

1960.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

JOINT COMMITTEE OF PUBLIC ACCOUNTS

FORTY-NINTH REPORT.

FORM OF THE ESTIMATES:
MISCELLANEOUS SERVICES.

Presented pursuant to Statute, ordered to be printed, 11th October, 1960.

[Cost of Paper:—Preparation, not given; 795 copies; approximate cost of printing and publishing. £70.]

Printed and Published for the GOVERNMENT of the COMMONWEALTH OF AUSTRALIA by
A. J. ARTHUR, Commonwealth Government Printer, Canberra.
(Printed in Australia.)

No. 62 [GROUP B].—F.8190/60.—PRICE 1s.

JOINT COMMITTEE OF PUBLIC ACCOUNTS.

FOURTH COMMITTEE.

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A. S. LUCHETTI, Esquire, M.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.

² Appointed 16th March, 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 connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
- (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

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

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JOINT COMMITTEE OF PUBLIC ACCOUNTS.

FORTY-NINTH REPORT.

FORM OF THE ESTIMATES: MISCELLANEOUS SERVICES.

CHAPTER I.—INTRODUCTION.

The first Joint Committee of Public Accounts (1952–1954) initiated a review of the financial documents presented to the Parliament. But that Committee was unable to complete its task and the Second Committee (1954–1955) continued the investigations, with the intention of submitting its conclusions to the Parliament in four reports on:—

- (1) The Budget Speech, the Estimates and Appropriation Bills.
- (2) The Budget Papers.
- (3) Departmental Estimates; and
- (4) The Finance Statement and the Auditor-General's Report.

See 18th Report
P.P. No. 37 of
1954, paragraph
4.

However, pressure of other work, the scope of the subjects and the comparatively short life of the Committee (fifteen months) also prevented the Second Committee from completing its task and only one of the four projected reports was presented to the Parliament, the Eighteenth Report on the Budget Speech, the Estimates of Receipts and Expenditure and the Appropriation Bills.

2. On our appointment in February, 1959, Your Committee decided that we should take up again the review of the form and content of the financial documents presented to the Parliament. However, we appreciated fully the task that such a review presented and were conscious of the need for the Committee to undertake regular annual enquiries based on the Reports of the Auditor-General and to maintain the annual examination of the statement of expenditure from Treasurer's Advance and the previous year's accounts. Accordingly and after informal discussions with the Treasury, we concluded that it would be best if our Committee and succeeding Committees adopted a progressive approach to this review involving, in the first instance, the separate examination of a number of topics coming within the general subject of "the Form of the Estimates." We considered that an approach along these lines, while extending the inquiry over a number of years, would enable continual progress to be made and should result in progressive improvement in the form of the Estimates and Appropriation Bills.

3. As our first project, we decided to investigate the need for a separate "Miscellaneous Services" section in the Estimates (Section XXII.). Public hearings were conducted on 8th June, 1960, when the following persons gave evidence before us:—

Department of External Affairs	..	Mr. D. O. Hay, D.S.O., Assistant Secretary, Mr. R. E. Johns, Finance Officer.
Department of Immigration	..	Mr. G. E. Hitchens, Finance Officer.
Prime Minister's Department	..	Mr. M. C. Timbs, First Assistant Secretary. Mr. J. Cassidy, Accountant.
The House of Representatives	..	Mr. A. G. Turner, Clerk of the House of Representatives.
The Senate	Mr. R. H. C. Loof, Clerk of the Senate.
Department of the Treasury	..	Mr. C. L. S. Hewitt, First Assistant Secretary.

CHAPTER II.—THE DEVELOPMENT OF THE MISCELLANEOUS SERVICES SECTION.

(a) A BRIEF HISTORY.

4. In the years that have passed since the first Estimates were presented to the Commonwealth Parliament, the arrangement of the annual appropriations for Ordinary Services has changed from a strictly departmental classification to one which groups the appropriations in broad categories, and expenditures under the control of a particular department may now appear in a number of widely separated places in the Estimates.

5. The first move away from the strict departmental classification of expenditure occurred in the financial year 1916-1917 when certain expenditures relating to the war then in progress were taken from the various departmental estimates where they had hitherto been situated and shown separately under the common heading "War Services" (now "War and Repatriation Services"). Within this new section, the appropriations were classified according to the Department controlling the expenditure.

6. A separate Miscellaneous Services section first appeared in the Estimates of Receipts and Expenditure for the financial year 1924-1925. Previously the administrative votes of departments generally were divided into three main sub-divisions—

Sub-division No. 1 Salaries.

Sub-division No. 2 Contingencies.

Sub-division No. 3 Miscellaneous.

However, in the case of the Department of the Treasury separate divisions were maintained to cover miscellaneous and other expenditure. These divisions were—

Division No. 29 Miscellaneous.

Division No. 30 Unforeseen Expenditure.

Division No. 31 Refunds of Revenue.

Division No. 32 Advance to the Treasurer.

7. Broadly it was expenditures previously included in these divisions and sub-divisions which were transferred to the new Miscellaneous Services section. As in the case of the "War Services" section, appropriations were classified according to the department controlling the expenditure. Divisions were established as follows:—

Divisions No. 128 and 128A .. Under control of Prime Minister's Department.

Divisions No. 129 to 133 .. Under control of Department of the Treasury.

Division No. 134 Under control of Attorney-General's Department.

Division No. 135 Under control of Home and Territories Department.

Division No. 136 Under control of Department of Trade and Customs.

Division No. 137 Under control of Department of Works and Railways.

Division No. 138 Under control of Department of Health.

8. In general those expenditures transferred were not directly concerned with departmental administration. But, as well, Miscellaneous sub-divisions were retained in the main administrative estimates of most Departments to provide for items such as gratuities on retirement.

9. The reasons for the change in 1924-1925 are, of course, important to any consideration of the need for the Miscellaneous Services section. In answer to our request for information on this point the Treasury said—

Exhibit No.
49/3, paragraph
5.

"Although no records can be found which indicate the principles actually adopted when the Miscellaneous Services section was first established in 1924-25, it appears that the objective was to include in that section:—

(a) Substantial expenditure on special items such as the contribution to League of Nations' Secretariat; interest on properties transferred from the States;

(b) Expenditure not related to the main functions of the Department, e.g., annual grants; and

(c) Non-recurring expenditure such as special grants; costs of Royal Commissions, &c."

10. The Treasury also said that there was reason to believe that the segregation of miscellaneous expenditure in 1924-1925 followed criticism and complaints both of the form of the financial documents and of the level of expenditure during the years subsequent to the first world war. Mr. C. L. S. Hewitt, First Assistant Secretary, Department of the Treasury had something further to say on this in evidence before us—

"(MR. HEWITT) . . . A change was apparently made in 1924-1925 in order to confine the debate—the discussion on, and criticism of, the housekeeping of the Government—to what was thought to be the annual running costs of Departments of State. There was to be a separate debate on the separate figures which detailed the expenditure arising within the responsibility of the departments and generally on all of the costs of making them run from day to day . . ."

"(MR. HEWITT) . . . The climate of opinion back in those days was apparently that the expenditure figures were being misused and that there was uninformed criticism of the running costs of departments and also apparently of the total level of expenditure during those years. These seem to have raised some public comment and were the subject of policy speeches and of subsequent criticisms in leading articles in newspapers and in the Parliament. So the attempt was made in 1924-1925 to show the running costs of each department in isolation and then, some pages later in the Estimates, to show the miscellaneous expenditure, which was quite substantial in amount in some cases. That was shown separately from the department's expenditure. To put it most simply, the ill-informed critic would have to go through a process of arithmetic before he could attribute expenditure to departments whereas previously it had been served up to him in one total. That might not seem a very substantial reason but I believe it to be true. This occurred in the days when Sir Earle Page was Treasurer. As a matter of fact, one of my officers had a discussion with him and saw something of his record of the times. I believe that that explanation that I have given is the explanation for the dissection of the amounts . . ."

Q. 189.

11. The Treasury also pointed out to us that the introduction of the Miscellaneous Services section was one of a number of changes introduced into the Estimates about that time by Dr. (now Sir) Earle Page. In making his statement on the Budget for 1925-1926, Dr. Page said in the House of Representatives on the 13th August, 1925—

" . . . On each of the two preceding occasions on which it has been my privilege to present a budget to this committee, I endeavoured to make the financial statement as simple as possible to the taxpayers and the electors generally. In this budget I have made certain further alterations to simplify the presentation of the accounts, so that, unaided, every one will be able to realize the exact position both of the Commonwealth finances as a whole and of each separate activity and department. . . ."

Parliamentary Debates, House of Representatives 13th August, 1925 Ps. 1378 and 1381.

" . . . Hitherto, for example, we have included the cost of business departments with that of general administration. The result of this was confusing. There is a vast distinction between business undertakings and the administrative functions of government. According to the former method, an increase of expenditure justified by a much larger earning of revenue might, by those who had not the time or the opportunity to examine the statements closely, easily be construed as an indication of extravagance or bad management.

To properly differentiate the various activities of government, I have on this occasion divided the Estimates into three parts, namely:—

Part 1 — Departments and services other than business undertakings and Territories of the Commonwealth.

Part 2 — Business undertakings.

Part 3 — Territories of the Commonwealth.

This new grouping will facilitate a study of the finances, and will show the position of each group and its constituent parts in bold relief. By this means, the burden of the Government railway enterprises and Territories will be evident at a glance. . . ."

The new approach then adopted to the grouping of the Estimates has been maintained to the present time and overshadows to a large extent the original basis, on which the Estimates were drawn up, of grouping expenditure according to responsibility. As previously mentioned, expenditures controlled by a particular department may now appear in a number of widely separated places in the Estimates of expenditure on Ordinary Services. This is particularly evident in the sections concerned with Defence Services, Miscellaneous Services and War and Repatriation Services and in Part 3—Territories of the Commonwealth.

(b) THE INCONSISTENCIES OF THE MISCELLANEOUS SERVICES SECTION.

12. One result from the introduction of the new Miscellaneous Services section was that inconsistencies immediately developed in the treatment of miscellaneous expenditure. In the case of the Department of Health, expenditures of the kind included in the new section remained with the Department's administrative votes. Defence miscellaneous expenditure remained in the section devoted to the Department of Defence while that associated with the administration of Territories remained with the votes of the Department of Home Affairs even though other items of miscellaneous expenditure the concern of that Department were transferred to the new section. And there were other exceptions. Thus the change was selective and not all-embracing. The reasons for some of the exceptions became more apparent in the following financial year when the Estimates for Ordinary Services were divided into three parts but even then inconsistencies still existed.

See paragraph 11 above.

13. The inconsistencies have continued and if anything are more evident at the present time. One instance is the vote "Development of Civil Aviation" (Division 263 in the Estimates for 1960-61) which provides substantial amounts for grants, subsidies and contributions, the type of expenditure more generally found in the Miscellaneous Services section. The origin of this inconsistency could be that in 1924 a vote carrying the same description (then Division 81) appeared within the Air Services sub-section of the Estimates of the Department of Defence. As previously noted miscellaneous expenditure of the Department of Defence was not then transferred to the Miscellaneous Services section; the

See paragraph 12 above.

status quo was maintained when responsibility for expenditure connected with Civil Aviation was transferred to the newly established Department of Civil Aviation in 1938, and has continued to be since.

See also
paragraph 21
below.

14. Inconsistencies have developed also in the reverse direction—there now appear in the Miscellaneous Services section administrative expenditures which are directly associated with the responsibilities and activities of Departments and which include substantial elements for salaries and other administrative expenses. Two examples of this in the Estimates for 1960–61 are the provisions in respect of United Nations representation (£144,700) and Australian National Antarctic Research Expedition (£806,000) appearing in Division No. 627—Department of External Affairs. These two provisions include, amongst other administrative expenses, amounts of £36,300 and £36,793 respectively for salaries and allowances payable to permanent officers.

Exhibit No.
49/3,
paragraph 6.

15. In discussing the principles that have been followed in the allocation of items to Miscellaneous Services the Treasury informed Your Committee that, in general, the pattern that was established in 1924–1925 had been followed; however, a number of expenditure items had been introduced under the sub-division “Other Services” and the line of demarcation between these and items of Miscellaneous Services tended to become blurred. The Treasury indicated it was for this reason that it had commenced a review of the classification in 1959.

See also
paragraphs
22 to 24 below.

16. Evidence of changes in approach to particular types of expenditure is reflected in the varying treatment accorded certain expenditure on migration. Prior to 1944–1945, when responsibility for immigration rested on the Department of the Interior, provision for expenditure on assisted migration, subsidies and so forth was made in Miscellaneous Services. On the establishment of the Department of Immigration in 1945 these votes were associated with the main administrative votes of the Department but in 1948–1949 were transferred to Miscellaneous Services. When seeking from Mr. Hewitt, the reasons for the transfer he said, after explaining that many decisions associated with changes of this nature had not been written down or documented—

Q. 211.

“ . . . What was described in the Estimates for 1947–1948 as the administrative votes of departments went from £15,000,000 to £37,000,000 in the one year and I do not think it passed un-noticed and I judge there was a re-examination thereafter to try to clarify the misunderstanding about expenditure on administrative votes. In the following year, 1948–1949, there was almost no change in the level of so-called administrative votes but a transfer of expenditure was made including Immigration expenditure, which was not inconsiderable, out of the administrative votes and into the Miscellaneous Services and I think the purpose again at that time was to attempt to avoid a repetition of the criticism that administrative expenditure was being misunderstood and that something which arose out of the expenditure of the department should be separated and should be shown in that way.”

CHAPTER III.—THE VIEWS OF THE DEPARTMENTS.

(a) THE PRIME MINISTER'S DEPARTMENT.

Exhibit No.
49/1.

17. On the basis of items involved, the divisions under the control of the Prime Minister's Department form the largest group within the Miscellaneous Services section of the Estimates. The Prime Minister's Department described the votes concerned as embracing “a wide area of Government activity all of which falls within the purview of the Prime Minister and his department, but little of which is related even remotely to the actual administration of the department itself”. In the Estimates for 1960–61 amounts totalling £3,681,000 are provided under the main administrative votes controlled by the Department which include votes for such agencies as the Audit Office and the Public Service Board while a further £5,696,000 is provided in Miscellaneous Services. The four main items of miscellaneous expenditure are—

	£
Commonwealth scholarship scheme	2,487,000
Australian National University—Running expenses— Supplementary grant	1,801,000
Australian Security Intelligence Organization—Adminis- trative Expenses	669,000
Flood relief—Tasmania	275,000

Ibid.

Q. 49.

18. The Department said that it had not experienced any great difficulty about the present method of presentation of the Estimates but that some variation in presentation could add clarity and facilitate discussion in the Parliament. It agreed that there would be an improvement if the miscellaneous expenditure was incorporated within the main votes under the control of the Department but emphasized that whatever the form of presentation, there should be retained a clear distinction between the cost of administering the Department itself and the cost of functions sponsored by it (primarily grants to worthy outside institutions and causes).

(b) THE DEPARTMENT OF EXTERNAL AFFAIRS.

19. In this instance also the provision made in 1960-61 for miscellaneous expenditure by the Department of External Affairs (£7,710,800) is well in excess of the main administrative votes of the Department (£2,943,000). The larger provisions are—

	£
Colombo Plan-Economic development	3,300,000
Colombo Plan-Technical assistance	1,500,000
Australian National Antarctic Research Expedition ..	806,000
United Nations technical assistance and United Nations International Childrens' Fund—Contributions ..	527,500
United Nations—Contribution	419,100

Much of the miscellaneous expenditure is directly concerned with the activities and functions of the department.

20. The Miscellaneous expenditure of £7,710,800 in 1960-61 has been provided for in two Divisions (No. 627 and 628) comprising 30 items. On the other hand the main votes of the department involving only £2,943,000 are spread over 32 separate Divisions involving more than 260 separate items. A similar situation has existed for a number of years and because of this, the Department of External Affairs felt that the transfer of the miscellaneous divisions under its control to the main revenue expenditure estimates would not in itself lead to increased clarity of presentation; that to add to the numerous administrative divisions a very small number of unrelated divisions each of which involve much larger expenditure might tend to confuse rather than clarify the presentation to Parliament. The Department continued—

Exhibit No. 49/4, paragraph 2.

“A more logical treatment so far as this Department is concerned would be to group all the present administrative divisions together into one division which would show all administrative costs by main functional categories (supported by schedules). Such a division would form a coherent group with other divisions relating to External Affairs and now appearing in the Miscellaneous Services Section.¶ The latter divisions might themselves be re-grouped to bring related activities more clearly together. Taking the 1959-60 Estimates as an example, the Department's suggestion would involve the following re-arrangement of what was Section III. of Part 1:—

Ibid. paragraphs 3 to 5.

Division.	—	£
141*	Administrative	2,582,000
142†	International Conferences—	
	Contributions and Representation ..	1,080,000
143‡	International Development and Relief ..	6,259,000
144§	Other	931,900
Total (excluding Capital Works)		10,852,900

* This division would bring together Divisions 141 to 189.
 ‡ This Division would be the same as the present Division 628.
 conference items.

† This division would comprise all the conference items of Division 627
 § This division would comprise all the items of Division 627 other than

See Estimates of Receipts and Expenditure P.P. No. 46 of 1959, pages 15 to 24.

Such a grouping would present to Parliament a small number of coherent divisions of comparable size, and each of sufficient substance to merit separate attention.

Short of treatment of this kind, the Department would not be inclined to suggest, so far as clarity in presenting its own costs is concerned, a change in the present place of the Miscellaneous Services section.”

Ibid., page 97.
 Ibid., page 98.

However, the Department emphasized that the view it had put forward was made in relation to its own votes; if it was decided to abolish the Miscellaneous Services section, the Department would not stand out simply because it had certain problems which were peculiar to it. In principle the Department thought it desirable to have the Miscellaneous Services expenditure re-grouped.

Q. 83.

21. The Department was inclined to agree that two items—United Nations Representation and Australian National Antarctic Research Expedition—were inappropriately placed in the Miscellaneous Services section. Regarding the latter, Mr. D. O. Hay, D.S.O., Assistant Secretary in the Department said—

See paragraph 14 above.

“... Historically, I think Treasury has taken the view, and so told the Committee in 1953 that it was appropriate to place this division under Miscellaneous Services because the activities it conducted were not strictly related to those conducted by other divisions of the department. However, it is a fact that the Government in 1948 did allocate to the Department of External Affairs as an ordinary part of its work the Antarctic division. Therefore, I think it could be argued that that division should receive the same treatment as, say, the Australian Embassy in Washington—in other words, that its salary vote should be carried in the main administrative vote of the department; that its maintenance costs should be carried in the maintenance costs of other divisions of the Department; that its new works elements should be picked out of its present vote . . . and should be shown in our new works vote. . . .”

Q. 73.

¶ The Department has since submitted a proposal along these lines to the Treasury (External Affairs Memorandum No. 1270/30/1 of 14th September, 1960).

(c) THE DEPARTMENT OF IMMIGRATION.

See paragraph
16 above.

22. We have earlier in this Report outlined briefly the history of the Miscellaneous Services votes now under the control of the Department of Immigration. Here, too, the provision for miscellaneous expenditure (£9,252,000) in 1960-61 is well in excess of the main departmental votes (£2,205,000).

Exhibit No.
49/5.

23. The Department favours the consolidation of its expenditure votes in one section of the Estimates envisaging that the miscellaneous votes, in their present form, might be located immediately following the administrative votes. But the Department emphasised the need to draw a clear distinction between the two. It considered that the rearrangement along the lines it proposed would present a complete picture of the Department's activities, would show clearly administrative expenditure as distinct from other expenditure and would enable the Parliament to consider the Department's estimates as a whole.

See also
paragraph
35 below.

24. The Department noted also that, under the present arrangements, problems arose in accommodating departmental officials attending in an advisory capacity during consideration of the Miscellaneous Services estimates in the House of Representatives.

(d) THE HOUSE OF REPRESENTATIVES.

P.P. No. 2 of
1953, tabled
20th November,
1953.

25. The Eighth Report of Your Committee set out in detail the Parliamentary procedure in the House of Representatives on the Estimates and Appropriation Bills. The form of that procedure is determined partly by the requirements of the Constitution and partly by the House itself.

26. Broadly the procedure is that on receipt of a message from the Governor-General transmitting to the House, Estimates of Revenue and Expenditure and recommending an appropriation of the Consolidated Revenue Fund accordingly, the House resolves itself into the Committee of Supply and the Treasurer delivers his Budget Speech moving at its conclusion that the first item in the Estimates be agreed to. The Budget debate takes place on this motion; in due course the debate is concluded and the question regarding the first item put and determined. In turn the remaining votes in the Estimates are put, debated and decided, the Supply Resolution and the Ways and Means Resolution are considered and adopted and the Appropriation Bill is brought in and in due course agreed to. The Bill is then transmitted to the Senate.

27. Because of the particular interest of the Parliament in the form of the Estimates document and the Appropriation Bill we sought the views of the Clerk of the House of Representatives, Mr. A. G. Turner, upon the Miscellaneous Services Section. In his formal statement to the Committee Mr. Turner said—

Exhibit No.
49/8.

"Procedural Interest:

The form in which the Estimates are prepared is, apart from other aspects, of procedural interest to the Committee of Supply in that it previously, and could again, affect the degree of ease or difficulty experienced by Members in adequately considering each Vote.

Vote considered by Committee of Supply:

A Vote is the unit of appropriation which is immediately before the Committee of Supply for its consideration. In accordance with general usage, the main principle which governs debate is relevancy to the matters contained in the Question proposed from the Chair.

For many years in the House of Representatives, the unit of appropriation for the purposes of the Vote has been the total for a Department or purpose listed in the schedule at the beginning of the Estimates under the heading "Amount to be included in Annual Appropriation by Parliament."

Although this has become the practice, the Committee of Supply is free to order that a Vote be considered by parts, such as divisions, or that Votes be considered together; the first is infrequent but the second occurs regularly for reasons dealt with later in these comments. In these cases, debate, in principle, is limited to matters in the part or in the group of Votes before the Committee.

Previous Practice:

Prior to the financial year 1956-57, the Chair experienced difficulty in enforcing the rule of relevancy as there was an inevitable tendency on the part of Members when considering a Vote for a Department to refer to matters connected with or under that Department's administration included in the separate Vote for Miscellaneous Services. Conversely, and here the difficulty was greater, debate on the Vote for Miscellaneous Services, containing as it does amounts shown under separate headings for Departments, tended to cover matters already dealt with, or remaining to be dealt with, under the Vote for the Department proper.

Similarly, Members, when considering a Vote under the main Estimates, were inclined to include in their speeches references to items or matters contained in the Estimates for Works and Services which are presented to the House in a separate document and dealt with separately. The form of the Works Estimates is not pertinent to these comments but the Public Accounts Committee will know of the Solicitor-General's Opinion (No. 5 of 1951) on a question raised by the Auditor-General regarding the meaning of the expression "ordinary annual services of the Government" in Section 54 of the Constitution.

Other factors operating were—

- (a) The practice of applying the “ Guillotine ” to the Estimates and allotting time for the Votes by groups.

The Committee of Supply then found it convenient to agree to the Votes in a group being considered together with the result that a Member's opportunity to consider items in any detail was limited and he preferred to use the available time in discussing matters of principle or even policy affecting the Departments concerned, or in dealing with proposed expenditure in a general rather than a particular sense.

- (b) The application of the “ Guillotine ” was not entirely responsible for this trend. It had become obvious that the widening of the scope of Commonwealth affairs following the War and the heavier constituency and other demands on Members had brought about a change in the nature of debates which had become more concerned with principles, policy and administration than with detail.

Current Practice:

The position in relation to Estimates was reviewed by the Chair prior to their consideration in 1956–57. It was decided that (a) in recognition of a Member's traditional right to redress grievances before granting Supply; (b) with a realization that procedure should keep pace with the needs of the House and its Committees; and (c) in the interests of a more intelligent debate, reference would be allowed in the Estimates debate to any matter, including those in Miscellaneous Services or in the Works Estimates, which came under the administration or control of the Department or Departments whose Votes are before the Committee of Supply. This change was made clear in statements from the Chair.

This decision by the Chair had the ancillary effect of removing the relevancy difficulties caused by the development of the Vote for Miscellaneous Services and the presentation of separate Works Estimates to which I referred in paragraphs 6 and 7.

Conclusion:

It cannot be assumed, however, that the widening of the scope of the Estimates debate allowed since 1956 will necessarily continue. If the strict rule of relevancy is re-imposed, the former difficulties inherent in the separate Miscellaneous Services section would again arise.

The re-imposition of the relevancy rule in the Estimates debate may be unlikely, and, if this is so, the existence of a separate Miscellaneous Services Vote will not be of much procedural interest, but there is little doubt that Members would find it an advantage in their scrutiny and appreciation of the Estimates if the Appropriation items now included in the Miscellaneous Services section were located in the Vote for the controlling Department.”

28. Mr. Turner told us that consideration of the Estimates in the Committee of Supply would be facilitated if the amounts now under Miscellaneous Services were associated with the functional or administrative votes of the Departments. He considered too, that such an arrangement would help members considerably in their perusal of the Estimates and had no doubt that it would result in their more orderly presentation. Mr. Turner also said that the nature of the Miscellaneous Services section did not allow debate to be concentrated on one department, one purpose or one vote; the arrangement defeated the traditional purpose of the Committee of Supply in considering each vote separately and, on occasions, in dividing the vote into divisions or numbers of divisions or parts. He considered it would be very useful to the Committee of Supply for the Minister responsible to be in the Chamber at the time a matter concerning his department was discussed, but said that, under the existing arrangements, it would be most unusual for all the Ministers involved to be present at the one time.

29. Two and a half hours were allotted for consideration of the 1959–60 estimates for Miscellaneous Services and four other votes on 7th October, 1959. The votes considered in that time were—

	£
Miscellaneous Services	31,986,000
Refunds of Revenue	29,000,000
Advance to the Treasurer	16,000,000
Loan Consolidation and Investment Reserve	37,000,000
Bounties and Subsidies	13,500,000
	<hr/>
	127,486,000

In the course of the debate the following divisions of expenditure in the Miscellaneous Services Section were discussed (some on a number of occasions):—

Prime Minister's Department.

Office of Education.

Department of External Affairs.

International Development and Relief.

Department of Health.

Department of Primary Industry.

Department of Immigration.

Commonwealth Scientific Industrial Research Organization.

(e) THE SENATE.

30. The instrument considered in detail by the Senate is the Appropriation Bill transmitted by the House of Representatives, not the "Estimates of Receipts and Expenditure" submitted to the House of Representatives and used as the medium of debate in the Committee of Supply. Attached to the Appropriation Bill as the Second Schedule and forming an integral part of the Bill are papers somewhat similar to the Estimates document. But while the two follow much the same form, there are significant differences between the Second Schedule and the Estimates document, prompted to a large degree by the requirements of the Constitution. All extraneous information such as details of special appropriations, estimates of Revenue and Part 5 of the Estimates, find no place in the Appropriation Bill.

Parliamentary
Debates; The
Senate; 19th
August, 1959,
page 171.

31. The present practice is for the Senate to engage in a "Budget Debate" concurrently with the House of Representatives on the motion to print the Estimates and Budget papers. But this practice is not supported in all quarters.

32. Standing Order of the Senate No. 190 reads—

"In Bills which the Senate may not amend, the Question 'That this Bill be now read a First time' may be debated, and in such debate matters both relevant and not relevant to the subject-matter of the Bill may be discussed."

The Appropriation Bill is one which the Senate may not amend and it is customary to debate the First Reading. In 1959 the debate covered most of two days, 20th and 21st October. Detailed debate on departmental and other appropriations occurred in Committee [of the Whole] following the Second Reading.

33. We sought comments on the Miscellaneous Services Section from the Clerk of the Senate, Mr. R. H. C. Loof who said in his formal statement to the Committee—

"I . . . wish to state that no procedural difficulty arises because of the present practice of presenting in the Estimates a separate Miscellaneous Services section. In Committee of the Whole, an order is usually made re-grouping all the various votes in the Estimates so that the items for which each Minister is responsible, including Miscellaneous Services, are taken in turn. For example, the item "Miscellaneous Services, Prime Minister's Department" is considered next after, or together with, the vote for the Prime Minister's Department, and similarly with other items included in Miscellaneous Services. This re-grouping will be readily seen by reference to the attached Journals of the Senate of 21st October, 1959.

See paragraph
34 below.

If the appropriation items now forming the Miscellaneous Services section were located with the main administrative estimates of the departments concerned, again no procedural difficulty would arise. Probably the only advantage to the Senate would be some decrease in page turning."

34. The order for re-grouping in 1959 commenced as follows:—

"(Minister-in-charge—Senator Paltridge)—

Journals of the
Senate, No. 54,
of 21st October
1959, page 174.

Page in Bill.	Division number.	
41	261-273	Department of Civil Aviation, £12,140,000
64	361-363	Department of Shipping and Transport, £1,240,000
101	640	Miscellaneous Services—Department of Shipping and Transport, £2,898,000
94	615	Construction of Jetty for Handling of Explosives, £690,000
114	701-705	Commonwealth Railways, £3,983,000
88	531-558	Department of Air, £60,161,000
90	561-587	Department of Supply, £20,986,000
25	191-201	Department of the Treasury, £11,539,000
98	629	Miscellaneous Services—Department of the Treasury, £418,400
103	649	Refunds of Revenue, £29,000,000
103	650	Advance to the Treasurer, £16,000,000
104	655	Loan Consolidation and Investment Reserve, £37,000,000
110	691	War and Repatriation Services—Miscellaneous, £157,000
111	699	Miscellaneous credits, £163,000"

Then followed other votes grouped under:—

Minister-in-charge—Senator Henty.

Minister-in-charge—Senator Gorton.

Minister-in-charge—Senator, Sir Walter Cooper.

Minister-in-charge—Senator Spooner.

In the early stages of consideration votes were considered individually but in the later stages, by order of the Senate, the remaining votes were considered in groups or parts of groups.

35. We sought, from Mr. Loof, further information about the system of grouping—

COMMITTEE MEMBER.—Your submissions in document M.S. 3* indicate that the Q. 122. Senate . . . has already adopted the procedure of grouping the Estimates according to the Minister in charge. Could you tell the Committee the reasons for the introduction of that system?—(Mr. Loof) The regrouping was brought about by Senator Spooner in October, 1955 when he was Minister in charge of the bill. He wanted to have all the departments with which he was associated dealt with together. It meant that all the other Ministers completed their estimates in that way. The idea was that the whole thing would be much better managed in the Senate than under the previous system.”

COMMITTEE MEMBER.—“As Clerk of the Senate, would you consider that that move has Q. 123. facilitated the debates on the Estimates?—(Mr. Loof) I would say so. The Senators know when each department is going to be dealt with better than they did previously. The convenience of officers is a very material point in the grouping. Until this procedure was adopted officers might come to Canberra from Melbourne in connexion with their estimates when their department was before the Senate, then return to Melbourne and come back to Canberra again for the Miscellaneous Services Section.”

36. From a machinery point of view, Mr. Loof saw no difficulty if the Miscellaneous Services section as such was abolished but he did suggest that there might then be grounds for introducing an index of miscellaneous items of expenditure, as an explanatory schedule.

(f) THE DEPARTMENT OF THE TREASURY.

37. The formal statement of the Department upon the future status of Miscellaneous Services is as follows:—

“In September, 1953, in a memorandum addressed to the Joint Committee, the Treasury recorded that:—

Exhibit No. 49/3
paragraphs, 7
to 10.

‘Up to 1924 Miscellaneous items were included with Departmental votes but since then they have been grouped in a separate section of the Estimates. It is the current Treasury view that the “Administrative” or “house-keeping” cost of government is a figure of special interest inviting comparisons between years and it is preferable to provide separately for Miscellaneous items which may vary considerably from year to year in accordance with Government policy.’

Clearly it is desirable to separate from the annual running costs of the Department those payments, be they recurring or non-recurring, which arise out of the departmental responsibilities and yet are distinct from its running costs.

The change in 1924–25 separated the types of expenditure for the purposes of Parliamentary Debate. The Clerks of the Senate and the House of Representatives have described the practices by which, since 1955 and 1957 respectively, the expenditure has been re-grouped for purposes of debate. Thus it might reasonably be said that the purpose of the introduction of the Miscellaneous Services section in 1924–25, i.e. to provide separately for the debate of the two types of expenditure attributable to a department, has ceased to exist.

In these circumstances there would appear to be merit in providing for these expenditures on Miscellaneous Services in the Estimates with the Administrative expenditure of the department, in accordance with the practice followed in the states of Australia and the United Kingdom†. A varying classification of the items would be desirable and also a re-grouping with those items which now appear in “Other Services”.”

The Treasury representative, Mr. C. L. S. Hewitt saw no difficulty arising from the Q. 190. repositioning of miscellaneous expenditure and indicated also that some minor accounting advantage would arise from the change. On the question whether the linking of miscellaneous expenditure with the main Estimates of the Departments concerned again might give rise to the problems which prompted the introduction of the sub-section in 1924–25, he said, amongst other things—

“There needs to be a sensible use of figures, and if this is done one does not want Q. 229. people going back and saying, for instance in regard to this particular example which concerns the last two items, which are under the control of the Treasury, that this department last year had an expenditure of £11,500,000 and its estimates this year showed an expected expenditure of £57,000,000.‡ In that way you start a series of uninformed comments about departmental extravagance.”

CHAPTER IV.—COMMENTS AND CONCLUSIONS.

38. Your Committee have confined this inquiry and Report to an examination of the reasons for and the need to retain the Miscellaneous Services section in the Estimates and the Appropriation Act. This was a matter which we considered could be looked at in

* Exhibit No. 49/7.

† NOTE: A practice also followed in other Commonwealth countries such as Canada and New Zealand.

‡ These figures relate to the estimates for 1959–60. The amount of £57,000,000 is made up as follows:—

Departmental expenditure	..	£ 11,539,000
Miscellaneous Services	..	418,400
Advance to the Treasurer	..	16,000,000
Refunds of Revenue	..	29,000,000
Total	<u>56,957,400</u>

isolation without canvassing in any detail the broader question of the basic form of those two documents. Even so, certain fundamental points of principle not associated with the question of the need for a separate Miscellaneous Services section did arise in the course of our inquiry, but we have deferred our consideration of these until a more appropriate stage in our progressive examination of the form of the Estimates and the Appropriation Bills.

39. Our approach to this matter primarily has been from the viewpoint of the Parliament. We note the problems which arose in the consideration of the Estimates in the House of Representatives and the Appropriation Bill in the Senate by reason, at least in part, of the separation of Miscellaneous Services expenditure from the main administrative votes of departments and the steps which were taken to overcome them. Nor can we see a real advantage to the Parliament from the separation; Miscellaneous Services is a heterogeneous collection of items from which no obvious benefit is derived by their being shown together. Moreover, the inconsistencies in treatment of similar expenditures have been such that the Section is inclined to mislead rather than inform.

40. On the evidence before us and our own observations, we are satisfied that there will be some advantage both to the Parliament and to Departments if the expenditures now shown under the general heading of Miscellaneous Services are presented with the administrative expenditure of the Departments concerned, and recommend that action be taken to achieve this.

41. We agree that, in making this change, a clear distinction should be drawn between the annual running costs of a department and those other expenditures (recurring or non-recurring) which arise from its responsibilities. An examination of the present Miscellaneous Services section suggests that there will be ample scope for the classification of these expenditures so as to lend clarity to presentation and to assist consideration.

For and on behalf of the Committee,

F. J. DAVIS,

Chairman.

R. C. DAVEY,
for Secretary,

Joint Committee of Public Accounts,

Parliament House, Canberra, A.C.T.

27th September, 1960.