

Governing the Government: The paradoxical place of the Public Accounts Committee*

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Accountability, flexibility and the need for better governance have become, in recent decades, the mantras of management in Australia and New Zealand as the public sector attempts to become more like the private sector. Driven by economic rationalism, by managerialism, by the election of right-of-centre governments and the movement of left-of-centre governments to the right, and by a different expectation of what governments can and should do, public administration has morphed into new public management (NPM). The phenomenon is not unique to Australia and New Zealand. Like many of our institutions it has come to us, changed by the trip and the different environment but still recognisable in its essentials, from the once ‘mother country’, in particular from Margaret Thatcher’s radical conservative reforms to the British public sector in the 1980s (Aucoin 1995). New Zealand initiated its sweeping reforms of the public sector in 1986 with the *State Owned Enterprise Act*, which was followed by other legislation affecting the public service and financial management (Boston, Martin, Pallot and Walsh 1996; Jacobs 1997; Inquiry to Review New Zealand’s Constitutional Arrangements 2005) and ‘is often hailed as the archetypal example of NPM reform policies (Jacobs 1998, 343). The changes in Australia have been more gradual, although many identify the floating of the Australian dollar in 1983 as the beginning of two decades of reform (Keating 2005). Nor are Australia and New Zealand the only western democracies to have adopted new public management. Many other OECD countries have followed the same path, although perhaps not as wholeheartedly as New Zealand, which had one of the earliest and most coherent programs (Hood 1991).

Our argument in this paper is that, after more than twenty years of reforms designed to make the public sector more like the private sector, one of the most powerful

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accountability mechanisms remains the system of parliamentary public accounts committees. The oldest of the parliamentary committees in Westminster systems has remained a constant presence. Although the terms of reference of public accounts committees vary in detail, the key elements of all are oversight, scrutiny and control of public funds (McGee 2002; Bosak 2003). These elements are similar to the corporate governance principles developed for listed companies by the Australian Stock Exchange's Corporate Governance Council (ASX 2003, 11). In summary, they consist of the following:

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Promote ethical and responsible decision making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Encourage enhanced performance
9. Remunerate fairly and responsibly
10. Recognise the legitimate interests of stakeholders

The private sector governance principles are not new to public accounts committees. Re-define the shareholders as voters and company accounts as government expenditure, and public accounts committees would recognise themselves as part of this modern corporate governance system. Paradoxically, in its pursuit of private sector standards the public sector has found that one of its most traditional institutions is, as it always has been, perfectly consistent with private sector best practice in governance.

Political and Managerial Accountability

The definition of new public management is a slippery one, concentrating as much on the process as on the result. Hughes (2000) has identified it by its characteristics:

NPM would generally be considered to include: far greater attention paid to the achievement of results and the personal responsibility of managers; an expressed intention to move away from classic bureaucracy to make organisations, personnel and employment terms and conditions more flexible; organisational and personal objectives to be set clearly which enables measurement of their achievement through performance indicators; more systematic evaluation of programs; government functions more likely to face market tests, such as contracting out; and a trend, other than in the US, towards reducing government functions through privatisation. (Hughes 2000, 2)

The exception made, by Hughes, of the US is an important one. Both Hughes (2000) and Aucoin (1994) have argued that the US has lagged behind in implementation of new public management principles, despite a theoretical commitment to them. What explains this lag is the constitutional structure of the US system, which distributes power between the different elements of government in such a way that it is difficult for any one part to bring about major change (Stevenson and Jacobs 1999). On the other hand, the factor that has encouraged and perhaps even made possible the implementation of the new public management in other countries, Hughes (2000) and Aucoin (1994) suggest, is the shared Westminster parliamentary system, which makes it easier for a government to implement major reforms. Strong party discipline, a two party system with minor parties playing a minor role, and a strong executive are the pre-conditions for decisive action. Perhaps the extreme example of this was the New Zealand public sector reform legislation, passed by the parliamentary majority in a single house.

The public accounts committees, which exist in some form in all such systems, can also be seen as working against some elements of new public management. They are where accountability to the parliament remains strong, even when contracting out may be removing it from other parts of the public sector.

Yet some observers have also noted ‘the gap’ — the fact that when accountability is discussed the accountability provided by public accounts committees is overlooked (Loney 2004). This may be because, although accountability is fundamental in all sectors of the economy and society (Stewart 1984; Glyn 1987; Fowles 1993), it is also a multi-dimensional concept. Stewart (1984) has argued that accountability is a ladder that begins with accountability by standards and leads to accountability by judgement. He identifies the ladder of accountability as: accountability for probity and legality, process accountability, performance accountability, programme accountability, and policy accountability

The rung of Stewart’s ladder that we are concerned with here is performance accountability, since public accounts committees specifically deal not with policy but with how that policy is implemented. Glyn (1987) presents another conceptual view of accountability, dividing it into political, managerial or legal accountability. In this case, the accountability we are concerned with is political accountability, and specifically the element of political accountability relating to parliaments. Parliamentary public accounts committees are concerned with performance accountability and they also represent the highest level in a parliamentary democracy where organisations can be called to account for their performance.

The rise of the new public management has tilted the accountability balance towards the managerial rather than the political as power and responsibility move from the makers of policy to the providers of services (Fowles 1993; Gray and Jenkins 1993). However the political accountability exercised by public accounts committees has the capacity to act as a countervailing power to the new public management and its result, the hollowed-out state.

New Public Management and the Hollow State

New public management is seldom discussed in the same breath as the Westminster system. The two seem almost incompatible — one so new and one so old — although definitions of both are equally slippery and dependent on the perspective of the person doing the describing. For one school of thought, the emphasis of the NPM is on contracts (Davis et al 1997), for others it is performance management (Jacobs 1998) or markets (Keating 2004). It is also dynamic. Peters (2001, 118) has identified its defining quality as ‘the ongoing nature of the change and the seemingly endless attempts — tireless tinkering — of a variety of actors to improve performance of the public sector in their countries’. The Westminster system is an equally contested site (Weller 1985; Lijphart 1999). However, discussion of the new public management is frequently about how governments manage, and of the Westminster system about how the components of a parliamentary system work.

Rhodes has argued, in reference to Britain, that the Westminster model ‘no longer provides either an accurate or comprehensive account of how Britain is governed’ (Rhodes 1997, 3). It has been replaced by a ‘differentiated polity’ characterised by interdependence, a segmented executive, policy networks, governance and hollowing out. The process has been developing since the Thatcher government of the 1980s came to power with the intention of reducing the power of the state and the public service, introducing private sector ideologies and methods into the public sector, reducing public expenditure and moving the delivery of services from the public to the private sector. The result of the process has been a hollowing out of the state; functions and control have been lost to the European Union, to other devolved governments including those of Scotland, Wales and Northern Ireland, to specialised agencies, to regulatory and semi-government bodies and to policy networks.

At the core of the hollowing out argument is the idea that the power and accountability of the public service has been eroded and replaced by diffuse lines of control and influence (Rhodes 1994; Rhodes 1997). Later research on public employment and multi-level governance in ten countries (Australia, Canada, Denmark, France, Germany, New Zealand, Spain, Sweden, the United Kingdom and the United States) supports the premise that the 1980s and 1990s have seen smaller central governments concentrating on policy rather than service delivery and ‘a spreading intertwinement of the functions of government at different levels’ (Nelson 2004, 2). Weller, Bakvis and Rhodes (1997) have extended the ‘hollow state’ argument to an analysis of core executives in five countries, Australia, Britain, Canada, Germany and the Netherlands. Their concern is with the extent to which the capacity of the centre of government in parliamentary systems has been undermined (Weller and Bakvis 1997, 15)

The ‘hollow state’ concept is not without its critics. Taking as his starting point the perspective that ‘hollowing out’ is in fact a loss of capacity, Saward (1997) has argued that the internal process is not in fact hollowing out but a re-shaping or re-

definition. Externally, however, hollowing out is reality, particularly for European Union countries for whom 'European 'foreign policy' is now effectively domestic policy' (Saward 1997, 32). Saward referred specifically to three European countries, Britain, Germany and the Netherlands in his discussion. He has also made a crucial point for discussion of the 'hollow state' with respect to parliament:

The 'clearer political control' which Rhodes identifies as one consequence of a sharper distinction between politics and administration in fact suggests the opposite of hollowing out in terms of diminished central capacity. This formulation does suggest that (some parts of) the core may well be strengthened by certain recent shifts in state power and functions. In addition, when discussing the major changes in the British civil service under Conservative rule, Rhodes argues that (a) public bureaucracy has become 'a patchwork quilt of organisations' (1994:142), and (b) that 'In effect, the job of the individual civil servant is being hollowed out from above and below' (1994:145). A hollowing out of civil service jobs does not make for a hollow core. It, too, might strengthen the position of the core by allowing it scope to divide and rule. (Saward 1997, 19–20)

As already mentioned above, new public management is not static. Waves of reform have overtaken governments, been implemented and expanded, and have both changed the nature of government and been changed in the process. In some cases their implementation has created reactions that have themselves resulted in returns to older styles of public administration (Peters 2001, 118–42). On some occasions accountability has been a casualty of new public management reforms. Yet even while the institutions at the heart of government may have been hollowed out by the rise of new public management, parliaments have become more active and interventionist in several countries, including Australia (Weller 1997). Tension between the executive and the parliament is inherent in parliamentary systems, as increasingly governments see parliaments as merely the places where the legislation to implement their policies is passed. However, parliaments are also the places from which they derive their mandate to govern.

The strengthening of parliaments in Australia and New Zealand is partly due to the strengthening of the parliamentary committee system in the last two decades of the twentieth century, following a period when sometimes perceived by both observers and practitioners to be in decline. Discussions of what parliament does badly, and why, and how it might be improved, fell into one of three categories: the dominance of the executive and a consequent decrease in ministerial responsibility; party control of the parliament; and parliament's weakness in contributing to policy and legislation (Nelson 1973; Hawker 1979; Reid and Forrest 1989; Galligan 1991; Evans 1992; Hamer 1994). The perceptions of a better parliament in an earlier time were unrealistic. In Australia, the 1901 Commonwealth Constitution's outline of the structure and operations of the new parliament included no mention of parties. Yet it was just at the time when the Constitution was being debated that the party system was emerging, and parties would be present in the Commonwealth Parliament from the beginning (Loveday 1977). The position of parties, unmentioned in 1901 but central in actual government and politics since, has resulted in public and political

confusion about the real role of members of parliament. The dominance of political parties is not a phenomenon of parliament exclusively, but of Australian political life in the twentieth century and (so far) the twenty-first century. This is not to suggest that the parties are completely dominant. Costar and Curtin (2004) have noted that the years since 1970 have seen a substantial increase in independents in state and federal parliaments. This has sometimes resulted in independents holding the balance of power at least in the upper house and sometimes in the lower house. Until the 2004 federal election the government did not have a majority in the Senate and the South Australian government currently has majorities in neither house, resulting in a 'strange coalition government' (Parkin 2005, 303). Nonetheless, governments are almost inevitably formed by one of the major parties, or by the Liberal and National Parties in coalition in a system best described as two-party dominance (Costar and Curtin 2004; Woodward (2006). New Zealand has had a similar history of party government establishing itself in the late nineteenth century (Martin 2004, 108–11). Until the introduction in 1993 of a Mixed-Member-Proportional (MMP) electoral system government alternated between the two major parties, National and Labour (Boston, Church and Pearse 2004, 586). MMP has resulted in some weakening of the two-party system, an increased number of parties in parliament and the need for complex post-election negotiations to form a government (Boston, Levine, McLeay and Roberts 1996, 43–66; Martin 2004, 324–35; Wanna 2005) but the party system there, as in Australia, remains dominant.

Reforming and improving the parliamentary committee system was one way in which many of parliament's critics believed the institution could be made more relevant and less completely under party and executive control. Many of the reforms that were written about in the 1970s happened in the 1980s in Australia and New Zealand (Foley 1981; Frazer 1985; Reid and Forrest 1989; Mulgan 1997). The 1970s and 1980s also saw the establishment of a number of public accounts committees in Australian legislatures and the revival of others. However public accounts committees have a long history in Australia, New Zealand and elsewhere in the erstwhile British Empire.

Origins and Early Developments of Public Accounts Committees

More than 50 years ago a historian of the financial committees of the British House of Commons identified two aspects of public finance of interest to that House:

It is concerned, first, with questions of policy — what shall be the amount of taxation and expenditure and to what objects public money shall be applied. This policy aspect is the more spectacular, but to view the House only as 'the grand forum of debate', or as a legislative production line, is to miss other important, though less exciting, aspects of its work. For it is concerned, second, to ensure that the policy which, though it is the government's in origin, it endorses and makes its own, shall be carried out accurately, faithfully, and efficiently. Its aims here are different from those at the first level. Policies are settled and 'politics' ought to play a minor part. (Chubb 1952, 3)

The two aspects of parliamentary interest in and responsibility for financial matters identified by Chubb have not substantially changed in the half century since he wrote. Parliaments continue to have distinct roles in both policy and in oversight and control. Moreover, the machinery of oversight, the auditor-general and the public accounts committee, still exist in the same form, not only in the UK but also in most contemporary Westminster parliamentary systems:

Parliament provides the authority, through the Budget, for the Government to expend public moneys, and the Government later accounts to Parliament for that expenditure. The auditing process ensures that those public funds have been spent according to the undertakings given in the Budget. As part of the auditing process the Auditor-General examines, on the basis of efficiency and effectiveness, the accounts of the agencies that have spent the public funds and then reports the results of these investigations to Parliament. (Stent 2004, 3)

Parliament is represented in this process by the public accounts committee. There have been some developments in the committees and their relationships since, but much remains the same. Auditor-Generals now commonly conduct performance audits as well as financial audits, but they still abstain from criticism of policy. The debate of policy remains the prerogative of the budget and supply process in the chain of parliamentary control.

Parliamentary public accounts committees are a creation of the nineteenth century. . After the provinces of Upper and Lower Canada were united by the Act of Union in 1840 select committees were appointed annually to examine income and expenditure. By 1844–45 these committees had evolved into a committee on public accounts and, in 1852–53, a standing committee on public accounts (Balls 1963, 21–2). In Britain the House of Commons had wrested control of supply from the Crown by the early part of the nineteenth century (Chubb 1952). The Select Committee of Public Moneys, chaired by Sir Francis Baring, a former Chancellor of the Exchequer, recommended a series of reforms to the appropriation and auditing procedures in 1857, and in 1861 William Gladstone, who had become Chancellor of the Exchequer in 1859, moved for the establishment of a Select Committee of Public Accounts. Nine members were duly appointed and in 1862 the House of Commons passed Standing Order No 90, under which the committee was to operate. It reads:

That there shall be a Standing Committee of Public Accounts; for the examination of the Accounts showing the appropriation of sums granted by Parliament to meet the Public Expenditure, to consist of nine members, who shall be nominated at the commencement of every Session, and of whom five shall be a quorum. (Jones 1987)

Four years later, in 1866, the *Exchequer and Audit Departments Act* created the position of Auditor-General (Stent 2004).

*Australasian Origins*¹

New Zealand has had a public accounts committee since 1870 when it was still a British colony and 15 years after it had attained responsible government. The committee appointed in that year had been preceded by other committees with similar responsibilities, including an Audit Committee established in 1861 after the *Audit Act* 1858 had established an Auditor of the Public Accounts responsible to parliament (Martin 2004, 56). The committee is now the Finance and Expenditure Committee. It remains pre-eminent in parliamentary scrutiny of finance, but the subject select committees also take some responsibility (Cosgrove 2003).

It has generally been assumed that the first Australian public accounts committee was that established in the colony of Victoria in 1895 (Trumble 1994; Parliament of Victoria 2005). However, recent research suggests that a six-member public accounts committee was established in the Tasmanian parliament as early as 1862 and continued to operate throughout the nineteenth century and beyond.² Whatever its early history, it was re-constituted as a joint committee with three members from each house by the Public Accounts Committee Act 1970.

It was to be more than 30 years before the Victorian Committee of Public Accounts came into existence. It had been discussed in the colonial parliament as early as 1870, when a Select Committee on Financial Arrangements recommended its creation, but with no result. In 1886 the conservative member for the Legislative Assembly seat of West Melbourne, Godfrey Carter, moved for the establishment of a Committee of Public Accounts 'whose functions shall be similar to the Committee of Public Accounts in the House of Commons' (Victorian Parliamentary Debates 7 July 1886, 600). Carter's vision of the Committee was explicitly one based on the British committee, a common enough thing in the colonial parliaments where members looked invariably to Britain as the model. The motion lapsed. In the 1880s Victoria was in the midst of a long economic boom, and detailed scrutiny of public expenditure was not an issue of concern to many colonial politicians (Jones 1987, 38–46). The boom, however, was about to end, and with its end came not only economic depression in the 1890s but a changed attitude to the scrutiny of public expenditure. There was another failed attempt to create a Public Accounts Committee in 1892, when William Shiels, Attorney-General and Minister for Railways, and James Munro, the premier, introduced the Committee of Public Accounts Bill into the Legislative Assembly. In a party-dominated parliament, a bill introduced by the Attorney-General and the premier would inevitably succeed, but in the days of pre-party factional politics the bill was subject to substantial opposition, and lapsed. The opposition was not, in general, to the idea of the

¹ A table showing characteristics of New Zealand and Australian public accounts committees is located at the end of the paper.

² Personal communication from Heather Thurstans, Secretary, Public Accounts Committee, Parliament of Tasmania, 20 June 2005.

committee, but to its substantial deviation from the British model, not the least of which was that it was indeed a bill and not a standing order. This disadvantage was not present in the next attempt. A Royal Commission for Constitutional Reform, with an instruction to consider changes to parliamentary practices, was appointed in 1894 and recommended the establishment of a Public Accounts Committee. By the end of the year the Legislative Assembly had approved the drawing up of a Standing Order to establish a Committee of Public Accounts that was to be 'exactly on all-fours with the English precedent' (Victorian Parliamentary Debates 19 December 1894, 1210). The seven-member committee was appointed in 1895.

The Victorian politicians who created the Public Accounts Committee were greatly concerned with its adherence to the British model, but a closer examination of the UK Standing Committee of Public Accounts might have been beneficial to both their debates and their final decision. The UK committee was itself changing. In the 1860s its concern had been a careful examination of items of expenditure; by the 1890s that concern had moved to include an assessment of the efficiency of government spending and scrutiny of departmental procedures and methods (Chubb 1951; Jones 1987). Victoria was concerned to copy the procedures that had been set up in the 1860s without consideration of the environment of the 1890s. Perhaps Victoria's colonial politicians should have been looking at Canada's House of Commons, where a Public Accounts Committee had existed since before 1867.

Tasmania and Victoria were the only colonies to create public accounts committees. New South Wales established a committee in 1902, two years after federation, and in 1913 the Commonwealth parliament passed legislation to create its own committee of public accounts. Government budgets grew in the twentieth century with the increasing cost of defence and wars, more elaborate education and health systems and requirements for infrastructure to support economic development and industrial development. However, it was not until the 1970s and 1980s that the other states and the Northern Territory moved to create their own public accounts committees. This was a period when the parliamentary committee system was receiving much attention, and was to some extent seen as the vehicle by which parliaments could re-invent themselves and once again make themselves relevant. It was not surprising that public accounts committees should form part of the new parliamentary committee apparatus. Even parliaments where public accounts committees already existed, such as Victoria, were reforming them. The ACT was the last to establish a committee, one year after it received self-government in 1988. Victoria and the Commonwealth had both suspended the operations of their public accounts committees in the early 1930s, paradoxically citing the need for economy during the depression years as a reason, and both re-established them in the early 1950s. Tasmania and New South Wales aside, Australian parliaments in general operated without public accounts committees for much of the twentieth century.

Public Accounts Committees Today

Most parliaments that can be described in some respect as inheritors of a Westminster system of government have some type of public accounts committee as part of their structure (McGee 2002; Stapenhurst et al 2005). The term 'Westminster system' is used to describe many variants of the system of parliamentary government derived from the British system, and passed on by the British Empire to its colonies and former colonies. Its skeletal outline is: a house or houses of parliament elected by some or all of the citizens, depending on any restrictions on universal suffrage, whether there is a non-elected or appointed upper house, and the existence of compulsory voting; an executive, or cabinet, elected from the parliament and responsible to it; and a head of state who is not elected from the parliament.

Sometimes the most important elements in the political system have little or no formal recognition. The Australian Constitution made no mention either political parties, which exercise almost total party discipline in the parliament, until 1977 when a provision specifying that a casual vacancy in the Senate was to be filled by a person from the same political party as the elected Senator. It still does not mention the prime minister, who is the head of government and the leader of the party with the majority in the lower house. The so-called Westminster democracies have much in common with other parliamentary systems, such as Japan and Italy. They have often integrated aspects of other systems. Canada and Australia are federations with Westminster style parliaments in each of their provinces or states. Australia's Commonwealth Parliament has a Senate originally created to represent the states, and the term 'Washminster' has been used to describe the Australian parliament's apparent blend of the British and US systems (Thompson 1980).

The supreme audit institutions of Westminster systems, however that system is defined and dissected, are the public accounts committee and the Auditor-General and their function is 'to audit the accounts of government' (Stent 2004, 1). Together these two institutions provide the structure of the executive's accountability through parliament to the citizens.

The results of two major surveys of public accounts committees have been published in recent years. In 2002 David McGee, Clerk of the New Zealand Parliament reported on a survey of public accounts committees which had resulted from a Commonwealth Parliamentary Association (CPA) commitment to 'furthering the ability of members and branches to move towards the adoption of locally utilisable systems of good governance and to continue to contribute to the strengthening of Parliament' (McGee 2002, 1). Work by the CPA between 1997 and 2001 on parliamentary committees and the relationship between the parliament and the executive resulted in the formation of a Study Group 'to assess how PACs are working in practice and whether they are fulfilling expectations as important guarantors of good government; (McGee 2002, 4). The Commonwealth

Parliamentary Association includes more than 170 parliaments in its membership, and the Study Group included 70 as respondents. The Study Group identified three main priorities for action:

Capacity building. A constant theme is the need to improve institutional capability, that is the ability of Parliament, PACs and Auditor-General's offices to carry out their functions by being provided with sufficient resources and having adequate training and access to the expertise that they require.

Independence. Particularly for Auditors-General it is essential that they be free from political or legal constraints that could inhibit them carrying out their duties diligently and impartially.

Information exchange. PACs in particular need to have the means to exchange information and ideas so as to keep them up-to-date with important developments, changing standards and best-practices as they emerge. (McGee 2002, 6)

In discussion of the three priorities the Study Group frequently discussed the needs of the Auditor-General in tandem with those of the public accounts committees. It found that the relationship was so close and so complementary that it could not confine itself to study of public accounts committees. McGee found great diversity in the responses, as there is in the membership, but was able to summarise the role of PACs in the following terms:

The PAC helps Parliament hold the government to account for its use of public funds and resources by examining the public accounts. Its terms of reference can be expressed narrowly by concentrating on financial probity and regularity, or its terms of reference can be expressed more widely by being conceived in performance audit terms, with the PAC being charged with examining the effectiveness of programmes in achieving their objectives. The PAC has an independent audit oversight on Parliament's behalf of the government and the public service. (McGee 2002, 55)

The Commonwealth Parliamentary Association survey had been supported also by the World Bank Institute, and in 2002 the World Bank Institute itself surveyed 52 national and state/provincial parliaments in Commonwealth countries in Asia, Australasia, Canada and the UK with the intention of attempting 'to define successful PAC performance and to identify those factors which facilitate or hinder such successful performance' (Stapenhurst et al 2005, 1). The survey supported McGee's conclusions but also developed two sets of factors, one relating to the institutional design of PACs and the other to their behaviour and functioning, which would support successful performance. The institutional factors were: a focus on government's financial activity and accountability rather than policy; the power to investigate all past and present government expenses; the power to check whether the government implements PAC recommendations; and a close working relationship with the Auditor-General. The behavioural functions were: a non-partisan approach by members; preparation by members before meetings; and the publication of conclusions and recommendations and the involvement of the public and the media, in addition to transcripts of meetings being kept. Like McGee, Stapenhurst et al appreciated the intertwined nature of the PAC and the Auditor-General.

Support for the importance and integral nature of the Auditor-General's role in Australia and New Zealand is found in other research on the independence of the Auditor-General (Buchanan 2001; Coghill 2004). Some auditor-generals (New Zealand, Australia, the Australian Capital Territory and Victoria) are officers of parliament, most (New Zealand, Australia, the Australian Capital Territory, New South Wales, Queensland, South Australia, Victoria) are associated with a public accounts committee. The crucial relationship between the Auditor-General and parliament is not only a function of the so-called Westminster systems. The International Organization of Supreme Audit Institutions (INTOSAI) is the professional organisation of more than 170 supreme audit institutions (SAI) in countries that belong to the United Nations or its specialized agencies. INTOSAI explicitly recognises the close relationship between parliament and the SAI in democratic states and has adopted this as one of its guiding principles (Fiedler 2004).

Conclusion

'Capacity' is the word that needs to be added to accountability and flexibility to put those desiderata into practice. Capacity is the quality that the hollowed-out state is missing, but that public accounts committees can bring to the mix of qualities that are needed to make governments accountable. Despite their apparent weakness in the face of executive power, public accounts committees are also independent from the executive. There are examples to support the view that they act independently and in the public interest. In the early 1990s Victoria's Public Accounts and Estimates Committee supported the Auditor-General when he came under attack from the premier (Yule 2002, 229–41). In 2002 the same committee, under a different government, disputed an increasing tendency by government to classify information about commercial dealings as commercial in confidence and therefore not release it (Hodge 2003, 12). Even more dramatically, in June 2005 South Africa's deputy president was sacked and charged with corruption as a long run consequence of 2001 Standing Committee of Public Accounts report into a dubious arms deal (BBC 2005; February 2005).

Capacity, of course, is also what public accounts committees need. Yet, as Peter Loney, a previous chair of the Victorian Public Accounts and Estimates Committee, has noted 'when programs are designed the major democratic institution, the Parliament, is overlooked as the primary, and most effective long term weapon for scrutiny of government' (Loney 2004). What, then, is this capacity that public accounts committees need? McGee (2002) identified comparative qualities of public accounts committees and made recommendations. Loney (2004) has gone one step further and, as well as identifying the powers and resources needed by a public accounts committee, has nominated the competence and skills of the individual committee members as crucial for the committee's success. In his words:

If Public Accounts Committee members are to achieve the objective of being the primary mechanism for scrutiny of government, members working on

Parliamentary Committees need to be able to distinguish between their roles as members of Parties, and their role as a committee member. The latter role is to represent the Parliament as an entity, and the public generally, in holding executive government to account. (Loney 2004, 4)

The requirement for these personal qualities complements the institutional roles of committee members — the requirements that members come proportionally from parties or upper and lower houses. Public accounts committees, ultimately, are made up of individuals and their individual capacity is at least as important as institutional capacity. The capacity of both needs to be addressed, not least because public accounts committees can fill the gap in accountability that comes with the hollowed out state.

The paradox of public accounts committees is that the most traditional form of parliamentary accountability has become the most modern. Those who govern can also be governed. However, paradox is embedded into the very nature of the institution. Within a modern political structure characterised by political parties and the associated interests, pressures and discipline, how can individual members in their role on the public accounts committee, put their party to one side and function as the most unusual of creatures; a member of parliament? The conflict between the role of committee member and party member has been present since the establishment of public accounts committees. Solutions are beyond the scope of this paper but we can identify one possibility that would repay further research and discussion. The increased role of independents and the effects of proportional representation, as in New Zealand's MMP, could perhaps result not only in coalition governments and independents holding the balance of power, but also in individual members of public accounts committees being better able to distinguish their roles in parliament and committee. Rather than bring back the state perhaps these developments bring back the parliament.

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Appendix

Characteristics of New Zealand and Australian public accounts committees

<i>Jurisdiction</i>	<i>Name</i>	<i>Establishment date</i>	<i>Current legislative or other basis</i>	<i>Membership</i>
New Zealand	Finance and Expenditure Committee	1870	Standing Order	Select committee, 12 members, uni-cameral parliament
Australia ⁱ	Joint Committee of Public Accounts and Audit	1913	Public Accounts and Audit Committee Act 1951	Joint committee, ten members from the House of Representatives and six from the Senate
ACT	Standing Committee on Public Accounts	1989	Standing Orders 215 and 217	Three members, uni-cameral parliament
NSW	Public Accounts Committee	1902	Public Finance and Audit Act 1983	Legislative Assembly committee, six members
NT	Public Accounts Committee	1986	Standing Order 21A	Five members, uni-cameral parliament
Queensland	Public Accounts Committee	1988	Parliament of Queensland Act 2001	Seven members, uni-cameral parliament
South Australia ⁱⁱ	Economic and Finance Committee	1972	Parliament Committees Act 1991	Legislative Assembly standing committee, seven members
Tasmania	Public Accounts Committee	1862?	Public Accounts Committee Act 1970	Joint committee, three members from each house
Victoria ⁱⁱⁱ	Public Accounts and Estimates Committee	1895	Parliamentary Committees Act 2003	Joint committee, five members from the Legislative Assembly and four from the Legislative Council
Western Australia	Public Accounts Committee	1971	Standing Orders 284-286	Legislative Assembly standing committee, five members

ⁱ The committee did not operate between 1931, when no members were appointed for 1932 and its final reports were completed by select committees, and 1952, after the passage of the *Public Accounts and Audit Committee Act 1951*.

ⁱⁱ The Economic and Finance Committee replaced the Public Accounts Committee and is not strictly speaking a public accounts committee. Its role is to examine and contribute to the state's economic development rather than to examine its finances.

ⁱⁱⁱ The committee did not operate between 1931, when it was not appointed, and 1955, when members were appointed to the committee under the terms of the Standing Order under which it had first been appointed. ▲