may advise that an answer will be given later to the committee, where possible that committee sitting day.</p> <p>A Minister may also provide additional information about an answer given. Additional information is to be written and given at a time decided by the committee (usually a quick turn-around of two to three days due to time constraints). It may be tabled</p>	<p>hearings in order to obtain information on the likely impact of the budget on their operations and future strategic direction.</p> <p>Ministers can agree to provide further information or take QONs.</p>	<p>and are asked to respond before their particular vote(s) examination. In addition, other written questions on the estimates may be sent to the Minister or the department by the committee which is to examine that vote. However this must be done by the committee as a whole, not by individual members.</p> <p>Committee members may ask the departmental officials to prepare further detailed information in writing on matters which arise from questioning. It is incumbent on departments to provide the</p>

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	writing at the end of a hearing.	Speaker for tabling.	material received are tabled as volumes of additional information in the Senate by each committee.			place unreasonable research requirements on their portfolios or that are unnecessarily complex.		by the committee with other additional information.		additional information in a timely manner for inclusion in the estimates debate in the House, although, this is not obligatory.
<b>Time limits on questions and answers during hearings</b>	No time limits in either the LA or the LC, rather, this is at the discretion of the Chair in both Houses.  In the LA, it is an accepted convention that official Opposition members get the greater share of questioning time. All MLAs are able to participate in questioning, but with official members having precedence.	No time limits, but the Chair has discretion to move the questioning on and the committee will generally agree on a basic approach. Non-government members will generally dominate questioning. All MLAs can participate in hearings by leave of the committee.	There are no formal time limits on questions or answers. However, a committee may agree to impose limits, or to not continue past a given time.	LA – the terms of reference agreed to by both Houses in 1991 limited a question to five minutes and the answer to 15 minutes.  LC – no time limits are imposed.	No time limits.  Questions should adhere to the SOs which govern questions generally.	As of 2011 there are no set time limits. The Chair of the portfolio committee has the same power as the Speaker regarding questions. So, a question with, for example, lengthy or subjective preambles, arguments or imputations may be ruled out of order.	No limits are provided for in SOs.  A flexible approach to giving the call for the asking of questions is usually adopted, based on three per Member, alternating sides. The Chair may permit a supplementary question in order to conclude a line of questioning.	No limits are provided for in SOs – the Chair is generally quite diligent in keeping questions and answers succinct.	No time limits – length of questions and answers is at the discretion of the Chair and the Chair will rein in lengthy speeches.	No time limits specified in SOs. Chairs ensure questions are brief and that all members get time to ask questions. Usually the Opposition parties receive a greater share of the question time.
<b>Votes taken</b>	LA – The question is put for each division or part	No votes are taken during the estimates process.	Votes on questions are taken. Where a	LA – yes, based upon past practice, votes	Votes are not taken during estimates	No votes are taken during estimates	No, votes are not taken in estimates	Votes taken during the estimates	The PAEC can vote upon questions relating	Votes may be taken as a part of the

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	thereof, as to whether the appropriation is recommended. A vote may be taken although this is unusual.  LC – No votes are taken as the inquiry is into the budget papers, rather than the Appropriation Bills. Votes can be taken during the deliberative process, however.		vote on a question is equally divided, the Chair has the casting vote.	can be taken. So far, the same provisions have applied as those in other committees, as well as some specific provisions relating to estimates committees' processes.  LC – votes are taken within the committee deliberative meetings, but not on the Appropriation Bills.	hearings.  Votes are taken during the deliberative meetings of the committee which are held in closed session. The Chair has a casting vote in these circumstances.	hearings.	committee hearings.	committee process relate to whether a particular output (line item) is 'recommended' or 'recommended for further debate'. Votes are then taken in the House on the Appropriation Bills.	to its inquiry and report on the estimates but not for/against the Appropriation Bill itself.	consideration of the Appropriation Bill (or part thereof).  Votes may also be taken on the content of the reports of the House.
Supplementary hearings	LA – no provision for supplementary hearings.  LC – ongoing hearings happen throughout the year and the annual hearings identify issues to be pursued during ongoing hearings. So, in a sense, wide terms of reference ensure	Not usually except when a Minister is recalled to clarify information given during the inquiry.	A round of supplementary hearings is usually held several sitting weeks after the initial round of budget estimates hearings in May. There are no supplementary hearings after the additional estimates hearings held later in the financial	LA – in accordance with the resolution of the House establishing estimates committees, each committee is able to set the times and dates for a meeting or hearing, including supplementary hearings.	No provision for supplementary hearings.  Maximum time for questioning overall is 50 hours.	No – only one hearing day for each portfolio-based committee.	No provision for supplementary hearings.	No provision for supplementary hearings.	No provision for supplementary hearings.	It has been the case that a committee recommended that a vote be referred back to it for further scrutiny.

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	that there is provision for the committee to conduct a hearing into any financial matter as it sees fit.		year.  Committees may decide when supplementary hearings are held; however, in practice, the schedule is usually determined by the Senate.	LC – yes, supplementary hearings can be held, usually in Oct–Nov. On some occasions further supplementary hearings have been scheduled.						
Off-budget authorities	LA – yes, some are chosen by the Management Committee each year for examination.  LC – the EFOC can call any witnesses or organisations to hearings as it deems necessary in order to work within its terms of reference.	Any agency that receives funding may be called.	Committees may request the attendance of off-budget agencies at estimates, and sometimes do so. However, generally, if a body receives no funding though the Appropriation Bills it is regarded as not subject to examination.  Some questioning may be permitted of bodies which impose a burden on the Appropriation Bills while not being directly funded by them, or which	LA – the resolution establishing estimates committees limits the committee's examination to those organisations listed in the tabled estimates.  LC – not unless specifically referred to in the budget papers. The inquiry is into the budget estimates and related papers.	As noted above, a separate select committee, the GOCSC, is established to examine and report on the activities and financial management of the Power and Water Corporation. It functions like the estimates committee and has the same membership.	A member may ask any question which the committee determines will assist it in its examination of the Appropriation Bill or otherwise assist the committee to determine whether public funds are being efficiently spent or appropriate guarantees are being provided. Schedule 7 of the SOs lists entities to which direct questioning of	There is no provision to scrutinise off-budget authorities, as only the payments provided for in the Appropriation Bill are referred to the committee.  However, it is well established practice that agencies or authorities that do not draw on the Consolidated Account also	Government Businesses Scrutiny Committees (GBSCs) are formed in both the HA and the LC to scrutinise off-budget agencies. There are two in each House in each year. Organisations are divided up between the two Houses and then rotated to the other House the following year.	Any agency that receives government funding and which is included in the budget papers can be scrutinised by the PAEC.	Representatives of Crown entities or State enterprises may be invited to participate in examinations.

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			otherwise have an effect on the budget.			CEOs at estimates is to apply. This schedule includes all current government-owned corporations.	attend with their Minister for questioning (e.g. Workcover, SA Water, ForestrySA).	Sometimes all agencies are covered, but not necessarily.		
Scope of questioning	<p>LA – questioning should relate to a line item in the budget papers (some latitude is generally given). This does not apply to off-budget authorities where questioning can relate to operations generally. All questions must be directed to the Minister in the first instance – then may be referred to an advisor.</p> <p>LC – in annual hearings questioning must relate to the budget papers while much wider scope is allowed during ongoing</p>	Questions usually follow output classes but considerable latitude is permitted. Only Ministers will answer questions regarding government policy.	<p>The only substantive rule is that questions must be relevant to the matters referred, that is, estimates of expenditure.</p> <p>Public servants may be questioned directly on matters relating to items of proposed expenditure. Most questions are answered by public servants. However, Ministers answer questions of policy.</p>	<p>LA – the relevancy test has applied in the past when the joint estimates committees were established. That is, questions could be ruled out of order on the advice that a matter is 'off-budget'. Furthermore, a question could not be asked directly of a departmental representative. It was up to the Minister to refer the question if necessary.</p> <p>LC – wide latitude is given provided that the questions are relevant to</p>	<p>Members of the committee may ask for explanations from a Minister relating to proposed expenditure and outputs. Significant latitude is generally allowed. Questions range from expenditure detail to broad policy matters.</p> <p>All questions must be directed to the Minister in the first instance – then may be referred to an advisor. Public officers shall</p>	<p>A member may ask any question which is relevant to the examination of the appropriation being considered.</p> <p>Although Ministers are present, DGs and certain CEOs can now be questioned directly under the new changes implemented in June 2011.</p> <p>Advisors may also be present but can still only answer questions at the direction of the</p>	<p>Members use the budget papers tabled with the Appropriation Bill as reference for their questions. A line item in the budget papers must be specified. Within this, the degree of latitude allowed is at the discretion of the Chair and can vary depending on the Chair.</p> <p>Ministers must answer questions in the first instance,</p>	<p>Consideration of proposed expenditures follows as far as possible the procedure observed in a committee of the whole House. Expenditures are considered on an output basis, including grants, subsidies and loans and the Capital Investment Program, and the committee may ask for explanations relating to outputs.</p> <p>Advisors shall</p>	<p>Determined by the PAEC. Thus, there is scope for wide latitude in questioning. However it must be in relation to the budget estimates.</p> <p>In 2010, in addition to the usual information sought, the PAEC also sought details about medium and long-term strategies underpinning the budget for portfolios.</p>	<p>Discussion is confined to current spending plans as contained in the estimates documents and questions must relate to items which are to be appropriated in the current financial year. The examination is not a vehicle for scrutinising and debating past performance; that is a function of the financial review.</p> <p>A member may ask a question relative to the expenditure of an appropriation</p>

	WA Legislative Assembly / Legislative Council	ACT Legislative Assembly	Commonwealth Senate	NSW Legislative Assembly / Legislative Council	NT Legislative Assembly	QLD Legislative Assembly	SA House of Assembly	Tas Legislative Council	Vic Legislative Assembly / Legislative Council	NZ House of Representatives
	hearings. However, even during annual hearings the scope of questioning is much wider than that in the LA.			the portfolio – questions do not need to identify specific budget line items.	not be required to comment on policy matters or give an opinion.	Minister, CEO or DG.	although advisors can assist Ministers with the provision of factual information.	not directly answer questions or address the committee except with the approval of, and in the presence of, the Minister. They do no comment on matters of policy.		voted the previous year, but may not debate it. The discussion of policy is permitted; however, it must relate to the vote under consideration.
<b>Broadcasting</b>	LA – hearings are broadcast via Parliament’s website, as with the proceedings of the House.  LC – the same rules apply as to other standing committees.	Yes, within the Assembly building and online via the website but hearings can be conducted in camera if agreed by the committee (this rarely occurs).	Estimates hearings are broadcast via radio, on the House monitoring system (which is now available on the Internet via the Parliament’s webcast service) and on Fedcast. The committee may decide such further terms and conditions as it chooses in relation to broadcasting and still photography. At all times the committee may control the operations of the	LA – same rules as applied to other committees.  LC – the media is permitted to film proceedings.	Broadcast within Parliament House.  Sound and vision broadcast and re-broadcast of the hearings of the committee is allowed, subject to the same conditions which apply to the sittings of the House and as determined by the committee.	A committee may authorise the broadcasting of its public hearings, so long as the committee complies with any rules that the House may approve for the broadcasting of committee proceedings. There is a general presumption that the estimates hearing will be publicly broadcast on the web and that the gallery TV news	No broadcast of proceedings.  Media coverage, including filming, is subject to the same conditions that apply to coverage of the House.	Television coverage is allowed, subject to the same conditions that apply to televising the LC.  The same applies for GBSCs in the HA.	The media can attend hearings but currently there is no live broadcast of the hearings. This may change in 2011.	Press gallery members may broadcast committee proceedings that are open to the public.

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			media in attendance and if the activities of media personnel become intrusive, the committee may request them to leave. Television and radio stations may broadcast the proceedings as long as they meet the conditions set out in the resolution of the Senate relating to the broadcasting of Senate and committee proceedings.			cameras will be able to record estimates hearings so long as filming does not disturb proceedings. There is a presumption that film footage will be 'pooled' as occurs in the LA.				
<b>Reporting</b>	LA – the two committees are required to report back to the House. The report to the House is merely the presentation of the minutes of the estimates committees. The report is tabled by the Deputy Speaker during the next sitting	The committee must report by a set date (the first day of the next sitting period). The government responds to the majority report only (usually) the following week (of the two-week sitting period). The Assembly agrees a cognate debate during the	The reports of legislation committees and any volumes of additional information are tabled in the Senate along with a set of Hansards from the public hearings.  Reports may include comments on individual items	LA – reports of estimates committees are considered in detail by the House (i.e. in the committee of the whole). This replaces consideration of the relevant clauses of the Bill(s).  LC – brief reports	Committee reports to the House on the proposed expenditure in the Bill.  The Clerk is authorised to publish an unedited transcript of the GOCSC proceedings in a manner	A portfolio-based committee must make a report at the end of its deliberations. The Chair of each portfolio committee must table the report (including any reservation or dissenting reports) together with the minutes	A report of an estimates committee is presented by the Chair of the committee or a member so deputed and contains any resolution or expressions of opinion of the committee.  When the	Yes. A report of an estimates committee may contain any resolution or expression of opinion of that committee.  When the reports are presented they may be taken into	Three reports are tabled. The first and second reports are compiled within weeks of the public hearings. The final report is quite detailed and can be months later. In 2010, the final report was tabled in September.	The FEC and any other committee examining votes determine whether to recommend to the House that the appropriations be accepted. A committee may report on a number of votes within one

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	<p>week. Some members speak to the motion.</p> <p>LC – EFOC tables and publishes reports in its usual manner as a standing committee. Reports can contain any information deemed necessary by the committee, including recommendations.</p>	<p>consideration of the detail stage of the Appropriation Bill.</p>	<p>of particular concern.</p> <p>Any senator may attach a reservation to an estimates report.</p> <p>The committee is not required to table a report after the supplementary hearings.</p>	<p>are provided by each committee detailing the hearings undertaken but not providing specific recommendations or findings.</p>	<p>similar to that used for the daily Hansard as soon as practicable after the committee's proceedings are concluded.</p> <p>Evidence taken in public and documents presented are deemed to be authorised for publication by the committee, unless the committee otherwise orders.</p>	<p>of committee meetings relating to the proposed expenditures and any other additional information which the committee agrees to table. The report must be tabled no later than the date ordered by the House.</p> <p>One whole sitting day must elapse between the report being tabled and consideration in detail of the Appropriation Bill(s).</p>	<p>reports are presented, they may be taken into consideration at once or at a future time.</p>	<p>consideration at once or at a future time.</p>		<p>report. The reports are presented to the Clerk like any other select committee report.</p> <p>The report on this is presented to the House within two months of the delivery of the budget.</p>
<p><b>Tabling of documents</b></p> <p>Note: research across jurisdictions has revealed that there may be some discrepancy in the use of the word 'tabling'.</p>	<p>LA – cannot table during hearings.</p> <p>LC – documents can be presented to the Committee as additional information, but are not tabled as such.</p>	<p>Documents may be provided to the committee during a hearing and may be authorised for publication and posted on the inquiry webpage or appended to the report.</p>	<p>Documents may be tabled during an estimates hearing. Tabled documents are usually included in the volumes of additional information, which the committees</p>	<p>LA – SO 246 is silent on this. The same rules that apply to other committee proceedings would apply.</p> <p>LC – yes, documents can be presented to</p>	<p>Yes – documents can be tabled.</p> <p>Alternatively, they may be included as part of the 'additional information' which is tabled</p>	<p>A Minister or witness can only 'table' a document at the hearing with leave of the committee. Documents tabled at the hearing are deemed to be</p>	<p>No provision to table documents during committee hearings.</p>	<p>Yes, documents can be tabled in the committees.</p>	<p>No provision to table documents during committee hearings.</p>	<p>A committee may receive and table documents at any stage during the estimates process.</p>

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Sometimes what is meant is that written information is simply provided to the committee.			table in the Senate.	the committee during the budget estimates and reported to the House. Technically, only Members can table documents. Where a witness wishes to tender a document as evidence, the committee must resolve to accept the document.	by the committee at the end.	authorised for release by the committee unless it expressly orders otherwise. Documents tabled at the hearing are not deemed 'tabled' in the Assembly and are not recorded as such in the register of tabled papers. Committees may include these documents in additional information that is later tabled in the House.				
<b>Quorum</b>	LA – four members of the official (voting) committee, excluding the Chair. If at any time a quorum is not present, the Chair <i>may</i> suspend the committee proceedings until	For the purpose of taking evidence a quorum is two members, one of whom must be the Chair or the Deputy Chair. A majority of the committee must be present for deliberations. In practice,	Quorum is a majority of the members of the committee (four) or a minimum of two, where the two comprise a member nominated by the Government and a member nominated by the	LA – the 1991 resolution establishing joint committees provided that a quorum was eight out of 14 members, provided that the committees meet as joint committees at all	Four members of the committee.  If at any time a quorum is not present, the Chair will suspend proceedings until a quorum is present, or	Four members of the committee.	The quorum of a committee is four, of whom one is the Chair or Acting Chair. If at any time a quorum is not present, the Chair suspends the proceedings of	The majority of a committee. If at any time a quorum is not present, the Chair will suspend proceedings until a quorum is present or adjourn the committee.	The quorum of a joint committee is a majority of the members appointed and must not consist exclusively of members of either the LA or the LC.	The quorum of a select committee is half of the membership of the official committee members.  If no quorum is present within 10 minutes of the

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	a quorum is present.  LC – requires a majority of members. Proceedings may not continue without a quorum.	deliberative meetings are avoided when any members cannot be present.	Opposition.	times.  LC – quorum is three committee members.	adjourn the committee until a later time.		the committee until a quorum is present or adjourns the committee.	Any time lost for lack of quorum shall be added to the time allocated to that session.		meeting time, the meeting is adjourned. If there is no quorum during a meeting, it is suspended for up to 10 minutes and, if no quorum is formed, the meeting is adjourned.

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## 4. MODELS FOR THE CONDUCT OF ESTIMATES INQUIRIES



### LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

COMMITTEE OFFICE

#### *Models for the conduct of estimates inquiries*

##### **1. Context**

Any review of models for the conduct of estimates inquiries should take into account the following:

- The unique characteristics of a small, unicameral parliament;
- Constraints on the inquiry include the availability of non-executive MLAs and Assembly resources;
- The objective of the estimates inquiry is to facilitate the review of proposed government expenditure on behalf of the Assembly;
- The estimates inquiry is one part of a broader review cycle which includes the work of the Public Accounts committee and the annual and financial reports inquiries conducted by the standing committees;
- The scheduling of financial scrutiny activities by committees is largely contingent on the budget and annual report calendar set by the government; and
- The Assembly can set any requirements for the conduct of the inquiry considered appropriate.

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##### **2. Committee system scrutiny model**

Estimates inquiries provide the principle annual opportunity for detailed and comprehensive review of government activity. Assembly estimates committee reports have consistently highlighted the value of the scrutiny function for the Assembly.

Approximately eighteen months after each estimates inquiry, the Assembly committee system completes the scrutiny cycle through the annual and financial reports inquiry process when the actual outcomes delivered by departments can be reviewed.

Over the 20 years that the Assembly committee system has been in operation, a firm pattern to the scrutiny of government operations has developed. The annual scrutiny calendar peaks in May/June (estimates) and October/November (annual reports) each year. This scrutiny calendar may vary according to the Government's budgeting and reporting calendar.

A number of estimates reports have included proposals to improve the Assembly's scrutiny cycle.

##### **3. Six models for estimates inquiries**

Six models for the conduct of estimates inquiries, the current model and five alternatives, are set out in the following table and described in more detail in the pages which follow.

Table 1: Six models for estimates inquiries – current select committee model and five alternative options

	<b>Model types</b>	<b>Scrutiny type</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>1 p.4</b>	Select committee inquiry - current	Short intense inquiry traditionally with a broad scope adopted which generates high volume of information	Shared workload between non-executive Members over period of each Assembly	No contiguous cycle of review through to annual reports No continuity of membership
<b>2 p.6</b>	Referral to PAC annually	Within the scope of PAC's current terms of reference	Continuity of scrutiny across key portfolio areas	Substantial increase in PAC workload
<b>3 p.8</b>	Referral to PAC includes expanded membership for the duration of the estimates inquiry	Within the scope of PAC's current terms of reference	Continuity of scrutiny Expanded Membership to support scope of inquiry	Significant implications for current structure of committee system
<b>4 p.10</b>	Sections of the Appropriation Bill are referred by the Assembly to the relevant Standing Committees for inquiry and report	Broadly based within current committee structure building on current annual reports inquiry model	Cycle of review achieved Expertise of Membership enhanced	Time sensitive nature of estimates. Coordination of separate inquiries may require detailed Assembly referral and/or standing orders
<b>5 p.11</b>	Two select committees with equal allocation of budget output/portfolio areas	Short intense inquiry engaging most non-executive members	Shared workload Possible to build expertise over the duration of an Assembly	Coordination of two inquiries with two Chairs Detailed referral required
<b>6 p.12</b>	Dedicated standing committee on estimates and financial operations	Specialist committee focused on scrutiny of government operations	Cycle of review is achieved without increasing workload of PAC	Potential overlap in work areas require clear definition

#### 4. *Details of models, including examples from other jurisdictions*

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##### **Model 1 Select committee inquiry conducted over 3 month period**

At present the estimates process is achieving:

- Focused and intensive scrutiny of government expenditure proposals and decision-making;
- Preparation for Assembly debate on the appropriation bill;
- Provision of information for the public record, including transcripts, written responses to questions, provision of documents;
- Formal report with recommendations; and
- Government response.

Data relating to some of the key features of estimates inquiries (questions on notice, reports and hearings) is presented graphically in appendix A.

The Assembly provides little guidance on the conduct of the inquiry other than considerations of membership and reporting date.<sup>1</sup> Estimates committees have determined all other matters such as hearing timetable, scope of questions and questions on notice process, etc. It should be noted that some estimates inquiries in other jurisdictions operate within a very detailed referral or set of standing orders.

The current estimates inquiry model has evolved from practices established over the last 20 years. It may be useful for the Administration and Procedure Committee to formally seek the views of all non-executive MLAs and the ACT Government on the effectiveness of the inquiry model as it has evolved.

#### Key features and issues arising from Assembly estimates inquiries

##### *Membership and participation*

Generally membership of estimates committees is five. Early Assemblies allowed all Members to nominate. Subsequently several of these estimates committees comprised all non-executive MLAs (excluding the Speaker). From the 1995-1996 Select Committee on Estimates onwards (*Third Assembly*), membership numbers and party affiliation has been specified in the referral from the Assembly and has varied between five and seven members. It has generally been the case that all other non-executive Members (even the Speaker) will participate during the hearings in accordance with Standing Orders.

##### *Issues raised about the conduct of the annual estimates inquiry*

Concerns raised in recent years have included the questions on notice process both in terms of the number of questions lodged and the time taken for responses to be provided. In 2010, the Assembly introduced temporary standing order 254A.

The Estimates inquiry is an intense, politically charged inquiry. Estimates reports, including dissenting reports, typically highlight aspects of the process that did not meet Members' expectations and/or did not allow effective scrutiny (for example, length of the inquiry, conduct of the hearings, Minister's willingness to respond). Of the 22 main estimates reports that have been presented in the Assembly since 1989, 15 have included additional or dissenting comments.

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<sup>1</sup> During the Sixth Assembly, the referral extended to the designation of the party affiliation of the Chair.

*Suggestions to enhance scrutiny*

In the *Second Assembly*, the 1994-1995 Estimates Committee recommended (recommendation 1) that:

A Select Committee on Supplementary Estimates be established to examine and report upon the performance outcomes of the ACT Government agencies for the year...

During the *Third Assembly*, a different inquiry model was used and the Select Committee on Estimates was appointed to inquire into both the Budget and the Annual and Financial Reports of the previous years. During this period, the introduction of the annual Appropriation Bill coincided with the presentation of agencies' annual reports for the previous financial year providing the estimates committees with an opportunity to draw some links between actual and proposed expenditure (albeit for different financial years).

The Select Committee on Estimates 2003–2004 (*Fifth Assembly*) recommended that the Administration and Procedure Committee undertake an inquiry to determine a possible new structure. The following year (2004-2005), the Estimates Committee proposed that consideration be given to a:

relevant standing committee being established such as to allow it to conduct the inquiries into the appropriation bills. For example, the Public Accounts Committee could act in the role of an estimates committee, such as the current Standing Committee on Legal Affairs does in its role as a Scrutiny of Bills Committee. Any standing committee performing the role of an estimates committee could potentially have its membership expanded in this role alone in recognition of the increased workload of this period. It would also allow matters such as late questions on notice and other administrative arrangements to be dealt with without having to go to the Speaker or the Assembly.

## 5. *Alternative Models*

In identifying possible models, information about the structure of estimates and public accounts committees in Australia and New Zealand is instructive. The objective in the comparison offered below is to identify models which achieve effective scrutiny and facilitate a cycle of review. A table (Table 2) setting out different features across jurisdictions is provided at the end of this section. In terms of similarities between parliaments:

1. Queensland, Northern Territory and New Zealand have unicameral parliaments; and
2. Smaller numbers of Members are features of the Tasmania Parliament (Legislative Council - 15 and House of Assembly – 25) and the Northern Territory Legislative Assembly (25).

Details of model type 2 to 6, as noted in Table 1, are set out in the following pages.

### **Model 2. Incorporate estimates inquiry function into work plan of the public accounts committee**

The Assembly's Public Accounts Committee (PAC) is established to, amongst other things, 'inquire into any question in connection with the public accounts which is referred to it by the Assembly and to report to the Assembly on that question'. On occasions, when a second or third appropriation bill has been presented, the Assembly has referred this bill to the PAC.

#### *Inquiry timeframe used by the Victorian Parliament's Joint Committee on Public Accounts and Estimates*

The Victoria Parliament has a joint committee called the Public Accounts and Estimates Committee (PEAC) which performs duties similar to our Public Accounts Committee. This Committee also conducts an annual budget estimates inquiry over several months in three stages:

Stage 1: Report outlining key features of the budget and information provided including index of key issues raised at first week of hearings, transcripts, questions on notice lodged and other information provided;

Stage 2: Report including index of key issues raised at second week of hearings, transcripts, questions on notice lodged and other information provided;

Stage 3: Report providing detailed analysis including recommendations relating to Budget estimates; details of responses received to questions and review of government response to previous year's report.

The report relating to Stage 1 is tabled in late May, Stage 2 is tabled in early June and Stage 3 (the detailed report) is tabled in September (approximately four months after the hearings). Reports from Stages 1 and 2 provide information of relevance (indexed) for Members consideration of the Appropriation Bill. This supports effective scrutiny in the short term and a more detailed investigative analysis follows with substantive proposals and suggestions. The government responds to the third report.

This Committee also undertakes an annual review of the financial and performance outcomes of departments and agencies.

It should also be noted that the PEAC is comprised of ten Members and is supported by a secretariat staff of ten.

**Model 3. Current Membership of the PAC is expanded for the duration of the estimates inquiry***PAC membership of the Northern Territory Select Committee on Estimates*

A variation on this model which connects estimates to the work of the public accounts committee is used in the Northern Territory where the referral for the establishment of a select committee on estimates specifies that membership of the committee should consist of the membership of the public accounts committee. The chair remains the same and the deputy chair is elected by the committee constituted as the estimates committee. The membership is five.

The Assembly's Public Accounts Committee already sustains a substantial workload and is the busiest of all the standing committees. In order to incorporate an additional inquiry of such dimensions, consideration would have to be given to the following issues:

- *Membership.* Would an expanded membership be required and should this be for the duration of the estimates inquiry process? The Assembly could resolve to supplement the membership at the time of referral of the appropriation bill.
- *Structure of the committee system.* Expanding the role of the PAC would suggest that the committee functions of scrutiny and review were a priority for the Assembly and would consolidate the distinctive role of the PAC within the overall structure of the committee system. Would the status of the PAC need to be reconsidered for this expanded role?
- *Secretariat support.* Subsequently, the most effective administrative and research support model would be a consideration for the Assembly's secretariat. How could additional secretariat support be provided to undertake additional inquiry work within an existing standing committee (rather than the select committee approach) and would this require rethinking of the current secretariat structure? In recent years, a specialist adviser to the estimates committee has been appointed and thought would need to be given to the most effective way of using the modest recurrent funds set aside for a "parliamentary budget officer".

*PAC specialisation and capacity to develop portfolio expertise through scrutiny*

In 2006, KPMG published a comparative perspective on Australian and New Zealand public accounts committees and noted that several public accounts committees are responsible for the scrutiny of budget estimates. However, they noted that there are those who favour this approach and those who do not. Specifically, they noted that:

Proponents of the dual role of *ex ante* and *ex post* review argue that it enhances the committee's understanding and ability to assist the Parliament and the public in assessing actual performance against planned budget outcomes. On the other hand, the consideration of budget estimates creates a significant increase in the committee's workload. Opponents also argue that the consideration of budget estimates would be better undertaken by committees with portfolio expertise. On this last point, the New Zealand Finance and Expenditure Committee has primary responsibility for the consideration of budget estimates but also has the authority to allocate this role to the other select committees and typically does so for entities outside of its portfolio expertise.<sup>2</sup>

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<sup>2</sup> KPMG (2006) *The Parliamentary Public Accounts Committee: an Australian and New Zealand perspective*, accessible at <<http://www.latrobe.edu.au/psgarc/assets/downloads/2009/kpmg-pac-report.pdf>>

#### **Model 4. Sections of the Appropriation Bill are referred by the Assembly to the Standing Committees for inquiry and report**

As is current practice with Annual Reports Inquiries, an alternative way to integrate the estimates inquiry work into the existing committee structure would be to refer budget output areas to the standing committees for inquiry and report. This model would achieve a cycle of review and ensure that Members could build on their portfolio expertise. In the absence of any further guidance from the Assembly, each Committee would be responsible for determining the content of the report and the conduct of their inquiry. However, the referral motion could be detailed to include:

- a) A requirement that only one committee could sit at any one time;
- b) Apportionment of time on the basis of portfolio/output responsibilities over a 10 day period, possibly with a hearing schedule incorporated; and
- c) Reporting date and arrangements for the conduct of hearings.

Some consideration would also need to be given to the questions on notice process. During the select committee inquiry, this is a centrally managed process which generates a large quantity of information. If referred to standing committees the management of supplementary questions following the hearings would be a matter for each individual committee to determine unless otherwise directed by the Assembly.

#### *Australian Senate committee system – building a scrutiny cycle*

Procedural guidance for this model could be drawn from the Senate which refers 'particulars of proposed expenditure' to standing committees and has established a sophisticated, 3 stage model involving:

1. Budget estimates (May/June);
2. Supplementary estimates (Oct/Nov); and
3. Additional estimates (Feb).

Interestingly, the supplementary hearings process was introduced in 1993, in part, to address the problem of outstanding responses to questions on notice. The hearings provide an opportunity for committees to pursue questions and committees have the option of reporting on any supplementary matters arising out of these hearings.

The standing committees of the *New Zealand House of Representatives* (also a unicameral parliament) also conduct estimates inquiries over a two month period following the presentation of the main appropriation bill<sup>3</sup>

#### *Including detailed inquiry guidelines within the referral in the NSW Legislative Council*

The *New South Wales Legislative Council* also refers aspects of the Estimates Papers to its five general purpose standing committees. The referral sets out a detailed hearing schedule allocating time to each committee, the scope of the inquiry, the timing for questions on notice and sets a reporting date four months later.

<sup>3</sup> See KPMG quote on p 9 on the unique role of the Finance and Expenditure Committee in this process

**Model 5. Two select committees are established and the budget output/portfolio areas are allocated equally**

The Assembly's estimates referral could establish two select committees which would equally share the estimates inquiry work load.

As suggested in alternative model 3, the referral could specify that hearings could not be conducted concurrently and propose a hearing timetable as well as any other conditions the Assembly deemed appropriate. A number of other parliaments use this model and some details are provided below.

*Detailed guidelines for multiple select committees in Queensland, South Australia and Tasmania*  
The *Queensland Parliament* (also a unicameral parliament) establishes seven select committees (designated A to G) and each is assigned one day for its public hearing, which can be no longer than 9 hours and conducted between 8.30am and 7.30pm. Portfolio areas are specified in the referral. Procedures relating to the conduct of the inquiry are set out in Standing Orders, including a requirement that questions on notice must conform with the general rules related to questions.

The *House of Assembly in the South Australian Parliament* has provisions set out in Standing Orders for the establishment of two select committees (designated A & B). Standing Orders out in detail the procedure for the conduct of the inquiries including consideration of estimates reports by the House. The upper house of the *South Australian Parliament, the Legislative Council*, supports a Budget and Finance Committee with a membership of five which was established with the aim of developing 'a process for budget and finance monitoring that suits the South Australian experience, with the ultimate goal being to improve the accountability of the executive arm of government to the Parliament'.<sup>4</sup> Although this is a select committee its main work is to sustain a program of regular hearings with departments and agencies and posts relevant documents on the website. It was sustained throughout the duration of the last and re-established for the current Parliament.

The *Tasmanian House of Assembly* establishes two select committees (designated A & B) by motion which also details total number of hours that can be devoted to consideration of the appropriation bill (95 hours in 2010), the time and subject matter of hearings, membership and the role of the Chair. A limit of 2 questions per non-committee (or participating) Member is applied and there are, time limits on questions and answers as well as the party ratio for questions. The *Tasmanian Legislative Council* also establishes two select committees designated A & B.

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<sup>4</sup> *Report on the operations of the Budget and Finance Committee of the Legislative Council 2008-2009*, p 1

**Model 6. A dedicated standing committee on estimates and financial operations is established***General reference of estimates matters to a standing committee in Western Australia*

The *Legislative Council of the Western Australian parliament* supports a Standing Committee on Estimates and Financial Operations which, amongst other activities, undertakes an ongoing examination of annual estimates throughout the year. The Committee conducts an intensive one day hearing the day following the presentation of the budget. This committee also undertakes a range of activities that are similar to a public accounts committee.

The WA Committee's terms of reference are to consider and report on:

- (a) the estimates of expenditure laid before the Council each year;
- (b) any matter relating to the financial administration of the State;
- (c) any Bill or other matter relating to the foregoing functions referred by the House; and
- (d) to consult regularly with the Auditor General and any person holding an office of a like character.

The lower chamber of the Western Australian Parliament, the Legislative Assembly, supports a Public Accounts Committee which has the following terms of reference:

- (a) the outcomes and administration of the departments within the Committee's portfolio responsibilities;
- (b) annual reports of government departments laid on the Table of the House;
- (c) the adequacy of legislation and regulations within its jurisdiction; and
- (d) any matters referred to it by the Assembly including a bill, motion, petition, vote or expenditure, other financial matter, report or paper.

The terms of reference for an additional standing committee would have to be considered in terms of the overlap with the PAC. Whether the creation of another committee with a financial accountability focus would be an effective use of finite resources would need to be considered.

Committee Office  
November 2010

Table 2: Jurisdictional comparison – estimates inquiries

Model type	1	1	2		3	4	4	4
	<i>ACT Legislative Assembly</i>	<i>SA House of Assembly</i>	<i>Victorian Legislative Assembly</i>	<i>Victorian Legislative Council</i>	<i>NT Legislative Assembly</i>	<i>Australian Senate</i>	<i>NZ House of Reps</i>	<i>NSW Legislative Council</i>
Estimates inquiry	Select	Select (A & B)	Joint standing committee with PAC functions		Select but membership is the same as PAC membership (n=5)	Referral to standing committees	Standing committee on Finance and Expenditure may refer by portfolio area to other standing committees	Referral to standing committees
Guidelines for inquiry conduct	Self determined	Standing orders	Self determined		Referral	Standing orders	Self determined	Referral
Time between hearings and reporting	3.5 weeks	2 weeks	1 <sup>st</sup> & 2 <sup>nd</sup> reports within weeks. Final detailed report after 6 – 7 months		3-4 weeks	Generally completed prior to debate on appropriation bill	2 months	17-18 weeks

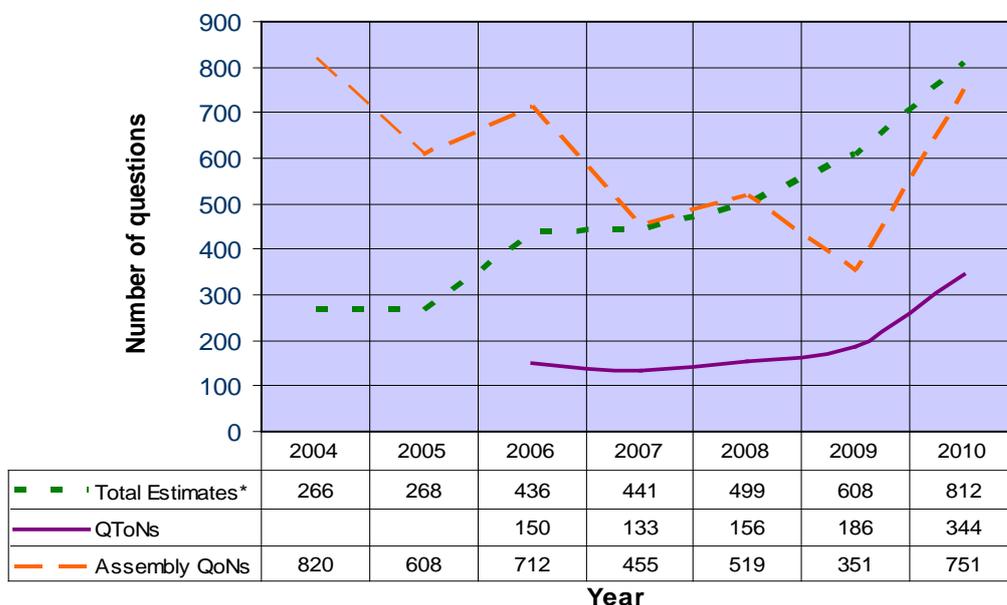
Referral specifications	<ul style="list-style-type: none"> <li>▪ Aspects of membership</li> <li>▪ Report date</li> </ul>	<ul style="list-style-type: none"> <li>▪ Membership</li> </ul>		<ul style="list-style-type: none"> <li>▪ Membership = PAC members</li> <li>▪ Hearing dates</li> <li>▪ Length of hearings</li> <li>▪ Hearing procedure</li> <li>▪ Question on notice procedure</li> <li>▪ Report content</li> </ul>			<ul style="list-style-type: none"> <li>▪ Hearing schedule</li> <li>▪ Supplementary hearing days</li> <li>▪ Hearing conduct</li> <li>▪ Reporting timeframe</li> </ul>
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	5	5	5	6	6	Other	Other	Other
	<i>Queensland Legislative Assembly</i>	<i>Tasmania House of Assembly</i>	<i>Tasmania Legislative Council</i>	<i>WA Legislative Council</i>	<i>SA Legislative Council</i>	<i>WA Legislative Assembly</i>	<i>Australian House of Reps</i>	<i>NSW Legislative Assembly</i>
Estimates inquiry	Select (A-G)	Select (A & B)	Select (A & B)	Standing committee	No, but Select Committee on Budget and Finance (review - ongoing status)	1. PAC hosts annual budget briefing	No	No inquiry since 1995
Guidelines for inquiry conduct	Referral & standing orders	Referral	Referral	Self determined	Self determined	-	-	-
Time between hearings and reporting	1+ weeks	3 weeks	2.5 weeks	Ongoing hearings Report date not specified	Ongoing hearings Report date not specified	-	-	-
Referral specifications	<ul style="list-style-type: none"> <li>▪ Portfolios</li> <li>▪ Hearing dates</li> <li>▪ Reporting date</li> <li>▪ Referral specifications</li> </ul>	<ul style="list-style-type: none"> <li>▪ Hearing dates and times</li> <li>▪ Hearing conduct</li> <li>▪ Reporting date</li> <li>▪ Report tabling process</li> <li>▪ Membership</li> </ul>	<ul style="list-style-type: none"> <li>▪ Hearing dates and times</li> <li>▪ Reporting date</li> <li>▪ Specific Members</li> </ul>	<ul style="list-style-type: none"> <li>▪ Specific Members</li> </ul>				

## Appendix 1: Assembly Estimates Inquiries - Trends

### 1: Questions on Notice 2004-2010- Estimates Inquiries

#### 1.1 Questions in comparison (\*Total Estimates = all QoNs and QToNs)



#### 1.2 Detailed analysis

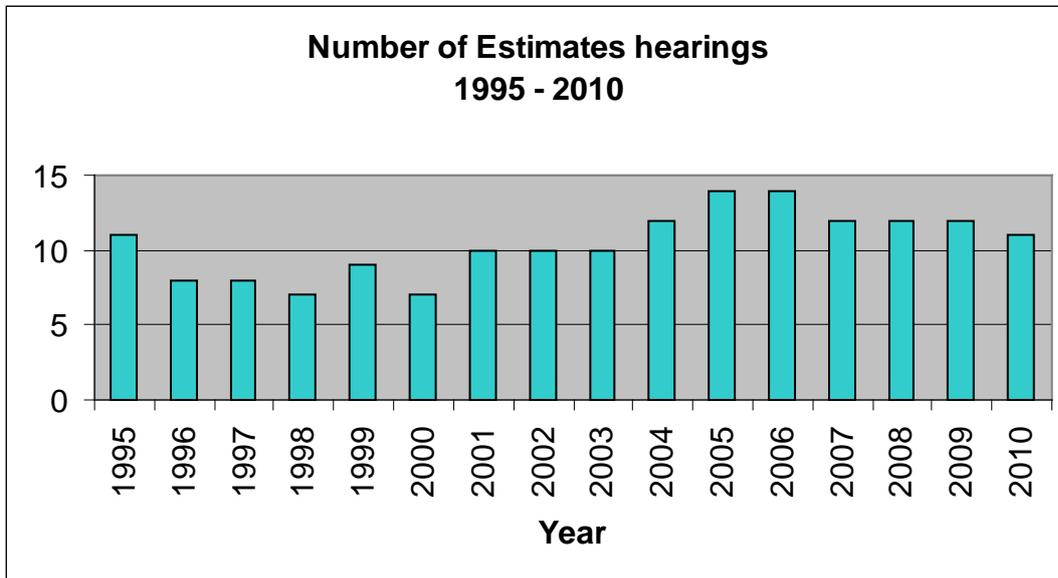
Inquiry Year	Incremental % increase since 2005	% increase from previous year	QoNs & QToNs	No. of QToNs <sup>5</sup>	Unanswered QoNs (as at Rpt tabled)	Unanswered QoNs	Date Rpt tabled
2004*	-	-	266	n/a	n/a	18	22 -July
2005*	0%	0%	268	n/a	n/a	1	21-July
2006	39%	39%	436	150	0	0	15-Aug
2007	39.9%	1.13%	441	133	0	0	21-Aug
2008	46.7%	11.62%	499	156	86	16	26-June
2009	56.3%	17.93%	608	186	83	26	23-June
2010	67.2%	33.6%	812	344	68	0	22-June

<sup>5</sup> Data relating to questions taken on notice are only captured by Committee Office when an answer has been received. This does not reflect unanswered questions taken on notice. In 2010, the CO undertook to track QTONs following the hearing and these have all been entered into the database.

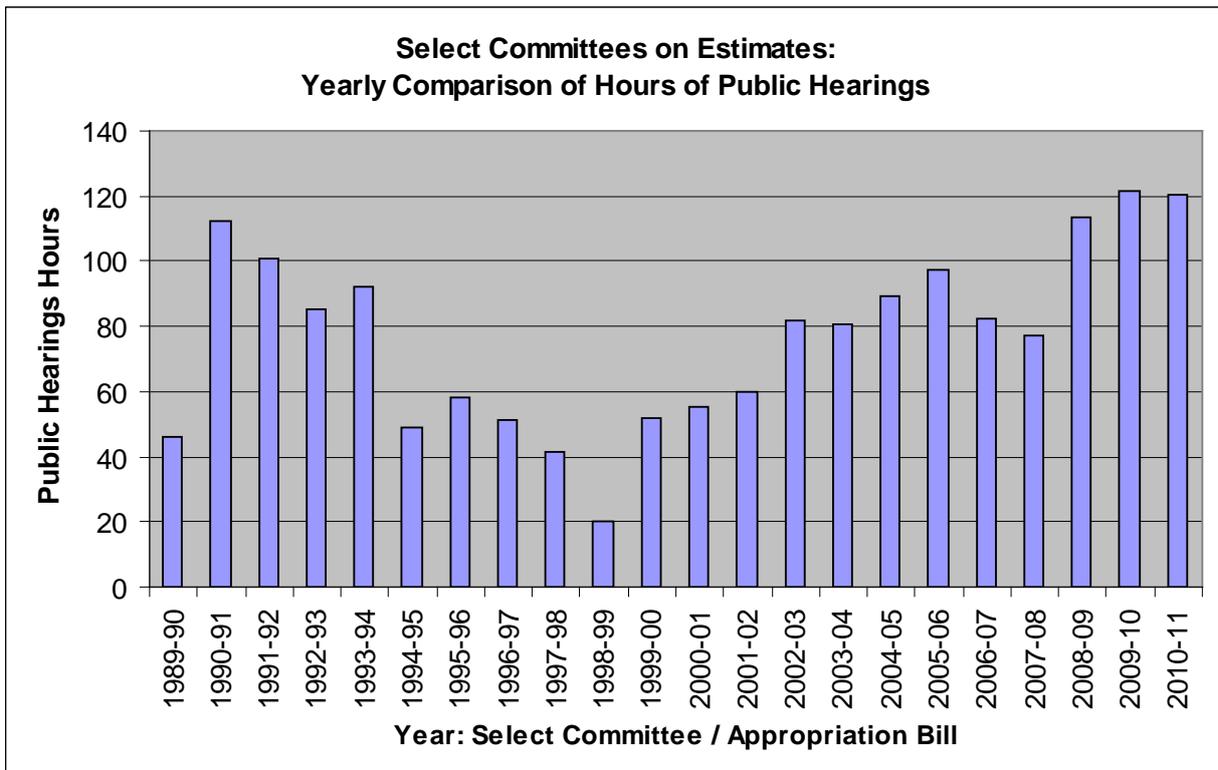
\* Figures for 2005 Estimates Inquiry have not been fully analysed. The figure is used as a base rate for comparative purposes.

**2. Hearings**

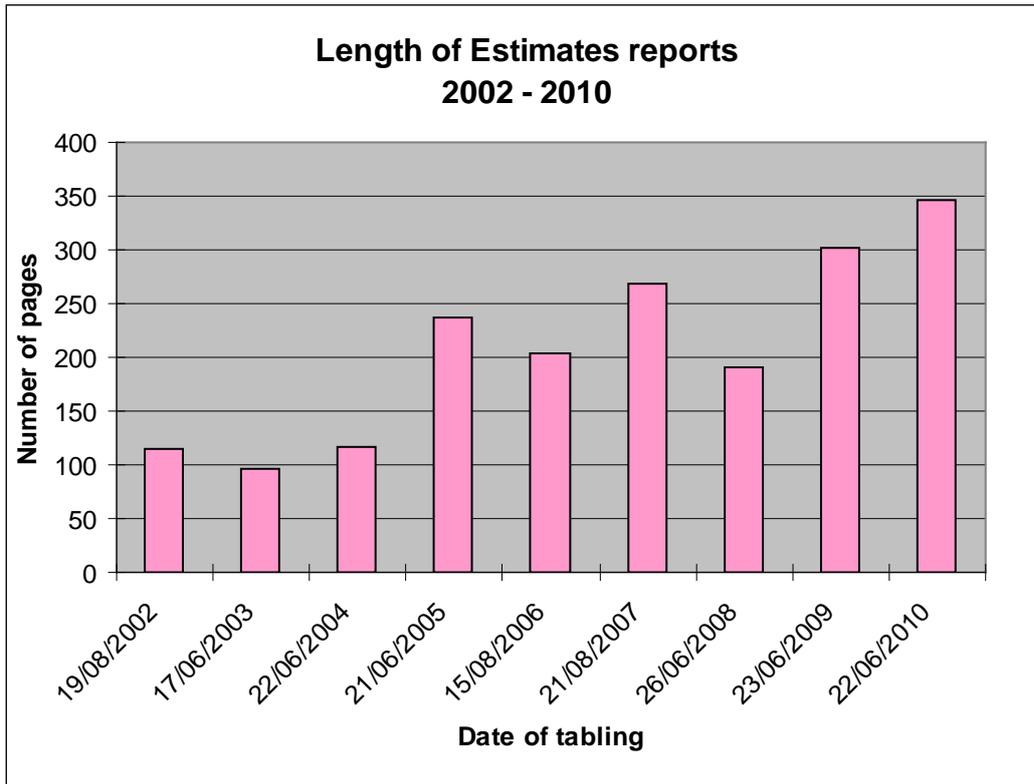
*2.1 Number of hearings (1995-2010)*



*2.2 Hours of hearings (1989-2010)*



**3. Estimates report – number of pages**



Joy Burch MLA

Speaker

February 2018