



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Financial Framework Legislation
Amendment Bill (No. 2) 2012**

Second Reading

SPEECH

Tuesday, 19 June 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Tuesday, 19 June 2012
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Questioner
Speaker Neumann, Shayne, MP

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Mr NEUMANN (Blair) (18:08): That was a typical whinging, moaning and carping response from the member for Goldstein on economic management, typical of the negativity of those opposite. Even on important legislation like the Financial Framework Legislation Amendment Bill (No. 2) 2012, they cannot even bring themselves to come into this chamber with any humility or grace, or to realise that what we are doing here is part of a process that has since 2004 seen 10 legislative changes. In fact, what has been found by the Auditor-General in relation to this issue has been going on for decades. We are a government of laws, and one of the esoteric pieces of legislation can be found in the Constitution, which says, in section 83:

No money shall be drawn from the Treasury of the Commonwealth except under appropriation made by law.

In other words, government cannot actually spend money unless there is a legislative framework or basis for expenditure of that money.

Some years ago I had the benefit, as a member of the Joint Standing Committee of Public Accounts and Audit, of going to Wellington in New Zealand for an Australasian convention in relation to those sorts of committees across the states and territories of Australia and across the South Pacific. There were delegates from a number of different countries, including from as far away as Europe. One thing that is for sure is that we are very blessed in this country to have an office of independence, rigour, objectivity and impartiality called the Australian National Audit Office. Governments of both persuasions find themselves foul of that office. We note the 1,200-page ANAO report into regional rorts—the outlandish, inflated rip-offs and rorts of those opposite in regional funding, particularly in the later days of the Howard government up to November 2007.

We on this side of politics have found ourselves at odds with and upset by the Australian National Audit Office. In a sense, that is a good thing, because when the ANAO raises concerns about circumstances that might cause governments to risk breaching section 83 of the Constitution it is important that we actually listen. In relation to this matter, the ANAO looked at the context in which government agencies' financial statements for 2010-11 may have technically been in breach of section 83 of the Constitution. There were risks involved, but the administrative processes put in place which govern agencies do not actually have a sound legislatively-backed basis for them. Payments could be made based on estimates, assumptions and the like, whereas the legislative provision for that expenditure may not actually be there. The ANAO recommended we look at this and work with agencies, and throughout the framing of the legislation before the House today the Australian National Audit Office and the Auditor-General have been involved in consultation with various statutory agencies.

The management of the financial framework of the Commonwealth can be found in the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997. Those acts, and others, provide what I will call the governing arrangements for specific agencies of the Commonwealth. It is important that we comply with the law there, and it is important that we comply with the Constitution. There are a whole range of pieces of legislation that are being amended by schedule 1 of this bill. They are varied and include the Dairy Produce Act 1986, the Taxation Administration Act 1953, the Primary Industries and Energy Research and Development Act 1989 and the Defence Force Retirement and Death Benefits Act 1973. And the list goes on. It is important that we make these amendments across a whole range of legislation.

If enacted, this particular bill will make sure that the framework necessary to address the errors that have been made, the overpayments that could have been undertaken, are backed by legislation and that those payments by Commonwealth agencies are regularised to make sure that they are supported by specific appropriations including specific accounts and are consistent with section 83 of the Constitution and other legislation. Lest anyone think, if they were listening to the member for Goldstein on this matter, that somehow the government was profligate in relation to these issues and there was great waste and mismanagement, I just want to refer briefly before I conclude to the Taxation Administration Act that I referred to. This bill impacts on the Taxation Administration Act through, amongst other things, recoverable payments, the idea of a recoverable advance

under recoverable payments and—in other legislation—recoverable death payments. The Australian Taxation Office makes payments in excess of \$14 million every year under our taxation laws. It is an enormous amount, and, on the evidence I have received, there could be some issues with 0.01 per cent of all cash payments. This means that fewer than 1,000 payments are at risk of not being supported by an appropriation, and this is a very, very small percentage. But, of course, that is what the Auditor-General is for—to make sure that those payments are consistent with the tax laws and that, if there is an error, they are supported by standing appropriations. It is important that the mechanisms put in place to make sure that money is recovered are supported. I am pleased that government agencies have been involved in the process and that they have been consulted and that the Auditor-General has taken steps, as I know he does also when he makes reports on other issues with government programs, to see that he is involved in the process in order to make sure that the best governance, practice and administration are put in place.

This is a good bill, even though it might be a bit vague and a bit complicated and not that many people might have gone through it. I thank the officials who have taken the time to do it, because that is in the best interests of the public. I support the legislation.