

JOINT COMMITTEE ON WAR EXPENDITURE

NINTH PROGRESS REPORT.

DEPT. OF THE SENATE

No. 6451

Presented 8-AUG 1946

John Edwards
CLERK OF THE SENATE

1. The Joint Committee on War Expenditure appointed to examine current expenditure defrayed out of moneys voted by the Parliament for the Defence Services and other services directly connected with the war, and to report what, if any, economies consistent with the execution of the policy decided on by the Government may be effected therein, has the honour to submit to the Parliament its Ninth Progress Report.

INTRODUCTION

2. With the approaching dissolution of the 17th Parliament, and having in mind that, with the termination of the war, it is most unlikely that the Joint Committee will be re-appointed by the next Parliament, at least not in its present form, it is deemed advisable to present to the Parliament a brief survey of the work carried out since the Committee was first appointed on 5th July, 1941. And in the light of the experience gained by the various Committees in their examination of war expenditure it is also of the opinion that, although the question does not come within its Terms of Reference, a report should be submitted on the conclusions reached regarding the future scrutiny and control of public expenditure.

SURVEY OF COMMITTEES' ACTIVITIES

5. The Joint Committee on War Expenditure was first appointed on 5th July, 1941, and has been re-appointed during each of the three successive sessions of Parliament. During this period these Committees have presented to Parliament eight reports and, under the special powers conferred on each of them, twenty-eight memoranda have been addressed to the Prime Minister for the consideration of War Cabinet. These reports and memoranda, however, by no means cover the extent of the Committees' inquiries into war expenditure as, in addition, they have fully investigated numerous complaints brought to their notice either by Members of Parliament, the general public, or Departmental officials, and which for numerous reasons it has not been considered necessary for them to be made the subject of special reports either to the Parliament or to the Prime Minister.

4. In all, the successive Committees and their Sub-Committees have held a total of 222 meetings during which approximately 200 witnesses have been examined. In addition, the Committees have conducted visits of inspection of many Government and private establishments engaged on war projects. The most important of these inspections was made during October, 1944, when the major defence construction of Queensland and the Northern Territory was examined and formed the subject of a special report to Parliament.

5. Although its examination of war expenditure during the past five years covered only a small proportion of the expenditure actually involved, your Committee is of opinion that, together with its predecessors, it performed useful work in an endeavour to keep war expenditure to a minimum. Quite apart from actual economies which were effected as a result of its investigations, it considers that its mere existence, in many cases, acted as a deterrent against wasteful expenditure.

FUTURE CONTROL OF NATIONAL EXPENDITURE

6. The Committee therefore considers, particularly in view of the expansion during recent years of Commonwealth activities with a consequential increase in public expenditure, there is a continuing need for the detailed investigation of current expenditure, and believes that a Joint Committee of the Parliament, clothed with adequate powers and functioning on somewhat similar lines to that of the Joint Committee on War Expenditure, is the best means of carrying out this work.

7. The Committee's views on this matter are fortified by the opinions expressed by the United Kingdom Select Committee on National Expenditure and contained in the Eleventh Report of the 1945-44 session.

8. In the appointment of a Joint Committee on National Expenditure for the scrutiny of Commonwealth expenditure, your Committee considers that one of its principal functions should be an examination of Departmental Estimates. In the past this function has been carried out by Parliament itself, but the Committee maintains that a closer scrutiny of the numerous items contained therein could best be undertaken by a Committee of Members of both Houses of the Parliament. In

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this connexion the following paragraph from the Report of the United Kingdom Select Committee on National Expenditure appointed in 1902 appears to be worthy of repetition :-

"But we consider that the examination of Estimates by the House of Commons leaves much to be desired from the point of view of financial scrutiny. The nature of the discussions is unavoidably partisan. Few questions are discussed with adequate knowledge or settled on their financial merits. Six hundred and seventy Members of Parliament, influenced by party ties, occupied with other work and interests, frequently absent from the Chamber during the 20 to 25 Supply days, are hardly the instrument to achieve a close and exhaustive examination of the immense and complex estimates now annually presented. They cannot effectively challenge the smallest item without supporting a motion hostile to the Government of the day; and divisions are nearly always decided by a majority of members who have not listened to the discussion. Your Committee agree in thinking that the Estimates are used in practice - perhaps necessarily by the Committee of Supply - mainly to provide a series of convenient and useful opportunities for the debating of Policy and Administration, rather than to the criticism and review of financial method and of the details of expenditure. We are impressed with the advantages, for the purposes of detailed financial scrutiny, which are enjoyed by Select Committees, whose proceedings are usually devoid of party feelings, who may obtain accurate knowledge collected for them by trained officials, which may, if so desired, be checked or extended by the examination of witnesses or the production of documents; and we feel it is in this direction that the financial control of the House of Commons is most capable of being strengthened."

It is interesting to note that this paragraph was moved into the Chairman's draft report by the Right Honorable Winston Churchill, who was a member of the Committee at that time.

9. While it might not be practicable for such a Committee to make an annual scrutiny of the whole of the Estimates, by dividing the Committee into sub-committees it should be possible to cover all Departments at least every three years.

10. In suggesting that an examination of the Estimates should be one of the main functions of a Joint Committee on National Expenditure, the Committee wishes to emphasise the fact that such an examination should not curtail the consideration at present being exercised by Parliament itself.

11. From its examination of the Estimates many items upon which information as to actual expenditure was deemed necessary could be listed for further inquiry by the Committee or its sub-committees.

12. In the United Kingdom a Select Committee was appointed in 1912 to examine and report on the Estimates. It was re-appointed

in 1913 and 1914, but was not revived until 1921 when it superseded the National Expenditure Committee which operated from 1917 to 1921. The Estimates Committee was re-appointed each year from 1921 until the outbreak of World War II, when the National Expenditure Committee was again constituted.

15. It is also pointed out that on several occasions during the existence of the War Expenditure Committee, the Prime Minister of the day has referred to it subjects for special investigation and report. In our opinion the existence of a Committee for such a purpose under peace-time conditions is equally necessary.

14. Your Committee recommends that the Government, as soon as practicable after the commencement of the 18th Parliament, should take steps to constitute a Joint ^{Parliamentary} ~~Estimates~~ Committee on National Expenditure.

For and on behalf of the Committee,



(H. E. HOLT)
Deputy Chairman.

Canberra, 8th August, 1946.

Mr. President

I bring up the Ninth Progress Report
of the Joint Committee on War
Expenditure, and move -

That the Report be printed.