



The Queensland Parliament and the Financial Process

Includes information and commentary by Honorary Research Fellow Dr Paul Reynolds.

Parliamentary Scrutiny

In a Westminster democracy the power of Parliament to raise, spend and oversee the expenditure of public finance lies at the heart of the system of government. This was at the crux of the struggle between King Charles I and the English Parliament in the 17th Century, a struggle which the Parliament won and which it has jealousy guarded ever since. However, because in a Westminster style constitutional monarchy, such as Queensland, all government activities are conducted in the name of the Crown, the formal financial process in the Parliament commences with a message of recommendation from the Governor (drafted by the Premier) that 'a Bill for the appropriation of the Consolidated Fund' be presented to the House. This message precedes the presentation of the Appropriation Bill(s), collectively known as the Budget, and the Treasurer's Budget Speech.

Budget Preparation

At various stages throughout the year, the Government's Budget undergoes extensive preparation by the Treasury Department, Government Ministers and Departmental officials. A Cabinet Budget Review Committee (CBRC), comprising the Premier, the Treasurer, and two senior Ministers oversee the macro budget strategy in relation to submissions from Government departments regarding new initiatives and savings. Acting as a central coordinating body, the Treasury's responsibilities involve monthly monitoring of the budgets of Government departments, quarterly reporting to the CBRC, a major mid-year review and the maintenance of four-year forward estimates to ensure that annual budgets reflect the long-term goals of the Government. In 1999, the Government introduced a system of accrual budgeting known as Managing for Outcomes. Under Managing for Outcomes, budget information is presented using accrual information and the focus for departmental performance is on outputs (groupings of similar goods and services provided by departments to the Queensland community).

Resources are allocated by output with the objective of achieving certain preset Government priorities or outcomes. Key outcome indicators are established to measure the effectiveness of service delivery.

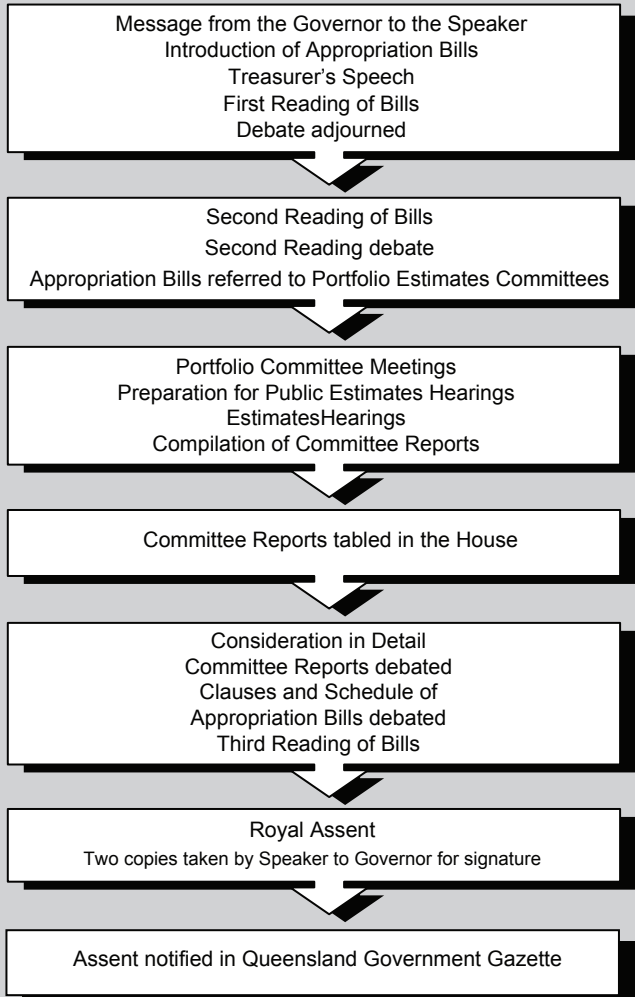
Ministers, together with their departmental heads and other officers, negotiate with the CBRC regarding their annual budgetary allocation and any new initiatives. After finalisation, the Budget is presented to Cabinet for approval, before being presented to the Parliament.

Budget Procedures In The Parliament

On Budget Day, the Treasurer tables the related Budget documents. The message from the Governor is read, and the Treasurer presents the Appropriation Bill(s), in which the Government's fiscal policy for the past financial year and the Government's policy proposals and estimated revenue and expenditure for the forthcoming year are outlined to the Parliament. Also outlined are the proposed methods of raising the necessary funds.

In parliamentary terms, the Budget Speech equates to the explanatory speech in the first reading stage, which occurs during the passage of all non-urgent legislation in the House. At the conclusion of the Treasurer's speech, the House is then adjourned for at least one day. This allows the Opposition

The Budget Legislation Process



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and the public to consider the Appropriation Bills and accompanying Budget documents in detail and formulate their responses.

When the House returns, the Second Reading debate is opened by the Leader of the Opposition (or his nominee) with his/her 'Reply to the Budget'. In this speech, the Opposition has the opportunity to criticise the Government's budget proposals. A general debate between Government and Opposition Members then ensues in the House for the next two days. The Appropriation Bills are then referred to the Estimates Committees.

In Queensland, the process by which the Appropriation Bills and the budgets for each line department and other public instrumentalities (known as estimates) are considered and scrutinised by the Parliament, has undergone considerable change over the past 30 years.

Prior to 1989, the Government of the day decided which departmental estimates would be debated by Parliament thereby giving the Parliament no say in any detailed consideration of government spending. Such limited oversight was restricted to the Treasurer's speech and Opposition Leader's reply, although individual Members could debate specific spending items.

After 1989, wholesale reforms were introduced to Parliament and the parliamentary processes including those dealing with the budget. From 1990 until 1993, the Parliament debated all departmental estimates and so Government spending was submitted to holistic scrutiny. However, there was a wide-spread feeling on all sides of Parliament that this was a rather wasteful and repetitious method of scrutiny and in 1994 the Estimates Committees were introduced, along the lines already provided by the NSW Legislative Assembly and the Senate.

Estimate hearings

In May 2011, the Parliament of Queensland (Reform and Modernisation) Amendment Act changed the way in which the Parliament's committee system, including the estimates committee system, operates. The main changes to the estimates process included allowing Chief Executive Officers of Government Departments and Statutory Authorities to be directly questioned, increasing the time allowed for questioning, removing the previous rigid time format restrictions, and creating permanent portfolio-based committees to examine government departments

The work of portfolio committees covers all ministerial portfolios and government departments. One of their main tasks is to conduct the budget estimate inquiries for their respective portfolios. The size of membership of portfolio committees and the balance of Members between Government and non-Government Members is based on a formulae set out in the *Parliament of Queensland Act 2001* and depends on the composition of the Legislative Assembly at any given time.

Following the second reading debate on the Appropriation Bill(s), the proposed expenditures set out in the Appropriation Bill are referred to the portfolio committees. Each committee examines and reports on the proposed expenditures for its particular portfolio. One day is allowed for each committee to hold a public hearing.

Members of the Legislative Assembly who are not members of the particular portfolio committee are able, with leave of the committee, to ask questions at the public hearing. In theory, at least, any Member can ask questions at each of the estimates hearings. Usually each committee is scheduled one hearing day, and is able to hold hearings between 9am and 9.30pm on that day. However, as from 2014, each portfolio committee has been scheduled for two days on which to conduct estimates hearings between 9am and 5pm.

The Minister and the Chief Executive Officer of the relevant Department or Authority must attend the committee's hearings and may be questioned directly by Members. Members cannot ask questions of other public officials. However, a Minister or the Chief Executive Officer, may refer a question to another public official.

There is a provision for Questions on Notice which must be answered by 10am on the day prior to the hearing. Each Minister must provide answers to up to 20 Questions on Notice. At least 10 of the questions on notice are to be allocated to non-Government Members of the committee.

Questioners at estimates Committee hearings are allowed a wide range of scope, with questions ranging from items of detail to broad policy. The Minister may inform the committee that a question will be taken on notice and provided at a later date.

At the conclusion of each Committee's hearing, the Members of that Committee meet to discuss their findings and compile a report for the House. This report may also incorporate a Statement of Reservation or a Dissenting Report made by a Member or Members of that Committee.

The Chairman of each Committee must table the report of their Committee by a designated date. The House then considers each report during the Consideration in Detail stage. The debate on each report has a time constraint of one hour.

The Treasurer then seeks leave of the House to move for the Third Reading of the Appropriation Bill(s). After the Third Reading, the Bill has been passed by the Parliament and it is then taken by the Speaker to the Governor to receive Royal Assent. This then becomes the Government's Budget for the next financial year.