

1957.

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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

---

JOINT COMMITTEE OF PUBLIC ACCOUNTS.

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THIRTIETH REPORT

BEING AN

EPITOME

OF THE REPORTS OF

THE FIRST COMMITTEE

AND OF THE RELEVANT

TREASURY MINUTES.

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JOINT COMMITTEE OF PUBLIC ACCOUNTS.

THIRD COMMITTEE.

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The Senate appointed its Members of the Committee on 16th February, 1956, and the House of Representatives its Members on 22nd February, 1956.

## 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 1901-1955*;
- (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.

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## INTRODUCTION TO EPITOME.

The Members of Your Committee are often asked—and rightly—what the Committee achieves. Does it, for instance, achieve anything except the production of voluminous Reports? It does; and we have prepared this Report to make clear to Members of the Parliament and the general public what action has been taken upon the recommendations of the Committee.

2. At the very outset of the Committee's work, an arrangement was made between the Committee and the Treasurer. The agreement was that the Committee would formally pass to the Treasurer a copy of each of its Reports, and that on each such Report the Treasury would prepare a Minute, after obtaining an explanation from the Department affected. When the Minute from the Treasury is received, the Committee places it before the Parliament. The Minute will either be attached to a later Report from the Committee or will be tabled as a separate Report.\* Thus the Treasury Minute on the Second Report was included with the Committee's Third Report, while the Committee's Sixteenth Report contains Treasury Minutes on all the Reports (except the Twelfth) of the 1952-54 Committee.

3. In the Sixteenth Report, the recommendations made by Your Committee, and the Minutes of the Treasury, were each set out in full, the one following the other, and no attempt was made to bring together the recommendations and the decisions. In the pages that follow, Your Committee have set out in parallel columns an Epitome of the recommendations of the Committee and of the Minutes of the Treasury thereon. We hope that in this way it may be clear at a glance both what the Committee has recommended and what action is being taken by the Treasury or other departments concerned.

4. The Reports and Treasury Minutes epitomized in the following pages are those from the First Committee, appointed in September, 1952, and dissolved in May, 1954. When Treasury Minutes for the Reports of the Second Committee (appointed in August, 1954, and dissolved in December, 1955) are available, a further Epitome will be prepared to cover the Reports of that Committee.

5. Even a cursory survey of the range of subjects covered by the First Committee must indicate both its activity and the wide field within which it made its inquiries and about which it reported. We think it worthy of note that all through those varied inquiries two common strands can be traced. The first is that the Committee regards itself not as a public prosecutor but as a fact-finding agency. The second is that wherever possible, the Committee has couched its findings in terms of general principle rather than of specific situations.

6. As for the Committee's role as a fact-finding and reporting body, Your Committee once again wish to reiterate our insistence that that is our function. We have no executive authority. We cannot give orders, nor do we desire such power. Our function is to scrutinize the activities, and more particularly the financial and accounting activities of departments. In so doing we exercise on behalf of the Parliament certain of its functions of financial control. Attempts to retain a firm grasp upon the purse-strings of the Crown have ever been a feature of parliamentary government of the British kind.

7. The agreement by the Treasurer that Minutes upon its Reports should be transmitted to the Committee underlines the Committee's status as an inquiring and recommending and not an executive agency. Moreover, Your Committee think that the Minutes we epitomize below constitute an illuminating example of the salutary action that can follow inquiry, especially when that inquiry is free to examine, with no party bias or ulterior executive motive, the actions of the Administration.

8. The Treasury Minutes underline also the second strand in Your Committee's development. That strand is the desire of the Committee not to make recommendations phrased in terms of specific situations. Wherever possible we have sought for the general principles involved, the constitutional issues at stake, and the sources of administrative weakness that with attention can become points of strength. The Epitome made by us has been prepared so that only recommendations capable of general application are included. We record that, although this limiting test has been applied to each of the recommendations made by the Committee, only ten or twelve out of a total of approximately 120 were excluded from the collection made in the preparation of this Report.

9. Your Committee commend this Epitome to the Parliament. We would also, with appropriate disclaimers, commend it to those whose responsibility is the administration of the Commonwealth. We believe that, in the recommendations of the First Committee, and no less in the Treasury Minutes upon them, can be found the beginning of a collection of valuable administrative precepts.

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\* For a detailed note of the agreed procedure see Sixteenth Report of the Committee, presented to the Parliament and ordered to be printed on 2nd November, 1954, paragraphs 3-6.

10. We recall the words of the 1932 Joint Select Committee on Public Accounts.\* That Committee reported that—

“The power and influence of the British Public Accounts Committee is well described in the great work of Durell on ‘Parliamentary Grants’. Appointed in 1862 the British Public Accounts Committee has exercised a most important function—the investigation of points of financial order and principle. The Committee was designed to guarantee financial regularity, and financial regularity as distinct from audit can only be secured by a system of recognized principles. In the British Public Accounts Committee, characterized by Gladstone as ‘an institution well founded on the principles of Parliamentary Government’, is to be found the key to the success of the system of accounting now in force. Striking testimony to the value of the work of the Committee was borne by the Assistant Comptroller and Auditor-General who said that it ‘had almost made the law, so to speak, upon financial matters under the Exchequer and Audit Act’. The decisions of the Public Accounts Committee form, in fact, a kind of common law which is binding on all departments, in practice if not in theory. Disraeli declared that the Public Accounts Committee was of immense utility in bringing the entire revenue and expenditure of the country under the control of the House of Commons; in pointing out abuses in the management of the public finances, and in suggesting remedies, and, furthermore, in investigating and reporting to the House its opinion on disputed points of account between the Treasury and any department or functionary entrusted with the collection or expenditure of public moneys. Durell goes on to say that ‘the opinion has even been expressed by a well-known authority that “the control of Parliament, exercised through the Public Accounts Committee and that great officer of Parliament who is known as the Comptroller and Auditor-General, is the only obstacle that now stands between the taxpayer and the most unbridled extravagances”’. The Public Accounts Committee has now become a permanent feature of the British financial system.”

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\* Report of the Joint Select Committee on Public Accounts, presented to the Parliament and ordered to be printed on 20th May, 1932, at page 33 Parliamentary Paper No. 45).



# EPITOME

## OF RECOMMENDATIONS CAPABLE OF GENERAL APPLICATION CONTAINED IN REPORTS OF THE COMMITTEE, TOGETHER WITH AN EPITOME OF THE TREASURY MINUTES.

### FIRST REPORT: SUPPLEMENTARY ESTIMATES FOR 1951-52.

The Report of the Committee was signed on 5th March, 1953, and presented on 6th March, 1953.

The Treasury Minute is dated 7th October, 1953, and was presented to the Parliament on 2nd November, 1954.\*

#### *Epitome of Committee's Report.*

1. The Committee was of the opinion that no commitment of Commonwealth Funds should be made until the authority of the Parliament has been obtained or that of the Treasurer for payment from the Treasurer's Advance Account. This comment was made in respect of printing of specifications for the Patent Office. (Page 3, column 2.)
2. It was suggested that amounts should have been included in the Additional Estimates in respect of import licensing administrative costs (Department of Trade and Customs) and Research Studentships (C.S. & I.R.O.). (Page 4, column 1.)
3. The Committee indicated that it did not approve the provision of Supplementary Estimates in a lump sum for a Division as a whole. (General Expenses of Naval vessels, &c.). (Page 4, columns 1-2.)
4. Grants made by the Department of Commerce and Agriculture to the States should be authorized by legislation. (Page 5, column 1; page 6, column 2.)
5. At a later date the Committee proposes to consider the appropriate treatment to be given in the Commonwealth Accounts to moneys received as a result of Commonwealth expenditure. (Page 6, column 1.)

#### *Epitome of Treasury Minute.*

- 1.
2. The Treasury outlined the principles adopted for inclusion of requests for funds in Additional Estimates. It indicated that the amount of detail that should be included in them is under review. (Paragraphs 5, 6.)
3. The Treasury explained that forward ordering for supplies and services was permitted under Cabinet or Treasury approval when the cost would otherwise be met from the Appropriation of a subsequent year. (Paragraphs 10-13.)
4. The observations of the Committee were, as a general principle, agreed to by the Treasury. The observations were to be brought to the notice of the Government. (Paragraphs 7-9.)
5. The Treasury advised that an investigation had been completed of the head of debit for international development and relief (U.N.R.R.A. Contribution). A revised heading was included in the Estimates. (Paragraphs 19-22.)

### SECOND REPORT: VARIATIONS UNDER SECTION 37 OF THE AUDIT ACT FOR 1951-52.

The Report of the Committee was signed on 25th March, 1953, and presented on 26th March, 1953.

The Treasury Minute is dated 18th May, 1953, and was presented to the Parliament on 2nd November, 1954.

#### *Epitome of Committee's Report.*

1. The Committee objected to the use of funds obtained by Additional Estimate for one item, on another item that was overspent. (Page 4, column 2.)
2. Departments themselves might initiate the procedure for approval of Section 37 Transfers. (Page 3, column 2.)

#### *Epitome of Treasury Minute.*

1. The Treasury agreed that it is undesirable that amounts appropriated for Additional Estimates should be used to supplement other items and issued appropriate instructions. (Paragraphs 14-16.)
2. The Treasury declined to lay down a general rule concerning the initiation of Section 37 Transfers. (Paragraphs 2-6.) But indicated that the existing procedure had been reviewed. (Paragraph 3.)

\* It was also appended to the Ninth Report of the Committee, presented to the Parliament on 1st December, 1953.

*Epitome of Committee's Report.*

3. The Postmaster-General's Department used a Section 37 Transfer to meet the deficiency in its votes for engineering stores (capital works and services) from funds provided in Additional Estimates for motor vehicles (ordinary services). The Treasury acknowledged the inappropriateness of this use of Section 37. (Page 4, column 2.)
4. The Committee indicated that it considered Transfers should only be approved when the surplus and deficiency were on closely connected items. (Page 5, column 2.)

*Epitome of Treasury Minute.*

3. Procedure for Section 37 Transfers was reviewed (Paragraph 3), and the Treasury advised that a new procedure had been instituted for the Postmaster-General's Department, after discussion with that Department. (Paragraph 17.)
4. The Treasury declined to rule that Transfers should be made only between closely connected items, but indicated that fairly strict conditions had been imposed on Departments seeking Transfers. (Paragraphs 7-12.)

## THIRD REPORT: ADMINISTRATIVE ARRANGEMENTS ORDER.

The Report of the Committee was signed on 16th July, 1953, and presented on 15th September, 1953.

The Treasury Minute is dated 14th October, 1953, and was presented to the Parliament on 2nd November, 1954.\*

*Epitome of Committee's Report.*

1. The Administrative Arrangements Order should be reviewed so as to bring it up to date (Paragraph 32), and might be reviewed periodically. (Paragraph 33.)
2. The Order is not appropriately used when claims are made for staff and funds based upon the statements of functions in it. (Paragraph 35.)

*Epitome of Treasury Minute.*

1. The Prime Minister's Department advised the Treasury that action was being set in train to prepare a draft revision of the Administrative Arrangements Order for consideration by the Government. (Paragraph 2.)
2. The Treasury is guided by the conclusion that the Order does not provide a basis for the application of increased staff or funds. (Paragraph 3.)

## FOURTH REPORT: DEPARTMENT OF NATIONAL DEVELOPMENT.

The Report of the Committee was signed in August, 1953, and presented on 25th September, 1953.

*Epitome of Committee's Report.*

1. The Committee suggested that the question of charges for many of the publications issued by the Department should be reconsidered. (Paragraph 85.)
2. The functions of the Department and its several divisions should be defined with greater precision. (Paragraphs 17-21, 85.)
3. The scope of the gratuitous services supplied by the Department should be examined. (Paragraphs 56-58, 85.)
4. Care should be taken to avoid duplication by the Department of Works of work done by State and other Commonwealth Departments. (Paragraphs 83-85.)
5. The Department should, in presenting its Estimates to the Parliament, indicate either in the body of the Estimates or in footnotes the precise projects upon which it proposes to spend its appropriation. (Paragraph 85.)

*Epitome of Treasury Minute.*

No Treasury Minute was transmitted to the Committee.

\* It was also appended to the Ninth Report of the Committee, presented to the Parliament on 1st December, 1953.



## FIFTH REPORT: DEPARTMENT OF WORKS.

The Report of the Committee was signed on 25th August, 1953, and presented on 6th October, 1953.

The Treasury Minute is dated 3rd September, 1954, and was presented to the Parliament on 2nd November, 1954.

*Epitome of Committee's Report.*

1. The Committee thought 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. (Paragraphs 24, 152.)
2. Many of the activities of the Department of Works illustrate defects in the system of financial control and the Committee was of the opinion that an effective system of costing and financial control should be instituted. (Paragraphs 58, 59, 150.)
3. The Administrative Arrangements Order, so far as it relates to the Department of Works, should be reviewed. (Paragraphs 48, 152.)
4. Client departments should define their requirements clearly before they approach the Department of Works. (Paragraphs 48, 152.)
5. A constant review should be maintained of the arrangements between the design staffs of the Department of Works and other departments. (Paragraph 31.)
6. The question of the employment of private architects should be examined by the Public Service Board. (Paragraph 39A.)
7. Regular inspections of the industrial practices of the Branches of the Department of Works should be maintained. (Paragraph 48.)

*Epitome of Treasury Minute.*

The Treasury agreed in general with the recommendations made by the Committee.

1. New procedures have been instituted, on the joint recommendation of the Treasurer and the Minister for Works, for Commonwealth works budgeting. The purpose of the new procedure is to eliminate wasteful expenditure on planning. Preparation of sketches and plans is limited to projects forming part of the "Current Works Programme" for the current financial year, or the "design lists" approved during the year. (Paragraph 2.)
2. The Treasury indicated that the Department of Works was taking the following action: "A great amount of effort has been expended in an effort to instil cost consciousness and the basic principles of cost and expenditure control into all responsible officers of the Department. Moves to bring this about have been initiated by Head Office and the Assistant Director-General (Construction) has personally visited branches and individual projects to check the effectiveness of the measures adopted. It is considered that these efforts are having a beneficial effect". (Paragraph 9 (6).)
3. See recommendation 1 of Third Report. (Paragraph 8.)
- 4.
5. The Public Service Board's Organization and Methods Section investigated the question of employment of private architects. (Paragraph 3.)
6. See 5 above.
7. The Treasury indicated that the Department of Works was taking the following action: "Regular inspections of the industrial practices in each Branch of the Department are now maintained on an efficient basis. Furthermore, industrial staff from Head Office made periodic checks to ensure that the Branch inspections are maintained on the level that is considered desirable". (Paragraph 9.)

*Epitome of Committee's Report.*

8. Consideration should be given to an amendment of the *Commonwealth Public Works Committee Act 1913-1951* to permit that Committee to review its report under special circumstances and to ensure that all major works are examined by the Public Works Committee. Paragraph 57.)
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. (Paragraph 68.)
10. Adequate consideration should be given to cost when proposals are being made to overcome short term situations. (Paragraphs 48, 152.)
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, and

*Epitome of Treasury Minute.*

8. The Treasury indicated that the Department of Works was taking the following action: "The question of the amendment of the Commonwealth Public Works Committee Act is now under consideration by the Minister for the Department". (Paragraph 9.)
9. The Treasury indicated that the Department of Works was taking the following action: "Due to the shortage of quantity surveyors it has not been possible to prepare full bills of quantities for contract jobs over the minimum figure set by the building industry in the State concerned. On the other hand, material lists for all day labour projects over an estimated value of £200 are now prepared and requisitions for materials are carefully checked against these material lists. Any discrepancies are checked before authorization".
- 10.
- 11.

The Treasury advised that—

- (b) ". . . practically the whole of the output of these undertakings is used for buildings and engineering works financed from the Commonwealth Budget. If interest on the capital investment were charged into the cost of the products and recovered, together with other operating costs, from the projects on which the products are used, the result would be an inflation of expenditure and the accumulation of cash balances in the Trust Account which is considered to be undesirable". (Paragraph 6.)
- (c) "For sales to private persons—which take place on a very small scale—Treasury agrees that the price asked should be sufficiently high to recover interest on the capital investment, except in special circumstances". (Paragraph 6.)
- (d) "Proposed amendments to the Audit Act and Treasury Regulations now under consideration will require the Department of Works to submit annually to Treasury and to the Auditor-General (for audit and comment in his Annual Report to Parliament) in the form prescribed financial statements relating to the operations of these undertakings". (Paragraph 5.)

*Epitome of Committee's Report.*

- (e) the financing of their activities should be provided for by a number of separate Trust Accounts. (Paragraphs 48, 152.)

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. (Paragraphs 48, 152.)
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. (Paragraphs 48, 152.)
14. The Committee expect the Public Service Board and the Department to watch closely the progress of the New South Wales experiment on expenditure control. (Paragraph 64.)
15. The Department should review the responsibility of the stores officer, particularly with a view to considering whether a reconciliation system should be adopted. (Paragraph 139.)
16. The Committee recommended that the Department keep the financial position of its hostels and camps under constant review. (Paragraph 144.)

*Epitome of Treasury Minute.*

- (e) It had directed that the operations of these undertakings should be financed from a separate Trust Account, with three sections, recording separate transactions for timber milling, quarries and sand wash and cement projects. (Paragraph 4.)

## The Treasury—

12. Keeps the balance in the Trust Account under review and requests repayments as considered appropriate, "with due regard for overall Budgetary policy". (Paragraph 7.)
13. Indicated that the Department of Works was taking the following action: "The Department has considered this question and believes that the greater proportion of stores should be purchased for delivery direct to jobs and this policy has been developed to the fullest extent. The Department considers that certain lines of materials are eminently suited to collective purchasing under the yearly contract system and some contracts on this basis have already been arranged". (Paragraph 9.)
- 14.
- 15.
16. Transactions for messes and hostels were to be recorded by the Department in a new and separate Trust Account operating from 1st January, 1955. (Paragraph 7.)

## SIXTH REPORT: DEPARTMENT OF EXTERNAL AFFAIRS.

The Report of the Committee was signed on 7th September, 1953, and presented on 22nd October, 1953.

The Treasury Minute is dated 5th April, 1954, and was presented to the Parliament on 2nd November, 1954.

*Epitome of Committee's Report.*

1. The Committee recommended that the statement of functions of the Department be reviewed. (Paragraphs 6, 73.)
2. The wide disparity between staff actually employed and the approved establishment strength, with the consequent possibility of a loss of control over staffing, was noted by the Committee. (Paragraph 10.)

*Epitome of Treasury Minute.*

1. The Treasury advised that a revised statement of the functions of the Department was being prepared and would be used for the preparation of the revised Administrative Arrangements Order. (Paragraph 8.)

2.



*Epitome of Committee's Report.*

3. A system of regular staffing inspections of overseas posts by a qualified officer should be introduced. (Paragraphs 12, 14, 17.) The inspection should include an examination of matters connected with overseas allowances. (See 6 below, and Paragraphs 42, 73.)
4. The Committee raised the question of recoupment of the Department for services provided by it for other departments. (Paragraph 24.)
5. The Committee indicated its concern at the reduction in the Department's Salaries Estimates, apparently on the clear understanding that if it needed further funds these would readily be made available. (Paragraphs 28, 29, 73.)
6. Various aspects of overseas allowances were discussed with the Department, including the basis on which they are calculated (Paragraphs 37, 55), the currency in which they are expressed (Paragraph 50) and the differences between the rates paid in the same country by that Department and the Department of Commerce and Agriculture. (Paragraphs 47, 73.)
7. The project for a new High Commission at New Delhi was examined because of the size of the project and the underlying issues involved. The Committee recommended that it should be referred for review to the Parliamentary Standing Committee on Public Works. (Paragraphs 61, 73.)

*Epitome of Treasury Minute.*

3. During 1953 inspections were made, by officers of the Public Service Board, of a number of posts in Asia. They dealt with staffing and allowances and included Trade Commissioner posts. Further tours of inspection were planned. (Paragraph 8, and Sixteenth Report, paragraph 24.)

4.

*The Treasury—*

5. Explained that departments are ultra-conservative in their estimating of the saving on salaries costs as determined by establishment figures and invited the Committee's attention "to the fact that there are many items throughout the Estimates for which the amount needed to meet the cost for the year of an approved supply or service must be a matter of judgment. Consistently to over-estimate such expenditure merely to ensure that the estimate will not in any circumstances be exceeded would result in a most undesirable inflation of Budget figures besides providing an invitation to excessive expenditure.

The Treasury believes that the course which it is following is the only practical one in the circumstances. It may be necessary in some cases to provide further funds in the Supplementary Estimates but this is considered preferable to the alternative of a substantial inflation of the over-all figure of Budget expenditure". (Paragraphs 2-7.)

6. Advised that the Overseas Allowance Committee was examining matters raised by the Committee and other matters related to the determination of allowances, and that the Public Service Board was considering a revision of its scale of living costs. A new scale was promulgated in June, 1954. (Paragraph 8, Sixteenth Report, paragraph 25.)
7. And the Department of External Affairs reviewed the project and that Department reaffirmed its agreement to the reference of the project to the Public Works Committee, although pointing out that the decision to do so would not lie in its hands. The Committee was also advised that "a significant portion of the 11.88 acres of land for which a premium of £95,117 had been paid has been found to be surplus to the requirements of the High Commission. . . . The scale of the project has been reduced considerably by the deletion from the plans of the staff mess, and by adoption of plans for a considerably smaller Chancellery and residence of the High Commissioner than



*Epitome of Committee's Report.*

8. The method of training diplomatic cadets should be reviewed having regard to (a) the proposal to reduce the rate of recruitment and (b) the possible heavy *per capita* increase in cost with the smaller numbers being trained in 1954. (Paragraphs 68, 73.)
9. It was noted that there is no published record of the cash holdings of departments, including the Department of External Affairs, in imprest accounts. The Committee indicated that it proposed to examine further this situation. (Paragraph 72.)

*Epitome of Treasury Minute.*

had first been contemplated. The reduction in the estimated cost would be considerable". (Paragraph 8, Sixteenth Report, paragraphs 26, 27.)

8. The Treasury advised that "the method of training diplomatic cadets has been reviewed concurrently with the selection of cadets for entry in 1954. The formal course at the Canberra University College has been discontinued but some cadets will be required to study individual subjects provided at the Canberra University College". (Paragraph 8.)
- 9.

## SEVENTH REPORT: ADMINISTRATION OF SALES TAX.

The Report of the Committee was signed in September, 1953, and presented on 20th October, 1953.

The Treasury Minute is dated 2nd September, 1954, and was presented to the Parliament on 2nd November, 1954.

*Epitome of Committee's Report.*

1. The Committee felt that the tables showing amounts of outstanding and irrecoverable tax and the costs of collection might be submitted to the Parliament in a more convenient form. (Paragraphs 17, 18, 37.)
2. The question was raised whether more extensive outside investigation would be justified by the additional taxation collected but noted that this was an issue verging upon the realm of policy. (Paragraphs 25, 37.)
3. The definition of "Aids to Manufacture" might be reviewed with the object of producing a more concise statement. (Paragraphs 30, 31, 37.)
4. A widening of the scope of taxation Boards of Review to include questions other than those concerning sale value might be considered. (Paragraphs 32-35, 37.)

*Epitome of Treasury Minute.*

- 1.
- 2.
3. The Commissioner of Taxation agreed, when he was before the Committee, to reconsider the definition; but subsequently advised the Committee, through the Treasury Minute, that "I am not in a position to recommend, with confidence, any alteration to the definition that would lead to legislative simplification while at the same time preserving the existing level of revenue and avoiding anomalies". (Page 15, last part of first section of the Minute.)
4. The suggestion to enlarge the rights of taxpayers to refer disputed classifications to Boards of Review was not favoured by the Taxation Branch because of difficulties concerning refunds of tax, the prime importance of uniform treatment, possible effects on trading and the additional administrative costs involved in adding to the activities of Boards of Review. (Second part of Treasury Minute.)

EIGHTH REPORT: PARLIAMENTARY PROCEDURE IN THE HOUSE OF REPRESENTATIVES ON THE SUPPLY AND APPROPRIATION BILLS.

The Report of the Committee was signed on 15th October, 1953, and presented on 20th November, 1953.

The Treasury Minute is dated 9th April, 1954, and was presented to the Parliament on 2nd November, 1954.

*Epitome of Committee's Report.*

1. The Committee considered that "before it took further its discussion of procedure, the Parliament should be given an opportunity to remit the question to the Standing Orders Committee". (Paragraph 18.)
2. The Committee indicated its willingness, in pursuance of section 8 (d) of the *Public Accounts Committee Act 1951*, to submit specific suggestions to the Standing Orders Committee and subsequently to the Parliament. (Paragraph 19.)

*Epitome of Treasury Minute.*

1. The Committee noted that the Standing Orders Committee had not yet considered the matter (nor has it to the present). (Sixteenth Report, paragraph 31.)
2. The Treasury indicated that it had examined with interest the Committee's Report, and concluded that "the manner in which Supply legislation is prepared in the Treasury is governed by constitutional and Parliamentary requirements. Parliament itself determines the procedure which it follows in dealing with such legislation. Should Parliament see fit to review existing procedures the Treasury's duty would be to facilitate the review by all means within its power". (Parts 2 and 3).

NINTH REPORT: "STEPHAN" PREFABRICATED BUILDINGS.

The Report of the Committee was signed on 13th November, 1953, and presented on 1st December, 1953.

The Treasury Minute is dated 3rd September, 1954, and was presented to the Parliament on 2nd November, 1954.

*Epitome of Committee's Report.*

1. The Committee made no positive recommendations, but arrived at several conclusions concerning the respective responsibilities for storage of the unused prefabricated buildings of the Snowy Mountains Hydro-Electric Authority, the Department of Works and the Department of Supply.
2. Responsibility for the care of goods placed in store with the Department of Supply should be so closely defined as to be understood by all concerned. (Paragraph 35 (4).)
3. The loss involved was no small part of the total cost of the twelve buildings, but large or small, the buildings were Commonwealth property, and the Committee was as much concerned with the departmental attitudes towards their public responsibilities as with the methods and practices adopted by them. (Paragraph 35 (5).)
4. The fact that the deterioration of the materials occurred while in store indicated a weakness in organization that should be rectified. (Paragraph 35 (6).)
5. Some record should have been kept by the parties of the more important telephonic discussions involving contractual obligations. (Paragraph 35 (7).)

*Epitome of Treasury Minute.*

1. The Treasury advised that the departments concerned, and the Snowy Mountains Hydro-Electric Authority, had been made aware of the conclusions of the Committee and that they had been requested to have full regard to the findings of the Committee in their future operations. (Paragraphs 1-3.)
2. The Department of Supply advised the Treasury that "Appropriate instructions have been issued to Officers of this Department in all States who are dealing with matters concerning the storage of goods with a view to avoiding a repetition of the matters to which attention has been drawn by the Committee". (Paragraph 2.)
3. See 1 above.
4. See 1 above.
5. See 1 above.

TENTH REPORT: DEPARTMENT OF NATIONAL DEVELOPMENT.

The Report of the Committee was signed on 20th October, 1953, and presented on 21st October, 1953.

No recommendations were made by the Committee.



## ELEVENTH REPORT: JOINT COAL BOARD—PLANT AND EQUIPMENT.

The Report of the Committee was signed on 4th December, 1953, and presented on 6th April, 1954.

The Treasury Minute is dated 3rd September, 1954, and was presented to the Parliament on 2nd November, 1954.

*Epitome of Committee's Report.*

The Joint Coal Board had purchased equipment, of which £3,879,000 worth was declared surplus. That amount was written down to a book value of £3,358,000 at 30th June, 1953. The Committee examined the circumstances of the purchase, storage and disposal of the equipment, being interested especially in the steps taken to dispose of it, and commented:—

1. "Having regard to the quantum of sales in a nine-months period in relation to the total amount of plant involved, the Committee is very doubtful whether the Board will be able to sell the surplus plant within two years without loss to the Government." (Paragraph 41.)

*Epitome of Treasury Minute.*

The Treasury advised that it had "examined the Report and notes that the Committee was concerned mainly with certain administrative results of the Board's open-cut coal activities. It is also noted that the information obtained by the Committee indicated that the Board interpreted its obligations in a reasonable manner".

1. The Treasury offered no comment on the period preceding 30th June, 1953, but advised that since then disposal arrangements had been as follows:—
  - (a) The Board has now a total of 23 selling agents located in all States of the Commonwealth to assist with disposal;
  - (b) Sales of plant, equipment and stores for the year ended the 30th June, 1954, amounted to £1,835,000. The book value of this plant, &c., was £2,024,000 and the original cost was £2,660,000; and
  - (c) The Board re-called tenders in April, 1954, in order to test the state of the market. The tender prices were, however, unsatisfactory and the Board has been obliged to continue negotiating sales privately.

## TWELFTH REPORT: POSTMASTER-GENERAL'S DEPARTMENT.

The Report of the Committee was signed on 25th March, 1954, and presented on 13th April, 1954.

The Treasury Minute is dated 7th February, 1955, and was presented to the Parliament on 5th May, 1955.

*Epitome of Committee's Report.*

1. The Statement of Functions of the Postmaster-General's Department should be reviewed. (Paragraphs 13, 480 (1).)
2. The Committee suggested that the excess of establishment over staff actually employed should be considered by the Public Service Board. (Paragraph 27.)

*Epitome of Treasury Minute.*

1. The Treasury advised that an expanded statement of the functions of the Post Office had been prepared for inclusion in the new Administrative Arrangements Order. (Paragraph 2.)
2. In comments made by the Postmaster-General's Department and passed to the Committee with the Treasury Minute, the Department was of the opinion that "the fact that total staff employed in the Post Office on 30th June, 1953, was 1,105 less than the approved establishment, representing as it does a difference of 1.5 per cent., in no way discloses any weakness, but is a state of affairs which could be expected in such a large organization. Naturally, there must be some flexibility to meet fluctuations in traffic of different types and also emergencies which lead to unusual calls on personnel. There is no lack of effective control of Departmental staffing levels from all stand-points within the Department and there is also a close oversight by the Public Service Board and more generally by the Treasury through the Budget". (Nineteenth Report, page 11.)

*Epitome of Committee's Report.*

3. The Profit and Loss Accounts and the Balance-sheet making up the Commercial Accounts could be improved in content and form. The Committee stated that as a matter of principle all revenue and expenditure should be recorded. (Paragraphs 39, 47, 480 (4).)
4. The Auditor-General should audit the Department's Commercial Accounts. (Paragraphs 55, 480 (5) (a).)
5. The Treasurer should be given a general power, by the Audit Act, to specify the form of subsidiary accounts of Commonwealth Departments. (Paragraphs 59, 480 (5) (b).)
6. The Department should keep under continual review expenditure on overheads and should consider ways in which costs of training and of the Buildings Branch could be reduced. (Paragraphs 65, 480 (6).)
7. The Committee indicated that it was awaiting the results of the review of the principles on which depreciation is calculated. The review was being made by the Department in conjunction with the Treasury and the Auditor-General. (Paragraphs 68, 72, 480 (7).) The review should take into account the ability of the Department to keep up to date maintenance on the assets. (Paragraphs 74, 480 (7) (a).)

*Epitome of Treasury Minute.*

## The Treasury—

3. Agreed that "all the revenue and expenditure accruing for the financial year should be recorded in the Commercial Accounts, and this principle has been applied since their inception. Credit is generally taken for services performed for other Commonwealth undertakings even though a cash payment has not been made for all of them. Working liabilities and accrued earnings which have not been received at the end of the financial year are also taken into account in preparing Profit and Loss Accounts and the Balance-sheet". (Paragraph 4.) The Treasury also indicated that the Commercial Accounts for 1952-53 were presented in an improved form. (Paragraph 5.)
4. Agreed that the Department's Commercial Accounts should be audited by the Auditor-General and advised that "these matters are being dealt with in the general revision of the Audit Act and Treasury Regulations which is now in progress". (Paragraph 6.)
5. Agreed that "legislative authority should be obtained to remove any possible doubt concerning the power of the Treasurer to approve the form of Commercial and Subsidiary Accounts", and indicated that the matter was being considered in the general revision of the Audit Act. (Paragraph 6.)
6. Indicated that "the general administrative expenses of the Post Office are recorded under Sectional Classification Accounts and are carefully controlled. (Paragraph 7.) The Postmaster-General's Department, in comments attached to the Treasury Minute, stated that the activities and methods of costs and training are 'under constant examination and variations will continue to be made in the interests of economy and efficiency'. The Department also considers that the achievements of the Buildings Branch (instituted in 1947) 'fully justify all the expenditure that has been incurred'." (Nineteenth Report, page 11.)
7. Advised that "the Post Office is making a comprehensive survey of the system of depreciating its assets, which it has followed since the inception of its Commercial Accounts. This will be submitted to the Treasury in due course. It will include consideration of the classes or types of assets for which depreciation provision should be made, the rates to be charged, the ascertainment of the value of assets written off and of depreciation which has been charged thereon, and the treatment of the profit or loss (if any) incurred on assets written off". (Paragraph 8.)



*Epitome of Committee's Report.*

8. The gross value of the Department's motor vehicles should be shown in its Balance-sheet, and also the deduction for depreciation. (Paragraphs 85, 480 (7) (d).)
9. The Committee noted the differing practices adopted in regard to depreciation by the Commonwealth Railways (which take into account sinking fund payments), and the Postmaster-General's Department (which provide for depreciation). (Paragraphs 75, 76, 480 (7) (c).)
10. The Treasury should review the method of treatment of depreciation reserves by various Commonwealth Departments and instrumentalities. (Paragraphs 83, 480 (7) (b).)
11. All liabilities accruing in the year in question should be included in the Commercial Accounts. In the case of superannuation obligations, this would involve the inclusion of accruing liability for the Commonwealth proportion of superannuation for present employees and the additional liability for superannuation for present employees arising from more liberal superannuation provisions. (Paragraphs 95, 96, 480 (8) (a).)
12. The difference in the treatment by Commonwealth undertakings of superannuation liability should be investigated by the Treasury (Paragraphs 100, 480 (8) (c)); gross contributions to the Superannuation Fund should be shown both in the accounts of the undertakings and in the Reports of the Superannuation Board. (Paragraphs 104, 480 (8) (d).)
13. The amount of capital of the Postmaster-General's Department to be included in its Commercial Accounts should be determined without delay. (Paragraphs 106-110, 480 (9) (a).)
14. Charges for interest on capital included in the Commercial Accounts have been anomalous and should expeditiously be reviewed. (Paragraphs 114, 115.)
15. The Department should discuss with the Audit Office and the Treasury the method of apportionment of charges for

*Epitome of Treasury Minute.*

8. See 7 above. The improved Balance-sheet for 1952-53 showed the gross value of motor vehicles as well as the net value when depreciation had been deducted. (Paragraph 9.)
- The Treasury—
9. Reported that it was examining the different practice followed by the Commonwealth Railways. (Paragraph 8.)
  - 10.
  11. Advised that "the Actuary considers that the appropriate charge in a financial year for this item is the Commonwealth share of the accruing liability for pensions to existing employees and not, as in the Commonwealth Railways' Commercial Accounts, the amount of the Commonwealth contributions towards the cost of pensions paid in that year to past employees. The Post Office adjusted its Commercial Accounts for the increase in the value of the employer's contribution to the pension unit only from the date on which the increase took place, although the increase was effective from the date on which the scheme commenced", and an adjustment is to be made for the accrued liability. (Paragraph 10.)
  12. Advised that it had "noted the view of the Committee that gross contributions to the cost of superannuation could, with advantage, be shown in the reports of the Superannuation Board and of Commonwealth undertakings. This matter has been taken up with the Superannuation Board and will be kept under consideration in connexion with the framing of the form of accounts of Commonwealth undertakings." (Paragraph 10.)
  13. Agreed that the determination of the capital of the Post Office, and the computation of charges thereon, are anomalous (paragraph 11), and indicated that the capital was being re-calculated. (Paragraphs 5, 11.)
  14. Indicated that the basis on which interest and other capital charges should be determined for past and future years is being considered in connexion with the re-calculation of the capital of the Post Office. (Paragraph 11.)
  15. Advised that its examination of the capital of the Post Office "extends to the present method of apportioning

*Epitome of Committee's Report.*

interest and exchange between Branch accounts, e.g. Postal, Telephone, Telegraph Branches. (Paragraphs 123, 480 (9) (d).)

16. The Treasury undertook to submit a general statement on charges in the Commercial Accounts for interest and exchange. The Committee suggested that the review should include all Commonwealth undertakings. (Paragraphs 114, 119, 480 (9) (c).)
17. It was suggested that the Treasury should consider whether it is desirable to apply common principles and practices to the provision of insurance reserves for Commonwealth undertakings. (Paragraphs 129, 480 (10).)
18. The Committee considered that charges for services rendered to other departments should be reviewed regularly by Agent Departments, and that the Postmaster-General's Department should charge for meteorological telegrams and the carriage of electoral matter. (Paragraphs 124, 335, 480 (11) (22).) The Meteorological Branch of the Department of the Interior should investigate the extent of its use of urgent rate telegrams. (Paragraphs 329, 480 (22).)
19. Losses incurred in the operation of cafeterias should be included in the annual Estimates so that they will be disclosed to the Parliament, a practice that should be extended to all Trust Accounts used for trading operations. (Paragraphs 154, 480 (12).)
20. The Department should consider the desirability of maintaining accounts on a State basis for each Branch, of publishing them in its Annual Reports and of reviewing those accounts regularly in the course of its administration. (Paragraphs 165, 480 (13).)

*Epitome of Treasury Minute.*

capital charges between the Branch accounts of the Department on the basis of the ratio of Branch assets to the total value of departmental assets". (Paragraph 11.)

16.

The Treasury advised that—

17. It is considering whether to apply common principles and practices to the provision of insurance reserves for Commonwealth undertakings. It indicated that "in general, Commonwealth statutory bodies falling outside the Budget carry their own risk and credit to an internal Insurance Reserve each year an amount equivalent to the premium on its assets that would be payable to an outside insurer. Any losses are then charged to that Reserve". (Paragraph 12.)
18. The basis of charges for services performed by the Post Office for other departments is reviewed at intervals and that at an appropriate time a submission would be made to the Treasurer concerning cash payments for meteorological telegrams and electoral matter. (Paragraph 13.) The use of urgent rate meteorological telegrams was taken up with the Department of the Interior. (Paragraph 20.)
19. It "has been engaged for some time on a comprehensive review of the finances and control of all cafeterias within the Public Service, and will be in a better position to inform the Committee on this matter when the review has been completed". (Paragraph 14.)
20. The Postmaster-General's Department had always recognized the value of unit costing in securing greater efficiency and economy, but that the Postmaster-General had approved publication of the 1952-53 accounts on a Commonwealth and not a State basis. "However, the Department will continue to produce comparative results under various items for intensive analysis by controlling officers and is confident that this method is the one likely to be productive of the best results", and assurance was given that, where possible, unit costing was carried out and that appreciable differences in results of the same type of units are followed up. (Paragraphs 15, 17 (a), (b), (c), (d), 19. See also Nineteenth Report, pages 12-14, passim.)



*Epitome of Committee's Report.*

21. Free classified advertising, which was confined to the Sydney and Melbourne directories, should be reviewed to determine whether advertising rates should meet the costs involved. (Paragraphs 215, 480 (19) (f).)
22. Noting that the Department had before the war printed in its Annual Reports tables setting out the results of tests of grade of telegraph services, the Committee suggested that they should again be published. (Paragraphs 263, 318, 480 (20) (e).)
23. A separate Profit and Loss Account should be kept for the money order and postal note business, or some detail should be published to enable the results of the business to be ascertained. (Paragraphs 399, 480 (25).)
24. Unoccupied sites and buildings held by the Department were reviewed. While agreeing with the wisdom of buying for future use, the Committee was of the opinion that a more adequate review of the holdings should be maintained. (Paragraphs 414, 415, 480 (26).)
25. Noting the legal difficulties connected with amendment by the Treasurer of the purposes of the Stores and Transport Trust Account, the Committee recommended that the Treasury and Auditor-General should investigate existing practices in the light of legal validity. (Paragraphs 429, 430, 480 (27) (a) (b).)

*Epitome of Treasury Minute.*

21. The Treasury stated that the Department had to balance complete coverage of costs against services to subscribers and that "naturally, the Post Office cannot charge excessive rates for paid directory entries, nor can advertising contractors be expected to charge fees above what they and the Department consider to be reasonable. To maintain a satisfactory volume of business, rates must be fixed in relation to circulation and advertising charges generally". (Paragraph 17 (e).)
22. The Postmaster-General's Department advised the Committee, in comments attached to the Treasury Minute, that "although the mere evaluation in terms of the average cost per telegram of the various handicaps peculiar to each State would not in itself be particularly useful in securing the more economical operation of the service, it is agreed that information of this kind is of interest. Appropriate unit costs and similar information will be included in the Annual Reports". (Nineteenth Report, page 12.)

The Treasury advised that—

23. The Department considered separate accounts for money order and postal note business would involve unwarranted additional expenditure; but that "the Department feels that the wishes of the Committee to have information concerning comparative costs presented to Parliament will be met by making sample surveys in each financial year and embodying the results in the Annual Reports". (Paragraph 23.)
24. "The overall position concerning buildings, acquired but not occupied by the Department, is under critical examination. Three full-scale Commonwealth-wide reviews have been made by the Department during the past six years. In addition, the annual programme of acquisitions has been subjected to detailed and rigid scrutiny. A particularly critical examination was made of the programme for 1954-55 and no proposal has been included unless there is clear-cut evidence that, having regard to present sites and facilities, the land must be purchased in the next twelve months to enable vital facilities to be provided. The Department states there is close co-ordination of sites and buildings with the engineering capital works programme and the measures which have been taken in recent years to ensure adequate control of expenditure are now bearing fruit." (Paragraph 24.)
25. Following an examination of the Stores and Transport Trust Account, it had been closed and was replaced by a new Account designated "Post Office Stores and Services Trust Account", with wider purposes covering all the operations of the Stores and Transport Trust Account. (Paragraph 25.)

*Epitome of Committee's Report.*

26. The opinion of the Committee was that legislation might be presented to the Parliament to clarify the position of authorizing officers in the various States who authorized expenditure from the Account. (Paragraphs 423-429, 480 (27) (b).)
27. The opinion was ventured by the Committee that it was appropriate for a department to expend funds voted for the purchase and use of equipment in a given year in order to obtain it and place it in store for use in a later year, although it recognized the danger that a department might perceive the possibility of a surplus and might therefore buy materials that would only be used in later years. (Paragraphs 434, 435.)
28. The Committee indicated that it preferred separate trust accounts for each section of the existing Stores and Transport Trust Account, but "would not press that view if large additional advances were required to enable the Workshop Trust Accounts to be established in credit". (Paragraphs 452, 480 (27) (c).)
29. The Committee suggested that one of its successors might well examine comprehensively the practice of forward ordering. (Paragraph 461.)

*Epitome of Treasury Minute.*

26. Because the legislative programme of the Government did not permit the introduction of specific legislation before the dissolution of the Parliament, the necessary authority for the change in the Trust Account was included in the Appropriation Act. (Paragraph 25.)

## The Treasury—

27. Indicated that it "realizes the possibility that advantage may be taken of an unexpended balance of an appropriation to buy materials beyond the necessities of the occasion. The test appears to be whether the value of equipment held in store under this procedure increases to any significant extent in a financial year. Adequate records are being kept by the Post Office and the position is being closely watched in the Treasury". (Paragraph 25.)
28. Considered that "because of the close relationship between stores and workshop activities, it would not be practicable to have a separate trust account solely for workshop expenditure. The establishment of a separate Trust Account for transport activities would involve the provision of a further advance of approximately £2,000,000 from Consolidated Revenue. Treasury endeavours in recent years have been directed towards a reduction of present advances which now stand at the high figure of £16,700,000. The time is not considered opportune to provide from taxation revenue a large further amount which, in the event, would be immobilized in the Trust Fund. The sectional headings of the Post Office Stores and Services Trust Account will, however, be shown separately in the Trust Fund Table (No. 22) published in the Budget Papers". (Paragraph 25.)
29. Reported further comments from the Postmaster-General's Department in connexion with the practice of forward ordering as follows: "The controls adopted have been discussed with the Treasury and the Audit Officers, who have agreed that the Post Office system is satisfactory. It would be impossible for the Post Office to function economically unless many of its materials are ordered from periods of one to two years (or even longer in the case of certain specialized equipment) in advance of the date required for installation. Failure to order on a long-term basis in these cases could result in workmen being idle awaiting the delivery of equipment, the breakdown of essential services and increased costs through the placing of small orders which would require high tooling costs by manufacturers in proportion to the volume of equipment ordered at any one time". (Nineteenth Report, page 12.)



THIRTEENTH REPORT: THE FORM AND CONTENT OF THE FINANCIAL DOCUMENTS  
PRESENTED TO THE PARLIAMENT—PROGRESS REPORT.

The Report of the Committee was signed on 3rd March, 1954, and presented on 8th April, 1954.

*Epitome of Committee's Report.*

In the Sixteenth Report the Committee noted that no Treasury Minute was required on this Report:

“The Committee received evidence which gave rise to questions as to the validity of the present form of the Governor-General's Message, of the Estimates of Receipts and Expenditure and the Budget Papers. The Thirteenth Report was a progress report to inform the Parliament of the situation.

The Committee has already initiated a further examination of the matter and agreed with the Treasury that no Minute is required”.

(Sixteenth Report, paragraphs 36, 37.)

*Epitome of Treasury Minute.*

FOURTEENTH REPORT: SUPPLEMENTARY ESTIMATES AND VARIATIONS UNDER  
SECTION 37 OF THE AUDIT ACT 1901-1953—FOR THE YEAR 1952-53.

The Report of the Committee was signed on 25th March, 1954, and presented on 7th April, 1954.

The Treasury Minute is dated 3rd September, 1954, and was presented to the Parliament on 2nd November, 1954.

*Epitome of Committee's Report.*

1. The Committee considered that there should be prompt payment of a refund of revenue and that there was no reason why special appropriation should not be made for all refunds. (Paragraphs 23, 129 (1) (a).)
2. Information on the amounts of Refunds of Revenue should be provided for the Parliament in the Estimates of Receipts and Expenditure, and refunds of taxation revenue should be included in a statement in the Annual Report of the Commissioner of Taxation. (Paragraphs 24, 25, 129 (1) (a).)
3. It is not good practice to “offset” in the Additional and Supplementary Estimates savings under some Defence Services Votes against excess expenditure under other Defence Services Votes. (Paragraphs 31-33, 129 (2) (a).)

*Epitome of Treasury Minute.*

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2. The Treasury advised that “particulars of refunds of revenue from Special Appropriations will be provided in the Annual Estimates in the manner indicated in paragraph 24 (a) of the Report. The Commissioner of Taxation proposes to include a statement of the refunds of Taxation revenue in his Annual Reports to Parliament”. (Paragraph 15.)
3. The Treasury “shares the opinion of the Committee that an aggregate vote for each of the Defence Services is not desirable, consequently the question of a new approach to the form of the Defence estimates referred to in paragraph 58 of the Report does not arise. Itemized Estimates provide a useful basis for financial control. It is inevitable that, because of policy changes and supply difficulties, there will be, on occasions, some appreciable departures from the Estimates provision. Nevertheless, so long as the authority of the Treasurer to re-arrange appropriations by section 37 transfers or through Treasurer's Advance is acknowledged, the present procedure is considered to meet requirements satisfactorily”. (Paragraph 14.)

*Epitome of Committee's Report.*

4. The amount of an "offset" in the Defence Services Votes should be ignored when calculating the amounts of debit to the Treasurer's Advance (paragraphs 35, 129 (2)(b)), and as with other departments the amount of each Vote should be accepted as the limit of expenditure for the year. (Paragraphs 58, 129 (4).)

5. The amount voted as Treasurer's Advance should not be exceeded at any time during a financial year. (Paragraphs 41, 46, 129 (2) (d).)

6. It is the belief of the Committee that the intention of the Parliament was to appropriate an amount for use by the Treasurer in making emergency payments, and that the use made of the Advance should be reviewed in the light of its general comments and bearing in mind

*Epitome of Treasury Minute.*

4. The Treasury agreed that until the Additional Estimates or Supplementary Estimates are approved by Parliament, any "offset" represented by savings on other Defence items could not be regarded as a credit to the Treasurer's Advance and should not be taken into account in calculating total expenditure from the Advance. (Paragraph 13.) However, "the Treasury finds itself unable to agree that there is anything wrong or open to objection in a practice under which Parliament, when approving additional funds in a certain direction, makes it a condition that the amount of the grant shall be offset by savings elsewhere. Although, for practical reasons, the procedure is not capable of general application, it appears to the Treasury to be most appropriate whilst total expenditure on the Defence Services is to be limited. By this means Parliament ensures that, although approving of increased expenditure under certain specified votes, the total of the original grants for Defence Services will not be exceeded. But for the offsetting provision the Executive would be given statutory authority to incur expenditure in excess of the total of the amounts previously granted. This method of presentation is considered especially suitable in the case of the Additional Estimates, which are submitted to Parliament before the close of a financial year. A similar treatment in the Supplementary Estimates is a logical extension of the procedure. The Treasury also finds a good deal of merit in a device which avoids conveying the impression that additional amounts are required for the Defence Services when in fact the original total vote will not be exceeded, although it may be allocated for particular purposes slightly different from those originally contemplated". (Paragraphs 8-12.)

5. The Treasury indicated agreement with the principles that (a) the desirable interpretation of section 36A of the Audit Act is that expenditure from Treasurer's Advance should not at any stage exceed the Estimates provision; and (b) there should be some clear legislative provision restricting the use of Warrant Authorities (including Warrant Authorities under Treasurer's Advance) to amounts available under Governor-General's Warrants. It advised that consideration was being given to these matters in the general revision of the Audit Act. (Paragraph 6.)

6. The Treasury advised that the funds voted as "Advance to the Treasurer" are used as a temporary measure: (a) Pending appropriation by specific legislation or by the Main, Additional or Supplementary Estimates; (b) pending receipt of Governor-General's Warrant for expenditure

*Epitome of Committee's Report.*

the existing methods available to vary Parliamentary appropriations. (Paragraphs 39-41.)

7. Because of inefficiency that appeared to have resulted from dual responsibilities for the Northern Territory Cold Stores, and the Water Supply and Electricity Undertakings, the Committee recommended that a single authority be established. (Paragraphs 116, 117, 123, 129 (10).)

*Epitome of Treasury Minute.*

already appropriated, when the payment is urgent or the amount so small as not to justify the preparation of a special Warrant; and (c) To permit Departments to incur expenditure that will be recovered within the financial year from other Departments and Authorities. (Paragraph 3.) But the Treasury was unable to agree that the use of Treasurer's Advance should be confined to emergency payments only, because "such a limited purpose would deny the use of 'Treasurer's Advance' for the classes of expenditure referred to in (b) and (c) above. Obviously there must be some appropriation machinery to cover these types of payment and 'Advance to the Treasurer' is considered an appropriate vote". (Paragraph 4.) As some ambiguity had occurred over the meaning of the narration of the vote, the wording was amended and in 1954-55 read "To enable the Treasurer to make advances which will be recovered within the financial year and also to meet expenditure, particulars of which will afterwards be included in a Parliamentary appropriation". (Paragraph 5.)

7. The Treasury indicated that the Committee's observations had been brought to the notice of the Departments of Territories and Works. The Department of Territories advised the Treasury that "while it agrees with the conclusions of the Committee, the Northern Territory Administration has not the technical resources necessary to operate and maintain water, electricity and cool store undertakings at the present time. It therefore proposes immediately to procure the maximum co-ordination of the functions of the Department of Works and the Northern Territory Administration, and as soon as practicable to place the responsibility for each undertaking on a single authority. In the case of electricity and water the Department of Territories is examining the possibility of establishing independent authorities, on which consumers would be given representation, as an alternative to continuing these services entirely as Government undertakings. The Darwin Cool Stores were operated for defence purposes during the war period and have since been continued by the Northern Territory Administration. The Department of Territories favours the disposal of the Cool Stores to private enterprise provided this could be arranged upon satisfactory conditions, and that Department is pursuing the matter with this object in view. The Treasury considers the action proposed by the Department of Territories to be a reasonable approach to the problems involved, and will further review the position when the results of the action being taken become known". (Paragraphs 23-27.)



*Epitome of Committee's Report.*

8. The Committee observed that the manner of recording expenditure on emergency employment of migrants obscured the real situation. (Paragraph 107.)
9. The responsibility of the Repatriation Department for tuition, text-books and equipment was questioned in view of the fact that of an expenditure of £548,700 in 1952-53, the Department of Labour and National Service spent £545,000 and the Repatriation Department less than £3,000. (Paragraphs 111, 112.)

*Epitome of Treasury Minute.*

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9. The Treasury advised that "as the provision under this Division is now almost entirely expended by the Department of Labour and National Service, the vote will be shown in future under the control of that Department". (Paragraph 22.)

## FIFTEENTH REPORT: REPATRIATION DEPARTMENT.

The Report of the Committee was signed on 25th March, 1954, and presented on 13th April, 1954.

The Treasury Minute is dated 3rd September, 1954, and was presented to the Parliament on 2nd November, 1954.

*Epitome of Committee's Report.*

1. The Committee considered that because of the changes in status of the Commonwealth agency carrying on Repatriation functions, the status of the Repatriation Commission should be reviewed. (Paragraphs 31, 272, 273, 277 (1).)
2. Commenting upon the delay in fixing the "establishment" of the Repatriation Department, the Committee suggested that "establishments" should be adjusted to actual "ceilings" now operating; should be constantly reviewed; and, where more than 4 to 5 per cent. above actual staff, should be examined specially by the Public Service Board. (Paragraphs 45, 46, 51, 52, 277 (2) (3) (a) (b).)
3. It was recommended that the general issue of employing Commonwealth employees beyond the present retiring ages should be examined. (Paragraphs 58, 277 (3) (c).)
4. The Committee stressed the importance of collecting statistics, particularly of unit costs of institutions, with a view to testing the efficiency of their administration. It suggested that the Repatriation Department, with the Treasury and Public Service Board, should examine methods of obtaining satisfactory unit costs for Repatriation institutions, especially hospitals. (Paragraphs 139, 277 (5) (6) (f).) The

*Epitome of Treasury Minute.*

The Treasury indicated that examination of a number of matters raised by the Committee and referred to in its Minute is not yet complete, and that those matters would be dealt with in a later Minute. (Paragraph 16.)

The Treasury—

1. Indicated that the matter raised by the Committee concerns policy and that action had been taken by the Public Service Board to bring the status of the Commission before the Government. (Paragraphs 14, 15.)
2. Advised that "the Committee's conclusions relating to staffing have been brought to the notice of the Public Service Board. The Board has advised that the Committee's recommendations are currently under investigation by the Board's Organization and Methods Section, and that the Board will, in conjunction with the Department, make such staffing and establishment adjustments as may be found necessary or desirable as the results of its investigations are completed". (Paragraph 4.)
3. Indicated that the question of employing officers beyond the present retiring age was a matter of policy and was being brought before the Government by the Public Service Board. (Paragraphs 14, 15.)
4. "Agrees fully with the views expressed by the Committee on the value of the examination and comparison of statistics and unit costs as an aid to management. The Repatriation Department has taken steps to give effect to the Committee's proposal; a departmental Costing and Accounts Committee has been set up under the chairmanship of one of the

*Epitome of Committee's Report.*

Committee recommended that the Public Service Board and the Repatriation Department should consider the appointment of an expert to scrutinize unit costs, and that the costs when prepared be distributed monthly to State Branches of the Repatriation Department and to managers of Repatriation institutions. (Paragraphs 228, 229, 277 (11).)

5. There appeared to be a prospect of increasing excess capacity in Repatriation Hospitals and the Committee recommended that the matter should receive consideration, bearing in mind the following factors:—

Comparative length of stay of in-patients;  
the methods, statistics and costs of leading State public hospitals;  
the possibility of obtaining cheaper supplies of medicines by bulk purchasing;  
the possibility of cheaper provisioning arrangements.

(Paragraphs 111, 115, 125, 130, 153, 160, 277 (6) (a) (b) (c) (d) (i) (j).)

6. The Repatriation Department should establish its out-patient statistics on the basis of the practice of leading State public hospitals and should investigate variations in unit costs then revealed. (Paragraphs 207, 277 (8).)

7. The Committee recommended extension to other Repatriation hospitals of the system of supervision now operating at the Concord Hospital. (Paragraph 173.)

8. Overtime paid to staff at Repatriation hospitals ought to be costed as "salaries and payments in the nature of salaries", and not as "incidental expenses". (Paragraphs 148, 277 (6).)

9. The Repatriation Department, the Treasury and other departments concerned should consider urgently the provision of laundry facilities for the Department in South Australia, and all laundries should be separately costed, only the cost of laundering for Repatriation institutions being charged against them. (Paragraphs 218, 168, 277 (6) (1).)

*Epitome of Treasury Minute.*

Repatriation Commissioners who is a qualified accountant and a new position of Cost Accountant has been created. Costing returns and procedures are being revised to ensure the production of unit costs on a strictly uniform and, consequently, comparable basis. The Department agreed with the Committee's conclusion that statements of the unit costs of operating Repatriation institutions should be distributed monthly to State Branches of the Department and managers of Repatriation institutions". (Paragraphs 2, 3.)

5. The Treasury advised that "at the request of the Minister, the Prime Minister has written to all State Premiers requesting their co-operation in the matter of a study by Repatriation Department officials, and discussion with State officers, of methods of administering State hospitals, procuring medicines and provisions and taking out unit costs and statistics. The Repatriation Department has already taken certain action to ascertain State methods, but will conduct a more detailed survey on the receipt of replies from all the Premiers". (Paragraph 6.)

6. See 5 above.

*The Treasury advised that—*

7. "The Department is at present formulating proposals for submission to the Public Service Board which will give effect to the Committee's proposals for extending the Concord system of supervision to other Repatriation Hospitals and providing additional medical specialists at institutions". (Paragraph 5.)

8. The Committee's proposal had been given effect. (Paragraph 13.)

9. The provision of separate Repatriation laundry facilities in South Australia was being actively considered and separate costing of Repatriation laundries had commenced. (Paragraph 13.)



*Epitome of Committee's Report.*

10. The Department, with the Public Service Board, should investigate ways of providing additional medical specialists at Repatriation institutions, either full time or on a sessional basis. (Paragraphs 259, 277 (13).)
11. Staffing at Repatriation Sanatoria should be examined by the Public Service Board. (Paragraphs 197, 277 (7) (b).)
12. The Committee found that the cost of administering Service Pensions by the Repatriation Department appeared higher than that of administering pensions by the Department of Social Services, and suggested that the Public Service Board might investigate this feature when conducting its "Section 17" Review. (Paragraphs 81, 277 (4).)
13. The Department's suggestion that there should be an expert review of the reasons for differences in cost of production at Repatriation limb factories was endorsed in principle. The Committee recommended that current costs should constantly be reviewed. (Paragraphs 223, 277 (10).)
14. The Repatriation Department might with advantage consider the new methods in the Department of Health's Pharmaceutical Benefits Scheme and might perhaps adapt them to its own Scheme. (Paragraphs 245, 277 (12) (2).)
15. The Repatriation Department, with the Public Service Board and the Treasury, should determine whether to undertake responsibility for pricing prescriptions under its Pharmaceutical Benefits Scheme. (Paragraphs 250, 277 (12) (b).)

*Epitome of Treasury Minute.*

10. See 2 above.

## The Treasury—

11. Stated that the Department had "looked into the possibility of Repatriation General Hospitals being occupied by persons requiring convalescent rather than hospital attention. A survey made at Repatriation General Hospitals at Heidelberg and Hobart earlier this year showed that these institutions were then being used for the treatment of sick persons requiring hospital treatment for their illnesses and not as convalescent homes, homes for the aged or as sanatoria. There is, in the Department's view, no indication from that survey that the progressive ageing of the ex-service population will materially reduce in the near future the number of beds required for remedial hospital treatment". A census made at 30th June, 1954, would be used by the Department in conjunction with "a further detailed study of the necessity to provide sanatoria and convalescent homes for the chronic cases of the aged and sick when the details of the census are to hand". (Paragraphs 9, 10.)
12. Observed that although the administration of Service Pensions is a matter of policy, "it might be handled more economically by the Department of Social Services, which is now making payments for other authorities, e.g. Health Department and the Superannuation Board". (Paragraph 14.)
- 13.
14. Advised that "arrangements have been made by the Repatriation Department for a departmental pharmacist to make a complete investigation into the Repatriation pharmaceutical service, and the Committee's suggestions that the Repatriation Department might adapt the new methods in the Health Department's pharmaceutical benefits scheme". (Paragraph 7.)
15. Indicated that arrangements had been made as for 14 above so that the departmental pharmacist would investigate the question of the Department assuming responsibility for pricing prescriptions. (Paragraph 7.)

*Epitome of Committee's Report.*

16. It was suggested that the Government investigate the working of the Pharmaceutical Benefits Schemes of the Departments of Repatriation and Health to avoid differing prices and the possibility of overlap between the two Schemes. (Paragraphs 254, 255, 277 (12) (c).)
17. The Committee recommended that statistics and other information placed before it could well be included in the Annual Report of the Repatriation Department, and suggested that the Reports should be presented to the Parliament as early as possible after the end of the relevant financial year. (Paragraphs 268, 269, 277 (14).)

*Epitome of Treasury Minute.*

16. The Treasury indicated that as the matter raised involved questions of policy a decision would be sought from the Government at an appropriate time. (Paragraph 15.)
17. The Treasury advised that "the Department will include various additional statistics and costs, &c., in its future Annual Reports and will make every effort to produce the Annual Reports without undue delay". (Paragraph 11.)

For and on behalf of the Committee

F. A. BLAND,  
Chairman.

PETER H. BAILEY, Secretary,  
Joint Parliamentary Committee of Public Accounts,  
Parliament House,  
CANBERRA, A.C.T.

21st March, 1957.