

ROYAL AUSTRALIAN AIR FORCE VETERANS' RESIDENCES TRUST FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
ENDING 30TH JUNE 1961

<u>Expenditure</u>		<u>Income</u>	
Salaries	£500. 0. 0	Interest:	
Office & Admin. Expenses	153.17. 7	Mortgage	
Life Assurance		Loans	£2623. 7. 6
Mortgages	35. 5. 4	Govt. & Semi Govt. Loans	11069. 1. 4
Balance (surplus of Income over Expenditure)	13626. 8. 5	Bank	176.12. 3
			<hr/>
			£13869. 1. 1
		Profit on redemption of investments	348.12. 9
		Miscellaneous Revenue	97.17. 6
			<hr/>
	<hr/>		£14315.11. 4
	<hr/>		<hr/>

BALANCE SHEET AS AT 30TH JUNE 1961

<u>Accumulated Funds</u>			
Balance at 1st July 1960		£287547. 9. 2	
Add Nett Income for year ended 30th June 1961		13626. 8. 5	
<u>Total Accumulated Funds</u>			<hr/>
			£301173.17. 7
<u>Represented by :-</u>			
<u>Current Assets</u>			
Cash in hand		£10. 0. 0	
Cash at Banks		16872.15. 8	
			<hr/>
			£16882.15. 8
<u>Investments (at cost)</u>			
Govt. & Semi Govt. Loans (Face Value £238500)		236512.17. 3	
Mortgage Loans with security of Freehold Property -			
Principal	47324.16. 3		
Overdue Interest	453. 8. 5		
		<hr/>	
		47778. 4. 8	
			<hr/>
			284291. 1.11
			<hr/>
			£301,173.17. 7
			<hr/>

(Sgd.) R. WILLIAMS
CHAIRMAN

(Sgd.) J. FLEMING
SECRETARY

The above financial statements have been examined and are in agreement with the books. In my opinion the Balance-sheet reflects accurately the transactions and the position of the Royal Australian Air Force Veterans' Residences Trust Fund as at 30th June, 1961.

(Sgd.) V.J.W. SKERMER
AUDITOR GENERAL FOR THE COMMONWEALTH

29th September, 1961.

DEPT. OF THE SENATE
No. 1028
Presented 25 th Oct, 1961
CLERK OF THE SENATE

1961.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

JOINT COMMITTEE OF PUBLIC ACCOUNTS.

FIFTY-SEVENTH REPORT.

TREASURY MINUTES ON THE
TWENTY-FOURTH, TWENTY-NINTH,
THIRTY-SIXTH, THIRTY-SEVENTH,
FORTY-THIRD, FORTY-SEVENTH
AND FIFTY-FIRST REPORTS

TOGETHER WITH

SUMMARIES OF THOSE REPORTS.

By Authority:

A. J. ARJUN, Commonwealth Government Printer, Canberra.
(Printed in Australia.)

JOINT COMMITTEE OF PUBLIC ACCOUNTS

FOURTH COMMITTEE.

F.A. Bland, Esquire, C.M.G., M.P. (Chairman)¹

F.J. Davis, Esquire, M.P. (Chairman)²

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 20th 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.

CONTENTS

	PAGE.
I. INTRODUCTION	5
II. TREASURY MINUTE ON THE TWENTY-FOURTH REPORT OF YOUR COMMITTEE ON THE DEPARTMENT OF CIVIL AVIATION.	5
III. TREASURY MINUTE ON THE TWENTY-NINTH REPORT OF YOUR COMMITTEE ON THE DEFENCE SERVICES AND THE ESTIMATES.	13
IV. TREASURY MINUTE ON THE THIRTY-SIXTH AND THIRTY-SEVENTH REPORTS OF YOUR COMMITTEE ON THE NORTHERN TERRITORY ADMINISTRATION - PARTS I AND II.	17
V. TREASURY MINUTE ON THE FORTY-THIRD REPORT OF YOUR COMMITTEE ON THE EXPENDITURE FROM ADVANCE TO THE TREASURER - 1958-59.	26
VI. TREASURY MINUTE OF THE FORTY-SEVENTH REPORT OF YOUR COMMITTEE ON BROADCASTING AND TELEVISION SERVICES.	28
VII. TREASURY MINUTE ON THE FIFTY-FIRST REPORT OF YOUR COMMITTEE ON THE EXPENDITURE FROM THE ADVANCE TO THE TREASURER - 1959-60.	29

JOINT COMMITTEE OF PUBLIC ACCOUNTS

FIFTY-SEVENTH REPORT

TREASURY MINUTES ON THE REPORTS OF YOUR COMMITTEE.

CHAPTER I - INTRODUCTION

The Sixteenth Report of Your Committee sets out in detail the arrangements that have been made with the Treasurer to ensure follow-up action on Your Committee's Reports. Briefly the nature of these arrangements are :-

1. The report of the Committee is tabled by the Chairman in the House of Representatives, and by a Member of the Committee in the Senate; motions are moved in both Houses that the Report be printed as a Parliamentary Paper.
2. The Chairman of the Committee thereafter forwards a copy of the report to the departments affected, and to the Treasurer with a request that he give the report his consideration and inform the Chairman what has been done to deal with the Committee's comments.
3. The replies received, which are in the form of Treasury Minutes, are then submitted to the Parliament as a Report of the Committee.

In this Fifty-Seventh Report we present a number of Treasury Minutes relating to previous Reports of Your Committee together with a brief summary of each of the Reports concerned.

CHAPTER II - TREASURY MINUTE ON THE TWENTY-FOURTH REPORT OF YOUR COMMITTEE ON THE DEPARTMENT OF CIVIL AVIATION

In the Twenty-Fourth Report concerning the Department of Civil Aviation :-

Summary of Committee's Conclusions Treasury Minute (3rd October, 1961)

Your Committee stated in its conclusions:-

I am directed to state:-

The Treasury has examined the Report and, where appropriate, has discussed with the Departments the observations and conclusions of the Committee.

THE LEGAL ASPECT

The Commonwealth has no general power over civil aviation. Its powers vary according to the field in which legislation is to apply (Paragraph 7)-

The Air Navigation Act 1960 incorporated, as far as practicable, matters previously the subject of Regulations.

- (i) Section 92 probably prevents the rationalization of Air Services; (Paragraphs 10 - 12.)
- (ii) The original uniform legislation passed by the States has been amended by some States. (Paragraph 9.)

The authority exercised by the Department is conferred by Regulations. We consider that this authority should be conferred by Statute. (Paragraphs 13-15.)

The Department has advised that two principal difficulties would arise if all the provisions of the Air Navigation Regulations were to be incorporated in the Air Navigation Act. Firstly, as a party to the International Civil Aviation Convention, Australia has undertaken to maintain its law in line with the international standards and practices as altered and added to from time to time in the technical Annexes to the Convention. It would be difficult in practice to amend the Act as frequently and as quickly as the international obligation and the safety of air navigation require

Secondly, each of the uniform States' Air Navigation Acts of 1936-37 applies Commonwealth Air Navigation Regulations, as in force from time to time, to air navigation within the States. There may be practical difficulties in maintaining the present uniformity of legislation if amendments had to be made by all States, following the incorporation of provisions in the Commonwealth Act.

The Department considers that under the existing Constitutional position an exception to the important principles expressed by the Committee is justified. If the Commonwealth's powers to control and regulate Civil Aviation development are strengthened by Constitutional amendment, following the investigation by the Joint Committee on Constitutional Review, further consideration will be given to the recommendation that the Department's authority should be conferred by Statute.

LICENSING BOARD OF REVIEW

By a recent amendment of the Air Navigation Regulations the functions of review and appeal are made subject to appeal to a Board of Review. (Paragraphs 36, 38.)

While the Board of Review is a safeguard against the concentration of administrative, executive and judicial functions in the Director-General, Your Committee point out that -

- (i) no recourse is provided to the ordinary courts; (Paragraph 38.)

Considerable attention has been given by the Department, in consultation with the Attorney-General's Department, to evolving a system which prevents the concentration of administrative, executive and judicial functions in the licensing authority but which also ensures the protection of public safety. The Department has pointed out that Australia is the only Commonwealth country which permits an appeal against the decision of the licensing authority. An aggrieved person now has the right of appeal to a Court.

- (i) the powers of the Director-General largely derive from Regulations, promulgated under the scanty provisions of the Air Navigation Act 1920-1947. (Paragraphs 16, 38.)

VALIDITY OF THE FEES CHARGED.

The Air Navigation Regulations empower the Director-General to levy fees for issuing and reviewing various licences and certificates under Order (Paragraph 44)-

- (i) These Regulations are probably invalid insofar as they confer an unfettered discretion upon the Director-General. (Paragraph 45.)
- (ii) Your Committee were told that no Orders have as yet been issued. Consequently, it is likely that any fees levied to date have been levied without proper authority. (Paragraph 46.)

Your Committee consider that the legality of the Regulations (which were made in 1947) should be established, and that proper authority should be sought for the right to levy fees. We understand that new Regulations (No.16 of 1956) promulgated under the Air Navigation Act 1920-1947 have now rectified the position as regards validity. The scale of fees is to be specified in the Air Navigation Orders. (Paragraph 47.)

WORKS : MAINTENANCE AND CONSTRUCTION.

It seems to Your Committee that the system whereby the Works Department is usually made responsible for the design, estimates of cost, and supervision and execution of all architectural and engineering works for the Commonwealth may be unnecessarily time-consuming and costly. (Paragraphs 54-55.)

Until the High Court judgment in the Road Transport Case of 1955, the Department had no reason to assume that the Regulations authorising the levying of fees were not valid. Following the judgment, action was taken immediately to amend the Regulations and the amendments were promulgated (Statutory Rules No. 16, dated 21st February, 1956) three months prior to the Committee's Report.

The arrangement by which the Department of Civil Aviation carries out its own minor works and repairs has operated satisfactorily in the circumstances of the isolation of many aerodromes and the existence there of maintenance staffs. Generally, however, the centralisation of works design and execution in the Department of Works remains a feature of Government policy and the Civil Works Programming procedures which have been developed over recent years are based on this concept. The procedures have improved both the performance of the constructing authority and the control over expenditure exercised by sponsoring departments such as the Department of Civil Aviation.

STATEMENT OF REVENUE AND EXPENDITURE AND BALANCE SHEET

The Department does not normally prepare a statement of revenue and expenditure similar to that prepared specially for the Committee. (Paragraph 61.) Your Committee consider that such a statement should be prepared annually. (Paragraph 68.)

The Balance-sheet is not a satisfactory statement and has not been taken out in the past. (Paragraph 70.)

Your Committee consider that the Balance-sheet should be revised and submitted to the Parliament when the statement of Revenue and Expenditure is presented. (Paragraphs 70-74.)

The Department considers that the Committee's criticism of the experimental statements of revenue and expenditure and the balance sheets specially prepared for the use of the Committee, was not consistent with the comment in the main body of the Report.

Payments to contractors for the carriage of international and domestic airmails previously made by the Department of Civil Aviation, which credited as revenue amounts received by it from the Postmaster-General's Department, are now made directly by the latter Department. The subsidy element previously included in the airmail payments has been separated and shown in the appropriation for Development of Civil Aviation. These accounting changes have resulted in a clearer statement of Commonwealth expenditure on civil aviation. Commercial accounting, requiring annual statements of revenue and expenditure and balance sheets, is not considered to be warranted; the Department of Civil Aviation is not primarily a business undertaking. The Department intends to resume the publication of annual reports and will include supplementary financial and statistical information on the various branches of its activities.

ESTABLISHMENT OF AERODROMES.

The Government aims at owning all civil aerodromes in regular use for airline operations. (Paragraph 76.)

The programme of development is governed by such factors as potential use, availability of alternate means of transport, availability of men and materials, the needs of the Commonwealth as a whole. (Paragraph 87.)

The location of the aerodrome and its development by the Department depend upon the volume and character of the traffic to be carried. (Paragraphs 77-78, 84-87.)

When developing aerodromes in country areas the Department takes the D.C.3 or substitute craft as its standard. (Paragraph 80.) To provide aerodromes in country areas for heavier aircraft, e.g., Viscounts, involves substantial extra expenditure for construction

In September, 1957 the Government formulated what has become known as the "Local Ownership Plan," aimed at encouraging local authorities to own, operate and maintain the aerodromes serving their communities. Financial assistance in the form of development and maintenance grants is being provided by the Commonwealth.

and maintenance. (Paragraphs 80-81, 82.)

Local authorities may select and construct aerodromes, but experience has shown that where they think that a case exists they expect the Department either to assist them or take the aerodrome over. (Paragraphs 91-93.)

The Department's policy, however, does not encourage local authorities to construct aerodromes and Your Committee believe that this policy should be carefully reviewed. (Paragraphs 94-98.)

ACQUISITION PROGRAMME.

The Department of the Interior acquires land on requisition from the Department of Civil Aviation. (Paragraph 118.)

Such acquisitions are usually negotiated without recourse to compulsion. (Paragraph 118.)

Many acquisitions are made before the Department is ready to use the land: in some cases for future development and in others to avoid paying inflated values. (Paragraphs 121-128.)

The Department has advised that, since its inception, land acquisition for future development, as distinct from immediate use, has been carried out in several discriminating cases. Three cases - at Brisbane, Bankstown and Newcastle - occurred between 1952 and 1957. There has been only one subsequent acquisition of land for the future development of an airport (at Tullamarine, to serve Melbourne.) The Department includes in its annual estimates only those items on which it has had an opportunity to prepare in advance precise details of land requirements. As a result, it is ready to place requisitions for each year's acquisitions programme immediately Parliament has approved the necessary appropriations.

BUILDINGS ON AERODROMES.

The Government policy in force since 1949 is to own all buildings on aerodromes. (Paragraph 144.)

Operators are spending large sums on buildings and terminals without any assurance that they will later recover that expenditure. (Paragraphs 142, 143, 158, 159, 165.)

Your Committee consider that the present policy should be re-examined, and a more realistic approach made especially in the case of overseas operators. (Paragraphs 148, 153, 160, 166-167.)

The Government decided in 1957 that operating agencies on aerodromes (such as airline operators, oil companies and maintenance firms) would be responsible for the construction and ownership of facilities required for their specific, as distinct from communal, use. The Commonwealth continues to accept responsibility for runways, taxiways, pavements, engineering services, terminal buildings and other facilities having a common user function.

PROVISION OF RUNWAYS.

In the capital cities of the Commonwealth, the runways conform to international standards. (Paragraph 171.)

In the country, the D.C.3 is the datum. (Paragraph 172.)

The cost of sealing a gravel runway is approximately £100,000; but to construct and seal a runway on an unprepared aerodrome may cost £1,000,000. (Paragraph 173.)

Apart from certain relaxations in strip widths in country aerodromes, the appropriate international Civil Aviation Organisation standards are applied at all aerodromes. The cost figures quoted in the Committee's conclusion are incorrect; in 1957 the cost of sealing a gravel runway was about £20,000 and of constructing a sealed runway for D.C.3 aircraft of the order of £100,000.

FIRE SERVICES AT AERODROMES.

Your Committee feel that the legal liability of the Department to operators for fire damage should be examined and clarified. (Paragraphs 191-193.)

The Commonwealth is not under a statutory duty to establish fire fighting services at aerodromes under its control. It is, however, empowered by regulations 82 and 89 of the Air Navigation Regulations to establish these services. Legal advice obtained by the Department suggests that, in the absence of specific legislative provisions, the question of Commonwealth liability in any particular instance would be decided upon common law principles, having regard to all the circumstances of the case and relevant case law.

AIRWAYS SYSTEM.

Charges for meteorological services should be rationalized. (Paragraphs 221-222.)

We recommend that consideration should be given to the training of specialized forecasters in order to extend and improve forecasts. (Paragraph 226.)

The basis of the charge made by the R.A.A.F. for air search should be reviewed. (Paragraphs 229-232.)

The question of inter-departmental charges should be re-examined. (Paragraphs 223, 230, 232.)

Charges for Meteorological Services have been re-examined and agreement reached between the Department and the Bureau of Meteorology. In the course of the recent enquiry into Form of the Estimates (Inter-departmental payments) the Bureau of Meteorology advised the Committee of the basis for assessing the costs of its services provided to the Department of Civil Aviation. The Department is not required to pay the Bureau for the services, the adjustment being effected by placing the Civil Aviation appropriation under the control of the Department of the Interior.

The training of additional weather forecasters is being undertaken by the Bureau.

The Department of Civil Aviation has developed a search and rescue organisation for civil aircraft, based on the use of departmental aircraft, airline operators, aero clubs and private owners, in preference to the use of Service aircraft. These arrangements have relieved the RAAF of the need to

provide aircrews and standby aircraft especially for civil search and rescue operations and have substantially reduced the annual cost of maintaining the search and rescue facilities.

AIR NAVIGATION CHARGES.

Users of airways systems should pay charges based on the costs involved and the services provided; not in terms of the gross revenue obtained. (Paragraphs 239-241.)

Despite improved facilities and increased costs of installing and maintaining equipment, the charges to operators have never been revised. (Paragraphs 246-249.)

Charges should be based upon actual and identifiable services provided by Commonwealth Departments. (Paragraph 249.)

The delay in revising the scale of air navigation charges is difficult to understand or condone having regard to the fact that the Air Navigation (Charges) Act 1952 was assented to three and a half years ago. (Paragraph 252.)

If petrol tax is calculated as part of the companies' contribution for the services provided, the fact that turbine-engined planes use kerosene instead of petrol imposes a differential charge on companies according to the fuel used. (Paragraphs 250-252.)

JOB COSTING.

Job costing has been subordinated to the development of the airways system. (Paragraph 258.)

Consequently the Department has not had the basic data upon which to compute charges for facilities provided. (Paragraphs 253-257.)

Air navigation charges were increased by 10% from the 1st January, 1958 and customs and excise duties at the rate of 6 1/2d. per gallon on aviation turbine fuel have been introduced.

In 1960, the Government decided to adopt a policy of full recovery from the users of the cost of air navigation facilities. This aim will be achieved over a period of years, with the charges being reviewed each year.

The Department has advised that its costing system now provides management with a complete detailed survey of the actual costs of its activities. This information is used to compare actual performance with estimates, to determine trends in operational efficiency and ascertain the economics of the operation of individual locations and air routes.

AIR MAIL CONTRACTS.

For domestic operators air mail is a useful source of revenue; for international operators it is essential to existence. (Paragraph 265.)

Since 1st October, 1957, the accounting functions relating to safehand and diplomatic mail have been transferred to the airlines. The domestic operators now make a

The amount of payment varies according to the type of area served and the character of the service. (Paragraphs 268-279.)

Your Committee consider that the present arrangements for carriage of diplomatic and safehand air mail within Australia should be reviewed. (Paragraphs 278-280.)

AIR MAIL PAYMENTS : SUBSIDIES.

The Department has not collected or analysed data by which the real cost of carrying air mail could be determined, and is therefore unable to say whether higher payments to operators are warranted. (Paragraphs 287-293.)

Care should be taken to continue the inclusion of information now shown in Divisions Nos. 72 and 73 when these entries are transferred to the Postmaster-General's Department Estimates. (Paragraphs 283, 65.)

Your Committee consider that, before a "subsidy" is paid to an operator, the Department should be satisfied that the subsidy is justified, having regard to the efficient conduct of the operator's business. (Paragraphs 324-325.)

STORES.

Shortage of staff and proper equipment are the reasons for the Department's failure to provide a Stores Vocabulary and Stores Instructions soon after the war. (Paragraphs 326-330.)

The printing of the Stores Instructions is long overdue, and should be put in hand promptly. (Paragraphs 334-335.)

ADVERTISING.

For some years the Department has paid £288 per annum for some advertising space in Gordon's Australasian Air Guide. (Paragraph 375.)

The Department wishes to continue the payment but the Treasury omitted this item in the Estimates for 1955-56. (Paragraphs 376-377.)

direct charge, at the rate approved by the Department of Civil Aviation, on the despatching authorities for internal safehand or diplomatic despatches carried, and recover from Qantas the cost of internal carriage of overseas despatches.

Payments to operators for the carriage of domestic airmails are now made directly by the Postmaster-General's Department at negotiated rates.

Operators of unprofitable developmental and rural air services are now given financial assistance by means of direct subsidies paid by the Department of Civil Aviation. The criterion of efficiency is an important factor governing eligibility for and the extent of any subsidy.

The Department's stores procedures and instructions have now been consolidated in a printed volume under the title "Supply Procedures."

The payment for advertising space in Gordon's Australasian Air Guide ceased as from 31st March, 1957.

SUBSIDIES TO AERO AND GLIDING CLUBS.

Subsidies to aero and gliding clubs were paid before the war: the basis of assistance was revised in 1950 and in October, 1951, five year agreements were entered into with the aero clubs. (Paragraphs 382, 388.)

Your Committee recommend that the safeguards for the expenditure of these funds should be reviewed, but we do not believe that comprehensive checks should be imposed that are either onerous or expensive in relation to the sums involved. (Paragraph 394.)

The previous scheme of assistance, which expired at 30th June, 1961, has been extended for a further year. It provides £181,000 a year to aero clubs and flying schools, and £4,000 for gliding clubs. The Department has reviewed the safeguards over the expenditure of these funds.

CHAPTER III - TREASURY MINUTE ON THE TWENTY-NINTH REPORT OF YOUR COMMITTEE ON THE DEFENCE SERVICES AND THE ESTIMATES

In the Twenty-Ninth Report concerning The Defence Services and the Estimates :-

Summary of Committee's Conclusions Treasury Minute (28th September, 1961.)

Your Committee stated :-

I am directed to state :-

We observe in passing that these recommendations, although designed to improve the accuracy of the Estimates submitted to the Parliament, may have implications that extend beyond the purely financial, and our terms of reference. Your Committee's recommendations are -

The Treasury has examined the Report and, where appropriate, has discussed with the Department of Defence the conclusions and recommendations of the Committee.

RECOMMENDATION (i)

There should be a greater appreciation of the effects of decisions about major items of equipment upon the future capacity of the defence supply network. (Paragraphs 71, 72.)

The Departments of Navy, Army and Air are responsible for estimating their own material requirements for mobilisation and war. They maintain close liaison with the Department of Supply and the impact of their estimated requirements on Government factories and Australian production generally is under constant examination.

In addition, the Joint War Production Committee periodically reviews the Services' estimated requirements for mobilisation and war and the capacity of industry to meet them. These reviews involve an analysis of production capacity

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as between Australia and overseas.

No decision is taken for local production of major items of equipment, such as a new type of aircraft, without full evidence of the capacity of Australian industry to undertake the project.

RECOMMENDATION (ii)

More careful note should be taken of the likely effects of the condition of the economy when estimates are framed involving procurement of supplies or the recruitment of further personnel. (Paragraphs 73-77.)

Estimates of the personnel strengths of the Services for which financial provision is made are based on the best information available, taking into consideration the trend of intakes, re-engagements and discharges and the demand on the available manpower resources on which the advice of the Department of Labour and National Service is sought.

Similarly, estimates involving procurement of supplies are compiled on the best advice obtainable as regards likely deliveries in the prevailing state of the economy.

For the last two financial years a high degree of progress was achieved in the Defence Programme as a whole. The actual expenditure for the years 1959-60 and 1960-61 varied from the Budget allocations of £194m and £198.2m for those years by only £.42m and £.015m respectively.

RECOMMENDATION (iii)

A body to prepare and present suitable advice on the general effect upon each other of the economy and the Defence Programme (both when it is in prospect and when it is in progress) should be set up at an appropriate place, either within or outside the Defence Group. (Paragraphs 73, 168, 169.)

The effect of the Defence Programme on the economy is considered by the Government. The Department of Defence and the Treasury consider that the creation of an additional body of advice is not necessary; it would result in a duplication of the facilities already available for advising and reporting to the Government on these matters.

Since the presentation of the Twenty-Ninth Report to the Parliament, the Defence Committee has been reconstituted with the addition of the Permanent Heads of the Prime Minister's Department, the Department of External Affairs and the Treasury. This augmented Committee, together with the Defence Business Board, which comprises five prominent business men, the Joint War Production Committee, which is under the chairmanship

of a leading industrialist, and the Industry Advisory Committees of the Department of Supply, provide an effective means of advising the Government on the co-ordination of military strategic, external affairs, economic and financial aspects of the Defence Programme.

RECOMMENDATION (iv)

We suggest it might be possible to adopt the technique of "input-output analysis" to examine the prospect of achieving Programme Objectives and the effects that alternative Programme Projects might have upon others who draw on the country's resources. (Paragraph 91.)

It is doubtful whether the "input-output" technique, with the extensive detailed analysis of Programme objectives and the additional staff it would entail would add materially to existing advice on the prospective economic ability to achieve the Programme. In practice, factors outside the scope of the "input-output" technique can and do have an important impact on the achievement of the Programme in any financial year, e.g. changes in policy and requirements, the incidence of technological developments.

RECOMMENDATIONS (v) AND (vi)

We think more time should be given, after the Government has made its decisions on the overall funds available, for revision of the Defence Services Estimates. (Paragraphs 106, 113-118, 122.)

Earlier authorization of expenditure for each current year is desirable, but this links with the date of the presentation of the Budget. (Paragraphs 106, 123, 129, 130.)

The Defence Programme which generally covers a period of three years, is based on an annual Defence Vote approved by the Government for planning purposes. Provisional estimates are also prepared each year on this basis. In recent years, the Vote as finally determined by the Government has been so close to the planning figure that there has been little difficulty in the revision of the provisional estimates. Also there has been little or no disruption caused to the achievement of the Defence Programme each year by the fact that the Appropriation Bill has not been assented to until some months of the financial year have elapsed. The Minister for Defence and the Treasurer approve authorisations under the Programme proceeding up to a specified percentage in advance of appropriation. This approval is conditional upon any expenditure authorised becoming a first charge on the Vote. The approval is given early in the financial year and greatly facilitates the achievement of the approved Programme.

RECOMMENDATION (vii)

The methods by which co-ordination is achieved between the Service Departments and the various

The new procedure for Commonwealth Defence Works budgeting, introduced in October, 1954, has

supplying agencies should be improved. (Paragraphs 106, 119-121.)

been amended in the light of experience. Design Lists and Works Programmes are formulated by the Treasury in collaboration with the Department of Defence, the Service Departments and the Department of Works. In addition, the Service Departments maintain close liaison with the Department of Works on their Works Programmes throughout the financial year, with a view to overcoming any difficulties.

The Service Departments are also constantly in touch with the Department of Supply in regard to their requirements and expenditure in the financial year. In practice, the maintenance of effective co-ordination and liaison between the Service Departments and the supplying agencies must necessarily rest with the Departments themselves. Programme methods and procedure generally are however, continuously under review with the object of effecting improvements wherever possible.

RECOMMENDATION (viii)

We think that the institution of a system of "Block Votes" such as operates in the United Kingdom would be undesirable. (Paragraphs 106-112.)

The system of "Block Votes" is not a normal budgeting procedure in Australia and the Treasury agrees that such a system is not desirable.

RECOMMENDATION (ix)

The practice of continuing appropriations that operates in the United States of America would not be appropriate for our system, which involves annual Votes and audit. (Paragraphs 106, 123-128.)

The Treasury agrees that the practice of continuing appropriations is not appropriate to the Australian system of annual votes for expenditure in a particular financial year.

RECOMMENDATION (x)

In the light of changed conditions, a fresh approach might be made to the use of the balance of £68,600,000 standing to the credit of the Strategic Stores and Equipment Reserve Account and the Defence Equipment and Supplies Account. (Paragraph 157.)

The Defence Equipment and Supplies Trust Account and the Strategic Stores and Equipment Reserve Trust Account were both closed during 1956/57 and the balances repaid to the Consolidated Revenue Fund.

CHAPTER IV - TREASURY MINUTE ON THE THIRTY-SIXTH AND THIRTY-SEVENTH REPORTS OF YOUR COMMITTEE ON THE NORTHERN TERRITORY ADMINISTRATION - PARTS I. AND II.

In the Thirty-Sixth and Thirty-Seventh Reports concerning the Northern Territory Administration :-

Summary of Committee's Conclusions Treasury Minute (25th September, 1961)

Your Committee stated :-

I am directed to state :-

The Treasury has examined the Report and, where appropriate, has discussed with the Departments concerned the comments and conclusions of the Committee.

GOVERNMENT OF THE TERRITORY

As a matter of administrative practice the line of communication between the Administrator and the Minister and the Administration and other departments is through the Secretary, Department of Territories. (Paragraphs 88-91.)

The Secretary of the Department (Mr. Lambert) told us that the Department tends to play a dual role - it assists the Administrator and, when necessary, protects the Minister and that there is no danger of a restrictive attitude or any attitude of inferiority or superiority ever arising. (Paragraph 92.)

As against this somewhat oversimplified picture, responsible witnesses at Darwin sensed an unwillingness to allow the local authorities to manage their own affairs coupled with a re-assertion of control from Canberra. (Paragraph 93.)

Proposed Regulations made by the Administrator are subjected to three checks before becoming law - by the Minister, by the Legislative Council and by the Commonwealth Parliament. (Paragraph 94.)

We examine the existing administrative arrangements, note the tendency for detailed departmental control from Canberra and conclude that while those arrangements remain the office of the Department of Territories in Canberra will continue to play a positive role in dealing with matters affecting the Northern Territory. Some would meet this problem by clothing the Administrator with the powers, if not the status, of a Permanent Head. (Paragraphs 96-103.)

The membership and powers of the Legislative Council of the Northern Territory were extended in 1959 by an Act amending the Northern Territory (Administration) Act 1901-1956.

An Administrator's Council has been set up under other provisions of the amending Act in 1959 to enable elected members of the Legislative Council to advise the Administrator on executive matters.

The Department considers that in the specific cases quoted to the Committee on which paragraphs 35 to 38 of the Summary and Conclusions are based, the requirements for Ministerial approval are appropriate. In staff and establishment and financial matters substantial extensions of delegations have been made to officers of the Northern Territory Administration.

Whatever may be done in a formal manner, Your Committee believe that it is imperative than an effort should be made by the Department to slough off the vestigial remains of the old order under which the Territory was administered by a system of remote control. (Paragraph 104.)

We record the view of the Select Committee for Constitutional Reform on the arrangements for administering the Territory. (Paragraph 105.)

In addition to the Administration, 19 Commonwealth Departments and agencies operate in the Northern Territory. The co-ordination of the activities of many of these with those of the Administration is essential to the efficiency of the government of the Territory. (Paragraphs 106-111.)

The co-ordination of the work of the departments is a duty imposed on the Public Service Board and that duty might be performed the better if there were a Public Service Inspector on the spot. (Paragraph 112.)

We consider that the issue of an Administrative Arrangements Order relating to the government of the Northern Territory as such is an urgent necessity. (Paragraph 113.)

Substantial delays have occurred before the printed Hansard record of Council meetings has been available. (Paragraph 131.)

One result is that the Hansard is not on hand when the Department is advising the Minister. (Paragraph 131.)

The printing of Ordinances is subject to similar delays. Bills for Ordinances are submitted to the Council in roneoed form. (Paragraph 132.)

The Public Service Board has provided an Inspector whose inspections in the Territory average approximately six months annually, spread throughout the year. The Inspector is continuously available whilst in Canberra to deal with organisational problems of the Northern Territory Administration. The Public Service Board is of opinion that the work volume in the Northern Territory does not justify the provision of a full time Inspector in Darwin.

The Administrator sees practical difficulties in incorporating all the quasi-State functions into a comprehensive Administrative Arrangements Order relating to the Government of the Northern Territory. The detailed functions of the Branches of the Administration have been documented and other Commonwealth Departments associated with the Administration already have their functions defined in the Commonwealth Administrative Arrangements Order.

A contract was let to a local firm for the printing of the Northern Territory Government Gazette, Reports of Debates, Ordinances, etc. However, the arrangement has now proved unsatisfactory and the Commonwealth Government Printer is currently examining the problems to determine how the printing requirements can best be met.

We suggest that the printing of Hansard and Northern Territory Ordinances be discussed by the Department with the Treasury and the Commonwealth Government Printer. (Paragraph 133.)

Delays also occur in the drafting of Ordinances because of a shortage of drafting staff in the Darwin Office of the Attorney-General's Department. (Paragraph 134.)

FINANCE

We found that Probate Duty, in addition to Commonwealth Estate Duty, is payable in the Northern Territory in accordance with the Administration and Probate Act 1891 and the Succession Duties Act 1893 of the State of South Australia. Stamp Duty is also levied but the rates have not varied since 1917. Neither Probate Duty nor Stamp Duty is levied in the Australian Capital Territory and Your Committee draw attention to the differing policies pursued by the Commonwealth. (Paragraphs 141, 142.)

We suggest that levies and charges imposed by Ordinance and Regulation might be reviewed from time to time. (Paragraph 142.)

The Estimates are framed by the Administration in the first instance and are then sent to the Department of Territories in Canberra where they are examined. After approval by the Minister the Estimates are forwarded to the Treasury where further discussion takes place between the Department of Territories and the Treasury. (Paragraph 146.)

We note the difference between the Estimates arrangements for the Northern Territory and the Territory of Papua and New Guinea. (Paragraphs 147, 148.)

We discuss the difficulties arising from imposing a global limit upon expenditure by the Administration. (Paragraphs 149-152.)

We do not favour substantial reduction in the details shown in the Estimates for the Northern Territory Administration and consider the existing difficulties should be met by streamlining procedures. We suggest the Department of Territories and the

The Department has advised that a review of the levies and charges imposed by Ordinance and Regulation has been undertaken. This review involves examination of the level of local rates and taxes in the States and in other Commonwealth Territories.

The Department believes that the difficulties facing the Administration arise from the detailed nature of the Estimates within the framework of the Commonwealth Budget and believes the only alternative to be the introduction of a "one-line" Estimate. The imposing of a global limit on Northern Territory Administration expenditure is a matter of Government policy and is not confined to the Northern Territory Estimates. In its practical application it increases rather than reduces flexibility. The Department has advised that there are now no serious delays in the handling of applications for funds.

The Treasury agrees that a substantial reduction in the details shown in the Estimates for the Northern Territory Administration is not desirable. Some modifications in the itemization have been made but no fundamental

Treasury might consider the position. (Paragraphs 153-155.)

We suggest changes in the presentation of the Administration Estimates which will convey more useful information than at present. (Paragraph 155.)

We note the desire of the Legislative Council to have limited responsibility for approving Estimates for the Northern Territory. Even before that stage is reached, if at all, Your Committee believe that it might be wise to find ways and means for allowing the Council to discuss the Territory Estimates. (Paragraph 156.)

ORGANISATION, STAFFING AND ACCOMMODATION

As at 28th February, 1958 the staff of the Administration, including 457 persons not employed under the Public Service Act or the Northern Territory Public Service Ordinance, totalled 1,067. (Paragraphs 176-180.)

The Public Service establishment of the Administration has grown rapidly; at 28th February, 1958, 24 per cent. of all positions were unfilled. (Paragraph 179.)

The Administrator said that, because of staff shortages, the Administration has not been able to provide sound administration. Another reason has been a lag in strengthening the establishment of the Administration. (Paragraphs 183-185.)

We discuss the time consuming processes which must be followed to enlarge or vary the Administration establishment and from which considerable delays have resulted. We suggest the delays might be reduced if a Public Service Inspector were permanently stationed in the Territory. (Paragraphs 185-186)

Much of the office accommodation in Darwin for Commonwealth Departments is still extremely poor. In 1939 the Public Works Committee recommended that more commodious office accommodation should be provided as early as possible; in 1955 the same Committee confirmed this recommendation and emphasized that it was imperative to construct office buildings

change in the form of the Estimates for the Northern Territory is considered desirable pending completion of the general review which commenced with the Committee's Eighteenth Report.

The suggestion that the Council might discuss the Territory Estimates has been linked with the proposals of the Legislative Council Select Committee on Constitutional Reform. These proposals are under consideration by the Government.

The staff of the Administration has increased with the development of the Territory, the number of Commonwealth Public Service positions having increased by 314 in the last 3 years. Approximately 94% of these positions were filled at 30th June, 1961.

The Assistant Administrator reported to the Committee on 11th October, 1960 that proposals to vary the establishment are now handled more expeditiously.

A contract has been let for two new office buildings to accommodate the Department of Works and a substantial proportion of the Administration. The buildings will be air-conditioned and as well as representing a great improvement in the standard of accommodation will help to overcome the present inconvenience caused by the dispersal of Branches of the

21.

without delay. Only one substantial permanent government office building has been erected in Darwin since the war. (Paragraphs 189-193.)

Administration throughout Darwin.

We consider that one of the main causes for the inefficiency of Commonwealth staffs in Darwin has been the primitive conditions in which many officials have been required to work for many years. (Paragraph 198.)

There was common agreement amongst witnesses that housing conditions as late as 1954, were extremely bad, but improvement has taken place in the last three years, e.g. for the year ended 30th June, 1957, of a total of 839 new houses and flats completed in the Territory, half were built by the Government for its own employees; 582 were built in the Darwin area. (Paragraph 193.)

Efforts to house Commonwealth employees and to provide assistance for the purchase or erection of dwellings have continued within the limit of funds available and the construction potential in the Territory. In 1959 a Housing Commission was established to provide houses for letting to other than public servants.

We were told that building costs were such as to put home ownership beyond the reach of ordinary workers. We received numerous complaints about the lack of housing for renting to non-public servants. (Paragraph 203.)

The inability of many private persons to obtain suitable housing in Darwin is :-

- (i) reducing the number of competent industrial and wages staff available to the Commonwealth;
- (ii) retarding the growth of a stable work force; and
- (iii) one of the causes of the high rate of staff turnover.

(Paragraph 207.)

We believe these factors militate against efficiency and result in increased costs to the Commonwealth. (Paragraph 207.)

Many people are forced to live under primitive conditions; the Health Department has made frequent representations to the Administration seeking improvement. (Paragraphs 204,205.)

Following an expert report upon environmental problems in tropical Australia, departmental committees were set up to investigate problems relating to accommodation, equipment and amenities in houses and offices. A number of recommendations of these committees has been implemented and further investigation is proceeding.

THE WORKS DEPARTMENT

The present construction potential in the Territory has been developed with difficulty and at much expense. Contractors have found it necessary to import labour and maintain hostels for employees. (Paragraph 232.)

The adverse effects of the slow down in the works programme in 1955-56 were repeatedly drawn to our attention and a long-term works programme for the Territory was urged. (Paragraph 233.)

Commonwealth works in the States play a secondary role, whereas in the Territory they constitute a major part of the expenditure on capital projects. Variations in the programme can therefore have a marked effect upon the general level of activity in the Territory and the availability of constructional resources. We therefore suggest that a different approach to works programming for the Territory may be warranted. (Paragraphs 234-235.)

Works for the Territory are considered on the basis of separate departments and not as a whole. (Paragraph 236.)

We conclude that the present works programming procedures do not suit the needs of the Territory. We suggest that a long term and orderly flow of money for capital works in the Territory has much to commend it. (Paragraph 237.)

NO. 5 AIRFIELD CONSTRUCTION SQUADRON

Since February, 1955, there have been three major changes in the project. This is one reason for the substantial rises in the estimated cost of the project from £2,070,000 in February, 1955, to £3,132,000 in February, 1958. The present estimated cost of the work if done by another agency is £4,310,000. We were told that the Squadron benefits from certain cost advantages. (Paragraph 254.)

A view of the Squadron that they can expect to carry out work more cheaply than contractors has not been fully substantiated as their projects are not costed and usually a final actual cost is not obtained. (Paragraphs 254-255.)

Notwithstanding the difficulties in executing works and services in the Territory the expenditure on new works and maintenance increased by approximately £.5 million annually for each year from 1957-58 to 1960-61.

The Treasury believes that the existing works programming procedures, which are aimed at securing an orderly progression of projects into the construction programme, ensure that building and design capacities in the Northern Territory are taken into account in framing each year's programme. Although the needs of departments in the Territory are considered separately, co-ordination is achieved through the participation of the Works Department, the common constructing agency, in the programming task.

The continuing level of public expenditure is a matter of policy and the Northern Territory works programme could not be excluded from annual budgetary control or isolated from the overall civil works programme.

The Department of Air has advised that a system designed to produce, historically, the operating costs of the R.A.A.F. Airfield Construction Squadrons and to provide data for future estimating purposes has been introduced. The Department is co-operating with the Department of Works with regard to the control of materials supplied by the latter Department.

We were told that the Squadron had at least ten years' work in sight. We note the absence of a detailed costing of the activities of the Squadron and record that, until recently, there were no orders relating to the custody and accounting of constructional materials provided by the Department of Works. We recommend that these matters of costing and control should be examined by the Treasury and the Departments of Air and Works. (Paragraphs 257-258.)

ACTIVITIES UNDER THE CONTROL OF THE NORTHERN TERRITORY ADMINISTRATION

ACCOUNTING AND INTERNAL AUDIT

The Auditor-General commented upon the lack of internal check in certain branches of the Administration in his Reports for the years 1954-55, 1955-56 and 1956-57. (Paragraph 267.)

A statement was submitted to Your Committee which showed three persons working in the Internal Audit Section. We subsequently established that none of these three persons was actively engaged on internal audit work. (Paragraph 268.)

We point out that an effective internal audit is essential to good management. The need to forego this accepted form of control because other essential activities had to be carried on throws into relief some of the time-consuming procedure associated with establishing new positions and obtaining staff and the real difficulties these procedures produce for the Administration. (Paragraph 269.)

The Department has reported strenuous and persistent efforts, in conjunction with the Public Service Board, to overcome shortages of staff. But it has found that in some categories the situation, although more pronounced in the Territory, is symptomatic of a general shortage throughout the Commonwealth Public Service.

The Internal Audit Section has been seriously affected by the recurring shortage of qualified accounting officers and frequent interchanges of staff between that Section and the Finance Section have been necessary in order to keep the senior internal audit positions occupied. Consistent efforts have been, and are being made to keep the other positions occupied.

STORES AND EQUIPMENT

The inadequacy of the Administration's arrangements for the control of stores and equipment has been criticised frequently by the Auditor-General in his annual reports. At 30th June, 1954, the records disclosed surpluses of £84,088 and deficiencies of £17,346. (Paragraphs 270-271.)

A central stores organisation has been established and the stores accounting instructions have been reviewed. Machine accounting for stores is being introduced.

We were told in Darwin that the administration was making substantial changes in connexion with purchasing, holding and controlling stores and equipment. A new office of Superintendent of Stores was created in July, 1957, and an officer was expected to take up duty

in April, 1958. The Navy has agreed to release to the Administration a large weatherproof building of brick and concrete to serve as a central store. (Paragraphs 272,273.)

BUSINESS UNDERTAKINGS

Generally the accounting for the various undertakings has been unsatisfactory and has attracted criticism from the Auditor-General. (Paragraphs 274-275.)

In their Fourteenth Report, Your Committee urged the ending of joint control for the cold stores and water supply since such a system inevitably leads to administrative frustration. (Paragraph 287.)

In the Treasury Minute on this report, Your Committee were told that the Department of Territories agreed with the proposal but felt there were too many difficulties, including insufficient technical staff, to make the change then. An attempt was subsequently made to lease the cold stores to private enterprise. (Paragraphs 287-288.)

The Department of the Navy own the cold stores. This complicates an already involved situation which we suggest might be reviewed. (Paragraph 289.)

Many of the problems inherent in dual control can be overcome by close liaison and there are indications that co-operation between the Department of Works and the Administration is improving. The consensus of opinion seems to be that dual control should be abandoned, but there are difficulties to achieving this at this stage. (Paragraphs 290-291.)

Whether Trust Accounts should be established for these undertakings could well be examined. (Paragraph 292.)

The operation of the Administration hostels, and of the Darwin Bus Service has also been criticized by the Auditor-General. (Paragraph 293.)

The accounting for the various undertakings has been improved and financial statements presented to the Auditor-General for the year 1959/60 attracted no adverse comment.

The present arrangements for ownership and control of the Darwin cold stores have not hampered the operation of the undertaking but are being kept under review in relation to possible future development of the stores.

A separate Trust Account for the bus service was established with effect from 1st July, 1957. The management of the Administration's hostels has been transferred to Commonwealth Hostels Limited. The Treasury sees no need for Trust Accounts for the other business undertakings of the Northern Territory Administration.

Trading results of the hostels for the year 1956-57 were still unavailable at the time of our hearings in March, 1958. The financial statements of the bus services had been received for the year 1956-57 but were still "unreliable and inadequate". (Paragraphs 294-295.)

Since 1st July, 1957, the hostels and the bus service have been financed through two new trust accounts established under section 62A of the Audit Act. (Paragraph 296.)

THE AGRICULTURE BRANCH

We were told that staff shortages were seriously curtailing the work of the Branch and that it was also in urgent need of buildings. (Paragraphs 325-326.)

When inspecting the Katherine project, we also visited the Commonwealth Scientific and Industrial Research Organization research station. The Director of Plant Industry informed us that his Branch was not always told of the results of Commonwealth Scientific and Industrial Research Organization research, and that there was room for more collaboration. This is a matter which might be examined by the Administration and Commonwealth Scientific and Industrial Research Organization. The Agriculture Branch may also impinge upon the functions of the Animal Industry Branch. (Paragraph 327.)

The Administrator has advised that a new organisation for the Agriculture Branch has been created and provision has been made to meet its building needs. There is now close collaboration with the C.S.I.R.O. and no overlap with the functions of the Animal Industry Branch.

TRANSPORT

We found in July, 1957 that central control of Administration transport was still then undeveloped. By January, 1958, however, the Administrator was able to inform us that much work had been done towards the establishment of a transport pool in Darwin. (Paragraphs 330-332.)

Your Committee also discuss centralising the work of maintaining and servicing Commonwealth vehicles in Darwin. At present this work is carried out by various establishments. (Paragraph 333.)

The Administration proposes to erect a new transport workshop

The Administration's central transport pool has now been in operation for some time and is working satisfactorily. The workshop facilities were reviewed at an inter-departmental conference in 1958 and as a result the proposal to erect a workshop for the Administration was modified. Accommodation for garaging, lubricating and minor servicing of vehicles has been provided and the Department of Works has agreed to undertake all major repairs and overhauls. A reserve of vehicles for the Administration has been provided to facilitate these arrangements.

estimated to cost £77,000 although the Department of Works has, we understand, recently completed a large workshop which is now in use. (Paragraph 334.)

Your Committee suggest that before construction of the Administration workshop is commenced a full investigation should be made to ensure that there will not be any unnecessary duplication of facilities. (Paragraph 334.)

CHAPTER V - TREASURY MINUTE ON THE FORTY-THIRD REPORT OF YOUR COMMITTEE ON THE EXPENDITURE FROM ADVANCE TO THE TREASURER - 1958-59

In the Forty-Third Report concerning expenditure from the Advance to the Treasurer :-

Summary of Committee's Conclusions Treasury Minute (25th May, 1961)

In its conclusions Your Committee:-

I am directed to state:-

The Treasury has examined the Report and, where appropriate, has discussed with the Departments the observations and conclusions of the Committee.

CONTROLLING EXPENDITURE WITHIN THE LIMIT OF THE APPROPRIATION

Considered that the Treasury might make clear in the Treasury Instructions:-

- (i) what constitutes an appropriation in the terms of section 34 of the Audit Act.
- (ii) what responsibility the departments have to ensure that procedures are in existence for preventing appropriations being overspent without authority. (Paragraphs 34 and 35.)

Treasury Instruction 22/1 has been revised to define "an appropriation" and to re-state the requirements for the control of expenditure within the limits of appropriation, particularly where more than one Authorising Officer is drawing on an appropriation.

ATTORNEY-GENERAL'S DEPARTMENT

Proposed that the Attorney-General's Department should immediately review its methods and suggested that it might be wise to seek the assistance of the Public Service Board and of the Treasury in such a revision. (Paragraph 36.) and further proposed -

The Department has advised that following an investigation by a departmental Organisation and Methods Officer and an officer from the Organisation and Methods Section, Public Service Board, procedures have been introduced to control effectively all depart-

That a full investigation of the financial organization and requirements of departments be undertaken jointly by the Public Service Board and the Treasury, aided by representatives from the Audit Office and departments, and outside experts if necessary. (Paragraph 53.)

mental expenditure and to form the basis of more accurate estimates. Consideration is being given to the proposal of the Committee for a full investigation of the financial organisation and requirements of departments.

AUDIT OFFICE

Examined an appropriation under the control of the Audit Office which was exceeded without authority during the year. (Paragraphs 24-27) and noted that it has amended its procedures with effect from 1st July, 1959, to avoid a recurrence of the happening. (Paragraph 27.)

The Audit Office has advised that the procedure of allotting funds by Items has been introduced to prevent a recurrence of over-expenditure.

DEPARTMENT OF SHIPPING AND TRANSPORT

Noted that an appropriation under the control of the Department of Shipping and Transport was also exceeded during the year without authority, (Paragraphs 28-32.) and that it was apparent that the Department did not properly appreciate its responsibility to comply with the existing law. (Paragraph 30.)

The Department has advised that it has made it clear to Authorising Officers that although unforeseen events might well substantiate an application for the provision of additional funds, no such circumstances can alter the responsibility of an Authorising Officer under section 34 of the Audit Act to ensure that actual expenditure does not exceed the appropriation.

Commented that for a department to operate effectively within the existing frame-work of controls involves a relatively simple problem of management and a compliance with certain rules. (Paragraph 31.)

Stated:-

"(a) We report upon the substantial underspending, over three financial years, of the vote Division 213K, which has provided funds for the construction of a jetty for the handling of explosives at Port Wilson in Victoria. (Paragraphs 60 to 72.)

In relation to the underspending in Division 213K - Construction of a Jetty at Port Wilson - the Department of Works has pointed out that marine works are inherently subject to unknown factors, because:-

(b) Your Committee conclude that the parties mainly concerned (the Departments of Works, Shipping and Transport and Treasury) did not ensure that the estimates represented an accurate assessment of the funds likely to be required to finance the project in the light of the information available to them. It seems to us that their judgment in these matters was unsound. (Paragraph 70.)

(a) the foundations are out of sight and cannot be examined in advance by the designers or contractors to the same extent as foundations on dry land;

(b) the contractor's operations are restricted to the actual structure itself, and are further hampered by the weather and the state of the sea.

The Department states that these factors introduced a degree of

(c) We consider that the departments failed to offer to the Government satisfactory advice regarding the financial requirements for this project. (Paragraphs 70 and 71.)

(d) We note the attempt of the Department of Shipping and Transport to evade responsibility for advice to the Minister on the administration of the vote in question. (Paragraph 72.)"

uncertainty which makes it very difficult for the contractor to estimate his own progress; also that there is the further uncertainty pertaining to the contractor's ability to find experienced staff at the time capable of handling the job efficiently.

The Department of Works accepts the responsibility for the faulty advice regarding the financial requirements and considers that the Department of Shipping and Transport had no option but to accept the estimates given to it, as they had not the technical staff capable of assessing the difficulties inherent in the work.

The estimates of expenditure on the project for 1960/61 have been carefully examined by the Finance Sub-Committee of the Commonwealth Explosives Port Facilities Committee. The Finance Sub-Committee, which comprises representatives of the Departments of Shipping and Transport, Works and the Treasury has based its review on an inspection of the actual progress on the site and is undertaking regular reviews of the expenditure against the programme.

CHAPTER VI - TREASURY MINUTE ON THE FORTY-SEVENTH REPORT OF YOUR COMMITTEE ON BROADCASTING AND TELEVISION SERVICES

In the Forty-Seventh Report concerning underspending of Capital Works and Services - Division No. 58 Item 01

Summary of Committee's Conclusions Treasury Minute (22nd September, 1961.)

Your Committee stated :-

I am directed to state :-

The Treasury has examined the Report and, where appropriate, has discussed with the Departments the observations and conclusions of the Committee.

BROADCASTING AND TELEVISION SERVICES

The main reasons for the underspending of the appropriation, Capital Works and Services Division 58 - Item 1 - Buildings, works fittings and furniture for sound broadcasting transmission,

The Department has advised that there are very special requirements associated with the planning and design of broadcasting buildings and that these pose problems not normally encountered in more

in the three financial years 1956-57, 1957-58 and 1958-59 were deficiencies in the preliminary planning of the sponsoring authorities, the Australian Broadcasting Control Board and the Postmaster-General's Department and their failure to comply strictly with the forward planning and programming arrangements associated with the Civil Works Programme.

Some underspending resulted from apparent errors of judgment on the part of the Department of Works in establishing target dates and estimating expenditure but, in general, these errors were unexceptional and within reasonable limits.

Strained relationships in these matters, between the Postmaster-General's Department and the departmental controlling authority, the Treasury, did not assist the situation.

Regular use of the design list system, adherence to the provisions of the forward planning and works programming procedures and a greater degree of co-operation between all parties concerned should prevent a recurrence of the persistent and substantial underspending of the vote in the future.

conventional works. The Department has also stated that every effort is made by it to adhere as closely as possible to the approved design list and programming procedures.

Differences of opinion between the Treasury and the Post Office upon any issues raised before the Committee did not affect the expenditure that was reviewed in the Report. The Department has further advised that the suggestion that serious disagreement existed between the Post Office and the Treasury is quite wrong and that, on the contrary, relationships have been at all times very good.

CHAPTER VII - TREASURY MINUTE ON THE FIFTY-FIRST REPORT
OF YOUR COMMITTEE ON THE EXPENDITURE FROM THE ADVANCE
TO THE TREASURER - 1959-60

In the Fifty-First Report concerning expenditure from the Advance to the Treasurer :-

Summary of Committee's Conclusions Treasury Minute (5th October, 1961)

Your Committee stated :-

I am directed to state :-

The Treasury has examined the Report and has discussed with the Departments the observations and conclusions of the Committee

LEVEL OF EXPENDITURE FROM TREASURER'S ADVANCE -
DEFENCE SERVICES

It is a matter for singular comment that the change in the method of presenting the figures

The fall in the level of expenditure on defence services from Treasurer's Advance in 1959-60

in the appropriation should result in a fall of £2,500,000 in the amount for the Defence Services. Your Committee note that in its Forty-First Report illustrations were given of the method for presenting the appropriations for the Department of Supply in the Estimates against Division 185 and Division 194 and Division 196 for the financial year and that the amended method emphasizes the importance of the form in which Estimates of Expenditure are presented to Parliament.

APPARENT UNDERSPENDING

Any alterations to the form of accounts which may result from the Post Office Committee's report would impinge on considerations of an alteration to the method of presentation of the Estimates and Your Committee considered that it would be profitless to proceed further until the question of the Post Office accounts generally has been resolved. However, obviously there is scope for improving the form of presentation within the existing system and we trust that progress will be made to that end at an early date.

In general, items which cannot be specifically appropriated in the first Appropriation Act due to insufficient information, should be omitted and included later, if required, in the second Appropriation Act when the necessary details have become available.

UNDERSPENDING IN 1959-60

Your Committee expresses concern that some unsatisfactory features associated with both the Civil and Defence Works Programmes have again come under notice. Whilst the Department of Works appears to have shown some over-confidence in its ability to complete relatively minor new works which had not been admitted to design lists, the difficulty relates mainly to such works as were included in the programme by Departments who had not clearly defined their requirements - nor determined the sites in some cases - by the time the Department of Works was ready to proceed with the design.

compared with the previous year was not occasioned by a change in the form of the Estimates but by the standardisation of the method of presenting net appropriations in the Statement.

The form of the Post Office accounts, and their relation to the existing form of Estimates are being considered.

The Treasury has noted the Committee's preference for the omission from the original Estimates of commitments which cannot be specified precisely at that stage and for their inclusion in Additional Estimates if, and when, further details of the proposed expenditure are available.

The Departments of Health and Repatriation and the Commonwealth Scientific and Industrial Research Organisation have conveyed assurances that the comments of the Committee will be borne in mind in connection with the initiation of future works projects. The Department of Navy has advised that the works planning and budgetary procedures within the Department have been improved and that requisitions are now furnished promptly to the Department of Works.

The Department of Works has advised that the question of minor works which can be handled by that Department in a financial year and which should be admitted to a works programme is continually receiving consideration. However,

31.

circumstances will always arise which will affect departmental expectations and the Department of Works does not agree that over-optimism in the first instance is the prime cause of the failure to achieve targets.

The Department further states that planning difficulties cannot always be foreseen, particularly in relatively small projects and whilst it is agreed that a greater proportion of the works programme should have prior Design List status, the complexity of design of a small project may not be apparent until design is actually undertaken.

The fact that the absence of one officer should result in an important new procedure relating to Central Store purchasing and stockholding not being introduced causes Your Committee some concern. We trust that the recent creation of an additional senior position in the Northern Territory will assure that administrative failures of this nature do not occur in future.

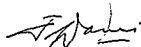
The Northern Territory Administration's appropriations for stores and materials and for loans to Church organisations were again the subject of enquiry by the Committee in connection with expenditure from Treasurer's Advance for the year 1960-61.

It was clear to Your Committee, from our investigations, that adequate realistic investigations had not been made by the Department prior to seeking the amounts which were included in the appropriation for loans to Church Organizations.

OPERATION OF DEPARTMENTS IN THE NORTHERN TERRITORY


Your Committee notes also that both the Department of Health and the Department of Works but more particularly the former Department, are carrying out certain clearly defined local functions in the Northern Territory and would recommend that they, and the Public Service Board, give consideration to conducting an early investigation to ascertain whether a greater degree of decentralization may be desirable and feasible, in respect of the operations of these Departments in the Northern Territory.

The Public Service Board, in conjunction with the Departments of Health and Works, has examined the administration of the branches of those Departments in the Northern Territory. The Board has concluded that existing arrangements provide an adequate level of delegated responsibility and that there is no need for a greater degree of decentralisation.



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.
18th October, 1961.