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No. 18 AUG 1960
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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

JOINT COMMITTEE OF PUBLIC ACCOUNTS.

FORTY-SEVENTH REPORT.

BROADCASTING AND TELEVISION SERVICES.

(UNDERSPENDING OF CAPITAL WORKS AND SERVICES DIVISION)
(No. 58 — Item 1).

JOINT COMMITTEE OF PUBLIC ACCOUNTS

FOURTH COMMITTEE

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

F.J. Davis Esquire, h.P. (Chairman)2

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

Senator A.L. Benn Senator H.W. Made Senator I.E. Wedgwood A.f. Allan Esquire n.P.
L.n.E. Bury, Esquire, N.P.
J.F. Cairns, Esquire, N.P.
R. Cleaver, Esquire, n.P.
J.F. Cope, Esquire, n.P.
A.S. Luchetti, Esquire, n.P.4

The Senate appointed its Members of the Committee on 19th February, 1959, and the House of Representatives its Members on 24th February, 1959.

- 1. Resigned 10th March, 1960
- Appointed 16th Narch, 1960; elected Chairman 17th March, 1960
- 3. Resigned 30th March, 1960
- 4. Appointed 30th March, 1960.

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 donnected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed:
 - (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
 - (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

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

JOINT COMMITTEE OF PUBLIC ACCOUNTS

FORTY-SEVENTH REPORT

BROADCASTING AND TELEVISION SERVICES

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JOINT COMMITTEE OF PUBLIC ACCOUNTS

FORTY-SEVENTH REPORT

BROADCASTING AND TELEVISION SERVICES

(Underspending of Capital Works and Services Division No. 58-Item 1 #)

Chanter I

Introduction

Capital Works and Services Division Ho. 58-Item 1 x - Buildings, works, fittings and furniture for sound broadcisting transmission - was one of a number of appropriation items selected by Your Committee for examination as part of our enquiry into the accounts for 1958/59 and expenditure from the Treasurer's Advance; on the 15th September, 1959, evidence was taken on the underspending of the vote in each of the three financial years 1956/57, 1957/58 and 1958/59 from Messrs. E.U. Easton and I. Tarbit of the Postmaster-General's Department and Mr. C.D. Usborne of the Department of Works. However, as a result of the evidence adduced and conflicting information later provided by the Postmaster-General's Department and the Department of the Treasury, Your Committee decided that investigations into this vote should be extended and its operation in recent years made the subject of a later and separate report.

2. Further evidence was taken on this matter in Canterra on 14th December, 1959. Those persons who appeared before us on that occasion were :-

Postmaster-General's Department:

Mr. E.W. Easton, Assistant Director-General,

Mr. I. Torbit, Director (Buildings),

Ar. H. 1. Hyett, Servicing Engineer.

Australian Broadcasting Control Board:

Mr. D. McDonald, Director of Technical Services.

The following persons participated in the discussions in their capacity as Observers:-

Department of the Treasury: nr. J.M. Wark, Chief Finance Officer,

Department of Works :

Mr. H.F. Yoxon, Assistant Director-General,

Mr. C.D. Osborne, Director of Architecture.

Australian Broadcasting Conmission:

Mr. T. Duckmanton, assistant General Manager.

[#] This vote was renumbered Division No. 970-Item 01 in the Estimates of Receipts and Expenditure for 1959/60.

3. From time to time Your Committee have examined and have found it necessary to comment upon the underspending of appropriations. Underspending is not always to be applauded; not infrequently we have found it a product of unsound planning, of innefficiency, or of a degree of misranagement within a pepartment +

4. As recorded by Your Committee on a previous occasion, while there are in existence automatic checks upon expenditures in excess of initial appropriations (which must be sanctioned by the Parliament or the Treasurer and explained to the Treasury in the course of the financial year) there are no such safeguards in the case f underspending. Thus it is important that substantial under-expenditures and particularly those that persist from year to year should be the subject of critical examination.

5. Although our investigations were directed towards the three financial rears 1956/57 to 1958/59, the Department of the Ireasury drew attention to a long history of underspending of this vote as is borne out by the following statistics:

Exhibit No.47/5 page 1.

Financial Year	<u>Yo</u> tc	Expenditure	Underspending
	£	£	£
1947/48 1948/49 1949/50 1950/51 1951/52 1952/53 1953/54 1954/55 1956/57 1956/59	50,600 100,000 60,000 25,000 60,000 ± 119,000 110,000 113,000 90,000 76,000 105,000 126,000	36.79 31.79 32.79 32.79 32.79 36.79 36.79 36.79 36.79 36.79 37.79 37.79 37.79 37.79 37.79 37.79	13,721 68,102 34,208 (14,334 excess) 24,715 50,748 36,866 49,114 (2,441 excess) 34,261 11,041 76,660

- A Includes £60,000 auditional Estimates

The vote comes within the of ill corbs programs and is thus subject to particular programing procedures. Provisions and expenditure against the components making up the programme in each of the financial years 1956/57, 1957/58 and 1958/59 were as follows:

See Chapter II below.

⁺ For an earlier discussion upon the implications of underspending see the Forty-First Report, paragraphs 28 to 32 - P.P. No. 65 of 1958.

•	Estimate £	Expend- itur <u>e</u> £	<u>Estimate</u> £	<u>xpend-</u> iture £	<u>Estimate</u> F	xpend- iture £
Works in progress	666,444	37,983	72,944	74,832	48,897	43,440
New Programme Works	26,699	1,312	26,112	13,801	69,970	3,002
Works Adminis- trative charge#	4,302	2,439	5,944	5,326	7,133	98ن, 2
vistite ondigo	76,000	41,739	105,000	93,959	126,000	49,340
Total underspend- ing	34	,261	11	,041	7	76,660

Estimates and expenditures against each of the three components of the works programme over the period of the three years total :-

	Works in Progress	New Jorks	<u>Works</u> Administrative Charge #	Total for three years.
Estimates Expenditures	166,840 156,260	122,781 10,115	17,379 10,663	307,000 185,038
Underspend- ing (total)	10,580	104,666	6,716	121,962

6. Thus the most significant feature of the three years ending 30th June, 1959 was the virtual failure of the new works component of the programme, total expenditure on new works amounting to less than 15% of the appropriations made.

[#] This charge varies directly with the level of expenditure.

Chapter II

The Civil Jorks Programme

7. In 1954 the Commonwealth Government approved the introduction of new programming and budgetary procedures for Commonwealth civil works financed from votes under the control of the pepartrent of Joaks. The following extracts taker from a Circular recent, issued by the Pressury provide an up to date outline of the main features of these procedures; comparable provisions applied to the civil Joaks Programe in the financial years 1,50/57, 1957/58 and 1958/59.

"THE CIVIL WORKS SUDGETING SYSTEM

2. The Civil Jorks hudgeting system now in force comprises two closely related sets of procedures, governing ussign list arrangements and the formulation of each year's current works programme.

Treasury Circular 1960/G3 of 20th June, 1960.

3. Design Lists. ... The primary objective of these lists is to provide a system of forward planning that will permit an orderly progression of projects to construction and will taintain a balance between the two phases of the works process - design and construction.

The design list system comprises :-

Design list "A". This list is for top priority projects, usually estimated to cost less than £100,000, that are considered likely to gain inclusion in the following year! works programme. It authorises full documentation, i.e. everything necessary to bring projects to the point where tenders could be invited. The list confers no authority of any sort beyond this point.

pesien List "B". This is reserved for large works, usuall costing more than \$100,000, and generally requiring 12 months or more for the preparation of working dradings, specifications and tills of quantities. Some of there will have been drawn from List "C" after approval by the rarllamentary Standing Committee on Public Torks. Each year, projects on this list in an advanced state of design \$200 considered for transfer to the "A" list, where, if necessary, documents are completed in readiness to call tenders. As a matter of convenience, "B" List projects may be admitted direct to a works programme without appearing on the "A" List since, like the "A" List, the "B" list authorises full documentation.

Design List "C". Admission to the "O" List authorises, generally for large projects, the investigation and limited design necessary to enable them to be submitted to the Parliamentary Standing Committee on Public Works. Proposals approved by the committee may subsequently be considered for admission to List "B", and only then may planning proceed beyond the stage of preliminary cesign.

- 4. The Current Works Programme. ... The Programme itself comprises :-
 - (1) 'lorks in Progress: These are works, commenced in previous programmes, on which a liability exists at the reginning of the financial year. In practice these are commonly referred to as "revotes".
 - (ii) New Works: These are works approved for commencement during the financial year, ...
- 5. Under the administrative procedures each year's current works programme must be approved by the Cathnet Committee on Works. The cash required to finance the current works programme is subsequently appropriated by Parliament, as part of the annual Budget. Treasury is required to service the Catinet Committee on Works and is thus primarily responsible, at the departmental level, or controlling the current works programme; the cash appropriated for the programme is under the control of the Department of Works, with the exception of the vote under the control of the Mational Cantal Decomposition.

OBJECTIVES OF THE CIVIL MORKS BUDGETING SYSTEM

- 6. The main objectives of the Commonwealth's civil works budgeting arrangements are :-
 - (i) To produce for the Government (through the Catinet Committee on Works) a detailed draft works programme that gives due weight to the reasonable works requirements of departments, the design and construction capacity at the constructing authority's disposal and the cash likely to be available to finance the programme.
 - (ii) To have the draft works progratine approved, if practicable, ty the Government (through the Cabinet Committee on Works) before the beginning of the financial year, so that the process of committing new works to construction regularly throughout the year may start on 1st July.
 - (iii) To provide an efficient system of forwird planning ...
 - (iv) To ensure full resortion of the status of the current works programme in relation to the Budget."
- 8. The Circular sets down in detail the responsibilities of Departments and the procedures to be followed in framing and executing the civil works programme. In conjunction with an earlier Treasury Circular concerned with forward planning arrangements issued on 11st July, 1959, it provides a sound basis for the orderly planning and effective execution of Commonwealth civil works.

Chapter III

The Responsibilities of the Departments concerned

9. The authorities concerned, at the departmental level, with the framing and execution of the programme of works for which funds were appropriated under Capital Works and Services Division 58-Item 1 were:

Authority

Responsibility

- (1) The Australian Broadcasting Control Board and the Postmaster-General's Department
- The joint sponsors
- (2) The Department of Jorks

The constructing authority

(3) The Treasury.

The departmental controlling authority.

- 10. The Joint Sponsors: The relationship and division of responsibility between the joint sponsors the Broadcasting Control Board and the Post Office were of particular interest to Your Committee. It found that, in the context of this vote now No. 970-Ite. 01 IL Control Board has a broad planning responsibility while the Post Office assumes responsibility at the operation and administrative levels. The Control Board's main responsibilities are to determine:
 - (a) the location of stations; and
 - (b) the technical operating conditions.

The Post Jffice accepts responsibility for :-

Exhibit No.47/4

- (a) the selection of sites (subject to endorsement by the Board) and their acquisition (through the Department of the Interior);
- (t) procuring technical equipment; and
- (c) the provision of station buildings and ancillary works including the necessary collaboration with the Treasury, the Department of Works and other Departments to achieve this.
- 11. The Broadcasting Control Board does not, as a matter of custom, deal directly with the Department of Q.152/5 Works or the Treasury; its association is with the Postmaster-General's Department. However, there is in existence a standing committee, comprising representatives of the Control Board, the Post Liffice, the Department of Works and the Australian Broadcasting Commission which meets at intervals of approximately two months to consider the progress of approved plans relating to broadcasting and television services.
- 12. The Control Board said that the national broadcasting service was being developed in accordance with a basic plan approved by the Postmaster-General in 1952. That plan provided for seventeen completely new

stations and for increases in the operating power of twenty-seven existing stations. In 1957 three additional stations to be located at i.t. Isa, Katherine and Tennant Creek were approved. At the time of our inquiry -- December, 1959, fifteen of the twent, planned new stations had been estatlished while power increases had been effected in fifteen of the twenty-seven existing stations.

13. However the main responsibilities as sponsor appear to reside with the Post Office. Regarding the preparation of programmes, Mr. E.W. Easton, Assistant Director-General, Postmaster-General's Department said:

(Mr. Easton) "The normal practice would be for the Post Office to prepare a programme of building works which would be integrated, as far as possible, with the equipment that is going to be ordered to be installed in those buildings at a later date. It would then submit that programme to the Broadcasting Control Board for its approval. The Post Office does not determine the priorities of the projects. That would be a matter for which the Control Board would be responsible. The Post Office would then discuss the matter with the Department of Works and, if necessary, the Treasury. It would discuss the practicability of having those projects proceeded with, and it would discuss with the Treasury the availability of funds. At any or all of those discussions, it would be customary to have the Control Board represented and to confer closely with it as to results."

14. The Constructing Authority: At the stage when the programme is being framed, the Department of Works acts in an advisory capacity to both the sponsor and the Treasury. hr. Yoxon, Assistant Director-General, Department of Jorks said:-

"... it is not our function to offer opinion as to which jot should be included in a programme from the point of view of need. That is the responsibility of the sponsorin, department. We must furnish advice as to the estimates of cost of jobs. Je also furnish advice concerning the capacity of the department to design and execute the work and the capacity of the industry to carry out that range of work during the financial year. Our contribution is an advisory one, summing up, as it were, our expectations for the ensuing year in relation to programmes that are then being discussed or suggested.

The Department is responsible also for design and, once the programme is established and funds provided, manages the various projects within the limits of the appropriations and the programme. In certain circumstances it may also act as contractor.

- 15. The funds appropriated under C.W.S. Division 58-Item 1 were under the control of the Department of Works whose duty it thus became to ensure, so far as possible, that the programme was executed as planned. However, the fact that it was not executed as planned in each of the three years under review, need not be the fault of the Department of Works.
- 16. The Departmental Controlling authority: The part played by the Treasuey in matters of this nature is an extension of its role in relation to the Budget and the Estimates. The forward planning arrangements and the works programme proper are essentially hudgetary operations designed to produce accurate estimates and effective performance within the limits of an annual hudget. The Treasury is primarily responsible, at the deartmental level, for controlling the works programme.

Chaoter IV

THE REASONS FOR THE UND PEPENDING

- (a) An Analysis of the New !!orks Component of the Programme for the three financial years ending 1958/59:
 - 17. In Chapter I Your committee illustrated that the bulk of the underspending of the vote, Division 58-Item 1, in the three financial years ending 1958/59 occurred in the new works component of the programme. For that reason our investigations have been directed at this section of the programme and the forward planning arrangements associated with it.
 - 18. Your Committee sought from the Department of Exhibit Jorks a list of projects (and certain information about No. 47/7 them) which made up the new works programme under the vote during the financial years in question. The list 'bsequently provided was confined to individual projects over £2,000, minor works, furniture and fittings being excluded. In explaining the information the Department of Yorks said :-

"The estimated expenditure quoted for each project represents the amount which it was condidered, at the time the programme was teing formulated, would be expended on each project from within the total appropriation. These amounts are not, in any way, firm clicitions for individual projects and the progress of a project is not restricted to the e:timated expenditure; they are variable between projects within the botal appropriation and may be adjusted from time to time. The Department of works does not envisage that could expenditure on each project in a particular year will coincide with the estimated expenditure, but organises construction of the programmed works having regard to the total amount appropriated

19. The tables and explanations which follow are designed to show where actual performance fell short of expected performance as expressed by the new works component of the programme and the estimates. Only new works not committed in one year re-appear in the table of new works for the following year; committed works make up the "works-in-progress" or "revote" component of the following year's programme.

(i) <u>1956/57</u>

Total Vote ,	£76,000	New works component	£26,699
Actual Expenditure	41,739	New works ε_{\perp} anditure	1,312
Underspending	34,261	Underspending	25,387

Financial Details

Project	Pro Programme Provision	ject Cost Actual Authorisation	Expenditure for Estimate	Exhitit No.47/7 the year Actual			
	£	£	£	£			
Wollongong (N.S.!.)	19,500	-	5,000	-			
Kilmore (Vic)	14,000	14,000	3,000	- .			
Mackay (Q'ld)	28,388	20,900	5,000	-			
Townsville (2'1d)	40,000	46,000	5,000	-			
Wagin (W.A.)	5,000	1,830	500	170			
Alice Springs (M.T.)	6,000	-	3,000	-			
	112,888		21,500	170			
	Other Information						

Acceptance of Tender Commencement of Work Programme Date Actula Date Programme Date Actual Date Wollongong March 157 (See 157-58) 157 Karch (See | 57-58) Kilmore Oct. 156 13. 6.57 Nov. 156 30. 7.57 Mackay March 157 20. 5.57 157 April 13. 6.57 Townsville March '57 20. 6.57 April [†] 57 15. 7.57 Wagin March 157 26. 4.57 157 Мау 27.5.57 Alice Springs March 157 April 157

20. There was no design list in 1955-56 Exhibit No. relating to the 1956-57 programme for Divison 58-Item1; 47/5 in the absence of the design list or the recommittal of a project from the previous year's programme, formal design (as distinct from preliminary sketching) would need to be undertaken early in the financial year.

21. Generally, expenditure chargeable against the vote is not incurred until the contractor commences work. Except in the case of Kilmore, target dates for commencement of work were late in the financial year; this provided little margin for error as only slight delays could result in substantial underspending of the new works provision.

22. The draft works proposals for 1956/57 were forwarded to the Treasury by the Post Office in April, 1956, some three months after the formal due date. The Post Office explained that the delay resulted from endeavours "... to arrive at a reasonably firm programme for the next year having regard to all considerations."

Exhibit No. 47/1 Paragraph 17

Wollongong (Broadcast Station and hesidence): This project was not committed in the year and re-appeared in the 1957/58 new works programme. The Department of Works had anticipated that tenders for the job would be accepted in March, 1957; however, information necessary for the preparation of sketch plans and an estimate were not received from the Postmaster-General's Department until September, 1956. Jorks claimed that because of the difficult site, considerable investigation was then necessary to en the sketch plans to be prepared. The plans were finally forwarded to the Postmaster-General's Department for concurrence in April, 1957 and working drawings commenced in hay.

Exhibit No.47/7

There is nothing under the forward planning and works programming arrangements which prevents a Department undertaking, prior to approval of the design list or the works programme proper, the preliminary work and investigation necessary to the planning of the project by the Department of Works. Assuming that the Wollongong project was validly included in the 1956/57 programme, then it would not be unreasonable to expect the Post Office to have been in a position to have provided the Department of forks, at least by the beginning of the financial year if not before, with the information necessary to enable sketch planning to be commoned.

25. <u>Kilmore</u> (Broadcast Receiving Centre, Radio telephone Station and Residence): The reason for the delay in this project was that difficulties developed in the acquisition of a site; planning of the project by the Department of Works of necessity ceased until these difficulties were overcome. Une of the fundamentals of the progra ming arrangements is, it secre, that a project is not included in a programme Treasury unless a suitable site is available. The Treasury said Circular that the Post Office, whose responsibility it was to arrange for acquisition of the site through the Department of the Interior, did not inform the Treasury or the Department of Works when the 1956/57 programme was being framed that the acquisition had not been completed.

Q.260 1960/G3, paragraph

- 26. <u>Mackay</u> (Broadcast station): It seems there were no unusual features about about this project for which plunning occupied a normal period. Performance dates were, in fact, the months beyond the target dates and this was sufficient to prevent any expenditure in the financial year.
- 27. <u>Townsville</u> (Broadcast Station and two kesidences): This project was recommitted from the 1955/56 new works programme. The Department of Works said that the delay in completing forking drawings was due to alterations and amendments by the Postmaster-General's Department. Mr. I. Tarbit, Mrector (Buildings)
 Postmaster-General's Department said :-

Ibid.

"Townsville is a most unusual project and we had some problems which developed late in the design period associated with flood levels, fire protection and one or two other matters which necessitated some change in our thinking on that project. Some of these matters did not show themselves until the Works Department was developing the design with us and it became obvious that we had to make some changes. Naturally we would have to consider some of the changes on that item in relation to equipment requirements. That is not done overnight; it involves investigation in two or three quarters."

The station was also the first 50 kilowatt station to be designed as a complete project on a new site.

28. Wagin (Septic System): This was another project where the anticipated date for acceptance of tenders was late in the financial year. In this Exhibit instance, no tender was received on the first occasion that tenders were invited for the job.

29. <u>Alice Springs</u> (Broadcast Station): This project was finally recommitted to the 1957/58 programme. The delay in relation to the 1956/57 programme arose directly from doubts which developed concerning the suitability of the site (which had been secured in April, 1956) because of its proximity to the aerodrome. These doubts were resolved by January, 1957.

30. The responsibility for this delay thus rests with the sponsoring authorities.

31. (ii) 1957/58

 Total Vote
 £105,000
 New works component
 £26,112

 Actual Expenditure
 93,959
 New works expenditure
 13,801

 Underspending
 11,041
 £12,311

Financial Details

Project	Project Programme	Actual	Expenditure for the year Estimate Actual		
	Provision £	Authoristaion £	£	£	
Wollongong (M.S.W.)	24,300	21,618	8,900	8,094	
Armidale (N.S. 1.)	5,000	~	1,000	~	
Grafton (N.S.W.)	2,700	(1)1,068 (2)1,420 (3)1,885	1,050 500 1,800	1,068 Exhibit 282 No. 1,701 47/7	
Beresfield (N.S.W.)	2,750	3,025	500	~	
Liverpool (A.S.W.)	3,500	3,000	1,000	-	
Pimpala (5.A.	48,500	~ ,	3,000		
Wagin (Y.A.)	3,300	1,800	2,000	1,240	

(Tuble continued on meet some)

Project	Project C Programme Provision			Expenditure for the year Estimate Actual	
	frovision £	Anthorisation £	£	£	
Alice Springs	6,000	8,975	2,500	-	
	96,050		22,250	12,385	

Other Information

	Acceptano Programme Da	e of Tender ite Actual Dite	Commenceme Programme Dat	ent of Work
Wollongong	Dec. 157	20. 2.58	Jan, 158	8. 4.58
Armidale	Harch-June period '58	-	March-June period 158	- Exhibi
Grafton	(1) Aug. 157 (2) March 158 (3) Sept. 157	16. 8.57 5. 5.58 22.10.57	Sept. !57 April !58 Oct. !57	7.11.57 47/7 15. 5.58 3.11.57
Beresfield	March '58	30. 6.58	April 58	7. 7.58
Liverpool	Jan. '58	23. 5.58	Feb 158	18. 6.58
Pimpala	Feb. '58	-	April 158	~
Wagin	Oct. 157	3.10.57	Oct. '57	18.11.57
Alice Springs	March 158	25. 6.58	April '58	July¹58

32. The main reason for the better performance in 1957/58 was clearly the recommittal from 1956/57 of the Mollongong project, the planning of which was well under way at the beginning of the financial year. There was a design list in 1956/57 relating to the 1957/58 programme. It comprised two projects - Primpala which was included in the 1957/58 new works programme and Port horesty which was not because of a decision to change the site.

33. Armidale (Broadcast Station): This project was deleted from the programme on the 11th Warch, 1958. In explanation the representative of the Broadcasting Control Board Mr. D. NcDonald, Director of Technical Services said:

"That is a case that can be explained. The Armidale station was intended to operate on the same channel as another station which started in Victoria. The decision to operate on that channel in Armidale was made before the station in Victoria commenced to operate. Subsequent to the Victorian station coming on, it was found from observations in the Armidale area that the channel selected was not good enough, particularly during night hours. The interference from the Victorian station was too great.

Q.276

COMMITTEE MARBER: Was a site acquired? --- (Ma. MCDONALD) I understand that a site was acquired. I might say that it is not yet practicable to decide the frequency position because it is associated with an investigation that is going on to try and improve the service in other parts of the Commonwealth. The problem of finding a suitable frequency for stations in a lot of areas is a very complex We not only have our internal problems, of which the armidale and Victorian Stations are an example, but we also have to co-ordinate with New Zealand.

2.278

34. Bergsfield (Broadcast Station Extensions) and Liverpool (Store Building): In these two cases the Department of works did not complete the tender Exhibit No.47/7 documents in time to enable the target dates and expenditure to be achieved.

Pimpala (Broadcust Station): This project See also appeared on the 1956/57 Design List. It was not paragraph committed during 1957/58 and 'is recommitted to the 43 below. 1958/59 programme when again it was not committed. About this project the Postmaster-General's Department in its formal statement said:

"The site for this building was selected und acquired in 1955 and the building was included in the 1957/58 programme. Plant Exhibit Planning No.47/3 was proceeding satisfactorily when information was received that extensive industrial and page 5. residential development was planned for the Pimpala area.

This made it necessary for the Australian Broadcasting Control Board to carry out intensive investigations to determine whether the proposed transmitter on the original site would prejudice reception of other stations by nearby residents, if the district developed as an industrial and residential area as reported. The final decision to proceed with the proposal as planned was reached early in 1959."

The problems regarding the site became known to the Broadcisting Control Board in February, 1958 although advice of this was not pessed on to the Department of Works or the Treasury. Another factor which would have delayed the project in any event was a variation by the sponsors in the size of the building required from 50 to 72 squares.

Exhibit No. 47/5 paragraph 13. Exhibit No. 47/7

2.191

37. Alice Springs (Broadcast otation): As previously explained, this project was recommitted from the 1956/57 programme becaus. of doubts which arose about the site. In the 1957/58 programme it was first expected that tenders would be invited in November, 1957 but upon completion of working drawings and specifications it was found that the estimated cost would be used to be a second of the control of the con would be well above the programme provision of £6,000. Tenders were finally called in harch, 1958 but the only tender received was considered excessive. Fresh tenders were invited and ultimately a contract was let on 25th June, 1958.

(iii) 1958/59

Total vote	£126,000	New works	component	£69,970
Actual expenditure	49,340	New works	expenditure	3,002
Underspanding	76,660	Underspend	ling	66,968

Financial Details

Project	Project Cost Programme Actual Provision Authorisation		Expenditure for the year Estimate Actual	
,	£	£	£	£
Bringelly (N.S.!.)	21,000	-	7,000	-
Shepparton (Vic)	11,000	11,925	3,000	-
High Park (Vic)	2,600	2,600	2,400	-
Dooen (Vic)	6,200	8,200	3,000	-
Mount Isa (プ1d)	6,000	11,256	3,000	-
Pimpala (S.A.)	62,400	~	17,000	-
Wanneroo (W.A.)	59,000	7 ¹ 4,000	15,000	1,252
Tennant Creek (N.T.)	6,000	~	3,000	
Katherine (N.T.)	6,000	~	3,000	_
	180,200		56,400	1,252

Other Information

		ceptance c amme Date		Commencement Programme Date	
Bringelly	Jan.	158	-	Feb. 158	_
Shepparton	Jan.	¹ 59	27. 5.59	Feb. '59	10. 6.59
High Park	Oct.	((a)26.8.59 (b)27.11.59 (c)23.6.59 (d) 6.10.59	Nov. '58 - -	25. 9.59 - - -
Dooen	Jan.	159	25. 6.59	Feb. '59	9. 7.59
Mount Isa	March	159	5.11.59	April '59	-
Pimpala	Nov.	158	21. 9.59	Jan. '59	5.10.59
Wanneroo	April	159	27 • 11 • 59		8 12.59
Tennant Creek	March	159	2.10.59	April '59	Nov. 159
Katherine	March	159	2.10.59	April '59	Nov. 159

Note. There was no design list in 1957/58 relating to the 1958/59 programme.

38. <u>Bringelly</u> (Radio acceiving Station): after completion of sketch plans b, the Department of Works, the Post Office advised in Movelber, 1958 that the project was to be deferred. The Post Office explained to Your Committee:

"This project was first envisaged when it Mo.47/3 reception and relay to local stations of overseas page 7. broadcasts at 2PC/BL Liverpool would become utenable when station power was increased. In the first instance, an approach was made to the Overseas Telecommunications Commission, which was operating a station of Bringelly, to carry out this relay work on tehalf of the Australian Broadcasting Commission, but the (Overseas Telecommunications) Commission could not see its way clear to do so at the time. For this reason the project was included in the programme.

Subsequently, due to a change in circumstances, an offer was made by the Overseas Telecommunications Commission to carry out this work".

The Post Office said that it could not have anticipated Q.181 the change in attitude of the Commission.

39. Shepparton (Alterations and Additions): The Department of works informed us that designing of the project was delayed because the original request from the Post Office did not embrace certain additional planning requirements. As well certain repairs and maintenance works were included in the contract specification and this further delayed the completion of planning.

Exhibit No. 47/7

40. High Park (Radio neceiving Contre): The somewhat unsatisfactory explanation provided in this instance by the Department of Works was that "the target and estimate of expenditure were somewhat tentative due to the miscellaneous nature of the work required". The work was divided into four sections:-

(a)	Fan room and bulk store	1,145
(b)	Paving and drainage	1,058
(c)	Fire detector system	596
(d)	Fire fighter trailer unit	189

In fact performance dates were between ten and thirteen months behind target dates which suggests that this item should not have appeared in the 1958/59 programme.

Dooen (Permanent Power Supply): A number of factors delayed this project. Some delay occurred while negotiations took place with the State Electricity Courtission of Victoria on the terms and conditions of supply of electricity. There was turther dela/ awaiting a decision of the Post Office on generating plant and finally the arount provided in the programme was well below the successful tender and further authorisation was necessary.

Ibid.

42. <a href="https://h sponsors to clurify certain matters with the Department of Civil Aviation before work could be commenced. The Treasury said that, at the time when the works programme for 1958/59 was settled, neither it nor the Department of Works were informed that there were Exhibit No. 47/5 unresolved problems with the site. Page 3.

Exhibit No. 47/3 page 7.

43. Pimpala (Broadcast Station): As explained in relation to the 1957/58 programme, the Australian Broadcasting Control Board became aware in February, 1958 of circumstances which threw doubt upon the suitability of the site selected for this project. The position was still uncertain in June, 1958, but despite this, and without informing the Treasury of the situation, the sponsors had the project included in the 1958/59 programme. The doubts regarding the site finally were resolved early in 1959 when planning of the project was again commenced by the Department of works,

See also paragraph 35 above

Ibid.

Having regard to the criteria upon which the forward planning and works programme procedures are based it would seem that this project should not have been included in the 1958/59 programme. Cortainly it would appear that at least the Treasury should have been informed, when the programme was being discussed, that the availability of the site still had to be estatlished. However, in support of its action in this matter, the Post Office said :-

"Although the position as regards the site was still uncertain in June, 1958, it is considered Exhibit No. that, in view of the urgency of this proposal 47/1, and the strong possitility of the Latter of the site paragraph being resolved satisfactorily, there was 12. justification for including it on the 1958/59 programme. The overriding consideration was the desire to give a service as quickly as possible."

45. <u>Manneroo</u> (Communication and Broadcasting Centre): although sketch plans had been completed and approved by 31st December, 1958, details of final requirements still had not been provided by the sponsors to the Department of Works at that date. The Post 47/7 Office said that preliminary planning took longer than Exhibit anticipated tecause of special problems incountered with 47.3 the proposal which was the first of its kind in Western page 8. Australia.

Exhibit No.

Exhibit No.

46. The expenditure of i1,252, shown as incurred on the project in the financial year, related to preliminary work undertaken by the day labour staff of the Department of Works.

47. Temnant Creek and A therine (Broade at Stations): Tenders for these two projects were invited in April, 1959, but those received were considered to be excessive. The projects were then redesigned and further tenders invited in the financial year 1959/60.

(t) SILE PROBLEMS

- 48. In seeking to explain the persistent underspending of this vote for sound broadcasting transmission buildings, works, fittless and furniture, the Post office claimed that there were special factors associated with the planning of broadcasting buildings. The Department said:
 - 4. "Generally, buildings required for broadcasting Exhibit purposes present difficult planning and design No. 47/3, problems, due mainly to -

Location of site

The site for a Broadcasting station must be selected carefully because it is necessary to ensure that the strength of signals from a powerful station does not make it difficult for listners to receive programmes of other stations.

Area of site

A station with power of 10 kilowatts or more just he erected on a site with an area of 20 to 30 acres, to permit laying of a copper network, known is the earth mat, under the surface of the ground. This mut is an essential part of the installation.

Technic 1 requirements.

The ground itself must be reasonably level and possess a high degree of conductivity in order that maximum efficiency of transmission may be achieved. High conductivity is usually associated with the presence of moisture and this means that a site ray have to be on low-lying land presenting difficult problems of drainage and founcations. In the extreme case, a suitable site could be subject to minor flooding in unusual conditions, which would normally occur only at intervals of many years.

5. These special problems so limit the availability of sites that acquisition of a suitable area is often difficult and, in the event of an owner being unwilling to sell, protracted negotiations and consequent delays in the erection of buildings may be involved. Furtherwore, the site selected is generally in a relote area, well outside city or town limits and usually requiring special arrangements for access.

- 6. Problems of roids, power and water supply and storage of fuel for emergency power-plants necessarily arise. These involve not only problems of design but also, in tany cases, negotiations with local authorities responsible for the provision of services. In addition, there have been a few cases where contractors have been reluctant to tender for how desting buildings another beautiful buildings. broadcasting buildings, partly because of the nonstandard design, but meinly because of problems associated with the nature of the site and its remoteness.
- 7. The factors mentioned have contributed greatly to underspending on B o.dc. sting Building Votes in expenditure recent years ...

The difficulty of acquiring a suitable site should not be put forward by the sponsors is a vilid excuse for the serious underspending of the new works component of the programme. It was made abundantly clear to Your Conmittee, as previously stated, that one of the criteria of the forward planning and programming arrangements was and still is that a suitable site should be available before a project is included in a programme, that in the absence of a suitable site the Treasury should be made fully aware of the situation. Instances where the sponsoring authorities did not comply with these requirements with resultant underspending were :-

See paragraph 24 above

Kilmore (1956/57), Alice Springs (1956/57) Pimpala (1958/59) lit. Isa (1958/59)

(c) PRELIMINARY PLANNING

Earlier we have stated that there is nothing See para under the forward planning and works progratting arrangements which prevents a department undertaking, graph 23 above prior to approval of the design list or the words crogramme proper, the preliminary work and investigation necessary to the planning of a project by the pepartment of morks; in fact, we understand the situ tion to be that a department is expected to be in a position to provide the Department of Torks with adequate information to design lists or in the torks are prepared for inclusion in design lists or in the works programme (and the Department of Works is authorised to assist departments, Where possible, in this preliminary planning). The sponsoring authorities were, it suchs, not in a position to do this in relation to a number of projects the more important ones being :-

> Jollongong (1956/57) Shepparton (1958/59) Dooen (1958/59 Janneroo (1958/59)

(d) DESIGN LISTS

51. An improved design list preceded the new works prograture in only one of the three years which have been examined; this was in 1956/57 in relation to the 1957/58 prograture. But in any event that design list served little or no useful purpose. Of the two projects included in the design list, port Moresty did not nove into the new works prograture for 1957/58 because of protlems which developed with the site. The circumstances surrounding the second project, Pinpala, have been explained previously; what also is of some significance in relation to this project is that, although it had appeared in a design list, the sponsors still wished substantially to alter the scope of the project after it had been included in the programe.

see paragraph 35 above

52. The reasons why design lists cid not precode the 1956/57 and 1958/59 programmes were clouded by charges and counter-charges ande by the treasury and the Post office, relations between who: appeared somewhat strained. But the Post office did suggest that, because of the difficulties associated with the planning of adjor broadcasting buildings, the design list "a" procedure should apply up to two years in avence of the year of prograthing a project instead of one year as in the case of other buildings estimated to cost less than £100,000.

See paragraph 7 above

53. The following memorandum from the Department of Torks to the Post Office dated 4th November, 1959 deals with that proposal.

"The proposal ... has been considered and from the point of view of this Department, it is agreed that projects should be accorded besign List status. It is your opinion, however, that the "A" List procedure should be extended to a period of at least two years.

Exhibit No. 47/1

- 2. The matter has been considered and it is agreed that a regular D sign List for Bloode sting works is essential. However, the Department of Works considers that the position could be net by the regular applic tion of the "A" List procedure.
- 3. It would be necessary to provide that all preliminary matters are firmly determined in older that immediately a project is included in the "A" list you will be in a position to supply sufficient detailed information about firm requirements to enable design work to proceed; this would include a clear site without any encumbrances, approved line digrams showing accommodation, etc.required, and all other matters which are necessary to brief this Department adequately.
- 4. This Department is willing, at all times, to assist your Department in the pre-pusign List stages in the same manner as assistance is given to other Departments, to offer such technical advice and assistance and to undertake such preliminary sketching as may be involved in supplying a preliminary estimate for the purpose of advancing the proposal to the reviewing authorities for approval to inclusion in the "A" List.

5. It is pointed out that, should more than this be required and any documentation be involved beyond that normally carried out on projects which do not have design list or programme status, it would appour that the projects should be included in the "B" list."

Thus the Department of Borks considers that the existing forward planning arrangements will must the requirements of the programme for sound broadcasting transmission huildings and works. But not without significance is the emphasis which that Department has placed upon the need for all preliminary mutters to be firmly acturalized so that immediately a project is included in a design list, the sponsoring departments will be in a position to provide sufficient detailed information to enable design work to proceed.

54. It follows that there is an even greater need for all preliminaries to have been determined when a project is admitted directly to the new works programme without first appearing on a design list.

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YOUR COMMITTEES CONCLUSIONS

- 1. The Lain reasons for the underspending of the appropriation, Capital Works and Services Division 58-Item 1 Buildings, works fittings and furniture for sound broadcasting transmission, in the three financial years 1956/57, 1.57/58 and 1958/59 were deficiencies in the preliminary planning of the sponsoring authorities, the Australian Broadcasting Control Board and the Postmaster-General's Department and their failure to couply strictly with the forward planning and programming arrangements associated with the Civil Works programme.
- 2. Sore underspending resulted from apparent errors of judgment on the part of the pepartment of Works in establishing target dates and estimating expenditure but, in general, these errors were unexceptional and within reasonable limits.
- 3. Strained relationships in these matters, between the Postmaster-General's popurtment and the departmental controlling authority, the Tre-sury, did not assist the situation.
- 4. Regular use of the design list system, adherence to the provisions of the forward planning and works programming procedures and a feeter degree of co-operation between all parties concerned should prevent a recurrence of the persistent and substantial underspending of the vote in the future.

For and on behalf of the Cormittee

D. V Ohrmon

A.V. T.101.P30W for F.J. DAVIS Chairman

R.C. DAVEL, Secretar,

Joint Corrittee of Public Accounts,

Parliament House, CANBERRA. A.C.I.

2nd August, 1960.