

DEPT. OF THE SENATE  
No. 768  
Presented 28<sup>th</sup> October 1961  
CLERK OF THE SENATE

1961.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

JOINT COMMITTEE OF PUBLIC ACCOUNTS.

FIFTY-SIXTH REPORT.

EXPENDITURE FROM ADVANCE  
TO THE TREASURER.

Commonwealth Consolidated Revenue Fund  
for the Year 1960-61.

By Authority:  
A. J. ARTHUR, Commonwealth Government Printer, Canberra.  
(Printed in Australia.)

F.8847/61.

JOINT COMMITTEE OF PUBLIC ACCOUNTS

FOURTH COMMITTEE.

F.A. Bland, Esquire, C.M.G., M.P. (Chairman)<sup>1</sup>

F.J. Davis, Esquire, M.P. (Chairman)<sup>2</sup>

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

Senator A.M. Benn

Senator H.W. Wade 5

Senator I.E. Wedgwood

Senator G.C. McKellar 6

A.I. Allan, Esquire, M.P.

L.H.E. Bury, Esquire, M.P.

J.F. Cairns, Esquire, M.P. 3

R. Cleaver, Esquire, M.P.

J.F. Cope, Esquire, M.P.

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.
5. Resigned 16th March, 1961.
6. Appointed 16th March, 1961.

## 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.

TABLE OF CONTENTS.

---

	Page.
I. INTRODUCTION . . . . .	6
II. LEVEL OF EXPENDITURE FROM ADVANCE TO THE TREASURER . . . . .	8
III. SELECTED ITEMS WHICH HAVE BEEN THE SUBJECT OF ORAL EXAMINATION	
Prime Minister's Department . . . . .	9
Attorney-General's Department . . . . .	12
Department of Trade . . . . .	13
Department of External Affairs . . . . .	16
Department of Civil Aviation . . . . .	19
Department of Works . . . . .	22
Bureau of Meteorology . . . . .	24
Commonwealth Parliamentary Library . . . . .	25

TABLE OF CONTENTS (Cont'd)

---

	Page.
Department of the Interior . . . . .	28
Department of Customs and Excise . . . . .	38
Department of Immigration . . . . .	39
Department of National Development . . . . .	41
Department of Territories . . . . .	44
Department of Health . . . . .	51
Public Service Board . . . . .	62
Department of the Treasury . . . . .	63
IV. OTHER ITEMS CONSIDERED . . . . .	64
V. GENERAL . . . . .	66

---

JOINT COMMITTEE OF PUBLIC ACCOUNTS

FIFTY-SIXTH REPORT .

EXPENDITURE FROM "ADVANCE TO THE TREASURER".

COMMONWEALTH CONSOLIDATED REVENUE FUND  
FOR THE YEAR 1960-61.

CHAPTER I.- INTRODUCTION.

A draft statement of expenditure from Advance to the Treasurer, together with departmental explanations, was furnished by the Department of the Treasury to Your Committee by mid-July. Also certain preliminary figures were made available early in July.

2. Your Committee appreciate the collaboration of the Department of the Treasury in these matters as the period of time available in which to complete our enquiries and to report to the Parliament is very limited.

3. We were assisted again during our enquiries by the observers from the Department of the Treasury, the Public Service Board and the Audit Office. The presence of these officers at our public hearings is of great value to Your Committee.

4. After examination of the statement of expenditure and the departmental explanations Your Committee arranged to conduct public hearings on Monday morning and afternoon 21st, Tuesday morning 22nd, Monday morning and afternoon 28th and Tuesday morning 29th August, 1961. A private hearing was conducted on Tuesday morning, 5th September, 1961.

5. The following departmental officers appeared before Your Committee at these hearings:-

Prime Minister's Department	-	Mr G.J. Yeend Mr J. Cassidy Mr W.J. Weedon
National Library	-	Mr L.C. Key
Attorney-General's Department	-	Mr J.E. Taylor Mr J.F. Knox
Department of Trade	-	Mr E.P. McClintock Mr D.O. Dickinson
Department of External Affairs	-	Mr C.T. Moodie Mr R.E. Johns Mr P.J. Sullivan Mr J.P. Walshe
Department of Civil Aviation	-	Mr R.D. Phillips Mr B. Lewis
Bureau of Meteorology	-	Mr A.V. Atkins

Department of Works	-	Mr H.F. Yoxon Mr A.W.G. Miles Mr G.D.B. Maunder
Department of the Interior	-	Mr H.A. Barrenger Mr J.M. Brown Mr J. Boyle Mr G.M. Long Mr G.F. Wynn Mr E.S. Keehn Mr W.R. Egan
Department of Customs	-	Mr F.J. Wright
Department of Immigration	-	Mr R.E. Armstrong Mr E.L. Charles Mr L.A. Taylor
Department of National Development	-	Mr F.A.J. Frawley Mr B.P. Lambert Mr D.F. O'Driscoll
Department of Territories	-	Mr C.E. Reseigh Mr L.L. Gillespie
Department of Health	-	Mr D.G. Dunlop Dr. R.C. Webb Dr. L.F. Dodson Mr G.T. Gillberg
Public Service Board	-	Mr A.B. Milne
Department of the Treasury	-	Mr B.F. Hurley.

6. Every item appearing in the statement of expenditure from Advance to the Treasurer was examined and a number of additional written explanations was obtained from some departments, before Your Committee decided on the particular matters which appeared to warrant closer examination at our hearings. These matters are referred to in Chapter III of this Report. In Chapter IV we list the items which were examined after written explanations had been obtained from departments but which were not the subject of oral examination by Your Committee.

7. The items, reported on in Chapter III, were selected with a view to testing the efficiency generally of departmental estimating. They include appropriations which appeared at the time to be representative of examples of both over and under estimating.

CHAPTER II. - LEVEL OF EXPENDITURE FROM  
ADVANCE TO THE TREASURER.

8. In paragraph 8 of our Fifty-First Report Your Committee recorded the level of expenditure from the Advance to the Treasurer for the years 1953-54 to 1959-60 inclusive. In approximate figures the total expenditure in 1958-59 of £8.9 million declined to £2.1 million in 1959-60, and has increased in 1960-61 to £4.7 million viz.

P.P. No.  
85 of 1960

Financial Year.	Refunds of Revenue	Defence Services	Miscellaneous Services.	Business Undertakings	Other	Total Ordinary Expenditure	Capital Works and Services	Total.
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
1954-55	..	1.9	0.2	1.2	0.9	4.2	0.1	4.3
1955-56	..	2.5	0.1	3.1	1.1	6.8	0.5	7.3
1956-57	..	0.2	0.5	1.4	1.3	3.4	0.3	3.7
1957-58	..	5.1	0.2	1.5	0.8	7.6	1.0	8.6
1958-59	2.0	5.4	0.3	0.1	0.8	8.6	0.3	8.9
1959-60	..	0.9	0.3	0.1	0.6	1.9	0.2	2.1
1960-61	..	2.1	0.5	0.1	1.3	4.0	0.7	4.7

9. There is little real significance in the total expenditure recorded from the Advance - the significance lies more in the particular details of the expenditures involved. For example the Defence Services figure has increased substantially in 1960-61 and Mr C.L.S. Hewitt, First Assistant Secretary, Department of the Treasury, advised:-

(MR HEWITT) Of course, at times, under-spending on particular votes becomes apparent during the year; and in a sense, it might be enforced during the year by the Treasury in terms of providing additional funds from the Treasurer's Advance subject to equivalent savings being made from some other vote within the department's total. Inevitably, in these circumstances, there are cases of under-spending in one area as, for example, the votes of the Defence Services. Although there was some £2,000,000 provided out of the Treasurer's Advance for some defence votes, there was equivalent under-spending in other votes. The reasons there were that expectations were not realized. Savings could be made, and other items were substituted for purchase or expenditure. Q.1053

10. This situation further substantiates the belief of Your Committee that a detailed investigation of specific items is essential each year. Unless these enquiries are pursued regularly there can be no real check on the standards of financial management within departments - standards which Your Committee feel are



being improved although unsatisfactory instances continue to be revealed from time to time.

11. In this respect Your Committee's impression appears to be supported by the experience of the Treasury expressed as follows by the witness:-

(MR HEWITT) .... I think there have been less individual cases under query within the Treasury and from the Treasury in the last year or two of requirements for money from the Treasurer's Advance that might reasonably have been foreseen at some earlier time or could not have been reasonably postponed until the next financial year, under appropriation. ...."

Q.1049

CHAPTER III.- SELECTED ITEMS WHICH HAVE BEEN  
THE SUBJECT OF ORAL EXAMINATION.

PRIME MINISTER'S DEPARTMENT

Division 121/2/04 - Commonwealth Gazettes - Printing and  
Distribution (Including Postage).

12. Expenditure under this vote was £5,904 higher than the estimates provision for 1960-61 and the additional amount was sought from the Advance to the Treasurer. Your Committee were informed that although the actual number of Gazettes printed has stood at 4,000 copies in each of the last three years, there has been some increase in the number of extracts of the Gazette printed.

Q.2  
Q.3

13. However, the increased costs appear to be due mainly to a 5 per cent overall increase in printing costs and to a re-arrangement made in the internal costing procedures of the Commonwealth Printing Office under which compositing time is charged out at higher rates than formerly. In this regard Your Committee were informed that the main part of the cost of the Gazette occurs in the compositing room and, as it is a document which contains a large proportion of small type, a greater proportion of type-setting and of compositing costs is charged for its publication.

14. The witness explained to Your Committee that it was not possible to anticipate the increased expenditure at the time of the Additional Estimates because of a lag of some four months in presentation of accounts by the Government Printer. He added also that the content of the Gazette controls to a large degree the cost of it. He could not explain the reason for the delay in the presentation of accounts by the Government Printer.

Q.8

MEMBER.- Have you made any inquiries to find out why they were delayed? ---(MR CASSIDY) No. There is in the Public Service a general tendency

Q.15

to catch up a little lag towards May and June, but with "Gazette" accounts particularly we have found that that lag has been a bit greater than has been generally experienced. I have made no specific inquiry of the Printer to ascertain the reason behind this.

15. Your Committee is not satisfied that all reasonable steps were taken by the Department to make a realistic assessment, firstly when the draft estimates were prepared for 1960-61 and secondly at the time of the Additional Estimates, of the expenditure likely to be incurred during the year. The cost of this item has been increasing steadily over the years, yet the 1960-61 estimates provision was less than the expenditure incurred in the previous year. Again at the time of the Additional Estimates the Department seemingly failed to appreciate the increased costs involved because of a delay in presentation of accounts. But this fact in itself does not relieve a department from the obligation of making such enquiries as are reasonably necessary to ascertain the cost of services provided.

Division 128/2/03 - Office of Education - General Expenses -  
Postage, Telegrams and Telephone Services.

16. Expenditure under this item was almost 34 per cent. higher than the Estimates provision and additional funds were sought both from Additional Estimates and from the Treasurer's Advance.

17. It was explained to Your Committee that the increased costs were due to a number of factors arising from a more rapid development than had been expected of Commonwealth training schemes. This had increased communication costs, whilst a change in the method of distributing the magazine "Hemisphere", which formerly had been charged to the incidental expenditure vote, had increased expenditure against the postage item. Q.18

18. In its explanations the Office of Education mentioned that it was realised at the time the estimates were prepared that the increased rates for telephone and postal charges could result in expenditure being higher than in 1959-60, but decided to make every effort to keep within the appropriation for 1960-61.

19. Whilst an unexpected expansion in the activities of the Office probably caused the major part of the increased expenditure it is clear that the original estimates were basically unsound. This was due partly to an over-optimistic, but well intended, first appraisal of the requirements together with a failure to fully appreciate the inevitable impact of the increased telephone and postal charges.

Division 840/1 - Capital Works and Services - Buildings  
Fittings and Furniture

20. Of the appropriation of £85,000 provided for this item an amount of £22,682 remained unexpended owing

to the cancellation of an item of £10,000 for steel shelving at the Brompton Archives, Adelaide and the fact that a contract for the provision of fire precautions at the National Library Annexe, Canberra, estimated to cost £29,000, was let for £17,000.

Exhibit  
No. 56/11

21. The project for the steel shelving was abandoned after the Department of Works had suggested that the building in which it was proposed to erect them was not one which warranted such expenditure. Also, developments at a later stage indicated that it may be preferable to obtain a new site and construct a building specifically for achival purposes in South Australia. This would leave the existing area which adjoins one used as a records repository by the Department of Taxation, free for the future use of that Department.

Q.342

22. The estimate for the provision of the fire precautions was based by the Department of Works on the previous costs of similar services:-

MEMBER.- Have you, Mr Yoxon, any knowledge of the basis of the original estimate of £29,000 for fire precautions for the National Library Annexe? --- (MR YOXON) That ostimate was based on the cost of similar services that had been provided elsewhere. A number of organizations were interested in this work and we received a very favourable price indeed. In fact, it was only £17,000. Whether that was due to extreme price cutting or the efforts of organizations to establish themselves I cannot say. Whether we would get the same sort of response a year hence would be sheer guesswork, but they were very responsible organizations.

Q.345

MEMBER.- Has the job been carried out satisfactorily for the £17,000 although the estimate was £29,000? ---(MR YOXON) Yes.

Q.346

23. In view of the circumstances Your Committee accept the explanations given.

Division 836/04 - Capital Works and Services - Office of Education - Buildings and Works

24. An amount of £20,000 was provided in the estimates for extensions to a building at the University of Melbourne which accommodates the staff of the Office of Education engaged in Commonwealth Scholarships and Colombo Plan activities. The amount remained unspent.

25. The witness explained that officers of the Office of Education have been accommodated at the University since 1945, when the reconstruction training scheme was started. The last adjustment of accommodation took place in 1952. Since then, the increased enrolment of Colombo Plan students (20 in 1952 as against 240 in 1960) and the increased number of Commonwealth scholarships now available, has fully taxed the available accommodation.

Q.22

26. The University of Melbourne agreed to provide additional accommodation for the Office of Education by erecting with Commonwealth funds, an additional floor on top of the Geology School building which was already used partly by the Commonwealth and partly by the University. However, a report by the Australian Universities Commission on the future needs of the University of Melbourne, presented during the year, recommended that accommodation should be found for the Office of Education elsewhere. In the face of this recommendation the Office of Education decided not to proceed with the planned project.

27. Your Committee consider that the evidence furnished to us indicates that the under-expenditure resulted from circumstances beyond the control of the Office of Education.

ATTORNEY-GENERAL'S DEPARTMENT.

Division 216/2/01 - Industrial Registrar's Branch - General Expenses - Travelling and Subsistence.

28. Expenditure under this item was some £10,000 higher than that provided for in the original Estimates. The bulk of the increased expenditure, provided in the Additional Estimates, was incurred in respect of unexpected sittings of the Court in various States and the lengthy hearings conducted in Queensland in connection with the crash of a Fokker Friendship aircraft.

29. The witness explained that it is difficult to predict at the time the draft estimates are prepared what expenditure will be incurred during the year because there are no fixed hearings as there are, for example, in the case of the High Court. A place of hearing is fixed by the Court or the Commission as occasion demands. Q.33

30. During the course of the enquiry Your Committee was informed that over the past two years judges of the Industrial Court have been called upon to perform duties which normally fall outside their jurisdiction. For example, last financial year Mr Justice Spicer was appointed chairman of a board of marine enquiry in Sydney and chairman of the enquiry into the Fokker Friendship mishap in Queensland. In addition, Judges of the Industrial Court were appointed at the end of the last financial year to carry out the functions of the Supreme Court of the Northern Territory, Christmas Island and Cocos Island. However, all the travelling expenses involved in these matters were borne by the Industrial Registrar's Branch. Qs. 49,50

31. In reply to a series of questions raised by Your Committee the witness agreed that some distinction could be made between the services performed by judges in their various capacities so as to enable a reasonable allocation to be made between the various authorities for whom the judges are called upon to perform certain tasks. Qs.53-56

32. However, since the Estimates are not designed to show the full costs of each Department Your Committee consider that costs incurred by one department in providing services for another should, in circumstances such as these, be borne by the servicing department provided it has control over the nature and amount of the expenditure necessarily involved.

## DEPARTMENT OF TRADE

## Division 301/1/03 - Administrative - Extra Duty Pay.

33. The original appropriation of £35,000 was overspent by £9,247; of that amount £5,500 was provided in Additional Estimates and the remainder from the Treasurer's Advance. The main reasons for the over-expenditure were the abandonment of import licensing and the increased activity within the Department related to an intensified export drive. Q.59

34. Whilst the lifting of import licensing resulted in less staff being employed (and it was on this reduced number that the original estimate was prepared) the decision increased the number of requests made by Australian industries for protection and necessitated the preparation of an increased volume of statistics and other data.

35. The decision to expand markets for Australian products overseas involved the Department in taking urgent action to prepare for the opening of five new trade commissioner posts. Normally these preparations are carefully planned but in this instance the matter was one of urgency and could not be delayed. Qs.67,68

36. The Department sought £10,000 in the Additional Estimates to cover the increased work load but only £5,500 was provided on the recommendation of the Treasury which had suggested that the grounds on which the request were based were not sufficiently firm to warrant the whole of the sum being provided in the Additional Estimates. Q.83

37. Your Committee consider that the explanations furnished are satisfactory and agree that as a general rule, amounts should be provided in the original Estimates and Additional Estimates only where firm grounds exist to substantiate the amounts sought.

## Division 637/03 - Trade Publicity - United Kingdom.

38. An under-expenditure of £54,000 was involved in this item. Of that amount £32,000 represents expenditure incurred on television advertising during the year which was carried over to 1961-62 because the accounts were not presented in sufficient time for payment before 30th June, 1961. Q.89

39. A further £15,000 earmarked for the supply and erection of a new neon sign in Piccadilly remained unspent. In this regard Your Committee were informed that designs for the new sign have been under consideration since September or October, 1960, that the contract for the sign was concluded in August, 1961 and that it will take a further five or six weeks to have the new sign manufactured and erected. Q.92  
Q.95

MEMBER.- Can you make a general statement as to the main reason for the delay in coming to finality? ---(MR McGLINTOCK) Finding a satisfactory sign. It will be in what is probably the most competitive neon-sign area in the world. The difficulty is to find a design that will compete effectively with the big Coca Cola signs which are three times the size and three times as expensive. The designs have been under consideration since September or October last and have only just been approved. Q.96

40. Your Committee appreciated the need for a careful selection being made of a sign that would compete favourably with the galaxy of advertisements in this area. Whilst a period of deliberation extending over nine months may not be an inordinate length of time for a decision to be reached on such a matter it would nevertheless appear to be so.

41. In view of the preliminary investigations which should have been made before deciding to change the sign it would appear that the Department, or the Advertising agency advising it, had not fully considered the delays associated with implementing such decisions and that the inclusion of the proposal in the 1960-61 Estimates was an error in judgement.

Division 637/04 - Trade Publicity -  
Other Than United Kingdom

42. This item was over-spent by some £41,500 due to the cost of the Lausanne Fair being higher than originally estimated and the fact that towards the end of 1960 approval was given for a Commonwealth contribution of £15,000 towards the promotion of pearl shell sales in the United States. The whole of the additional amount required was obtained from the Treasurer's Advance.

43. The witness stated the reasons for the over-expenditure on the Fair were that costs in Switzerland were under-estimated and that the rate of construction of the pavilion was over-estimated. This was the first occasion the Department had operated in Switzerland and the first time it had undertaken a project of this size which provided for a general Australian pavilion rather than a trade pavilion with which the Department was more familiar. Q.108  
Q.111

44. Whilst Your Committee agree that because of the unforeseen circumstances it was necessary and proper for the Department to incur expenditure beyond that contemplated at the time the original estimates were prepared, it considers that it should have been possible for the Department to have made some provision in the Additional Estimates for at least part of the additional costs involved - particularly the £15,000 provided by the Commonwealth for the promotion of pearl shell sales in the United States.

Divisions 305 to 335 - Overseas Posts.

45. A common feature of the expenditure incurred under certain items in a number of trade commissioner posts was the need for additional funds to be obtained from the Advance to the Treasurer despite the fact that in some cases funds had already been obtained under Additional Estimates. In some cases the necessity for this double approach was unavoidable, but in others it would appear that most of the additional funds sought should have been fully provided for either in the original Estimates and/or Additional Estimates.

46. An example of this is the trade commissioner post at Ghana which was established early in the financial year in conditions which were unknown to the Department. The departmental witness explained to Your Committee that the establishment of a post involved an assessment being made from reports of a trade commissioner visiting the area concerned as to the costs likely to be involved. However, the Department of External Affairs had been represented in Ghana for over two years and should have been able, if requested, to offer advice on this type of problem. Q.132 Q.69

47. It should have been known, therefore, that suitable housing would be very difficult to obtain in that area at short notice. Yet the Department provided for only five or six weeks hotel accommodation for the Trade Commissioner and his wife whereas they were accommodated there for the best part of eleven months before a suitable residence was found for them. Qs.133,134

48. Your Committee feel certain that, based on this experience, the Department in future will ensure that a more realistic approach is made when preparing estimates of the cost of establishing new trade commissioner posts.

49. Further, Your Committee trust that the responsible officers in overseas posts will be advised of the necessity to keep expenditure within the amounts provided and to keep the matter under review to assure that, if any increase in expenditure becomes essential, the amount is sought as early as possible.

## DEPARTMENT OF EXTERNAL AFFAIRS - OVERSEAS POSTS

50. Your Committee examined the following items where under-expenditure occurred at certain overseas posts of the Department of External Affairs during the year.

## (a) NETHERLANDS EMBASSY

## Division 147/2/03 - Postage, Telegrams, Telephones and Cables

51. The estimate of £3,500 was based on an expected reduction in the cost of cablegrams as it was anticipated that a telecommunication service which would reduce the cost of cablegrams by about 50 per cent. would be installed in a building to which the Chancery was to have moved during the year. Enquiries made subsequently revealed that the proposed move would be impracticable and it was then decided, after consultation with the local authorities, to extend the original building occupied by the Chancery and to instal therein the telecommunication equipment which it was previously contemplated should be provided in the new building.

Exhibit  
No.56/6Q.153  
Q.147

52. The necessity to complete details of the method of installation in the new site delayed the placing of the order for the equipment until February 1961 and the equipment was not installed until April. As a result it was not possible to reduce the expenditure on cablegrams as planned in the Estimates. Total expenditure amounted to £4,650 against an under-expenditure of £1,155.

Q.149

## (b) EMBASSY - JAPAN

## Division 150/2/08 - Incidental and Other Expenditure

53. Of an amount of £7,500 provided in the Estimates a sum of £5,130 remained unexpended due to the failure of suppliers in the United Kingdom to supply certain telecommunication equipment ordered in September 1960. The departmental witness explained that the order could not be placed before that date because of certain technical problems which had to be resolved with United Kingdom authorities and the manufacturers. However, the department had reasonable grounds for expecting that the order could be fulfilled within the financial year since previous experience indicated that the particular type of equipment ordered usually can be supplied and paid for within six to nine months.

Q.157

Q.155

## (c) CAPITAL WORKS AND SERVICES - DIVISION 841

## (i) EMBASSY - FRANCE, ITEM 04.

54. The amount of £11,200 provided in the Estimates was underspent by £7,140 due to delays in placing orders

Exhibit  
No.56/6



for the replacement of a Head of Mission car and the refurbishing of the Ambassador's residence. Also provision had been made in the Estimates for a replacement switchboard and certain security measures which, owing to later developments, had to be deferred.

55. The reason given for the delay in ordering the new vehicle was that careful investigations had to be made to ensure that proper facilities were available in Paris for servicing and repair and it was not until the latter part of the year that the Department was satisfied on this point. Q.174

56. Under-expenditure on the other items mentioned was occasioned both by the uncertainty as to whether the residence would remain at the present address and by a later decision to seek new office premises. Orders for furnishings were not placed until the return of the Ambassador to Paris in March, 1961 and further delays occurred because of a transport strike in that city.

- (ii) EMBASSY - INDIA - ITEM 05
- (iii) EMBASSY - JAPAN - ITEM 09
- (iv) EMBASSY - MALAYA - ITEM 11

57. These three items were considerably underspent during the year. Delays associated with the preparation of sketch plans for the proposed new Chanceries in India and Japan and for alterations to the official residence in Malaya were the primary causes. Exhibit No. 56/6

MEMBER.- With regard to expenditure of £12,723 in Japan, you state in your explanation that initial delays experienced in having the architect in Tokyo prepare the necessary sketch plans, which were not received until mid November 1960, upset arrangements. When did you receive the sketch plans for the chancery in New Delhi? ---(MR MOODIE) I think we had the original sketch plans before the end of last financial year. We sent them back to New Delhi for certain revisions and we got the revised sketch plans back from New Delhi in July last year. Q.185

58. These delays were accentuated because of the unavoidable necessity both to discuss the sketch plans with the Department of Works and the provision of funds with the Treasury. Q.186

MEMBER.- When you put the amounts in the Estimates you expected that these difficulties would be overcome before the end of the year?---(MR MOODIE) In the case of New Delhi, we thought that we were pretty right. We had had a sketch plan and we asked for revised sketch plans and it seemed to us, looking at it twelve months away, that there was a reasonable chance of our spending £5,000 out of the total of £50,000 which we expected to spend for the whole chancery. It turned Q.187

out, because of the delays in getting the sketch plans, that our hopes were not fulfilled. In Tokyo, the problem was in getting the sketch plans originally. We had hoped to get them early in the financial year and we did not get them until November. There was six months process of consultation between us and the Works Department and the Treasury. We then had to make sure that we were speaking in the same language as the people in Tokyo.

A similar set of circumstances occurred in Malaya. As a result not one of these projects was commenced during the year.

59. Another reason for the under-expenditure in India was the fact that an order for an electric transformer to be installed in the Embassy compound was not placed until early 1961. The delay was caused firstly because the Department of Works was consulted as to what its recommendations were on this matter; and secondly, because a local electrical consultant was approached for advice, on the suggestion of the Department of Works and this advice was not received until the end of the year. Finally the Treasury had to be approached on the matter of funds.

Q.216

(v) EMBASSY - UNITED STATES OF AMERICA - ITEM 15.

60. This item was also heavily underspent, the total expenditure being £12,201 less than the Estimates provision of £27,000. The principal reasons for this were:-

Exhibit  
No.56/6

- (i) that a provision made for additional and replacement furniture was not utilised because lease negotiations for increased office accommodation were not concluded until June, 1961; and
- (ii) that another provision for the cost of partitioning was not expended as the lessors belatedly agreed to do the work subject to a rental adjustment.

61. Another reason for the under-expenditure was the delay which occurred in not placing an order for glassware until February, 1961. The goods were despatched late in June and consequently the account was not received for payment by the close of the financial year.

COMMENT

62. Your Committee are concerned at the many delays which characterises the under-expenditure in each of these items.

63. A good deal of the under-spending could have been avoided if the Department had acted more promptly in placing orders early in the financial year for items which it knew beyond a doubt would definitely be required within the year. The fact that, in too many instances, further investigations and consultations were necessary before proposals for which the Parliament appropriated funds became firm poses the question of what criteria is adopted by the Department in formulating its draft estimates and how thoroughly does the Treasury examine the proposals for expenditure before recommending the inclusion of those items in the final Estimates.

64. It is appreciated that circumstances may arise which will result in proposals, which were considered firm at the time the Estimates were approved, being either deferred or abandoned during the year. But in some of the matters discussed it would appear that funds were sought in the Estimates for items which were not, at the time, reasonably certain of completion.

65. It appears to Your Committee that a department should include in the original Estimates only those expenditures which are firm and which must be provided in the coming year. Funds should be sought in the Additional Estimates for those other items that may be required but concerning which further investigations are necessary to bring them into the category of firm proposals.

66. Your Committee is also concerned at the delays which arose from the consultations between the Departments of External Affairs, Works and Treasury on the matter of sketch plans for the chancery at Japan and consider that some procedure should be evolved to avoid such an occurrence in the future.

Q. 187

67. Also the Departments concerned might consider the suggestion made, during discussions of the under-expenditure in Malaya, that delays in the preparation and final acceptance of sketch plans for buildings overseas could be largely overcome if Australian architects could be sent overseas to prepare them in collaboration with local architects. This applies particularly where large scale buildings or major alterations are involved.

Qs. 190, 191

68. Finally, Your Committee trust that the experience gained in dealing with matters of this nature will lead all Departments to conduct detailed preliminary enquiries when preparing estimates which involve expenditure on items at overseas posts.

#### DEPARTMENT OF CIVIL AVIATION

69. The following items which were underspent by the Department of Civil Aviation were examined by Your Committee in the course of our enquiries.

## Division 261/2/04 - Maps, Log Books and Publications

70. In each of the years 1958-59 and 1959-60 expenditure exceeded the original estimate but last year the trend was reversed. This was due, in the main, to unforeseen circumstances which resulted in an unprecedented falling off in the purchase of technical publications in the latter part of the year and an abnormal carry-over into 1961-62 of liabilities incurred in 1960-61 as a result of delays by contractors in filling orders.

Exhibit  
No. 56/7

71. Your Committee were advised that the majority of the documents provided under this vote are saleable items and that, except in the case of periodicals and important publications such as the aeronautical information publications which must incorporate the latest available data, the Department aims at holding a twelve months supply of stocks.

Q. 221

Qs. 228, 229

## Division 261/2/08 - Incidental and Other Expenditure

72. Expenditure under this item has more than doubled since 1958-59 but £5,066 remained unspent from the total appropriation in 1960-61 - £37,000 in the original Estimates and £12,000 in Additional Estimates.

Q. 236

73. The main reason for the large increase in the amounts appropriated was the cost of the air court of enquiry into the crash of the Fokker Friendship aircraft off Mackay. This amounted to approximately £19,000.

Q. 241

74. The under-expenditure was due to decreased maintenance of office equipment, a delay in holding a course for Aviation Medical Examiners at the R.A.A.F. School of Medicine at Point Cook and the fact that the costs of transportation in respect of officers promoted or transferred to other localities were below the level of previous years.

## Division 262/13 - Surveys

75. This is the second year of operation of the procedure whereby survey work of the Department of Civil Aviation is carried out by the Department of the Interior. Initially the latter department charges the expenditure to its own votes and then seeks recovery from the Department of Civil Aviation. Apart from the objective of co-ordinating all survey work in the Department of the Interior a further reason was to achieve economies in administration. The advantages were explained by Mr Phillips, Assistant Director-General of the Department of Civil Aviation:-

(MR PHILLIPS) May I add a comment from the point of administrative arrangements rather than from the financial aspect? Prior to 1958 we had our own survey officers and did our own survey work. But

Q. 249

during 1958, as a result of a joint survey by the Department of the Interior, the Board and ourselves, we decided that it would be more economical to have the Department of the Interior, from the viewpoint of staffing, to do the job. It avoids an overlap. Moreover, it was felt that we would have available to us a wider number of experienced survey officers in the Department of the Interior than we would have if we provided the staffing from the viewpoint of our own Department. There was another personnel management aspect, and that was to have the specialist survey officers in the Department of the Interior in order to open the career prospects for those officers to a wider extent than would be available to them if they were employed only by our own Department.

76. A senior surveyor of the Department of the Interior is attached to the Head Office of the Department of Civil Aviation and his duty is to co-ordinate the activities of surveyors engaged on work for that Department. In addition he assists a committee of specialist airport engineers of the Department of Civil Aviation to draw up an annual programme of survey work required. This is referred to the Department of the Interior for advice as to what can be accomplished and for an estimate of cost. On receipt of that Department's advice the committee then determines what survey projects are to be undertaken during the year and what amount is to be included in the estimates of the Department of Civil Aviation for transfer to the Department of the Interior as these projects are undertaken. Q.256

77. During the year expenditure was some 20 per cent. below the Estimates appropriation due mainly to lack of suitably trained staff in the Department of the Interior and difficulties experienced in conducting surveys in the Territories of Papua-New Guinea and the Northern Territory. Exhibit No.56/7

78. Your Committee were advised by Mr Lewis, the Director of Finance and Stores, Department of Civil Aviation, that the reason for including the cost of surveys in his Department's vote is that it shows the cost of services provided:-

MEMBER.- ... The expenditure for 1960-61 was £48,723. The original appropriation was £62,500. I wonder if you can give us your suggestions about expenditure which appears, first, in the Department of the Interior's votes as a gross amount and which is recovered by the department?---(MR LEWIS) These arrangements were entered into only in the year before last in agreement with the Treasury. The general scheme behind it was to reflect appropriately in the vote of the department which was getting the service the cost of that service. The Department of the Interior, unless it showed it in that way, would Q.245

find difficulty, I would think, in indicating what was really going on. In other words, it would have to have some appropriation against it in order to spend it in the first instance, subject to our reimbursement.

79. The Treasury observer, however, considered that the prime object was to secure a better control of expenditure.

Q.248

80. Since the Department of the Interior conducts surveys for a number of client departments, the costs to be recovered from each department for services provided must of necessity be an informed guess unless very complete and expensive costing procedures are to be introduced. It is agreed, however, that the present arrangement results in a better control over expenditure to the extent that all surveys are carried out by the one authority. The Department of the Interior is essentially a service department in this matter and it is considered that, as in the case of other departments providing services - e.g. the Attorney-General's Department, the Public Service Board and the Commonwealth Audit Office, the cost of surveys for Commonwealth Departments should be borne wholly by the department providing the service.

81. Your Committee made a similar comment in its Fifty-Fifth Report.

E.P. No.  
87 of  
1961 Para.  
73, 74

#### DEPARTMENT OF WORKS

Division 251/2/04 - Office Services.

82. In this instance expenditure during the year totalled £54,850 from an appropriation of £65,000.

83. The departmental representative Mr H.F. Yoxon, Assistant Director-General (Administration) advised that practically the whole of this under-expenditure was occasioned by the delay in introducing contract cleaning in Sydney.

Q.308

84. The sum of £8,000 had been provided in the Department's estimates for this purpose, at the suggestion of the Department of the Interior, in anticipation of a contract being let in September, 1960, for the cleaning of the offices occupied in Sydney by the Department of Works. In a document furnished for the information of Your Committee the Department of Works had stated:-

".... Following further enquiries, the Department of Interior advised in December, 1960, that contract cleaning was not expected to commence before April, 1961 and they finally advised on 26th June, 1961 that it had been postponed indefinitely. As costs are still being met

Exhibit  
No. 567

by the Department of the Interior, the amount of £8,000 included in our Division 251/2/04 remained unexpended."

85. The Chief Property Officer, Department of the Interior, Mr J.M. Brown, informed Your Committee that the introduction of contract cleaning throughout the Commonwealth has been a gradual process. It has been introduced into a number of offices in Sydney but not in all of them. Before a contract is let the Department endeavours to ensure that alternative employment is available for the cleaners whose services are to be terminated. Discussions with the Department of Labour and National Service and cleaning firms in Sydney failed to resolve this problem in this particular instance and in the circumstances the Department had decided to defer the letting of a contract.

Q.311

86. The remaining short-fall in expenditure was due to the Department of the Interior taking over payment of electricity charges at the Da Costa Building, Adelaide, where a number of Commonwealth departments are accommodated. In this respect Your Committee were informed by the Chief Property Officer of the Department of the Interior that where more than one Department occupies a building the Commonwealth is able in many cases to obtain a cheaper rate if it makes bulk payments.

Q.314

87. This question of contract cleaning again highlights the view expressed by Your Committee on a number of occasions that first Estimates of departments generally should provide only for firm proposals of expenditure which it is known will be incurred in the ensuing year. Where a department is dependent on another for advice as to what provision should be made in the Estimates for the cost of a particular item, the responsibility rests with the advisory department to assure that this requirement is met when quoting an estimate.

Division 251/2/15 - Fees of Private Architects and Consultants.

88. In its Forty-First Report (paragraphs 83-86) Your Committee examined the reasons for this vote being underspent in the years 1955-56 to 1957-58. Basically the reasons as set out in paragraph 84 of that Report still apply.

P.P.No.65  
of 1958

89. Unexpended in 1960-61 was some £65,000 below the Estimates appropriation of £400,000 due mainly to assignments earmarked for consultant firms being deferred or abandoned as a result of changes in the programmes of client departments and other authorities. For example:-

Q.325A

- (a) the department had intended to use consultants on a building for the Commonwealth Banking Corporation but the Corporation later decided to engage its own consultants for this work.

- (b) Four projects of the National Capital Development Commission in Canberra for which £12,700 had been provided were deferred by the Commission. Q.332
- (c) The abandonment of the Talgarno Project in Western Australia also effected the estimate for consultants as departmental officers were then able to plan and design projects which it was originally intended should be let to private consultants. Exhibit No.61/9

90. Your Committee were advised also that this vote is intended to supplement the administrative vote of the Department. Over recent years there has been a large increase in the use of outside consultants because of the staff shortage experienced by the Department. The following table illustrates the staffing position of the Department for all grades of Engineers, Architects and Quantity Surveyors as at August, 1961:- Q.325A  
Committee Document No.61/47

	(1) No. of positions provided in establishment	(2) No. of positions occupied	(3) No. of positions vacant	(4) % of (3) over (1)
Engineers	653	515	138	21.13
Architects	416	285	131	31.49
Quantity Surveyors	76	52	24	31.58
	1.145	852	293	25.59

97. The difficulties with which the Department is faced in estimating a vote such as this is appreciated by Your Committee particularly as movements in staff, such as has been occurring in recent years, and changes in anticipated projects during the year by client departments, vitally effects the estimate. However, the fact that this vote has been consistently underspent in five of the last six years (1959-60 was the exception) suggests that the Department should review its approach to estimating the amounts to be provided in the original Estimates.

#### BUREAU OF METEOROLOGY

Division 860/02 - Capital Works and Services - Buildings, Works, Fittings and Furniture.

92. Expenditure under this vote was £38,328 below the £176,000 provided in the Estimates. The main single cause for the under-expenditure was the delay in the construction of a radio building and four residences at Cobar, New South Wales, primarily because the Bureau in the first instance considerably under-estimated the cost of the proposed radio building at that locality. Exhibit No.:/



This necessitated re-casting the programme for the year with the result that tenders could not be called by the Department of Works until February 1961. In view of the remote locality the closing date for tenders was extended until April, at the request of the tenderers and an offer was finally accepted in May, 1961. In the meantime tenders had been called for the erection of the four cottages but as the offers received proved too high fresh tenders were invited in April, closing on 9th May, 1961. Work on both projects commenced in June 1961.

93. Other factors which contributed to the under-expenditure was the non-completion of a residence for the Meteorological Officer at Halls Creek and delays by the Bureau in placing requisitions with the Department of Works.

94. The representative of the Bureau of Meteorology stated the Bureau deals directly with the Department of Works on these matters rather than through the Department of the Interior. He mentioned that a shortage of staff was mainly responsible for the delays in placing requisitions and that with the filling of a position of budget control officer it was anticipated that these delays could be avoided in 1961-62. Q.303  
Q.302

95. This seems to be another example of a department seeking funds for projects which were not firmly established at the time the estimates were prepared. Your Committee is concerned also at the fact that the Bureau itself saw fit to make an estimate on the radio building at Cobar based on the cost of a similar building erected at Carnarvon, Western Australia, three years previously without first seeking the advice of the Department of Works in the matter. This points to the need for a closer liaison to be maintained at all times by client departments with the department which is to provide the service - in this particular case the Department of Works was able to give a firm estimate of the cost involved within a month after the proposal was submitted to it by the Bureau of Meteorology. Q.292

COMMONWEALTH PARLIAMENTARY LIBRARY

Division 125/2/01 - Books, Maps, Plates and Documents

96. Expenditure under this item was £5,160 greater than the appropriation of £67,000. In addition, commitments carried forward to 1961-62 totalled £12,904. Committee Document No.T.A. 61/48

97. In the course of his evidence on the over-expenditure incurred, Mr Key, the Deputy Librarian, mentioned that prior to the appointment of the National Library Council on 23rd March, 1961, decisions on the documents to be purchased were made by the Joint Parliamentary Library Committee of which the President and Speaker were the Chairman and Vice-Chairman respectively. He added:- Q.353

(MR KEY) .... The policy established by the Library Committee some decades ago - in fact, it goes back to the first weeks of the first sitting of the first Parliament of the Commonwealth - expressed the intention that the library that the Committee was going to develop should become a national library, something beyond a library for the purposes of the Parliament alone, and that its collections would have to be such as would allow it to become that. Successive Library Committees have followed that policy. They have laid down the broad lines of policy and they have always approved major purchases of whatever kind. The National Library Council recently appointed spent quite some time examining a report on the functions of the Library and it has laid down the lines along which we are now going, and things operate in very much the same way.

Q.353

98. Mr Key mentioned also that the documents purchased overseas are of a special nature covering a wide field of subjects:-

MEMBER.- You refer to the purchasing of books and documents overseas. Are they of any particular nature or are they just general literature?---

(MR KEY) They cover a fairly wide subject field. They are of a special nature to a great extent in that by far the greater amount of our expenditure is not on publications that are available through the ordinary new book trade. These things certainly do not come into the new or second-hand trade in Australia. I am speaking now of the greater part of our expenditure which is concerned with out of print and second-hand material and material which is not in book form very often. This includes such things as microfilms of overseas newspapers, of which we acquired quite a lot during the year in question. Sometimes these are fairly expensive when you are getting a considerable quantity or long runs of papers. Among those got or completed during the last year on microfilm were papers like "Pravda" and "Trud" from the Soviet Union, "Indian Opinion" from South Africa part of the Toronto "Globe" from Canada and part of the Johannesburg "Star" from South Africa. And so it goes. Sometimes these can be got from the publishers of the newspaper concerned. Where the newspaper has ceased publication, which is often the case, we may enter into co-operative arrangements with other libraries wanting copies for its microfilming also, and sometimes are not quite certain when the positive copies are going to come to hand and when we are going to be billed for them, because we are not in complete control of the operation. Even some overseas newspapers which are still being published and themselves undertake the microfilming of their papers have met delays for technical and other reasons and a batch of film might not come forward from them as expected and the expenditure comes into a later period. That is just one kind of the material that is concerned.

Q.352

99. He added that purchases of microfilm copies of old newspapers are made only on demand from, and in the light of arrangements entered into with, various State Library and university authorities as part of a considered policy within the whole field of Australian acquisition of library materials. He also instanced the historical importance of these documents:- Q.354

MEMBER.- Who is the user of these old copies - individuals or bodies?---(MR KEY) Individuals. Sometimes, of course, demands come, strangely enough, from government departments. Under international law, the reports that are first published of exploration and discovery by maritime explorers are taken as first-hand prima facie evidence. Some of the early British explorers of the Antarctic, especially expeditions that touched on the Antarctic coast, touched first at the port of Hobart on their return. The current newspapers of Hobart carry the first published reports of what they had done, where they had been and the lands at which they had touched. Some of those form the basis in law of Australia's claim to its segment of the Antarctic continent. Those newspapers go back to the 1820's. That is an example of how these things can come into the current transaction of government business. Beyond that, there is a very greatly increased demand among university research people who are studying overseas affairs for materials of this kind covering practically the whole sweep of Asia, from Indonesia northward and westward, and around the Pacific area generally, and other members of the British Commonwealth; also, to a lesser extent, Europe, but even in that case, too, there is a growing demand. Q.355

100. Your Committee were informed also that since about 1950 the Library has been permitted by the Treasury to over-commit this vote up to 40 per cent. of the appropriation granted in any year. This arrangement had been agreed to by the Treasury because expenditure at that time was relatively low and any heavy curtailment of forward ordering would have seriously handicapped the programmed activities which this vote covered. Over recent years, however, expenditure under this item has greatly increased as shown in the following table:-

Year	Vote	Expenditure	Over expenditure	Under expenditure	Outstanding commitments at 30th June
	£	£	£	£	£
1955-56	22,500	21,346		1,154	8,035
1956-57	22,500	21,518		982	5,378
1957-58	30,000	30,283	283		18,428
1958-59	33,000	31,152	152		28,593
1959-60	57,000	56,118		882	13,279
1960-61	67,000	72,160	5,160		12,904

Committee Documents Nos. T.A. 61/48 and T.A.61/58

101. Your Committee are aware that it is an accepted and desirable practice in special cases for departments to obtain Treasury approval to make forward commitments. But this is the first instance to come under notice of a "blanket" approval of a continuing nature.

102. Further, there has been a change in the circumstances under which the arrangements were entered into with the Library some 10 years ago. The accounts of the National Library have in the past been handled by the Sub-Treasury at Canberra, which was then in a position to supervise more closely the expenditure incurred by the Library. Consequent on the operation of the National Library Act, 1960, the Library has, as from 1st July, 1961, commenced to record and to pay its own accounts so that the Sub-Treasury can no longer exercise the control it may have had over the votes of the Library.

Committee Document T.A.61/58

103. Also the standing approval to over-commit the vote by forty per cent. has greater implications, for example, in 1960-61 when the appropriation was £67,000 than in 1955-56 when it was £22,500.

104. Your Committee consider that the current practice should be reviewed immediately. We would prefer to see this vote dealt with in the same way as are those of Commonwealth departments but if these methods cannot be applied, for exceptional reasons, the present percentage allowed for forward commitments should be reduced substantially.

#### DEPARTMENT OF THE INTERIOR

Division 231/2/02 - Office Requisites and Equipment, Stationery and Printing.

105. An amount of £5,500 was included in the 1960-61 Estimates for this item but during the year it was necessary to obtain further amounts of £7,120 and £663, from Additional Estimates and Treasurer's Advance respectively, to meet expenditure incurred.

106. Mr H.A. Barrenger, First Assistant Secretary of the Department of the Interior advised Your Committee that the additional expenditure was incurred on the purchase of certain new office machines, and that the procedure adopted by his Department in framing its original estimate was:-

(MR BARRENGER) .... We did have some idea when the estimates were framed that we would require accounting machines. Of the two larger machines we had in mind, one was to replace two machines that were past their normal use, mainly by reason of expansion of different items of the ledger, and the other was an additional machine required for the rent ledger. In accordance with the usual practice, money is not provided in the draft estimates for machines of this nature until the whole matter has been explored, firstly with the O. and M. Section of the Public Service Board. They have many more ideas than our department has on the types of machines to purchase. Later, of course, we have to get the approval of the Commonwealth Stores Supply and Tender Board. Until we have some idea of the actual money required, no provision is actually made. Q.371

107. In addition to the purchase of these machines the Department had to purchase a safe as it was found, after removing to new premises at Civic Centre, that the strongroom accommodation for the accounts section was inadequate. The witness was asked:- Q.376

MEMBER.- These premises to which you refer were planned according to the normal requirement of the department?---(MR BARRENGER) There were discussions with the National Capital Development Commission on the general set-up and lay-out of the offices. Q.378

MEMBER.- Can you tell me something about these buildings? Were they designed for you originally or were they buildings taken over for departmental use, having been designed originally for some other purposes?---(MR BARRENGER) They were designed specially as office accommodation for a department and particularly for the Department of the Interior. The Commission had some idea of using the ground floor space for shops, but the premises themselves are more than fully occupied by departments and there is no room for anything like shops. Q.382

108. The expenditure from Treasurer's Advance was required to meet the cost of a further office machine for the Melbourne office as details were not available in sufficient time for funds to be obtained in Additional Estimates. Committee Document No. T. A. 61/50

109. Your Committee concur with the procedure adopted in obtaining an appropriation of funds only in respect of items for which a firm requirement has been established.

110. However, we note with concern that this Department had moved to new office accommodation, apparently designed to meet its needs, but an obvious requirement such as adequate strongroom facilities had not been provided. Further, as we learnt later in our enquiries, it had been necessary to delay for two months the removal of the plan printing section whilst part of the floor in the new building was strengthened. Q.511

Division 238/3/05 - Real Estate Management - Office Services - Incidental and Other Expenditure

111. Expenditure under this item totalled £40,736 or £9,136 more than the original appropriation. Of the increased expenditure, £7,000 was provided from Additional Estimates and the remainder, £2,136, from the Treasurer's Advance.

112. The main reason for the over-expenditure was the fact that an amount of £10,952 was required for electrical maintenance for departments in Canberra as compared with the estimated amount of £2,500. Qs.400, 401

113. Your Committee were informed that the Division "Real Estate Management" was created in 1960-61 for the purpose of disclosing more clearly in the Estimates the costs involved in providing various services to client departments. Previously these costs, with the exception of Rents of Buildings, were included in the administrative votes of the Department of the Interior. The explanation given for the low estimate for electrical maintenance was the initial difficulty in isolating the cost of this service from the various costs which were bulked together in the administrative vote of the Department in former years. The estimate of £2,500 was based on what it was considered had been spent in former years.

114. However, the evidence given to Your Committee indicates that the over-expenditure was the result of insufficient care in the preparation of the estimate. The expenditure did not include any abnormal charges yet the average expenditure was about £1,000 per month. It is difficult to envisage how such a gross underestimate could have occurred particularly as the Canberra Electric Supply could have been consulted on the matter when the original Estimates were being prepared. Q.402 Q.404

Division 238/4 - Real Estate Management - Rent  
Division 489 - Department of the Navy - Rent  
Division 551 - Department of Air - Rent

115. An investigation was made also in regard to the over-expenditure on rental of buildings occupied by certain departments, including in particular the Treasury, Navy and Air Departments.

116. During the hearing we were informed that the main reason for the large discrepancy between the original estimate and the final expenditure for the year was the fact that, in accordance with a Treasury direction only Q.423

known commitments are included in the original estimates of expenditure. Consequently an approach must be made to the Treasury for additional funds not only when additional accommodation is required to be leased but also when an existing lease is renewed for a further period.

117. The observer from the Department of the Treasury was asked why it has been decided that no provision should be made in the Estimates for the cost of leases which it is known will expire during the year and which it is known will have to be renewed, and we were informed:- Q.432

(MR TOWNSEND) The direction referred to in the statement by the Department of the Interior is accurate. It has long been the practice to budget for firm and known requirements. There have been occasions when we have budgeted for requirements not precise and there has been a level of criticism. I call to mind immediately a provision that was made in 1959-60 for the search for oil. My recollection is that the Committee felt that it might have been better to have awaited the further development of the specific proposals. In the case of the rentals, this has only become a problem in more recent years when rentals generally have shown a sharp increase. This problem has been exercising our minds and is at present under consideration both in the Treasury and I understand in the Department of the Interior. Q.432

To illustrate how difficult the problem is, I refer to the statement of the Department of the Interior. . . . . there is an explanation there of the additional funds sought under Item 02. The explanation is in three parts. The first refers to some premises in Lonsdale Street, Melbourne. You will see there that in 1960-61 an increased rental was paid, the increase being retrospective to 1st July, 1959. When the draft Estimates were prepared for 1959-60, it was known that these premises were due for re-leasing and undoubtedly the Department of the Interior could have come up with a figure for inclusion in the Estimates as their estimate of what the renegotiated figure might be. In the event, nothing happened in 1959-60. I am not aware of the details, but the new lease was not completed until 1960-61. The same situation applies in Item 2 with the Commonwealth Bank building in Sydney, where the old lease expired on 30th September, 1959. Again, the new lease took some time to negotiate and it was in the following financial year that the higher payments fell due. I mention this to illustrate the difficulties in this problem of making provision for these items. But, as I say, the subject is under examination now and we will see whether we

can find a basis on which to put a provision in the Estimates.

118. Your Committee are concerned also at the rather alarming increase in the cost of rentals that has occurred over recent years. For example, rents paid on behalf of the Department of Air have increased from £22,000 to £220,000 in five years and those of the Department of the Navy have increased from £14,000 to £184,000 over the same period, despite the fact that those Departments have transferred a substantial part of their staffs to Commonwealth owned buildings in Canberra. Furthermore the cost of total rentals has increased from £1.1 million in 1956-57 to £2.1 million in 1960-61 - the increase last year being almost 23 per cent. higher than in 1959-60. Q.452

119. The Chief Property Officer of the Department of the Interior, Mr J.M. Brown, mentioned that the additional accommodation obtained to satisfy the requirements of Commonwealth departments in recent years and the general increase in rents are the factors responsible for the increased costs. He added that to meet Commonwealth requirements a start is being made on constructing Commonwealth offices in the States but it would be a very long time before the Commonwealth owns enough accommodation to meet its needs. Q.429

120. Your Committee appreciate that substantial increases in rentals have occurred over recent years but we are concerned that increases of such magnitude should have occurred in some departments, notably the Department of the Navy and Air, for which we have not yet been given satisfactory explanations.

121. We note also that the Treasury is re-examining the direction given to the Department of the Interior to the effect that only known commitments should be included in the Estimates for these rental votes.

Division 552 - Department of Air - Acquisition of Sites and Buildings.

122. Expenditure under this item exceeded the original appropriation of £126,000 by £76,800. To meet the excess £73,000 was obtained from Additional Estimates and £3,800 from the Treasurer's Advance.

123. The increased expenditure arose as a result of the inclusion of two additional acquisitions in the programme during the year - one costing £94,000 and the other £5,160. The first of these items was brought to the attention of the Department of the Interior in August 1960 but owing to the cancellation of two other projects during the first half of the year an amount of only £73,000 was required from Additional Estimates. The second item was referred to the Department of the Interior after the close of the Additional Estimates and accordingly funds had to be sought from the Treasurer's Advance. Exhibit No. 56/15 Qs. 455 and 458



124. Both properties concerned were Commonwealth owned and only a transfer from one department to another was involved. Q.468

Division 687/02 - Australian War History 1939-45  
Compilation.

125. The amount provided in the Estimates for this item was £67,400 but only £37,133 was expended. The under-expenditure arose mainly from the two factors mentioned hereunder.

126. The first concerned the printing of volumes of the Official War History in respect of which arrangements were entered into with an Adelaide printer in 1950. A provision of £20,000 was made in the 1960-61 Estimates for this item but the expenditure incurred amounted to £10,119. The General Editor of the Official War History, Mr G.M. Long, advised Your Committee that the printers neglected to claim progress payments totalling some £6,000 and that the balance of the under-expenditure arose because the work proceeded slower than had been expected. Q.475  
Q.480  
Q.488

127. The second factor involved reprints of certain volumes of the Official War History for which £26,000 was provided in the Estimates. A quotation was sought from the Adelaide printer who had printed the original volumes but his price would have made the reprint dearer than the original volumes. The contract was finally let to a Sydney printer in the second half of the financial year at a considerably lower price. The delays thus incurred, firstly in negotiating for a reasonable price and secondly in transferring the type metal from Adelaide to Sydney resulted in an under-expenditure of £16,374. Q.480  
Qs.494,495  
Q.484

128. Your Committee were concerned as to whether the estimate had been soundly based originally and that orders for work to be performed had been placed at the earliest possible date. However, the evidence indicated that the proposals had been properly assessed and that, in view of the unusual circumstances, little could have been done to prevent the under-expenditure that had occurred.

Division 766/1/03 - General Services - Extra Duty Pay

129. An amount of £2,400 was sought from Treasurer's Advance under this item to meet the increased overtime payments incurred in excess of the £9,000 provided in the Estimates.

130. The increased overtime costs resulted from the transfer of the department from Acton to its new office building in Civic Centre and the additional work entailed in calculating rentals on housing following the decision to increase housing rents.

131. Mr H.A. Barrenger, First Assistant Secretary, of the Department of the Interior stated the decision to increase the rents on housing was given in January 1961 and that overtime was worked consistently up to the end of March. He added that it was not until April that his Department was aware of the actual cost of the overtime incurred and it was then too late to seek an appropriation from Additional Estimates. Q.505,506 Q.507

132. In the light of this evidence it seems clear that had the Department taken sufficient care to check its funds position under this item with the facts of its current needs the whole of the additional moneys sought from the Treasurer's Advance could have been provided from Additional Estimates, which did not close until 24th March, 1961.

133. Also relevant to this matter is the fact that additional funds were sought from Additional Estimates for the costs incurred in the move to the new building at Civic Centre under Item 08 of Division 766/2. Yet no funds were sought at the same time to meet overtime expenditure resulting from that dislocation.

134. Your Committee are concerned at the failure of the Department to take reasonable steps to recast its original Estimates when the opportunity was available for this to be done.

Division 766/4/11 - General Services - To Recoup the State of New South Wales for Payments made under the Child Welfare Act and in Maintenance of Juvenile Offenders and Mental Patients in State Institutions.

135. Expenditure under this vote totalled £38,376 or £10,376 above the amount provided in the Estimates. The whole of the over-expenditure was met from Treasurer's Advance.

136. In the course of the hearing we were advised by Mr G.F. Wynn, Acting Assistant Secretary, A.C.T. Services Branch, that virtually no control can be exercised by the Department over expenditure under this item. For example the Department is obliged under the existing Ordinance to meet claims each year on a certificate furnished by the New South Wales Master in Lunacy. He mentioned also that the claims when furnished by the Master in Lunacy, are almost two years in arrears and that difficulty is experienced even then in having them presented before the end of a financial year. In these circumstances estimates are based on the trend of expenditure over the previous two or three years but before a claim for the current year, or even the preceding year, is received.

137. Your Committee appreciate the difficulty which confronts the Department in attempting to prepare estimates under the conditions mentioned. However, if a more realistic assessment cannot be made owing to the situation which exists in relation to the non-receipt of claims, the Department itself might consider keeping some record which should furnish both a check on the claims received and a guide to the expenditure which may be required.

Division 766/4/37 - General Services - Surrendered  
Leases - Payments to Lessees in Special Circumstances.

138. No provision was made in the Estimates for expenditure under this item but during the year £6,590 was provided from Additional Estimates and a further £7,994 from the Treasurer's Advance.

139. Your Committee was assisted in its enquiry in this matter by Mr E.S. Keehn, Deputy Assistant Secretary, Lands and Survey Branch of the Department of the Interior. On being asked why no provision had been made in the Estimates in regard to this vote he advised:-

(MR KEEHN) Those were payments made by way of act of grace payments approved by the Treasury. 1960-61 was the first full year in which was felt the full effect of a new policy that had been introduced with the objective of discouraging speculation in undeveloped leases in Canberra. When the policy was first introduced some refunds had been made on the basis that they were refunds of money that had been taken by the Department at auction by way of premium for leases and held pending completion of the granting of those leases on the basis that until a building was undertaken the lease was not entirely finalised. It was pointed out that there was no legislative power to do that and that the money should be handled by way of an approach to the Treasury for approval as an act of grace payment. Being act of grace payments, no provision was made in the Estimates. Q.529

140. We were also informed of the reasons for, and the circumstances under which, refunds are made on leases which have been surrendered. Q.535

141. Mr Keehn mentioned that the present procedure is favoured by the Department because the leases are then available for re-sale much more quickly than would be the case if determination action had to be instituted. The procedure applies only to residential blocks and not to business leases. Q.536  
Q.537

142. Your Committee consider the explanations to be satisfactory.

Division 958/01 - Postmaster-General's Department -  
Acquisition of Sites and Buildings.

143. An amount of £493,000 was included in the Estimates for this vote and an expenditure of £417,205 was incurred. The original Estimate included a revote of £108,000 whilst the amount carried forward to 1961-62 totalled £61,451. Q.549

144. We were informed by Mr J.M. Brown, Chief Property Officer, Department of the Interior that the programme approved each year does not consist wholly of proposals which can be classed as firm because of Qs.543,544

the difficulty in some cases of reserving pre-selected sites. For example sites are often required for postal purposes in the business centre of a town or other areas where there is a demand for land. This fact was further highlighted in the replies given by the witness to the following question:-

MEMBER.- .... I take it that the Postmaster-General's Department has to indicate the piece of land it wants and probably says to the Department of the Interior, "At this stage we understand there is a figure on it of such and such an amount." Is that correct?---(MR BROWN) At programme time that would most probably not be right. The position would probably be that at that particular stage they would have need of a site in a particular area. Investigations would, so far as possible, be made as to the possibility of getting a site in that particular area and an estimate of cost would be given. It would be most unlikely that an actual site would be available at programme time. As I mentioned earlier, if an owner has a site to sell he will not hang on to it just for the Commonwealth. He will sell it as soon as he can.

Q.551

145. In reply to further questioning by Your Committee the witness stated that with regard to acquisition proposals, the programmes of all departments are framed in many cases with no specific sites having been selected before hand. On being asked for his comments on the procedure adopted in regard to these matters Mr R.N. Townsend, Chief Finance Officer, Department of the Treasury advised:-

Q.557

(MR TOWNSEND) I want to correct one impression that may have been conveyed. In the acquisitions programme there must be a firm indication by the department concerned that it has a requirement for a site for some particular purpose. There is not a requirement that the site is specified. I think there might be some slight confusion there.

Q.558

MEMBER.- That is the point I was seeking to make. It is the responsibility of the department to give an assurance that it has a site?---  
(MR TOWNSEND) No - that it has a need for a site.

Q.559

146. Further advice on the procedure which the Department of the Treasury adopts in regard to acquisitions was given to Your Committee by Mr J.B. Stokes, Senior Finance Officer, Department of the Treasury:-

(MR STOKES) As with the Works programme, acquisition proposals are submitted by 31st January, so that the Department of the Interior has about six months in which to consider the various proposals made by departments. In the case of the Postmaster-General's Department, particularly, the Treasury

Q.560

has also seen that the proposals in most cases have far exceeded the programme eventually approved by the Government. So, to eliminate additional work by the Department of the Interior, and in order to meet the Committee's point that the estimates should be as accurate as possible, Treasury does say to the Postmaster-General's Department and to the Department of the Interior, "At this early stage of the financial year we can see a possible new acquisitions programme for the department of such-and-such a figure. That is a figure that we feel the Government might reasonably be expected to approve." This gets the position down to a pretty fine art for the Department of the Interior, because it has a charter to negotiate with the Postmaster-General's Department and first of all ascertains the Department's firm and detailed requirements. Having done so, it can then take the matter a stage further and ascertain what particular sites may be available in the areas in which the Postmaster-General's Department is interested. So, at the stage when we come to frame the programme we will have specific propositions in lots of cases.

147. Your Committee understand the appropriations for this particular vote in previous years have not been under-expended and we are concerned that there was a failure to maintain this record in 1960-61. An under-expenditure of £75,795 from a provision for facilities which are an urgent requirement is considered to be a serious matter. Q.560

148. The time available to Your Committee in which to complete this enquiry did not permit of a detailed investigation into reasons for the situation which had arisen. Several facts are however quite clear. They are:-

- (1) The Postmaster-General's Department has proposals requiring funds exceeding those made available in 1960-61 as the funds were provided on a programme basis. Further, uncompleted proposals carried forward to 1961-62 amounted to £61,451. Q.560
- (2) The Postmaster-General's Department and the Department of the Interior could have made an approach to the Department of the Treasury for a variation in the individual proposals included in the original programme. Qs.571,572
- (3) If the procedure in (2) had been followed and applied effectively, an under-expenditure of this magnitude would not have occurred.

## DEPARTMENT OF CUSTOMS AND EXCISE.

Division 281/2/02 - Office Requisites and Equipment,  
Stationery and Printing

149. The Estimates provision of £84,000 for this item proved insufficient and a further amount of £4,512 was provided from the Treasurer's Advance to cover the additional expenditure incurred.

150. We were informed by Mr F.J. Wright, Acting Chief Accountant of the Department that the over-expenditure was due mainly to the printing of a greater number of amendments to the customs tariff and associated publications than had been anticipated. This was caused by the introduction of legislation during the year which provided for the imposition of temporary duties following an increased number of reports made by the Tariff Board as a result of the decision to lift import licensing restrictions. Q.585

151. The witness stated also that no action was taken to seek funds from Additional Estimates as expenditure was well below the pro-rata level allowed for up to that point of time and it was considered that the Estimates provision would be sufficient. However, large accounts presented by the Government Printer late in the year necessitated an approach for funds from the Treasurer's Advance. Q.588

152. In the circumstances mentioned Your Committee agree it may not have been possible to foresee at the time of the Additional Estimates the precise amount of additional funds that would be required. However, we note that the initial provision made for this item was lower than the expenditure incurred in 1959-60. As the decision to lift import licensing was made early in 1960, and the Department had already placed other relatively large orders with the Government Printer, it is considered that allowance could have been made for some additional commitments if the situation had been reviewed closely when Additional Estimates were being prepared. Q.615

153. Your Committee note also that the position was contributed to by the late rendering of accounts by the Government Printer - an unsatisfactory practice which has been commented on earlier in this Report with reference to Division No.121/2/04.

## Division 876/01 - Purchase of Launches.

154. No provision was made in the Estimates for this vote but during the year an expenditure of £1,670 was incurred. £670 of this was provided from Additional Estimates and the remaining £1,000 from the Treasurer's Advance.

155. The witness advised that approval was given in April, 1960 for the purchase of a new launch for Customs Q.620

duty in Victoria. The Treasury decided that funds should not be provided in the Estimates for this purpose but agreed that the Department of Customs and Excise should proceed to the stage where tenders would be called.

156. The expenditure incurred was for the acquisition of certain launch plans from a firm in England for the adaption of those plans to Australian conditions. Initially the Australian Shipbuilding Board had asked for an amount of £670 to cover the cost of hull drawings of the launch and this amount was sought from Additional Estimates. Later the Australian Shipbuilding Board which was handling the matter for the Department requested a further £1,000 to acquire certain ancillary plans required for the launch and this amount had to be obtained from the Treasurer's Advance. Q.622

157. We were informed also that the total estimated cost of the vessel is £58,000. Tenders for the construction of the vessel were called by the Australian Shipbuilding Board on behalf of the Department and an offer has since been accepted. The vessel is being built by an Australian firm. Q.624  
Qs. 626  
and 632

158. Your Committee notes that the Department of Customs and Excise has profited from its experience with the launch it had endeavoured to acquire for customs duty at Fremantle, to which reference was made in our Fifty-First Report (paragraphs 111-113), and has adopted the procedure which Your Committee had then suggested should be undertaken in negotiating for contracts of this nature.

#### DEPARTMENT OF IMMIGRATION

Division 384/1/01 - Migration Office	} Salaries and Pay-
Germany	
Division 386/1/01 - Migration Office	} ments in the nature
Italy	
	} of Salaries -
	} Australian based
	} staff.

159. In each of these votes expenditure during the year exceeded the Estimates provision. In the case of Germany this excess amounted to £2,420, the major portion of which was provided from Additional Estimates, whilst in Italy the excess amounted to £13,610 of which £7,400 was sought from Additional Estimates and £6,210 from the Treasurer's Advance.

160. Mr R.G. Armstrong, Acting Deputy Secretary, informed Your Committee that the over-expenditure was occasioned by factors which could not be foreseen. The more important of these involved the question of housing accommodation. Qs.654 and  
658

161. In the past it was the practice for officers proceeding overseas to seek their own accommodation. A settling-in period of up to six weeks, spent perhaps Q.645

in a hotel, was allowed under that procedure for an officer and his family to obtain permanent accommodation. When this became available the officers concerned received a subsidy on rental as part of their local allowance and all these costs were charged to the salary vote of the overseas post concerned. As a result of a decision given by the Public Service Board on 22nd April, 1960, departments are now required, as and when these private leases expire, to take out Commonwealth leases for periods ranging from five to seven years. This procedure, while initially increasing costs, will in future result in economies being made as officers proceeding overseas will move immediately into the premises vacated by officers whom they will replace. The necessity to use high cost temporary accommodation can thus be avoided.

162. In the light of the evidence given, Your Committee agree that the additional expenditure incurred at each of these posts could not be foreseen at the time the Estimates were prepared. However, since the major part of the expenditure was incurred in securing Commonwealth leases, following the direction given by the Public Service Board in April, 1960 it would appear that the Department should have been able to make a more accurate provision in Additional Estimates for posts in Italy.

Division 642/6/02 - Miscellaneous Services - Other - Education of non-British Migrants in the English Language.

163. An amount of £395,000 was included in the Estimates but expenditure during the year exceeded this amount by £29,892. The additional sum required was provided from the Treasurer's Advance.

164. The departmental witness informed us that the adult migrant education scheme is carried out by the State education authorities and the costs incurred are reimbursed by the Department. The facilities provided under this scheme include the provision of radio sessions, correspondence courses and evening classes. The greater part of the expenditure incurred however is in respect of the evening classes. Q.675

165. During our hearings Your Committee observed that the provision made in the Estimates under this vote was lower than the expenditure incurred in 1959-60. On this point we were advised that a review had been made by the Commonwealth Immigration Advisory Council of the minimum and maximum numbers that should constitute an evening class in metropolitan, suburban and country districts. As a result of that review it was decided to increase the number of students required to form a class. Consequently it was possible to reduce the number of classes being conducted and this had the effect of reducing costs. Q.678 Q.679

166. Whilst enrolments in the first seven months of the year showed only a slight increase over the same period in 1959-60 there was a marked upward trend in Q.674



subsequent months. At May, 1961 enrolments were some 5,000 or 30 per cent. higher than in the same period in 1960. Information supplied by the Department on enrolments over the last five years supports the advice of the witness that the increase that had occurred towards the latter part of 1960-61 was abnormal. Another factor causing the higher expenditure was an increase in the award rates for teachers.

Committee  
Document  
T.A.61/55  
Q.677

167. On the evidence given Your Committee accept the fact that the Department could not foresee the enrolment trends that emerged towards the latter part of the year and that it was not until after the Additional Estimates were prepared that this upwards trend was clearly defined.

168. With regard to the effectiveness of the scheme to encourage migrants to learn the English language Your Committee were informed:-

"Since the inception of the Adult Migrant Education programme in 1947, approximately 420,000 adult migrants have been enrolled for classes or correspondence course tuition. This represents 70 per cent. of the total non-British migrant intake during this period. Of the balance of 30 per cent. it can be assumed that some of these people would have learnt English by other means or did not require tuition in the first instance..."

Committee  
Document  
T.A.61/55

#### DEPARTMENT OF NATIONAL DEVELOPMENT

##### Division 412/2/04 - General Expenses - Map Printing

169. Of the amount of £14,500 provided in the Estimates £11,405 was expended leaving an under-expenditure of £2,595.

170. We were informed by Mr F.A.J. Frawley, the Departmental Accountant, that orders had been placed for the full amount of the appropriation and that commitments up to the end of April, 1961 totalled £14,147. The reasons for the under-expenditure were the delays in supply, and consequently in payment, of the relevant claims.

Q.689

171. The explanations given in this instance appear to Your Committee to be satisfactory.

##### Division 412/3/01 - General Expenses - Payments for Survey and Mapping Work carried out by the States.

172. A sum of £70,000 was included in the Estimates against this vote. Expenditure amounted to £59,763 resulting in an under-expenditure of £10,237. This item covers the contribution to be made to the States for the cost of carrying out survey and mapping work which is of value to the Commonwealth.

Exhibit  
No. 56A

173. Mr B.P. Lambert, Director of the Division of National Mapping advised Your Committee that in March or

April of each year, he obtains from the States an indication of the work they propose to do during the year and from this information an estimate is made of the contribution the Commonwealth is likely to be called upon to make. He added that the States had invariably over-estimated the amount of work likely to be carried out. For example last year the Commonwealth's share of the costs based on the States' Estimates would have amounted to £85,000 but a provision of £70,000 only was included in the Estimates.

Q.704

174. As the Department in this case must accept the rate of progress made and the expenditure incurred by the States in any one year Your Committee agree that it is most difficult for it to make a completely accurate assessment of the cost the Commonwealth will be required to meet.

Division 412/3/02 - Other Services - Payment for Aerial Survey and Photography

175. Against the amount of £120,000 included in the Estimates for this item an expenditure of £98,609 was incurred. A sum of £21,391 therefore remained unexpended.

176. We were informed that the appropriation of £120,000 was calculated as follows:-

Exhibit  
No. 56/46  
c/71

Liabilities brought forward at 1.7.1960 on account of unfulfilled contracts	78,373
Approved Programme 1960-61	<u>90,000</u>
	168,373
Less estimated liabilities at 30.6. 1961 on account of unfulfilled contracts	<u>48,373</u>
	<u>120,000</u>

177. The reason given for the large carry-over from year to year is that the most suitable photographic weather occurs between April to about September in each year so that the work is concentrated in the few months immediately before and after the close of a financial year. Most of this aerial photography is carried out in the north of Western Australia, the Northern Territory, Queensland and New Guinea.

Q.720

Q.721

178. We were informed that one of the reasons for the under-expenditure last financial year was a delay in placing a particular contract in Western Australia. The departmental witness explained that in the past only one tenderer had sought these contracts but last year two new tenderers entered the field, both of whom quoted a lower price. Investigations then had to be made to ascertain whether they had adequate financial resources and whether they had the necessary equipment and expertise to carry out the work. Further delay was occasioned by the fact that a complaint made by one of the tenderers had to be investigated.

Q.722

Q.724

179. Your Committee consider the explanations given adequately explain the under-expenditure that has occurred.

Division 412/3/04 - Other Services - Payments for contract Mapping

180. £40,000 was included in the Estimates under this item. Expenditure amounted to £17,424 leaving a balance of £22,576 unexpended.

181. Information supplied by the Department mentioned that the production of maps by non-government contractors was a new arrangement which commenced in 1959-60 and related to the accelerated search for oil. Exhibit No.56/16

182. The under-expenditure was due to the shortage of staff within the Department to handle the increased work load and to the poor quality of work submitted by the contractors. Approval for additional staff was not given until December, 1960. In the meantime contracts had to be arranged by the existing staff and this in turn adversely affected the other work of the department. Q.728

183. The departmental witness explained also that the poor quality of the work submitted by some of the contractors meant that their work had to be returned a number of times for adjustment. This not only delayed output but it increased the burden on the staff in checking the work submitted. He added:-

(MR LAMBERT) ... We asked them for a sample of what they could do and we used that as criteria. Invariably, what they submitted in the first place was extremely good but their performance did not come up to it. We finished checking almost every photograph, which we should not have to do. Q.734

184. Your Committee were informed that in view of the circumstances mentioned it was decided to slow down the placing of contracts until the standard of work produced by the contractors improved. We were advised also that work is now being spread over the limited number of firms who have proved satisfactory. Exhibit No.56/16  
Q.731

185. It appears to Your Committee that the Department took an over-optimistic view of the situation when preparing Estimates. Not only did it lack properly trained staff to supervise and check work which was to be carried out by contractors but it failed to make allowances for the shortage of competent surveyors in the private sector who had the special training needed to carry out the work required by the Department. In these circumstances Your Committee consider that a more realistic approach should have been made in the original Estimates. Further funds could have been sought in Additional Estimates if the results had proved better than had been anticipated.

## DEPARTMENT OF TERRITORIES

Division 371/2/02 - General Expenses - Office Requisites and Equipment, Stationery and Printing.

186. In 1960-61 an amount of £9,800 was provided in this vote compared with £8,688 in 1959-60. A further amount of £884 was obtained from Advance to the Treasurer.

187. The witness, Mr C.E. Reseigh, Assistant Secretary, (Finance and Economics) advised that an increased provision had been sought but expansion of activities within the Department, relating mainly to progress in Papua and New Guinea, had proceeded at a rate greater than expected.

Q.767

188. The necessity for additional funds did not become evident until after Additional Estimates and £500 of the amount obtained from the Treasurer's Advance was recovered from the Papua-New Guinea Administration.

189. Your Committee consider the evidence received indicates that the original Estimate for 1960-61 was sound at the time of its preparation.

## Division 371/2/05 - Publicity

190. The original appropriation for publicity in 1960-61 was £10,250. A further amount of £23,750 was obtained in Additional Estimates and the actual expenditure for the year totalled £30,703.

191. The Department's explanations advised that decisions were made after the completion of the original Estimates to undertake a greater number of individual projects and that additional staff become available to carry out the work involved.

Exhibit  
No.56/17

192. Expenditure was incurred in the production of films and booklets for distribution in Australia and overseas. For example, the witness stated:-

Qs.796 and  
804

(MR RESEIGH) ..... I was asked the distribution of the films that we produced last year. In respect of two of them, the distribution was in London, where there were 1,200 showings, in New York - I have not the number of showings - Bangkok, Bonn, Colombo, Djakarta, Karachi, Kuala Lumpur, Manila, New Delhi, Ottawa, Paris, Pretoria, Rangoon, Singapore, The Hague, Tokyo and Wellington. The political film which is the one that made such an impression on the United Nations Trusteeship Council when it was shown, has so far been showing only in London and New York. But all the places I have mentioned for the other two films will be covered. Similarly in respect of the film "Living North". That has been showing in London and New York. But it will follow the circuit that I have outlined.

Q.1045

193. The explanations given to Your Committee indicate that the Department's control and estimate of expenditure against this vote were satisfactory

#### NORTHERN TERRITORY

##### Division 751/2/01 - General Expenses - Travelling and Subsistence

194. An amount of £123,000 was provided in the Estimates for this item but during the year a further amount of £22,000 was obtained from Additional Estimates. Total expenditure amounted to £143,496.

195. The original estimate was framed on the basis that requirements in 1960-61 could, with due economy, be kept within the total expenditure for 1959-60. Exhibit No.56/17

196. In explanation of the additional amount required from Additional Estimates Mr L.L. Gillespie, the Assistant Administrator (Administration and Finance) of the Northern Territory informed us that during the year it was possible to recruit more staff. This had increased the number of officers available for field work. In addition there was an increase in airline fares over the 1959-60 rates. Q.816  
Q.820

197. Another factor which inflated expenditure under this item was the decision to pay travelling allowance in lieu of camping allowance where possible. This had the effect of reducing costs on camping gear and eliminating lost time through setting up and pulling down camps. Although there are still a number of parties drawing camping allowances the new procedure was considered to be more economical when applied in particular circumstances. Q.823

198. The evidence indicates that the Department has reasonable explanations for the expenditure exceeding the initial provisions.

##### Division 751/3/02 - Welfare of Wards - Maintenance of Wards at Government settlements.

199. The amount of £428,000 provided in the Estimates under this vote proved insufficient. Further amounts of £11,000 and £54,734 were required and obtained from Additional Estimates and the Treasurer's Advance, respectively, to meet the expenditure incurred.

200. The departmental witness gave two main reasons for the over-expenditure. Firstly, the Administration had over-estimated by £42,000 the amount which they expected would be paid by the Department of Social Services for child endowment in respect of aboriginal children at the settlements. The Administration had expected payment on the basis of 52 weeks but contributions for only 40 weeks were received as the next twelve-weekly payment did not fall due until 4th July, 1961. Exhibit No.56/17  
Q.483

201. The second factor was that drought conditions in the Northern Territory resulted in a larger number of nomadic natives and others moving into the Government settlements than was provided for in the Estimates. This resulted in an increase in expenditure of some £24,000 Q.829

202. Your Committee appreciates the difficulty involved in endeavouring to make an accurate estimate in this vote. It notes also that 1960-61 was the first full year in which aborigines were entitled to social service payments. We consider however that it should have been possible at the time for preparation of Additional Estimates to foresee that the final twelve-weekly payment would not have been due till after the close of the financial year and to have provided accordingly. Q.843

203. We consider also that urgent action should be taken to establish eligibility of aborigines for social services entitlement since it appears there have been delays in lodging the necessary claims. Your Committee appreciates that this is a task of considerable magnitude but when it is completed the Northern Territory Administration will have a better basis for Estimates in future years. Q.838

Division 751/3/05 - Welfare of Wards - Materials for Minor Works, Repairs and Maintenance of Buildings on Settlements.

204. Of the £71,000 provided in the Estimates under this item expenditure amounted to £44,353 leaving a balance unexpended of £26,647.

205. The explanations given to Your Committee indicate that the main reasons for the under-expenditure were the delays in the placement of orders which resulted in many of these being unfulfilled at the close of the financial year. In this regard we were informed:-

"The original estimate made provision for expenditure on orders outstanding at 1st July, 1960, to a value of £29,400 plus new materials to be ordered during 1960-61 to a value of £41,600. The under-spending was due to delays encountered in receipt of materials ordered, including an order on the Department of Works for components for latrine, ablution and laundry units valued at £16,000 which was unfulfilled."

Exhibit  
No.56/17

This suggests to Your Committee that no provision was made in the Estimates for any carry-over to 1961-62, which is unusual in view of the amount carried forward to 1960-61.

206. The departmental witness, Mr Gillespie, admitted that had orders been placed early in the year much of the under-expenditure could have been avoided. He mentioned, however, that staff shortages had to some extent prevented orders being placed earlier in the year. Q.862

The order on the Department of Works for £16,000 was placed in December 1960, and there appears to be no reason why these materials should not have been delivered by 30th June, 1961. Q.879

207. Your Committee are not satisfied with the explanations given in this case. We accept the explanation given that staff shortages contributed to the delay in placing orders but this factor however should have been taken into account when the Estimates were prepared.

Division 751 - Sub-Division 5 - Stores and Material

208. There are a number of Items in this Sub-Division covering various classes of stores for which the appropriations provided a gross expenditure of £867,000. The issues of stores to Administration Branches were expected to amount to £830,000 - recoverable from the Branches - leaving a net appropriation of £37,000 which would have increased the holdings of stock by that amount. In fact purchases against these items totalled only £348,048, and issues to Branches £319,817, leaving a net increase in stockholdings of £28,231 and an increase in total stock held to about £95,000.

209. Your Committee noted a similar occurrence in 1959-60 which was explained as being due to staffing difficulties. The matter was referred to in our Fifty-First Report. On this occasion the witness advised that the stock-holdings had been found to be inadequate and many purchases had had to be made directly against the appropriations for the Branches concerned. An amount of £56,000 is being sought in the 1961-62 Estimates and this would increase the total stockholdings to some £151,000. P.F.No.85 of 1960 Paras.69-74 74. Qs.881 and 884

210. The witness later stated he did not consider that this increased amount would be adequate but it would permit a greater amount of purchasing to be done against these appropriations. Qs.897 and 908

211. Your Committee appreciates the difficulties faced by the Administration as a result of intermittent deliveries and the long distances from sources of supply. However, there appears to be no reason why the purchasing and issuing procedures cannot function as intended and we would expect the Departments of the Territories and the Treasury to resolve the question of adequate stockholdings in the current financial year to enable this to be accomplished.

Division 971/07 - Loans to Church Organizations for Erection of Residential Accommodation

212. Of the amount of £120,000 provided in the Estimates the sum of £36,953 only was expended during the year.

213. The Estimates provision covered one uncompleted project and three new projects agreed upon during the year. Of these only the uncompleted project was proceeded with. Two of the new projects were deferred and the third was cancelled by the church organization concerned. Exhibit No. 56/17
214. The witness mentioned that close investigations had not been made into the proposed projects at the time of drafting the Estimates. In fact it had not been the practice in the past to obtain in writing precise details of what was intended. He mentioned, however, that following the comments made by Your Committee in our Fifty-First Report on this subject (paragraphs 75-78) action has been taken to tighten control procedures. Q.928  
P.P. NO. 85 of 1960
215. The fact that the plans submitted were not acceptable in their present form was one of the reasons given for the delay in proceeding with the two new projects. In one case this was due to the plans not complying with building regulations that had recently come into force. In the other case part of the plans only was submitted but it was decided not to accept them until the plan of the whole project was completed. Q.940  
Q.941
261. We were informed also that these loans are made available at a rate of interest of 1 per cent. over a period of sixty years, to various church authorities for the purpose of providing residential accommodation. No limit is fixed on the loan which may be granted for the capital cost of a building, but the organizations are required to provide from their own funds the cost of furniture and equipment and this, to some extent, would place a limit on the size of the building to be erected. This scheme of low interest loans was adopted because it lessens the burden on the Northern Territory Administration in providing and operating similar accommodation. Qs. 958, 959  
Q.951  
Q.963
217. Your Committee notes the action taken by the Department to provide for a more strict control of expenditure under this vote. Accordingly we expect a marked improvement in the final result for 1961-62 over those of earlier years.
- Division 971/10 - Northern Territory Housing Commission - Advance.
218. Expenditure under this item amounted to £341,000 - £94,000 below the Estimates provision of £435,000.
219. One of the reasons given for the under-expenditure was the Housing Commission's lack of the services of an architect in the early part of the financial year. This delayed the letting of contracts. Another was a decision to defer construction of additional houses at Tennant Creek and Katherine, for which £51,000 was included in the Estimates, in favour of aged persons accommodation in Darwin. This Q.969  
Exhibit No. 56/17



alternative project, however, was delayed firstly because a suitable site was unavailable and secondly because of a lack of suitable services when a site was finally selected.

220. Your Committee is concerned at the rather arbitrary manner in which the proposed building programme at Tennant Creek and Katherine was deferred in favour of an alternative proposal for which no proper planning had been undertaken. It would appear also that too little attention was given at Estimates time to the housing needs of the Territory and to the formulation of a realistic assessment of basic requirements in planning for those needs.

Division 971/11 - Alice Springs Recreation Reserve -  
Payment to Board of Trustees.

221. An amount of £25,000 was included in the Estimates under this item from which £11,565 was expended.

222. We were advised that the estimated cost of this project, which was commenced in 1959-60, was £60,000 and that expenditure incurred to 30th June, 1961 amounted to £47,534. The preparation and construction of the Reserve is in the hands of a board of trustees elected by the citizens of Alice Springs and they alone are responsible for the development of the facilities to be provided.

Exhibit  
No. 56/17

Q.993

MEMBER.- .... What form of liaison or control have you over this body of trustees?---  
(MR GILLESPIE) The only control we have over them is that we supply the money and, of course, they are controlled by the pursestrings. In all good faith, they assured us they would spend this money but it did not work out that way because they were beset with difficulties. I have here a little more information than was given before. The main reason was the delay in completing design and committing the grandstand to construction. The estimated cost of the grandstand was £14,418. After the delays in design, the contractor did not proceed at the pace that was expected. That is the sort of thing with contract work that can always happen. I do not feel that there is a lot to explain in this particular vote. I think it was something that was more or less outside our control.

Q.988

223. We were assured the delays incurred will not result in any additional cost to the Government over and above the grant of £60,000 originally approved. However, it will result in the amount involved having to be provided again in the 1961-62 Estimates to complete the project. Your Committee accept the explanations given.

Q.998

Q.997

Division 971/12 - Reimbursement of cost of construction of schools on pastoral properties.

224. Of the sum of £2,000 provided in the Estimates for this vote an expenditure of £94 was recorded.

225. We have noted that there has been a marked pattern of under-spending on this vote over the last three years as shown by the following table:-

	<u>1958-59</u>	<u>1959-60</u>	<u>1960-61</u>
	£	£	£
Estimates Provision	9,500	3,000	2,000
Expenditure	1,316	735	94

226. On this occasion we were advised that the reason for the under-expenditure related to the delay in placing an order for the necessary materials with the Department of Works.

Q.999

227. During the course of this enquiry Your Committee have stressed the need for the early placement of orders in order to avoid situations such as have occurred in this instance. Unless this is done it is pointless for funds to be included in the Estimates for the provision of services which are dependent on the fulfilment of orders for materials and/or equipment.

Division 971/13 - Development of Water Resources on Government Projects.

228. The Estimates' provision for this item was £30,000 but the expenditure incurred only amounted to £3,364.

229. It was explained to Your Committee that:-

".....

Exhibit  
No.56/17

The boring programme envisaged when the original estimates were prepared was well within the capacity of the Administration's rigs, plus privately owned rigs in the Northern Territory. However serious drought conditions in Central Australia made it necessary to virtually abandon the programme provided for under this item so that all available rigs could be used for drought relief boring.

....."

We were further advised that the expenditure incurred under this item is not indicative of the extent of the work carried out. Many bores proved "duds" and the cost of these were charged against Division 751/4/12 - Water Resources Branch - Operational Expenses which covers unsuccessful bores. Only the cost of successful bores are charge to Item 13 of Division 971.

Q.1011

230. In reply to further questions the witness stated that the estimate was based on conditions which may be expected in a normal year. It was known that drought conditions had existed in Central Australia during the previous three years but the increased intensity of those conditions during the year had not been expected.

Q.1007

240. In view of the explanations given Your Committee approve of the action taken in an attempt to relieve the serious situation that had developed in the Northern Territory because of the continued drought even though it meant that this vote would remain substantially under-spent. However, we would recommend that the necessity for a vote of this nature to be shown in the Works and Services section of the Estimates be investigated as there appears to be little logic in charging the cost of successful bores to this item and that of "duds" to Division 751/4/12.

Division 971/14 - Loans to Primary Producers for Water Development.

241. An amount of £13,458 was expended under this item for which £100,000 had been appropriated.

242. In this regard we were informed that the original estimate was based on the expectation that the Water Development Ordinance under which these loans were to be made would come into effect by September, 1960. However, it transpired that although Cabinet approved the introduction of the new ordinance in September, 1959 the ordinance was finally passed by the Legislative Council of the Northern Territory in September, 1960. Further, it did not receive the Governor-General's Assent until 20th February, 1961 and only came into effect on 22nd March, 1961.

Q.1037

243. Your Committee is awaiting further information concerning the reasons for these series of delays. We are concerned not only by the late implementation of a measure designed to assist materially in the development of the Territory, but also in the magnitude of the unused provision made by the Parliament.

244. We strongly urge the Department of Territories and the Northern Territory Administration to take such action as will assure that delays of this nature are avoided in the future.

DEPARTMENT OF HEALTH.

Division 291/2/02 - Administrative - General Expenses-Office Requisites and Equipment, Stationery and Printing.

245. The Department obtained appropriations totalling £24,570, including £1,070 in Additional Estimates for this vote, but the final expenditure amounted to only £18,929.

246. The sum of £1,070 obtained in Additional Estimates was the exact amount estimated to be required for two items, the need for which became apparent during

the financial year. In view of this and the fact that the vote was considerably under-expended Your Committee felt that the Department may not have made a thorough review of the expenditure against this item before requesting the additional amount in March 1961.

247. During the public hearings the departmental witness, Mr D.G. Dunlop, Director (Establishment and Finance) advised us:-

(MR DUNLOP) . . . . Probably if some more probing could have been done at that time we would not have sought the additional amount. . . . I would agree with the Committee that perhaps we could have avoided that situation. Q.1055

248. The witness stated that factors contributing to the failure to conduct a closer review included staffing problems which had affected the accounts section in their Melbourne, Darwin and Canberra offices.

249. Included in the reasons for the under-expenditure were particular items of office equipment which were not purchased as the suitability of certain possible machines could not be investigated by the Department's Organization and Method Section. This section had not functioned for the greater part of the year because one officer had been ill for a considerable period and the other two had been employed on general administration work in the Pharmaceutical Benefits Section where urgent requirements had arisen due to expansion. Q.1056

250. Another provision for the purchase of typewriters did not proceed as it was found during the year that the existing machines would be satisfactory after an overhaul. Exhibit No.56/19 Qs.1071 to 1077

251. Your Committee consider, and the Department agrees, that further amounts should not have been sought from Additional Estimates. Further, we note again that provisions were made unnecessarily in the original Estimates for expenditures which did not eventuate. Whilst the delays arising from the unavoidable disruption to the Organization and Method Section may not have been foreseeable we were surprised to note that provision had been made to acquire new typewriters before the condition of existing ones had been checked.

Division 293/2/02 - Health Services - Office Requisites and Equipment, Stationery and Printing.

252. Actual expenditure from this vote amounted to £71,131 from an original appropriation of £103,000.

253. The under-expenditure resulted from a series of circumstances which, on the evidence received by Your Committee, appeared to have been unusual and could not have been foreseen at the time the original estimates were prepared.

254. The circumstances mainly related to:-
- (a) a decision in December, 1960 not to print prescription forms; Q.1089
  - (b) a planned issue of instructions to cover the Repatriation pharmaceutical prescriptions which could not proceed as negotiations with the Pharmaceutical Guild were not brought to finality, and Q.1097
  - (c) a late decision not to print certain information for the use of chemists and doctors due to the large number of additions etc, accumulating after the introduction of the revised pharmaceutical benefit scheme in 1960. Q.1092

Division 293/2/06 - Health Services - Purchase and Analysis of Drugs.

255. Expenditure against this vote in 1960-61 amounted to £10,027 only from an original appropriation of £19,000. In 1961-62 the Department has sought an amount of £12,000.
256. This item refers to the activities of the National Biological Standards Laboratory which tests the purity and potency of drugs produced by commercial manufacturers. The drugs are mostly products which may be supplied under the provisions of the Commonwealth's Pharmaceutical Benefits Scheme. Exhibit No.56/19
257. The Director of the Laboratory, Dr. L.F. Dodson, advised Your Committee that the laboratory had been functioning only for about one year and stated:-
- (DR DODSON) .... The first samples were taken in March, 1960. I think that in the first month we did eight samples. In the following three months we did about 80 samples, and by the end of the year we had tested about 1,200. There was no background information to give us any idea or a precise estimate of the amount we would do. The staff situation had not been defined. We had not recruited all our staff, nor had we trained our staff. It was extremely difficult to predict how much work would be done. Q.1109
- MEMBER.- And the situation will solve itself this year or next year; it will be more settled, will it?--- (DR DODSON) It will be more settled. We have officers in charge for five of the six laboratories at present and we hope to have the remaining one in a few months. But this will not entirely solve the position, because they have to get trained staff. Q.1116
258. Obviously the Department had been faced with particular difficulties in preparing the estimate in this first year. Not only had staffing requirements presented problems but additions being made to the building had severely hindered the actual work of the Laboratory during the year. Q.1117

259. Nevertheless the estimate was seriously in error and we note that a considerably reduced provision appears in the Estimates for 1961-62.

Division 293/2/07 - Health Services - Publicity, Pamphlets

260. Following an expenditure in 1959-60 of £7,207 provision was made in the original appropriation in 1960-61 of £13,000. The actual expenditure was £6,790 only.

261. The Department's explanations to Your Committee read:-

"The 1960/61 Estimate allowed for expansion of publicity activity following the appointment of a publicity officer early in 1960. The Commonwealth Health Insurance Council had been envisaged. The period immediately following the publicity officer's appointment was taken up with discussions with departmental officers, registered medical and hospital benefits organizations and the pharmaceutical profession, to provide a proper basis for planning. As a result of these discussions, it was decided that a satisfactory programme for 1960-61 could be achieved by concentrating to a greater extent on press releases than on the more expensive media originally planned."

Exhibit  
No.56/19

262. The Council consists of twelve members one of whom, the Director-General of Health, is chairman. The remainder comprise a member of the Federal Council of the British Medical Association, and ten representatives of the registered health insurance organizations - five nominated by the Minister for Health and five by the organizations themselves.

Q.1120

263. Concerning the appointment of the publicity officer and subsequent activity the witness advised:-

(MR DUNLOP) He started with us on 18th January, 1960. Instead of going in for a lot of press advertisements and press publicity in the ordinary way, we worked on a different basis. We have encouraged the registered organizations to advertise. The other method adopted is by press releases from the Minister drawing attention to various matters. Therefore, we have not spent the money in the way we originally intended. It is interesting to note that although there is an amount of £6,000 under-spent in this vote, if we were to place a quarter page advertisement in all the newspapers for one day only the cost would be about £6,500. We could have easily spent that amount by placing one advertisement for one day in all the newspapers.

Q.1122

264. This particular form of advertising the National Health Scheme is in addition to other advertising that may be done separately by the Commonwealth and by the Organizations.

Q.1136

265. Apparently the original intentions concerning advertising were revised following the appointment of the publicity officer. The Department has reduced the amount required for these activities from £13,000 to £8,000 for 1961-62.

Q.1130

## COMMONWEALTH SERUM LABORATORIES

Division 297/1/01 to 03 - Salaries and Payments in the Nature of Salary

Division 297/2/04 - Office Services, Fuel Light and Power  
 05 - Livestock and Fodder.  
 06 - Stores and Plant  
 07 - Repairs and Maintenance  
 08 - Incidental and Other Expenditure

266. The Department advised Your Committee that the Commonwealth Serum Laboratories is a business undertaking and that its normal trading activities are financed from a Trust Account. Consequently the expenditures are met from the sale of products and a nominal amount only - £100 in each Sub-Division - was appropriated by the Parliament. Exhibit No.56/19

267. However, details of the expected expenditures appear in the schedule to the Appropriation Act less an amount chargeable to the Serum Laboratories Trust Account. The actual expenditures for all the items were considerably less than the expected amounts and Your Committee was concerned as to the reasons for what appeared to be large errors in estimating.

268. Your Committee were informed that there had been a heavy and increasing demand for the Laboratories products in the previous year but

(MR DUNLOP) .... Shortly after the commencement of the financial year there was a substantial drop in the orders that we expected, and that, coupled with some of the other products which we were making, had this effect. Q.1137

and

(MR GILLBERG) In October 1960 we had an emergency meeting internally at the laboratories and revised completely our working budget for the year. As a result of that the manufacture of penicillin was tapered off from October until the end of the year, and it ceased at the end of December. Q.1151

With regard to the general expenses the witnesses advised:-

(MR GILLBERG) .... The main reason for the decline (in expenditure) was a rearrangement of our internal budgeting by which we set out to seek a reduction in penicillin production and reduce considerably the production of insulin. We were aiming at saving an expenditure of something in excess of £500,000. Q.1154

We had to save that amount of money in view of our sales. We estimated that we would spend £60,000 on fuel oil and briquettes. We cut that down to £40,000 by ceasing major manufacturing operations. Secondly, it was a mild winter and temperature does make a big difference in our manufacturing operations such as steam generation.

and

(MR DUNLOP) .... We had to aim at getting C.S.I. expenditure down to a level approximating their income. We had to adopt all means we possibly could to do that. I think it is true to say that we did get by on our trust funds by the economies we made. Q.1155

269. In one instance however - Item 08 - Incidental and other expenditure - an increased expenditure of £17,400 was approved in Additional Estimates although the vote was actually under-expended at the end of the year by £21,245. The sum of £17,400 represented the remaining cost of a works programme totalling £250,000 to be charged against the Trust Account over several years. The representatives were asked:- Exhibit No.56/19

MEMBER.- Was it not possible to foresee that sufficient funds would be available from the original provision without recourse to funds from Additional Estimates?---(MR DUNLOP) I would say it should have been. (MR GILLBERG) Yes, I think it should have been Q.1165

270. The evidence given to Your Committee indicated that the variations between the estimated and actual expenditures arose mainly from unforeseen circumstances beyond the control of the Laboratories. One of the main factors appears to have been the contraction of sales owing to increasing competition from imported products following the lifting of import restrictions. Q.1139

271. Your Committee consider that the action taken, unnecessarily, to obtain further funds in Additional Estimates against Item 08 (referred to in paragraph 269) is a form of estimating error which is inexcusable.

Division 762/2/05 - Northern Territory - Health Services-  
Incidental and Other Expenditure.

272. In 1960-61 the expenditure against this item totalled £22,060 - an increase of approximately thirty per cent. over previous years. An amount of £17,200 was obtained in the first Appropriation Act and this was supplemented by amounts of £2,730 obtained in Additional Estimates plus £2,110 from the Advance to the Treasurer.

273. The departmental witnesses advised Your Committee that the further amounts were obtained to meet the costs of advertising for nursing staff in the Northern Territory. The position had been deteriorating gradually and approval was obtained in 1960 to advertise at monthly intervals for nurses and student nurses for a period of six months - a period later extended for another six months. As a result the position improved and after Q.1167



April 1961 the advertisements were placed on a three monthly basis

274. As the first approval to proceed with monthly advertisements was given in May 1960 and the second in November 1960, Your Committee were surprised that the full amounts required had not been obtained in Additional Estimates in March 1961. We were advised:-

(MR DUNLOP) .... The records for these various activities are kept in the Northern Territory. We changed our accountant in the Northern Territory in about, I think, September last year. Before agreeing to the full amounts, we wanted some amount put in the Additional Estimates until we were able to determine what our total would be. I think it is fair to say that we were not too certain at the time the Additional Estimates were prepared and did not have all the reasons for the increased expenditure. Therefore, we got a slightly lower amount than we required.

Q.1176

275. Your Committee certainly agrees that Departments, as a general rule, should seek appropriations only for firm commitments but in circumstances of this instance there appears to be no reason why a firm commitment should not have been determined unless, as expressed by the witness, an administrative weakness existed in their Darwin office. He had stated earlier during our enquiries:

(MR DUNLOP) ..... We had transferred our Melbourne accountant to our Darwin office to strengthen the position there ....

Q.1055

Division 762/3/02 - Health Services - Northern Territory-  
Medical Services - Maintenance.

276. In 1960-61 the expenditure against this item totalled £402,158 compared with £298,667 in 1959-60. The original 1960-61 Appropriation was £318,000 which was increased by £13,500 in Additional Estimates. However, a further amount of £70,658 had to be obtained from the Advance to the Treasurer. The explanations furnished by the Department read:-

"The expenditure in excess of the original estimate amounting to £84,158, was incurred for the following reasons:-

1.	Expenditure for 1959/60 paid in 1960/61 not allowed for	£32,000
2.	Original estimate too low by £32,000 because it was based on 1959/60 expenditure which was understated by this amount.	£32,000
3.	Increase in stocks of foodstuffs, drugs, etc., to bring them to an adequate level	£12,500
4.	Increase in wages cost for industrial staff due to increases in staff	8,728
5.	Increases in prices of foodstuffs, drugs, etc. in excess of the amount provided in original estimates.	4,759
		<hr/>
		£89,987
6.	<u>Less</u> credits to this vote for hospital benefits and patients' fees in excess of estimate	5,829
		<hr/>
		£84,158 "

277. The departmental witness stated:-

(MR DUNLOP) We knew the appropriation was out substantially at the time of the Additional Estimates, but the amount that was being sought seemed to go too far the other way. We had a number of discussions with Treasury on this. The smaller amount was put in and since the beginning of this calendar year we have been carrying out investigations to get down to the true facts of the position. As I say, the position has only recently been sorted out and hence the amount from Treasurer's Advance and not in the Additional Estimates.

Q. 1185

278. The witness also advised Your Committee that the situation had not been realised fully until after the new accountant had been appointed in September 1960 and in view of the gross errors in estimating revealed it is not surprising that a period of over six months was required in which to determine the actual position as set out in paragraph 276 above.

Qs. 1181,  
1182

279. The circumstances revealed by our enquiries into this vote and the preceding one are most unsatisfactory. However, Your Committee notes that the Department appears to have acted to remedy the situation, which was related closely to the staffing problem which had arisen, and trusts that the action taken will result in more accurate estimating in future.

Division 775/02 - A.C.T. General Services - Department  
of Health - Repairs and Maintenance

280. This vote has been under-spent in the last three years and in 1960-61 an amount of £21,920 was spent from an appropriation of £36,000 for expenditure on the Canberra Community Hospital.

281. The Department of Works advised that they had been able to spend only £4,000 on painting - a project for which a provision of £15,000 had been made. Also maintenance had required only £2,747 whilst the estimate had been £6,000.

Exhibit  
No.56/19

282. The main reason for the under-expenditure was the delay in obtaining possession of the old buildings at Acton vacated by the Department of the Interior. The witness from the Department of Health stated:-

Q.1200

(MR DUNLOP) .... we though we would get occupation of that building in October, 1960, but it was not until March, 1961 that most of the branches of the Department of the Interior had moved out, and I think the final clearance of all the items in the building took place early in May 1961. We could not do much in that financial year.

Q.1200

283. This delay accounted for some £7,000 of the under-expenditure on painting. The balance of the under-expenditure apparently arose because the Department of Works could not get free access to areas in the main hospital building. That Department had stated:-

Q.1198

"Progress was slow because of the necessity to carry out the work to suit the hospital authorities who were unable to hand over areas as they were in constant demand."

Exhibit  
No.56/19

and the witness was asked:-

MEMBER.- Was any allowance made for interruption to the work of painting the hospital building because of the needs of the hospital authorities?---(MR MAUNDER) No, we could not anticipate those. I do not think the hospital can anticipate at the time of the estimates what will be its requirements for wards and what will be the nature of the cases in the hospital. I feel that in this instance there probably was not enough careful planning between us and the hospital to overcome the problem. I think we started to face up to this problem a little late in the year. If we had anticipated it earlier it would not have been so bad.

Q.1196

284. With reference to the under-expenditure on maintenance Your Committee were advised:-

(MR MAUNDER) .... In a hospital there is what we might call a large mechanical content in the way of steam raising plant, sterilizers, laundry

Q.1195

equipment and so on. The expenditure that is actually incurred to some degree depends on how that equipment behaves during the year. We have been improving our preventive maintenance, which reduces the cost.

and later

(MR MAUNDER) .... At the present time the whole of the steam-raising plant in the laundry is being replaced by new equipment. The amount of maintenance done on the old equipment was kept to a minimum sufficient merely to keep it going. When the estimates were prepared it was quite impossible to estimate what the minimum would be. The fact that this equipment was passing out of use at the beginning of this year is reflected in the low maintenance charges. Q.1201

285. Provision for maintenance expenditure in 1961-62 has been made under Division 776 - Health Services, in the Australian Capital Territory section of the Estimates, and is included in the bulk amount to be appropriated for the Canberra Community Hospital.

Division 988/01 - Buildings, Works, Fittings and Furniture

286. This vote, which is under the control of the Department of Works, had provided in the original Estimates for an expenditure of £400,000 but the actual expenditure was only £284,881.

287. Under-expenditure amounting to £60,000 resulted from delay in commencing the erection of steam plant, laundry etc. at the Canberra Community Hospital at a total cost of £297,485. The contractor could not commence on time as an access road to the site was not completed by the Department of Works when expected owing to exceptional wet weather and unforeseeable construction difficulties. Committee Document No.61/34 Q.1205

288. The other main item of under-expenditure, amounting to some £35,000 resulted from delay in commencing the erection of Nurses Home - Stage I at an estimated total cost of £750,000. The programme for this unit had anticipated that the Public Works-Committee, to whom the plans had been referred in November, 1959, would have completed its examination and reported to the Parliament in time for tenders to be called in November 1960. However, that Committee did not report until 2nd June, 1960, and had made recommendations which were not resolved until October 1960. Consequently the necessary documents could not be completed ready for the calling of tenders until about March 1961. Qs.1206 to 1208

289. Your Committee consider that the under-expenditure against this vote was unavoidable as it arose from circumstances beyond the control of the departments concerned.

## Division 883/01 - Acquisition of Sites and Buildings

290. The expenditure from this appropriation, which is under the control of the Department of the Interior, was only £935 from an original provision of £36,000 for two separate acquisition proposals - one to cost £6,000 at Campbellfield and one to cost £30,000 at Parkville in Victoria.

291. The smaller amount relates to three blocks of land surrounded by twenty-seven other allotments which have already been acquired by the Department. The three are owned by one person who has indicated that he was prepared to dispose of them only if the Commonwealth purchased an additional area at the same time - the total cost being some £60,000 as compared with the initial estimated expenditure on three allotments of £6,000.

292. The departmental witness advised that the proposal had been deferred pending further consideration by the Minister and that another area had been acquired which reduced the urgency of the proposed acquisition. Qs.1223 to 1225

293. The larger amount refers to the acquisition of a road which at present divides the Commonwealth Serum Laboratories and the witness added:- Q.1230

(MR DUNLOP) .... For a number of years we have been aiming at the acquisition of Oak Street. That, of course, involves a number of authorities in Melbourne. You cannot start negotiations unless you have the item programmed. But if we got the road, which is programmed at about £30,000, we would have to build another road. Depending upon how far we had to build it and how many houses had to be pulled down, it could cost us £100,000 or more. That is not programmed at this stage, because it is essential to know whether we are going on with the acquisition before we can think about constructing an alternative road. This road is extremely important to the laboratories.

294. The observer from the Department of the Treasury advised Your Committee that the amount of £30,000 had been included in the Estimates on the advice of the Chief Property Officer, Department of the Interior, that he expected to settle this acquisition in 1960-61. The proposal had been placed in the programme in 1957-58 but no money had been provided until 1959-60. The 1960-61 provision was, therefore, a revote following failure to complete the matter in the previous year. Q.1323

295. In fact the proposal had been under consideration since 1946 but funds had not been provided until 1959-60. The Acting Chief Property Officer in Victoria, Mr W.R. Egan, advised Your Committee:-

(MR EGAN) .... It was very late in the financial year 1960-61 before we got the multiplicity of State interests concerned to come right out into the open - about 20 were involved - and to say they would not have any part in the cost of either the acquisitions, the road construction, the acquisition of cottages and all the other multiplicity of details which made up this Oak Street acquisition. Incidentally, it has been off and on since 1946. We had a reasonably firm indication of the cost of acquisition, and this was of the order of £51,000, not £30,000. It has grown from about £15,000 in 1946. This was not referred to the Director of the Commonwealth Serum Laboratories until fairly late in May. Since then it has been out of our hands.

Q.1233

296. The procedure related to acquisitions appears to involve three major stages - (1) action by the department concerned to obtain approval to the proposal and for its inclusion in the programme; (2) an assessment by the Department of the Interior as to the date of settlement and estimated cost and then (3) consideration by the Treasury of all the firm proposals having regard to the possible amount of total funds which may become available.

Q.1323,  
1324

297. In this instance the Department of the Interior appears to have made an error in judgement as to the completion of the Parkville proposal in circumstances complicated by the number of authorities involved. However, the evidence received by Your Committee, and the length of time available for preliminary investigations since the proposal first came under consideration, indicate that the expectations were unduly optimistic.

298. Your Committee consider that, in view of the nature of this proposal, it would have been preferable not to have sought funds in the original Estimates but to have obtained approval to proceed on the basis of applying for funds, if they had been required, in Additional Estimates.

Q.1325

299. Finally in view of the amounts already involved and the rate at which the total estimated costs are rising, Your Committee trusts further investigations will be made, both of the revised proposals and of possible alternatives, before approval is sought to proceed with both these acquisitions.

PUBLIC SERVICE BOARD.

Division 123/1/01 - Salaries and Allowances.

300. The actual expenditure against this item was £590,985 from an appropriation of £628,000. The magnitude of the under-expenditure was not great but Your Committee desired to ascertain details of the

estimating procedures adopted by the Board as the results for 1960-61 cannot be considered to have been satisfactory.

301. The Board has been obtaining funds for this vote on the basis of an annual staff budget programme within which it would operate for the whole of the year. This differs from the departmental practice of obtaining funds only for current commitments - further funds being obtained in Additional Estimates etc. should they become necessary to meet the cost, for example, of new positions created during the year on the recommendation of the Public Service Board.

302. The Board itself is, of course, in a different situation to departments in relation to the creation and reclassifying of positions etc. Your Committee consider that the system does not, of itself, have any impact on the accuracy of the Board's estimating but we will be interested in the results of any new estimating procedures which may be introduced in the future.

303. We were advised by Mr A.B. Milne, Secretary, Public Service Board, of the unexpected difficulties which had arisen during the year in filling positions or from decisions not to fill positions. However, it appeared to Your Committee that some of these circumstances should have been foreseen at the time the original Estimates were prepared as they are of a similar nature to problems which arise in all other departments.

#### DEPARTMENT OF THE TREASURY

##### Division 191/1/02 - Temporary and Casual Employees.

304. An amount of £52,500 was provided in the original appropriation for this item. The expenditure was £69,887 - the increased amounts be obtained from Additional Estimates (£15,300) and Advance to the Treasurer (£2,087).

305. The witness for the Department of the Treasury, Mr B.F. Hurley, Administrative Officer, advised Your Committee that although the number of permanent positions in the Department had been increased a net loss of permanent officers had occurred during the year. This had necessitated the unexpected employment of an increased number of temporary officers and the need to seek further funds during the year.

##### Division 191/2/01 - Travelling and Subsistence

306. The expenditure of £47,663 from this vote was met from funds obtained as follows:- Original Appropriation £32,600; Additional Estimates £11,970; and Advance to the Treasurer £3,093.

307. The witness advised Your Committee that all known requirements were included in the original Estimates. However, a number of unforeseen items involving overseas travel arose during the year and application was made for additional funds as soon as the necessity was known.

308. The main items which arose during the year were unexpected visits in connection with overseas loans, visits of observers to South Africa in connection with the change to decimal currency and fares for four university graduates recruited in the United Kingdom.

309. The evidence received by Your Committee indicates that the correct procedures for estimating funds required had been followed by the Department in connection with these two votes.

#### CHAPTER IV - OTHER ITEMS CONSIDERED

310. Your Committee were provided with and considered departmental explanations on numerous items which appeared in the Treasurer's Statement of expenditure from Advance to the Treasurer. Further, we sought from most departments their explanation for items which were either substantially under or over-expended. Your Committee have reported upon a number of these votes; the remainder are listed hereunder.

#### PARLIAMENT

Divisions No. 104/1/01 and C2.

##### PRIME MINISTER'S DEPARTMENT

Divisions No. 122/1/05, 122/2/07, 125/1/01, 02 and 03, 125/2/03, 07, 09, 10 and 14, 126/1/03, 126/2/01, 836/03.

##### DEPARTMENT OF THE TREASURY

Divisions No. 194/2/01, 196/1/03, 196/2/01, 846/02, 850/01 - Under control of the Department of works.

##### ATTORNEY-GENERAL'S DEPARTMENT

Divisions No. 222/2/02 and 03.

##### DEPARTMENT OF EXTERNAL AFFAIRS

Divisions No. 145/2/08, 147/2/01, 148/2/03 and 04, 152/1/01, 152/2/04 and 08, 153/2/03, 155/2/03 and 04, 157/2/03, 841/02.

##### DEPARTMENT OF CIVIL AVIATION

Divisions No. 263/08, 866/02, 870/01 - under control of Department of the Interior, 874/01 - under control of the Department of Works.

##### DEPARTMENT OF THE INTERIOR

Divisions No. 231/1/01, 231/2/01 and 07, 233/1 all items, 235/2/04, 06, 07 and 13, 236/1/02, 236/2/04, 237/1/03 and 05, 237/2/07, 238/2/04, 238/5/01, 632/01, 856/01, 02 and 03, 981/04 and 08.

##### DEPARTMENT OF HEALTH

Divisions No. 291/2/04, 292/2/01, 293/2/05 and 08, 297/2/01, 02 and 03, 636/13, 762/2/01, 02, 03 and 04, 762/3/03, 776/03.



## DEPARTMENT OF LABOUR AND NATIONAL SERVICE

Divisions No. 401/3/01 and 03, 402/2/03, 685/01 and 03, 928/01 and 930/01-under control of the Department of Works

## DEPARTMENT OF CUSTOMS AND EXCISE

Divisions No. 281/2/07 and 14, 662, 635/01.

## REPATRIATION DEPARTMENT

Divisions No. 671/2/01 and 04, 678/01 - under control of the Department of the Interior, 886/01, 890/01 under control of the Department of Works

## DEPARTMENT OF SOCIAL SERVICES

Division No. 351/2/03, 901/01, 905/01 - under control of the Department of Works.

## DEPARTMENT OF SHIPPING AND TRANSPORT

Divisions No. 362/2/01, 363/1/01 to 05, 906/01 to 04, 914/01 and 02 - under control of Department of Works.

## DEPARTMENT OF IMMIGRATION

Divisions No. 383/2/02, 384/2/04, 925/01 and 02 - under control of Department of Works

## DEPARTMENT OF NATIONAL DEVELOPMENT

Divisions No. 411/2/01, 411/3/07 and 08, 413/2/01 and 02, 680/2/01, 931/01 and 03, 939/01 - under control of the Department of Works.

## DEPARTMENT OF TERRITORIES

Divisions No. 371/2/04, 751/2/07, 751/4/01, 08, 09, 11 and 33, 791/2/03, 991/01

## DEPARTMENT OF PRIMARY INDUSTRY

Divisions No. 343/2/01, 897.

## DEPARTMENT OF SUPPLY

Divisions No. 561/1/02 and 08, 562/02, 03 and 04, 563/2/01, 565/3, 565/7, 566/2/01, 07 and 11, 566/3 578, 579.

## POSTMASTER-GENERAL'S DEPARTMENT

Divisions No. 712/2/01, 02 and 04, 712/3/02, 713/2/04, 716/4/02, 717/2/01, 717/3/02, 718/5/02 and 04.

## DEPARTMENT OF DEFENCE

Divisions No. 451/1/02, 451/2/01 and 07, 452/1/02, 453/1/02, 453/2/01, 457, also 467 and 468 which are under the control of the Department of Works.

## DEPARTMENT OF THE NAVY

Divisions No. 473/2/04, 475/11, 476/03, 482, 483, 490-  
under control of the Department of the Interior,  
494 under the control of the Department of Works.

## DEPARTMENT OF THE ARMY

Divisions No. 501/2/01, 504/07, 08 and 13, 513, 521 -  
under control of the Department of the Interior,  
529 - under the control of the Department of  
National Development.

## DEPARTMENT OF AIR

Divisions No. 533/01, 02, 03, 04 and 08, 09 and 10, 534/01,  
02, 535, 536/01, 02, 03, 04, 05, 06, 07, 542,  
543, 556-under the control of the Department of  
Works, 558 - under control of Department of  
National Development.


## CHAPTER V.- GENERAL.

311. Your Committee examined a large number of matters relating to variations in the figures for estimated and actual expenditures in the financial year 1960-61. Many were investigated at a series of public enquiries and are detailed in this Report. Our comments are made at the conclusion of each of the reports on what are, in effect, a number of separate enquiries related to particular items which had appeared to warrant detailed review. The items are representative of a wide range of appropriations.

312. Although satisfactory explanations were received in many cases, Your Committee consider that the standard of departmental estimating in 1960-61 was not as accurate as might be desired. In this regard Your Committee appreciate that the standard we have in view is very high but consider that it is one which should be attained in a career Service.

313. Departments are in fact meeting the standard in many instances, indicating that improvements have been made. Also the evidence received by Your Committee during our hearings has indicated that the problem is one to which more attention is being directed and that better procedures are emerging.

For and on behalf of the Committee,  
F.J. DAVIS, Chairman.

  
T.H. CRANSTON,  
Secretary,  
Joint Committee of Public Accounts,  
Parliament House,  
CANBERRA, A.C.T.  
10th October, 1961.



## ADDENDUM.

(Footnote to Page 15 - Paragraph 46)

Subsequent to the preparation of this Report, Your Committee received further explanations from the Department of Trade advising that the question of availability of a rental house had been referred in June 1959 to the Australian High Commissioner in Accra.