

DEPT. OF THE SENATE
No. 815
Presented 9 OCT 1957
CLERK OF THE SENATE

1957

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

JOINT COMMITTEE OF PUBLIC ACCOUNTS

THIRTY-THIRD REPORT

EXPENDITURE FROM ADVANCE
TO THE TREASURER

AND

VARIATIONS UNDER SECTION 37 OF THE AUDIT
ACT 1901-1954

COMMONWEALTH CONSOLIDATED REVENUE FUND FOR
THE YEAR 1956-57

1957

THE PARLIAMENT OF THE COMMONWEALTH

JOINT COMMITTEE OF PUBLIC ACCOUNTS.

THIRTY-THIRD REPORT

EXPENDITURE FROM "ADVANCE TO THE TREASURER"

AND

VARIATIONS UNDER SECTION 37 OF THE

AUDIT ACT 1901-1958

COMMONWEALTH CONSOLIDATED REVENUE

FUND FOR THE YEAR 1956-1957

JOINT COMMITTEE OF PUBLIC ACCOUNTS

THIRD COMMITTEE

F.A. Bland, Esquire, M.P. (Chairman).

A.V. Thompson, Esquire, M.P. (Vice-Chairman).

Senator A.M. Benn	L.H. Barnard, Esquire, M.P.
Senator the Hon. H.S. Seward	J.F. Cope, Esquire, M.P.
Senator I.E. Wedgwood	F.J. Davis, Esquire, M.P.
	A.S. Hulme, Esquire, M.P.
	H.A. Leslie, Esquire, M.P.

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 connection with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of the Parliament.

JOINT COMMITTEE OF PUBLIC ACCOUNTS

THIRTY-THIRD REPORT

EXPENDITURE FROM "ADVANCE TO THE TREASURER"
AND VARIATIONS UNDER SECTION 37 OF THE
AUDIT ACT - 1901-1957

Commonwealth Consolidated Revenue Fund
for the Year 1956-57

Table of Contents

	<u>Page</u>
I. INTRODUCTION -	
(a) The Thirty-First Report	7
(b) The nature of the changes in dealing with Supplementary Estimates	8
(c) The effect on the Additional Estimates	9
(d) The 1956-57 Inquiry	11
II. GENERAL INFORMATION -	
(a) Expenditure from "Advance to the Treasur- er" 1956-57 compared with Supple- mentary Estimates for earlier years	14
(b) Section 37 Variations compared with those for earlier years	15
(c) General Comment on the level of Addit- ional and Supplementary Expenditure	16
III. SELECTED ITEMS WHICH HAVE BEEN THE SUBJECT OF ORAL EXAMINATION -	
Prime Minister's Department:	
<u>Audit Office</u> - Division 11B - Item 2: Office Requisites, etc. and Item 4: Incidentals	18
Department of the Treasury:	
Division 8 - Parliamentary Printing	19
Division 46B - Item 2: Office Requis- ites, etc.	24
<u>Bureau of Census and Statistics</u> - Div- ision 52B -	
Item 4: Printing of official publi- cations	25
Item 5: Hire, service and mainten- ance of machines for tabulation of statistics	27
The Integration of Commonwealth and State Statistical Services	28
Division 218 - Item 3: Stamp Duty	29
<u>Government Printing Office</u> - C.W.S.	
Division 6 - Item 1: Purchase of Machinery, etc.	30
Accounting Arrangements	32

	<u>Page</u>
Attorney-General's Department	32
Department of Health:	
<u>Commonwealth Serum Laboratories -</u> Division 84B - Items 2, 4, 5, 6 and 7: Stationery, Fuel, Livestock, Stores and Incidentals	38
Department of Trade:	
Division 223 - Item 17: Expenditure on behalf of other departments, etc. (to be recovered)	40
Department of Territories:	
Division 116B - Item 5: Publicity	44
<u>Northern Territory</u> - Division 273D - Item 1: Motor cars	47
<u>Papua and New Guinea</u> - Division 285 - Item 1: Grant to Administration towards expenses and C.W.S. Division 67K - Advance (repayable to Adminis- tration)	48
Department of National Development:	
<u>Division of National Mapping</u> - Divis- ion 127KB - Item 4: Map printing	50
Division 127KC - Item 2: Payments for Aerial Photography	51
IV. SELECTED ITEMS WHICH HAVE NOT BEEN THE SUBJECT OF ORAL EXAMINATION -	
Department of the Interior:	
<u>Electoral Branch</u> - Division 66B - Item 2: Office Requisites, etc. and Item 6: Administration of Electoral Act	55
<u>Bureau of Meteorology</u> - Division 67B - Item 3: Postage, telegrams, etc., Item 4: Fuel, light and power, etc. and Item 10: Incidental and other expenditure	56
Department of Works:	
Division 72B - Item 20: Incidentals	58
Department of Social Services:	
Division 111B - Item 3: Publicity	58
Department of the Navy:	
Division 141 - Item 8: Incidentals	60
Department of the Army:	
Division 152B - Item 4 and Division 155 - Item 5: Freight and Cartage	61

Department of National Development:

<u>War Service Homes</u> - Division 240B - Item 2: Office Requisites	62
V. ITEMS EXAMINED BUT NOT REPORTED	65
VI. COMMENTS AND CONCLUSIONS	67

APPENDICES

	<u>Report Para. No.</u>	
Appendix No.1 - Treasury Minute on the Thirty-First Report of the Committee	4	80
Appendix No.2 - Commonwealth Serum Labora- tories - Trading and Profit and Loss Accounts and Bal- ance-sheet - 30th June, 1956.	93	81

THIRTY-THIRD REPORT

EXPENDITURE FROM "ADVANCE TO THE TREASURER"
AND VARIATIONS UNDER SECTION 37 OF THE
AUDIT ACT 1901-1954

Commonwealth Consolidated Revenue Fund
for the Year 1956-57

CHAPTER I - INTRODUCTION

(a) The Thirty-First Report²

In our Thirty-First Report upon the form in which the Supplementary Estimates should be presented to the Parliament, Your Committee examined the legal and constitutional status of Supplementary Appropriation measures. This examination involved a consideration of the need for, and the effect of, enacting a measure purporting to appropriate Supplementary Estimates.

2. Your Committee received written and oral evidence from, amongst others, Mr. J.Q. Ewens, Parliamentary Draftsman, and Mr. C.L.S. Hewitt, First Assistant Secretary to the Treasury, who advanced the argument that since the Parliament had appropriated funds in the main Estimates to the Vote "Advance to the Treasurer" no further appropriation was achieved by enacting a Supplementary Appropriation measure.

3. Having considered the argument advanced, Your Committee set out their conclusions in Chapter V. of the Thirty-First Report, and made, inter alia, the following recommendations :-

- "(ii) The Treasurer should submit, with a resolution seeking the approval of the Parliament, and in lieu of Supplementary Estimates, a statement indicating the expenditure authorized by him from the Treasurer's Advance, as allocated to various heads of expenditure under Section 36A of the Audit Act.

Thirty-
First
Report,
Para. 94.

- (iii) The Treasurer's Statement of Section 36A Allocations should be tabled for the consideration of the Parliament as soon as possible within the financial year following the year to which they relate.
- (iv) The Joint Parliamentary Committee of Public Accounts should endeavour to prepare for the Parliament a Report on each statement as early as possible in the ensuing financial year, and if practicable by the date on which the Treasurer tables it (see Recommendation (iii))."

4. The recommendations of Your Committee were adopted by the Treasury, which forwarded us a Minute dated 22nd August, 1957 couched in the following terms:-

"The Treasury has noted the contents of the Report; the new procedure recommended by the Committee to replace the Supplementary Estimates of expenditure will be adopted from the financial year 1956-57, pending any necessary amendment to the Audit Act 1901-1955.

Exhibit
No. 33/1
See
Appendix
No. 1
below.

The wording of the Vote 'Advance to the Treasurer' will be suitably amended in the Estimates for the financial year 1957-58."

(b) The Nature of the Changes

5. As this is the first Report by Your Committee upon the Supplementary Estimates in terms of the new practice, we deem it desirable to remind the Parliament of the nature of the changes that have been made.

6. Hitherto a measure appropriating the sums expended from the Treasurer's Advance Account, has been presented to the Parliament by the Treasurer in pursuance of the requirements of the notation to the Advance to the Treasurer, which, since 1954-55, has read -

"To enable the Treasurer to make advances which will be recovered within the financial year, and also to meet expenditure particulars of which will afterwards be included in a Parliamentary Appropriation."*

* Estimates of Receipts and Expenditure for the year ending 30th June, 1955, page 89. Notation to Division 205.

7. Under the new practice the notation will read -

"To enable the Treasurer to make advances which will be recovered within the financial year, and to make moneys available to meet expenditure, particulars of which will afterwards be submitted to Parliament, or, pending the issue of a warrant of the Governor-General specifically applicable to the expenditure" ‡

while the amount expended from the Treasurer's Advance Account will be set out in a schedule appended to a resolution, which will be submitted for the approval of the Parliament. This practice will not in any way derogate from the rights and powers of the Parliament, which will have before it information similar in character to that which has formerly been presented to it as a Supplementary Appropriation measure.

"COMMITTEE MEMBER: ... What are the mechanics of giving effect to the Minute that you have just presented?† --- (MR. HEWITT) A statement of the expenditure that remained at 30th June last under the authority of Advance to the Treasurer will be printed in a form similar to that in which the Supplementary Estimates have appeared in the past. It will be presented to the Parliament by the Treasurer under cover of a resolution that he will move seeking the approval of the Parliament to the allocation which is set out in the statement - the allocation to the vote pursuant to Section 36A of the Audit Act. ..."

Q.1.

(c) The Effect on the Additional Estimates

8. Your Committee were concerned to find out whether the new procedure for dealing with residual expenditure from the Treasurer's Advance Account might have any substantial effect upon the methods of dealing with Additional Estimates. We observed, for example, that the present notation in respect of the Advance to the

‡ Estimates of Receipts and Expenditure for the year ending 30th June, 1958, page 105. Notation to Division 232.

† See paragraph 4 above.

Treasurer omitted any reference to the use of that Advance for emergent or urgent expenditure, which is an important feature of the transactions for which the Advance to the Treasurer is used.

9. In our First Report of 5th March, 1953[‡], dealing with the Supplementary Estimates for 1951-52, Your Committee examined the principles which would guide the Treasury in deciding whether to include the expenditure in Supplementary Estimates or in Additional Estimates.

10. In our Minute commenting upon the Committee's recommendations, the Treasury said -

"Additional Estimates (i.e. those presented before the end of the financial year) as opposed to Supplementary Estimates (presented after the financial year). - The Committee referred to the fact that certain items might have been included in Additional Estimates rather than the Supplementary Estimates. The regular presentation of Additional Estimates to Parliament is a comparatively recent practice which had its origin in the war years. Subsequently it was extended to cover items of civil expenditure. The basic principles adopted by the Treasury have been as follows :-

See 16th Report, page 6, paras. 5 and 6, Tabled on 2nd November, 1954.

- (1) The amount of the item is comparatively substantial.
- (2) The proposed expenditure is covered by proper approval.
- (3) A reasonable estimate of the expenditure can be made.

The amount of detail which should be included in the Additional Estimates having regard to the above principles is under review. The Additional Estimates presented to Parliament in respect of the financial year 1952-53 which were in course of preparation at the time the Committee was considering the 1951-52 Supplementary Estimates contained a wider range of items than those of previous years and the matter will be further examined next year."

11. Your Committee asked the Treasury whether there was any difference between the use of the Additional Estimates procedure today as compared with 1952-53 -

"COMMITTEE MEMBER: ... Would you follow the procedure that you enunciated in that Minute?† ---

Q.6.

‡ Tabled on 6th March, 1953.

† See paragraph 10 above.

(MR. HEWITT) I think there has been one subsequent variation. The first criterion was that the amount of the item must be comparatively substantial. I think the one development would probably be that that criterion is not universally applied, and that if the Treasury is aware at the time when the Additional Estimates are finalized that further funds are required for appropriation during the financial year, they ought to be submitted to the Parliament in the Additional Estimates. ..."

12. It will be seen that there is now no difference between the type of amounts included in the Additional Estimates, and those included in the Supplementary Resolution. To ensure the maximum of control by the Parliament, Treasury practice is to include in Additional Estimates all amounts expended up to the allotted time for dealing with the Additional Estimates. Items dealt with after that date are either deferred for inclusion in the following year's Estimates, if that is possible, or are met from the Advance to the Treasurer.

Qs. 15-18, 32, 33.

"COMMITTEE MEMBER: What is spent up to the time of the Additional Estimates is included in the Additional Estimates and what is spent after is included in the Supplementary Vote? --- (MR. HEWITT) Yes - what it is thought will have to be appropriated.

Qs. 32, 33.

COMMITTEE MEMBER: It is not only substantial amounts that are included in the Additional Estimates? --- (MR. HEWITT) No. We have been doing more than putting substantial amounts in the Additional Estimates. We have been putting in amounts which are not substantial but which we know are essential."

13. Your Committee were told that the new practice was likely to have some impact upon the treatment of variations under Section 37, but it was too soon to reach a firm conclusion on the matter.

Q.22.

(d) The 1956-57 Inquiry

14. In planning our 1956-57 Inquiry into expenditure from Advance to the Treasurer, and Section 37 Variations we decided that, if possible, this Report should be presented to Parliament by the time the Trea-

sureur tables the resolution.[‡] That we have been able to do so is due, in no small measure, to the assistance received from the Department of the Treasury and the Departments that had to supply us at short notice with the detailed information we needed.

15. The procedure which has been followed is similar to that adopted for the Inquiry leading up to the Twenty-Eighth Report of the Committee.[†] A Sectional Committee, appointed by the Committee at its Ninety-Second Meeting, met in Sydney, on Tuesday, 20th August, 1957, to consider the explanations submitted by Departments and to select items for further examination by the Committee. Examples of over-estimates were included in that selection.

16. Departments were then advised of the items selected by Your Committee for further consideration. We also told them whether or not we were satisfied with the explanations submitted and whether we required further information or the appearance of a witness.

17. All the items reported upon in Chapter III below have been the subject of oral examination. The items discussed in Chapter IV have been the subject of written explanations.

18. Your Committee conducted hearings on Friday, 30th August and Monday, 2nd September, 1957. Those who appeared before Your Committee are as follows :-

Department of the Treasury:	-	Mr. C.L.S. Hewitt, First Assistant Secretary (Budget and Accounting)
		Mr. B.F. Hurley, Acting Administrative Officer
		Mr. H.S. Amos, Chief Finance Officer.
Government Printing Office	-	Mr. A.J. Arthur, Commonwealth Government Printer.

* See Recommendation (iv), paragraph 3 above.

† Tabled 4th October, 1956.

- Bureau of Census and Statistics - Mr. S.R. Carver, O.B.N., Commonwealth Statistician
Mr. H.W. Ransom, Assistant Statistician (Administrative).
- Department of Trade - Mr. E.P. McClintock, Director of Trade Services
Mr. D.O. Dickinson, Assistant Secretary (Administrative).
- Attorney-General's Department - Mr. C.M. Toop, Assistant Secretary (Administration).
- Department of Territories - Mr. C.E. Reseigh, Assistant Secretary (Finance and Economics)
Mr. R. Marsh, Assistant Secretary (Welfare and General Services).
- Department of National Development:
Division of National Mapping - Mr. F.J. Frawley, Accountant
- Mr. B.P. Lambert, Director.
- Department of Health - Mr. R.H.D. White, Chief Administrative Officer.
- Commonwealth Audit Office - Mr. J.E. Tippet, Senior Audit Inspector.

CHAPTER II

GENERAL INFORMATION

(a) Expenditure from "Advance to the Treasurer" 1956-57 compared with Supplementary Estimates for earlier years

19. Residual expenditure from Advance to the Treasurer for 1956-57 amounted to £3.7 million of which £3.4 million was for revenue services and £0.3 million for new capital works and services. This was a reduction of £3.6 million over the amount provided in the Supplementary Estimates for 1955-56.

20. The following table sets out the figures for recent years :-

Financial Year	Gross Amount (a) of Supplementary Estimates	Total Budget Expenditure	Gross Amount as Percentage of Budget Expenditure	Net Amount (b) of Supplementary Estimates
	£m.	£m.	Per cent.	£
1949-50	11.9	581	2.0	9.9
1950-51	12.5	842	1.5	12.5
1951-52	19.2	1,017	1.9	9.3
1952-53	19.6	1,027	1.9	14.2
1953-54	4.1	1,023	0.4	4.1
1954-55	4.3	1,067	0.4	4.3
1955-56	7.3	1,138	0.6	7.3
1956-57	3.7	1,312	0.3	3.7

(a) Includes Supplementary Estimates for Ordinary Services and for Capital Works and Services.

(b) Obtained by deducting from the gross amount the amount of savings ("offsets") under Defence Votes. No "offsets" have been made since 1952-53.

21. The following table analyses the main categories of expenditure covered by the expenditure from Advance to the Treasurer for 1956-57 and by the

Supplementary Estimates for earlier years :-

Financial Year	Re-funds of Revenue	De-fence Ser-vices	Mis-cell-aneous Ser-vices	Busi-ness Under-tak-ings	Other	Total Ordinar-y Expend-iture	Capit-al Works and Ser-vices	Gross Supplemen-tary Estimate
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
1949-50	--	3.9	0.9	0.2	4.4	9.4	2.5	11.9
1950-51	--	4.5	1.0	0.5	3.6	9.6	2.9	12.5
1951-52	--	9.9	1.0	0.2	4.7	15.8	3.4	19.2
1952-53	8.7	5.4	1.4	0.8	2.3	18.6	1.0	19.6
1953-54	0.1	0.9	0.5	0.9	1.0	3.4	0.7	4.1
1954-55	--	1.9	0.2	1.2	0.9	4.2	0.1	4.3
1955-56	--	2.5	0.1	3.1	1.1	6.8	0.5	7.3
1956-57	--	0.2	0.5	1.4	1.3	3.4	0.3	3.7

22. Of particular significance is the substantial reduction in the amounts required for Defence Services and Business Undertakings. The sharp increase in the amount required for Miscellaneous Services was mainly due to the need to provide an additional amount of £0.34 million for technical assistance and economical development under the Colombo Plan.

23. Your Committee regard as satisfactory the substantial reduction overall in the balance of expenditure from Advance to the Treasurer for 1956-57.

(b) Variations under Section 37 of the Audit Act for 1956-57 compared with those for earlier years

24. The variations in appropriations made for 1956-57 are a little below the total for 1955-56. But because of the increased total Budget expenditure in 1956-57 the transfers represent a noticeable reduction in the percentage of the total expenditure (0.16% as compared with 0.21%). The figures for recent years

are as follows:-

Financial Year	Total of Transfers	Total Budget Expenditure	Percentage
	£m.	£m.	Per cent.
1949-50	7.1	581	1.22
1950-51	3.9	842	0.46
1951-52	5.2	1,017	0.51
1952-53	4.4	1,027	0.43
1953-54	2.5	1,023	0.24
1954-55	2.2	1,067	0.20
1955-56	2.1	1,138	0.21
1956-57	2.1	1,312	0.16

(c) General comment on the level of additional and Supplementary expenditure

25. For 1956-57 the total funds involved in residual expenditure from the Treasurer's Advance Account and Section 37 Transfers were £5.8 million or 0.44% of the total Budget expenditure as compared with £9.7 million or 0.85% in 1955-56. The Additional Estimates also were reduced from £24.8 million in 1955-56 to £17.4 million in 1956-57.

26. We asked Mr. C. L. S. Hewitt of the Department of the Treasury what might be the reason for these reductions :

"COMMITTEE MEMBER: ... Does that indicate a change in the methods of estimating or, of appropriation, or what does it indicate? --- (MR. HEWITT) A reduction in the amount included in the Supplementary Estimates would reflect what I have just been describing to you - the putting of amounts into the Additional Estimates, and not only those items which were themselves comparatively substantial. The reason why the Additional Estimates fell is not susceptible, I think, to a generalized answer. It reflects the requests made during the year after the original Estimates are passed for additional funds. It might be that the original estimates in the second year were more accurate or less subject to change than the ones that you quoted in the first

Qs. 11,
12.

year. There may have been less unexpected demand for money in the second year than in the first. To get any satisfactory answer I think one would have to take two sets of figures and take component items and say what were the particular reasons for this large amount included in the total of £24,000,000, why did it not appear in the second set of estimates, what were the large items in the £17,000,000, and why did that not appear in the first. I cannot offer a generalised reply.

COMMITTEE MEMBER: Would you say that this has been helped by a more accurate estimate by the Department?--- (MR. HEWITT) I have seen some more accurate estimates than they were in the past."

CHAPTER III

SELECTED ITEMS WHICH HAVE BEEN THE
SUBJECT OF ORAL EXAMINATION

PRIME MINISTER'S DEPARTMENT

Audit Office

Division No. 11B - Items 2 and 4

Office Requisites and Equipment, Stationery
and Printing; and Incidental and Other
Expenditure

27. Prior to the financial year 1956-57 these expenditures were included in Item 3 - Incidental and Other Expenditure.

28. Votes for and expenditures from Item 3 in the three years prior to 1956-57 have been as follows :-

	1953-54	1954-55	1955-56
	£	£	£
Vote Expenditure	5,420 5,324	5,120 6,024	5,600 6,764
	(Over-estimate 96)	-	-
Supplementary Estimate	-	-	763
Section 37 Transfer	-	904	401

29. Votes for and expenditures from Items 2 and 4 in 1956-57 have been as follows :-

	Item 2	Item 4
	£	£
Vote Expenditure	6,000 2,722	4,190* 6,853
	(Over-estimate 3,278)	-
Treasurer's Advance	-	2,664

* Includes an amount of £2,000 voted in Additional Estimates.

30. The Audit Office explained to us that it first submitted its Estimates for 1956-57 for Division 11B under three items, an amount of £8,190 being provided under Item 3 - Incidental and Other Expenditure. At a late stage the Office was asked by the Prime Minister's Department to allocate the provision of £8,190 between two new Items, 2 and 4; but because of the urgency of the request and the temporary absence of detailed statistical records the expenditure between the items was not accurately forecast. We were also informed that, to have obtained the required information, it would have been necessary to approach offices of the Audit situated in Australia, its Territories and overseas.

Exhibit
No. 33/18
Q. 678

31. In December, 1956, the Audit Office realised that too great an amount had been allocated to Item 2 and insufficient to Item 4, and, on application, the Treasury agreed to additional funds of £2,000 being provided under Item 4, subject to there being a similar saving under Item 2.

Q. 680.

32. The Audit Office admitted to us that it had made a substantial mistake in the allocation of funds in the first instance and that this was continued when consideration was given to additional fund requirements.

Q. 682.

33. Your Committee note that, notwithstanding the limit placed by the Treasury upon total expenditure under Items 2 and 4 when the additional funds were provided, final expenditure under the two items was £9,575 or £1,385 in excess of that limit.

DEPARTMENT OF THE TREASURY

Division No. 8

Parliamentary Printing

34. The vote for Parliamentary Printing is under the control of the Department of the Treasury and compri-

ses three Items :

Item 1 - Printing of Hansard, including
cost of distribution

Item 2 - Parliamentary Papers

Item 3 - Other printing and binding.

35. We gave some consideration to Item 1 in our
Twenty-Eighth Report.[‡] Votes for and expenditures from
these Items in recent years have been as follows :-

28th
Report,
paras.
58-71.

	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
<u>Item 1: Printing of Hansard</u>				
Vote	53,000	50,000	50,000 ⁺	44,000
Expenditure	36,380	45,289	65,436	68,094
	(Over-estimate 16,620)	(Over-estimate 4,711)	-	-
Supplementary Estimate	-	-	15,436	24,095
<u>Item 2: Parliamentary Papers</u>				
Vote	16,000	20,000	19,000 ⁺	16,000
Expenditure	24,171	15,294	13,920	37,730
	-	(Over-estimate 4,706)	(Over-estimate 5,080)	-
Supplementary Estimate	-	-	-	21,731
Section 37 Transfer	8,172	-	-	-
<u>Item 3: Other Printing and Binding</u>				
Vote	20,000	20,000	32,000	28,000
Expenditure	21,166	26,195	38,555	33,037
	-	-	4,476	5,037
Supplementary Estimate	-	-	4,476	5,037
Section 37 Transfer	1,166	6,195	2,079	-

+ Included are the following amounts voted
in Additional Estimates: Item 1 - £6,000;
Item 2 - £3,000; Item 3 - £4,000.

36. Item 1: Printing of Hansard: We asked the Treasury to explain the reasons for the substantial over-expenditure under this Item -

"COMMITTEE MEMBER: The vote last year was £44,000 but the expenditure was £68,094. Would you care to comment on that? --- (MR. HEWITT).... There was, as you point out, an over-expenditure of £24,000. The reasons for that are three in number. I should say, at the outset, it was not good estimating on our part, or not good revision of the estimating, in the sense that by the end of the calendar year we should have had knowledge that it would be in excess of the vote of £44,000. There were three principal items involved. One was the carryover of £8,000 at 30th June, 1956 for Hansard printing in that financial year which had not been completed and which had not been charged out. I think the House rose on 22nd June, 1956 and the account for the completed Hansard was not available until the next financial year. That liability should have been included in the vote, but it was not. It amounted to £8,000. The vote itself was arrived at on the basis of the cost per sitting day, based on the cost per sitting day in the preceding year. It did not include provision which should have been picked up half way through the year for the increased costs of wages and paper. That occurred during the course of the year. The cost of paper increased in price to something of the order of £5,000, and the other expenditure is accounted for by that. A third major cause, which again should have been picked up, or would have been picked up if staff had the time to sit on top of each vote week in week out, was the disturbing backlog in the Printing Office of the binding of the volumes of Hansard. That was away in arrears and the Printer bound something between double and three times the volume of volumes.

Qs. 57,
58.

COMMITTEE MEMBER: You are speaking of the annual binding process? --- (MR. HEWITT) Yes. He doubled or trebled his output of bound volumes last year in an effort to overtake the arrears. The cost of binding the extra volumes in an attempt to overcome the arrears was something like £7,000. I think that, in round terms, that accounts for the best part of £20,000. I think there was a small sum by which the vote was originally reduced when we were scrutinising the estimate. Quite clearly, on results, it should not have been reduced. But that would have been back in July of last year when one was trying to forecast expenditure which is essential and related to the number of sitting days of the year, the length of the sitting day and the number of night sessions. It is not an easy vote to estimate."

37. We were also informed that the paper cost per page of producing Hansard had increased from £2.1.4d. in 1953, to £3.2.8d. at the present time. One reason for the increased price of paper from £87 a ton in 1953-54

Qs. 46,
48, 51.

to £180 a ton in 1956-57 is that the paper now used is of a much better quality.

38. Item 2: Parliamentary Papers: The provision under Item 2 is to cover the cost of printing, binding and distributing Parliamentary Papers, Reports, etc., ordered to be printed by the House; Notice Papers of both Houses; Journals of the Senate; Votes and Proceedings of the House of Representatives; Bills of both Houses, including amendments, explanatory memoranda and resolutions in connection therewith; and Customs proposals presented to the Parliament. Q.68.

39. The Treasury informed us that the provision in the Estimates was based on the average daily cost in the previous three years for printing Parliamentary Papers and the anticipated number of sitting days in 1956-57. We were told, however, that the expenditure is not necessarily related to sitting days but that no more satisfactory basis of estimating was available. Exhibit No. 33/2

40. Since the public hearings, the Treasury has sent us a memorandum dated 25th September, 1957, giving details of the main categories of expenditure in 1955-56 and 1956-57. Expenditures were as follows :-

	1955-56	1956-57	Increase
	£	£	£
Reports (Annual and General) printed as Parliamentary Papers	2,495	15,559	13,064
Bills	3,140	5,134	1,994
Other Reports-			
Public Accounts Committee	2,309	2,217	(- 92)
Public Works Committee	811	344	(-467)
Tariff Board	1,611	2,365	754
Other Parliamentary Papers	2,192	9,748	7,556

41.. The Treasury said that the vote was not one in which there could be a high degree of accuracy in estimating and Your Committee accepts that view. Q.68.

42. Item 3: Other Printing and Binding: Your Committee were informed that the provision in the 1956-57 Estimates was based on the level of expenditure of the previous year. The provision is to cover the cost of printing letter paper, envelopes, wrappers, etc., for Parliamentary purposes both in Canberra and in the Parliamentary Offices in the capital cities, of printing Acts of Parliament and Statutory Rules which are required by Members of Parliament, of binding for the Parliamentary Library, of acquisition lists and of the Parliamentary Hand-book and other miscellaneous expenditure. The excess expenditure was in part due to an increase in the rate of binding newspapers and historical records for the Parliamentary Library and to the much quicker publication of the Parliamentary Hand-book.

Exhibit
No. 33/2.

Qs. 75,
77.

43. General Comment: Your Committee wished to know whether the increases under these three Items could have been foreseen, and provision made in the Additional Estimates for 1956-57 --

COMMITTEE MEMBER: I suppose the officers of your Department confer with the officers of the Government Printing Office in respect of expenditure on these jobs? --- (MR. HEWITT) Not as much as would be desirable, and not as much as anyone responsible for the vote in the future should do.

Qs. 78-
80.

COMMITTEE MEMBER: Do not you think it would have been possible to make some provision in the Additional Estimates to cover the additional expenditure? --- (MR. HEWITT) Yes, it would, and it should have been done.

COMMITTEE MEMBER: If there had been closer co-operation say between the officers of your Department and those of the Government Printing Office, that would have been done? --- (MR. HEWITT) If more time had been spent on it, yes."

44. Your Committee also discussed with Mr. Hewitt why this Division should be under the control of the Treasury -

COMMITTEE MEMBER: Mr. Hewitt, how is it that this charge, which is purely a Parliamentary charge, is met by the Treasury and not charged against the Parliamentary vote? --- (MR. HEWITT) I

Qs. 102,
103.

have not the formal explanation in front of me, and I have not found it. I was going to pursue this question during this year to see whether there is not a branch of a Parliamentary department which more appropriately should take responsibility for this vote. There is quite clearly a joint interest of the Presiding Officers, but there is not the exclusive interest of any one department. I think that it is more properly the concern of the Parliamentary departments than of the Treasury.

COMMITTEE MEMBER: This is rather an important item. In this instance, the Treasury is merely a paying authority and no more. It is merely the medium through which the cash passes and it has no control over it from the stand-point of the economy of the country, and has no responsibility to see whether it is or is not justifiable. This is something that could be considered from the angle of saving the taxpayers some money and determining whether the expenditure is necessary. I do not suggest that the Treasury is unmindful of that angle, but it appears to have no authority to say to any department in the Parliament that decides that this expenditure should be incurred, 'This is not justifiable', and to point out that it could be more economically controlled? --- (MR. HEWITT) I thoroughly agree."

45. The acknowledgement by the Treasury that more accurate estimates could have been expected and that some provision could have been made in the Additional Estimates for 1956-57 for the excess expenditure, is noted. Your Committee appreciate the difficulties faced by the Treasury in estimating expenditure under this Division. We agree that the position might be improved if the Division was under the control of a Department more closely associated with the Parliament.

Division No. 46B - Item 2

Office Requisites and Equipment.
Stationery and Printing

46. Votes for and expenditures in recent years from this Item are as follows :-

	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
Vote	10,100	25,000	19,000	15,000
Expenditure	8,353	15,591	11,986	11,045
	(Over-estimate 1,747)	(Over-estimate 9,409)	(Over-estimate 7,014)	(Over-estimate 3,955)

47. Your Committee asked Mr. Hewitt why this Item was under-spent -

"COMMITTEE MEMBER: I come now to Item 2 - Office Requisites. The vote for 1956-57 was £15,000 and the expenditure £11,000. For the previous year the vote was £19,000 and the expenditure £11,000. Can you tell me why the vote exceeded the expenditure in those two years? --- (MR. HEWITT) On both occasions we provided money for the purchase of some new and replacement accounting machines. In neither of those two years did we purchase the machines and the reason why we did not purchase them was that we did not finalise our intentions as to the changes which we would make. We had the best intentions but did not have the time to devote to the problem. We hoped that we would but in fact we did not."

Q.116.

We note in passing that this Item has been substantially over-estimated in each of the last three years.

Division No. 52B - Item 4

Bureau of Census and Statistics:
Official Publications

48. Votes for and expenditures in recent years for this Item are as follows :-

	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
Vote	25,500	30,000	34,700*	34,300
Expenditure	30,196	24,420	34,630	37,151
	-	(Over-estimate 5,580)	(Over-estimate 70)	-
Supplementary Estimate	-	-	-	2,713
Section 37 Transfer	4,697	-	-	138

* Includes an amount of £9,200 voted in Additional Estimates.

49. The Bureau of Census and Statistics attributed the excess expenditure under this Item in 1956-57 to an increase in the volume of accounts received from the Government Printer. We were informed that, of the final expenditure of £37,151, about £22,500 was represented by accounts received in the last month of the financial year. In explanation of this Mr. H.W. Ransom, Assistant Statistician (Administrative) said -

Exhibit
No. 33/2.

Q.571.

" Generally speaking, we do receive, in the last month of the financial year, a large number of accounts from the Government Printer for printing. Many of our publications are submitted for printing, and the Printer may, because of availability of staff, get to work and prepare that material, but we do not know to what extent he has progressed, because up to the end of the financial year we have not received back from him any proof. He has, however, carried out a certain amount of work, and he gives us, therefore, what he calls a progress account"

Q.579.

50. We were told of some of the difficulties associated with the preparation of estimates for this vote. One is that the amount of work which the Government Printer can do for the Bureau in any year is affected by the amount of urgent printing received, such as Parliamentary printing, which must be accorded priority. Another is the non-availability of estimates of costs.

Q.571.

"COMMITTEE MEMBER: But your principal difficulty in estimating at the beginning of the year is that you do not know how much printing the Government Printer can do for you? --- (MR. RANSOM) Yes.

Qs. 581-583.

COMMITTEE MEMBER: But you are able to develop fairly accurately your own programme of printing? --- (MR. RANSOM) Yes, we are aware of our programme of printing.

COMMITTEE MEMBER: And you could, perhaps give an accurate estimate in relation to the cost if he could do everything that you had in your programme? --- (MR. RANSOM) We do not get estimates of costs of work from the Printer until the completion of the job. Therefore, it is extremely difficult to give an accurate estimate in any one year as to the printing costs."

51. Your Committee are of the opinion that some of the problems associated with estimating and control of expenditure for this vote will be solved when new accounting arrangements are instituted at the Government Printing

Office.*

Division No. 52B - Item 5

Bureau of Census and Statistics -
Hire, Service and Maintenance of Machines for
Tabulation of Statistics

52. Votes for and expenditures from this Item in recent years are as follows :-

	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
Vote Expenditure	24,600 28,186	29,500 35,644	40,000 ⁺ 40,018	52,000 47,461
Supplementary Estimate	-	-	-	(Over-estimate 4,539)
Section 37 Transfer	3,587	6,144	-	-
			18	-

+ Includes an amount of £400 voted in Additional Estimates.

53. Your Committee were informed that, of the £47,461 expended under this Item in 1956-57, £45,415 related to the hire of machines for the tabulation of statistics. We discussed with the Commonwealth Statistician, Mr. S.R. Carver, the reasons why these machines were hired and not purchased - Q. 601.

" (MR. CARVER) These machines are always installed on hire. Qs. 594-597.

COMMITTEE MEMBER: Why? --- (MR. CARVER) It is the practice for these companies to make their machines available only on hire, and we prefer it that way in practical operation.

COMMITTEE MEMBER: Do you think it is more economical, year in, year out, to have these machines on a hire basis than to purchase them if you could? --- (MR. CARVER) It is much more economical. As very considerable development is taking place in

* See paragraphs 68-71 below.

these machines, under the hiring system, at the expiry of two years we are able to return them on six months' notice and get the latest machines.

COMMITTEE MEMBER: I suppose if you purchased them outright there would probably be a very low resale value on a secondhand machine at the end of two years? --- (MR. CARVER) We would have no facilities for selling them. I think we would certainly lose. ..."

54. We were told that £3,026, out of the under- Q. 590.
expenditure of £4,538, resulted from a saving in hire charges for two machines which, although installed in October, 1956, and March, 1957, were not taken over by the Bureau until later in the financial year.

The Integration of Commonwealth and
State Statistical Services.

55. Your Committee questioned the Commonwealth Statistician regarding the recent integration of Commonwealth and State statistical services in South Australia, Western Australia and New South Wales, following upon the enactment of the Statistics (Arrangements with States Act) by the Commonwealth Parliament in 1956²². Sub-section (1.) of Section 5 of that Act provides -

"5.-(1.) The Governor-General may enter into an arrangement with the Governor of a State with respect to the collection and publication of statistics, and the supply of statistical information, for the purposes of both the Commonwealth and the State."

Statistical services in Tasmania were integrated in 1924.

56. No arrangement has been made with the States of Victoria and Queensland. Mr. Carver said -

"No arrangement has been made there. There have been discussions. It is a purely voluntary arrangement. There is nothing in the nature of pressure or inducement, for that matter." Q. 605.

57. Your Committee were informed that the cost to the Commonwealth in 1957-58 of the services trans- Qs. 609,
612.

ferred from South Australia, Western Australia and New South Wales was estimated to be £314,000 and that the cost of a similar integration in Victoria and Queensland would approach £200,000 per annum.

Division No.218 - Item 3

Stamp Duty on Transfers of Commonwealth Securities in London

58. Votes for and expenditures from this Item in recent years have been as follows :-

	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
Vote Expenditure	34,000 41,010	35,000 27,308	30,000 29,835	25,000 44,791
	-	(Over-estimate 7,692)	(Over-estimate 165)	-
Supplementary Estimate	7,010	-	-	19,791

59. The purpose of this vote is to meet the cost of Stamp Duty on the transfer of Commonwealth loans that have been raised in the United Kingdom and are quoted on the Stock Exchange in London as negotiable securities. It is a condition of the prospectus under which a loan is issued that the Commonwealth will pay the Stamp duty on any transfers resulting from buying and selling of the securities on the market. This is done to meet a condition of the market which is observed by other borrowers.

Qs.123,
125.

60. A substantial proportion of these loans have been raised by the Commonwealth on behalf of the States and the Stamp Duty attracted by these transfers is recoverable from the States. Of the gross expenditure of £188,813 in 1956-57, £44,791 remained the liability of the Commonwealth.

Q.136.

61. Your Committee are satisfied that there are difficulties associated with estimating expenditure under this Item and in determining at any time during the year whether the provision made will be adequate.

C.W.S. Division No. 6 - Item 1

Government Printing Office: Purchase
of machinery and additional equipment

62. Votes for and expenditures from this Item in recent years are as follows :-

	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
Vote	23,000	28,000*	145,000	150,000
Expenditure	19,805	8,587	106,071	35,837
Over-estimate	3,195	19,413	38,929	114,163

* Includes an amount of £27,000 voted in Additional Estimates.

63. The Treasury informed us that there had been a great need for replacement of or additional equipment at the Government Printing Office for a long period but that the programme had been complicated by two events. One was the retirement of the Government Printer and the lapse of time before a successor could be appointed; the other related to the kind of building in which the Printing Office is temporarily housed. Q.139.

64. The estimate of £150,000 for the year 1956-57 was based on an overall programme for the purchase of equipment in excess of that amount. The programme provided, amongst other things, an amount of £24,000 for linotype machines and ancillary equipment of which £21,000 was spent, and amounts of £85,000 for a rotary press, £17,000 for a camera and £43,000 for offset print- Q.140.

ing machines, none of which was spent. Based on this programme, \$150,000 was the anticipated cash requirement for 1956-57.

65. We were told that it was decided at the end of 1956 that the large sum involved in buying a rotary press warranted the Government Printer visiting the works of a number of overseas firms which had tendered, at widely ranging prices, to supply the equipment. In addition, the Printer was to inspect the facilities available at the premises of the Queen's Printer at Ottawa as well as at other printing offices in various countries, with a view to resolving the question whether the Printing Office should be moved from its present temporary location.

Q.139.

66. We were also informed that the rotary press could not be accommodated in the existing premises without extending the buildings. The Treasury said it had now been decided that the permanent site of the Printing Office should be elsewhere and that proposals would shortly be put forward to carry out that decision.

"COMMITTEE MEMBER: So that we are not likely to get a rotary press or perhaps some of this other equipment until we have a new building in which to house it? --- (MR. HEWITT) I think a new building will be required because the rotary equipment could not go into the present building."

Q.144.

67. We asked Mr. Hewitt whether, in the circumstances, it had been reasonable to make provision in the Estimates for the purchase of a rotary press. Mr. Hewitt replied -

"We thought there was a reasonable expectation that an order would be placed for a rotary unit and by the time it was ready for delivery we would have a place to put it and we would have to make payments against the work as it progressed."

Q.147.

Government Printing Office:
Accounting Arrangements

68. We discussed with the Government Printer the accounting arrangements for his Office -

"COMMITTEE MEMBER: Perhaps I can come to the accounting section. What is the basis on which the accounts are computed? Have you a machine system or are the accounts kept manually? --- (MR. ARTHUR) The present system in the Government Printing Office is entirely a manual one. It may be explained briefly as follows: In the costing section we have a male computer, a male assistant and three female assistants who check job numbers and collate the operating times from the daily dockets which are compiled by employees on production. The operating times in hours and minutes are then posted manually to the cost cards and later converted to pounds, shillings and pence. It is a slow, uneconomic method."

Q.150.

69. We were informed that the objective of the Printing Office was to issue an account in the month following that month in which a job was completed; but that, in June, accounts were issued for all jobs completed and for works in progress, up to the middle of June. Departments are required by the Treasury to pay these accounts before the end of the financial year.

Qs.158,
160.

70. Mr. Arthur, the Government Printer, told us that, at his invitation, the Public Service Board had visited the Printing Office to report on the accounting arrangements and that he hoped to introduce shortly a machine system.

Q.151.

71. Your Committee note the expressed intention to improve the accounting arrangements at the Government Printing Office. We consider that modern costing methods should facilitate the work of the Printing Office, and, as well, should assist departments in the preparation of Estimates and the control of expenditure.

ATTORNEY-GENERAL'S DEPARTMENT

72. Your Committee, in our preliminary examination of expenditure from the Advance to the Treasurer and

Section 37 Transfers on behalf of the Attorney-General's Department, were not satisfied with many of the explanations submitted by the Department. We decided to discuss with their representative the Department's general approach to estimating fund requirements and the consideration given to using the Additional Estimates for expenditure subsequently met from the Advance to the Treasurer.

73. The Department subsequently submitted a statement on these subjects which Your Committee discussed with the Departmental representative who appeared before us. In the view of Your Committee, the statement submitted and the oral evidence obtained in our examinations suggest that the Department could adopt a more positive approach in preparing estimates and controlling expenditure.

Exhibit
No. 33/6.

74. An example is the provision under Division 64A - Item 1: Peace Officer Guard - Salaries and Allowances.

75. Votes for and expenditures from this Item in recent years have been as follows :-

	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
Vote	362,000	420,000	440,000	495,000
Expenditure	415,166	426,058	486,442	570,043
Supplementary Estimate	53,166	6,059	46,442	75,044

76. The greater number of the Peace Officer Guard is allotted to patrol defence and other establishments in the interests of security, the Attorney-General's Department being reimbursed by the client departments for the cost of the service so provided. Items 1 and 2 of Division 64A show the estimated gross cost to the Department of the salaries and extra duty pay of the Guard,

Q.343.

while Item 3 gives the estimated amount expected to be recovered from the client departments.

77. In a submission to Your Committee the Department gave as the major reason for the over-expenditure in 1956-57 -

"... But the major part of the over-expenditure was due to an under-estimate based on inaccurate information. The estimate was prepared on the basis that the strength of the Guard was 470 and no provision was made for any further increase in strength. In fact, at the time the estimate was prepared, the Guard strength was 513 having increased by 43 since the preparation of the estimates for the year 1955-56. As the Guard strength was considerably less than the authorized establishment consideration should have been given to the anticipated strength at 30 June, 1957."

Exhibit
No. 33/5,
page 8.

78. We discussed this problem of establishment strength with Mr. C.M. Toop of the Attorney-General's Department -

"COMMITTEE MEMBER: Mr. Toop, is there any decision on the establishment numbers for the Guard?
--- (MR. TOOP) That is basically our trouble. Our basic information on establishment and strength has proved to be unreliable, it should not have been, but it has proved to be so. That, in part, is the explanation for the considerable over-expenditure last financial year. That is not entirely the explanation for previous years. It would form but a small part of the explanation. ..."

Q. 343.

We also discussed with Mr. Toop the consistent over-expenditure under this Item -

"COMMITTEE MEMBER: Over the last four years, there has been consistent over-expenditure on 64A-1 - Peace Officer Guard? --- (MR. TOOP) That is true. We admit our sin here without qualification. It is an unquestionable illustration of bad estimating.

Qs. 323,
325.

.

COMMITTEE MEMBER: If I might put the viewpoint of the Committee on this, over-expenditure could occur in one year due to circumstances which could not reasonably be foreseen; one of those inevitable consequences. On the other hand, over-expenditure over a period of years indicates, I should think, a continuing serious lack of appreciation of the basis of estimating over that period?
--- (MR. TOOP) With the Peace Officer Guard I would agree. I think that is true, but I would trust that that would not be regarded as typical of other divisions."

79. The Treasury told us of a change which was being made which should reduce the likelihood of the

strength of the Guard being under-estimated in the future.

Mr. Hewitt said -

" ... I think that the problem with that vote should be overcome to some extent in the future. This year, we will introduce a statement in the salaries schedule to support this item relating to the Peace Officer Guard. That has not previously appeared in the Estimates. It will show the numbers and the class of positions and it will be a greater check against the employment, the establishment, and the amount estimated to remain unexpendable."

Q. 338.

80. A further example is Division 63B - Item 3 - Legal Service Bureau: Postage, telegrams and telephone services. Votes for and expenditures from this Item in recent years are as follows :-

	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
Vote	1,300	1,100	1,000	400
Expenditure	1,129	763	394	1,177
	(Over-estimate 171)	(Over-estimate 337)	(Over-estimate 606)	-
Treasurer's Advance	-	-	-	778

81. When first explaining the over-expenditure in 1956-57 the Department wrote -

"During 1955-56 this sub-division was limited to two items but for 1956-57 two new items were created. In estimating the probable cost of each item insufficient funds were allocated to the above item whereas all other items were kept within their respective appropriations particularly Item 4 - Incidental and Other Expenditure - which was under-expended to the extent of £700. The increased charges imposed by the Postmaster-General's Department caused the gap to be larger than it would otherwise have been."

Exhibit No. 33/5, page 7.

82. This explanation is not correct and suggests that no serious attempt was made to determine the reason for the over-expenditure. We obtained from Mr. Toop what he described as the true explanation -

"COMMITTEE MEMBER: Concerning the various votes in which the Postmaster-General's charges appear, I think the pattern runs true to the explanation that these items are all affected by in-

Qs. 357, 358.

creasing charges? --- (MR. TOOP) That is part of the explanation. I have since found that there are some others.

COMMITTEE MEMBER: Perhaps you could take a particular item and give the Committee a fuller explanation? --- (MR. TOOP) The most glaring example of over-expenditure on postage, telephones, etc., is that for the Legal Service Bureau. It appears in Division 63E-3, where the over-expenditure approached twice the vote. How that escaped us I cannot say. Perhaps it is part of the explanation of having too many votes to watch. But the true explanation is this. In the previous year the vote was £1,000 and the expenditure was £394, quite the reverse of this year. When we investigated the magnitude of the difference in the previous year we discovered that £648 which should have been charged to Item 1, as it then was, had been charged to Item 2 - Incidental and Other Expenditure. That happened in three States. So if we show the true figures for that year, the real expenditure was £1,042 and the miscellaneous item was £2,512. Had we based our 1956-57 estimate on our true expenditure of the previous year it would have been somewhat in the order of the actual expenditure, £1,177. If one allows for the increased postal charges, there is practically nothing in it."

83. It is the opinion of Your Committee that the substantial variations in expenditure from year to year under this Item, were such as should have prompted a prudent accounting officer to seek the real reason. It would seem that if we had not sought further information, this error may not yet have been discovered.

84. General Comments: An examination of the explanations submitted by the Department left us with the impression that the Department had not carefully investigated over-expenditures. For example, over-expenditure in votes for postage was generally attributed to an increase in postal charges from 1st October, 1956, whether the over-expenditure was 2% or 100%; but as a result of our inquiries, other explanations were found.

Exhibit
No. 33/5.

Q. 357.

85. The attitude of the Department is perhaps summed up by the following statement :-

"The factors which create difficulties in estimation create similar difficulties in establishing the precise reasons why a particular item is under-spent or over-spent at the end of a financial period. In order to isolate all the causes, a detailed comparison would be necessary of all paid

Exhibit
No. 33/6,
para. 8.

claims under a particular item for all regions with the paid claims of the previous year. The explanation might well be found to be an aggregation of small additional sums incurred or avoided in the quantities of supplies and services corresponding to variations in work volume of the sections of a branch."

86. Your Committee consider that the Attorney-General's Department does not properly appreciate the necessity for accurate estimating or the best methods for properly controlling expenditure. It seems that the Department's approach to its present difficulties is not so much to improve methods of control but rather to reduce the need to control, by aggregating expenditure within a lesser number of votes.

Exhibit
No. 33/6,
para. 11.

87. The Department has stated that "..... the functional structure of the Department tends to make for some inefficiency in financial management" . Your Committee do not accept this view, nor do we approve an aggregation of expenditure within a lesser number of votes.

Exhibit
No. 33/6,
para. 4.

88. We consider the Department should immediately review its methods: it might be wise to seek the assistance of the Public Service Board and the Department of the Treasury in such a revision.

DEPARTMENT OF HEALTH

Division No. 84B

Serum Laboratories

89. Votes for and expenditures from Items which were over-spent in 1956-57 are as follows :-

Item	Vote	Expenditure	Excess Expenditure	
			Section 37 Transfer	Treasurer's Advance
	£	£	£	£
2 Stationery, etc.	23,000	28,454	3,758	1,696
4 Fuel, etc.	75,000	90,033	-	15,034
5 Livestock and Fodder	55,000	126,455	-	71,455
6 Stores & Plant	534,000	712,812	-	178,813
7 Incidentals	52,000	76,040	-	24,041

90. A substantial over-estimate in Division 84B - Item 6: Stores and Plant was discussed in our Twenty-Eighth Report.

Twenty-Eighth Report, page 22

91. The Commonwealth Serum Laboratories are a business undertaking producing vaccines and serums for sale. They operate under the Serum Laboratories Trust Account into which is paid revenue from the sale of products. All expenditure is met from the Account except for certain items of capital works and services and expenditure on research.

Exhibit No. 33/16, para. 4.

92. Sales of products are made to commercial customers, such as drug houses, hospitals, and wholesalers and the National Welfare Fund for prophylactic materials, including "Salk" poliomyelitis vaccine distributed for free immunisation. Although the Serum Laboratories are to all intents and purposes the only manufacturers in Australia of their main line of products, they do not

Q. 644.

have a monopoly of the market and many of their sales are in competition with overseas products.

93. The Department of Health has forwarded to us a copy of a Profit and Loss Account and Balance-sheet of the Serum Laboratories for the year ended 30th June, 1956 and this appears in Appendix No.2 to this Report.

94. We were told that, although the estimates of expenditure for the Laboratories were shown under Division 84, no funds were made available under that Division. The Division appears "for information only" in accordance with a procedure which has been followed for many years.

Exhibit
No. 33/16,
para. 6.

Q. 620.

95. The substantial expenditures in excess of the original estimates were mainly associated with the production of poliomyelitis vaccine and penicillin. The increased expenditures were matched by increases in receipts.

96. Your Committee inquired whether the Department had considered showing the anticipated increased expenditures in the Additional Estimates. In a memorandum dated 12th September, 1957, the Department of Health advised us that it informed the Department of the Treasury in a general departmental request for additional funds dated 5th March, 1957, of the estimated additional funds required for the Serum Laboratories. In that request the Department noted " in the case of Division 84 Warrant Advices (Authorities?) are not required as expenditure is charged to the Commonwealth Serum Laboratories Trust Account".

97. Your Committee do not propose at this stage to comment upon the present arrangement under which the estimated expenditure from the Serum Laboratories Trust Account is shown "for information purposes" in Division 84. While Division 84 remains however, we consider that Parliament should be informed in the Additional Estimates

of increases in expenditure from the Trust Account then estimated to be necessary.

98. Your Committee note in passing that the balance in the Serum Laboratories Trust Account at 30th June, 1957 was £181,403.19.6d., or £108,477.7.3d. less than the balance as at 30th June, 1956.*

DEPARTMENT OF TRADE

Division No. 223 - Item 17

Expenditure on behalf of other departments, authorities, and persons (to be recovered)

99. Expenditure in 1956-57 was as follows :-

Vote	Nil
Expenditure	<u>£26,043</u>
Treasurer's Advance	<u>£26,043</u>

100. The Item was established to provide for expenditure met by the Department of Trade on behalf of other Commonwealth departments, instrumentalities and private persons in 1956-57 and not recovered before the 30th June, 1957.

101. In previous years, the Department of the Treasury has generally approved of charging amounts not recovered at 30th June to an Incidentals Vote, recovery being effected in the following financial year. As the amount outstanding on this occasion was substantial, the Treasury considered it should be shown as a special item of expenditure.

Qs. 194,
196.

102. Amounts to be recovered from Commonwealth departments and instrumentalities (£12,451.11.1d.): We

Exhibit
No. 33/4
page 1.

* The Treasurer's Statement of Receipts and Expenditure for the year ended 30th June, 1957, page 98. Tabled on 4th September, 1957.

were informed that in June, in accordance with instructions issued by the Department of the Treasury for the Closing of Accounts, interdepartmental accounts are paid immediately without check. It is the responsibility of the creditor department to obtain payment before the end of June.

Qs. 203,
204,
234-236

103. The Department of Trade explained that because of staff shortages there had been delay in recovery action earlier in 1956-57, but that in June recovery from the departments concerned was actively pursued. Except in one case, and there the reason was incorrect, the Department could give no reasons why debtor departments had not made payment at the due date.

Qs. 201,
204,
237-242

104. We sought further information about two amounts that had been outstanding since March and April, 1957. In its oral evidence on 30th August, 1957, the Department told us that the amounts were still awaiting adjustment.

Qs. 243,
249.

Exhibit
No. 33/4,
pages 1
and 2.

105. From a memorandum received from the Department of Trade dated 11th September, 1957, the following extracts are taken :-

"Department of Supply, £151,254.

... payment was made by the Department of Supply to our Melbourne Office before the 30th June, 1957. ... (That Office) was not aware of the reason for the payment and wrote to the Department of Supply asking for further advice. In the meantime, the amount was placed in Trust Fund Other Trust Moneys. ...

.

Department of External Affairs, £423,174d.

... A further examination of the account has revealed that the balance, £348,12.10d. was duplicated as a debit to the Department of External Affairs, and although the debit note was returned to this office, corrective action was not taken immediately in our accounts. ..."

While Your Committee do not regard seriously the original errors made by the Department, we are disturbed that little was done, over a period of two months, to establish

the facts in these cases, in consequence of which inaccurate information and misleading statements affecting other departments were submitted to Your Committee. We consider this lapse on the part of the Department of Trade reprehensible.

106. Inter-Office Transactions - Department of Trade (£6,136.12.4d.): The retention of this amount in the Treasurer's Advance resulted from a break down in procedures within the Department of Trade. We were informed that action had been taken to avoid a recurrence.

Exhibit
No. 33/4,
page 2.

Q.275.

107. Amounts met on behalf of private organizations and persons (£7,454.6.3d.): Included in this amount was £5,544.10.7d. met on behalf of private firms and persons associated with a Trade Mission to India in 1957, and £1,251.1.9d. in special debts. The balance of £658.13.11d. was made up of amounts met overseas on behalf of private firms for tender documents and other items. We were informed that expenditure of this nature had been incurred by the Department at the rate of about £2,300 per annum.

Exhibit
No. 33/4,
pages 2
and 3.

Q.251.

108. Your Committee did not previously know that the Vote "Advance to the Treasurer" was being used to meet expenditure on behalf of private persons, although we were aware that expenditure is incurred from the Advance "... on behalf of other departments and authorities which will be recoverable within the financial year". Mr. C.L.S. Hewitt, of the Department of the Treasury, said -

Treasury
Minute
to 20th
Report..
See 27th
Report,
page 45,
par. 2(d).
Q.254.

"There are no funds provided by the Treasurer from the Treasurer's Advance for the purpose that you have been discussing. The Department applied for warrant authority, in fact, to enable payments to be made on behalf of other departments and instrumentalities. That is the only purpose for which money has been provided. The Department sought authority from the Treasury, in January this year, for payments of this nature. The Treasury did not agree and there has been no further reply from the Department on the subject. I was not aware that these payments were being made."

109. We also ascertained that amounts had been met on behalf of private persons even when there was no certainty of recovery. Mr. E.P. McClintock, of the Department of Trade, explained -

"Usually, it operates in that way. The Trade Commissioner will say, 'Tenders are required for "X" products. Are Australian firms interested?' We then say to, perhaps, half a dozen Australian firms, 'Are you interested and are you interested enough to pay £150 for tender documents?' If the answer is, 'Yes', it is clear steering. In some instances, very much the minority, the Trade Commissioner, because tenders are closing by the time he gets the news, pays for the tender documents himself as an Australian export service. At times we get into some problems because a firm says, 'Yes, I think I would be interested', and we get into a twilight between those two types of activity. Sometimes we get problems as to whether the people ordered the tender forms from us or said that they would be interested and then, when they found that they were not, declined to pay for the documents."

Q.208.

110. Your Committee regard the financing of private expenditure from the Vote "Advance to the Treasurer" as undesirable; in fact, the Department has no authority to use the Vote for that purpose. However, if the Department succeeds in obtaining authority to continue transactions of the type mentioned, we expect that it will take adequate precautions to protect the Commonwealth against the possibility of loss.

111. General Comment: A consideration of the items discussed above, and a review of the statements submitted by the Department indicate both loose accounting practices, and a lack of effective control of expenditure. We think the Department should carefully examine its methods in an effort to correct the weaknesses disclosed.

DEPARTMENT OF TERRITORIES

Division No. 116B - Item 5

Publicity

112. Votes for and expenditures from this Item in recent years have been as follows :-

	1954-55	1955-56	1956-57
	£	£	£
Vote	3,000*	3,200	20,100
Expenditure	-	139	39
Over-estimate	3,000	3,061	20,061

* Voted in Additional Estimates.

113. Your Committee inquired why amounts totaling £26,300 had been voted for this Item over three financial years although only £178 had been spent.

114. The Department explained that the estimates were associated with a project which had been initiated by direction of the Minister for Territories in 1953-54. The project envisaged the publication of information pouches consisting of a series of photographs, maps and explanatory material, each dealing with a particular Territory of the Commonwealth.

Q.383.

115. The Department at first proposed the issue of pouches about Papua and New Guinea, the Northern Territory, and aborigines and £3,000 was sought and voted in the Additional Estimates for 1954-55 for those purposes. The amount was not utilised and £3,200 was voted in the 1955-56 Estimates. The Minister then decided to revise and expand the project to provide for 10,000 copies each of twenty pouches dealing with activities in the main Territories and the Territories of Nauru and Norfolk Island; £20,100 was included in the 1956-57

Q.383.

Estimates to meet the cost of the revised proposal. The project has again been reviewed and now provides for a reduced number of copies, estimated to cost £8,000.

116. We sought from the Department of the Treasury its views on the continued over-estimation for this Item -

"COMMITTEE MEMBER: Has the Treasury anything to say about that? --- (MR. AMOS) When the Estimates for 1956-57 came before the Treasury, we wrote to the Department on 7th June, 1956 drawing attention to the substantial under-expenditure in the previous years and asking whether, in the light of past experience, the Department considered that it would spend in 1956-57 the £20,100 included in the draft Estimates. The Department replied to Treasury on 16th July to the effect that it was expected that the whole project would be completed in the financial year 1956-57. We would have raised the question again in discussions, but the Department apparently adhered to its estimate of £20,100, and that was the estimate submitted to the Government."

Q. 387.

117. We were informed that, generally, provision would not be made in the Estimates for a project for which approval had not been obtained. If plans for a project have not been finalised the Treasury may suggest that provision be deferred for consideration with the Additional Estimates.

Q. 501.

"COMMITTEE MEMBER: Has the Treasury a right of veto in relation to this kind of thing? --- (MR. HENDERSON) In the event of any disagreement between the Department and the Treasury the matter is finally resolved by Cabinet. That happens quite frequently. The Treasury may think that certain expenditure should be limited to a particular amount, while the Department feels that it is not enough. The matter is then resolved by Cabinet, on submissions by both the Treasury and the Department concerned."

Qs. 504-507.

COMMITTEE MEMBER: Would the Treasury in any circumstances suggest to the Department that since its plans are not final the matter would best be left until consideration of Additional Estimates? --- (MR. HENDERSON) That often happens.

COMMITTEE MEMBER: It has not happened in this case in any of the years under consideration, apart from the first when the provision was in the Additional Estimates? --- (MR. HENDERSON) We had advice from the Department that the Minister for Territories had directed that work on the project in question should proceed, and provision for the cost of information folders was made in the draft

Estimates for 1956-57. The project had been approved. The opinion of the Department, supported by the Minister, was that the expenditure would be incurred in the financial year.

COMMITTEE MEMBER: You would assume, from the explanation given by the Department, that the Minister had in fact finally approved the issue of these documents? --- (MR. HENDERSON) That is in accordance with our advice from the Department."

118. We discussed with the Department the estimating for this item and inquired whether there was any guarantee that money provided for the project in the 1957-58 Estimates would be spent -

"COMMITTEE MEMBER: Does the Department appreciate or understand that the basis of Estimates is that you ask for money on the expectation that it will be spent? I presume that is understood? --- (MR. RESEIGH) Yes, and we did that in this case.

Qs. 399,
402-403,
405-406.

.....

COMMITTEE MEMBER: Would it not have been more reasonable, and would it not at this stage be more reasonable, to bring your pouches to a stage of final approval by the Minister before you ask Treasury to include an amount to cover publication in the Estimates? --- (MR. RESEIGH) We might then find ourselves unable to undertake the project because of inability to obtain funds.

COMMITTEE MEMBER: You have not used the funds for three years. Can there be any greater guarantee that you will use them in the fourth year? --- (MR. RESEIGH) No greater guarantee.

.....

COMMITTEE MEMBER: That is the point I am making, that there is no final determination before you ask for substantial amounts of money. Surely you or the Department, or even the Minister, would appreciate that that is a complete negation of the principles of the Estimates. It seems to me that you have prepared Estimates and asked for money, and there has been no expenditure, and therefore the approach of the Department is entirely wrong in relation to this matter. --- (MR. RESEIGH) I do not know that I can do more than explain what I have explained. There was certainly a firm intention, as evidenced by the instruction of the Minister, that the project would be undertaken, and we may have been considered to be remiss if, having that intention at that time, we had made no financial provision for it.

COMMITTEE MEMBER: But you have three different approaches in relation to the Estimates. The first is the Estimates themselves, and you have to make a determination in approximately March or April, or even earlier. The next is in

relation to the Additional Estimates, and the third in relation to the Supplementary Estimates. In the 1955 year it was the Additional Estimates, then it was the Estimates in 1956 and in 1957, and no money has been spent, no finalisation reached in relation to the programme. Even when you are asking, at the beginning of the 1958 year, for money there is no finalisation of the programme. When is it expected that the programme will be completed? --- (MR. RESEIGH) I cannot say more than that the next step depends upon my Minister. He has all the material that is necessary for that next step, and it was his direction that this provision be made, because he had an expectation that we would go forward to the next step very soon."

119. Your Committee reiterate the view we expressed in our Twenty-Fifth Report regarding the undesirability of over-estimates because they can derogate from the effectiveness of Parliamentary control over expenditure. Nor do we think it desirable that provision should be made in the Estimates except to finance "firm" projects. We remind Departments that there is ample scope in the present system for the later provision of funds for projects which were not finally decided upon at the time the main Estimates were being prepared. In the present case, we think the Department of Territories was hardly realistic in providing funds for the project under discussion.

Twenty-Fifth Report, page 36, para. 14.

Division No. 273D - Item 1

Northern Territory - Motor Cars:
Running Expenses and Maintenance

120. The vote for this Item in 1956-57 was £79,500, while final expenditure was £89,004. The excess expenditure of £9,504 was met from the Advance to the Treasurer.

121. Your Committee were informed that the additional expenditure was caused (a) by a need to keep old vehicles on the road because of a lack of funds to purchase replacements and (b) by the overtaking of a lag in the payment of accounts.

Exhibit No. 33/7, page 3.

122. We were advised that some progress had been made with the proposal to establish a pool in Darwin for vehicles of the Northern Territory Administration. It is not at present intended that the pool will take in the vehicles of other departments (such as the Department of Works, Service Department's, Postmaster-General's Department), which will continue to operate their own transport and maintain their own repair and maintenance facilities.

Qs. 408,
447.

123. The Department considers that the introduction of a pool and the attendant control will lead to a more economical use of transport.

Q. 410.

Division No. 285 - Item 1

Grant to the Administration towards expenses including native welfare, development, war damage and re-construction

C.W.S. Division No. 67K - Item 1

Advance (repayable) to the Administration

124. Votes for and expenditures from Item 1 of Division No. 285 in recent years have been as follows :-

	1954-55	1955-56	1956-57
	£	£	£
Vote	7,460,000	8,570,000	9,135,000
Expenditure	7,041,770	8,366,716	9,346,009
Treasurer's Advance	-	-	211,010

125. An amount of £198,500 repayable in 1957-58 was advanced to the Administration of Papua and New Guinea under C.W.S. Division 67K - Item 1.

126. Section 75 of the Papua and New Guinea Act 1949-54 provides that the revenues of the Territory are

available for defraying the expenditure of the Territory. It also provides that the receipts, expenditure and control of revenues and moneys of the Territory are to be regulated as provided by Ordinance and that no revenues or moneys are to be issued or expended except under an appropriation made by law and by warrant under the hand of the Administrator of Papua and New Guinea.

127. In May, 1957, the Minister of Territories was informed that, because of over-expenditure on capital works and a short-fall in local revenue, the funds available to the Administration for 1956-57 were not likely to be sufficient to meet expenditure. It was estimated that, to avoid a reduction in the works programme and the likelihood of adversely affecting the local works potential, an additional grant of £400,000 in 1956-57 would be necessary.

Exhibit
No. 33/8,
Q.463.

128. The Treasurer, on application by the Minister, agreed to make available £200,000 to supplement the grant to the Administration under Division 285 - Item 1 - and, later, agreed to a further £200,000 as a loan under C.V.S. Division 67K - Item 1 (the amounts subsequently became £211,010 and £198,500 respectively). A condition of the additional grant approved by the Treasurer was that the Minister should institute an inquiry into the apparent lack of financial control in the Territory of Papua and New Guinea.

Q.463.

129. We were informed by the Department that the circumstances pointed to the possibility of weaknesses in the method of control of expenditure of the Administration -

Exhibit
No. 33/8.

"COMMITTEE MEMBER: I should like to refer now to paragraph four of your explanation. Reference is made there to the possibility of weakness in methods and control of the Administration, and there is an inquiry now being carried out. Is there any evidence of lack of control in the Administration? --- (MR. RESEIGH) Yes. That is why the inquiry is being made.

Qs. 473-
474.

COMMITTEE MEMBER: You think the outcome of the inquiry will be the correction of any lack of financial control? --- (MR. RESEIGH) We hope so. There is a very senior and experienced officer in charge of the investigation. By the time he completes his investigation, he will have been on the job for six weeks. He is aided by two finance officers of the Department and an officer of the Organisation and Methods Section of the Public Service Board in the Territory. We are hopeful that this report will point the way to a great improvement in their methods of control."

130. We discussed with the Treasury the reasons why the Treasurer had approved of a loan of £200,000 rather than a further grant. Mr. H.S. Amos said -

"... In his letter of 10th June, the Minister referred to a short fall of £170,000 in local revenue and an increase of £275,000 in the debit balance of the Stores Suspense Account. It seemed that part of what appeared to be a temporary cash deficiency of the Administration was due to the advance purchase of stores which would benefit the Administration in the financial year 1957-58, and perhaps later financial years. It was because of the growth in the debit balance of the Stores Suspense Account that the Treasurer stipulated that the further sum of £200,000, which he agreed to make available to the Administration to help it over its temporary cash deficiency, should be by way of a repayable advance."

Q.463.

The amount which the Administration will be required to repay is now £198,500.

131. Your Committee did not pursue the examination further in view of the inquiry currently being undertaken at the request of the Treasurer. We may later examine the results of the investigation.

DEPARTMENT OF NATIONAL DEVELOPMENT

Division No. 127KB - Item 4

Division of National Mapping - Map
Printing

132. The vote for and expenditure from this Item in 1956-57 have been as follows :-

	£
Vote	11,000
Expenditure	4,823
Over-estimate	<u>6,177</u>

133. On transfer of the Division of National Mapping to the Department of National Development from 1st July, 1956, a new Division, "Division of National Mapping", was provided in the Estimates. Previously, expenditure for the Division had been a charge against the general administrative votes of the Department of the Interior, and the Estimates of Expenditure for 1956-57 were based on information supplied by that Department. Q.517.

134. Several reasons were advanced by the Department for the substantial under-expenditure under this Item. Provision was made for spending £1,750 for printing a Map of Australia. The actual cost was £1,025 but an account for payment was not received by 30th June. In addition, a recoupment of £667, for which no allowance had been made in the estimate, brought the under-expenditure on this project to £2,417. Exhibit No. 33/11 Q.530.

135. Postponing the production of maps in the Australian Geographical series accounted for a further £2,500, while liabilities carried forward to 1957-58 resulted in further under-expenditure of £713. Exhibit No. 33/11 Q.530.

136. The Director of the Division of National Mapping, Mr. B.P. Lambert, told us he had found difficulties in controlling expenditure. He said -

"There has been a difficulty in the past in that the Department is split. Half of it is in Melbourne and half in Canberra. In getting actual figures of expenditure from both sources, putting them together and sorting them out I have found difficulty. I have to do this myself and it is sometimes confusing. Steps have been taken by Mr. Frawley* to overcome that difficulty this year and we should not have any further trouble." Q.532.

* F.J. Frawley, Accountant, Department of National Development.

Division No. 127KC - Item 2

Division of National Mapping -
Payments for Aerial Photography

137. Votes for and expenditures from this Item in recent years have been as follows :-

	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
Vote Expenditure	80,000 85,391	120,000 63,954 [‡]	120,000 102,677	120,000 82,616
Supplementary Estimate	- 5,392	(Over-estimate 56,046) -	(Over-estimate 17,323) -	(Over-estimate 37,384) -

[‡] Adjusted figure: See paragraph 70 of the Twenty-Fifth Report.

138. Prior to 1956-57 this vote was shown as a special item in Division 65C - Department of the Interior - Administrative - Miscellaneous. We discussed the vote in our Twenty-Fifth Report dealing with the Supplementary Estimates and Variations under Section 37 for 1954-55.

25th Report, paras. 69-72.

139. On that occasion we reported that the provision of £120,000 was related to a Cabinet decision that not more than that amount should be spent in any one year on Mapping Activities in accordance with a decided programme. We then said -

"... It is our opinion that it should have been possible to arrive at a closer estimate of likely expenditure than this. To place such estimates as these before the Parliament is contrary to the whole purpose of estimating. What is looked for in the Estimates is not a statement of maximum permissible limits on expenditure, but an assessment of what funds can be expended, having regard to the desirability of and necessity for the expenditure."

25th Report, page 17, para. 71.

140. In 1956-57 the Division based its programme on a maximum expenditure of £120,000 and entered into commitments accordingly. However, unfavourable weather

delayed major projects in the New Guinea and Cape York Peninsula areas with a resultant reduction in expenditure of £38,126. The provision of £25,700 as the Commonwealth's share of a joint project with the Western Australian Government also proved to be excessive, the final cost being £12,453 only.

Exhibit
No. 33/1
pages 1
and 2.

141. Since the public hearings Your Committee have been advised by the Department of National Development that the Treasury gave approval during 1956-57 for up to £135,000 to be committed, providing expenditure in the financial year did not exceed £120,000. The Department may seek approval to a similar arrangement in 1957-58 as outstanding commitments representing contracts let and uncompleted and totalling £40,470, have been carried over from 1956-57. A large carry-over is also expected at the end of 1957-58.

Q.551.

142. Mr. Lambert explained that unfavourable weather was a major problem and told us of some of the steps which had been taken in an attempt to ensure that the programme of expenditure was met. He said -

"It depends on the weather; that is the whole factor. Photography in New Guinea, which is an extremely cloudy place, depends very much on the weather. The months of May, June, July and August, in which photography can take place, fall right across the end of the financial year. What we did during the last financial year in order to try and overcome that was to ask Treasury in advance whether we could anticipate and have contracts all ready to commence on 1st July. There was a changeover from the Department of the Interior to the Department of National Development and that did not work too well. However, immediately we came under the Department of National Development we tabled out quotations and placed a requisition and the Department got the orders through in about six weeks. Also in order to try and meet the situation we gave contractors about twice the number of areas that were required immediately, but areas which would be ultimately required and told them that they had a limit of £50,000. In other words we gave them approximately £100,000 in areas and they were to select £50,000 worth of those areas according to the weather conditions. We were not holding them to areas which might be covered by cloud.
....."

Q.538.

143. Your Committee are satisfied that attempts are being made to meet the criticism contained in our Twenty-Fifth Report. We see no objection, in principle, to the arrangement whereby outstanding commitments may exceed £120,000, providing the annual vote and the limit fixed by the appropriate authority are not exceeded.

CHAPTER IV

SELECTED ITEMS WHICH HAVE NOT BEEN THE
SUBJECT OF ORAL EXAMINATION

DEPARTMENT OF THE INTERIOR

Division No.66B - Electoral Branch

Item 2 - Office Requisites and Equipment, Stationery
and Printing

Item 6 - Administration of Electoral Act

144. Votes for and expenditures from these Items
in recent years have been as follows:-

Item 2	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
Vote	6,000	5,000	6,000	4,500
Expend- iture	4,421	2,908	3,850	2,925
Over- Estimate	1,579	2,092	2,150	1,575

Item 6	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
Vote	125,000	100,000	117,000*	125,000
Expend- iture	89,969	59,743	122,795	57,952
	(Over-est. 35,031)	(Over-est. 40,257)	---	(Over-est. 67,048)
Supple- mentary Estimate	---	---	3,756	---
Section 37 Trans- fer	---	---	2,039	---

* Includes £41,000 voted in Additional Estimates.

145. Item 2: Your Committee sought an explan-
ation from the Department of the Interior for the con-
tinued and quite substantial over-estimates for this Item.

The Department advised :

"This item includes provision for the require-
ments under a number of headings of the Head Office
in Canberra, the six State Capital City Branches
and 122 Electoral Divisions throughout the Common-
wealth.

A relatively small average over-estimate of
expenditure when multiplied by the number (129) of

offices concerned has meant over recent years a total over-estimate which appears to be large in relation to the total vote under this item.

The Chief Electoral Officer has undertaken to see that in future this proportionately large under-expenditure will be avoided by a closer check at Head Office of the Estimates received from the States."

146. Item 6. We have been informed that the under-expenditure in 1956-57 mainly resulted from an over-estimate of the amount required for the reprinting of electoral rolls; £80,000 was provided but only £17,860 was spent.

147. The Department explained that it was rarely possible to give an accurate forecast of reprinting needs and said that, while provision had to be made for all eventualities, in the interests of economy the Chief Electoral Officer deferred the reprinting of rolls until their condition or elections made this essential. During 1956-57 electoral rolls in Victoria were reprinted as the result of a re-distribution.

148. Your Committee note that, in three of the last four years, this vote has been substantially over-estimated. A review of the basis on which these Estimates have been framed may be desirable.

Division No.67B - Bureau of Meteorology
Item 3 - Postage, Telegrams and Telephone Services
Item 4 - Fuel, Light and Power
Item 10 - Incidental and Other Expenditure

149. Votes for and expenditures from these Items in 1956-57 have been as follows:-

	Item 3	Item 4	Item 10
	£	£	£
Vote	793,000	6,000	12,000
Expenditure	653,455	11,352	17,567
Over-Estimate	139,545	--	--
Section 37 Transfer	--	5,352	5,568

150. Item 3: At the time of our Twelfth Report on the Postmaster-General's Department the Bureau of Meteorology made no payment for meteorological telegrams dispatched by the Post Office. We said that the payment for telegrams and for leased lines by the Bureau to the Post Office would place the two in the position of buyer and seller and in that way should contribute to an economical service.

12th Report,
page 51,
para. (22)
Tabled
on 13th
April,
1954.

151. 1956-57 was the first year in which the cost of meteorological telegrams has been met by the Bureau. One reason for the over-estimate was that, until accounts were paid the Department found it impracticable to arrive at a realistic costing of charges. Another was that prolonged and widespread dry spells reduced the number of rainfall and flood reports.

152. Item 4: Your Committee was informed that the cost of the power required for the full-scale operation of the radar sets used for cyclone warnings was the cause of the over-expenditure. It seems that, to ensure the ready availability of the radar sets, it is necessary to operate an air conditioning plant on a full-time basis.

153. Item 10: The Department attributed £4,000 of the over-expenditure of £5,567 to an outstanding account for the supply of meteorological stores to the Condominium Government of the New Hebrides. Your Committee were informed that as a number of requests for payment had met with no response, the matter was taken up with the United Kingdom Ministry of Transport and Civil Aviation. Payment was finally received on 9th September, 1957.

DEPARTMENT OF WORKS

Division No. 72B - Item 20

Incidental and Other Expenditure

154. Votes for and expenditures from this Item in the last three years have been as follows:-

	1954-55	1955-56	1956-57
Vote	£ 57,000	£ 65,000	£ 30,600
Expenditure	39,170	35,810	21,195
Over-Estimate	17,830	29,190	9,405

155. Your Committee sought the reasons for the substantial over-estimates under this Item. We have been informed that in 1954-55 and 1955-56 the under-expenditures approximated amounts of £18,000 and £30,000, which had been included in the Estimates in the expectation that it would be necessary to meet claims at common law arising from a fatal accident involving a Commonwealth vehicle. However, the claims did not come before the Courts in either year and no expenditure was incurred against the provisions.

See also
para.
164
below.

156. The Department has told us that, as from 1st July, 1956, liabilities associated with accidents arising from day labour activities have been treated as normal over-heads on direct labour and not as administrative expenses.

DEPARTMENT OF SOCIAL SERVICES

Division No. 111B - Item 3

Publicity

157. Votes for and expenditures from this Item in

recent years have been as follows:-

	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
Vote	4,000	17,200	17,900	20,000
Expenditure	1,059	3,382	470	10,765
Over-Estimate	2,941	13,818	17,430	9,235

158. The Department of Social Services has submitted the following break-up of expenditure and estimates covering these four financial years:

	1953-54		1954-55		1955-56		1956-57	
	Est.	Exp.	Est.	Exp.	Est.	Exp.	Est.	Exp.
	£	£	£	£	£	£	£	£
Handbook of Social Services (500,000 copies) - freight	1000	543	-	-	-	-	-	-
Reprint of Handbook (300,000 copies)	-	-	14400	Nil.	14900	Nil.	14000	9302
Rehabilitation Film	2200	200	2300	2935	Nil	89	-	-
Booklets, pamphlets, etc. (510,000 copies)	-	-	-	-	500	Nil	3000	Nil
Miscellaneous pamphlets, and other local publicity	800	316	500	447	2500	381	3000	1463
TOTAL	4000	1059	17200	3382	17900	470	20000	10765

159. The Department has advised that the Estimates for each of these years were, at the outset, based on firm intentions but not necessarily on firm estimates of cost, which in some cases could not be obtained until a later stage when the proposals were well advanced.

160. The principal reason for the over-estimates has been the provisions made for reprinting the Handbook of Social Services. Your Committee have been informed

that in 1954-55, when £14,400 was provided to reprint 500,000 copies of the Handbook, the project was deferred (i) because stocks of the 1953 edition were still available and (ii) pending reconsideration by the Minister of an alternative proposal. The reprinting was also deferred in 1955-56 in view of the possibility of amendments to Social Services provisions in the Budget of 1956-57. The handbook was finally reprinted in 1956-57, but with a reduction in the number of copies to 300,000 as amendments to the Social Services provisions in the 1957-58 Budget were likely. The reduction in copies resulted in expenditure of £4,700 below the estimate.

161. In 1955-56 and 1956-57 amounts of £500 and £3,000, respectively, were voted in connection with a project to print rehabilitation booklets and leaflets on Child Endowment and Maternity allowances, and Unemployment and Sickness Benefits. Orders for printing were finally placed in March, 1957, the first deliveries being made in July. The cost of this project will, therefore, be met in 1957-58.

DEPARTMENT OF THE NAVY

Division No. 141 - Item 8

General Services - Incidental and Other Expenditure

162. The Vote for and expenditure from this Item in 1956-57 were as follows:-

	£
Vote	87,000
Expenditure	47,488
Over-Estimate	<u>39,512</u>

163. The Department, in preparing the Estimate for 1956-57, made provision for payment of £34,000 as damages for claims against the Commonwealth at common law arising from two accidents. Because of prolonged legal negotiations, settlement was not effected in either case during the financial year 1956-57, although the probable liability of the Commonwealth in one claim was tentatively reduced substantially.

164. The determination of common law claims is frequently protracted and often there can be no certainty as to the likely outcome of a claim, or the probable amount of the settlement or award. In this instance a provision, which represented 39% of the total estimate for the item, was made to meet such contingent liabilities. Your Committee do not regard this as desirable and suggest that alternatives might be explored.

See also
para. 155
above.

DEPARTMENT OF THE ARMY

Division No. 152B - Item 4
Australian Regular Army - Freight and Cartage

Division No. 155 - Item 5
General Services - Freight and Cartage

165. Votes for and expenditures from these Items in 1956-57 were as follows:-

	Division No. 152B-4	Division No. 155-5
	£	£
Vote	400,000	160,000
Expenditure	449,271	121,153
		(Over-est. 38,847)
Section 37 Transfer	49,271	

166. The Department has advised:

"Expenditure for freight and cartage on stores transferred between stores depots is correctly"

chargeable to Division 155/5 - General Services - Freight and Cartage.

Unfortunately, expenditure for these services amounting to approximately £40,000 was incorrectly charged to Division 152 B/4 ARA General Expenses - Freight and Cartage.

To guard against the possibility of a repetition of an error of this kind, not only in this vote but in any Army vote, a completely detailed administrative instruction on the charging of expenditure has been issued to all Command Pay Offices

DEPARTMENT OF NATIONAL DEVELOPMENT

War Service Homes Division

Division No. 240B - Item 2
Office Requisites and Equipment
Stationery and Printing

167. Votes for and expenditures from this Item in recent years have been as follows :-

	1953-54	1954-55	1955-56	1956-57
	£	£	£	£
Vote	29,000	48,600	67,700	58,100
Expenditure	25,433	27,233	40,067	32,706
Over-Estimate	3,567	21,367	27,633	25,394

168. Your Committee asked the War Service Homes Division the reasons for the very substantial over-estimates for Item 2 in the three financial years 1954-55 to 1956-57.

169. 1954-55. The estimate of £48,600 included a provision of £16,000 for eight accounting machines which were not delivered until the following year.

170. 1955-56. Provision was made in the estimate of £67,700 for the purchase of accounting and other office machines, estimated to cost £23,454. However, the machines were not ordered pending the final concurrence of the Public

Service Board.

171. 1956-57. The estimate of £58,100 provided £32,234 for office machines including two cash registers, nine accounting machines and four addressing machines. Of this provision, £9,108 only was spent on the purchase of four accounting machines. The purchase of the addressing machines, which had been based on a proposal of the Public Service Board, was abandoned in view of the introduction of other methods. The purchase of the remaining machines is still being investigated by the Public Service Board.

172. We further questioned War Service Homes about the provision for machine purchases in the 1956-57 Estimates and the Public Service Board investigations. In a letter dated 9th September, 1957, the Division wrote:-

".... The Division's accounting procedure had been under review by officers of the Public Service Board in Sydney for some time prior to the preparation of the Estimates for 1956-57. Subsequently this review was taken over by officers of the Board in Canberra and the estimate was based on anticipated requirements following discussions in Sydney and Canberra.

There was no firm written proposal by the Board, but there was at the time of preparation of the Estimates, an understanding that the additional machines would be required. It has been the general procedure throughout, to work on such understandings. You will appreciate that these machines have to be imported and that having regard to the nature of our activities we must make arrangements in advance to handle the ever increasing number of accounts.

The Board's current investigations relate to three proposals, viz. -

- (i) In the first place the substitution of a newer type of accounting machine as explained in a later paragraph,
 - (ii) a reduction in the number of postings on the personal loan cards to reduce the number of breakdowns in the machines in use at present, and
 - (iii) later investigations into the use of the Electronic Accounting machine as indicated hereunder.
-

.... It will be seen that following the first agreement by the Board, the scope of the investigation has widened as newer types of machines have come on the market, and this has been a big factor in prolonging the investigations."

173. The Division has said that, in the light of past experience, provision has not been made for the purchase of ledger-keeping machines in the 1957-58 Estimates. Your Committee note this decision of the Division with some interest.

CHAPTER V

ITEMS EXAMINED BUT NOT REPORTED

174. In Chapters III and IV Your Committee reported on the more important items examined in our inquiry into residual expenditure from Advance to the Treasurer and variations under Section 37 of the Audit Act for 1956-57.

175. The many other items examined do not, we consider, call for special comment in the body of our Report but in order that the Report may be complete, these items are listed below:

<u>Division and/or Item No.</u>	<u>Description of Item</u>	<u>Reason for Examination</u>
<u>Prime Minister's Department</u>		
14A-2	National Library - Salaries	Treasurer's Advance and Section 37 Transfer
14B	National Library - General Expenses	Over-Estimates, Treasurer's Advance and Section 37 Transfers.
<u>Department of the Treasury</u>		
46B-1,5	Administrative - Travelling; Incidentals	Treasurer's Advance and Section 37 Transfer
47-1	Commonwealth Stores Supply and Tender Board - Administrative Expenses	Treasurer's Advance
52B-2,3,8	Bureau of Census and Statistics - Office requisites; Postage; Incidentals	Section 37 Transfers.
<u>Department of the Interior</u>		
67A-2,3	Bureau of Meteorology- Salaries	Treasurer's Advance.
<u>Department of Works</u>		
72B-8	Administrative - Advertising	Over-Estimate.
<u>Department of Civil Aviation</u>		
75-10	Maintenance and Operation of civil aviation facilities - Travelling	Over-Estimate

Department of Social Services

112B-2 State establishments- Over-Estimate
Office requisites

Department of Territories

287B-3 Cocos (Keeling) Section 37 Transfer
Islands - Incidentals

Department of National Development

127KB-2,6 National Mapping - Over-Estimate and
Office requisites; Section 37 Transfer
Incidentals

128C Bureau of Mineral Treasurer's Advance.
Resources - Other
Services

Department of the Navy

141-6 General Services - Over-Estimate
Special training fees

147 Defence Research Over-Estimate
and Development

Department of the Army

152B-5 Australian Regular Over-Estimate
Army - Rations

155-3,7 General Services - Section 37 Transfer
Postage; Payments to and Over-Estimate.
Repatriation Depart-
ment

Department of Air

169-3,11 General Services - Over-Estimates
Postage; Incidentals

Department of Supply

183B-6 Design and Inspect- Over-Estimate
ion Branch - Devel-
opmental and technical
services

186B-7 Defence Research and Over-Estimate.
Development Laborator-
ies - Laboratory Plant
and equipment

CHAPTER VI

COMMENTS AND CONCLUSIONS

The Thirty-First Report and Resultant
Changes

1. This is the first Report submitted by Your Committee in terms of the changes indicated in our Thirty-First Report. (Paragraph 1.)
2. Those changes abandon the presentation of Supplementary Estimates and substitute a resolution to be moved by the Treasurer seeking the approval of the Parliament to the allocation of the items expended from the Advance to the Treasurer. (Paragraphs 3-7.)
3. The new procedure will affect the nature of Additional Estimates in that there is now no difference between the types of expenditure included in those Estimates and in the supplementary resolution. (Paragraphs 8-12.)
4. There will also be some impact upon Section 37 Transfers but the nature of it cannot yet be assessed. (Paragraph 13.)

X X X X X X

5. The gross amount of the residual expenditure from Treasurer's Advance showed a substantial reduction of £3.6 million as compared with £7.3 million in 1955-56. (Paragraph 20.)
6. Variations in transfers under Section 37 amounted to £2.1 million as compared with £2.4 million in 1955-56. (Paragraph 24.)
7. Additional Estimates were reduced to £17.4 million as compared with £24.8 million in 1955-56. (Paragraph 25.)

8. Your Committee regard with satisfaction the reductions noted in the three types of transaction. (Paragraph 26.)

The Audit Office

(Prime Minister's Department)

9. The transposition of the funds sought for Items 2 and 4 of Division 11B resulted in an error in the vote. Final expenditure was in excess of the limit imposed by the Treasury. (Paragraphs 27-33.)

Department of the Treasury

10. Parliamentary Printing -

- (i) The cost of printing Hansard was underestimated; part of the extra cost arose from the use of a better class of paper. (Paragraphs 36, 37.)
- (ii) The cost of printing Parliamentary Papers was under-estimated by £21,731. (Paragraphs 38-41.)
- (iii) The excess expenditure on "Other Printing" was caused by an increase in the amount of binding and publishing of books and records. (Paragraph 42.)
11. Your Committee were told that these items might have been more accurately estimated had there been greater consultation between the officers affected. It was suggested to us that the Estimates for this Division might more appropriately be handled by the officers of the Parliament. (Paragraphs 43-45.)

12. Bureau of Census and Statistics: The under-estimate of expenditure for official publications was explained by the manner in which accounts were rendered by the Government Printing Office. The amount of work that the Government Printing Office can do for the Bureau in any one year is influenced by the amount of high priority requisitions received by the Printer for Parliamentary work. The vote has been over-estimated in each of the past four years. It is expected that the situation will be improved when new accounting arrangements are instituted at the Government Printing Office. (Paragraphs 48-51.)
13. Expenditure on the hire, service and maintenance of machines for tabulation of statistics was over-estimated to the extent of £4,539. The Commonwealth Statistician told us that it was cheaper to hire machines (quite apart from the difficulty of being able to buy them). (Paragraphs 52, 53.)
14. The recent integration of Commonwealth and State Statistical Services in New South Wales, South Australia and Western Australia, will cost the Commonwealth £314,000 per annum. If similar arrangements were made with Victoria and Queensland the additional cost would be £200,000 per annum. (Paragraph 57.)
15. Stamp Duty on Transfers in London of Commonwealth Securities: Expenditure in 1956-57 was under-estimated by £19,791. The purpose of the Vote is to meet the cost of Stamp Duty on transfers of certain Commonwealth Securities. Your Committee are satisfied that it is difficult to estimate the amount necessary at any time during any year to meet the duty on such transfers. (Paragraphs 58-61.)

16. Government Printing Office: The Vote for the purchase of machinery and equipment has been over-estimated during the past four years. In 1956-57 the over-estimate was \$114,163. (Paragraph 62.)
17. The purchase of much needed additional equipment was delayed by the retirement of the Government Printer, and by a failure to reach a decision regarding the kind of building suitable for the Printing Office. The Government Printer recently visited world printing offices to inspect plant and equipment and it is expected that proposals for building and equipment will soon be put into operation. (Paragraphs 63-67.)
18. The accounting arrangements for the Government Printing Office have been investigated by the Public Service Board and the Government Printer hopes to introduce shortly a system of machine accounting. Your Committee believe that such a system will facilitate the work of the Government Printing Office and assist departments in the control of expenditure. (Paragraphs 68-71.)

Attorney-General's Department

19. The written statements and the oral evidence submitted to Your Committee, regarding votes for the Peace Officer Guard, admitted that the faulty estimating was the result of using "inaccurate information", and "unreliable" figures. (Paragraphs 75-79.)
20. The general explanations of the Department left the impression that over-expenditures had not been carefully investigated. (Paragraphs 84, 85.)
21. Your Committee consider that the Attorney-General's Department does not appreciate the necessity for accurate estimating, nor has it used the best methods

for properly controlling expenditure. (Paragraphs 72-74, 86.)

22. The Department should immediately review its methods and it might be wise to seek the assistance of the Public Service Board and of the Treasury in such a revision. (Paragraph 88.)

Department of Health

23. Serum Laboratories: Expenditures shown under Division 84B were substantially under-estimated. The Serum Laboratories are a business undertaking and operate through a Trust Account. (Paragraphs 89-91.)
24. At present expenditure from that Trust Account is shown in the Estimates under Division 84B "for information only". While the Division remains, Your Committee consider that Parliament should be informed, in the Additional Estimates, of increased expenditure thought to be necessary from the Trust Account. (Paragraphs 94, 97.)

Department of Trade

25. Expenditure overseas on behalf of other authorities: Item 16 of Division 223 was especially established by the Treasury for expenditure met by the Department of Trade on behalf of other departments, instrumentalities and private persons and not recovered by 30th June, 1957. (Paragraphs 99-101.)
26. Inter-departmental accounts are required to be settled before the end of the financial year. Because of a failure properly to pursue inquiries certain transactions were wrongly dealt with and inaccurate information and misleading statements

were submitted to Your Committee. (Paragraphs 102-105.)

27. The Department is meeting expenditure overseas on behalf of private firms at the rate of about £2,300 per annum. (Paragraph 107.)
28. Your Committee were told by the Treasury that there are no funds provided from the Advance to the Treasurer to meet expenditure on behalf of private persons. We also noted that the Treasury refused specific requests by the Department of Trade to finance such expenditure, which nonetheless persisted in making the payments. (Paragraphs 108-109.)
29. Your Committee think it undesirable to finance expenditure on behalf of private persons from the Advance to the Treasurer, but if the Department obtains Governmental approval to such transactions, adequate precautions should be taken to protect the Commonwealth against loss. (Paragraph 110.)
30. From the information presented to us, Your Committee detected both loose accounting practices, and a lack of effective control of expenditure. We expect the Department will take immediate steps to correct the weaknesses disclosed. (Paragraph 111.)

Department of Territories

31. Publicity: For the years 1954-55 to 1956-57, £26,300 was voted for publicity but only £178 was spent. Your Committee were told that a special project had been initiated at the direction of the Minister in 1953-54 but that details of the project had not yet been finally approved. We were informed that there is no guarantee that money

provided for the project in 1957-58 will be spent.
(Paragraphs 112-118.)

32. From time to time, e.g. in our Twenty-Fifth Report, Your Committee have questioned the practice of over-estimating since it can derogate from the effectiveness of Parliamentary control over expenditure. (Paragraph 119.)
33. We also believe that provision should only be made in the Estimates for "firm" projects. (Paragraph 119.)
34. We remind departments that the present system affords ample scope for the later provision of funds if projects have not been finally decided upon at the time the main Estimates are being prepared. (Paragraph 119.)
35. The Department of Territories was hardly realistic when it made provision in three successive years for funds that were not used. (Paragraph 119.)
36. Northern Territory: Your Committee note that progress is being made in plans to provide a car pool for motor vehicles owned by the Northern Territory Administration. It is thought that such a pool will make for the economic use of transport. (Paragraphs 120-123.)
37. Papua and New Guinea: Because of over-expenditure on capital works and a short-fall in local revenue, the Administration of Papua and New Guinea was likely to be £400,000 short in its funds. The Treasurer agreed to grant £200,000 and to loan a further £200,000, on condition that an investigation was made into the apparent lack of financial control within the Administration. (Paragraphs 124-130.)
38. The investigation sought by the Treasurer is now

being carried out. (Paragraphs 129, 131.)

Division of National Mapping
(Department of National Development)

39. Map Printing: The Division of National Mapping was formerly under the Department of the Interior; because the Division operates in both Canberra and Melbourne, the Director told Your Committee that he had difficulties in controlling expenditure. The Vote for 1956-57 was more than 56% under-spent. (Paragraphs 132, 136.)
40. Payments for Aerial Photography: In three years, 1954-55 to 1956-57, the Vote of £120,000 per annum was under-spent by more than £110,000. (Paragraph 137.)
41. In Your Committee's Twenty-Fifth Report we commented adversely upon the kind of estimate made for this work. Attempts are being made to meet our criticism. (Paragraphs 138-143.)
42. The aerial photography is carried out by contract; those let and uncompleted at 30th June, 1957, totalled £40,470, which will be carried over to the current financial year. (Paragraph 141.)
43. The Department emphasised that the amount that might be spent in any one year depended upon the weather. To partially meet this problem contractors are now being given some latitude in choice of areas in which to operate, subject to an overall limit of expenditure. (Paragraph 142.)

Department of the Interior

44. Electoral Office: Expenditure on office requisites has been consistently over-estimated. The Chief

Electoral Officer has taken steps to avoid this in the future. (Paragraph 145.)

45. The Vote "Administration of the Electoral Act" has been substantially over-estimated in three of the last four years. A review of the basis on which these estimates have been framed may be desirable. (Paragraph 148.)
46. Bureau of Meteorology: 1956-57 was the first year in which the cost of meteorological telegrams has been met by the Bureau. In our Twelfth Report Your Committee said that payment for telegrams by the Bureau to the Post Office should contribute to an economical service. (Paragraphs 150, 151.)
47. A number of requests for payment for stores supplied to the Condominium Government of the New Hebrides met with no response, although the matter was taken up with the United Kingdom Ministry of Transport and Civil Aviation. Payment was finally received on 9th September, 1957. (Paragraph 153.)

Department of Works

48. Substantial over-estimates of expenditure on incidentals in 1954-55 and 1955-56 arose from provision being made to meet claims at common law for damages. No expenditure was incurred against the provisions. (Paragraph 155.)
49. As from 1st July, 1956, such liabilities arising from day labour activities have been treated as normal over-heads on direct labour and not as administrative expenses. (Paragraph 156.)

Department of Social Services

50. Publicity: The Vote for publicity has been seriously over-estimated in each of the last four years. (Paragraph 157.)
51. A project to reprint the Hand-book of Social Services, for which a substantial provision was made in each of the last three years, was finally completed on a reduced basis in 1956-57 after being deferred on two occasions. (Paragraphs 158-160.)

Department of the Navy

52. General Services: The estimate for incidental expenditure in 1956-57 made provision for payment of damages expected to arise out of two accidents. No payments were made. (Paragraph 163.)
53. Your Committee do not consider it desirable for provisions of this nature to be made and suggest that alternatives might be explored. (Paragraph 164.)

Department of the Army

54. An over-expenditure from Division 152B - Item 4 and an under-expenditure under Division 155 - Item 5, were mainly due to the incorrect charging of an amount of £40,000. (Paragraph 166.)
55. Steps have been taken by the Department of the Army to avoid a repetition of an error of this kind. (Paragraph 166.)

War Service Homes Division

(Department of National Development)

56. Office Requisites: Substantial over-estimates occurred in the last three years because plans for the purchase

- of office machines were not fully realised. (Paragraphs 168-171.)
57. In 1956-57, of £32,234 provided for the purchase of machines only £9,108 was spent. (Paragraph 171.)
58. For some time the Public Service Board has been investigating the accounting arrangements in the War Service Homes Division. The scope of the investigation has widened as newer types of machines have come on the market and this has been a big factor in prolonging the investigations. (Paragraph 172.)
59. Your Committee note with interest the decision of the Division not to provide for the purchase of ledger-keeping machines in the 1957-58 Estimates. (Paragraph 173.)

General Observations

60. In many of the cases examined the standard of estimating was not satisfactory. If this reflects the general attitude of those Departments, the proposals of the Government could be unfavourably affected.
61. Frequently our inquiries revealed avoidable errors in accounting and estimating.
62. Some of the explanations of the errors Your Committee uncovered during our examination of the statements submitted suggest a lack of appreciation of the consequences of such laxity.
- X X X X X
63. Under-spending of votes was often a result of faulty estimating. It seemed that departments had often acted precipitately and without proper planning. Sums were included in the Estimates for projects which were in an embryo stage only and which, on subsequent investigation, proved to be impractic-

able or unnecessary or in need of substantial revision: in other instances departments were not in a position to proceed with projects in the year that the funds were sought and provided.

64. While Your Committee would be the last to discredit the value of second thoughts, we consider that the Estimates should clearly reflect the amounts the departments can reasonably expect to spend.

X X X X X

65. Your Committee have been struck by the repeated admissions by departments operating trading and business undertakings that Trading and Profit and Loss Accounts and Balance-sheets have not been prepared prior to our instituting investigations.

66. This situation suggests the need for a review of what might be called the managerial functions vested in such authorities as the Public Service Board, the Audit Office and the Treasury.

67. We recall our warning from time to time in our Reports, that care should be taken in using these powers to avoid duplication and overlapping between the various authorities affected.

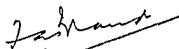
68. Nevertheless, we consider that the powers and methods of inspection and investigation wherever residing should be effectively applied.

69. It ought not to be difficult, for example, to arrange for the examination of the activities of the several trading and business undertakings, and of public utilities, to see whether proper accounting practices are followed, and that balance-sheets and profit and loss accounts and other financial documents are prepared and submitted to the Auditor-General for audit and certification.

X X X X X

70. Having regard to the valuable "follow-up" of our recommendations now made by the Treasury, we suggest that the services of the Public Service Board might be enlisted to investigate the administrative aspects of those instances in which we have critically commented upon Over- and Under-estimating by departments and their accounting methods.

For and on behalf of the Committee



(F.A. Bland)
Chairman.



(R.C. Davey)
Secretary,
Joint Parliamentary Committee
of Public Accounts,
Parliament House,
CANBERRA. A. C. T.

1st October, 1957.

APPENDIX NO.1
Report para.4
Exhibit No.33/1

TREASURY MINUTE

ON

THIRTY-FIRST REPORT OF THE JOINT COMMITTEE
OF PUBLIC ACCOUNTS

ADVANCE TO THE TREASURER
PRESENTATION OF SUPPLEMENTARY ESTIMATES

I am directed to state:

The Treasury has noted the contents of the Report; the new procedure recommended by the Committee to replace the Supplementary Estimates of expenditure will be adopted from the financial year 1956-57, pending any necessary amendment to the Audit Act 1901-1955.

The wording of the Vote "Advance to the Treasurer" will be suitably amended in the Estimates for the financial year 1957-58.

ROLAND WILSON
Secretary to the Treasury
22nd August, 1957.

COMMONWEALTH SERUM LABORATORIESTrading and Profit & Loss Account
for Year ended 30th June, 1956

	£		£
To Products in Course of Manufacture and Finished Goods on Hand at 1/7/55.	670,499	By Sales of Products, including reimbursement for issues, by authority free of charge, etc.	1,331,034
" Materials used	448,497	" Discounts & Rent Received	324
" Wages & Salaries	654,161	" Products in Course of Manufacture and Finished Goods on Hand at 30/6/56.	797,306
" Manufacturing Expenses	284,111		
" Administrative & Selling Expenses	54,389		
" Discount Allowed	12,866		
" Net Profit	4,141		
	<u>£2,128,664</u>		<u>£2,128,664</u>

Balance Sheet as at 30th June, 1956

<u>LIABILITIES</u>	£	<u>ASSETS</u>	£
<u>Current Liabilities</u>		<u>Current Assets</u>	
Trade Creditors & Salaries Accrued	70,531	Cash in hand and at Bank	330,677
<u>Funds Employed</u>	4,089,896	Stocks on hand and work in progress	1,170,959
		Sundry Debtors	195,135
		<u>Fixed Assets</u>	
		Land & Buildings less depreciation	1,963,991
		Plant, Furniture etc. Less depreciation	499,665
	<u>£4,160,427</u>		<u>£4,160,427</u>