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by Senator Palkidze  
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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

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JOINT COMMITTEE OF PUBLIC ACCOUNTS.

---

FIFTH REPORT.

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DEPARTMENT OF WORKS.

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JOINT COMMITTEE OF PUBLIC ACCOUNTS.

(Appointed 25th September, 1952.)

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NEIL R. CAFFIN,  
Secretary,  
Parliament House,  
Canberra, A.C.T.

THE DUTIES OF THE COMMITTEE.

Section 8 of the *Public Accounts Committee Act 1951* reads as follows :-

8. The duties of the Committee are—

- (a) to examine the accounts of the receipts and expenditure of the Commonwealth and each statement and report transmitted to the Houses of the Parliament by the Auditor-General in pursuance of sub-section (1.) of section fifty-three of the *Audit Act 1901-1950*;
- (b) to report to both Houses of the Parliament, with such comment as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys, and
- (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question, and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of the Parliament.

JOINT COMMITTEE OF PUBLIC ACCOUNTS.

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DEPARTMENT OF WORKS.

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INTRODUCTION.

1. The Committee examined the accounts of the Department of Works at sittings in Melbourne and Canberra on 9th-11th June, 1953, and 7th July, 1953, respectively.

2. The gross expenditure chargeable to the Departmental votes for the years 1950-51 to 1952-53 (excluding Capital Works and Services expenditure) was—

	1950-51		1952-53.	
	Actual.	Actual.	Estimate.	Actual.
Salaries .. .. .	£'000. 3,232	£'000. 3,612	£'000. 3,718	£'000. 3,859
General expenses .. .. .	148	173	850	773
Other .. .. .		138	100	160
	4,028	4,023	4,711	4,792
Transfer to other votes .. .. .	2,310	2,094	3,300	3,277

3. The Auditor-General in his Annual Report to the Parliament on the accounts of the Commonwealth for 1951-52 certified that the accounts of the Department of Works were in order except in respect of the operations of certain of its hostels and day labour camps.

4. The Committee accordingly followed the procedure which has already been outlined in its Report on the Department of National Development. It obtained statements from the Department of Works on various aspects of its administration and examined departmental and other witnesses on selected points from the statements.

5. The Committee was assisted by the witnesses who appeared before it and gave it information that it desired to obtain.

GENERAL.

(1) HISTORY OF DEPARTMENT.

6. The history of the Department was outlined in a statement presented to the Committee, as follows:—

HISTORY OF THE DEPARTMENT OF WORKS.

The Department now known as the Department of Works had its origin in the Department of Home Affairs in 1901. Since that time, the "Works Authority", to use a descriptive term, has operated under various titles, either as a branch or section of a department responsible for various governmental activities, including works, or as a separate department dealing with works and associated matters.

The following details summarize these changes:—  
 Department of Home Affairs—1st January, 1901.  
 Department of Works and Railways—14th November, 1916.  
 Department of Interior—12th April, 1932.  
 Department of Works—25th November, 1938.  
 Department of Interior—29th April, 1939.  
 Department of Works—2nd February, 1945.  
 Department of Works and Housing—13th July, 1945.  
 Department of Works—4th June, 1952.

F.3865.—2

During its history, the "Works Authority" has not operated directly under Commonwealth acts or regulations governing its primary functions in connexion with the design or execution of works, but has administered various acts or regulations covering matters assigned by direction of cabinet or for which the Minister of the day was the responsible Minister. These included:—

- Main Roads Development Acts;
- Federal Aid Roads Acts;
- River Murray Waters Acts;
- National Security (Allied Works) Regulations;
- National Security (Civil Construction Corps) Regulations;
- National Security (Civil Alien Corps) Regulations;
- National Security (Buildings Operations) Regulations;
- War Service Homes Acts;
- Rent Control Regulations.

With the exception of the River Murray Waters Acts, which are still operating, the other acts or regulations mentioned have either lapsed or are now administered by other Departments.

In February, 1942, the Allied Works Council was formed under National Security (Allied Works) Regulations to carry out works for the Allied Forces in Australia and, as the then Works and Services Branch of the Department of the Interior was the principal agent of the Commonwealth for the design and execution of works for the Commonwealth, arrangements were made for all such works, together with the personnel of the Works and Services Branch, to be transferred to the control of the Director-General of Allied Works, who was made responsible to the Minister for the Interior for the combined Works operations.

Following the abolition of the Allied Works Council in 1945, a Department of Works was formed and the organization was re-cast on lines which, with minor variations, exist today.

The Minister for Works derives his authority to make and vary contracts or agreements on behalf of the Commonwealth and to purchase goods and supply services required in connexion with matters dealt with by the Department of Works from the Executive Council and, in turn, has delegated certain of his powers in accordance with prescribed limits and conditions to the occupants of various positions within the Department.

(2) STAFFING OF THE DEPARTMENT.

7. The following table shows the establishment and the staff of the Department at 30th June, 1949, 1950, 1951, and 31st December, 1952<sup>(a)</sup>—

	Staff Employed.			Establishment.		
	Permanent.	Temporary.	Total.	Permanent.	Temporary.	Total.
At 30th June—						
1949 .. .. .	899	2,426	3,325	*	*	11,242
1950 .. .. .	1,018	2,726	3,744	*	*	13,235
1951 .. .. .	1,191	2,957	4,148	1,730	3,294	5,024
1952 .. .. .	1,380	2,652	4,032	1,871	3,126	4,997
At 31st December, 1952 .. .. .	1,501	2,421	3,922	1,915	2,977	4,892

\* Not available.

The Committee draws attention to the generous margin that exists between the approved establishment strength and the actual staff employed.

(a) Taken from exhibit presented by Department of Works.

## (3) FUNCTIONS OF THE DEPARTMENT.

8. The Department submitted that its functions were set out in the Department of Works and Housing (Functions) Order issued by the Governor-General on the advice of the Executive Council on 10th July, 1945, and published in the *Government Gazette*, No. 149 of 2nd August, 1945. It was aware that since that date a number of Administrative Arrangements Orders have been made by the Governor-General which has varied the Functions Order of 1945. For example, the functions listed in the Administrative Arrangements Order gazetted on 2nd July, 1951, for the Department are not stated as comprehensively as in the original order.

9. The Department claimed that it had not been embarrassed by the fact that its present functions were different from those listed in 1945. It had acted on the assumption that if its present statement of functions were inadequate it could fall back upon the 1945 version. When the legal implications of the Administrative Arrangements Order were pointed out, the Department agreed that it would seek to have the latest Administrative Arrangements Order reviewed, so far as its own activities were concerned.<sup>(2)</sup>

10. A copy of the original Order of 1945 with notes to indicate the functions included in the current Administrative Arrangements Order is attached as Appendix A.

## ORGANIZATION OF THE DEPARTMENT.

11. The organization of the Department comprises a Head Office, located in Melbourne, under the control of the Director-General, and Branch Offices in Sydney, Melbourne, Brisbane, Adelaide, Perth, Canberra, Darwin and Port Moresby, under the control of Directors of Works, who are responsible to the Director-General for departmental operations in their areas.

12. Divisional Works Offices exist at Townsville, Mackay, Alice Springs, Bathurst, Wagga, Newcastle, Lae, Rabaul and Broome, and minor District Works Offices or Project Offices are established in other areas, according to job requirements.

13. Activities in Tasmania are directed by a Controller of Works located at Hobart, but come within the administration of the Director of Works for Victoria and Tasmania.

14. The organization at Head Office is not large numerically; it consists mainly of senior Executive, Technical, Administrative and Accounts Staff, but it also takes in the Commonwealth Experimental Building Station located at Ryde, New South Wales, the Building Research and Liaison Service, Melbourne, and a section of the Architectural Division located at Sydney which deals with the design and construction of Commonwealth Bank works.

15. The Head Office is responsible, amongst other things, for—

The determination of technical and administrative policy.

Overall control of the works programme and capital and maintenance expenditure.

High level specialized technical advice, instructions or planning in matters of major design or standards of construction.

Economic management organization review.

Modernization of systems and procedures.

(2) See Third Report 1952-53 of the Committee on Administrative Arrangements Order.

Collaboration with client Departments in major works matters.

Exercise of delegated authority to approve contractual and other matters exceeding the authority of Branch Directors.

Co-ordination and direction of departmental activities.

Special technical investigations and research.

Representation on various committees and boards.

Overseas activities including bulk purchases of plant and equipment.

Overall control of industrial policy and food services.

Dissemination of technical information of importance to professional, educational and industrial bodies.

16. The organization existing in the branch offices mentioned above is divided into three main divisions, viz.—

(a) Technical, including Engineering, Architectural and Surveying;

(b) Administrative;

(c) Accounting.

## DESIGN WORK BY THE DEPARTMENT.

## (1) GENERAL OBSERVATIONS.

17. The Department has been criticized for drawing too many plans for client departments that are not used. It has also been stated that the Department's design work is affected by the indecision of client departments in setting out their requirements, with the result that numerous alterations have to be made during the course of the design work to meet the new demands of those departments.

18. To assess the validity of this criticism, the Committee obtained from the Department schedules listing the plans in the course of preparation on 1st July, 1952, in the Victorian and Australian Capital Territory branches, and showing the fate of each plan in date. These schedules are summarized as follows:—

	Number of Plans.	
	Victorian Branch.	Australian Capital Territory Branch.
1. Work on plans in hand, completed or plans at project tender stage ..	53	120
2. Designs being prepared ..	10	101
3. Sketches or working drawings completed but funds not provided, or awaiting approval ..	3	46
4. Plans for projects cancelled ..	7	4
5. Plans for projects deferred ..	27	40
6. Plans not yet started ..	..	12
	100	291

19. These figures suggest—

(i) that about one-third of the plans have not been used, and

(ii) that there appears to be no immediate prospect of many of them being completed.

The Department agreed that this would probably be the normal situation, but explained that many of the cases listed would be merely sketch plans, upon which little work would have been done; even those plans would often be used at some future date.

20. The Committee also obtained a schedule of plans in hand in the New South Wales Branch at 23rd February, 1953, with the Branch's estimate of when construction of the projects for which plans were on hand would commence. These estimates are summarized in the following table:—

	Architectural.	Engineering.	Total.
Plans for which tenders have been called ..	11	1	12
Plans of projects for which construction is expected to commence in six months ..	104	48	152
Others .. ..	115	40	154
	14	31	45
Total .. ..	129	80	209

21. These figures suggest that of the 200 projects being planned at 28th February, 1953, in the New South Wales Branch, 404, or 78 per cent., would be put into construction within six months.

22. In the light of the experience recorded above for the Victorian and Australian Capital Territory branches, these estimates must be regarded as far too optimistic. This judgment is fortified by the experiences in the New South Wales office itself, when, over the last year, numbers of projects were cancelled.

The Committee trusts that the outlook which is reflected in the optimistic forecasts set out in the above table will not also be reflected in an over-willingness to undertake design work for client departments.

23. Further information was sought from departments whose projects were included in the lists of projects set out in schedules from Victoria and the Australian Capital Territory as "deferred" or "cancelled". Statements were submitted to the Committee by the Departments of the Army, of Civil Aviation, and of the Postmaster-General. The reasons put forward by these Departments for their enrolling or deferring projects were broadly that as Government policy had changed, or as funds for works had been curtailed, or as policy within the Department itself had changed, work on the project was not to proceed.

24. In many cases, the Committee agrees that there was little alternative to the action taken; nevertheless it feels that there has been too little regard for the fact that the time of the Department of Works has thereby been wasted. To assist in avoiding this waste, the Committee considers that departments should not call upon the Department of Works for sketches and plans unless there is a reasonable prospect of the project being carried out without undue delay.

25. In considering the indecision of departments and their inability to explain their requirements to the Department of Works, the Committee examined statements on particular projects such as the Essendon Aerodrome Control Tower, the Customs Houses at Brisbane and Sydney, the Broadcasting Transmitter and residences at Queensland, Tasmania. In the case of the control tower at the Essendon Aerodrome, the Department of Civil Aviation submitted a statement of the main items in the correspondence with the Department of Works for the construction of the control tower.

The full statement is included hereunder because, in the opinion of the Committee, it highlights the difficulty of the Department of Works when dealing with a department unable to make up its mind about what it wanted.

## ESSENDON CONTROL TOWER.

In 1950, the Department of Works was handed copies of plans for the erection of a standard air traffic control tower of brick construction.

20th February, 1951.—The Department of Works forwarded an estimate of £15,000 for the provision in Melbourne of such a control tower but with steel frame and covered with asbestos sheeting. Also, an estimate of £5,000 was provided for air conditioning.

5th June, 1951.—Regulation C.A. 1950-51; SIS for £20,000 was forwarded to the Department of Works.

14th June, 1951.—The Department of Works advised that it was necessary to include this item in the 1952-53 programme.

12th July, 1951.—Layout and site plans were forwarded to the Department of Works for estimates of costs on additional requirements for emergency power plant and radar equipment.

22nd August, 1951.—The Department of Works forwarded a revised design plan for the building.

25th October, 1951.—The Department of Civil Aviation forwarded comments on the revised design and suggested certain modifications.

30th November, 1951.—The Department of Works forwarded further revised design plan incorporating the modifications suggested by the Department of Civil Aviation.

7th January, 1952.—The Department of Civil Aviation advised the Department of Works that the revised design was satisfactory.

13th April, 1952.—The Department of Civil Aviation advised the Department of Works that funds were available and requested that early action be taken to provide the tower.

5th May, 1952.—The Department of Works advised that it was necessary to prepare revised estimates due to the time lag since the preparation of the original estimate.

29th July, 1952.—The Department of Works advised that the revised estimate was £23,300.

2nd September, 1952.—The Department of Works advised that it was proposed to hold the project in abeyance pending clarification of form of construction to be adopted.

8th January, 1953.—The Department of Civil Aviation requested that, in view of the high cost, the proposal be reviewed with certain modifications designed to reduce costs.

14th April, 1953.—The Department of Works advised that the estimate for the modified design was £19,400.

24th April, 1953.—The Department of Civil Aviation advised that cost was acceptable and requested that the work be put in hand at an early date.

14th May, 1953.—The Department of Works advised that there was no possibility of commencing work this financial year and suggesting that provision be made in the 1953-54 Draft Works Programme. In the meantime action would be taken to prepare working drawings in anticipation of funds approval.

22nd May, 1953.—The Department of Civil Aviation requested that, as the 1953-54 Draft Works Programme had been forwarded to the Department of Works, they take the necessary action to have this item included.

It will be seen from the statement that, even at the date of the Committee's inquiry, the erection of the tower had not been commenced.

The evidence in these cases indicates that the departments have, in varying degrees, changed their minds on what they wanted both before and during the course of the planning of the projects, as well as during the actual construction. These changes have meant that, in some cases, the Department of Works has been forced to re-design the project, or to stop construction, until the client department could reach firm decisions about its needs.

26. Here, again, there may be instances when such changes are unavoidable. Nevertheless, having regard to the ventilation shown in substantial matters, the Committee is of opinion that departments should be required to pay particular attention to defining clearly what they want before they approach the Department of Works.

### (3) DESIGN WORK IN WORKS SECTION IN DEPARTMENTS OTHER THAN DEPARTMENT OF WORKS.

27. Not all design work for Commonwealth departments is done by the staff of the Department of Works. Other departments have special requirements in buildings and these departments have established works sections which include design staff. For example, the Postmaster-General's Department is interested in the layout of special equipment in Post Office buildings, and the Department of Civil Aviation is interested in the design of aerodromes, having regard to its responsibility for air safety at aerodromes. The design staff of the works sections in these departments specialize in the needs of these departments, and is able to interpret to the design staff of the Department of Works how these special needs can be expressed.

28. A likely consequence of this administrative organization is that the design staff of the client department will go so far in translating its needs into plans that it will trespass on the functions of the design staff of the Department of Works; in other words, the client department may present to the Department of Works detailed plans of the project. This assumption of the functions of the design staff of the Department of Works has, on occasions, led to differences with their technical colleagues, and the Department of Works has found it necessary to reject the detailed plans submitted to it, and to re-draw the plans for the project.

29. Given this relationship between the Department of Works and the client departments, a *modus vivendi* might be found, on the one hand, in a client department being permitted (a) to do its own design work by its own staff, or (b) to use private architects, and it would then merely inform the Department of Works of what was going on. On the other hand, the client department could leave the planning and drawing entirely to the Department of Works and itself employ no specialist staff. The compromise solution, which has been adopted, is that the client department employs technical experts to study its particular problems and to interpret them to the Department of Works. In the latter Department, a special cell of design staff constitutes on the work of the client department, e.g., the Roads and Aerodrome Section in the Department of Works deals with the design of aerodromes for all Commonwealth departments including the Department of Civil Aviation.

30. The Committee obtained a statement of the design staff employed in departments other than in the Department of Works, and the information is summarized in Appendix B.

31. It was clear to the Committee that this system left room for a good deal of overlapping, but the Public Service Board's representative, while agreeing, considered that the system had worked reasonably well. This view was supported by the Department of Works. Even though the Committee had this assurance, it drew attention to the need for constant review of this aspect of interdepartmental relations. There is the ever present possibility of duplication of duties with a consequent pyramiding of costs.

### (3) USE OF PRIVATE ARCHITECTS.

32. The Department of Works informed the Committee that while it is its policy to do all design work

itself, it finds it necessary at times to employ private architects and other private consultants to assist in the preparation of plans and the like.

33. The fees paid and the value of work let to private consultants during recent periods have been—

Private Consultant.	1951-52.		Nine Months to 31st March, 1953.	
	Value of Work.	Fees.	Value of Work.	Fees.
Architects ..	£ 241,498	£ 4,303	£ 2,107,743	£ 38,801
Engineers ..	£ 28,000	£ 4,622	£ 70,647	£ 4,727
Quantity surveyors	£ 1,010,008	£ 10,254	£ 2,054,406	£ 20,689

\* (1) Does not include work designed and supervised by W. E. Prescott and Associates, consultants for sections of penitentiary walls, Newcastle, who are paid on a "quantum meruit" basis. Since 1949 the approximate value of work designed and supervised by them is £200,000.

(2) In addition £1416 was paid during 1951-52 to private quantity surveyors for preparation of quantities for a school at Alice Springs and a hotel at Darwin.

34. The Department stated that there were two main disadvantages in the use of private consultants—

- (1) it was very difficult to obtain adequate priority in the office of the private consultants for the Department's work, and
- (2) the Department felt that it could do work with its own staff more cheaply than by use of private consultants.

35. In support of the latter claim the Department submitted a statement for the six months to 31st December, 1952, showing the amount expended for the salaries and general expenses of its own staff for its design work during the period, as well as the fees which, it claimed, would have been received for the work if charged for at private rates. The statement is attached as Appendix C and shows a substantial surplus to the Department over what it would have been paid had private rates operated.<sup>(1)</sup>

36. At the request of the Committee, the Auditor-General investigated these statements and the following paragraphs are taken from his report to the Committee dated 5th June, 1953; Appendix D is also from his report:—

An attempt was made to effect a comparison between the percentage rates charged in items 1 and 2 (of Appendix D) with those charged by private architects and engineers. The fees laid down by the profession are minimum only, therefore no hard and fast scale obtains. In this respect fees vary between types and localities of works, and also, in some instances, Departmental works vary greatly from those constructed by private enterprise. All that can be said upon the rates of percentage applied in regard to design and construction is that they have been evaluated by the Director of Works on an average having regard to fees chargeable by private architects &c. under the permissible scales.

It is considered that the Statement indicates, as a guide, the margin which exists between what the Department would have paid to private architects over and above what it has cost the Department for the work involved. As indicated and for the reasons set out by the Department this margin is approximate only.

It is suggested that, in order to achieve a more useful comparison, a deal of expense would be entailed in costing the various expenses of the Department. Also it would be necessary to relate the expenditure incurred by the Department with that incurred by private architects &c. in order to ascertain the outside fees which could be earned, or the profit margin ascertained. In the latter respect the Departmental expenditure does not include outgoings such as pay-

(1) It is interesting to note that, although the amount of professional fees, &c. for credit was taken in the statement for 6 months ending 31st December, 1952, the actual charge by the Department to client departments under its 5% transfer for the full year 1952-53 was only £25,275,700.

### ASPECTS OF DEPARTMENTAL ADMINISTRATION.

40. In its examination of the Department of Works accounts, the Committee did not attempt to cover every aspect of the departmental administration, but contented itself with the examination of a number of selected examples in order to test the adequacy and effectiveness of the departmental administration. The Committee believes that the examples selected are sufficiently numerous to give a reasonable idea of the general character of the administration of the Department.

#### (1) CONTROL OF DAY LABOUR.

41. The Department informed the Committee that works supervisors are assigned to control individual, or groups of projects. These officers are instructed to carry out the work within the standards laid down, and the limit of funds provided by Head Office. The Department also stated that field inspection work was carried out by senior members of the Construction Division and that industrial inspectors of the Administrative Division watched the observance of industrial practices.

42. There had been criticism of the manner in which the system operated in New South Wales and the Committee sought to ascertain the position. In addition to taking evidence, the Committee asked the Department to produce its files for inspection. The papers on the Head Office file were perused and they suggested to the Committee that the position in New South Wales was unsatisfactory.

43. The papers showed that until early 1953 there had not been any inspections of industrial projects in New South Wales by industrial inspectors. The reason given was that suitable staff was not available.

44. Early in 1953, however, inspections were made and they revealed that there was a serious laxity in the proper control of the day labour staff of the Department of day labour of the Department in New South Wales was much greater than in other States. Some of the specific matters criticized in the reports on the departmental files were—

The excessive cost of supervision because of unnecessary number of foremen, gangers and leading hands employed.

The payments to plant operators at the highest possible rate irrespective of the type and power of the plant operated.

The payments to all lower classified labourers of the maintenance labourer's rate.

The use of city locations as deposits for the payment of fares and travelling allowances to men at fixed locations.

The wrong classification of employees, particularly in respect of Civil Engineering Foremen who receive building construction rates.

The use of clerical labourers and storemen in small gangs.

45. The New South Wales Branch of the Department did not admit the validity of all these criticisms. For example, it was argued that when two or three men were on a small project, it was most desirable to have one of them in charge as the leading hand. Other features criticized were said to have received "official" blessing in times when labour was scarce and special inducements had to be offered to attract employees.

roll tax (2½ per cent. on pay-roll), workmen's compensation and other insurances, interest on capital and a number of other items not paid or taken into account in governmental activities.

Another factor to be considered would be the degree of intensity of supervision which is exercised over governmental works as compared with outside private enterprise.

37. The Committee also sought the views of the Royal Australian Institute of Architects on the matter as representing one group of the private consultants involved. The views of the Institute were set out in a letter to the Committee dated 3rd June, 1953, as follows:—

The Department has submitted to the Royal Australian Institute of Architects a proposal for the employment of Private Architects &c. as Consultants in various projects. The proposal differs from the past practice of the Department in two main points, viz:—

(1) Consultants were appointed by a ballot system. This would not necessarily make an appointment of the most suitable Consultant for the particular work in hand.

The Department proposes to select the Consultant after examination of several (say 10 to 15) suitable Consultants, but obtaining from Architects an answer to the Department's Questionnaire.

(2) Previously, the appointment for partial services was very limited. The sketch plans were prepared by the Department and the draftsmanship for working drawings was "farmed out" to the Private Architects.

This extended the Drawing Office of the Department to the Drafting Offices of the Architects, whilst the Architect himself had supervision of his staff with little or no use of his skill as a Consultant. There is little satisfaction and less interest in such work for the Private Architects. That is the main reason for an arrangement which is described as "not entirely satisfactory".

The proposal to select the Architect and demand of him full services (excluding supervision) where he is Architect in conjunction with the Department gives scope to the Architect and a greatly added interest to his work. Architects would appreciate that their efforts in production of the work would be recognized by this system which will include the Architect's name in connexion with the project throughout.

It is probable that the employment of the Architect for details to carry out the work will be found to be an advantage. Such details as this should not be overlooked with the consequent benefit to the work and the community.

The Royal Australian Institute of Architects have confirmed their determination to assist the Department to carry out work on this basis to a successful conclusion.

38. In addition, the representatives of the Institute submitted that there were certain types of construction, for example, Post Offices and Defence Works, which should be solely handled by the Department of Works' staff, who had specialized in the work.

39. The Department of Works claimed that it could do the work cheaper than if it employed private architects but the evidence before the Committee is insufficient to show whether or not the claim is justified. The Auditor-General's opinion is that the difference between the cost of the Department of Works and that of private architects shown in the statement for six months to 31st December, 1952, is approximate only.

It is suggested that it might be achieved by using private architects, it is also worth considering whether or not it is desirable to build up the Department of Works to enable it to meet all possible contingencies. It will have been observed that the permanent staff of the Department grew from 599 in 1949 to 1,501 at 31st December, 1952.

The Committee recommends that the whole position should be examined by the Public Service Board.

16. The validity of many of the criticisms was, however, admitted and the Branch said that steps had been taken to remedy shortcomings. The Committee noted that, as a result, the number of men employed by the Department in New South Wales as foremen, leading hands and gangers fell during the four months period of 1st February, 1953, to 26th May, 1953, as follows—

New South Wales Region.	Number of Foremen, Leading Hands and Gangers employed by the Department of Works in New South Wales.		Decline.
	At 1st February, 1953.	At 26th May, 1953.	
	Metropolitan Country .. .. .	271 169	
	430	376	55

47. Reports of inspections in Victoria, South Australia and Queensland were noted and showed that the position in those States was reasonably good.

48. In the opinion of the Committee, responsibility for the position in New South Wales lay with the senior staff of the Department, who were either aware of the position and permitted it to exist, or were not aware of the position because they failed to maintain an adequate check over this very large volume of the Department's expenditure. The practices that were allowed to operate in New South Wales meant heavy unnecessary expense to the Commonwealth. The Committee trusts the Department will maintain regular inspections of industrial practices in future in order to ensure that the standards prescribed by Head Office are strictly observed.

(2) RUSSELL-STREET TELEPHONE EXCHANGE, MELBOURNE, AND ADMINISTRATIVE BUILDING, AUSTRALIAN CAPITAL TERRITORY.

49. Although the Committee did not, on this occasion, examine in any detail the Commonwealth works programme, the procedure associated with it, and the letting of contracts, the Committee sought information about a number of projects which might throw light upon methods of departmental administration. Two of the more important of these projects were the Russell-street Telephone Exchange, Melbourne, and the Administrative Building, Australian Capital Territory.

50. The Russell-street Telephone Exchange, Melbourne, was estimated in October, 1944, to cost £265,300 over a four-year construction period. The Parliamentary Standing Committee on Public Works investigated the proposals and drew attention to possible difficulties with man-power and materials. It suggested that the estimated cost should be closely watched by the Minister in view of the possibility of cost reductions. In fact, because of the increase in the cost of labour and materials, the estimated cost of the building is now over £200,000.

51. The Committee was aware of the slow progress in constructing the building and asked the Department for its comments upon the matter. The Department obtained a statement from the contractors and agreed generally with the more important points made in that statement, viz:—

(1) Since 1946 emphasis in building in Victoria has been on house construction, and under State Materials Controls, supplies of materials have been reserved for that purpose.

(2) Although the contractors made incentive payments out of their own fee and thus maintained a minimum labour force on the project, the Department would not agree to any payments in excess of award rates. Labour was therefore difficult to attract to the project.

(3) The slow progress of this building is paralleled by the slow rate of progress of other major buildings under construction in Melbourne.

52. The Administrative Building, Australian Capital Territory, has its origin in the pre-war years, but in 1947 the Parliamentary Standing Committee on Public Works investigated and recommended its construction. That Committee was informed that the estimated cost was about £1,500,000. A cost-plus-fixed-fee contract was let in early 1948 at about this figure with a time for completion of four years. Since that time, the progress of construction has been slow and costs have risen substantially. The original plans were enlarged to include a sub-basement and other civil defence protection measures with the concurrence of the Parliamentary Standing Committee on Public Works. Recently, the cost-plus-fixed-fee contract has been converted into a lump sum contract with an estimated date of completion by 31st December, 1957. The total cost of the building is now estimated at £3,840,000.

53. Reasons for the delay in construction were given by the Department as—

- Shortages, particularly in Canberra, of skilled labour,
- Shortages of essential materials,
- Type of contract agreement, and
- Financial arrangements.

54. To attract workers to the Australian Capital Territory, the Department paid a substantial country allowance to men from outside the Australian Capital Territory, and in addition, for the Administrative Building itself, a special job rating was provided to attract formwork carpenters.

55. The Committee is aware of the difficulties that confronted the Department in 1947-52 in obtaining labour and materials for its projects. Prevailing conditions have meant that the hopes for labour and materials expressed by the Department in evidence to the Parliamentary Standing Committee on Public Works were not realized and, accordingly, the grounds on which that Committee gave its recommendations for the construction to proceed proved illusory. It seems to this Committee that, having in mind the marked changes in building conditions, it would have been reasonable for the Department to have reviewed the decision to commence the project and for the Standing Committee to have been given the opportunity to reconsider its recommendations.

56. Although there are previous instances in which works have been resubmitted to that Committee because estimates of cost have increased abnormally, this Committee ventures the opinion that the Parliamentary Standing Committee on Public Works should be able to take the initiative where it considers that the circumstances warrant a review of its recommendations. This review should be possible even though the construction of the particular project has commenced.

57. Having been informed, in discussion with the representative of the Public Works Committee, that approaches have been made to various governments in recent years seeking amendments to the Public Works

Committee Act, this Committee supports the view that consideration be given to the amendment of the Public Works Committee Act—

- to permit that Committee to review its reports under special circumstances, and
- to ensure that all major works should be examined by the Public Works Committee.

### (3) CONTROL OF EXPENDITURE AND COSTS.

58. The Committee had before it statements from the Department on a number of projects of lesser magnitude where the final cost of the project was found to exceed the amount authorized for it, or where the expenditure and commitments to a particular date exceeded the funds approved to that date. Examples are—

*Extension to Radio Building, Mackay Aerodrome, Queensland.*—The building was handed over to the Department of Civil Aviation on 18th June, 1951. A review of the project in July, 1951, indicated a total expenditure of £10,530, i.e., £1,042 in excess of the authority held (£9,788).

*Removal of Hangar to Eagle Farm Aerodrome, Queensland.*—The investigation of the accounts of this project in August, 1949, revealed that although there was authority for £30,241, recorded expenditure was £30,553 and the estimated cost of completion £41,563. Increases in cost were due to high wages and materials as well as to additional work requested by the client department.

*Construction of Hobart Airport, Tasmania.*—This airport was estimated to cost £709,000 in August, 1950. The Department found that the authority held was for £50,000 but the recorded expenditure was £63,200. In November, 1951, the Department found it held authority for £313,000, but that the recorded expenditure was £302,000. Not until April, 1952, when the recorded expenditure totalled £333,000 was further authority obtained.

59. The foregoing are only samples of the defects in the system of financial control. At the same time it must be remembered that the Department has very many thousands of minor works, and over one thousand major projects costing more than £25,000 each under construction. This alone indicates the necessity for instituting an effective system of costing and financial control.

60. Pursuing its inquiries into costing and expenditure control of the Department, the Committee was informed that, in an attempt to improve the position, the New South Wales Branch was experimenting with another form of cost control to assist the works supervisors. The Committee was aware that the Public Service Board was conducting an investigation into the New South Wales Branch under section 17 of the Public Service Act, with particular attention to the costing and expenditure control aspects, and, at the request of the Committee, the Public Service Board representative commented on this feature of the Department's administration. In the opinion of the Board, the costing system had developed into a funds control system and was not providing adequate assistance to the works supervisors in the management of projects.

61. The Director-General of Works stated that his inability to obtain suitable administrative staff had been one of the major difficulties in getting effective costing done. He thought that, in the last twelve months, the position had improved and that costing was now under reasonable control. For some years

prior to that, however, the position had been so difficult that at one stage he had reported to the Minister the inability of the staff to control the work being done. Even as late as June, 1952, he had written to all States expressing his concern that a satisfactory system of field costing of day labour work had not been instituted in all States.

62. Since the Public Service Board has not yet completed its investigations an expression of opinion at this stage about the suitability of the new method would be undesirable.

63. On the information supplied to the Committee, however, the present position seems to be that the supervising technical officer is responsible for the project in hand, for the proper use of labour and materials, and for keeping within the limit of the funds authorized for the project. The Director-General stated that it has been difficult to get enough engineers and architects for supervision who are conscious that costs, and the observance of industrial practices, are of equal importance to the satisfactory completion of the project. He said that the position was improving.

Whether or not the weakness in this aspect of departmental administration has been remedied, the Committee is not in a position to say.

64. The Department also explained that when 70 per cent. of the amount of the funds approved for the project had been spent, the Contract prepares and sends a statement of the figures to the Construction Branch, which passes it on to the works supervisor. The Committee attempted to ascertain what attention the works supervisor paid to this statement. The evidence disclosed that the works supervisor would look at the statement "to see how he is going. If the statement disclosed something alarming he goes after it".

It is expected that the progress of the New South Wales experiment on expenditure control will be closely watched by the Public Service Board and the Department.

65. The importance of a statement of labour and materials required for a project as a means of checking its economical construction is well known. The Committee further inquired when and where bills of quantity were prepared and was supplied by the Department with the following information—

STATEMENT OF OCCASIONS WHEN DEPARTMENT OF WORKS PREPARES BILLS OF QUANTITIES FOR PROJECTS BY CONTRACT.

New South Wales—For projects by contract costing £13,000 and over.  
Victoria—For projects by contract costing £12,000 and over.  
Queensland—For projects by contract costing £15,000 and over.  
South Australia—For projects by contract costing £20,000 and over.  
Western Australia—For projects by contract costing £3,000 and over.  
Tasmania—For projects by contract costing £12,000 and over.  
Australian Capital Territory—For projects by contract costing £5,000 and over.

### NOTES.

Bills of quantities are prepared mainly for building works to be carried out by contract method; civil engineering works which would include road works, drainage &c., are not covered by bills. Engineering services in the nature of lifts, boilers, refrigeration, diesel generating sets, and air conditioning are more appropriately dealt with by specifications.

Day labour works are dealt with in the Department by means of detailed estimates of cost and material quantities, but in Queensland these have been developed in a form which closely resembles a specified bill of quantities, although not described or identified locally as such.

66. The Committee inquired whether this difference was desirable as between State branches and it was informed that the Department observed the agreement on this point between the architects and the builders in each State. The difference in procedure between contract and day-labour projects was said to be due entirely to the lack of staff.

67. The Committee further inquired about the use made of the various bills that were prepared, and it was informed that requisitions from works supervisors for materials were authorized by senior officers on the basis of the quantities in the bills.

68. It appears to the Committee that—

(1) Bills of quantity could be used more comprehensively in the control of projects,  
(2) There are strong reasons why bills or schedules on the lines of those now being tested in New South Wales should be prepared in all States for all jobs, contract or day labour, over a minimum figure, irrespective of the standard adopted by the local architects and building industry.

69. The Committee does not venture to say what the minimum figure should be, but it notes that the Department, in its statement to the Committee, said it would be reasonable to require bills of quantity to be prepared for all works to the value of £10,000 or more.

#### (4) PURCHASE OF SUBMARINE ENGINES.

70. A large quantity of sand filling was required for the construction of the Kingsford-Smith Aerodrome at Mascot and, to assist the dredge units to convey sand-water material from Botany Bay to the site, booster units were required. No units were available in Australia and inquiries revealed that submarine engines in the United Kingdom were available and would be suitable for the units.

71. At the request of the Committee the Department of Works tendered a comprehensive statement on the purchase of these engines and the Committee has noted these points—

- (1) At short notice, up to £10,000 was approved by the Department in August, 1949, for the purchase, reconditioning, and freight on three submarine engines.
- (2) Three engines were obtained for Estg.500 each. No firm contract prices for the reconditioning work given by the London firms in their letters of September, 1949; or on acceptance of tenders from the High Commissioner's Office, London, in November, 1949.
- (3) The estimated time of completion of the reconditioning work was given by the firms at about four months, i.e., by early 1950, if the work started in November, 1949.
- (4) Instructions to the firms to proceed with the reconditioning of the engines were issued in November, 1949, but clear instructions on exactly what was to be done to them were not officially given until March, 1950.
- (5) Because of high priority Admiralty work, progress with the reconditioning was slow and the first two engines were not received at Mascot until September, 1951—many months behind schedule.
- (6) In the meantime, the amount of sand filling necessary had been reduced by the Department of Civil Aviation, and the rate of progress with sand filling had to be curtailed to keep in step with the slowing down

of other aspects of the project because of shortages of labour and material. The result was that the existing equipment was adapted to meet the demand and the submarine engines were no longer required.

(7) Although technical information was available early in 1950 to show that the cost of the engines would inevitably be more than £10,000, no new estimate of costs was obtained or funds approval sought. The Department did not realize that the cost of the engines, reconditioning, and freight would be more than £10,000 until August, 1951, when the accounts for the completed work began to be received, through the High Commissioner's Office, London, from the firms doing the work of reconditioning. When this position was realized approval was obtained for £30,000 to cover the accounts in sight. Some weeks later it was found that this covered the cost of one engine only—the total cost was £63,000 and, therefore, further approval was obtained for this sum.

(8) Subsequent investigations of the accounts forwarded by the London Office revealed a duplication of charges as well as an excessive rate of establishment charges; both were corrected later.

(9) The engines are in good order, and are now being prepared within a Romney hut for disposal.

72. The Department has been at pains to explain to the Committee that, although it has no use for the engines at the moment and has not been able to dispose of them, they represent assets which, when placed on works of the type for which they were originally designed, will have a value greater than the cost to the Commonwealth.

73. The Committee does not question that possibility and it notes that the Department is taking steps to dispose of the engines.

74. The Committee, however, is concerned with two aspects of this unfortunate episode—

Firstly, that the engines, which cost £84,271 18s. 7d., were not wanted when they did arrive and

Secondly, that there was a lamentable breakdown in the financial control of the project, both in respect of the original estimate of cost, approval of funds, and checking of the accounts.

75. As to the first, the decision to obtain the engines rested on technical grounds for which only the technical staff could be responsible.

76. What in effect was a proposal to meet a short-term situation turned out to be an example of departmental spending on a comparatively extravagant scale. The Committee considers that there should be a proper balancing of the factors involved in meeting these short-term situations in which a satisfactory estimate of cost is an essential factor.

77. As to the second, the Department permitted itself to be committed to a liability the extent of which remained unknown until it was confronted with a request for payment for work done. The proposal was under the control of the technical staff and, as the departmental statement points out, that staff failed to examine the technical information which had been furnished to it, and from which a more accurate estimate of the cost could have been obtained. The checking of the accounts was a matter, originally, for the London Office.

78. The Committee has described this transaction at some length to record the delays that took place and to draw attention to the ample time available to the Department in which to ascertain the likely cost of the whole job, and reconsider it against the situation to be met. The amount involved might be considered small in relation to the total Commonwealth Budget; nevertheless the circumstances reveal a weakness in the system of control of public expenditure which could commit the Commonwealth to very substantial costs and losses.

#### (6) NEW TUNNEL KILN FOR BRICK WORKS, AUSTRALIAN CAPITAL TERRITORY.

79. Additional brickmaking capacity was required to meet the demands of the expanding building programme in the Australian Capital Territory after the war.

80. A proposal to install twin tunnel kilns to produce 16,000,000 bricks a year was initiated during 1947 by the Department and drafted in 1948 and 1949 on the basis of a report prepared by officers of the Council for Scientific and Industrial Research in June, 1948. According to the files made available to the Committee these officers "were accorded the status of expert consultants" and the Department accepted their recommendations on tunnel kilns and brick manufacture.

81. In March, 1950, the approval of the Minister to the proposal to install a new twin tunnel kiln at an estimated cost of £180,000 was obtained. Plant to the value of about £148,000 was ordered and site works were put in hand. Then, however, doubts having arisen as to whether the type of plant would be successful, the decision was made to send an officer of the Department of Works overseas to consult experts and brick plant manufacturers.

82. As a result of the advice of the experts consulted, the design of the Commonwealth Scientific and Industrial Research Organization was abandoned as unsuitable.

83. A new proposal for a tunnel type kiln to produce 7,500,000 bricks a year was prepared in 1951 on the basis that an experienced United Kingdom firm would design and construct the kiln. In June, 1952, the estimated cost was set at £330,000.

84. This new proposal was subsequently investigated by an experienced Australian brick manufacturer who criticized the plan as "a far too expensive project for the production of common building bricks". The Minister decided not to go on with this proposal either. The Committee has been supplied with a statement of expenditure to 30th June, 1953, which shows—

Equipment—	£	£
In use .. .. .	18,085	
Stored .. .. .	75,408	
		94,130
Expenditure on—		
Samples .. .. .	18	
Preliminary site works(a) .. .. .	6,256	
Purchase of 80 tons of cement for kiln test plant(b) .. .. .	2,230	
Temporary installation of roller crusher .. .. .	1,201	
Compensation(c) .. .. .	244	
Advance payments for goods not yet supplied(d) .. .. .	13,820	
		23,808
Total expenditure to 30th June, 1953 .. .. .		117,938

(a) Work suspended. Foundations refundant.  
(b) Not used. Now located at Cement Products Depot, Kingston.  
(c) Paid on cancellation of order for hydraulic ram.  
(d) £12,219 12s. 6d. balance of advance payments—25 per cent. on placement of order—for elevating gear and conveyors and two President loads pressed not received. Further liability for balance of cost of this plant about £40,000.

#### (7) WESTERN CREEK SAW MILL, AUSTRALIAN CAPITAL TERRITORY.

85. The great demand for timber in the Australian Capital Territory after the war could not be met through private sources or from the departmental timber mills. The Department extended its own mills and, to supplement them, purchased the Western Creek saw-mill in August, 1950, as a going concern for £16,000.

86. The mill cut hardwood for the main departmental timber mills and its record has been—

	Output.	Loss.
1950-51 .. .. .	£ 33,276	£ 440
1951-52 .. .. .	14,880	1,656

87. There was some doubt whether or not the output of the mill in 1951-52 was used in that year or was stacked at the Kingston yard. The Department explained that the building programme in the Australian Capital Territory had not expanded as anticipated and the mill was closed in November, 1952. Unless the building programme is expanded the department will not have any use for the mill.

#### (7) ACCOUNTS OF INDUSTRIAL UNDERTAKINGS OF THE DEPARTMENT IN THE AUSTRALIAN CAPITAL TERRITORY.

88. The Committee was supplied with the accounts and balance-sheets of departmental industrial undertakings in the Australian Capital Territory and noted the results disclosed hereunder.

Undertaking.	1951-52.			
	Turn-over.	Results of Operations.	Accumulated Loss to 30th June, 1952.	Assets at 30th June, 1952.
Brickworks	£ 107,300	£ 21,403	£ 32,854	£ 102,568
Cement products	27,007	Cr. 4,780	Cr. 4,322	Cr. 9,282
Timber	186,774	Cr. 10,437	Cr. 67,095	Cr. 224,496
Quarries	94,608	Cr. 673	Cr. 35,577	Cr. 44,550
				Cr. 2,707

(To the nearest £.)

(a) Transferred to Department of the Interior as from 30th June, 1952.  
(b) Accumulated profit.  
(c) July, 1952, to December, 1952.

89. To assist the Committee in its consideration of these undertakings, the Auditor-General was asked to report to the Committee on the accounts presented by the Department. His conclusions were—

- (i) The form and terminology used in balance-sheets could be improved;
- (ii) A uniform policy regarding the charging of interest on capital in accounts appears desirable;
- (iii) There are different practices between the Department of Works and Department of Interior for the charging of depreciation on hostels' fixed assets;
- (iv) In some cases losses are financed through the Works Suspense Trust Account. Frequent reviews of trading operations should be made to ensure that pricing and government policy are kept in line.
- (v) The high cost of repairs in some cases, e.g., cement products and brickworks, indicates that plant may be inefficient and obsolete.

(vi) Repairs and maintenance charges are not included in the hostel accounts.

(vii) Control over assets generally is not satisfactory. Assets registers are not maintained and stocktakings are not regularly carried out. There is delay in reconciliation of stock found figures with ledger balances.

(viii) Control over production in cement products and timber mill undertakings could be improved.

90. In the opinion of the Committee these conclusions indicated a disturbing situation and the Committee examined departmental witnesses on the report of the Auditor-General and on details of the accounts. The major points raised in this examination are set out in the following paragraphs.

#### Balance-Sheets.

91. The Department stated that balance-sheets had been prepared primarily for departmental purposes and followed a form adopted many years ago. It agreed that the form and terminology of the balance-sheets could be improved and that the improvements would appear in the 1952-53 accounts.

#### Interest on Capital Investments.

92. At present interest is not charged on the capital investments in the undertakings so that the price of the products of the undertakings does not include an interest component. The Department thought that interest should not be charged unless the Treasury directed that to be done.

93. The Auditor-General thought that interest should be taken into consideration by the Department in arriving at charges to the public for products of the undertakings.

94. The Treasury representative agreed with this view as a general principle for this type of undertaking; more specifically, he defined his Department's attitude by saying that if the undertaking is able to cover its own charge and interest within its prices, interest should be charged. If, on the other hand, the prices did not cover the cash outgo of the undertaking, there would be the purpose in debiting interest and building up a loss in the undertaking's accounts as a result of interest charges.

95. The Committee feels that at this stage of its inquiry it should not attempt to reach a firm conclusion on the matter of charging interest, for it would prefer to consider first what is done in the case of undertakings of other departments.

#### Prices for Products of the Undertakings.

96. Departmental policy was stated to be that each group of undertakings should be self-supporting. If revenue exceeded expenditure, prices were reduced; if expenditure exceeded income, and savings in expenditure were not possible, the alternative was to increase prices.

97. The results of operations disclosed in paragraph 85 show that there have been substantial losses and profits from the undertakings and the Committee inquired of the Department why these results did not march with departmental policy.

98. In regard to the brickworks, the Committee was informed that the departmental policy did not apply. The Minister for Works in 1949 had decided against price increases for bricks in order to keep down the cost of housing in the Australian Capital Territory; the present Government had not reversed that attitude.

99. As for the cement products undertakings, proposals had been under examination since February 1953, for a 5 per cent. price reduction—although the ratio of profit was 17 per cent. in 1951-52 and about 10 per cent. since. When these results were pointed out to the Department, the Committee was informed that the prices would not be reduced below the normal market price for the few sales to private individuals, although that might be done for sales to Government projects.

100. Dealing with the timber undertakings, the Committee noted that the accounts for the year to 30th June, 1952, are the first to have been prepared other than those for the Western Creek mill. The Committee feels that if trading accounts are not prepared, it is difficult to appreciate on what data the Department could act to apply the policy which it outlined to the Committee.

101. The Committee is critical of the attitude which the Department appears to have adopted in the past in applying departmental policy to these industrial undertakings; the trading results shown in paragraph 88 (see page 13) certainly do not support the claims about departmental policy in respect of the prices of the products of these undertakings. The Committee considers that adequate supervision of the trading results by an outside authority, such as the Auditor-General or the Treasury, is essential to the satisfactory pricing of the operations of these undertakings, and it suggests that consideration should be given to action on those lines so that the trading results might be reviewed as often as thought desirable.

#### Control over Assets.

102. The Auditor-General reported to the Committee that no assets registers were maintained at the undertakings and that stocktakings had been irregular.

Brickworks—Stock had not been taken regularly. Cement Products—Last stocktake of fixed assets was in 1947. Stocks of consumable stores had been taken in January, 1952.

Timber—No stock had been taken of assets from 1947 to November, 1952, and the results of the last stocktake had not been finalized. The stocktake of processed timber was in December, 1951, and the various discrepancies between book stock and actual stock had not yet been adjusted.

103. In addition, the Auditor-General reported that—

After the stocktaking of processed timber stocks in 1951 and as a result of a change in the Department's policy, viz the valuation of new stocks at selling price instead of at cost price, the figure for stock on hand at 30th June, 1952, is valued partly at cost price and partly at selling price. Thus the figure for gross profit 1951-52 is not reliable.

When quantities of timber as recorded on stock ledger cards were recently extended at cost it was found that the resultant total value was approximately £50,000 less than that shown in the value control ledger cards. This was due in part to the valuation of stocks at selling price as referred to above, but chiefly to incorrect costings, &c., mainly prior to December, 1951.

104. The Department stated that the discrepancies of £53,435 dated back to the years 1947-48 and 1948-49.

105. The Committee was also informed that, generally, inventories of assets were being prepared, or being brought up to date, with a view to the preparation of assets registers. The Department explained that shortage of staff had been responsible for failure to take stocks in the past. Additional staff was now employed and as a result most of the arrears had been overtaken. The Department undertook to keep the records up to date and subject to an internal audit.

#### Control over Production in the Cement Products and Timber Undertakings.

106. In certain respects the control over production at these undertakings could be improved, the Auditor-General thought. The Department agreed with this and improvements were stated to be planned.

107. The Committee sought to ascertain from the Department the reasons for the evident lack of control over the finances of these industrial undertakings. It was informed that the failures could be attributed to shortages of staff and the incompetence of the staff available. At the same time there was a certain amount of inefficiency amongst officers at the higher levels in the Branch.

108. The Director of Works, Australian Capital Territory, agreed that ultimately he was responsible for proper control. He pointed out that the managers of the undertakings were technical employees, such as engineers, and were not perhaps as accustomed to the accounts side of management as were cost accountants.

#### Treasury Responsibility for the Undertakings.

109. The Committee then discussed with the Treasury its view of its responsibility for the position that had been disclosed.

110. The Treasury representative stated that, in principle, the undertakings were subsidiary to the main function of the Department of Works, and were not business enterprises like the Post Office, and Commonwealth Railways. In the isolated location of the Australian Capital Territory, it was useful for the Department to maintain its own sources of supply of building materials, and the pricing arrangements of the undertakings on this basis were not as significant as they would have been in the case of business undertakings providing services for the public.

111. The Minister was primarily responsible for the administration of the Department, including the business undertakings, and the Treasury control, which recognized this situation as a cardinal factor, was applied in two additional ways: firstly, when funds were required for the purchase of capital equipment for the commencement of the undertakings, and secondly, when the Treasury was approached for funds to meet losses on operations. The initiative for the second approach would rest with the Department.

112. If the Department were able to carry the loss on its undertakings through the Trust Account, no approach would be made to Treasury for funds for the losses. It did not know of the losses at the brickworks until they were revealed when the Department of Works handed over to the Department of the Interior. The Treasury had had no knowledge of the trading results of the other undertakings and would not ordinarily expect to receive copies of their accounts until an approach for funds was made.

113. However, departmental papers produced to the Committee showed that in 1949 the Treasury had questioned a loss in operations and a report on the file stated—

Most of the bricks produced by the Canberra Brickworks are used in government housing projects in the Australian Capital Territory and the price of bricks is, I understand, used to calculate the capital cost of the houses. The rent to be charged to the tenant is calculated on the capital cost of the house and any loss on the operations of the Brickworks not charged into the capital cost of the houses, therefore, represents an indirect subsidy to the tenant.

As a broad principle, it is thought that for any Government commercial undertaking, full costs of production should be recovered in the price of the product. If the full cost is not recovered, the indirect subsidy involved should have the approval of the Treasurer.

The Department replied to the Treasury—

It is pointed out that the aspect of subsidizing rentals by undercharging for bricks is fully appreciated and it is not intended that this state of affairs will be allowed to exist. It is recognized that full production costs must be recovered in the price of the product and that normal conditions of prices are periodically adjusted to effect full recovery. During the period under review, however, it was realized that the production costs were unrealistic and adjustment of prices was delayed pending stabilization of costs.

114. The Treasury had not exercised any control over the form of the accounts of the undertakings; they were departmental accounts and the responsibility of the ministerial head, and ordinarily the Treasury would not do anything. It could, however, issue instructions on the form of these accounts if it wished to do so.

115. The Treasury representative thought that there may be some merit from the psychological point of view in the publication annually of the accounts of these undertakings. In any case in which a loss was incurred in a year, it was thought the accounts for that year should be submitted to the Treasury although that had not been the practice to date.

#### Suggestions by the Auditor-General.

116. The Auditor-General suggested that the financing of these activities should be taken out of the Works Suspense Trust Account and that each activity should be provided with a separate Trust Account. Any losses on operations of an undertaking would then be discovered immediately as the account would not have a sufficiently large balance, in it to keep on meeting cash losses.

117. The Treasury agreed that the Works Suspense Trust Account was probably not intended to cover the present wide range of activities financed through it and that it could perhaps be divided into a number of Trust Accounts. Major undertakings may justify a separate Trust Account each, but one Trust Account would probably be adequate for a number of smaller activities.

118. The annual statements of accounts of these undertakings are not published and are not audited by the Commonwealth Auditor-General, although he receives copies of them when they are prepared. The Committee believes that it would be desirable to have the annual accounts submitted to the Auditor-General by a certain date each year for him to audit and deal with in his Annual Report. If this is done, there is the surer of regular examinations of the records of the assets of the undertakings. Furthermore, this action will result in the Parliament knowing what is happening. It may be necessary to have the Audit Act amended to enable the Auditor-General to act.

119. The Committee cannot agree with the attitude adopted by the Treasury towards these accounts. The Committee is aware that responsibility for the administration of the undertakings rests with the Minister, a responsibility that is not impaired by instituting an effective system of accounting. It seems obvious to the Committee that if losses are allowed to accumulate for a number of years there may be little hope of recouping them from trading. At the stage where the Treasury learns of the position because of an application made at the discretion of the Department for funds to recoup the accumulated losses, the past losses may be irrecoverable.

The Committee, therefore, endorses the suggestion of the Auditor-General for the division of the Works Suspense Trust Account and further recommends that the Treasury should obtain annual statements of the accounts of the undertakings for inspection.



## (8) WORKS SUSPENSE TRUST ACCOUNT.

120. The Works Suspense Trust Account was established under section 62A of the Audit Act to finance, amongst other things, the trading activities of the Department of Works. Through the Appropriation Acts over a number of years substantial advances have been made to the Trust Account and part of these advances have been applied to the industrial undertakings.

121. The stores holdings are purchased from funds from the Works Suspense Trust Account. At 30th June, 1948, the credit balance in the trust accounts under the control of the Department was £1,041,159; since that time £3,362,264 has been advanced to it for the purchase of stores, materials, plant, equipment and working capital. The balance of the Trust Account at 30th April, 1953, was £1,360,528.

122. The Department agreed that this balance was in excess of its needs and that part could be repaid to the Consolidated Revenue Fund in reduction of the advances made to the Account. As stores holdings are retained, either by use for projects, or sales, the credit balance of the Account will again build up. The Committee suggested to the Department and the Treasury that the Account should be regularly reviewed and further repayments should be arranged from time to time.

123. The receipts and expenditure of the undertakings pass through the Trust Account. Any cash deficiency between the receipts and expenditure has been met from the balance in the Account and carried as a reduction of the balance of the Trust Account until a surplus appeared, or a Parliamentary Appropriation was obtained to recoup the balance of the Trust Account. By this procedure the loss on the undertakings has been carried forward for many years. For example, most of the accumulated loss of £38,577 on the quarries was said to have been incurred in 1948-49. The use of the Trust Account balance in this way conceals the unfavorable results of the industrial undertakings from the public and the Parliament.

124. A further unfortunate feature is illustrated by the treatment of the accumulated loss of £32,854 by the brickworks. The Committee was informed by the Department that on transfer of the brickworks to the Department of the Interior as from the 30th June, 1952, the Treasury was asked to provide £23,854 to recoup to the Trust Account the loss that had been incurred to that date. The Treasury refused the request and directed that the accumulated loss should be written off against the credit balance of the Trust Account. This means that the loss of the undertaking is not brought to the notice of the Parliament. The Committee can join with the Treasury in lamenting the loss, but it questions whether the procedure proposed is desirable, or whether the direction given is within the legal competence of the Treasury.

## (9) STORES CONTROL.

125. The Committee was informed that the policy of the Department was to avoid building up unnecessarily large stocks of materials and only to provide, in stores, materials for maintenance, and the initial requirements of day-labour work. Efforts were being made to liquidate excess stocks purchased in recent years, when the supply position was difficult, and large purchases of materials had been made overseas.

126. The values of stores held by the Department at 31st March, 1953, throughout Australia (excluding Papua and New Guinea) was stated to be about £3,180,000 held mainly at central stores in the capital cities. The largest holding was in New South Wales

and amounted to £874,000. The major items of stock were—

	£
Plumbing material (including galvanized and cast iron and other piping, copper tubing, basins, baths, pedestals, stop cocks, &c.)	780,000
Iron and steel	850,000
Spare parts for earth-moving plant and motor transport	850,000
Building material, including builders' hardware (linings, masonry, window frames, &c.)	260,000
Tires and tubes	130,000
Electrical equipment	115,000
Electric wires and cables	104,000
Timber	109,000
Bitumen	73,000
Bolts and nuts	70,000

The turnover rates given by the Department were—

	Stocks held at present rate of usage.
Timber	14 months
Bitumen and screenings	10 "
Electrical equipment	12 "
Building material	17 "
Electric wires and cable	30 "
Iron and steel	30 "

127. For the Commonwealth as a whole, the complete stock-holding represented a little over twelve months' usage.

128. The Department informed the Committee that the iron and steel stocks were larger than would normally be held because of the cancellation of certain projects for which the materials were obtained. Sales of the material were being made and the amount on hand was being reduced.

129. In answer to its question about the extent to which collective buying was taking place, the Committee was informed that, as the policy of the Department was to give the State directors autonomy for their own branches, the State Directors arranged their own purchases within the limits of their delegations; Head Office bought only when it was thought to be more economical to do so.

The Committee suggests that the question of collective buying by Head Office should receive careful consideration by the Department with the assistance of the Public Service Board and the Treasury.

130. The cost of operating the stores for the nine months to 31st March, 1953, was said to be £428,000. This expenditure was paid from the Works Suspense Trust Account and recouped to the account by means of a percentage on-cost to the cost of stores charged to votes. The on-cost amounted to between 10 per cent. and 12½ per cent.

131. The Department also arranged for purchase of stores to be delivered direct to jobs and for these the stores on-cost may be from 1 per cent to 2½ per cent. only. The Department agreed that it would be economical to reduce stores holdings in favour of delivery direct to jobs.

132. The Committee obtained the following departmental statement about stocktakes—

In conformity with the requirements of the Treasury (Instruction 540) stocktaking in all Branches is on a current basis, i.e., each stock item is subject to physical check annually and, as indicated above, this is on a progressive basis with the exception of the Departmental Timber Mill at Eagle Farm, Queensland, for which stocks will again be checked in July, 1953. Treasury has been informed of the reason in this instance.

The variations located at stock-takes over last few years have been—

	Written Off.	Written On.
	£	£
1950-51	104,005	120,823
1951-52	161,035	138,005
1952-53 (six months)	130,167	121,709

The departmental statement went on to say—

There are some 49 submissions, covering deficiencies awaiting consideration. These involve writing off £166,872 and writing on £29,455. Included in this group is the value of materials lost at sea in the ill-fated *Acadon*, en route to Lord Howe Island, £16,829, and the loss by fire at St. Peter's to 150 Kings prefabricated houses valued at £83,823. The relevant stocktaking dates for these fall within the first six months of the 1952-53 financial year.

133. The Department claimed that the deficiencies should be offset against the surpluses to obtain the true result because the variations were mainly due to inaccuracies in stock ledger postings.

## Deficiencies in Stores Control at Woomera.

134. The attention of the Committee has been drawn to the fact that substantial discrepancies had been revealed as a result of stocktaking at the Department of Works projects on the Long Range Weapons Establishment, Woomera. On the Committee's inquiry, the Department prepared a complete record of stocktaking and other adjustments concerning stores, tools, spare parts, camps and messing-equipment, &c., at Woomera from the commencement of the project up to 30th June, 1953. The Department stated that the position revealed was—

Surplus of stocks revealed in stock-takes	£ 339,130
Shortages of stocks revealed in stock-takes	336,682

135. The Department also informed the Committee that it held more material at Woomera than is required, mainly because the ideas of the client department had changed during the progress of the work.

136. Regarding the general situation of stores control at Woomera, the discrepancies appear to have resulted from the large quantities of stores arriving at Woomera before any accommodation or personnel was provided for their storage and recording. The staff recruited for the task, being mainly inexperienced temporary officers, was not competent in stores work, and when stock-takes were made the records were found to be incomplete and inaccurate. Even as late as May, 1952, in one branch of the store, the records were still considerably in arrears. Furthermore, the control of the store at Woomera was placed with the controlling engineer and not with the Stores Superintendent.

137. Losses of camp and messing equipment were investigated by a Board of Inquiry appointed in 1951 which recommended that the discrepancies should be adjusted. Before the Minister would give his approval to this recommendation, however, he directed that the adequacy of the stores system of the Department at Woomera should be investigated by an inter-departmental committee. This investigation has been extended to cover the stores system of the Department at other projects as well as at Woomera and it is still proceeding.

138. The Committee prefers to await the outcome of the investigation which is proceeding before expressing an opinion on the matter.

139. When examining the extent and nature of the responsibility of the stores officer for stores, the Committee was informed that such responsibility did not go beyond the store. The Department viewed the stores as a big merchant supplier which might issue on requisition authorized by the technical staff, and the responsibilities of the store ceased once it had received its acquittance. The Committee's interest in these aspects was—

- to ascertain what check was made to ensure that all materials issued or delivered to the job were actually accounted for, and
- to discover whether there was a materials recording system for check job by means of which the purchases and issues could be reconciled with the consumption and any surpluses of materials.

The Department stated that the documents were available for this to be done but generally there was no reconciliation.

The Committee thinks that the Department should give consideration to this matter with a view to considering whether or not a reconciliation system should be adopted.

## (10) STAFF HOSTELS AND DAY LABOUR CAMPS.

140. The Auditor-General had reported adversely on the operation of the Department's hostels and day labour camps in the Territories in his Report for 1951-52. The losses incurred in that year were stated by the Department to have been—

Hostels situated in—	£	Net loss 1951-52.
Australian Capital Territory		61,017
Northern Territory—		
Staff hostels	29,293	
Day labour camps	111,789	
Territories of Papua and New Guinea	168,372	
Total net loss 1951-52		369,461

141. These losses were recouped by means of on-cost charges to the capital works votes of the Territories.

142. The Department claimed that it had been unable to charge a tariff even reasonably approximating to the operating costs as, notwithstanding its best efforts, the man-power for these areas was extremely difficult to obtain or to retain. The Department was unable to pay incentives in the way of wages in excess of the prescribed awards and the only method at its disposal to attract men to these areas for the carrying out of urgent works was to offer modified tariffs, any loss being charged to works votes by "on-cost". As soon as the labour situation showed signs of lessened competition, the Department sought, and obtained, approval to increase the tariffs.

143. The financial position of the hostels and camps in 1952-53 is expected to be much better—in the Australian Capital Territory no loss is expected, in the Northern Territory the rate of loss is expected to be reduced substantially and the loss in Papua and New Guinea should be reduced to about £100,000.

144. It is gratifying to have this forecast. Nevertheless, the Committee thinks that the Department should keep the financial position of the hostels and camps under constant review.

## COMMENTS OF THE COMMITTEE.

145. Throughout the course of its examination of the accounts of the Department, the Committee was impressed by the magnitude and widely ramifying nature of its operations, factors which in themselves demanded a highly expert administrative accounting and costing organization if those operations were to be efficiently and economically carried out.

146. The Committee noted, however, that the whole organization depended upon the engineer, the architect, or the surveyor whose primary functions were to design projects and prepare the plans and specifications, and then to see that the construction staff efficiently supervised the work.

147. The Head Office claimed to devote itself to policy considerations, over-all management of the works votes and programme, and to specialist assistance in design. The officers of the Head Office, who appeared before the Committee, outlined the various systems that the Head Office had instituted to control departmental administration.

148. There is at Head Office an Assistant Director-General of Administration whose duty is that of organization and personnel management to ensure administrative efficiency.

The Committee discussed these systems and, to enable it to appraise how they had operated at the Branch and field levels, the Committee investigated specific cases that had come to its notice.

149. The Committee noted the status accorded by the Director-General to the Assistant Director-General of Administration, but it was anxious to know whether the administrative, accounting and costing assistance was willingly used by the technical officer, and whether he readily accepted checks upon the efficiency of the operations of his section.

150. It was evident to the Committee that in many instances—such as the control of day labour in New South Wales, submarine engines, tunnel kilns, Hobart aerodrome, industrial undertakings—the technical expert did not pay sufficient regard to the accounting and costing aspects of the organization. These things bear out the remarks of the Director-General in another connexion that we need to get an attitude of mind that will reject the idea that we can get things without regard to the cost. It is highly desirable that technical officers should realize that checks upon expenditure are a significant part of the scheme of their responsibility to the Parliament for their disbursement of public funds.

151. The Committee has already drawn attention to the need to consider whether or not more effective checks might be devised to reconcile materials issued with the amount used, to improve methods of control over production in industrial undertakings, and to ensure the observance of industrial practices.

152. In addition to the observations that it has made from time to time during the Report, the Committee has reached the following more general conclusions:—

#### Functions—

- (1) The Administrative Arrangements Order, so far as it relates to the Department of Works, should be reviewed.

#### Design—

- (2) Client departments should not call for the preparation of sketches and plans, until there is a reasonable prospect of the projects concerned being carried out without undue delay.
- (3) Client departments should define their requirements clearly before they approach the Department of Works.
- (4) A constant review should be maintained of the arrangements between the design staffs of the Department of Works and other Departments.
- (5) The question of the employment of private architects should be examined by the Public Service Board.

#### Administration—

- (6) Regular inspections of the industrial practices of the Branches of the Department of Works should be maintained.
- (7) Consideration should be given to an amendment of the Commonwealth Public Works Committee Act 1913-1951 to permit that Committee to review its reports under special circumstances and

to ensure that all major works are examined by the Public Works Committee.

- (8) The Committee feels that there is insufficient appreciation of cost control at all levels of technical executives. The Committee emphasizes the need for effective controls over expenditure and costs and considers that, as one means to this end, the necessity for cost consciousness and the basic principles of cost and expenditure control should be brought to the notice of all officers of the Department.
- (9) Bills of quantity should be used more comprehensively in the control of projects, and bills of quantity or suitable schedules of labour and materials should be prepared in all States for all jobs, contract or day labour, over a minimum figure, irrespective of the standard adopted by the local architects and building industry.
- (10) Adequate consideration should be given to cost when proposals are being made to overcome short term situations.
- (11) In regard to the industrial undertakings of the Department—
- (a) the presentation of the balance-sheets of the industrial undertakings should be improved,
- (b) the question of charging interest on capital investment in the industrial undertakings should be considered,
- (c) the pricing policy of the industrial undertakings, should be kept under supervision by the Treasury and the Auditor General by a regular inspection of accounts,
- (d) the annual accounts of the industrial undertakings should be submitted to the Auditor-General by a certain date each year for audit and comment in the Annual Report of the Auditor-General,
- (e) the financing of their activities should be provided for by a number of separate Trust Accounts.
- (12) The amount of the balance of the Works Suspense Trust Account should be kept under review by the Department of Works and the Treasury so that repayment of advances to the Consolidated Revenue Fund could be made when considered appropriate.
- (13) The Department should consider whether a greater proportion of stores should be purchased for delivery direct to jobs, and whether there should be more collective purchasing.

On behalf of the Committee.

*W. B. O'Connell*  
F. A. BLAND, Chairman.  
Secretary,  
Parliament House,  
Canberra, Australian Capital Territory.  
25th August, 1953.

#### APPENDIX "A".

(Extract from Commonwealth Gazette, No. 149, dated 2nd August, 1953.)

#### ORDER IN RELATION TO THE FUNCTIONS OF THE DEPARTMENT OF WORKS AND HOUSING.

I, THE GOVERNOR-GENERAL in and over the Commonwealth of Australia, acting with the advice of the Federal Executive Council, hereby make the following Order in relation to the functions of the Department of Works and Housing, to come into operation forthwith.

Dated this nineteenth day of July, 1953.

HENRY

Governor-General.

By His Royal Highness's Command,

H. P. LAZZARINI

Minister of State for Works and Housing.

#### DEPARTMENT OF WORKS AND HOUSING (FUNCTIONS) ORDER.

##### Gitation.

1. This Order may be cited as the Department of Works and Housing (Functions) Order.

##### Definitions.

2. In this Order, unless the contrary intention appears—

"Department" includes an Authority under a Department;

"the Department" means the Department of Works and Housing;

"works" includes—

- (a) the construction, extension, alteration, maintenance and repair of all buildings and engineering works for a Department, including the preparation of architectural and engineering designs, reports and estimates, in accordance with the requirements of the Department concerned;
- (b) the supply and maintenance of office furniture and fittings for a Department;
- (c) the supply and maintenance of fire protection services and equipment for a Department;
- (d) the transfer of a Department from one location to another; and
- (e) the construction, installation, supply, maintenance and repair of plant and machinery for a Department, other than special plant and appliances for the establishment and maintenance of special Departmental facilities.

##### Application of order.

3. The Order shall apply to works for which funds have been provided by law for expenditure by the Department or made available to the Department from other sources, but do not include the following:—

- (a) Departments of Navy, Army, Air and Munitions—  
The provision of the following:—  
(i) Equipment for and the construction and maintenance of vessels;  
(ii) The fitting of transports;  
(iii) Wireless installations;  
(iv) Equipment for radar and navigational aids and telecommunication installations (the provision of buildings of a temporary or permanent nature to house these installations to be the responsibility of the Department of Works and Housing);
- (v) Camp equipment;
- (vi) Equipment for installation and maintenance of war-like armament equipment.
- (b) Postmaster-General's Department.—Works in connexion with telegraph and telephone wires; submarine cables; fitting up equibearers, instruments, and appliances in connexion with telegraph, telephone and radio services; the provision of special furniture and fittings for the Department.

- (c) Department of Supply and Shipping.—Construction, alteration, maintenance and repair of steamers, launches and boats installation of apparatus for lighthouse services (except when it forms a section of a building or structure being erected, altered or repaired by the Department of Works and Housing) and the maintenance and repair of apparatus and associated plant.
- (d) Department of Civil Aviation.—Repair and maintenance of aircraft and vessels, provision, installation and maintenance of radio and navigational equipment.
- (e) Department of Aircraft Production.—Provision and maintenance of plant and machinery for production and repair of aircraft.
- (f) Department of the Treasury.—Provision and maintenance of plant and machinery for the Government Printing Office, Canberra.
- (g) Council for Scientific and Industrial Research.—Works in connexion with buildings, plant and the like which are to be erected or maintained in accordance with an agreement of co-operation between the Council and another party wherever the terms or conditions of the agreement render it impracticable for the Council to have the work carried out by the Department.

##### Functions of Department of Works and Housing.

4. Except as otherwise provided by any Act or regulation under any Act, or by agreement or arrangement between the Commonwealth and a State or an authority of the Commonwealth or of a State, the Department of Works and Housing shall be responsible for the following:—

- (a) The design, estimate of cost, supervision and execution of all architectural and engineering works (both capital and maintenance) for the Commonwealth Government and such other works as may be required by a State or an authority of the Commonwealth or of a State;
- (b) The inspection of all works and advice to the Department concerned as to necessary maintenance and the estimated cost of such maintenance;
- (c) The formulation of proposals for the co-ordination of works projects independently initiated by two or more Departments;
- (d) The formulation of town planning proposals in areas controlled by the Commonwealth Government in collaboration with other responsible Departments;
- (e) Technical advice in relation to Commonwealth Works programmes;
- (f) The investigation, planning and development of such works of national importance as are referred to the Department by the Commonwealth Government;
- (g) Technical advice to the Commonwealth in relation to works of a State, or of an authority of a State, in which the Commonwealth has a direct financial interest, and, if so directed by the Commonwealth Government, the design or execution of those works;
- (h) Collaboration with Commonwealth and State Departments and authorities and local authorities on regional and town planning insofar as it affects the Commonwealth works;
- (i) The submission to the Defence Services of works proposals or works plans (other than Defence Works) for which the Commonwealth is wholly or partially responsible, and which the Department considers may have strategic significance;
- (j) Collaboration in research carried out by Commonwealth and State Departments or authorities in relation to works and the collection of relevant data to interested departments or authorities; and also the planning and conduct of such further research as the Department considers necessary in relation to matters affecting the planning, design and execution of works.

##### Execution of Minor Works.

5. Where the Department is satisfied that it would be economical or desirable so to do, the Department may arrange for another Department to carry out minor works and the day to day maintenance of that other Department.

Only these paragraphs appear in the current Administrative Arrangements Order together with the added function of "Silver Murray Commission".

## APPENDIX "B".

## STAFF AND FUNCTIONS OF WORKS SECTIONS IN DEPARTMENTS OTHER THAN THE DEPARTMENT OF WORKS.

Department.	Number of Staff.	Functions.
<b>DEFENCE DEPARTMENTS.</b>		
<b>Air—</b>		
Directorate of Works and Buildings— Head office .. .. .	54	1. To act as the definitive agency of the Department in its relationships with the Departments of Works and Interior
Airfield Construction Squadrons .. .. .	710	2. Translate requirements under Air Staff Plans and the works programme with specific proposals for the Service Sections
		3. Examine works proposals from stations and areas for conformity with policy
		4. Overall direction of airfield construction squadrons
<b>Army—</b>		
Directorate of Fortifications and Works— Design and Supervision .. .. .	370	1. Preliminary planning of all army works, including fortifications, camps, ranges, &c.
Construction and Maintenance .. .. .	1,042	2. Detailed design of certain new works estimated to cost up to £7,500 as agents for and with the approval of the Department of Works
		3. Construction and supervision of construction by contract of certain new works up to £7,500, as agents for and with the approval of the Department of Works
		4. Minor works and maintenance (up to £200)
<b>Defence Production—</b>		
Works Branch .. .. .	8	1. Selection of sites for departmental establishments
		2. Initiating procedure for acquisition of land
		3. Surveys
		4. General planning of establishments and conversions for new purposes. Technical advice to establishments on all works matters and departmental proposals
		5. Estimates for proposed works projects
		6. Examination of works regulations received from establishments
		7. Co-ordination of departmental works programme
		8. Liaison with Department of Works. Inspection of works under construction in an advisory capacity to the constructing authorities to ensure Departmental requirements are fully met
		9. Compilation of annual estimates for works and maintenance
		10. Preparation and issue of maintenance regulations
		11. Oversight of maintenance
		12. Valuations, negotiations re sale or lease of Departmental land and buildings, lease of private property for departmental purposes, &c.
<b>Navy—</b>		
Directorate of Works .. .. .	3 and Naval Works Party	1. Preliminary planning and design of naval buildings and installations
		2. Maintenance work at naval store establishments
		3. Naval works at Manus Island
<b>Supply—</b>		
Construction Plans Group .. .. .	25	(a) For all work to be carried out by other Departments, such as Works, Postmaster-General's, Interior. It prepares sketch plans, layout plans, specifications and diagrams setting out the Department's requirements
		(b) For work undertaken by L.R.W.B. staff comprising mainly electronic installations, they prepare detail plans and instructions
		In relation to (a) above the Group converts the scientific requirements of the various L.R.W.B. Groups to engineering requirements, such as can be dealt with directly by Department of Works engineers and architects. The form of stating the Department's requirements was arrived at by agreement with the Department of Works
<b>CIVIL DEPARTMENTS</b>		
<b>Civil Aviation—</b>		
Division of Airports— Engineering Section .. .. .	21	As far as the engineering work of airport design is concerned Department of Civil Aviation carries out the preliminary investigation and planning and prepares the general design for projects which are to be undertaken. This includes such work as the lay-out of runways, stopways, clearways and approaches and of taxiways, aprons and aircraft holding areas. The Department also carries out the design of works which are particularly related to the functional requirements of aircraft such as the positioning of aircraft refuelling points and other services within aprons and pavements. It is also responsible for the lay-out and design of works which are particularly associated with air navigation facilities at airports, such as the ducting of runways and other pavements for low visibility landing systems and airport lighting. Other work includes the preparation and laying down of standards to ensure that aerodromes owned and developed by authorities other than the Commonwealth (such as local councils and private authorities) comply with the requirements of I.C.A.O. and in assisting them with both their general and detailed designs.
Drawing Office .. .. .	32	On the architectural side the Department of Civil Aviation carries out the work of the layout of building areas including the location of their roads, footpaths, car parking areas and so on and of the functional design of airports buildings except in the case of capital city airports. The arrangement is that the latter are carried out by a section of Department of Works located in the office of Department of Civil Aviation and working under the supervision of the Director of Airports. The Department of Civil Aviation staff has various additional responsibilities such as the checking and approval of all building proposals of authorities such as air line companies and oil companies for erection on lands leased from the Department at airports to ensure that they comply with departmental standards and regulations
Architectural Section .. .. .	8	
Construction and Maintenance .. .. .	Not available	

## APPENDIX "B"—continued.

## STAFF AND FUNCTIONS OF WORKS SECTIONS IN DEPARTMENTS OTHER THAN THE DEPARTMENT OF WORKS—continued.

Department.	Number of Staff.	Functions.
<b>Civil Departments—continued.</b>		
<b>Civil Aviation—continued.</b>		No staff, either permanent, temporary or exempt, are employed full-time on design, construction or maintenance work of a type normally performed by the Department of Works. However, by agreement with that Department, certain staff throughout Australia are utilized part-time as the necessity arises on maintenance jobs costing less than £100 in any one instance which are normally the responsibility of the Department of Works. The cost of these jobs is charged to Division 71/A—Maintenance of Landing Grounds
		In addition to the above, certain works, both capital and maintenance, the cost of which exceeds £100 but does not exceed £500 in any one instance, are performed by this Department as sub-contractors for the Department of Works. Excepting in the case of works involving the safety of aircraft and passengers, which are undertaken immediately, all projects are covered by Department of Works Order (Form 9) and authorized from funds under the control of that Department prior to commencement
<b>Postmaster-General's Department—</b>		
Building Branch— Preliminary Planning .. .. .	50	1. Buildings—Design and architectural requirements for all departmental buildings
Maintenance .. .. .	270	2. Engineering—Lifts, light, power, air conditioning and other engineering services associated with buildings; mail handling equipment
		3. Properties—Acquisition and leasing of land and buildings; supply of furniture, repairs and maintenance of properties; cleaning and sewerage of buildings
<b>War Service Homes—</b>		
Architectural Quantity Surveying and Drafting .. .. .	178	Provision of homes for Australian soldiers who served during the 1914-18 war and during any war in which His Majesty became engaged on or after 3rd September, 1939; also for female dependants of Australian soldiers and other classes of eligible persons as defined in the War Service Homes Act 1918-1949

## APPENDIX "C".

## DEPARTMENT OF WORKS.

## PROFESSIONAL FEES—STATEMENT OF RECEIPTS AND ADMINISTRATIVE EXPENSES.

Period: 1st July, 1952, to 31st December, 1952.

Receipts.	Administrative Expenses.
Design .. .. .	£
Construction .. .. .	1,235,590
Supervision—	
Field supervision .. .. .	307,827
General expenses .. .. .	171,622
District allowance .. .. .	34,621
Fees to private consultants .. .. .	31,802
<b>Total .. .. .</b>	<b>2,416,601</b>
	£
Staff salaries .. .. .	1,490,135
General expenses .. .. .	325,169
Office rent .. .. .	47,705
Fees to private consultants .. .. .	31,802
Profit .. .. .	552,810
<b>Total .. .. .</b>	<b>2,416,601</b>

## APPENDIX "D".

DEPARTMENT OF WORKS.

STATEMENT OF RECEIPTS AND ADMINISTRATIVE EXPENSES—FINANCIAL YEAR 1932-33.

Pro Forma.

Receipts (Consultants' Fees and Expenses).	Administrative Expenses.
1. Design—	4. Staff Salaries—
(a) Preparation of sketch plans .. .. . @ 1% £	Branch offices only (excluding salaries of staff associated with store plants, workshops, industrial, food services and related accounts activities also testing laboratories in States charged to works) .. £
(b) Preparation of working drawings not requiring co-ordination of professional services .. @ 3% £	Head office only (less proportion not related to works functions of the Department. C.E.S., D.E. & L.S., Inter-departmental Committee on Works, co-ordination of State and Commonwealth works, Treasury and Audit functions) .. £
(c) Preparation of working drawings requiring co-ordination of professional services .. @ 4% £	5. General Expenses—(Excluding travelling expenses, &c., chargeable to works buildings) .. .. . £
(d) Preparation of Bill of Quantities .. .. @ 1% £	6. Office Rents—(Excluding rent of store or workshop buildings and sites chargeable to works buildings) .. £
2. Construction—	7. Consultants' Fees—Value of fees paid to consultants .. £
(a) Fees on minor works under £2,000 .. .. @ 10% £	8. Profit .. .. . £
Fees on capital works carried out by contract or State authorities .. .. . @ 3% £	
(b) Fees on capital works carried out by day labour .. .. . @ 7% £	
(c) Fees on maintenance services .. .. . @ 10% £	
(d) Fees on supply of furniture .. .. . @ 10% £	
3. Supervision—	
(a) Cost of field supervision including staff up to Engineer and Architect, Grade III., and project officers of higher classification .. £	
(b) Cost of travelling expenses, motor car usage and plan printing .. .. . £	
(c) Consultants' fees—Value of fees paid to private consultants .. .. . £	
(d) District allowance .. .. . £	