

1957.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

JOINT COMMITTEE OF PUBLIC ACCOUNTS.

TWENTY-SEVENTH REPORT.

DEPARTMENT OF THE INTERIOR:
ACQUISITIONS PROGRAMME

TOGETHER WITH

TREASURY MINUTES ON SEVENTEENTH
AND TWENTIETH REPORTS.

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JOINT COMMITTEE OF PUBLIC ACCOUNTS.

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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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JOINT COMMITTEE OF PUBLIC ACCOUNTS.

DEPARTMENT OF THE INTERIOR: ACQUISITIONS PROGRAMME.

CHAPTER I.—INTRODUCTION.

During the Inquiries of Your Committee into the accounts of the Postmaster-General's Department and of the Department of Civil Aviation, discussion took place with representatives of those Departments upon some general problems associated with their holding of properties. We found that departments often experience difficulties in acquiring properties considered necessary for the efficient performance of their functions.

2. One result is that they are hampered in their endeavours to provide necessary facilities; another effect of the delays, and one with which Your Committee are more directly concerned, is the inaccuracy of the figures included in the annual Estimates. Even a cursory examination of Acquisition Votes and expenditures reveals that the amounts for which Parliamentary appropriations are sought and obtained have been regularly underspent. Sometimes this under-expenditure has represented more than half the original Vote.

3. We also encountered anomalies associated with the review by holding departments of their continuing need for properties acquired perhaps many years before. Thus in Your Committee's Twelfth Report comments were made about the large number of properties that were held by the Postmaster-General's Department, but were not being used for Post Office purposes. We understand that in recent years many other departments have retained possession of properties for which they had no immediate use. It even appears that on occasions the properties were held although there was no clear idea what their ultimate use would be.

12 h Report,
Tabled 13h
April, 1954,
paras. 400-417.

4. During Your Committee's investigation of the accounts of the Department of Civil Aviation, it became clear that none of the major departments regularly acquiring property could provide us with satisfactory explanations of the policies and methods adopted by the Commonwealth for the acquisition of property. All those departments own properties, but acquire and dispose of them through the agency of the Department of the Interior. They are, we discovered, unaware of the details of the general arrangements made for the acquisition, review and disposal of Commonwealth properties. Accordingly, we invited the Secretary, Department of the Interior, to provide us with an explanation of the acquisitions procedure as followed by his Department.

5. Mr. W. A. McLaren, C.B.E., Secretary of the Department of the Interior, appeared before us on Friday, 13th July, 1956, and again on Friday, 10th August. At those hearings he was assisted by Mr. B. Bellhouse, Chief Property Officer of the Department. Questioning took place upon documents submitted to Your Committee, amongst which were several very lengthy schedules setting out the details of all acquisitions made by the Commonwealth during the last four years.

6. The valuable information contained in these schedules is, unfortunately, too extensive to admit of full publication. However, we include some of the information in the text of our Report and quote selections from the documents in the appendices.

CHAPTER II.—THE ACQUISITIONS PROGRAMME OF THE COMMONWEALTH.

(a) THE PROGRAMME.

7. As explained in the Introduction, we made inquiries from the Department of the Interior regarding its property procedures generally. The definitive provisions concerning the acquisition of property for Commonwealth purposes are embodied in the *Lands Acquisition Act 1955*, which is administered by the Minister for the Interior. (Up to November, 1955, when the *Lands Acquisition Act 1955* came into operation, the operative

No. 69 of 1955.

See also
Chapter III.
below.

enactment had been the *Lands Acquisition Act 1906-1936*.) The Administrative Arrangements Order 1951 indicates that, among other matters, the Department of the Interior deals with—

“ Land for Commonwealth purposes, acquisition and leasing of ”, and
“ Property, Commonwealth, management of ”.

8. As might be expected, there were very many acquisitions by the Commonwealth in the years following the 1939-45 war. Not only were Commonwealth activities in all spheres increasing, but many new functions had developed as a result of war conditions and their aftermath.

9. In 1953, the Government decided that budgetary procedures for both works and acquisitions should be reviewed.

10. On 2nd April, 1954, the Treasury circulated a memorandum to Permanent Heads of all departments indicating how the results of the review were to be put into effect for acquisition budgeting.

11. The memorandum indicated that the new procedures for acquisition budgeting (they are still in force) would be—

Treasury
Memorandum,
2nd April, 1954.

“(a) Acquisition Proposals for any year should be submitted to the Department of the Interior and Treasury.

All proposals must have the approval of the Minister of the proposing Department.

(b) After initial examination by the Department of the Interior proposals will receive Treasury examination. Treasury will consult the Department of the Interior on property questions and on estimates of cost. As necessary, sponsoring Departments will be consulted on their proposals.

(c) In this way the Departments of the Interior and Treasury will formulate preliminary proposals for the Current Acquisitions Programme having regard to the probable financial provision for the year and estimated liabilities for approved acquisitions in progress.

(d) Before being ‘approved’ any proposal must satisfy the following requirements:—

(i) it must be necessary to the performance of the ‘approved functions’ of the proposing Department and in accordance with the policy approved by Cabinet;

(ii) it must be incapable of deferment without undue loss of efficiency. The ‘approving’ authority for this purpose is the Cabinet Committee on Works.

(e) Acquisition Proposals arising as a matter of urgency during the balance of the year will be submitted first to Treasury for advice as to whether extra funds can be made available. No further action is to be entertained until such advice has been given.”

12. In order that proper consideration of the proposals could be made before the close of the financial year, the Treasury requested Departments to submit their acquisition proposals by 31st January of the preceding financial year. The approved proposals are then, according to the memorandum, included in a programme, the Acquisitions Programme.

13. In this way departmental acquisitions proposals receive consideration by the Departments of the Interior and the Treasury, and are moulded by them into a draft acquisitions programme for the ensuing year. Only after the draft programme receives approval by the Cabinet Committee on Works does it become the “Current Acquisitions Programme” and enable preparatory departmental action to take place.

14. As indicated in paragraphs 10-12 above, the Treasury asks that a list of proposed acquisitions be forwarded to it by the end of January of each year. These are the acquisitions departments want included in the draft acquisitions programme. The departments are asked to indicate in their list, with other details, the estimated cost of each acquisition and of works expenditure likely to follow, so that the programme may be considered in terms of total cost and of its implications for the Works Programme. Before a final determination is made of the items recommended for inclusion in the approved programme, the list may be discussed with the sponsoring department by the Departments of the Interior and the Treasury.

15. We describe in more detail in the next Chapter the procedure followed when an acquisition is made by the Department of the Interior on behalf of a client department. For our purposes here, it is only necessary to mention that when the draft programme is approved by the Cabinet Committee on Works, it becomes the Current Acquisitions Programme. Appropriate amounts are then included in the draft Estimates.

16. However, the position is complicated by the fact that, in many cases, acquisitions take more than one financial year to complete. In consequence, the Estimates figure for any financial year may include amounts for acquisitions that have been set in train in previous years. When the Estimates figure is finally determined, it is a total figure, and as published gives no indication of the proportions of the amounts allocated respectively to acquisitions brought forward from a previous year and to proposals newly admitted to the programme. Mr. Wark, Chief Finance Officer of the Department of the Treasury, advised us that—

“What goes into the Printed Estimates is a total figure which is the estimated expenditure for the year on both incomplete acquisitions and on proposals newly admitted to the programme. In the Treasury’s submission to the Cabinet Works Committee, however, figures are given for the outstanding liability on acquisitions in progress for each Division and the estimated outlay during the year. Similarly the estimated cost of each new acquisition is shown as well as the expenditure expected on each item.”

17. We inquired whether it was possible for considerable “dead wood” to be incorporated in the programme year by year. It appears that, until the new procedure was instituted (in 1954), amounts might well have been placed on the Estimates year by year, even though there was no reason to suppose that the acquisition would be completed in any one of those years. But from the financial year 1954-55, a Departmental Acquisition Vote is composed of, and only of

- (i) the *committed acquisitions* not settled at the close of the previous financial year (the funds for which are known as “revotes”); and
- (ii) *new proposals* admitted to the programme for the current year.

18. The Department of the Interior informed us that only “committed” acquisitions are carried forward from one year to the next ((i) above). We attempted to ascertain what was meant by a “commitment” in this context because, we were informed, it is commitments that determine the size of the “revote”. It appears that, whether an acquisition is being made by agreement or compulsorily, it must actually have been authorized by the Governor-General before it can, without further consideration by the approving authority (the Cabinet Committee on Works), be placed upon the Estimates for the following year as a “revote”. Mr. McLaren told us that—

“ . . . Speaking of the whole property position, within the Lands Acquisition Act, the point of the Governor-General’s approval is the point at which there is an actual liability against the Commonwealth, and not until then. All negotiations, even all acquisitions by agreement or settlements in respect of compensation under compulsory acquisitions, have to be approved by the Governor-General, except for some very minor ones for which delegation is given to the Minister. It is at that point of competent approval that the actual liability arises against the Commonwealth, and all negotiations are made without prejudice to the right of the competent authority to reject the proposition.”

Thus it is only from the time the Governor-General has approved an acquisition that any kind of legal obligation can be said to have been assumed by the Commonwealth. We were assured, furthermore, that it is only when the Commonwealth is in this sense legally committed to an acquisition that a proposal would be carried forward from one year’s programme to the next.

19. It is our view that this procedure, together with the safeguards mentioned above concerning automatic carrying forward of a proposal from year to year, is desirable and should meticulously be observed. We consider that when an Estimate is placed before the Parliament for approval there are implicit in that action two pledges—

- (i) that the Minister and his department need to acquire land, and
- (ii) that funds will be required for the properties concerned before that appropriation lapses at the end of the financial year.

We also consider that the lapse of funds at the end of a year implies the condition that, if the money voted has not been expended within the year, any proposals not actually begun should be reviewed along with the fresh proposals for acquisitions being submitted for the ensuing year. Your Committee are therefore in accord with the Treasury’s new procedure: we would expect it to be rigidly observed by departments to ensure that the programme does not get out of hand.

20. The Estimates submitted for acquisitions appear with the Votes of the department requiring the property (the sponsoring department); but under the caption “Under control of Department of the Interior”. Acquisitions Votes appear in the Capital Works and Services Estimates and the following table sets out Votes and Expenditure upon them for the last four years. It can be seen that, in terms of the total Budget, or even in terms of the total new Works and Services Estimates, the Acquisitions Programme of the Commonwealth is not large, and that most of it is for requirements of the Postmaster-General’s Department, the Department of Civil Aviation and the Department of the Interior:

Q. 14.

Q. 15.

Exhibit No. 27/3.

Exhibit No. 27/1.

Q. 57.

Q. 56.

Q. 61.

For further comment on the procedure see paragraphs 43-48 below.

DEPARTMENT OF THE INTERIOR ACQUISITIONS PROGRAMME.

VOTES AND EXPENDITURES ON ACQUISITIONS IN RECENT YEARS.

Capital Works and Services Division Number.	Department.	1952-53.		1953-54.		1954-55.		1955-56.		1956-57.
		Vote.	Expenditure.	Vote.	Expenditure.	Vote.	Expenditure.	Vote.	Expenditure.	
2k	Prime Minister's	£'000.	£	£'000.	£	£'000.	£	£'000.	£	£'000.
7	Treasury	(a) 1	34,420	10	9,345	..	..	..	..	..
9	Attorney-General's	30	..	1	..	357	82,800	..	..	..
11(1)	Interior	1,399(b)	30,104	..	..	3	2,139	..	..	..
13	Works	50	1,330,778	300	255,027	500(e)	498,793	320(k)	246,159	135
16	Civil Aviation	750(c)	21,544	120	35,467	106	82,416	8	727	7
18	Customs and Excise	3	589,286	600	500,156	550	155,306	570	317,250	315
21	Health	12	2,782	25	23,364	5(f)	3,562	28	532	26
24	Repatriation	15	101,253	15	94	20	3,799	28	10,922	17
25k	Commerce and Agriculture	15	250	30	1,315	22	4,741	17	3,121	13
27	Trade	..	2	..	..	5(g)	4,564	..	..	..
30	Primary Industry	..	..	..	..	..	..	..	..	..
32	Social Services	2	61,843	6	5,423	..	..	..	..	..
36	Shipping and Transport	15	724	15	11	22(h)	18,493	43	13,523	45
39	Immigration	170	70,611	90	94,923	5	303	(l)	3	6
41	Labour and National Service	4	1,800	25	1,259	13	13,383	35	18,081	17
46	National Development	5	1,004	4	132	(i)	352	17	3,011	5
49(1)	Council for Scientific and Industrial Research	..	..	..	..	..	..	1	411	..
54	Organization	52.25	41,432	57.5	14,749	48.5	37,496	24	13,083	30
57(1, 2)	Postmaster-General's	741	639,171	610	442,474	465	379,792	460(m)	513,967	430
57(3)	Broadcasting	28	..	24	11,595	104	7,925	47(n)	20,605	11
60	Television	..	..	..	..	86(j)	57	133(o)	129,053	13
64(7)	Territories (Northern Territory)	25	6,963	20(d)	13,904	3	5,370	286(p)	253,781	88
	Interior (Australian Capital Territory)	2.2	2,509	4	1,367	..	1,052	2	120	2
	Total	3,304.45	2,936,476	1,956.5	1,410,605	2,339.5	1,303,576	2,019	1,544,349	1,160

(a) £234,420 provided in Supplementary Estimates. (b) £860,000 provided in Additional Estimates, March, 1953. (c) £50,000 provided in Additional Estimates, March, 1953. (d) £10,000 provided in Additional Estimates, April, 1954. (e) £223,000 provided in Additional Estimates, May, 1955. (f) £3,000 provided in Additional Estimates, May, 1955. (g) £7,000 provided in Additional Estimates, May, 1955. (h) £352 provided in Supplementary Estimates (Miller-street). (i) £8,000 provided in Additional Estimates. (j) £8,000 provided in Additional Estimates. (k) £12,000 provided in Additional Estimates, May, 1955. (l) £3 provided in Supplementary Estimates. (m) £53,968 provided in Supplementary Estimates (Miller-street). (n) £250,000 provided in Additional Estimates. (o) £250,000 provided in Additional Estimates (Vestey's). (p) £250,000 provided in Additional Estimates (Vestey's).

21. Many of the Votes have, over the last four years, been under-expended. Indeed, the occasions on which the whole of the Vote has been spent are relatively rare. It was this inaccuracy in estimating for various Votes that first drew the Acquisitions Programme as a whole to the attention of Your Committee. We set out in the following table a list of the under-and over-estimates for the years 1952-53 to 1955-56. They indicate that the greatest inaccuracies have occurred in the estimates submitted for the Department of Civil Aviation, the Repatriation Department, the Department of Shipping and Transport (only until 1954-55), the Department of Immigration and the Commonwealth Scientific and Industrial Research Organization—

ACQUISITIONS PROGRAMME.

DIFFERENCE BETWEEN VOTE AND EXPENDITURE.*

Capital Works and Services Division Number.	Department.	1952-53.	1953-54.	1954-55.	1955-56.
		£	£	£	£
2κ	Prime Minister's	- 34,420	+ 655	..	..
7	Treasury	+ 1,000	+ 1,000	+ 274,200	..
9	Attorney-General's	- 104	..	+ 861	..
11(1)	Interior	+ 68,222	+ 44,973	+ 1,207	+ 73,841
13	Works	+ 28,456	+ 84,533	+ 23,584	+ 7,273
16	Civil Aviation	+ 160,714	+ 99,844	+ 394,694	+ 252,750
18	Trade and Customs	+ 218	+ 1,636	+ 1,438	+ 27,468
21	Health	- 89,253	+ 14,906	+ 16,201	+ 17,078
24	Repatriation	+ 14,750	+ 28,685	+ 17,259	+ 13,879
25κ	Commerce and Agriculture .. ..	..	..	+ 436	..
32	Social Services	- 59,843	+ 577	+ 3,507	+ 29,477
36	Shipping and Transport	+ 14,276	+ 14,989	+ 4,697	- 3
39	Immigration	+ 99,389	- 4,923	+ 23,767	+ 16,919
41	Labour and National Service	+ 2,200	+ 23,741	- 383	+ 13,989
46	National Development	+ 3,996	+ 3,868	- 352	+ 589
48(1)	Council for Scientific and Industrial Research Organization	+ 10,818	+ 42,751	+ 11,004	+ 10,917
54	Postmaster-General's	+ 101,829	+ 167,526	+ 85,208	- 53,968
57(1, 2)	Broadcasting	+ 28,000	+ 12,405	+ 96,075	+ 26,395
57(3)	Television .. ..	..	..	..	+ 3,947
60	Territories (Northern Territory)	+ 18,037	+ 6,096	- 2,370	+ 32,219
64(7)	Interior (Australian Capital Territory)	- 309	+ 2,633	- 1,052	+ 1,880
	Total	+ 367,976	+ 545,895	+ 949,981	+ 474,650

* Under-estimates are noted "-". Over-estimates are noted "+".

22. These two tables suggest that the size of the Acquisitions Programme has declined considerably over the last five years. No doubt this is in part because the large number of acquisitions rendered necessary by the post-war increase in Commonwealth activities has now been made. Present requirements for new land are probably more for adjustments in the current activities of departments than for new functions.

23. It also seems that it may not be possible for the Department of the Interior to handle many more acquisitions than are at present being made. The staff concerned with acquisitions is relatively small (about twelve to fifteen) and would presumably be unable to cope with much extra work.

Qs. 104-106, 108.

(b) THE PROGRAMME AND THE ESTIMATES.

24. As we have described, the lists of acquisitions that departments wish to be made during the year are sent to the Department of the Interior and to the Treasury early in the calendar year. After consideration, they are prepared as a draft programme for approval by the Cabinet Committee on Works, and then become part of the draft Estimates.

See paras. 10-14 above.

25. It has not been Treasury practice to include in the Estimates the names of any particular properties. It also appears that it may not be possible for the Minister, during the Estimates debate, to indicate to a Member asking for the information, how much is to be spent in the coming year on the proposals making up the Vote. Presumably the Minister would be able to read the list of proposed acquisitions and would be able to give some indication of the total amounts involved. Your Committee think it should be possible for the Minister to supply such information, and that it should be available in such a form as would, in total, tally with the appropriation being sought from the Parliament.

Exhibit No. 27/1, page 2.

See 24th Report (Department of Civil Aviation) paras. 130-142, esp. 141. See also Qs. 73-77

Exhibit No.
27/1, page 2.

26. Your Committee were informed that the figure appearing on the Estimates for any particular Acquisitions Vote need not represent the exact total of the estimated cost of acquisitions placed on the approved programme: the figure represents the estimated cash expenditure. One reason why the total is not included is that a programme may be approved that is larger than could be completed within the year. We observe that this procedure permits a certain fluidity that could be used to "switch" funds from one acquisition to another within a departmental programme, thereby covering up inaccuracies in estimating. A second explanation of the difference between the total cost of the approved acquisitions and the appropriation figure may be that the Treasurer has found it necessary, after the Government's Budget review, to reduce the Estimates submitted to him by departments. The result in those cases would be that, along with other Votes, Acquisitions Votes might have to stand their share of the reductions.

27. Your Committee discuss below why we cannot accept some of the implications that can be drawn from the reasons mentioned in the previous paragraph for the difference between the approved programme and Estimates figures.

28. The first difference between the "cash" figure and the total of the acquisitions listed in the programme results from uncertainty about the acquisitions that will actually be accomplished during the year. Let us state at the outset that we accept as reasonable the submission to Parliament of a genuine estimate of cash expenditure made in respect of specific proposals for acquisition. Indeed, it is our understanding that the purpose of drawing up the programme is to ensure that year by year an adequate review is made of the various departments' proposals for acquisitions. We think the review could produce a list of acquisitions that would indicate, with reasonable accuracy, both those that would be completed in the year for which funds are to be appropriated (and the funds involved) and the amounts likely to be spent on each of the others in the list. The total of these two figures should be that appearing on the Estimates. In Chapter V. we discuss some of the reasons why precise estimates of expenditure for Acquisitions Votes are particularly difficult to make.

See also paras.
42-45 below.

29. Nevertheless it is our considered opinion that the Department of the Interior, which is the expert department in these matters, and upon which responsibility for the execution of the Acquisitions Programme of the Commonwealth is conferred by statute, should be capable of making more accurate estimates. That Department alone knows the technical difficulties involved in such matters as search of title, survey of boundaries, negotiations with one or several owners and all the other difficulties that may arise in the course of an acquisition.

30. The second reason for the difference between the total estimated cost of acquisitions contained in the approved programme and the figure submitted to the Parliament as an Estimate of expenditure is that the programme as approved may have to be reduced following the review of Budget proposals by the Government. We understand that in recent years Acquisitions Votes sought in accordance with the approved Programme have not been subject to reduction.

See paras.
10-14 above.

24th Report
paras. 130-142

31. Indeed, with the new programming procedure now in full operation, most of the elimination of acquisitions proposals takes place in the process of drawing up the draft programme. (It will be recalled that the Departments of the Interior and Treasury, in consultation, where necessary, with the sponsoring department, make this review and prepare the draft programme for submission to the Cabinet Committee on Works). One example of this feature came to our notice when we were inquiring into the accounts of the Department of Civil Aviation. The Vote for that Department's acquisitions for 1954-55 was £550,000. The list of acquisitions proposals prepared by it for inclusion in the draft programme had contained an amount of approximately £750,000 just for revotes. The Treasury scaled down the amount sought to £550,000, yet expenditure was ultimately only £155,000. Thus even the revote section of the draft programme, as presented to the Treasury, was vastly in excess of the amount actually approved by the Treasury and the Parliament for expenditure, and that latter amount was in its turn heavily underspent.

Q. 79.

32. We understand that since the new procedure was put into effect, one of the main means of reducing departmental proposals has been to set a cash limit to expenditure. It is our view that the results that have been achieved by this form of control indicate that the Department of the Interior has been neither sufficiently critical of proposals put before it by sponsoring departments, nor sufficiently realistic in its assessment of the prospects of making progress with the acquisition within the year. It should not be necessary for the Treasury alone, unaided and with no special expertise in such matters, to have to try to reduce the expenditure proposals to a reasonable figure, i.e., to a figure representing an achievable programme. As can be seen from the figures quoted in the two tables above (paragraphs 20 and 21), even the fairly drastic reductions in Votes over the past few years have not resulted in an overall expenditure that bears any close relationship to the Programme total (though we readily agree that there are cases within the total Programme where expenditure has been of the same order as the Vote).

33. Your Committee note the statement by the Department of the Interior that—

“ . . . The lists are first reviewed by the Department of the Interior and the final programme is determined in discussion with Treasury, Interior and the Department concerned in the light of the total limit set by Treasury.” Exhibit No. 27/1, page 3.

Your Committee consider that the review by the Department of the Interior of achievable expenditure upon the approved proposals could be far more realistic. Such a review would take into account *inter alia* the inability of the Department of the Interior to achieve more than a certain number of acquisitions during a year. (We have already noted the small number of the staff engaged on acquisitions work: paragraph 23; and see also paragraph 77 below). The results of that review would then be passed to the Treasury with an indication of its implications for the cash required for the Current Programme. If this kind of review were conducted by the Department of the Interior, the Treasurer and the Government would have the satisfaction of knowing that the Estimates submitted to them represented genuine needs and achievable objectives. Although sweeping cuts could not then easily be made by the Government, in the knowledge that the Estimates contained a safe margin of funds and that essential projects need not be affected, there would be less cause to make those cuts. Your Committee expect those concerned with expenditure of the taxpayers' money to keep their calls upon it to the minimum consistent with the accomplishment of policy.

34. Your Committee would not suggest that the Department of the Interior has endeavoured to obtain large Votes for acquisition purposes, or to build its staff and expand its operations. We entirely accept the assurance of the Secretary of the Department that the staff is kept to a minimum and that the Department has no desire to increase it. Indeed, we are impressed with the achievement of so small a staff. What we are asking is not that it should be increased (unless that is necessary for the proper accomplishment of the Programme); but that its capacity for completing acquisitions should more realistically be assessed. Qs. 108, 164.

(c) COMMITMENTS AND REVOTES.

35. Earlier in this Chapter we have mentioned one meaning of the word “commitment”. According to the usage there described, it is only when an acquisition is “committed” that it is automatically placed on the Estimates for the ensuing financial year. The Secretary of the Department advised us that “commitment” in this sense means that the proposal has the approval of the Governor-General. See paragraphs 17, 18.
Q. 56.

36. Somewhat confusingly, there is another and quite different sense in which, in connexion with acquisitions, the word “commitment” is used. In this second sense “commitment” is used synonymously with “authorization” or “estimated total cost”. Because an acquisition, particularly if it is compulsive, may take more than a year to complete, approval to acquire may very well involve commitments of funds and resources extending beyond the financial year in which the approval to acquire was given.

37. The authority under which the Treasury permits departments to authorize work that will involve more funds than have presently been made available is Treasury Regulation No. 48. That Regulation is interpreted by Treasury Instruction No. 214. Your Committee questioned the representatives of the Treasury whether there is in those provisions sufficient authority to permit Authorizing Officers to certify that funds are available for any particular acquisition, when it appears that the acquisition will not be completed before the end of the financial year and that funds cannot, therefore, be said to be available to complete it. Qs. 40-44.

38. Treasury Regulation No. 48 provides that requisitions for works (and acquisitions are stated to be *pari passu* with works) are only to be submitted to Ministers for approval when the departmental Authorizing Officer can certify that funds are available. The relevant portion of Regulation No. 48 reads—

“48.—(1.) Every Requisition (Form 11) shall be submitted to the Authorizing Officer for a certificate as to whether funds are available. Approval of requisitions for supplies.

(2.) If the Authorizing Officer certifies that funds are available, the Requisition shall then be submitted for approval to the Minister administering the Department concerned or an officer appointed by the Minister for the purpose.” G. P. 274 (1942).

39. The Treasury Instructions define for accounting officers the meaning of “availability of funds”. The portion of Treasury Instruction No. 214 relevant for our purposes reads—

“214. For the purposes of Treasury Regulation 48, funds are available—

(c) where the Treasurer has approved that the liability specified in the requisition may be incurred.” Treasury Instruction No. 214, G. P. 274 (1942).

Qs. 40-44. The Treasury interpret the approval of the Treasurer, given when he sits as a member of the Cabinet Committee on Works, as permitting a certificate that funds are available, even though they have not as yet been voted, or have only been voted in part, by the Parliament.

40. The basic reason why the Treasury permits authorizations or commitments in advance of appropriation is, of course, that it is impossible for administration to proceed otherwise. Competent (and constitutionally responsible) approval is given to a programme by submitting it to a Committee of the Cabinet. Mr. Cox, then Assistant Secretary of the Treasury, gave us some interesting information on this matter—

Qs. 43, 44. "COMMITTEE MEMBER.—The Treasury Instructions indicate the purpose of the Treasury Regulation 48. It seems that that does not provide for every authorization where you have money actually appropriated or held in a trust fund?—(Mr. Cox) If you look at paragraph (c) of the Instruction you will see it provides 'where the Treasurer has approved the liability specified in the requisition may be incurred'. The Treasurer is a member of the Committee which approves these programmes, and so he has approved the liability. We have the same position in regard to the defence programme and other programmes. Large amounts come up for expenditure in later years, and there must be some machinery to allow those requisitions to be processed.

COMMITTEE MEMBER.—You rely on the assumption that if the Parliament votes £5 towards a £5,000,000 project, the Parliament has authorized that, although in the first estimate only £5 is voted?—(Mr. Cox) Yes. For the reason that the Cabinet Committee does not merely authorize expenditure in a particular year, it authorizes the programme."

Auditor-
General's
Report, page
114.

41. According to the simplest view of the requirement of prior Parliamentary approval to all governmental expenditure, such a procedure as the one we have been describing would clearly constitute an infringement. We note that similar procedures are followed by the Treasury and departments in all cases where a continuing programme is necessary for the achievement of the administrative purposes for which funds are required, e.g., the works programme, the defence programme. Your Committee recall the opinion of the Solicitor-General, delivered to the Auditor-General in 1953 and printed in the Auditor-General's Report for 1952-53, that the practice of incurring liabilities under departmental works programmes in advance of Parliamentary approval, but in accordance with the established works procedure, does not involve any contravention of the law. He indicated that subsequent appropriation by the Parliament of funds to meet commitments entered into before funds had been appropriated provides the means by which the obligations can be satisfied. Although the position in the United States of America is otherwise, the Crown in Australia (or England) has power to commit the Commonwealth to future liabilities.*

See also paras.
31-33 above.

42. In our system of government, the power of the Executive to enter into contracts is undisputed. We do not, nor would it be proper to attempt to challenge, this basic authority. Our function is rather to scrutinize the manner in which this undoubted power of the Executive is used. As we indicated in the previous section of this chapter, it appears to us that there is room for a more effective review than the Department of the Interior has to the present been giving of lists of proposed acquisitions submitted to it by departments. The arrangements devised by the Treasury to control the programme in terms of financial commitments appear adequate; but the scrutiny of the substantive proposals of departments is, we think, defective. The consequence is that financial controls, necessarily generalized, have had to assume a role that would properly be played by a selective and qualitative review by the Department of the Interior.

Qs. 11-15.

43. Reverting to the prior sense of "commitment", we explained (in paragraphs 17-19) that the meaning then given to the word "committed", when qualifying the noun acquisition, indicates a sufficient authority for placing on the programme for the following year an acquisition not completed in the current financial year. When such an acquisition is placed on the new programme, it is known as a "revote". Naturally enough, it is not possible to assess accurately the size of the revote until the beginning of the financial year. Therefore, it is not possible to settle finally what new acquisitions are to be included until the commencement of the new financial year.

Q. 17.

44. The Secretary of the Department of the Interior told us that it is not necessary that a "revote" should in fact have any financial provision made for it in the cash budget. By this statement we understand that it is possible for an acquisition to be "committed", i.e., authorized by the Governor-General, without any immediate action involving financial settlement being taken. We should have thought that such proposals, which are really contingent liabilities, should not be carried in the programme proper, but should be shown as contingencies in a footnote or by some similar device.

See also
paragraph 117.

* Or, in a current Americanism, to "obligate" the Commonwealth.

45. It is our view that if the Department can estimate with some certainty when a committed acquisition will not involve any actual cash outlay in a given financial year, it should also be possible to make a reasonably accurate estimate of cash requirements in respect of new acquisitions placed on the programme. We have already indicated that we consider unsatisfactory the estimating by the Department of the Interior of the cash obligations it will have to meet during a financial year. The fact that apparently reasonably accurate estimates of cash outlay can be made for "committed" acquisitions gives further grounds for the view that the Department should be able more accurately to estimate the funds it requires to meet commitments under any Current Acquisitions Programme.

See para. 29
above.

46. If the Department works on the principle that it will not seek an appropriation of funds for a proposal unless it is relatively certain that expenditure will occur within the period of the appropriation, it should be possible considerably to reduce the amounts asked for in any given financial year. Should requests for funds, on this principle, be pruned to the minimum, it may on occasion be necessary, during a financial year, to seek Parliamentary approval to additional expenditure upon a particular acquisition. Your Committee regard occasional approaches for additional funds as far more desirable than the avoidance of the necessity by too ample a request at the beginning of the year. Approaches are already made to Parliament for additional funds when it is necessary to settle a liability not reckoned with when the Estimates were drawn up:

"COMMITTEE MEMBER.—What happens when you do want to settle it?—(Mr. McLaren) There has to be a special provision of money by the Treasury. An example is one acquisition in Darwin. There was a very large claim by the Northern Australian Meat Company which actually took five years to settle. That was settled last year, and special provision had to be made for it. The claim was settled at a figure which was about one-seventh of the amount claimed. We could have carried, for years, a rough amount of the claim, but that would have further thrown up under-expenditure. Qs. 19, 20.

COMMITTEE MEMBER.—In some cases you appear to carry these revotes year after year, and in others you apparently do not?—(Mr. McLaren) We carry them on the programme but we do not make cash provision for them. They are still on our list of outstanding settlements."

47. Your Committee accept the necessity for carrying revotes on the new programme, even if they may not require any funds during the year; but we recommend that, at least after the first automatic inclusion of a committed acquisition in the current Acquisitions Programme as a "revote", the Department of the Interior should take up with the sponsoring department the possibility of abandoning the proposal.

48. As explained in the preceding paragraphs, the Department of the Interior accepts the approval of an acquisition proposal by the Governor-General in Council as sufficient to warrant its automatic inclusion as a "revote" in the Current Acquisitions Programme. Your Committee see clearly the difficulties involved in any other view the Department could take of the implications of Executive Council approval of an acquisition. However, the disadvantages attendant upon an automatic inclusion of proposals in the new programme, simply because they have at an earlier (and mayhap much earlier) date received Executive Council approval seem to us so great as to suggest that the position be reconsidered.—

- (i) It is our view that the automatic inclusion of a "committed" acquisition in programme after programme, even if no funds are provided for it, is anomalous, and that some steps should be taken to enable review by the appropriate authorities.
- (ii) We strongly recommend that the greatest care be taken to obtain Executive Council approval only to acquisition proposals that it is tolerably certain can be completed. It seems to us that sufficient care may not always have been taken in the past to ensure that only acquisitions of this kind were submitted to the Executive Council.

49. Associated with the general question of revotes is the need that may arise during the year to make a "substitution" within the programme as a whole. For instance, the Department of the Interior may advise the sponsoring department that it is unable to make one of the acquisitions desired by the department. The sponsoring department may acquiesce and may suggest that another property be acquired in place of the original one. We were informed that it is possible for such a substitution to take place, but that Treasury approval is required. Mr. Cox advised us that—

" . . . It is often necessary during the year to make a reallocation of funds within the total amount approved by the Government and the Parliament for any such acquisitions, and to obtain the necessary legal authority for that expenditure the amount is included in the Additional Estimates under the particular division of the Estimates to which the expenditure would relate. You will appreciate that we might approve of a certain amount for an acquisition, say for a Post Office, and have a corresponding saving on a Department of Civil Aviation acquisition. In that event, of course, Parliamentary authority would be necessary to expend the money." Q. 24.

50. The passage of evidence just quoted indicates another sense in which a "substitution" may take place. In this sense a "substitution" takes place between one acquisition *Vote* and another *Vote*. On the face of it, this kind of variation of the Parliamentary Appropriation appears far more radical than is the variation of the Estimates permitted by section 37 of the Audit Act.* However, we note that in fact it is a device adopted by the Treasury to ensure that the overall ceiling for all acquisitions Votes, i.e., for the whole Programme, as approved by Parliament in the annual Estimates, is not exceeded. The effect is that, whilst the Parliament has still to be approached for funds, total expenditure is kept within the Budget figure. Although that seems to be a useful form of control, we consider that, as in the past, prior Treasury approval should always be given to such a substitution. We note also that in most cases "substitutions" involve only a postponement of the expenditure, and not a saving in the strict sense of the word.

Qs. 28-30.
Q. 25.

CHAPTER III.—ACQUISITIONS PROCEDURE.

(a) THE LANDS ACQUISITION ACT 1955.

51. The power to acquire land is conferred on the Commonwealth by Section 51 (xxxi.) of the Constitution. It provides that the Commonwealth may acquire property "on just terms from any State or person for any purpose in respect of which the Parliament has power to make laws". Under the powers thus conferred the Commonwealth has enacted the *Lands Acquisition Act 1955* (superseding the *Lands Acquisition Act 1906-1936*, except for certain specified provisions). The Act lays down that the Commonwealth may acquire land by one of two modes of acquisition: either by agreement, or by compulsory process.

No. 69 of 1955.
Section 6.

52. Acquisition by agreement is naturally the more simple process. Section 7 of the *Lands Acquisition Act* sets out the position—

Acquisition by agreement.

"7.—(1.) The Governor-General may authorize the acquisition of land by the Commonwealth by agreement for a public purpose approved by him.

(2.) The Minister may authorize the acquisition by the Commonwealth of land by agreement, for a public purpose approved by him, at a price not exceeding Five hundred pounds.

(3.) The Minister may authorize the acquisition by the Commonwealth by agreement, for a public purpose approved by him, of a lease of, or licence in respect of, land for a term not exceeding three years at a rental, or for a periodical consideration, not exceeding Five hundred pounds per annum.

(4.) The land acquired under this section may be an easement, right, power, privilege or other interest, which did not previously exist as such, in, over or in connexion with land."

53. It can be seen from this Section that it is necessary for the Governor-General to authorize the acquisition of any land the price of which exceeds £500. Consequently, it is necessary for almost all acquisitions to be placed before the Executive Council for approval.

54. The other form of acquisition is by compulsory process. The 1955 Act provides that the Minister (who is the Minister for the Interior) may not recommend a compulsory acquisition to the Governor-General unless he has first served upon the owner, or each of the owners of the land in question, a notice inviting him or them to treat for the sale. (Adequate provision is made for acquisition when an owner cannot be found).

Section 9.

55. When land is acquired compulsorily, and no agreement can be reached between the Minister and the owner, the Act provides that compensation is to be paid to him. ("Compensation" is the term used in the Act to describe the amount paid to an owner whose land or interest has been acquired compulsorily). If no agreement can be reached as to the amount of compensation, the owner may bring an action against the Commonwealth in the High Court or a Supreme Court of a State or Territory.

Section 10.

Section 13.

56. On the date upon which notice of the authorization by the Governor-General of a compulsory acquisition is gazetted, the land to which the notice applies is—

Section 10(4).

"(a) Vested in the Commonwealth; and

(b) freed and discharged from all interests, trusts, restrictions, dedications, reservations, obligations, contracts, licences, charges and rates,

to the intent that the legal estate in the land and all rights and powers incident to that legal estate or conferred by this Act are vested in the Commonwealth."

* By Section 37 of the Audit Act the Governor-General is given power to direct the application of funds unexpended on one item of a sub-division in the Estimates, to another item in the same sub-division. The Treasurer administers this Section of the Act.

(b) REQUISITIONING PROCEDURE.

57. When a department decides that it requires land to discharge its functions, it is necessary for it to advise the Department of the Interior to that effect. Presumably discussions will take place within a department before the Department of the Interior is advised of its desires; these discussions would relate to the kind of land desired, to its location, and so forth.

58. The Treasury requests departments to advise it and the Department of the Interior by the end of January of acquisition proposals they wish included in the next Current Acquisitions Programme. We have already described in outline the procedure of review that takes place within the Treasury and the Department of the Interior prior to the presentation of the Estimates. We recall that departments are enjoined to submit only acquisitions that will comply with the following requirements:—

See paras. 10-14 above.

- “(i) they are necessary to the performance of the ‘approved functions’ of the proposing Department and are in accordance with the policy approved by Cabinet; and
(ii) they are incapable of deferment without undue loss of efficiency.”

Treasury Memorandum 2nd April, 1954.

59. Once the acquisition has been approved as part of the Current Acquisitions Programme, it will take its place along with other proposals for any given department, and in due course an appropriation of funds will be sought for it.

See paras. 26ff. above.

60. When the Parliament has voted funds, the Authorizing Officer of the sponsoring department is able to forward a requisition for the acquisition of the properties in the approved programme to the Property Officer of the Department of the Interior. The requisition gives details of the property and indicates that funds are available for the acquisition: the amount is normally as stated in the department's application that the proposal be placed on the Programme. Should the Department of the Interior find that the requisition figure is not sufficient to enable acquisition and that further funds are required, it is necessary for the matter to be referred to the Treasury. Mr. McLaren also informed us that if the additional amount was large—

“ . . . The department itself would first consider whether, in view of the amount being much larger than it had thought it would be, the acquisition should proceed at all.”

Q. 67.

61. Only when the department has lodged its requisition with the Department of the Interior will that Department take any steps to acquire the property. The Department stated that—

“No action is taken in respect of any acquisition on the acquisition programme until a requisition has been received in the Department. No commitment can be entered into with respect to any item on the agreed programme until the Estimates have been passed by Parliament or Treasury approval has been obtained to anticipate the passing of the Estimates.”

Exhibit No. 27/1 page 3(c).

62. We asked whether delays in making acquisitions would be reduced if the Department of the Interior were able to commence preliminary investigations before the requisition was actually received but after the Programme had been approved. We were informed that previously the Department had made investigations before requisitions were actually lodged; but that, as a measure towards tightening the administration, it had been decided that no action should be taken until the Department was sure that funds were available and that proper approval had been obtained in the sponsoring department.

Q. 63.

63. Your Committee approve precautions of this kind: extensive investigations of a purely speculative nature would not, it seems to us, serve any purpose except to frustrate the efforts of those who genuinely require acquisitions. On the other hand, we have been at some pains to describe the elaborate precautions now taken by both the Department of the Interior and the Treasury to ensure that only properly considered acquisition proposals are included in the Current Acquisitions Programme.

64. We have already discussed in other places the procedure instituted to enable works planning to proceed ahead of the authorization of funds. We understand that the arrangement is that once a works proposal is placed on what is termed the “Design List” (as distinct from the Works Programme), the Department of Works is able, with suitable precautions, to proceed with the preparation of plans and to undertake other necessary preliminaries. We suggest that much more accurate estimating might be possible if the Property Section of the Department of the Interior were to proceed with preliminary investigations in the five months between the end of January and the end of June (the end of the financial year). It should be possible, for example, for the Department to make investigations of the kind of difficulties they might encounter in the course of an acquisition. If necessary, the proposal could be left off the draft programme of new proposals until a

See paras. 10-14 and 35-44 above.

later year. We observe that there are yet four more months before the Acquisitions Programme can be said to be fully adopted: it is usually towards the end of October at the earliest before the Parliament has approved the Estimates. More preliminary investigations could be undertaken during this period, when the revotes would be known and the contents of the draft programme should be fairly well settled.

65. We consider that the undertaking of such exploratory activity by Property Officers could only lead to more accurate estimating, and that if the dangers mentioned in paragraphs 62 and 63 are borne in mind, no objection could be raised. No funds would be required, and the submission of the acquisitions to the Governor-General for approval, with consequent "commitment" of the Commonwealth, could be avoided in most cases until there was a reasonable prospect of early acquisition. Revotes would then seldom be necessary. We presume that, as a matter of fact, departments were asked to submit their proposals by 31st January so that precisely this form of preliminary investigation could be undertaken. If that is not the purpose of the early date, it seems pointless to ask departments to submit lists of acquisitions they wish made on their behalf so far in advance of their knowing the extent of their revotes.

24th Report
para. 138;
Qs. 91-95 and
217.

66. We also asked the representatives of the Department of the Interior, both during our Inquiry in respect of the Department of Civil Aviation and in the recent Inquiry, whether it would help them if departments lodged their requisitions for acquisitions early in the financial year. On both occasions we were informed that it would help the Department considerably.

67. Your Committee observe that if the Department receives a great flow of requisitions at the beginning of the year, it might still not be possible to complete all of them within the year, should their number be in excess of the capacity of the Property Office. However, we are inclined to accept the assurances of the representatives of the Department of the Interior. At the very least, earlier lodgment of requisitions would make it possible for a rational programme of work to be prepared for each year. We cannot urge strongly enough that departments pay heed to the expressed needs of their property agent and make every endeavour to lodge requisitions at the earliest possible stage in the financial year.

Q. 96.

68. It seems to us not improbable that departments have hitherto failed to lodge their requisitions earlier with the Department of the Interior because they did not consider carefully enough what acquisitions they required. It was suggested to us during the hearings that, once a programme is accepted and approved by the Cabinet Committee, there is no good reason for a department to delay, if it has decided precisely what it wants. We agree with this view and recommend that sponsoring departments—

See paragraphs
10-11, 58.

(i) take more care in defining with precision what acquisitions they require, in accordance with the terms of the Treasury circular already quoted; and

(ii) prepare requisitions for properties early in the financial year.

Exhibits Nos.
27/2, 27/7.

69. In order to ascertain just how many requisitions are placed relatively late in the financial year, we examined the 1,550 requisitions lodged with the Department of the Interior over the years 1952-53 to 1955-56. Approximately 250 were lodged during the last two months of the year. That means that requisitions for one out of every six acquisitions were left until the very end of the year. Although, on a pro rata basis, such a figure is readily understandable, it seems to us far from satisfactory when it is borne in mind that the entire Acquisitions Programme is approved by a Cabinet Committee at the very beginning of the year and that departments are free to lodge requisitions from a date no later than October or November of each year (after the Estimates have been approved by the Parliament). Even before the Estimates are approved, funds are, we understand, made available, during the Supply period, for urgent cases.

70. We examined the tables submitted by the Department of the Interior and note that the worst offender (and also the largest client) as far as late lodgments are concerned is the Postmaster-General's Department. In that Department the figure for late lodgments of requisitions (i.e. requisitions lodged in the last two months of the financial year) is approaching one in every four of the total number of requisitions lodged.

71. Even should many of the late lodgments represent small acquisitions, Your Committee are not satisfied with such a state of affairs. We consider that, although it is incumbent upon the Department of the Interior to endeavour to make departments lodge requisitions early in the year, it is at least equally the responsibility of sponsoring departments

to see that their property agents are given every assistance. The recurrent and prevalent delays that occur in the lodgment of requisitions prompt the question whether departments are not concerned about funds for acquisitions, knowing that adequate resources will be available whenever they need them, whether that be in the present or an ensuing financial year. An affirmative answer is suggested by the heavy under-expenditure on Acquisitions Votes that we discussed in the previous Chapter.

See paras.
20-23.

(c) RECORD OF TITLE DEEDS.

72. Until quite recently, the Attorney-General's Department retained in its strong room in Canberra all deeds of Commonwealth properties. The Secretary of the Department of the Interior informed us that his Department now maintains a register of all land that has been acquired, and also holds the title deeds. At this very moment the Department is arranging to send the title deeds of property in each State to the Chief Property Officer for that State. This is in line with the Department's decision, noted in the next section of this Chapter, to decentralize its operations.

Q. 245.

Qs. 241-243.

73. The register of properties maintained by the Department of the Interior does not record all the improvements made on the land: only those in existence at the date of acquisition. Mr. McLaren informed us that a record of improvements made "is in the hands of the various departments". We understand that that record is not always very comprehensive, and that it is not kept in a standard form. Your Committee recommend that at some place or places within the Commonwealth a record or records should be kept of the improvements made to property held by departments. It seems strange that some record is not available, if only that a full check of the existence and examination of the state of the properties could at some stage be made. At the same time, however, we cannot be unmindful of the observation of the Auditor-General that—

Q. 241.

" . . . in order to get this matter on a satisfactory basis, it may be necessary to go back to the time of Federation and to check through the *Gazettes* and ~~accounts~~ and so on, and make a reconciliation with all these deeds and documents and ensure that they are under the control of the Commonwealth. That would be a colossal task."

Q. 248. EXECUTIVE
COUNCIL MINUTES

74. Nevertheless, the Auditor-General gave it as his opinion that an Assets Register should be maintained, and should be subject to periodic check, as are other Government securities. He suggested, and with his suggestion we agree, that the responsibility for maintaining an Assets Register should be that of each department. Mr. Newman, Auditor-General for the Commonwealth, said—

Q. 248.

"I think that the maintenance of an Assets Register is the responsibility of every department, irrespective of any other action taken. If a question is raised with regard to the Post Office about the land that that Department holds, it should have an Assets Register in order to be able to answer the question. Other concerns like the Atomic Energy Commission, the Australian Aluminium Production Commission, and all others must set up and maintain an Assets Register.

Qs. 249, 250.

COMMITTEE MEMBER.—There used to be a practice carried out of having a schedule hanging in each office room showing the contents of the room in furniture and equipment?—*(Mr. Newman)* Yes, that has disappeared because it cost more than it was worth through the constant movement of furniture. Where you have land, buildings, plant, machinery and equipment, there should be an Assets Register to show what the Department has and for what it is responsible."

75. We recall that we commented upon the lack of an Assets Register in the Commonwealth in our Twenty-fourth Report, on the Department of Civil Aviation. In that Report we indicated our understanding that the Treasury was working on a general instruction to departments on the form and contents of registers of fixed assets, and that the position would soon be determined. We repeat our comments—

24th Report,
tabled on
13th June, 1956,
paras. 71-74.

- (i) that we look for an early settlement of the position; and
- (ii) that a value register is probably unnecessary, provided an accurate physical record is kept.

76. There seems to be a certain lack of agreement about whether or not it is necessary to check the title deeds. We would assume that it is desirable that a central register of all title deeds be kept, perhaps in the Canberra office of the Department, to enable a check to be made from time to time of their continued safe custody. The proposal to send the title deeds to the State Property Officers seems to us to add another reason for keeping a central record.

(d) THE PROPERTY ORGANIZATION OF THE DEPARTMENT.

77. The Department of the Interior advised us that the numbers of officers engaged on acquisition work and related activities in each of the States are—

Exhibit No. 27/3, page 1.	State.	Number of Officers Engaged on Acquisitions.	Number of Officers Engaged on Disposal Work.	Number of Surveyors.
	New South Wales	2	1	12
	Victoria	4†	†	7
	Queensland	4†	†	9
	South Australia	3†	†	6
	Western Australia	2†	†	4
	Tasmania*	1.5†	†	Nil‡

* Staff of Public Service Board and Electoral Office.

† Surveys are done by State.

‡ Engaged on acquisitions and disposals.

Qs. 103-105. The Secretary of the Department told us that in his opinion they have sufficient staff to carry out their acquisition work. He did not think shortage of staff contributed in any degree to the delays that occur in completing acquisitions.

78. In addition to the officers engaged solely on acquisitions work, there are the technical men who have nothing to do with the office process, but who would be engaged on various forms of survey. The number of surveyors is indicated in the last column of the table in the previous paragraph. However, the Department stated, the number of surveyors as given in the table includes all those employed by the Commonwealth in each State. They are not engaged solely on surveys for acquisitions, but are required to do that work as the need arises: "this type of work does not however form the major part of their duties".

Exhibit No.
27/3.

79. The Public Service Board advised us that in 1951 the Department had, pursuant to a "Section 17" investigation by the Public Service Board, decentralized its system so that most of the work is now carried out in the States instead of from a central office in Canberra.

Qs. 120, 121.

80. While Your Committee appreciate that a decentralized system may have avoided the bottlenecks that occurred under the earlier and more centralized arrangement of functions, we question whether it is necessary for the Department to go as far in its decentralizing policy as it has. The Secretary, Department of the Interior, informed us that it had been found advantageous to have the negotiations conducted on a decentralized basis, and that the decentralization had been carried out at the instance of both owners and the officers of the Department. To ascertain how far the decentralization is applied, we asked whether the Head Office of the Department keeps itself informed of the general progress of work in the States. We were told that they receive a general report from the States once a year, and apart from that would receive only *ad hoc* advice—

Qs. 379, 380.

Qs. 224-226.

“COMMITTEE MEMBER.—Do you receive periodical reports from your State offices in relation to the current situation of each acquisition?—(Mr. McLaren) They are not regular reports. We certainly get one a year but the others are *ad hoc*.”

COMMITTEE MEMBER.—Have you ever considered getting three-monthly or six-monthly reports so that you will be in a position to know just what the position is?—(Mr. McLaren) The Chief Property Officer himself is obliged to keep that, and exercise pressure. He has staff to keep it moving.

COMMITTEE MEMBER.—Would it not be a better system if you received reports, particularly in relation to these delay cases, at Head Office, and tried to exercise some pressure from Head Office rather than depending on the Chief Property Officer in the State?—(Mr. McLaren) It is a question of how far you give certain delegations, and put responsibilities on your people. I realize that your suggestion could be desirable.”

Qs. 231, 232.

It seems at least conceivable that a more systematic review of progress by Head Office might yield more speedy results in the regions and make possible the submission of more accurate Estimates to the Parliament. We recommend that the institution of, say, a quarterly review of progress be considered.

Qs. 171-175.

81. The Department employs no valuers of its own. When it has need of a valuation, it either asks that the valuers attached to the Taxation Branch of the Commonwealth Treasury might provide it with one, or else employs outside valuers. In cases of contested values, the Attorney-General's Department will often advise the

Department to obtain the opinion of outside valuers: but the Department does not retain a panel of valuers. It appears that a panel was tried, but was found unsatisfactory because in many cases the owner had already obtained a promise of the services of the valuer approached by the Department. Q. 187.

82. Although this does not in itself seem to us to be a very good reason for not retaining a panel of valuers, we are impressed by the fact that the Commonwealth already employs its own full-time valuing staff. Notwithstanding the existence of this body of Commonwealth valuers, and the Department's view that a panel of valuers would not be satisfactory, it appears that the Department obtains a considerable number of valuations from outside valuers, i.e. valuers not employed by the Taxation Branch of the Commonwealth Treasury. Your Committee consider that, wherever possible, the Department should use to the full the services of the valuers engaged by the Commonwealth, and we recommend that the system by which outside valuers are employed might be reviewed. Indeed, we understand that the general policy is to use the Commonwealth valuers, and think that the cases where outside valuers are engaged should be carefully scrutinized, to ensure that the policy is in fact observed. Qs. 171-174.

83. It is important not only that the Commonwealth should receive reliable valuations, but that, with so large a programme, the valuations it receives should be obtained with as little expense as possible. We are especially concerned that the valuations the Department obtains should be satisfactory, because it seems that low valuations, for example, may result in undue delays in the completion of acquisitions. High valuations would, on the other hand, tend to lead to requests for unnecessarily large appropriations, and possibly to a decline in the number of proposals included in the annual programme, with consequent delays to departmental activities. Q. 457.

84. During the hearings, we asked the Secretary of the Department, Mr. McLaren, whether he considered that the appointment of a special negotiator, whose business would be to travel from State to State to assist in the settlement of difficult claims, might be of value—

“COMMITTEE MEMBER.—You have never considered, perhaps, the appointment of someone in the position of chief inspector in relation to those things who would have an authority above that of the Chief Property Officer in the State?—(Mr. McLaren) No. Qs. 227-229.

COMMITTEE MEMBER.—Do you think there would be any advantage in having some one in that position who, receiving periodical reports, would be able either to give instructions to the Chief Property Officer or himself go into the States in an endeavour to hustle these delay cases along?—(Mr. McLaren) I have explained earlier that I send Mr. Bellhouse to States where it appeared the situation was getting a bit beyond them.

COMMITTEE MEMBER.—Would it be of benefit if there was someone who had that special position and who could exercise his own judgment on matters rather than as now when you might pick out an odd case and instruct one of your officers to act in relation to it?—(Mr. McLaren) Perhaps in relation to that I have been following a rather negative system which is based on the principle in which I believe that if you give a man a job to do, do not put another man on to see that he does it. Such a system of supervision could be extended in all sorts of fields. You could build up your staff very nicely with men going around carrying briefcases and looking important, but I doubt whether you would get very much out of it. . . . (The present system) has its faults, but I think it keeps the cost and size of the administration down.”

Your Committee find ourselves inclined in principle to agree with the view of the Secretary just quoted, that it is bad administration to set a supervisor to supervise the supervisors. However, it seems to us that the Chief Property Officer, Canberra, is already in a position to exercise the necessary minatory or hortatory functions. We would expect this officer to see it as part of his functions to reduce the frictions attendant upon Commonwealth acquisitions, and to help to bring to an end the often protracted negotiations that take place when a proposal to acquire meets with resistance. Delays mean not only endless discussions involving senior staff and perhaps legal fees; but that some department is held up in achieving a project that has had approval at the highest level.

CHAPTER IV.—DISPOSAL OF PROPERTIES.

85. The Department of the Interior is responsible for both acquiring and disposing of Commonwealth properties. We first had our attention drawn to the disposal function of the Department when we were examining the accounts of the Postmaster-General's Department. In that Report we noted that the Postmaster-General's Department was holding numerous properties that had remained unused for many years, some for as many as 40 years. Twelfth Report, paras. 400-415. Tabled 13th April, 1954.

No. 69 of 1955. 86. The *Lands Acquisition Act 1955* provides certain rules for dealing with land vested in the Commonwealth. Section 53 of the Act, as relevant to our purposes, which are to discuss the action taken by the Commonwealth to dispose of land vested in it, reads as follows:—

“ 53.—(1.) Where land vested in the Commonwealth is no longer required by the Commonwealth, or is not required for immediate use by the Commonwealth—

(a) it may be disposed of in any case under the authority of the Governor-General or, in a case where the Minister is satisfied that the value of the land does not exceed Five hundred pounds, under the authority of the Minister;

(b)

(2.)

(3.) Where land has been acquired either by agreement or by compulsory process under this Act or the Acts repealed by this Act and, within seven years after the date of acquisition, it is proposed to dispose of the land in pursuance of paragraph (a) of sub-section (1.) of this section, regard shall be had to the general principle that, in such cases, the land should, where practicable, be first offered for sale to the former owner at a reasonable price.

(4.)

(5.)

(6.) In this section ‘the former owner’, in relation to land, means—

(a) where only one person had an interest in the land at the date of acquisition and that person is still alive or, in the case of a company, in existence—that person; or

(b) in any other case—such person or persons (if any) as the Minister, in his absolute discretion, having regard to the interest that existed in the land at the date of acquisition, considers to be fairly entitled to the benefit of sub-section (3.) of this section in relation to the land.”

Q. 323. 87. We inquired from the Secretary of the Department of the Interior whether his Department exercises any supervision over unused properties held by other departments. He said that its responsibilities only commence when another department declares some of its property surplus. At that point, the Department of the Interior would circularize other departments to make sure that the land could not be used by one of them, and if not, would take steps to dispose of it.

88. We asked on what basis the Department disposes of property that has been declared surplus to requirements—

Qs. 422, 423. “ COMMITTEE MEMBER.—What is the position on retransfer: is it at the same price or at some other value?—(Mr. McLaren) It would be at current value—the present-day value. It gives the owner first offer of refusal.

COMMITTEE MEMBER.—You give the owner first offer?—(Mr. McLaren) Yes. That has been the administrative policy for some years.”

Your Committee realize the justice of offering back to a former owner the land acquired from him. We note that the obligation imposed by the Act is that the land be offered to him for purchase “at a reasonable price”. We would expect the price to be such as would balance the relevant factors, e.g. the amount originally paid by the Commonwealth, any improvements made by the Commonwealth during its ownership of the land, changes in general market value, and the hardship that may have been suffered by the owner as a result of the acquisition, in order that neither the Commonwealth nor the original owner should suffer or profit unduly by the disposal: the terms of the offer should be just.

89. The Act lays down that it is only for seven years after the date of acquisition that the Minister is to have regard to the general principle that the former owner should be offered first option to purchase. Your Committee have found cases where it has taken almost seven years for a compulsory acquisition to be settled, and we are of the opinion that the general principle should be followed even after seven years from the date of the acquisition. It is not difficult to imagine cases long beyond that time in which it would be a substantial injustice not to give the former owner first option. But as the time grows longer, it will clearly be more necessary that every care should be taken to ascertain what market there is for the land. We recommend that, when disposals of land that has been owned by the Commonwealth for more than seven years are concerned, the most careful valuations of the property be made, for in these cases there is not, to the same extent as in acquisitions, an interested party desirous of driving a hard bargain. We recall in this context our recommendation that consideration be given to making more extensive use of valuers retained by the Commonwealth for taxation work.

See para. 82 above.

90. In this connexion we also discussed, with the Secretary of the Department, whose is the responsibility for ensuring that the Commonwealth does not hold land unnecessarily, or for an unnecessarily long period without using it. Up to a point, the pruning from acquisitions programmes of all but essential proposals will achieve this end.

Be that as it may, a glance at the long list of requisitions lodged with the Department of the Interior in the last four years reveals the not infrequent notation "acquisition abandoned". Sometimes an acquisition will be abandoned because its completion proves hopeless—though we think more careful examination of a proposal when the draft programme is being drawn up would often prevent its appearance on the Programme. At least as often, the abandonment appears to have been the result of a change of mind in the requisitioning department. We recall in this context that, in the course of our Inquiry into this aspect of the Postmaster-General's Department, we discovered that there were still many properties whose retention was highly questionable. Thus even the present review prior to programming does not achieve perfect results.

See Exhibits Nos. 27/2 and 27/7.

See also Qs. 389-393 and 198-202, where this matter is discussed.

91. The existence of unused properties that the Commonwealth owns is a fact that must be recognized. It presents a situation that, in our opinion, should be rectified. In our discussions with the Department of the Interior we sought means of reviewing departmental holdings to ensure that they are at present being used, or that they are disposed of—

“COMMITTEE MEMBER.—What I am concerned about is that someone may have bought land 15, 20 or 30 years ago, but that the departments do not make regular surveys of their properties to determine whether they are surplus or not. Apart from the departments themselves, apparently no other department has the responsibility?—(Mr. McLaren) I think I explained at the last meeting I was at that we did get from all departments an indication of the lands that they had. We asked them to review the lands that they were holding with a view to declaring their plans about them. That was about three years ago. Qs. 324-327.

COMMITTEE MEMBER.—Has it ever been contemplated, or would it be possible for the Department of the Interior to be the custodian from the point of view of keeping an oversight of these various lands so that you could make an inspection of your register when there was a requisition for land in a particular area to see whether another department had land in the area which could be made available?—(Mr. McLaren) I think I indicated that we are not always in a position to know precisely what improvements have been put on lands at any particular time. The suggestion has been made in past years that the Commonwealth might, with some advantage, establish a real estate bureau or department, or something of the sort, which would need legislation, I would think, under which all departments would be charged a rental, which would include provision for maintenance. There would be one central record of all property and the use being made of it, and the whole of the maintenance would come out of the funds from rentals. The system is similar to what I think operates in Sweden, which has such a governmental body. In effect, it is the real estate office of the Government.

COMMITTEE MEMBER.—That suggestion has never been followed here?—(Mr. McLaren) No.

COMMITTEE MEMBER.—Why was the suggestion not followed?—(Mr. McLaren) We had some research made and we got some information from the Swedish Embassy. I discussed it with the Minister at the time. It was felt not convenient to push the thing through, as there was possibly very little chance of getting it on the legislative programme. He did not go ahead with it. We still have the suggestion before us.”

92. Your Committee do not wish to intervene in a question of policy. The present position appears, however, to be obscure enough to warrant considering whether it is desirable to establish at least a small section to review regularly the use of land held by the Commonwealth and its instrumentalities. If it is not thought appropriate that the Department of the Interior should perform this function, or that a special real estate bureau should be set up, we suggest that the Auditor-General make the holding and disposal of land the subject of special investigation. The matter could then be further discussed with Your Committee, or reported direct to the Parliament.

See Qs. 362-369, 383-388.

CHAPTER V.—DELAYS IN THE COMPLETION OF ACQUISITIONS.

(a) THE PROPER PROCEDURE AND CAUSES OF DELAY.

93. During our Inquiry into the Acquisitions Programme of the Department of the Interior, a number of reasons were offered for delays in completing acquisitions. Some of these reasons are inevitably associated with the process of acquiring land, while some appear to us to be the results of the working of the Property Office or of the system under which it operates. In either case, some of the delays are avoidable, some inevitable.

94. It is clear that delays occur in the course of completing acquisitions. Before examining such delays in order to decide whether they are worthy of censure or not, we think it desirable to outline the time-table that seems to us to represent what could be taken as more or less standard procedure for an acquisition. It can be seen that the time-table is drawn up to take account of all the difficulties that might be encountered in the course of

an acquisition—whether they be at the planning stage when the proposal is being included in the draft programme, or after the Acquisitions Programme is finally approved. It seeks to place the various stages in perspective. By setting out the stages in detail, however, we do not mean to suggest that every acquisition must pass through every one of the stages that we have indicated, especially in conformity with the outlined time sequence. An urgent acquisition may be made at any time. What the time-table does attempt to do is to identify the distinct processes involved in an acquisition. If carried through in orderly sequence, these processes should ensure that the acquisition proceeds uninterrupted to completion.

95. It is against such a time-table that the delays and exceptions should be seen. It seems that the normal procedure would be somewhat as follows:—

- (i) Consideration of the need for land by future requisitioning department (previous calendar year);
- (ii) Submission of the proposal to the Treasury and the Department of the Interior for inclusion in the draft programme (January);
- (iii) Examination of the proposal by the Property Office of the Department of the Interior to see whether the proposal is practicable, whether funds would be necessary in the coming financial year, and whether the preliminary valuation obtained by the sponsoring department is accurate;
- (iv) If the answer to (iii) is that the proposal can be fully or partially completed within the financial year, submission to the Cabinet Committee on Works along with other proposals on the draft programme, recommending that it be approved as part of the Acquisitions Programme, with provision of funds;
- (v) If the answer to (iii) is that the proposal can be neither wholly nor partially completed within the financial year, even after investigation in the six or eight months following 31st January but prior to final settling of the Programme, reference back to sponsoring department and, if that department still wishes to proceed, further preliminary investigation to bring it to stage (iv);
- (vi) Inclusion of the proposals on the approved Programme as the Acquisitions Votes of Departments, provision being made only for (iv) and not (v), until acquisition becomes feasible;
- (vii) Appropriation and the commencement of definitive negotiations;
- (viii) Completion of acquisition within the year, for the amount stated in the draft programme and subsequently included in the requisition.

96. We have already, especially in Chapter II., indicated how, in many cases, the strict requirements of stages (v) and (viii) (the latter being what one might term the acquisition process proper) cannot be complied with.

97. Lest it should be thought that Your Committee have made too much of the delays that occur in the course of so many of the acquisitions made by the Department, we cite the following figures. Of approximately 1,550 requisitions for acquisitions lodged with the Department of the Interior in the last four financial years (1952-53 to 1955-56), some 630 were not completed at the end of the year in which they were lodged. The reasons for the existence of such a state of affairs, in which some 40 per cent. of the requisitions lodged each year are not completed in that year, appear to Your Committee to warrant close and careful examination. What is more, the figures for 1955-56 show that out of approximately 320 requisitions lodged, 180 were not completed. This figure is larger than the four-yearly average. Admittedly these figures may be deceptive, and it is true that the Vote was, in 1955-56, some 75 per cent. expended (£1,544,000 out of a Vote of £2,019,000). Nevertheless, it is our view that the situation indicated by such figures is profoundly unsatisfactory. Nor can it, apparently, be claimed that the new procedure (1955-56 was its second year of operation) has materially improved the position. Your Committee are forced to conclude that, at least in part, the fault lies not in the system but with those who operate it. We think it vital that Property Officers should realise how important it is that delays should not occur, and that they should make every effort to avoid them.

98. In the paragraphs that follow we discuss chiefly those causes of delay that occur before the stage at which final negotiations are entered into and the terms of the acquisition settled. We recall in this context our suggestion that the Department of the Interior could properly take action to investigate departments' proposals a great deal earlier than heretofore.

99. (i) *Innate Difficulties.*—Many delays occurring in the course of an acquisition are inevitable. Land is an extremely durable, and often a highly valuable asset. Acquisition may present the utmost difficulty if it involves negotiations with many owners, the settlement of incumbrances or even dealings with recalcitrant occupiers. Land registered under "old title" systems may call for much time-consuming work before title can be established and the property passed, even assuming a willing owner. Yet the new (Torrens) system of registration may still involve great difficulties. One example is the compulsory acquisition made by the Commonwealth of the London Pharmacy at Ipswich, Queensland. There, negotiations dragged on from 1949 to 1954, mainly because of the existence of an undisclosed lease on a Torrens-system title.

Exhibit No. 27/6, page 7; Qs. 125-132, 155-160, 455-463; and see Appendix No. 1.

100. Your Committee questioned the Secretary of the Department whether an itinerant inspector with power to direct the Chief Property Officer in the States might at some points be able to expedite acquisitions. The answer indicated that the result might well be to build up staff, with no very advantageous result. We appreciate that point of view, and mention our conclusion that the Chief Property Officer, Canberra, might make such activity a more important aspect of his functions.

See also para. 82 above.

Qs. 227-229.

See para. 84 above.

101. (ii) *Delays Attributable to Requisitioning Departments.*—Requisitioning Departments have not always, it would seem, acted with as much promptitude as might have been desired. We have already cited figures that show how many requisitions have been lodged late in the financial year. It is clearly the client departments who are to blame, but in the light of the facts as revealed in the schedules submitted to us, we find it hard to accept the assurance that the new (1954) procedure will tend to reduce or eliminate that practice—

"COMMITTEE MEMBER.—In relation to requisitions for acquisition by client departments, does your Department follow the programme and encourage the early presentation of those requisitions?—(Mr. McLaren) Yes. I would think, under present conditions, they are lodged pretty early.

Qs. 91-93.

COMMITTEE MEMBER.—The statement that we have suggested a very substantial number are lodged in the last two or three months of the financial year?—(Mr. McLaren) I do not know. That applies to last year.

COMMITTEE MEMBER.—We took out some rough figures in relation to this. These figures relate to the whole of the three-year period. With respect to the Postmaster-General's Department, in New South Wales, 90 out of a total of 356 requisitions were lodged in the last two months of the financial year, in Victoria, 27 out of 131, in Queensland, 19 out of 86; with respect to the Department of Air, in New South Wales, the figures are 10 out of 31; for the Department of the Army in New South Wales, the figures are 9 out of 49, and in Victoria, 22 out of 54; for the C.S.I.R.O. in New South Wales, the figures are 5 out of 13?—(Mr. McLaren) That certainly indicates that they could have been a bit smarter."

102. Other delays caused by departments are of a less direct nature. For instance, if a department requisitions for a property and then finds that it does not require it, much valuable time and effort will have been wasted and other acquisitions held up. Admittedly it is often difficult for a department to decide its requirements before it knows in detail what the actual cost of an acquisition will be, or what the terms of entry. In part, these difficulties might be overcome if the Department were to act between January and June in the manner indicated in paragraphs 61-65 above. In part, they can only be overcome by departments exercising a sufficiently responsible attitude towards their acquisition proposals. And in part, of course, these difficulties are unavoidable.

103. As one example of general delay in deciding about acquisitions we cite the proposals of the Department of Civil Aviation for acquisitions at Botany Bay in connexion with the flying boat base there. To a certain extent, no doubt, the Department's indecision (the requisition was received from the Department of Civil Aviation in February, 1951, and was cancelled in May, 1955) was because policy investigations were still continuing and because of vigorous resistance by the owners concerned. The point is that a requisition should not have been placed until the Department was clear as to its intentions. Another such case, as yet unresolved, is the acquisition by the Department of Air of land at Richmond, New South Wales.

Exhibit No. 27/6, page 7; Qs. 453-455; Appendix No. 2.

Qs. 348-352.

104. (iii) *Delays Attributable to the Department of the Interior.*—Apart from the inevitable delays mentioned in paragraphs 93-100 above, the main causes of delay over which the Department of the Interior may have some control are—

(a) Valuation delays or inaccuracies.

(b) Survey delays.

(a) *Valuation Delays.*—We have already reported that the Department employs no valuers of its own. We mention the matter again here because it appears that on occasion a valuation is the cause of much delay. Very often the delay will be unavoidable, because it is the point at which the difference between buyer and seller is argued out. There are

See, for example, Qs. 455-463.

See para. 99
above, and
Appendix No. 1.

Q. 278,
Exhibit No.
27/6, pages 6-7.
See also
Appendix No. 3.
Exhibit No.
27/6, pages 4-5.
See also
Appendix No. 4.

Exhibit No.
27/7, page 3,
and Qs. 87-90.

occasions, too, where an unsatisfactory valuation has caused much additional negotiation, and may even have led to the acquisition of property that might otherwise not have been proceeded with. We have already mentioned the case of the London Pharmacy at Ipswich. Another case is that of the Post Office site at Murwillumbah, New South Wales, where an initial valuation (in 1949) was for £2,000, but the final compensation figure (this was a compulsory acquisition) was £6,500. Yet another case is that of the Canungra Army Jungle Training Centre (Queensland). The Canungra valuation rose from the £25,000 provided in the Estimates for 1954-55 to £45,000, following closer investigation, and it is understood the acquisition (again compulsory) is not yet complete.

(b) *Survey Delays*.—Your Committee reproduce in Appendix No. 5 some pages of the schedule of acquisitions submitted to us. The schedule lists acquisitions in respect of which requisitions were lodged during 1955-56. It can be seen that a considerable number of the acquisitions was being held up at the end of the year because the survey was being carried out. Indeed, a count of the 1955-56 list shows that of approximately 180 acquisitions outstanding at the end of the year, an incomplete or uncommenced survey was given as the reason in some 40 cases.

Qs. 87-90.

105. Some delays in completing acquisitions are, no doubt, the result of survey difficulties and cannot be avoided. Thus it may be necessary to make a survey before negotiations can be completed. Or again, the negotiations may be completed, subject to a survey. But there are other delays associated with surveys that can be avoided. If liaison between those responsible for the acquisition and the surveyors is not good, a proposal may lie for a considerable period before the survey is made. It is clearly important that such delays should not occur—we understand that they do.

Q. 310.

Qs. 203, 204,
and
Exhibit No.
27/2.

106. (iv) *Legal Delays*.—Opposite many uncompleted acquisitions the notation "With Deputy Crown Solicitor for Settlement" appears. We asked the Secretary of the Department to explain this feature (and remark that of approximately 180 outstanding requisitions at the end of 1955-56, some 55 were outstanding on this account). He told us that in part the reason is the considerable legal work involved in an acquisition—

"COMMITTEE MEMBER.—In connexion with the schedule that you have prepared, it is not my intention to go through every item but I think that we might endeavour to have an explanation in relation to item 2. First of all, there are three or four matters which I should like to raise as covering the whole schedule which deals with the three years from 1st July, 1952, to 30th June, 1955. As I look through this schedule I find that a tremendous number of these cases are with the Deputy Crown Solicitor for completion. Can you give us any reason why so many are with the Deputy Crown Solicitor and indicate whether part of the considerable delay in dealing with these acquisitions is due to the inactivity, shall we say, of the Deputy Crown Solicitor?—(Mr. McLaren) I cannot make that categorical statement, offhand. I do know that the Deputy Crown Solicitor must make very considerable requisitions on the owners and will not settle until those requisitions are complied with. There is a very large list of requisitions which he makes and they largely concern title, interest, owner mortgage and that sort of thing about which he has to be satisfied before he can proceed to settle with a particular person who may have an interest in that land. That occasions considerable delay.

COMMITTEE MEMBER.—In the vast majority of cases there would not be many other interests than the owner or person in whose name the land is registered?—(Mr. McLaren) A considerable number, I would think."

See also
Qs. 436-439.

107. Your Committee appreciate the difficulties that are almost always attendant upon legal settlements connected with transfers of property. However, the Department is well aware of these, and must in many cases have available to it information that would suggest whether legal negotiations are likely to be protracted. We recommend that this factor also be more carefully taken into account when the Estimates are prepared. The acquisitions procedures might be investigated in consultation with the Crown Solicitor, to see whether an arrangement could be reached that would assist him to conduct his part of the acquisition negotiations more quickly, e.g., by a more even spread of work over the year, by handling "old title" proposals first where no priorities are involved.

108. (v) *Definition of Functions*.—Your Committee have gained the impression that the respective functions and responsibilities of the sponsoring departments, of the Department of the Interior and of the Treasury may not have been drawn with sufficient precision. We recommend that the relationships between these departments be carefully examined to see whether responsibilities are clear: and if they are not, that they be re-defined.

Exhibit No.
27/6, page 3.

109. We mention the last point because we have noted the part played by the Department in advising other departments about the merits or demerits of a particular acquisition. We set out in Appendices Nos. 6 and 7 the facts of two acquisitions in which the Department had a hand. The first is in connexion with the Homebush District Employment Office. In this case the objections to the acquisition raised by the Department of the

Interior were overruled, on grounds of policy. It seems to Your Committee that the Department was here performing a useful and necessary role as adviser and mediator. Another intervention by the Department is recorded in connexion with the proposed acquisition of a married quarters site at Townsville for the Department of Air. In this case the project was deferred because of its unsuitable location, and other building allotments are being sought. Exhibit No. 27/6, page 4.

110. These examples raise the question: What is the function of the Minister and Department of the Interior in administering the Lands Acquisition Act? Are they property agents, with a duty to advise, but with no right to refuse to make an acquisition, provided adequate consultation has taken place with the sponsoring department? Or have they right and power to refuse to make an acquisition? The Secretary of the Department of the Interior assured us that his Department is the authority performing, under the Minister, all necessary work in connexion with acquisitions for any part of the Commonwealth Administration. However, the examples mentioned in the last paragraph appear to indicate that the powers the Department exercises are limited. Indeed, the Secretary of the Department told us this in so many words— Qs. 2, 443.

“COMMITTEE MEMBER.—When a department requests an acquisition do you inquire as to the degree of urgency—what is the prospect of the property being used for their purposes within a certain period of time?—(Mr. McLaren) We have done that for the last two or three years. In view of the lack of any real authority, we have to work in pretty closely with the Treasury in order to ditch some of these propositions. Qs. 295–297.

COMMITTEE MEMBER.—That means that you seek an assurance from the department that if the property is acquired they will have the funds to proceed with whatever plan they have?—(Mr. McLaren) We ask them when the proposed construction will proceed. That is part of the Treasury's request. They will ask us for the estimate and we will send out to the department a request for estimates, asking for certain particulars. Among them is a statement as to when the work will proceed. That is quite a factor in whether it gets on the programme.

COMMITTEE MEMBER.—To what extent do you accept an assurance that the work will proceed within a period of time?—(Mr. McLaren) We do not accept that assurance. Very often, we can get something a little firmer than that from the Treasury.”

111. Your Committee find ourselves here in a dilemma. There are advantages in giving the acquiring authority plenary powers: they alone can keep some order and reason in Commonwealth acquisitions policy. On the other hand, there are advantages in leaving the last say with the policy (sponsoring) department, which alone can assess the importance of the land, and must find the funds. Questions of Ministerial responsibility are also at issue. We incline to the view that, in its acquiring and disposals functions, the Department of the Interior acts as the property agent for the sponsoring department, and not as principal. Its function is not, then, to refuse to make an acquisition. It must advise departments on the business aspects of acquisitions, and if it deems fit, may suggest that the acquisition ought not to be made, or that an alternative site ought to be found. If necessary, its objections could be (and are) made at Ministerial level. But if the sponsoring department, with full advice and taking into account all relevant aspects, wishes the Department of the Interior to proceed with the acquisition, then proceed it ought, and with all possible speed. Naturally, there must be give and take in such matters, and it is a matter of judgment where the line is drawn.

112. We think the acquisitions at Homebush and Townsville mentioned above illustrate aptly the proper general relationship that should exist between the sponsoring department and the Department of the Interior. Good sense suggests that neither side should in such matters take up too rigid a position, more especially those who are acting as agents for the policy (sponsoring) department. The important thing is that the policy department should not be unduly hindered in its activities. Once an issue has been decided, work should proceed with all possible speed, and every endeavour be made to ensure the accuracy of the Estimates put before Parliament.

113. Your Committee recommend that if, in accordance with our recommendation, the respective functions of the sponsoring departments and of the Departments of the Interior and of the Treasury are re-defined, special care should be taken to make clear what powers reside in the Minister and the Department of the Interior. When this problem is being considered, Your Committee recommend also that both the acquiring and disposal functions of the Department of the Interior be examined. We have just indicated our views of the proper functions of the Department in connexion with acquisitions. We recall also our conclusions concerning the need for a systematic and relatively continuous review of unwanted properties, with a view to their disposal, that are set out in Chapter IV., and especially paragraph 92 above.

(b) SOME RESULTS OF ACQUISITION DELAYS.

114. One of the most important results of delays in completing acquisitions is that the activities of departments of the Commonwealth are held up.

See paras.
12-14 above.

See para. 14,
above.

115. But the delays also have implications for the planning of the Works Programme. We noted earlier in this Report that the Treasury circular concerning acquisitions budgeting requires departments to state on their proposals forms what works commitments will be involved once the property is vested in the Commonwealth. We understand that most acquisitions are only the first stage in the execution of a departmental plan designed to suit the property in question for use by the department. Not only, therefore, do delays in acquisitions mean that departments are held up in getting on with what must presumably be an important project (since it needs Ministerial approval); they also mean that planning of the Works Programme could be made unnecessarily difficult.

116. We have already mentioned another result of delays occurring in the course of an acquisition. It is that the Estimates submitted to the Parliament for approval are not accurate. We have come to the conclusion, as mentioned in various sections of this Report, that many of the causes of inaccuracies could be corrected by the Department of the Interior, were it to take sufficient measures to that end. The procedures instituted jointly by the Treasury and the Department of the Interior (which, in our opinion, should properly have been instituted by the Department of the Interior itself and, in a sense, had to be prepared by the Treasury by default) constitute a satisfactory working arrangement. All that is now required is that the framework elaborated in the Treasury circular (the circular is quoted in paragraph 11 above) should be intelligently, faithfully and expeditiously completed by departmental action.

See para. 44,
above.

117. The fact that, when recourse is had to the Courts, the final determination of the amount of compensation takes a considerable but indeterminate time means that funds set aside in the relevant Acquisitions Vote may not be payable when expected. To a certain extent, as we have observed earlier, this eventuality can be reckoned with by noting in the Programme only a contingent liability against the proposal in question.

No. 69 of 1955,
s. 33 and
Qs. 414-417.

Q. 418.

Qs. 449-452.

118. Another course of action is envisaged in the Lands Acquisition Act, which provides that if the amount of compensation has been determined but cannot be paid to the owner, it may, after the expiration of three months, be deposited by the Minister with the Treasury. We were informed that a Trust Account—Compensation under the *Lands Acquisition Act* 1906 Trust Account—had been established under the 1906 Act, but that it had been closed in 1932-33, after being inactive for many years:

“ COMMITTEE MEMBER.—What happens now? What procedure is gone through?—*(Mr. Cox)* If any further amounts were paid to the Treasury, the account would be revived, but we have not been receiving moneys from the Department of the Interior under the provisions of the Act.

COMMITTEE MEMBER.—It would seem that there ought to have been some transactions in some of these cases where the compensation had been authorized but the persons had not been traced. There must be some occasion for the renewal of those transactions?—*(Mr. Cox)* The money would only be paid over after the making of a court order, and I understand *Mr. McLaren* to say that the court was not approached in these matters.—*(Mr. McLaren)* Not very often. I think I indicated that the cost of an approach to the court very often exceeds the amount of the claim, and it is not significant here.

COMMITTEE MEMBER.—There are cases where the property has been acquired and money has been set aside. No claimants are available and somebody would hold the money. I was wondering whether it still went into the Trust Account?—*(Mr. Cox)* I understand that the recent legislation cancelled this provision for payment to the Treasury. Is that not so?—*(Mr. McLaren)* No. It is not a compulsory provision. Section 33 provides that if, at the expiration of three months after the determination of the amount of any compensation the person entitled to the compensation has not, by reason of some default or delay on his part, received payment of the compensation, the Minister may deposit the amount of compensation in the Treasury.

COMMITTEE MEMBER.—I think that those conditions exist according to some of the cases you have given us?—*(Mr. McLaren)* Just expressing an opinion, I would say that the total amount involved in those cases would be very small.

Q. 7. See also
paragraph 46
above.

119. Your Committee are disinclined to recommend the reopening of this Trust Account. We consider that it should in most cases be possible to estimate with reasonable accuracy the likely incidence during the financial year of any substantial amounts. When an unexpected claim falls due, there are appropriate procedures for obtaining the necessary funds, just as in the case of urgent and unforeseen acquisitions, e.g., the Darwin acquisition in 1955-56, and the application can be duly scrutinized. We think that, when small amounts only are in question, they could either be found from within the appropriate Vote or else could be obtained by the procedures available for cases of urgency, and to which we have just referred.

120. The final delay that we wish to mention is of a quite different character. Our Report has necessarily concentrated very largely upon the procedures adopted by the Department of the Interior in the course of acquiring land for the Commonwealth, and has been concerned with their implications for the accuracy of the estimates of expenditure submitted to the Parliament. Nevertheless, we have not been unmindful of the, at times, almost tragic consequences of acquisitions for those from whom land is acquired by the Commonwealth. We think that this aspect is sufficiently important to devote a separate section to it.

(c) DELAYS AND THE OWNER OF LAND.

121. If negotiations for the acquisition of a certain area of land continue for a long time, the owner concerned is inhibited in his use of his land. He is neither able to make, with any confidence, any substantial improvements to the land, nor is he, with the threat of a compulsory acquisition always in the background, likely to be able easily to dispose of his interest to another person. It is, therefore, important, in the interests of owners, that acquisitions should be completed in all respects with the minimum of delay.

122. We have gathered the impression that the initial approach to a land-owner is not always couched in terms that are likely to make him receptive of further negotiations with the agents of the Commonwealth. The Secretary of the Department of the Interior informed us that recently his officers had been instructed to "use the most diplomatic approach to owners". A personal interview may in fact be the first that an owner hears of the proposal by the Commonwealth to buy his land. Your Committee cannot emphasize too strongly our opinion that the approach to owners should explain to them among other things why their land has been regarded as of sufficient importance for the Commonwealth to wish to buy it. We would expect that, without exception, those charged with the responsibility of conducting acquisition negotiations for the Commonwealth should perform their duties in a friendly and sympathetic way.

Qs. 113-118,
165-170.

123. The decentralization of the Department's property work that was instituted in 1949 was intended to make it possible to shorten the time taken by the Commonwealth to complete an acquisition, and we accept the Department's view that this has been achieved.

See paras.
77-80 above,
and Q. 144.

124. However, once negotiations have begun, the price usually forms the centre of discussion. Difficulty is often experienced in making a prompt settlement because, if no agreement can be reached and the Commonwealth decides to use its compulsive powers, the only method then available to determine the compensation payable is by a superior Court of Record.

125. It may often take a very long time before the Supreme Court of a State can hear the case and determine the amount of compensation. The Taxation Branch has solved this problem by appointing a board to deal with each case as it arises. We asked whether an Appeal Board in relation to disputed valuations could assist the Department:

"COMMITTEE MEMBER.—Have you ever considered setting up an appeal board in relation to disputed valuations and claims for compensation? Perhaps not a permanent board, but perhaps a board which could deal with each case in an inexpensive way in each State?—(Mr. McLaren) In that regard I point out the terms of the Act. I do not think that an *ad hoc* board could do anything better than advise the Minister. Qs. 236-240

COMMITTEE MEMBER.—We did not have such boards in the income tax field until someone came to the conclusion that it would be a good idea to have them?—(Mr. McLaren) I agree, but the Parliament has legislated on this matter, and it is all tied to a fairly lengthy routine. An *ad hoc* board could probably achieve some settlements where we find it difficult to finalize.

COMMITTEE MEMBER.—Such a board could be composed of persons from inside the service and those from outside?—(Mr. McLaren) Yes.

COMMITTEE MEMBER.—On a similar basis to the income tax boards?—(Mr. McLaren) Yes. I think that a board of that description did operate under the hiring system, and it undoubtedly did clean up a lot of work.

COMMITTEE MEMBER.—That might be considered?—(Mr. McLaren) Yes, I think it has points."

126. It is not the province of Your Committee to discuss whether any board that might be appointed should be so constituted as to be able to make final decisions; or whether it should merely report its findings to the Minister, who should make the final decision. Nor do we say whether provision should be made for an appeal from the Board to a Court (and we have in mind the complications that may arise because of the "just terms" provision in Section 51 (xxx) of the Constitution), though in this context we recall our comments upon the removal of recourse to the Courts in certain civil aviation matters.

24th Report,
paras. 32-34.

Q. 185. 127. However, we recommend that the possibility of establishing such boards be considered. If they could in any way assist in reducing delays before decisions are reached about the amount of compensation to be paid to an owner, their appointment would be justified, even if viewed from a purely monetary angle: litigation is always expensive, both in terms of fees and of the time of Commonwealth officers. We think there are other reasons justifying the appointment of such a board, though we do not overlook the fact that most cases are settled without going to a Court, and that even an *ad hoc* board may therefore be unnecessary. We mention in passing that if the owner, who would presumably be the more likely party to appeal to a Court, takes it into his own hands to appeal, then he cannot complain that the Commonwealth is unduly delaying its decision.

See Exhibit No. 27/5. 128. It is often said that, even if there are no other hitches in the negotiation of an acquisition, owners have to wait unreasonably long before receiving payment for their properties. We have no information about any actual instances where this has occurred, except that we have observed the long time that many, especially compulsory, acquisitions take to complete. We note the comment by the Secretary of the Department that—

Q. 364. “ . . . the owner does not necessarily need to wait for his money until the last document is signed. He can ask for an advance and possibly get up to 80 per cent. or 90 per cent.”

Such a procedure appears to us to be just, especially when it is borne in mind that, once negotiations have seriously commenced, it is not possible for the owner to do very much more with his property than maintain it until the interest passes to the Commonwealth.

129. For the advance to the owner pending completion to be at all fair, we observe that the valuation upon which the advance is made must be reasonably accurate. But an advance is only a palliative, and should not cause the Department to lose sight of the basic principle that the acquisition should be completed with expedition. Your Committee suggest that owners should be made aware of the conditions upon which they can obtain advances, and that these be made whenever they are desired and are possible.

CHAPTER VI.—COMMENTS AND CONCLUSIONS.

THE REASON FOR THE INQUIRY.

1. When examining the Accounts of Commonwealth Departments, Your Committee were struck by the delays that occurred in dealing with acquisitions of property. For example, some 630 acquisitions out of 1,550 requested by departments in the years 1952-53 to 1955-56 were not completed at the end of the year in which they were requested. (Paragraph 97.) Such a state of affairs necessarily results in the presentation of inaccurate Acquisitions Estimates to Parliament. (Paragraph 2.)
2. Another feature noted by us was the considerable number of properties not being used for the purposes for which they were acquired, and there seemed little systematic action to dispose of unwanted properties. (Paragraphs 3, 85, 87, 91 and 92.)
3. The provisions governing the acquisition and disposal of properties are embodied in the *Lands Acquisition Act 1955*, and that Act is administered by the Department of the Interior. According to the Constitution, acquisitions must be on “just terms”. (Paragraphs 7, 51-56, and 86.)

ACQUISITIONS AND THE ESTIMATES.

4. The sums included in the annual Estimates for acquisitions do not distinguish between amounts brought forward in respect of committed acquisitions from previous years (called “revotes”) and amounts provided in respect of new proposals. (Paragraphs 16-19.)
5. The Estimates do not include names of any particular properties, and it appears that it may not be possible for the Minister to indicate, during the Estimates debate, how much is to be spent on the proposals making up the Vote. Your Committee think it ought to be possible to give Parliament that information. (Paragraph 25.)
6. The estimated expenditure on acquisitions has not been disbursed during the past four years, and we set out in paragraph 21 a table showing the inaccuracies in the Estimates for the years 1952-53 to 1955-56. (Paragraph 21.)

7. The figure appearing in the Estimates does not represent the exact total of the estimated cost of approved acquisitions: it is intended to represent the estimated cash expenditure. This could allow funds to be "switched" from one acquisition to another within the departmental programme, and may enable inaccuracies to be covered up. See also Conclusion No. 12 below. (Paragraphs 26-32.)
8. (a) The results of the present Treasury and Departmental practices indicate that the Department of the Interior is neither critical enough of departmental acquisition proposals nor realistic enough in assessing prospects of completing the Programme. (Paragraphs 32, 33, 97.)
 (b) We discussed in some detail whether the Department ought to have power to refuse to make acquisitions for a department and think it should not (see Conclusion No. 30 below): its function is to advise on the business aspect of acquisitions and whether it would be realistic to place the proposal on the Current Acquisition Programme, involving as it does a request for funds. (Paragraphs 108-113.)
9. Your Committee firmly believe that the Department of the Interior (which is responsible for carrying out the Acquisitions Programme) should be capable of preparing more accurate Estimates, and that a more effective review of departmental acquisition proposals would improve matters. (Paragraphs 29, 33, 44 and 45.)

COMMITMENTS AND REVOTES.

10. The fact that acquisitions may take longer than a year to complete will often involve the commitment of funds beyond a given financial year. (Paragraphs 36-37.)
11. The Commonwealth's legal advisers see no legal or constitutional objection to incurring liabilities under Departmental Works Programmes in advance of Parliamentary approval. (In this sense, a vote of £5, for example, may commit the Government to a later expenditure of £500,000.) The power of the Executive to enter into contracts is undisputed. (Paragraphs 40-42.)
12. The practice of carrying revotes, i.e. proposals legally committed in a previous year, to the programme of the following year is unavoidable (paragraphs 36-40): but after the first automatic inclusion of a revote, Your Committee consider that the Department of the Interior should inquire from the sponsoring department whether the acquisition is any longer needed. (Paragraphs 18, 19, 43-47.) We regard as desirable the precaution taken by the Treasury to keep overall expenditure within the Programme limit as voted at the beginning of the year. See also Conclusion No. 7. (Paragraph 50.)
13. A clear example of the dangers of revotes, if they are allowed to get out of hand, is that of the acquisition Estimate of the Department of Civil Aviation, which for the year 1954-55 amounted to £550,000: their revote proposals alone (for committed acquisitions) were £750,000: the Treasury scaled the proposals down to £550,000. In the upshot, total expenditure for the year was £155,000. (Paragraphs 30, 40-45.)

ACQUISITIONS PROCEDURE.

14. In 1953 the Government decided that budgetary procedures for acquiring land should be revised, and in 1954 the Treasury formulated the practices and methods to be adopted by departments. (Paragraphs 10-15.)
15. Departments' acquisition proposals are reviewed by the Departments of the Interior and Treasury, and after approval by the Cabinet Committee on Works and the vote of the appropriate sums, become the Acquisitions Programme for the year. (Paragraph 13.)
16. Review by the Departments of Interior and Treasury commences after departments have submitted their proposals for inclusion in the new Programme (which they must do by the end of January). Your Committee consider that delays in acquisitions and inaccuracies in Estimates submitted to Parliament might be reduced if preliminary investigations were initiated after the proposals had been received, but before the end of the financial year (Paragraphs 61-65, 94-98.)
17. Departments should define their requirements with much more precision than hitherto, and once their proposals are included on the Programme they should waste no time in lodging requisitions with the Department of the Interior. (Paragraphs 66-71, 101-103.)

18. We note for the record that of 1,550 requisitions lodged during the years 1952-56, approximately 250 were lodged during the last two months of the year. One out of every six was thus left until the very end of the financial year. (Paragraphs 69-71.)
19. We strongly urge all concerned with acquisitions to re-examine the procedure and the time for lodging proposals and requisitions, and the manner in which Estimates are framed. We have already mentioned that Votes are persistently underspent. (Paragraphs 21, 66-71, 101-103.)

SOME SPECIFIC CAUSES OF DELAY.

20. We were told that delays in completing acquisitions would not be much affected by increasing the number of investigating officers. It is our opinion that action might be speeded up if the Chief Property Officer, Canberra, received and acted upon regular (say quarterly) reports upon outstanding cases. (Paragraphs 34, 77-80 and 84.)
21. The Department of the Interior does not employ its own valuers. We recommend that the Department should use to the full Government valuers (e.g., those employed for taxation purposes), and that where outside valuers are employed, the conditions of their employment should be closely scrutinized. (Paragraphs 81-83 and 104.) Valuations have a special significance in making for prompt settlements. (Paragraphs 83, 129.) The Chief Property Officer, Canberra, is well placed to exercise minatory or hortatory functions in order to avoid protracted negotiations. (Paragraph 84.)
22. Some survey action is noted as still necessary for 40 out of 180 acquisitions outstanding at 30th June, 1956: we consider that on many occasions the survey delay could have been avoided. (Paragraphs 104, 105.)
23. Legal delays also hold up many acquisitions. Fifty-five out of 180 outstanding acquisitions at the end of 1956 awaited completion of legal requirements. Your Committee recommend that this problem also be investigated. (Paragraphs 106 and 107.)

ASSETS REGISTER.

24. In our Twenty-fourth Report we commented upon the need for a Commonwealth Assets Register. We had been told that the Treasury was preparing an instruction to Departments on the form and contents of Registers of fixed Assets. We assume that it is desirable also that a Central Register of all Title Deeds should be kept to enable periodic checks to be made. (Paragraphs 72-76.)

DISPOSAL OF PROPERTIES.

25. Provision is contained in the *Lands Acquisition Act* 1955 for the disposal of property no longer needed. In our Report on the Postmaster-General's Department we mentioned that it held many properties, some for as long as 40 years, without putting them to the purpose for which they were acquired. (Paragraphs 85, 86.)
26. Although the Act lays down that only within seven years should land being disposed of be offered first to the original owner, we think the practice should extend beyond that period, especially when it is borne in mind that a compulsory acquisition may take as many as seven years to settle. (Paragraphs 88 and 89.)
27. The desirability of transferring to another Department, or of disposing of—
 - (a) land not being used for the purposes for which it was originally acquired,
 - or
 - (b) land not in use,
 might well be the function of the Department of the Interior. Alternatively, or in addition, the Auditor-General might investigate the position. (Paragraphs 87, 90-92.)
28. We reiterate our view that Departments should be more careful before they seek to acquire land. In the schedules of acquisitions supplied, there are many cases in which the notation "acquisition abandoned" occurs: they suggest an absence of care in the first place. (Paragraph 90.)

THE PROPERTY FUNCTIONS OF THE DEPARTMENT OF THE INTERIOR.

29. Your Committee think that the state of affairs revealed in our investigation warrants a careful review of the functions of the Department of the Interior in respect of acquisitions and disposals. (Paragraphs 108, 109.)
30. We recommend that the Department of the Interior—
- (i) should be regarded as a property adviser and agent;
 - (ii) should neither have, nor seek to exercise, the final say in deciding whether a property should be acquired or disposed of; and
 - (iii) might well have powers of review of unused properties, bearing in mind the provisos mentioned in (i) and (ii) above.
- (Paragraphs 110-113, 92.)

ACQUISITIONS AND THE OWNERS OF LAND.

31. Your Committee observe that in many cases delays in acquisitions cause hardship to owners: we suggest that an Appeal Board to settle disputed questions, e.g., valuation, might have an ameliorative effect. (Paragraphs 120-127.)
32. Your Committee recommend that, when completion of an acquisition is delayed, owners be advised of the possibility of obtaining advances in respect of the transaction. (Paragraphs 128, 129.)
33. However, Your Committee do not favour the use of a Trust Account to receive the amount of any compensation that has been determined, but that for some reason cannot be paid to the owner: Acquisitions Votes would more properly be debited with such expenditure. (Paragraphs 117-119.)

THE RESULTS OF DELAYS.

34. We have already mentioned in passing various results that flow from delays in making acquisitions. Some of them are innate (paragraph 99), and with those we are not concerned. The delays that concern us are the avoidable ones. In the comments above we have endeavoured to suggest how improvements could be made. We mention now the deleterious results that flow from delays—
- (i) they may hamper activities of departments
 - (ii) they may cause inaccuracies in Estimates
 - (iii) they may hinder the Works Programme
 - (iv) they may cause loss to owners.
- (Paragraphs 93-96, 114-116.)
35. Quite apart from the delays that are caused by defects in the system of acquiring and disposing of land, Your Committee find ourselves compelled to conclude that there has not always been, particularly among those responsible for handling acquisitions from the time they are proposals to the time when they represent property of the Commonwealth, sufficient endeavour to see that each proposal is carried quickly to completion. Your Committee would expect those concerned to take, without delay, whatever steps may be necessary to rectify this far from satisfactory state of affairs. (Paragraph 97.)

For and on behalf of the Committee

F. A. BLAND

Chairman.

PETER H. BAILEY,
Secretary,
Joint Committee of Public Accounts,
Parliament House,
Canberra, A.C.T.
26th March, 1957.

THE LONDON PHARMACY, IPSWICH.

ACQUISITION FOR POSTMASTER-GENERAL'S DEPARTMENT.

Two points arose in discussions with the Committee in connexion with the acquisition of the London Pharmacy at Ipswich, Queensland. The first concerned the valuation placed on the property and the second gave further details of the process followed in the course of a contested compulsory acquisition.

2. The facts, briefly, as advised by the Department of the Interior, are as follows:—

Exhibit No.
27/6, page 7.

“After acquisition it was discovered that there was in existence an unregistered lease in favour of Lowes Dry Cleaners (Ipswich) Pty. Limited for a period of ten years with options. The estimated compensation for the unexpired portion of this lease (Lowes Dry Cleaners remained for 3½ years after date of acquisition) was an amount of £507 plus cost of removal estimated at £1,300 approximately. This claim was eventually set at £7,500 plus interest.”

The Question of Valuation.

3. During discussions on Friday 13th July, 1956, with Mr. McLaren, Secretary of the Department of the Interior, we received the following evidence in connexion with the London Pharmacy acquisition:—

Qs. 124-134.

“COMMITTEE MEMBER.—When there is an approach to the court to determine final values, is it usually found that the court value is higher than the departmental value?—(Mr. McLaren) I believe that I instanced one case this morning where the case did not get to court, but the claim was settled for about one-seventh of the claim filed in the High Court. However, in other cases we do come some very serious thuds. Grace Brothers was one case where our advisers, most of whom were private persons, valued a bit under the market value.

COMMITTEE MEMBER.—I am thinking of the fair value approach in the London Pharmacy case in Ipswich. Do you know that case?—(Mr. McLaren) No.

COMMITTEE MEMBER.—These premises were compulsorily acquired in February, 1949, an offer of £2,850 was made and the owner requested £13,232. Finally the case was settled in 1954 for £7,510?—(Mr. McLaren) I recall that. I sent Mr. Bellhouse out especially to negotiate the settlement of that.

COMMITTEE MEMBER.—The value first applied by the Department was inordinately low?—(Mr. McLaren) Yes, well, some of these fellows are unrealistic, but the real value does not emerge until some time after the case commences because of the absence of any evidence of sales.

COMMITTEE MEMBER.—Could that apply in Ipswich?—(Mr. McLaren) It could.

COMMITTEE MEMBER.—Would you say that most of your delays are due to problems of price difference?—(Mr. McLaren) Yes, plus unwillingness to even negotiate in some cases. We find people who say “To Hell with you” and will not answer letters and that sort of thing.

COMMITTEE MEMBER.—Is there more delay in relation to compulsory acquisitions than with regard to negotiated ones?—(Mr. McLaren) In the compulsory acquisitions the Commonwealth has title from the date of gazettal, and the whole job is in front of you. Some compulsory acquisitions are by agreement with the owner. He has agreed to sell it at a price and we have accepted it, but the land is on old title and to enable the Commonwealth first to get title and for him to get his money quickly, we make a compulsory acquisition and compensate him. Then the Old System title does not matter. For Torrens title it is not a great factor.

COMMITTEE MEMBER.—There would not be any more delay with compulsory acquisitions than with others?—(Mr. McLaren) It is much quicker in getting title and access to the land.

COMMITTEE MEMBER.—You do not adopt an attitude from then on that the settlement does not matter?—(Mr. McLaren) No.

COMMITTEE MEMBER.—In one or two cases you pay interest?—(Mr. McLaren) Yes.

COMMITTEE MEMBER.—In one case the interest amounted to £941 in £4,000 or £5,000?—(Mr. McLaren) Yes.”

Difficulties in Determining Compensation.

4. On Friday, 10th August, 1956, we obtained further information in connexion with the London Pharmacy acquisition. The Department explained that one of the reasons for the difference between the departmental and the owner's valuation was the existence of an undisclosed lease.

5. We received the following evidence from the Secretary, Department of the Interior:—

“COMMITTEE MEMBER.— . . . The next matter is in relation to a pharmacy Qs. 455-463.
at Ipswich. I am very interested to know how, in relation to a property which has an unexpired lease of ten years, with options, the Department concludes that the compensation is worth only £507, plus the cost of removal, estimated at £1,300. It was estimated at £1,300. I have not got the full details but this was a case where the Department offered something like £2,200, the claimant wanted somewhere in the vicinity of £13,000, and finally it was determined at £7,500. The compensation ultimately paid was three and a half times the amount the Department first offered and a little over half of what the claimant wanted. I am not concerned with the claim but I am concerned with the basis on which the Department made its valuations which would seem to contribute against a possible quick finalization?—(Mr. McLaren) The significant thing there was that it was an unregistered lease, and we would not know about it on the first search.

COMMITTEE MEMBER.—I can understand that being so on the first search, but having found out that there was a lease the statement discloses, ‘the estimated compensation for the unexpired portion of the lease was an amount of £507’. That seems to me to be very poor compensation for a lease that has an unexpired lease of ten years plus an option for renewal?—(Mr. McLaren) That is plus the cost of removal which was £1,300 approximately. That is not the total amount that was offered by the Department for compensation. There is the freehold, too.

COMMITTEE MEMBER.—What were the full details? The point I am raising in relation to this matter is that when low values such as this are made by the Department it is a contributing factor to the delay in finalization of these acquisition claims?—(Mr. McLaren) Actually there were three valuations obtained in this matter. There was a Federal Taxation Department valuation made in connexion with the whole acquisition which amounted to £7,992. It was obtained on the 28th July, 1946. This revealed that the existing tenants were Shefte College of Music with a lease of three years from the 1st August, 1946, and Pohlman-Patrick Advertising Pty. Ltd. with a lease of three years from the 8th April, 1946, as provided by the owner, London Pharmacy Ltd. Two private valuations were obtained, one in February, 1948, which amounted to £10,166 and the other in the same month which amounted to £10,300. No comments regarding tenancies were made on either of those valuations. Survey information for the purpose of acquisition was forwarded on the 13th May, 1948, and gazettal was effected on the 10th February, 1949. I do not know whether you desire me to read all this, but on the 14th May, 1948, London Pharmacy Ltd., was informed through Messrs. Kinsey Bennett and Gill, Solicitors, of the intention of the Commonwealth to acquire the property. The Solicitors advised on the 1st June, 1948, that London Pharmacy Ltd. had disposed of its business as chemists and it was found subsequent to acquisition that this disposal was in effect to Lowes Dry Cleaners (Ipswich) Pty. Ltd. by way of an unregistered lease for a period of three years with options for a further three and four years respectively. This lease was contracted on the 1st June, 1948. The Federal Taxation Department reviewed its valuation and on the 10th February, 1950, supplied an estimate of £15,838 as against the claim lodged by the Company of £14,500 submitted on the 23rd December, 1949. The assessment of compensation payable to the lessee—Lowes Dry Cleaners—at the same date was an amount of £507, plus cost of removal. This cost of removal was assessed by the Department of Works on the 3rd March, 1952, at approximately £1,300. Lowes Dry Cleaners submitted a claim of £13,232 14s. 2d. on the 7th August, 1951. Discussions were held with that Company and a maximum of £3,000 offered, but not accepted. A writ was issued on the 11th September, 1953. As opposed to date of acquisition—the 10th February, 1949—Lowes Dry Cleaners vacated the premises progressively on the 25th February, 1951, and the 6th August, 1952. The firm had purchased an existing dry cleaning business and the freehold of the premises for an amount of £8,750. Following representations the file was referred to central office and a direction subsequently received to offer £7,500 to Lowes Dry Cleaners in settlement of the claim. That was accepted.

COMMITTEE MEMBER.—Do I take it that you had a valuation of £7,992 in 1946?—(Mr. McLaren) That was not only for Lowes, that was for the whole proposition. The settlement was actually as follows:—

‘London Pharmacy Limited (owner)—£13,500 as against Federal Taxation Department valuation of £15,838.

Lowes Dry Cleaners (Ipswich) Pty. Ltd.—£7,500 as against an estimate of approximately £1,900, being a combination of estimates by Federal Taxation Department and Department of Works.

Lessees—Shefte College of Music, Pohlman-Patrick Advertising Pty. Ltd. and Mrs. Garde—waived claims for compensation in return for extended occupation following acquisition.

Sub-lessee—Baxter (Chemist) paid £60.’

To summarize the position, the increased cost of acquisition was on account of the unrevealed lease to Lowes Dry Cleaners, which was granted due to the delay in gazettal of acquisition by the Commonwealth.

COMMITTEE MEMBER.—Those valuations you mentioned which took place in 1946 and 1948 were not related to the Dry Cleaners but were related to the freehold property?—(Mr. McLaren) Yes.

COMMITTEE MEMBER.—You made an offer of £1,900 for compensation and removal?—(Mr. McLaren) The Federal Taxation Department made the valuation and the cost of removal was made by the Department of Works.

COMMITTEE MEMBER.—There is a big difference between that amount and the £7,500 which you finally paid?—(Mr. McLaren) That is due to the lease that was unrevealed.

COMMITTEE MEMBER.—That was for the lease?—(Mr. McLaren) That is so.

COMMITTEE MEMBER.—At the time you started you did not know of the lease but when you made the offer of £507 plus the cost of removal you knew about it. That is an amount of £1,900 as against £7,500?—(Mr. McLaren) Yes. There was a very wide margin, I will admit.”

APPENDIX No. 2.
Report Paragraph 103.

BOTANY FLYING BOAT BASE.

ACQUISITION FOR THE DEPARTMENT OF CIVIL AVIATION.

The Department of the Interior provided us with a statement setting out the facts in connexion with a proposed acquisition of land for the Flying Boat Base at Botany Bay. Our attention was drawn to this acquisition because of the number of occasions upon which the proposal was included as a revote in the Acquisitions Vote of the Department of Civil Aviation. Furthermore, the proposal was ultimately abandoned.

2. These are the facts as stated by the Department of the Interior—

“On the 5th February, 1951, a requisition was received from the Department of Civil Aviation to acquire certain areas for this purpose. The owners were approached but the majority objected strongly to their homes being acquired. The objections were passed on to the Department of Civil Aviation which asked this Department on the 7th August, 1951, to withhold action in respect of the Acquisition until further advice was forwarded. (Your Committee were later advised that from that date the residences in question were excluded from consideration.) On the 16th May, 1955, the Department of Civil Aviation advised, *inter alia*:

‘Following lengthy investigations into the establishment of a Water Airport for Sydney, it has been decided to retain the present base at Rose Bay with restricted facilities being provided there and there is now no requirement for land in Botany Bay for this purpose.’

Apart from the above no information is held in this Department as to the reason for or the delay in abandoning this proposal.”

Exhibit No.
27/6, page 7.

APPENDIX No. 3.
Report Paragraph 104 (a).

MURWILLUMBAH POST OFFICE SITE.

ACQUISITION FOR POSTMASTER-GENERAL'S DEPARTMENT.

The Committee asked the Department of the Interior for details of the acquisition at Murwillumbah because the requisition was lodged in May, 1948, but the acquisition was not made until May, 1954. A settlement was not reached until some time later.

2. The Department of the Interior advised us of the facts as follows:—

“From May, 1948, until November, 1948, normal acquisition procedure was followed but by memorandum dated 25th November, 1948, the Postmaster-General's Department advised that representations had been made to the Minister that an alternative site should be selected. Some time elapsed for this purpose but as no other suitable site was available the acquisition proceeded and the land was acquired on the 16th June, 1949. Notice thereof was served upon the owner and a claim lodged on the 4th October, 1949. Prolonged negotiations then took place and representations were made to both the Minister for the Interior and the Postmaster-General resulting in a visit to Murwillumbah by the Property Officer of this Department at the request of the Hon. H. L. Anthony, but no agreement could be reached. Eventually a statutory offer under the hand of the Minister in accordance with Section 34 of the *Lands Acquisition Act* 1906-1936 was served upon the owner on the 10th May, 1954, as it was felt that as there seemed to be little hope of settlement, the matter could be referred to a Court for determination. Further negotiations followed and finally settlement was effected.”

Exhibit No.
27/6, pages 6-7.

APPENDIX No. 4.
Report Paragraph 104 (a).

CANUNGRA ARMY JUNGLE TRAINING CENTRE.

ACQUISITION FOR THE DEPARTMENT OF THE ARMY.

The Committee asked the Department of the Interior to provide it with further information on the acquisition at Canungra because of the way in which the valuation, and in consequence the funds required, increased during the course of the acquisition.

2. The facts of the acquisition, as stated by the Department of the Interior, are as follows:—

“Request from Army for reconnaissance of indefinite boundaries and an estimate of cost of acquisition was received on 24th June, 1954. A valuer and a surveyor accompanied Army officers on 29th June, 1954, and an estimate was provided to the Army on 1st July, 1954, being £25,000 on an area defined. Funds for £25,000 were made available on 12th August, 1954. The actual camp site was acquired on 2nd September, 1954, for £7,250 (Corcoran's property). Valuation by Federal Taxation Department following close investigation was supplied on 27th September, 1954, for £45,000 and a requisition was provided on 25th November, 1954, for the additional amount. The discrepancy in the two estimates was caused by the establishment of timber interests in the land subsequent to the initial investigation. A further variation between claims and valuations is caused by the fact that owners and licensees are claiming compensation based on assessed amount of recoverable timber on a royalty basis from 6s. to 19s. per 100 super. feet as against the opinion of the Commonwealth valuer based on sales evidence of virgin land carrying this timber. In cases of Baxter and Stevenson, as well as Queensland Timbers Pty. Ltd., it would seem that only court action will determine the basis of compensation. Outstanding examples of this contested basis of compensation for timber are:—

Exhibit No.
27/6, pages 4-5.

Queensland Timbers Pty. Ltd.—Licensees—purchased timber interests on 3rd August, 1954, for £1,000 and recovered 480,000 super. feet before dispossession. Federal Taxation valuer valued this timber at £2 per acre covering 442 acres—equals £884—whereas the claim is an amount of £19,250 based on approximately two million super. feet at 19s. 3d. per 100 super. feet. An offer has been made to the company to reserve these timber rights—to be taken at a later date when entry is possible.

Baxter and Others.—The claim is an amount of £7,588, inclusive of a claim for standing timber—800,000 super feet at 8s. per 100 super. feet—£3,200. The claim for unimproved value of the land (after timber had been removed) is £4 10s. per acre, whereas the property with timber was purchased in 1950 and 1953 at prices not exceeding £1 per acre”.

APPENDIX No. 5.
Report Paragraph 104 (b).

POSITION REGARDING REQUISITIONS RECEIVED FOR NEW ACQUISITIONS DURING FINANCIAL YEAR 1955-56.

Date Received.	Date Authorized.	Amount.	Location.	Purpose.	Remarks.
POSTMASTER-GENERAL'S DEPARTMENT. New South Wales.					
£					
6th July, 1955 ..	8th July, 1955 ..	125,100	North Sydney	Transport Depot ..	Acquired, 21st June, 1956, and matter complete
26th July, 1955 ..	27th July, 1955 ..	50	Bidgeemia ..	Rural Automatic Exchange	Acquired, 25th June, 1956, and matter complete
26th July, 1955 ..	27th July, 1955 ..	65	Laggan ..	Rural Automatic Exchange	Negotiations completed and Executive Council Minute prepared
26th July, 1955 ..	27th July, 1955 ..	50	Lemington ..	Rural Automatic Exchange	Acquired, 30th April, 1956, and matter complete
26th July, 1955 ..	27th July, 1955 ..	55	Narrandera ..	Filter Hut ..	Deferred at request of Postmaster-General's Department
27th July, 1955 ..	28th July, 1955 ..	50	Monak ..	Rural Automatic Exchange	Papers with Deputy Crown Solicitor for completion
8th August, 1955 ..	11th August, 1955 ..	300	Westdale ..	Telephone Exchange	Acquired, 5th June, 1956, and matter complete
23rd August, 1955 ..	16th September, 1955	350	Berridale ..	Post Office ..	Negotiations completed and now with Deputy Crown Solicitor to effect Settlement
25th August, 1955 ..	26th August, 1955 ..	250	Glen Innes ..	Filter Hut ..	Acquired, 26th June, 1956, and matter complete
28th August, 1955 ..	30th August, 1955 ..	750	Nowra ..	Telephone Exchange	Papers with Deputy Crown Solicitor for completion
5th September, 1955	13th September, 1955	40	Burraboi ..	Rural Automatic Exchange	Agreement reached and with Minister for approval

POSITION REGARDING REQUISITIONS RECEIVED FOR NEW ACQUISITIONS DURING FINANCIAL YEAR 1955-56—continued.

Date Received.	Date Authorized.	Amount.	Location.	Purpose.	Remarks.
POSTMASTER-GENERAL'S DEPARTMENT—continued. New South Wales—continued.					
£					
13th September, 1955	19th September, 1955	100	Boyles Hill ..	V.H.F. Radio Repeater Station ..	Negotiations with Department of Lands proceeding
17th September, 1955	19th September, 1955	250	Terranora Lodge	V.H.F. Radio Repeater Station	Papers with Deputy Crown Solicitor for completion
17th September, 1955	19th September, 1955	40	Phils Creek ..	Rural Automatic Exchange	Papers with Deputy Crown Solicitor for completion
17th September, 1955	19th September, 1955	100	Parrots Nest ..	V.H.F. Radio Repeater Station	Papers with Deputy Crown Solicitor for completion
18th September, 1955	19th September, 1955	100	Meerschaum ..	V.H.F. Radio Repeater Station	Papers with Deputy Crown Solicitor for completion
22nd September, 1955	27th September, 1955	4,250	Dubbo ..	Postmaster's Residence	Acquired, 20th December, 1955, and matter complete
7th October, 1955 ..	11th October, 1955	55	South Grafton	V.H.F. Radio Repeater Station	Agreement reached with owner and Survey complete and plan being drawn
26th October, 1955	28th October, 1955	30	Lalaly ..	Rural Automatic Exchange	Papers with Deputy Crown Solicitor for completion
26th October, 1955	28th October, 1955	50	Quipolly ..	Rural Automatic Exchange	Papers with Deputy Crown Solicitor for completion
26th October, 1955	28th October, 1955	55	Avoca ..	Rural Automatic Exchange	Papers with Deputy Crown Solicitor for completion
26th October, 1955	28th October, 1955	40	Dhuragon ..	Rural Automatic Exchange	Papers with Deputy Crown Solicitor for completion
26th October, 1955	28th October, 1955	125	Exeter ..	Telephone Exchange	Papers with Deputy Crown Solicitor for completion
30th October, 1955	8th November, 1955	40	Te Whare ..	Rural Automatic Exchange ..	Acquired, 7th June, 1956, and matter complete
11th November, 1955	14th November, 1955	550	Dural ..	Telephone Exchange	Papers with Deputy Crown Solicitor for completion
11th November, 1955	14th November, 1955	75	Homebush ..	Drainage Easement	Acquired, 14th June, 1956, and matter complete

NOTE.—Next two pages of roneoed original are omitted.

Victoria—continued.

November, 1955 ..	November, 1955 ..	15	Robinvale South	R.A.X. V.5437 ..	Completed, 20th June, 1956
November, 1955 ..	November, 1955 ..	35	Drouin West	R.A.X. V.5260 ..	Awaiting Survey
December, 1955 ..	December, 1955 ..	15	Diamond Creek	Telephone Exchange V.1416	With Deputy Crown Solicitor for settlement
December, 1955 ..	December, 1955 ..	10	Pine Grove East	R.A.X. V.5398 ..	Land Survey completed—awaiting plans
December, 1955 ..	December, 1955 ..	3,550	Robinvale ..	Residence V.5428 ..	Completion Report issued 14th May, 1956
December, 1955 ..	December, 1955 ..	20	Beaunart ..	R.A.X. V.5056 ..	Land Survey completed—awaiting plans
December, 1955 ..	December, 1955 ..	38,000	Ripponlea ..	Television V.5374 ..	Settlement effected. Completion Report to be completed
January, 1955 ..	January, 1955 ..	30	Echuca Village	R.A.X. V.5655 ..	Land Survey completed—awaiting plans
January, 1955 ..	January, 1955 ..	450	Jordanville ..	Telephone Exchange V.2437	Completion Report issued, 8th June, 1956
February, 1956 ..	February, 1956 ..	5	Ardachy ..	R.A.X. V.4641 ..	Completion Report Issued, 30th November, 1955
February, 1956 ..	February, 1956 ..	7	Pomborneit North	R.A.X. V.2903 ..	Completion Report issued, 14th May, 1956
February, 1956 ..	February, 1956 ..	17	Irrewillipe ..	R.A.X. V.5440 ..	Awaiting Survey
February, 1956 ..	February, 1956 ..	4,100	Golden Square	Post Office V.5693 ..	With Deputy Crown Solicitor for settlement
February, 1956 ..	February, 1956 ..	875	West Melbourne	Garage V.3345 ..	Awaiting Ministerial and Executive Council approval forwarded, 19th July, 1956
February, 1956 ..	February, 1956 ..	15	Koorooman ..	R.A.X. V.5666 ..	Awaiting Survey
February, 1956 ..	February, 1956 ..	130	Gardenvale ..	Exchange V.851 ..	Completion Report issued, 23rd July, 1956
March, 1956 ..	March, 1956 ..	35	Jarramond ..	R.A.X. V.5643 ..	Awaiting survey
March, 1956 ..	March, 1956 ..	15	Darlington ..	R.A.X. V.569 ..	Awaiting Survey
March, 1956 ..	March, 1956 ..	65	Deans Marsh	R.A.X. V.5459 ..	Awaiting Survey
March, 1956 ..	March, 1956 ..	30	Bete Bolong ..	R.A.X. ..	Awaiting Survey
March, 1956 ..	March, 1956 ..	15	Breakaway Creek	R.A.X. V.5444 ..	Awaiting Survey
March, 1956 ..	March, 1956 ..	35	Huon ..	R.A.X. V.5661 ..	Land Survey completed—awaiting plans
May, 1956 ..	May, 1956 ..	250	Timboon ..	Extension to Line Depot V.4621	Awaiting Survey
May, 1956 ..	May, 1956 ..	14,500	Geelong ..	Telephone Exchange	Land Survey completed—awaiting plans
May, 1956 ..	May, 1956 ..	30	Larport ..	R.A.X. ..	Awaiting Survey
May, 1956 ..	May, 1956 ..	1,800	Beaumaris ..	Telephone Exchange	Site sold—alternative site being sought

POSITION REGARDING REQUISITIONS RECEIVED FOR NEW ACQUISITIONS DURING FINANCIAL YEAR 1955-56—*continued.*

Date Received.	Date Authorized.	Amount.	Location.	Purpose.	Remarks.
POSTMASTER-GENERAL'S DEPARTMENT— <i>continued.</i>					
<i>Victoria—continued.</i>					
£					
May, 1956 ..	May, 1956 ..	3,850	Heyfield ..	Residence ..	Executive Council approval being sought
May, 1956 ..	May, 1956 ..	3,050	Beaumaris ..	Post Office ..	File with Deputy Crown Solicitor for settlement
May, 1956 ..	May, 1956 ..	40	Warncourt ..	R.A.X. ..	Awaiting Survey
June, 1956 ..	June, 1956 ..	550	Camperdown ..	Line Depot ..	Awaiting Ministerial and Executive Council approval forwarded, 2nd July, 1956
June, 1956 ..	June, 1956 ..	25	Yukcart ..	R.A.X. ..	Land Survey completed—awaiting plans
June, 1956 ..	June, 1956 ..	3,800	North Geelong ..	Post Office and Exchange ..	Land Survey completed—awaiting plans

NOTE.—Next five pages of roneod original omitted.

DEPARTMENT OF THE ARMY—*continued.**Victoria—continued.*

November, 1955 ..	November, 1955 ..	3,675	Bendigo ..	Residence ..	Completion Report issued 28th February, 1956
November, 1955 ..	November, 1955 ..	4,425	Bendigo ..	Residence ..	Completion Report issued 23rd July, 1956
November, 1955 ..	November, 1955 ..	4,425	Bendigo ..	Residence ..	Completion Report issued 11th May, 1956
November, 1955 ..	November, 1955 ..	4,475	Bendigo ..	Residence ..	Completion Report issued 9th May, 1956
November, 1955 ..	November, 1955 ..	3,425	Bendigo ..	Residence ..	With Deputy Crown Solicitor for settlement
January, 1956 ..	January, 1956 ..	4,320	Point Lonsdale ..	Residence ..	Completion Report issued 14th May, 1956
February, 1956 ..	February, 1956 ..	300	Diggers Rest ..	Easement ..	24 owners involved—agreement reached with 22
May, 1956 ..	May, 1956 ..	500	Balcombe ..	Land for Camp ..	With Deputy Crown Solicitor for settlement—two owners
June, 1956 ..	June, 1956 ..	3,575	Queenscliff ..	Residence ..	Selected property sold—alternative being sought
June, 1956 ..	June, 1956 ..	4,100	Wangaratta ..	Residence ..	With Deputy Crown Solicitor for settlement
June, 1956 ..	June, 1956 ..	3,775	Queenscliff ..	Residence ..	Selected property sold—alternative being sought

Queensland.

5th August, 1955 ..	5th August, 1955 ..	5	Townsville ..	Laundry Site ..	Completed 16th February, 1956
7th October, 1955 ..	1st November, 1955 ..	2,500	Charters Towers ..	House for Married Quarters ..	Residence sold to other interests; investigations for alternative proceeding
22nd September, 1955 ..	2nd November, 1955 ..	2,400	Ayr ..	Residence ..	Completed, 19th January, 1956
16th January, 1956 ..	17th January, 1956 ..	20			
Not available ..	26th March, 1956 ..	30,994	Moorooka ..	Training Depot ..	Completed
4th May, 1956 ..	16th May, 1956 ..	100	Wallangarra New South Wales ..	Extension of Ammunition Loading Centre ..	Chief Property Officer, Sydney negotiating
11th June, 1956 ..	12th June, 1956 ..	2,750	Townsville ..	Residence as Married Quarters ..	Property sold—Alternative residences being inspected
11th June, 1956 ..	12th June, 1956 ..	3,050	Townsville ..	Residence as Married Quarters ..	Forwarded to Deputy Crown Solicitor for finalization on 4th July, 1956

Tasmania.

..	5th September, 1955 ..	4,794	Launceston ..	Property for Married Quarters ..	Negotiations completed—Settlement expected prior to 31st December, 1956—owner at present outside State
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South Australia.

27th November, 1955 ..	28th November, 1955 ..	200	Lincoln Park ..	Camp Extension ..	Settled, 4th July, 1956
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DEPARTMENT OF CIVIL AVIATION.

New South Wales.

12th September, 1955 ..	13th September, 1955 ..	50	Corowa ..	Acquisition of land for drainage of runway ..	Acquisition completed on 8th June, 1956, except for payment of incidental expenses
20th September, 1955 ..	20th September, 1955 ..	29,000	Cowra ..	Aerodrome ..	Land acquired on 27th October, 1955 and whole transaction completed

POSITION REGARDING REQUISITIONS RECEIVED FOR NEW ACQUISITIONS DURING FINANCIAL YEAR 1955-56—*continued.*

Date Received.	Date Authorized.	Amount.	Location.	Purpose.	Remarks.
DEPARTMENT OF CIVIL AVIATION— <i>continued.</i>					
<i>New South Wales—continued.</i>					
£					
4th October, 1955 ..	7th October, 1955 ..	650	Sydney Air- port	Instrument Landing System Marker Beacon	Site acquired on 5th July, 1956 and claim is with the Deputy Crown Solicitor to settle
11th November, 1955	15th November, 1955	800	North Ryde ..	Holding Marker Beacon and Com- pass Locator	Agreement reached with owner (Cumberland County Council) and matter will be settled shortly
24th November, 1955	24th November, 1955	3,000	Sydenham ..	Middle Marker Beacon	Agreement reached and with the Deputy Crown Solici- tor to complete
9th December, 1955	9th December, 1955	185,000	Tamworth ..	Aerodrome ..	A sum of £150,000 was advanced to owner (Tam- worth City Council) on the 23rd December, 1955—a further £35,000 will be paid shortly
6th January, 1956 ..	9th January, 1956 ..	1,810	Deniliquin ..	Transfer of Airport	Completed
1st February, 1956 ..	3rd February, 1956	30	St. Marys ..	Easement for Water Supply to Trans- mitter Station	Agreement reached with owner and matter with the Deputy Crown Solicitor to complete
17th April, 1956 ..	19th April, 1956 ..	1,400	Katoomba ..	NDB, DME and VHF Repeater Station	Agreement reached with owners and matters with the Deputy Crown Solici- tor to complete
14th May, 1956 ..	22nd May, 1956 ..	350	Point Lookout	V.A.R. Site ..	Negotiations proceeding
22nd May, 1956 ..	22nd May, 1956 ..	400	Singleton ..	DME, VAR and NDB	Negotiations continuing
5th June, 1956 ..	13th June, 1956 ..	7,500	Sydney Airport	Transfer of hostel from Department of Labour and National Service	Completed
<i>Victoria.</i>					
September, 1955 ..	September, 1955 ..	95	Mildura ..	Aerodrome ..	Completion Report issued 12th January, 1956
<i>Queensland.</i>					
Not available ..	4th November, 1955	11,367 additional	Eagle Farm ..	Airport ..	Funds to finalize claims in- cluding amount awarded by Court Judgement on disputed account
3rd January, 1956 ..	20th January, 1956	100	Eagle Farm Airport	Easement for outfall drain	To Deputy Crown Solicitor for settlement, 23rd March, 1956
6th June, 1956 ..	8th June, 1956 ..	20	Maryborough	Aerodrome extension	Negotiations proceeding with State
<i>Western Australia.</i>					
16th April, 1956 ..	18th April, 1956 ..	4,650	Kalgoorlie ..	Runway extensions	Negotiations with owners proceeding—land to be surveyed
<i>Tasmania.</i>					
3rd April, 1956 ..	4th April, 1956 ..	250	Hobart Airport	Easement for Ap- proach Lighting System	Awaiting search information negotiations completed
16th December, 1955	22nd May, 1956 ..	40	Hobart Airport	Road Link to D.M.E. Site	Awaiting Executive Council approval
..	28th May, 1956 ..	250	Western Junc- tion	Site for Inner Locator Beacon	Negotiations not completed
DEPARTMENT OF AIR.					
<i>New South Wales.</i>					
7th November, 1955	25th November, 1955	100	Bathurst ..	Acquisition Hut C24	This requisition was to cover the purchase and transfer of a Commonwealth owned hut on the former military camp at Bathurst —matter is complete
11th August, 1955 ..	19th September, 1955	17,500	Brookvale ..	Living and Adminis- tration quarters No. 1 C and R Unit	Purchase completed on 15th December, 1955

POSITION REGARDING REQUISITIONS RECEIVED FOR NEW ACQUISITIONS DURING FINANCIAL YEAR 1955-56—*continued.*

Date Received.	Date Authorized.	Amount.	Location.	Purpose.	Remarks.
DEPARTMENT OF AIR— <i>continued.</i>					
<i>Victoria.</i>					
£					
May, 1956 ..	May, 1956 ..	25,000	Laverton ..	Aerodrome extensions	Negotiations commenced with owners
<i>Queensland.</i>					
Not available ..	13th July, 1955 ..	350	Yarraman ..	Inland Fuel Depot ..	Completed, 24th April, 1956
11th August, 1955 ..	19th August, 1955 ..	2	Stuart ..	Site for Fighter Stand-by R.A.A.F.	Completed—Legal Fees only
		supplementary			
6th March, 1956 ..	13th March, 1956 ..	2,170	Townsville ..	Residence as Married Quarters	Dwelling sold elsewhere—investigations for an alternative residence proceeding
18th May, 1956 ..	23rd May, 1956 ..	300	Charters Towers ..	Site for Off-Station Married Quarters	Approval to negotiate; Investigations proceeding
2nd September, 1955	21st November, 1955	200	Amberley ..	Extension of Aerodrome	Minister's approval to negotiate—proceeding
19th September, 1955	27th October, 1955	1,800	Townsville ..	Site for Barracks A.O.C.	Agreement reached with State—acquisition will necessarily be by compulsory process—proceeding
29th June, 1956 ..	30th June, 1956 ..	2,500	Townsville ..	Residence ..	Agreement reached—Submission to acquire forwarded to Canberra, 12th July, 1956—Approved 22nd July, 1956
DEPARTMENT OF THE NAVY.					
<i>Victoria.</i>					
February, 1956 ..	February, 1956 ..	22,100	Toorak ..	Accommodation W.R.A.N.S.	Completion Report issued 8th May, 1952
<i>Western Australia.</i>					
9th April, 1956 ..	12th April, 1956 ..	520	Byford ..	Site for Residence ..	Completed, 20th July, 1956
DEPARTMENT OF THE INTERIOR.					
<i>New South Wales.</i>					
9th August, 1955 ..	9th August, 1955 ..	25	Dapto ..	Easement for overflow line from Ejector Station	Agreement reached and with the Deputy Crown Solicitor to settle
28th September, 1955	28th September, 1955	800	Dapto ..	Easement for drainage	Agreement reached and with the Deputy Crown Solicitor to settle
<i>Victoria.</i>					
March, 1956 ..	March, 1956 ..	125,000	Melbourne "Queens Gate"	Commonwealth Offices	Settlement effected, 23rd April, 1956
<i>Queensland.</i>					
8th August, 1955 ..	7th September, 1955	100	Gladstone ..	Site for Radar Installation	Compulsorily acquired 2nd February, 1956. Agreement reached with owner—The State; with Deputy Crown Solicitor for settlement anticipate this month
23rd March, 1956 ..	26th March, 1956 ..	10 supplementary	Gladstone ..	Meteorological Radar Building	To Deputy Crown Solicitor for settlement, 15th February, 1956; anticipated this month
28th March, 1956 ..	6th April, 1956 ..	7,000	Gladstone ..	Residences for Meteorological Officers	Approval to negotiate; proceeding
29th March, 1956 ..	9th April, 1956 ..	600	Cloncurry ..	Sites for Meteorological Branch	Investigations proceeding
<i>Tasmania.</i>					
30th April, 1956 ..	30th April, 1956 ..	7,050	Devonport ..	Property adjoining Post Office	This is a purchase from the State. Negotiations completed. Survey yet to be completed
CUSTOMS AND EXCISE.					
<i>South Australia.</i>					
15th June, 1955 ..	17th October, 1955	25,000	Port Adelaide Institute Building	Office accommodation	Institute Committee seeking approval of subscribers and Department of Education to sale of property
<i>Western Australia.</i>					
12th October, 1955	3rd November, 1955	600	Bunbury ..	Site for Office and Bond Store	Awaiting Survey

POSITION REGARDING REQUISITIONS RECEIVED FOR NEW ACQUISITIONS DURING FINANCIAL YEAR 1955-56—*continued.*

Date Received.	Date Authorized.	Amount.	Location.	Purpose.	Remarks.
DEPARTMENT OF IMMIGRATION.					
<i>New South Wales.</i>					
£					
7th January, 1956 ..	9th January, 1956 ..	350	Cabramatta ..	Sewerage Pumping Station, Water, Sewerages Transmission Easements	Negotiations are proceeding
<i>Victoria.</i>					
November, 1955 ..	November, 1955 ..	6,945	Various sites in Victoria	Transfer of buildings from Department of Air	Completed 10th May, 1956
<i>Queensland.</i>					
Not available ..	4th November, 1955	8,100	Cairns ..	Migrant Centre ..	Completed 2nd December, 1955
DEPARTMENT OF WORKS.					
<i>New South Wales.</i>					
12th January, 1956 ..	13th January, 1956 ..	1,350	Bathurst ..	Works Depot ..	Agreement reached and with the Deputy Crown Solicitor to complete
12th January, 1956 ..	13th January, 1956 ..	1,000	Kempsey ..	Works Depot and Office	Agreement reached and with the Deputy Crown Solicitor to complete
<i>Queensland.</i>					
10th January, 1956 ..	18th January, 1956 ..	680 Supplementary	Townsville ..	Car Pool and Stores	Completed. This item represents costs arising out of Supreme Court Judgment awarded to claimant
DEPARTMENT OF SOCIAL SERVICES.					
<i>New South Wales.</i>					
12th January, 1956 ..	13th January, 1956 ..	3,500	Orange ..	Staff Residence ..	Purchase completed
<i>Victoria.</i>					
November, 1955 ..	November, 1955 ..	10,050	Bendigo ..	Region Office ..	Completion Report issued 11th April, 1956
COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANIZATION.					
<i>New South Wales.</i>					
14th September, 1955	15th September, 1955	9,000	North Ryde ..	Laboratory ..	Agreement has been reached with three owners concerned. One matter has been completed and the other two will be finalized shortly

(NOTE.—Two pages follow to complete the Document.)

APPENDIX No. 6.
Report Paragraph 109.

DISTRICT EMPLOYMENT OFFICE AT HOMEBUSH.

ACQUISITION FOR THE DEPARTMENT OF LABOUR AND NATIONAL SERVICE.

The Department of the Interior submitted a statement setting out the history of the acquisition made at Homebush for the Department of Labour and National Service. We quote the advice received from the Department of the Interior in full, because it gives an insight into the dealings of a sponsoring department with the Department of the Interior. In this case, the sponsoring department's proposal was proceeded with, despite a critical approach to the matter by the Department of the Interior—

“ On the 30th March, 1954, the Department of Labour and National Service requested that the premises at 94 Parramatta-road, Homebush, which the Commonwealth rented for use as an employment office, be acquired provided that the price asked (£8,500), for the premises makes a good buy from the Commonwealth viewpoint. A valuation was obtained from the Commonwealth Valuers which indicated that the value of the property was £7,500 and that extensive repairs were necessary to the premises. On the 25th May, 1954, a report on the property was forwarded to the Department of Labour and National Service advising that in the light of the rental paid for the premises, the cost of the immediate repairs (£1,000) which were necessary and the price required by the owner, the purchase of the property was not an economical proposition and it was suggested that the request for acquisition be reviewed. The Department of Labour and National Service advised on the 2nd July, 1954, that the Secretary of the Department recently had a discussion with the Minister for the Interior on the importance of acquiring properties for permanently establishing employment offices and the necessity for providing a good standard of accommodation in keeping with Post Offices and other Commonwealth Offices, and the viewpoint expressed to the Minister was that there were important considerations, other than the cost of the site and building, which should not be overlooked. On the 20th July, 1954 the whole circumstances of the case were set out in a submission to the Secretary of this Department including advice that the acquisition of the property could not be supported. The submission was forwarded to the Minister who gave approval to acquire the property on the 5th August, 1954. Following this approval negotiations were then entered into with the owner with a view to securing the property at the lowest price possible. As a result of these negotiations, the owner reduced her price to £8,000 and on the 16th February, 1955, the Minister approved of this amount being paid. The purchase was completed on the 17th May, 1955 ”.

Exhibit No.
27/6, page 3.

APPENDIX No. 7.
Report Paragraph 109.

R.A.A.F. MARRIED QUARTERS, TOWNSVILLE.

ACQUISITION FOR THE DEPARTMENT OF AIR.

The Department of the Interior provided us with a statement outlining the facts of the proposal to acquire land at Townsville for Married Quarters and Barracks. This case is selected because it is an example of a proposal that, after investigation by and advice from the Department of the Interior, appears will not be proceeded with. It is in this respect different from the Homebush acquisition that is the subject of Appendix No. 6.

2. The Department advised that—

“ R.A.A.F. Married Quarters and Barracks Area in Townsville was originally Naval Quarters situated on Harbour Board land and part of a park on the Esplanade of the city. Air Board requested on 12th June, 1951, acquisition of land at Landsborough-street for O/C's residence, Married Quarters and Barracks and requisition for £3,000 was provided on 8th October, 1951. This area forms part of the rocky slopes of Castle Hill and the expensive preparation of the site was to be undertaken by the R.A.A.F. Airfield Construction Corps; when this opportunity passed the acquisition was confined to two allotments being the site of the O/C's residence. This is an amount of £1,100 and the acquisition is anticipated within two months. Air Board requested further acquisition of Robinson's land, Garbutt, on 7th April, 1952, and requisition for £3,150 dated 9th February, 1953, was received. This area was adversely reported on by the Federal Taxation Valuers as well as this Office on account of the low elevation and the fact that it is subject to flooding. Representations were made to Air Board to utilize part of the 4th Air Depot, Garbutt, being an area of 500 acres approximately acquired for that Department on 7th August, 1952. This area is 9 feet higher than Robinson's land; the frontage of the latter area was later subdivided by a firm of Real Estate Agents. The allotments have been offered to the Commonwealth at £62 per block without road construction; this proposal is not acceptable to this Office and negotiations are proceeding. Other building allotments that have been made available to Air Board are as follows:—5 allotments at Bundock- and Sheehan-streets (previously owned by Department of Civil Aviation). 1 allotment in Harold-street (previously owned by Meteorological Branch). Department of Air has deferred the Married Quarters project at Amberley, Brisbane, and a similar deferment at Townsville is anticipated by this Office.”

Exhibit No.
27/6, page 4.

TREASURY MINUTE

COVERING ACTION TAKEN UPON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE IN ITS

SEVENTEENTH REPORT : MISCELLANEOUS INQUIRIES

TOGETHER WITH COMMENTS BY

DEPARTMENT OF THE INTERIOR AND REPATRIATION DEPARTMENT.

I am directed to state:

The Treasury has examined the Report which relates to certain miscellaneous inquiries made by the Committee into specific aspects of departmental administration.

THE CLEANING OF COMMONWEALTH OFFICES.

1. The Public Service Board arranged for an officer to investigate the cleaning of Commonwealth offices in Melbourne. His conclusions and recommendations are to be discussed between the Treasury, the Public Service Board and the Department of the Interior in an interdepartmental committee which will examine the conditions of cleaning specified in contracts and other aspects of the cleaning of Commonwealth offices.

The Treasury agrees with the Committee's conclusion that costs of cleaning should regularly be reported and reviewed.

THE STEAM-RAISING PLANT OPERATED BY THE DEPARTMENT OF WORKS AT REPATRIATION INSTITUTIONS.

2. In its Fifteenth Report the Committee also referred to the costs incurred in raising steam for Repatriation Hospitals. Arrangements were subsequently made for the Department of Works to make a thorough review of steam-raising costs and to carry out technical investigations into the relative efficiency of the plant in Repatriation institutions. Arrangements were also made for the Department of Works to furnish regular returns concerning plant which it operated and the cost of raising steam at those institutions. The Repatriation Department believes that a variation from the existing control by the Department of Works would tend to raise operating costs because of the lack in their Department of the skilled operating knowledge of the officers of the Department of Works.

The Public Service Board has commented that of 115 employees of the Department of Works engaged on a full-time basis at Heidelberg Hospital, Melbourne, only 20 are engaged on steam-raising and coal handling. The Board considers that it would be undesirable to separate responsibility for management of the steam plant at Repatriation hospitals from responsibility for control of the other services (e.g. electrical, plumbing, carpentry, painting) which are provided for these hospitals by the Department of Works.

The responsibility for supervision and execution of works for Commonwealth Departments, both capital and maintenance, generally is vested in the Department of Works and it is by virtue of this arrangement that the Department carries out this work for the Repatriation Department as well as other Departments.

The Treasury considers that the present administrative arrangements for the operation of steam-raising plant at Repatriation establishments should continue, subject to a periodical review, as suggested by the Committee, of the output and costs of the plant to ensure their efficient operation.

THE USE OF STATE ESTATE DUTY ASSESSMENTS FOR COMMONWEALTH ESTATE DUTY PURPOSES.

3. The views of the Commissioner of Taxation were expressed comprehensively in evidence before the Committee. The Treasury has no further comments to offer.

GRANTS TO QUASI-GOVERNMENTAL AND PUBLIC ORGANIZATIONS.

4. The Treasury agrees with the conclusions reached by the Committee. Commonwealth Departments have been requested to give effect to the Committee's conclusions in administering such grants and, as far as is practicable, grants will appear on the estimates of the Department responsible for them.

THE COMMITTEE AND PUBLIC SECURITY.

5. The Treasury has noted with interest the information furnished by the Committee on this subject.

ROLAND WILSON,
Secretary to the Treasury.
21st February, 1957.

THE CLEANING OF COMMONWEALTH OFFICES.

VIEWS OF THE DEPARTMENT OF THE INTERIOR.

The conclusions of the Committee were brought to the notice of the Department of the Interior and the Public Service Board. The views of the Department on paragraphs 18, 19 and 20 of the Report are—

“ At present, as a general rule, the Department of the Interior as the Department responsible for the accommodation of Commonwealth Departments arranges the cleaning of its own offices and of those buildings used by more than one Department. It covers the whole of the office cleaning in Canberra, except Parliament House. The Joint House Department, the Service Departments, the Postmaster-General's Department, and the Department of Trade and Customs arrange some of the office cleaning required by them. Actually, the Department of the Interior is responsible for the cleaning of about three-fifths of the total area occupied throughout the Commonwealth.

In most cases Departments adopt two different methods, i.e., by departmental labour and by private contract. At the time of the Committee's investigation considerably more space was cleaned by departmental labour than by contract.

Since 1951 this Department has been letting contracts for cleaning in Victoria. In more recent years this system has been extended to the Australian Capital Territory, New South Wales and Western Australia. The position is being explored in Queensland. This Department is not responsible for any cleaning in South Australia. From the experience of this Department there appears little doubt that cleaning by contract can generally be carried out at reduced costs compared with those for departmental labour. The three contracts recently let in Canberra have resulted in appreciable savings. On the other hand only comparatively high prices were submitted when tenders were recently invited for Commonwealth office cleaning in Perth. The lowest price tendered was 3s. 2d. per square foot. In other places, including Canberra, tender prices have been as low as 1s. 8d. per square foot.

Another feature in favour of contract cleaning is the fact that it is possible to reduce the number of Commonwealth employees. However, the change-over to contract work has been arranged gradually to avoid any large-scale dismissals.

It is felt that the review of cleaning costs and methods suggested by the Committee would be fully justified. It may, however, be difficult to locate a suitable private consultant to carry out the investigation. Office cleaning is probably more fully developed as a profession in Melbourne than elsewhere in Australia. However, as most of the leading businesses hold contracts with this Department it would not be satisfactory to call in any one of these to investigate costs and methods. The Committee's alternative suggestion for the selection of an experienced officer to undertake the task should, it is considered, be adopted.

It is agreed that advantages should accrue if one Department were given the responsibility for all office cleaning, other than Parliament House and for the Postmaster-General's Department. The Department given responsibility should be in a position to improve management and general control and consequently effect savings. The Department of the Interior as the Department responsible for office accommodation would be the natural choice for this work. It could be encompassed, it is thought, without any addition to the present office staff.

With regard to paragraph 20 of the Committee's report, this Department could undertake the review of returns of cleaning costs from all Departments if it is decided to adopt that proposal.”

THE STEAM-RAISING PLANT OPERATED BY THE DEPARTMENT OF WORKS AT REPATRIATION HOSPITALS.

COMMENTS BY THE REPATRIATION DEPARTMENT.

The Repatriation Department has furnished the following comments on the Committee's conclusions:—

“ This Department has now examined the Committee's Report and is not in agreement with the recommendation contained in paragraph 37 of the Report.

“ In its Fifteenth Report, the Parliamentary Committee recommended that—

‘ the Repatriation Department should exercise constant surveillance over the costs incurred by the Department of Works in raising steam for, and maintaining, Repatriation Hospitals.’

This matter has received attention and arrangements have been made for the Department of Works to furnish regular returns concerning the operation of plant and the cost of raising steam at the institutions where the Department of Works operates the steam-raising plant.

“ Following the promulgation of its Fifteenth Report, the Parliamentary Committee further examined the steam-raising facilities at Repatriation Institutions and its findings are contained in its Seventeenth Report on which my comments have been requested.

"In this latter Report the Committee has recommended that the management of the plant, with the employees concerned, should be transferred to the Repatriation Department, leaving the Department of Works in the position of Technical Consultants to advise the Repatriation Department as the occasion warrants.

"As stated previously, the Repatriation Department is not in agreement with this recommendation. It considers that control of steam-raising plant is not a function of this Department, nor is it equipped to carry out this function. It is submitted that control of steam-raising plant is essentially a function of the Department of Works. The Department of Works is equipped and staffed by officers holding the requisite technical qualifications and experience required for this purpose.

"Officers of the Department of Works are fully conversant with the method of operation of this type of plant and also with the day-to-day requirements necessary to ensure the economic and efficient use of the various installations.

"Another difficulty which the Department anticipates could arise would be the replacement of personnel absent on sick leave, recreation leave, furlough, &c. It is felt that the Repatriation Department would need to obtain satisfactory replacements from the Department of Works as it would be difficult to recruit staff for short periods of duty.

"The resources of the Department of Works are now available to the Repatriation Department and it is felt that to depart from this would have a tendency to raise the operating costs because of the lack of skilled operational knowledge.

"The Repatriation Department feels that, as the Government has provided a Department to control installations of this nature, i.e., the Department of Works, it would not be economically sound for it (the Repatriation Department) to duplicate a service which the Government has already provided. It feels that, to engage its own operators for the various installations, and to retain the Department of Works as Technical Consultants, would not provide a more economic control than can be obtained under the present system.

"Following receipt of the Parliamentary Committee's Fifteenth Report, officers of the Repatriation Department conferred with officers of the Department of Works regarding the cost of operation of plant controlled by the Department of Works and that Department has undertaken to make a thorough review of steam-raising costs and to carry out certain technical investigations in regard to the relative efficiency of steam-raising plant in Repatriation Institutions in order to ascertain the reasons for variations in cost shown in reports submitted to the Parliamentary Committee.

"In paragraph 21 of its Seventeenth Report, the Parliamentary Committee, commenting on its Fifteenth Report, states, *inter alia*—

'Boiler houses at Caulfield and Hobart Hospitals (and where they exist at other Repatriation Institutions) are operated by the Repatriation Department.'

It is pointed out that at Repatriation General Hospital, Hobart, there is no boiler house. Hot water is supplied from a hot water system. The plant at Caulfield has since been taken over by the Alfred Hospital Authorities who now operate the installation.

"The Repatriation Department is responsible for the raising of steam at Lady Davidson Home but, as was pointed out to the Parliamentary Committee and acknowledged by that body in paragraph 31 of its Seventeenth Report, the plant is operated by Department of Works employees who are paid by that Department. The Repatriation Department later reimburses the Department of Works for the salaries paid."

TREASURY MINUTE

COVERING ACTION TAKEN UPON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE IN ITS

TWENTIETH REPORT: UPON SUPPLEMENTARY ESTIMATES AND VARIATIONS UNDER SECTION 37 OF THE AUDIT ACT 1901-1954 FOR THE YEAR 1953-1954.

I am directed to state:

The Treasury has examined the observations and findings of the Committee and, where appropriate, they have been discussed with the Departments concerned. Comments on the conclusions in paragraph 143 of the Report follow.

TREASURER'S ADVANCE.

1. *Governor-General's Warrant.*

2. *Inter-departmental Advances.*

The Vote for Advance to the Treasurer is used—

- (a) for payments included in the Government's budgetary proposals but awaiting appropriation either—(i) by special legislation or (ii) in the main Estimates. An example of (i) is the special grant to States which varies in amount from year to year.
- (b) for payments arising subsequent to the presentation of the Budget. These are later appropriated either by special legislation or in the Additional or Supplementary Estimates.
- (c) pending the receipt of Governor-General's Warrant for expenditure already appropriated.
- (d) to permit departments to incur expenditure on behalf of other departments and authorities which will be recovered within the financial year.

The use of the appropriation in this manner was again discussed with the Committee in connexion with the Supplementary Estimates for the year 1954-55 and, as recorded in the Committee's Twenty-fifth Report, the Committee and the Treasury now agree on the fundamental issues that arise out of the use of the Treasurer's Advance.

3. *"Offsetting" Defence Expenditure.*

The Treasury Minute on the Fourteenth Report of the Committee contained the reasons for the retention of the practice adopted in the war and post-war years of offsetting against additional appropriations under Votes of the Defence Services the savings estimated to be made on other Defence Votes.

The Auditor-General subsequently advised that in his view a Governor-General's Warrant could not be properly prepared in these circumstances and this form of appropriation for Defence expenditure has been discontinued.

DEPARTMENT OF AIR.

4. *Division 143A, Item 1: R.A.A.F. Pay and Allowances.*

A new procedure has been introduced for the assessment of the provisional payments to the Taxation Department. The debit to the vote on this account should therefore be more accurately calculated in the future.

5. *Division 145, Item 7: General Services—Compensation for Hired Property and Equipment.*

The Department states that every endeavour is made to assess and forecast all major factors likely to affect expenditure of the year in order that reliable estimates will be framed. In the year under review it was not possible to forecast the events which caused the additional expenditure, e.g. it was expected that some Fork Lift trucks would be received and that hired trucks would be released but delivery of the new trucks was delayed thus resulting in expenditure on hire in excess of the provision.

6. *Division 145, Item 11: General Services—Incidental and Other Expenditure.*

In the Estimates for 1955-56 an item was introduced under Division No. 145 to provide for amounts included in the Division and recoverable.

7. *Division 147, Item 3: Equipment and Stores—Mechanical and Transport Equipment.*

The Department states that despite the precautions taken and the detail used similar cases will occasionally arise. Immediately the need for 1953-54 expenditure on the generating sets became known, the Treasury was informed and the necessary funds approval was obtained.

8. *Division 147, Item 4: Equipment and Stores—Communications and Radar Equipment.*

The Department points to this as an illustration of the difficulty in the preparation of the complex estimates of Service Departments.

9. *Division 148: Aircraft Projects.*

(i) The wording of the vote was changed in the Estimates for 1955-56 to read "Purchase and Manufacture of Aircraft and Associated Initial Equipment".

(ii) The Department states that in preparing estimates for aircraft manufacture in Australia it is almost entirely dependent upon the advices of the Department of Defence Production. Nevertheless, the Treasury would expect the Department to satisfy itself as to the reasonableness of the estimates so obtained.

DEPARTMENT OF THE ARMY.

10. *Division 127A, Item 1: Australian Regular Army—Pay and Allowances.*

A special item to record sterling advances for the British Commonwealth Forces in Korea and other adjustable expenditure relating to the Forces overseas which were formerly accounted for under the Army pay vote, Division 127, was introduced in the 1955-56 Estimates—Division 133—Forces Overseas—Maintenance.

11. *Division 127B, Item 6: Australian Regular Army—General Expenses—Petrol, Oil and Lubricants.*

The Committee referred to the use of the vote for supplies for the Citizen Military Forces. In the Estimates 1955-56 the amount of the transfers to Division 129B was shown under a separate item as a credit to the vote.

12. *Division 129: Citizen Military Forces and Cadets.*

This Division was under-expended by £1,652,000. The Department advises that the over-estimate was due to the short fall in the numbers of Citizen Military Forces personnel to be trained and also to the number of days for Home Training being less than that budgeted. During the currency of the financial year (effective from 1st January, 1954) the period of Home Training for Citizen Military Forces and National Service Trainees was reduced by 5 days per annum.

13. *Division 130, Item 5: General Services—Freight and Cartage.*

This item was under-expended by £276,780. The Department states that the estimate for the financial year was based broadly on expenditure in previous years. During the early months of the financial year, expenditure fell away considerably and the reason was the subject of special investigation. As a result of this review, it was found that the transfer of stores between Commands, which had been particularly heavy during the initiation of National Service Training had become static and this was the major cause of the under-expenditure.

The estimate undoubtedly was not a good one and if the review had been made prior to the preparation of the Estimates there is no doubt that the estimate would have been more realistic.

14. *Division 130, Item 8: General Services—Medical and Dental Services.*

The wording of this item has been reviewed and in the 1955-56 Estimates was altered to read "Payments to Repatriation Department and others for medical and dental services".

15. *Division 130, Item 12: General Services—Recruiting Campaign.*

This item was removed from the Estimates of the Department of the Army and appeared in the 1955-56 Estimates of Expenditure under a new general heading "Other Services" which has been included to provide for certain items of expenditure which by their nature are not an appropriate charge to the votes of a particular Service Department. The Department of the Army continued as the accounting authority for expenditure under the recruiting vote. The item is being further reviewed consequent upon the 25th Report of the Committee.

16. *Division 130, Item 13: General Services—Incidental and other Expenditure.*

The Department states that the amount of £30,000 to cover recruiting publicity and propaganda was provided because at the time the estimates were prepared the policy in regard to the National Recruiting Organization was under review. Normally the provision for recruiting under this item would be limited to minor expenditure in respect of displays, etc., of a local character conducted by Army as distinct from general recruiting by the Recruiting Organization.

17. *Division 134: Arms and Equipment—Maintenance.*

18. *Division 135: Arms, Armament, Ammunition, Mechanization and Equipment.*

The Treasury notes the Committee's comments that estimates of expenditure presented to, and approved by, the Parliament earlier than at present would be of material assistance in avoiding the substantial over-estimate of expenditure that occurred under these votes.

DEPARTMENT OF COMMERCE AND AGRICULTURE.

19. *Division 25, Item 6: Nitrogenous Fertilizers—Purchase of Stocks.*

As the result of a recent Government decision, Commonwealth participation in the arrangements for the marketing of ammonium sulphate ceased on 31st December, 1955, from which date responsibility for the pool was resumed by the trade.

DEPARTMENT OF THE INTERIOR.

20. *Division 61c, Item 3: Water Supply and Sanitation for other Departments in Canberra.*

The Department of the Interior has advised that the observations of the Committee have been noted and that a contributing cause was changing personnel.

21. *Division 254c, Item 24: Australian Capital Territory—General Services—Transport—Loss on City Omnibus Service.*

The determination of a subsidy would present particular problems of assessment and in their report Messrs. Chapman and Schumer raised serious doubts about the practicability of devising a satisfactory method of determining a subsidy. From 1st July, 1955, records of passengers and revenue on each individual run were re-introduced. The Treasury agrees that full use should be made of statistics and costing data and that an annual return on the operations of the service should be submitted to Parliament.

DEPARTMENT OF THE NAVY.

22. *Outstanding Accounts with the Admiralty.*

(a) Claims in respect of personnel of Royal Navy submarines stationed at Sydney are now being received regularly from Admiralty. Provision is made in the Estimates each year for expenditure in respect of claims due.

(b) Since July, 1953, detailed records have been kept of commitments entered into in respect of Royal Australian Navy personnel training in naval aviation in the United Kingdom. Accurate records of outstanding liabilities are now available.

(c) Steps have been taken to ensure that accurate records are kept of commitments arising from the purchase of victualling equipment in the United Kingdom.

(d) All vouchers for expenditure are now being forwarded from London by air freight and consequently information relating to Naval Stores purchased in the United Kingdom is more promptly available in Navy Office.

Progress payments are now made for Air Stores based on a provisional valuation of major items of airframes assessed in conjunction with the manufacturers. For minor airframe items a bulk valuation is made of each batch of 100 vouchers. Adjustment will be effected either way when the actual price of each article has been ascertained. There are no difficulties for engine spares as they are priced by the Admiralty when supplied.

23. *Division 117: Naval Construction.*

An offer by the Admiralty to man and manage the fleet tanker for four years on behalf of the Naval Board, was accepted. It is expected that credits will accrue to the Department from this arrangement.

24. *Division 120: Miscellaneous Expenditure.*

No new work in connexion with stiffening merchant ships is being undertaken. Presentation of claims for miscellaneous expenditure in respect of the 1939-45 War has fallen off to such a degree that it is not considered necessary to make future provision for such expenditure under a separate Division of the Estimates.

ROLAND WILSON,

Secretary to the Treasury.

21st February, 1957.

NOTE BY THE COMMITTEE.

1. Your Committee note that the Treasury has not made specific comments covering the Sections in the Report dealing with—

- (i) Governor-General's Warrant.
- (ii) Civil and Defence Capital Works.

However, the Governor-General's Warrant was further referred to in our Twenty-Fifth Report (Supplementary Estimates for 1954-55, paragraph 11), and aspects of the Defence Works Programme were also discussed (at paragraphs 76-84 and 184-185).

2. The Treasury Minute on that Report will no doubt make reference to these matters.