

Mr Green

EMBARGOED: CHECK AGAINST DELIVERY



PRIME MINISTER

FOR PRESS

APRIL 8, 1976

EXPENDITURE COMMITTEE

The establishment of an expenditure committee marks an important step in the Government's policy of strengthening the parliamentary system.

It is fundamental to an effective system of representative Government that the peoples representatives should be able to adequately supervise and review the activities of Government administration.

The Parliament should be able to subject policy, legislation and administration to close and effective scrutiny.

During the last election campaign the Government stated its view that the capacity of parliament, and particularly this House, to scrutinise the estimates of expenditure should be improved.

The absence of an effective mechanism for examining proposals may well have contributed to the enormous inefficiency in expenditure in the last three years.

The ultimate control of Parliament over the Executive and its control over, and scrutiny of, the expenditure of money.

This is a fundamental principle of democracy which this Government recognises.

It is a principle whose expression will be strengthened by the proposal for an expenditure committee.

The proposal for an Expenditure Committee arises from a broader concern of the Government to improve the functioning of our political institutions.

Our historic plan to reform the Federal system by increasing the financial independence of State and Local Government arises out of our deep concern at the growing centralisation of power in the Federal Government.

Our reforms will make participation in Government at State and Federal levels more effective.

Our policy of tax indexation will once more mean that tax increases will have to be justified to the public, instead of simply taking place without debate as a result of inflation.

The Expenditure Committee will greatly improve the capacity of this House to scrutinize public expenditure and improve Parliament's capacity to act as an able and effective watchdog over the affairs of the Government.

The work of such a Committee will have an obvious value during a period when the Government is especially concerned to minimise waste and maximise efficiency in Government expenditure.

At the present time this House does not have adequate machinery to examine the crucial process of formation of the estimates.

It is not appropriate that existing detailed Parliamentary scrutiny should be confined to the Senate Estimates Committee and to a Joint Committee - the Public Accounts Committee.

The Senate Estimates Committee examines the Appropriation Bills but in a short time frame.

The Public Accounts Committee operates within rather broadly defined terms of reference, but has a focus mainly on accounts or past expenditure.

There is a need for greater in-depth examination of public expenditure in relation to effectiveness and economy in the delivery of given Government policy.

An Expenditure Committee of the House of Representatives would conduct its investigations throughout the year.

It would therefore have an opportunity to explore more deeply selected areas of Government activity - particularly in relation to efficiency in the implementation or delivery of policy.

Over a number of years an Expenditure Committee would add to knowledge and understanding within the Parliament in a way that has not been achieved by existing committees.

The Committee would not examine the Government's policies. It would rather be concerned to investigate economy and effectiveness in the implementation of such policies and matters related to the formation of estimates of expenditure.

It is not proposed at this stage to make any change in the charter of the Public Accounts Committee, though this would be kept under review as the Expenditure Committee develops - recognising that there is potential for overlap. The initial work of the Expenditure Committee will necessarily be on an exploratory nature.

The Committee might conduct its first examination in an area where greater support could be given in terms of data availability.

The Terms of Reference for the Committee are almost identical to those of the House of Commons Expenditure Committee.

Close examination of the Terms of Reference of the Commons Committee led us to the view that those terms, based on the extensive experience of that Chamber, well expressed the scope of matters the Expenditure Committee here might consider.

It seemed to us desirable to take advantage of this experience.

The Committee's Terms of Reference require it to:

Consider any papers on public expenditure presented to this House and such of the estimates as it sees fit to examine

Consider how, if at all, policies implied in the figures of expenditure and in the estimates may be carried out more economically.

Examine the relationship between the costs and benefits of implementing Government programmes

Inquire into and report on any question in connection with public expenditure which is referred to it by this House.

It is for the Committee itself to decide the papers or aspects of papers which it will examine in depth and the nature of its reports to the House, subject to the power of the House to direct its attention to particular matters.

In order to carry out detailed examination, it would probably seek to cover only a limited number of major areas of Government activities each year.

It might take several years for the Committee to be able to cover in its reports all areas of Government activity.

But the very fact of the existence of the Committee and lack of knowledge of the area which the Committee will investigate next will have its own salutary effect.

The Committee would be expected to give due regard to the restraints on expenditure faced by Parliamentary Departments, particularly in relation to specialist staff.

The resolution (Clause 2) includes the Chairman of the Joint Parliamentary Committee of Public Accounts as a member ex-officio of the Expenditure Committee. The Chairman of the Expenditure Committee will be a member ex-officio of the Parliamentary Committee of Public Accounts.

The Committee having resolved that it will inquire into a particular aspect, the Committee or a Sub-Committee could request the Department(s) and/or other Commonwealth bodies responsible to prepare for it a written submission in a form which it specifies.

Where appropriate other bodies such as the Treasury and the Public Service Board might be asked to contribute written submissions also the Committee would of course be free to accept submissions from any source.

Under the Terms of Reference the Committee can examine expenditure of all Commonwealth bodies including business undertakings.

If circumstances arose it would be possible to exempt by resolution particular business or other bodies from examination.

There will be occasions where programmes being examined by the Committee are delivered through State and/or Local Government or where the Committee sees a need to consider the relationship between delivery of Commonwealth programmes and of related State or Local Government programmes.

Other than in exceptional circumstances the Committee should operate within the framework of data and evidence drawn from the Commonwealth's own administration.

I propose to draw the attention of State Premiers to the establishment of the Committee.

If accepted, this resolution will establish the Committee. I would hope that within the term of this Parliament its continuing existence will be assured by appropriate amendment to the standing orders.

The Committee will of course control its own operations.

I have during the course of my speech made a number of suggestions as to how the Committee might operate.

Again not wishing to constrict the Committee I seek leave to include in Hansard operational guidelines amplifying the Government's views as to how it might seek to perform its important task.

I have no doubt that this reform in the procedures of the House will come to be seen as an important step in the historic reassertion by the Parliament of its right to control the Government's expenditure.

In recent times Parliament's role has been challenged by attempts of the Executive to minimize Parliamentary scrutiny of key expenditure proposals.

There should now fortunately be no doubt that the control of expenditure lies with the Parliament - that is the ultimate protection of our democratic system.

In this context the proposal to establish an Expenditure Committee is a significant reflection of current concerns.

It marks the Government's desire to undertake a programme of constructive reform which will strengthen our democratic institutions and control by the people over the activities of Government.