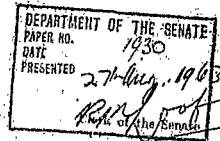


1963.



THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

JOINT COMMITTEE OF PUBLIC ACCOUNTS.

SIXTY-SECOND REPORT.

THE BUDGET

(Financial Document).

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JOINT COMMITTEE OF PUBLIC ACCOUNTS

FIFTH COMMITTEE

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The Senate appointed its Members of the Committee on 6th March, 1962, and the House of Representatives its Members on 7th March, 1962.

1. Appointed 9th August, 1962.

2. Resigned 9th August, 1962.

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 Parliament by the Auditor-General in pursuance of subsection (1.) of section fifty-three of the Audit Act 1901-1961;
- (b) to report to both Houses of the Parliament, with such comment as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
- (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

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

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JOINT COMMITTEE OF PUBLIC ACCOUNTS

SIXTY-SECOND REPORT

THE BUDGET (Financial Document)

CHAPTER I - INTRODUCTION

In the Forty-ninth Report the Fourth Committee referred to the proposed reviews by the Joint Committee of Public Accounts of the form and content of the financial documents presented to the Parliament. This task was commenced by the First Committee which presented an interim report, the Thirteenth Report, dated 3rd March, 1954. That interim report was completed by the Eighteenth Report of the Second Committee, which was dated 10th November, 1954 and related to the Budget Speech, the Estimates of Receipts and Expenditure and the Appropriation Bills. A further three reports had been envisaged dealing with -

P.P. No.62
of 1960

P.P. No.11
of 1954
P.P. No.37
of 1954

- (1) The Budget Document
- (2) Departmental Estimates
- (3) The Finance Statement and the Auditor-General's Report

2. The Fourth Committee continued the review with a series of reports based on separate examinations of various sections of the Estimates. This procedure arose from the necessity to extend the investigations into "the Form of the Estimates" over a number of years in view of the magnitude of the task involved and the demands on the time of the Committee by other inquiries which were annual commitments.

3. The presentation of the Fifty-fifth Report completed that series of reviews* and this Fifth Committee, after appointment early in March, 1962, decided to continue the review of the financial documents with an examination of the document titled "The Budget" - sometimes referred to as "The Budget Papers".

P.P. No.87
of 1961

4. Certain written explanations concerning the origin, content and use of The Budget document were obtained from the Department of the Treasury and the Auditor-General and a series of public hearings were

* Forty-ninth Report (Miscellaneous Services); Fifty-fourth Report (Capital Works and Services); Fifty-fifth Report (Salary Schedule and Deduction and Transfer Items).

commenced on 9th April, 1963 and concluded on 21st May, 1963. A private discussion was held also with the Commonwealth Statistician on 14th May, 1963 as developments during our hearings indicated that the content of some of his publications might influence a final decision on the possible amendments that could be made to the document traditionally titled "The Budget".

5. In our Report which follows Your Committee will use the description "The Budget" when referring to this document. The Report itself has been designated "The Budget" also as this is the title printed on the cover of the financial document to which we refer. It is regretted that some confusion may arise from this but there is no suitable alternative description for this Report concerning the document which is one of the complex of official publications relating in general to the financial activities of the Commonwealth and which are presented to the Parliament annually.

CHAPTER II - THE MEANING AND USE OF THE BUDGET

6. Your Committee's difficulty with the description of this document and the title to our covering Report relates in part to the popular concept of the meaning of the term "The Budget". That term is generally understood to refer to the statements and documents presented annually to the Parliament by the Government of the day and discussed over a period of some six weeks during what is referred to as "the Budget Session".

7. It might be said that the primary object of the financial documents made available annually is to present comprehensive data on the national finances to enable the Parliament and the public at large to form judgments on the financial position of the nation and on the financial and economic impact of the Government's programme proposed for the ensuing year. To achieve this the information presented should set out details of the anticipated revenue and expenditure for the ensuing year, of the impact of new tax and loan proposals and of the actual results for the year passed. It is the Government's responsibility to present the facts as clearly and concisely as practicable and, where required, in constitutional or legal form. The use made of the facts by the Parliament and the public at large is a matter for individual judgment.

8. These general principles indicate that the financial documents should enable persons who are prepared to devote a reasonable time to their study, to ascertain details of expenditure and receipts in respect of the current and previous years.

9. The document reviewed by Your Committee and titled "The Budget" does not fulfil this concept and is, in fact, a form of statistical compendium or information document with varying degrees of general relevancy to the Government's budgetary policies. The questions of degrees of relevancy, duplication of information, clarity and form of presentation are discussed in the later Chapters of this Report. However, in the course of completing our examination of the document Your Committee have had to consider the wider implications of the overall necessity to assure that adequate data on the national finances is available, and to assess as accurately as is practicable what might reasonably be considered to be adequate data and how that data might best be presented.

CHAPTER III - THE PRESENT FORM OF THE BUDGET

10. Throughout the series of reviews of the financial documents successive Joint Committees of Public Accounts have been of the opinion that the various publications should be complementary to one another. In this way there could be a planned series of documents presenting the data required for an assessment of the financial and economic state of the Commonwealth. The expense and effort resulting from the duplicating of information should not then arise.

11. The perusal of these documents and the search for particular information could be assisted by providing a comprehensive index and cross references.

12. Your Committee note that the Treasury had favoured the present arrangement of self-contained documents each serving a different purpose. However, at the commencement of this inquiry Your Committee learnt from the written statements submitted that the Treasury had reconsidered the matter and in reply to a question, the Deputy Secretary, Mr. C.L.S. Hewitt, stated -

".....I have been influenced also in the current presentation by the marked lack of enthusiasm since the Committee's last inquiry in 1953-54, for this self-contained series of documents. They seem, over this time, to have been a greater source of irritation than comfort to those for whom they were designed."

Q.6

13. The three financial documents concerned are The Treasurer's Budget Speech, The Estimates and The Budget. The document titled The Budget has been presented to Parliament each year since the first Federal Budget in 1901 and has been tabled by the Treasurer, along with other related documents, at the time of his "Budget Speech".

14. Over the years the contents of The Budget have varied but at the time of our inquiry the document* contained 51 tables extending over 158 pages. Several of these tables appear fully in other budget documents whilst many are duplicated in part. The present form of Parts I to V of The Budget are described very briefly in the following paragraphs.

Part I

15. Part I comprises one table only - Table No. 1 - Statement of Treasury Balances at 30th June of the preceding financial year. This Table first made its appearance in the Budget Papers in 1910/11 - a similar table having been included since 1901 in the Treasurer's Statement of Receipts and Expenditure (Finance Statement). The inclusion of the Table in The Budget appears to have stemmed from the fact that the Finance Statement had been presented to the Parliament each year at any time up to seven months after The Budget.

16. Table No. 1 now appears in identical form in both The Budget and the Finance Statement. Since 1959 the Finance Statement has been tabled immediately after The Budget, generally the following day.

Part II

17. Part II contains six tables (No.2 to No.7 inclusive) relating to receipts and expenditure from the Consolidated Revenue Fund. These Tables are intended to supplement the data contained in the Estimates of Receipts and Expenditure and in the Finance Statement.

18. The information in Tables No's 2 to 6 appears also in the other documents mentioned above, but in a somewhat different form and without additional comparisons relating to earlier years. In Table No. 7 the varying types of appropriations are brought together under each department. This Table is not presented elsewhere in the Budget documents in like form.

Part III

19. Part III is comprised of Tables No's 8, 9 and 10 containing details of receipts and expenditure from the Loan Fund.

20. Table No. 8 differs from Table No. 17 of the Finance Statement only in that it provides a comparison with the transactions of the three preceding years. Table No. 9 repeats information contained on page 259 of the Estimates of Receipts and Expenditure, adding an additional year's comparison. Table No. 10, as such, is not published elsewhere but portion of the information contained therein is available in the Finance Statement and the Budget Speech. The balance of the information is available in other publications prepared by the Commonwealth Statistician.

* Throughout this Report specific references are to the financial documents for 1962/63.

Part IV

21. Part IV - Government Securities on Issue - contains Tables No's 11 to 30 inclusive. These Tables provide information relating to securities issued by the Commonwealth and State Governments - information which is not published elsewhere in this form.

22. These Tables are generally considered to be relevant to the Government's budget proposals, and some of them are referred to frequently by members of Parliament during the Budget debate.

Part V

23. Part V of The Budget is made up of twenty-one tables which are essentially of a statistical or miscellaneous nature. Several of the Tables in Part V appear also in other documents which are presented to Parliament at or about Budget time. The balance of the information is available later from publications prepared by the Commonwealth Statistician.

24. Broadly speaking, these Tables contain information which is related to the Budget discussion. In particular Tables Nos. 40 to 42 are important as they contain useful details relating to the "one line appropriations" for the Australian Atomic Energy Commission, Broadcasting and Television Services and the National Capital Development Commission.

25. During the course of the past sixty-three years the contents of the Budget Papers have undergone a number of changes. Viewed today, however, it is evident that too little attention has been given to their revision. A careful examination reveals many inconsistencies in presentation, particularly in Part II, where the number of comparative tabulations for previous years varies from two to four and, in one instance (Table 4), estimates for the Budget year are not provided.

26. In reply to a question as to whether any general principal or rule exists as to why the information is supplied in its present form, the Treasury representative replied -

"(MR. HEWITT) There is no ready explanation of that recorded. I think that, as with many of the publications we have looked at, this was a practice which was adopted when the Commonwealth took over, at Federation, the services of State public servants, who brought with them the methods to which they had been accustomed and modelled their accounts and records and papers on the practices - particularly - of the Victorian Parliament. This has gone on since then, as things do, being added to or modified occasionally, all in the belief that here

Q.26

was a handy compendium which could be of assistance in the course of a Budget debate, but I think this repetition of material has ceased to be an aid and has become another document which is more a nuisance than a help....."

CHAPTER IV - THE PURPOSE OF THE BUDGET

27. The Budget appears to have been intended to provide members of Parliament with background information to assist in an evaluation of the Government's financial proposals and to supply information which would be of use during the Budget debate. Nowhere throughout our inquiry was it suggested that it could be regarded as a document of general public interest. On the contrary, we found ample evidence to suggest that public interest in the Budget is very limited -

"MEMBER. - It is known, of course, what the demand for the Budget Papers is from the Parliament. Is it known what the demand is from the public. Is it very extensive? --- (MR. HEWITT) No. The number of subscriptions would be, perhaps, 25. The rest of the distribution is the formal circulation." Q.11

"MEMBER. - I would imagine there would not be many inquiries from the public about the contents of the Budget Papers? --- (MR. HEWITT) Interest is shown in the financial figures by a wide variety of people, but their inquiries and interest are directed to the principal documents - the Estimates, past editions of the Estimates, the Finance Statement and past copies of the Finance Statement. If people are looking for particular information I think they would look at those documents first and not go to a secondary compilation such as the Budget Papers." Q.12

"MEMBER. -were the Papers designed only for members of Parliament or for various sections of the community and sections of the Public Service? Is the lack of enthusiasm general with all recipients? --- (MR. HEWITT)The Budget Papers were designed originally for Parliamentary presentation. So far as the Public Service is concerned I can generalize enough to say they are not of use to the Public Service.As regards the interest shown I do not think we have had any letters, or inquiries, showing that there is any interest displayed in the Budget Papers. I think that is mainly because this reproduced material is available in a number of other places." Q.8

28. This situation left Your Committee with the somewhat difficult task of assessing the value of The Budget to the Parliament as the main distribution of the document is to Members. At the same time we have endeavoured to examine possible alternative presentations bearing in mind the general principles relating to the form and content of financial documents noted in paragraphs 7 and 8 above. Our examination in detail of this problem is outlined in the following Chapter.

CHAPTER V - REVIEW OF THE BUDGET CONTENTS

Part I

29. This Part of The Budget consists solely of Table No. 1 which was last revised following an examination by the Public Accounts Committee in 1953/54. Referring to the earlier form of the Table and the reasons for its revision at that time Mr. C.L.S. Hewitt, stated -

"(MR. HEWITT)My recollection of the earlier form of it was that it had one or two self-balancing items which made it not too readily understandable and a little bit inconsistent with what it set out to do, which was to give a statement of the Treasury balances in what one would expect to be a ledger in the Treasury. That is what it now does. It gives a statement of the balances in the accounts that are open in the Treasury at 30th June. In the form in which it was presented in the past it had items that were not consistent with that description and not what an accountant ordinarily would put in a table of this kind. A change was made to present it in a form that was quite consistent with its description and the sort of table that one would expect to find in a set of financial documents of this kind."

Q.92

30. Having in mind the fact that Table No. 1 is published at present in both The Budget and the Finance Statement, (The Treasurer's Statement of Receipts and Expenditure), Your Committee sought assurances from Mr. J.K. Lawrence, Acting Secretary and Chief Inspector, Audit Office, that, if omitted from The Budget, it would continue to be printed in the Finance Statement and would be available to members of Parliament at the time of the Budget debate.

"MEMBER. - Mr. Lawrence, what view would your Office take of the proposed deletion of Table No. 1 from one or other of the documents mentioned? --- (MR. LAWRENCE) It is necessary in the Finance Statement. Attention was drawn to the fact that it was a duplication in the Budget Papers and the Finance Statement. I should say that its retention in the Finance Statement would be essential."

Q.96

31. Assurances were given by Treasury and Audit Office witnesses that the Finance Statement would continue to be presented to Parliament at an early date -

"MEMBER. - Do you consider that the timing of the presentation of the Finance Statement and the Budget Papers to the Parliament - which has been in evidence over the last few years - should be maintained in the future? During the course of the last few years there has been an almost simultaneous presentation of the Finance Statement and the Budget Papers to the Parliament..... Can we be sure that this timing will continue in the future? --- (MR. HEWITT) For our part, yes. The Finance Statement is transmitted formally by the Auditor-General. As far as the Treasury is concerned it is finished and done with within three to four weeks after 30th June. Thereafter it becomes the responsibility of the Auditor-General to transmit it to Parliament. (MR. LAWRENCE) It is the intention of the Auditor-General to maintain the early presentation of his Annual Report to Parliament. It was presented on 14th August last year and it is intended that he will continue to present it at an early date."

Q.7

32. The Audit Office advised Your Committee later of the dates for tabling the Report of the Auditor-General and Finance Statement as compared to the commencing dates of the Budget sessions over the past seven years, viz. -

<u>Year</u>	<u>Date of Budget Speech</u>	<u>Date Report and Statement Transmitted to the Parliament</u>
1956	30th August	4th May (First sitting day after 30th August, 1956)
1957	3rd September	4th September
1958	5th August	19th August
1959	11th August	12th August
1960	16th August	17th August
1961	15th August	16th August
1962	7th August	14th August

33. Your Committee consider that the Finance Statement and the Report of the Auditor-General could, and should, be presented to the Parliament early in the Budget session as has been the practice in recent years. Any departure from the current practice could only be the result of factors warranting a special explanation to the Parliament.

Part II

34. Mr. Hewitt, Deputy Secretary, Department of the Treasury, cast considerable doubt upon the usefulness of the Tables contained in this Part pointing out that they are, for the main part, a duplication of information already contained in the Finance Statement and the Estimates of Receipts and Expenditure -

"(MR. HEWITT) I think that people who have a professional interest in getting hold of this material contained in Part II, which relates to receipts and expenditure of the Commonwealth, would normally go to the original source documents such as the Appropriation Act in past years or the Schedule, in the form of the Estimates, and to the Finance Statement. I think that when he is informed of the existence of the Budget Papers he would probably say, 'I am a professional research man; I will do my own compilation from the original sources rather than use somebody else's compilation.' I think that those who are less professionally interested are confused by the existence of the separate documents and wonder what is contained in them that is not shown elsewhere and whether it is just a repetition of what is shown elsewhere. If it is repetition of what may be found elsewhere, they ponder over why there should be a repetition and for whose benefit it exists. I do not really think that anyone gets great benefit now, with the simultaneous publication of the other documents, from this particular set of papers."

Q.16

35. The principal objection to the alternative sources of information is that they fail to provide comparative figures for more than one earlier year. (The Tables in the Budget Papers provide comparisons for upwards to four preceding years). The extent to which the comparative tables are used is open to debate and, no doubt, individual views would differ considerably. The Treasury witness expressed the view that the extended comparisons are of very little value -

"MEMBER. - Don't you think it is a help to members generally to be able to study a comparison like that? --- (MR. HEWITT) Well, in real honesty I do not think it is. At previous meetings of this Committee I have explained my own point of view about the background to this matter. I have been through the files in the Treasury trying to find some record of appreciation of this additional information, or a request for it or a need for it. We have been on the lookout for references to this sort of thing in "Hansard" reports for a number of years. We have listened and talked and had the benefit of many discussions at meetings of this Committee on all sorts of subjects. My own conclusion is this: I do not think I have ever seen evidence - and far be it from me to tell you what you may think of it - of this kind of extended comparison here, with three columns of figures in Table 5, and five columns of figures in other tables - I have never come across anyone saying, 'This is just the very thing that is wanted. It serves this particular purpose and is of great assistance.'In this I personally find further support for the belief that people have come to take this for granted and have ceased to make real use of it. If somebody does want extended comparisons further back, it would not be difficult for the library to get the information for him."

Q.79

36. Witnesses from both the Audit Office and the Department of the Treasury were of the opinion that no good purpose would be served by adding the additional comparative figures to existing tables in the Finance Statement and the Estimates of Receipts and Expenditure. Further, as those documents fulfil certain legal requirements, there are practical difficulties in attempting to extend the presentation of data solely for the purpose of furnishing additional information. The Audit Office and Treasury representatives advised also -

"(MR. HARRINGTON) The 'Finance Statement' is intended by the legislation to be a statement of the receipts and expenditure of the year that has just elapsed. Nowhere is it provided otherwise, and I think the section of the Act confines it to that year. It does not provide for any figures of comparison for previous years. I think it generally would be undesirable for these to be shown."

Q.434

"(MR. HEWITT)I think there may be some physical limitations in adding yet another column of figures which, in some ways, if it were just the expenditure, for example, for the preceding year, 1960-61, would look a little odd against the double column of expenditure and appropriation for the immediately preceding year, 1961-62. I think I would prefer to say quite frankly that I do not think it would be an improvement. I think it would merely clutter up the Estimates document....." Q.77

37. Apart from the question of the desirability or otherwise of presenting comparative figures, the nature of the data in Tables Nos 3, 4 and 7 of Part II merit close consideration.

38. Table No. 3 provides a detailed break-up of estimated revenue for the Budget year. At the present time such information is not provided elsewhere in the various Budget documents - a total only for each Department appearing in the Estimates of Receipts and Expenditure. The Finance Statement provides only the revenue result for the relevant year. Referring to this deficiency, Mr. Hewitt of the Department of the Treasury indicated that he was not opposed to inclusion of the additional information in the Estimates of Receipts and Expenditure.

"(MR. HEWITT)the section given in the Budget Papers that is not at present contained in the Estimates document is a breakdown of the item under revenue in terms of estimates for the future. The breakdown in terms of actual receipts is given in the Finance Statement. The detail is not provided in the estimates of revenue at present and I do not think there is any reason why that should not be incorporated there, if it is dropped from the Budget Papers." Q.58

39. Table No. 4 provides details of miscellaneous revenue for each of the three years immediately preceding the Budget year but fails to provide estimates of this miscellaneous revenue. When asked why the estimated revenue was not shown, the Treasury witness replied -

"(MR. HEWITT) I do not know. That is an inconsistency in the document which becomes apparent when you get down to this type of close study, as you have found yourselves." Q.74

40. The Committee sought Mr. Hewitt's views on the future of this Table -

"MEMBER. - Do you consider its retention in the Budget in its present form is warranted or could details be shown in the Estimates papers with little additional expenditure of time and money? --- (MR. HEWITT) Yes. I do not think that to continue it in this form in the Budget Papers is warranted. I think it would be better placed in the Estimates, filled out there if necessary, rather than being done separately here." Q.75

41. It had been suggested by the Treasury that the Summary of Expenditure appearing on page XV of the Estimates could be relied upon to provide information at present contained in Table No. 7 of The Budget which has always been headed, incorrectly, 'Total Cost of Each Department' -

"Table No. 7, properly described, provides only one new figure for each Department, and that is the arithmetical total of the amounts shown in the Estimates of Receipts and Expenditure for:- Exhibit No.63/3

Special Appropriations

Ordinary Appropriations

Capital Works and Services
Appropriation

It is not thought that the occasional need for such a figure warrants the presentation of it for all cases. There is, moreover, a more effective presentation on page XV of the Estimates."

42. In reply to a question, Mr. Hewitt elaborated on the Department's attitude -

"MEMBER. - I should like to refer to Table No. 7 on pages 52-65. This Table ostensibly shows the total cost of each department. Would you agree that a summary of this type, wherever appearing, provides an informative summary, particularly for members of Parliament and persons with a special interest in comparing departmental costs from year to year, or do you think that it is more confusing in this form? --- (MR. HEWITT) I think it is misleading, as it now exists. It is described as presenting the total cost of each department. In fact, it gives a presentation for each department of the amounts that are shown in the relevant Estimates or Finance Statement as having been appropriated under ordinary and special appropriations and under Capital Works and Services, and Q.64

also includes one or two transfers from the places where expenditure is appropriated to the place on whose behalf the money is expended.I agree that there is a need for some drawing together of the payments that are expended by the various departments under the various sections of the Estimates document. I think that this is well shown now at the beginning of the Estimates document. There is what is called a Summary of Expenditure shown on page XV, which gives in summary form the expenditure of each department as it is estimated, as it was in the immediate past year, and breaks it down and brings it together to a total under the headings: Special Appropriations, Salaries, Administrative Expenses, Other Services, and Capital Works and Services. It is not here described as representing the total cost of each department. It is properly called, I think, expenditure of each department, and I think that it is a useful and informative summary table. I do not believe that Table 7 is correctly described. I think it is misleading, and I do not think that in its present form it serves a useful purpose."

43. A comparison between Table No. 7 and the summary on page XV of the Estimates discloses considerable differences as to contents and method of presentation. Table No. 7 is a very comprehensive table extending over 14 pages of the Estimates Papers and showing in some detail estimated expenditure by or for the various departments in the current year together with comparative figures for each of the four preceding years. The Summary of Expenditure, on the other hand, is a single page table listing estimated expenditure for each department, undertaking and territory - under summary headings for Special Appropriations, Salaries, Administrative Expenses, Other Services, and Capital Works and Services - together with actual expenditure for the previous year.

44. Being of the opinion that much of the content of Table No. 7 was of interest and assistance to members of Parliament, Your Committee suggested to the Treasury representative that it might be published in the Estimates document, but in a somewhat different form. However, the Treasury doubted that such a course would be practicable -

"MEMBER. - Could a statement containing the summarized information as in Table 7 be provided for information in the Estimates of Receipts and Expenditure, for example, with the summary immediately preceding each department's estimates? Would not the cost involved be considerably

Q.86

less than that for publishing Table 7 in the Budget? --- (MR. HEWITT) Yes, I think it would be much less, but I am not sure that that would conveniently fit into the form of these documents or contribute more than is given by the table on page XV of the Estimates document."

45. Your Committee appreciated the difficulty in providing expanded information in a publication of the nature of the Estimates of Receipts and Expenditure and discussed with Treasury the possibility of improving the presentation of the data included in page XV. We concluded, that the problem of providing comparative data for previous years in satisfactory detail might be solved by removing the presentation to another document and this matter was discussed with the Commonwealth Statistician (see paragraphs 73 to 75 below). However, in addition, Your Committee consider that some modification to the present table on page XV of the Estimates is desirable.

Part III

46. Part III of The Budget is comprised of Tables No's 8, 9 and 10 showing details of receipts and expenditure relating to the Loan Fund for the four preceding financial years. Similar information appears, in part, in the Estimates and the Finance Statement except for the comparative figures for previous years and, again, the witnesses from the Treasury and Audit Office were of the opinion that it was neither practicable nor desirable to include comparative figures for previous years in these documents.

Q. 104,
105

47. Table No. 8 - Statement of Receipts and Expenditure - appears also in the Finance Statement as Table 17, but without the comparative figures for the three previous years. Asked whether he regarded the additional comparisons as being of value, Mr. Hewitt, replied -

"(MR. HEWITT) No. I would adopt in relation to this what I have said about comparisons in the other section of the Budget Papers."

Q.103

48. A suggestion that the comparisons be transferred to Table 17 of the Finance Statement was opposed both by Treasury and Audit Office witnesses on the grounds that the existing form of Table 17 is in conformity with a statutory requirement.

"MEMBER. - Could the details of transactions of preceding years be provided in Table 17 of the Finance Statement?
--- (MR. HEWITT) I would prefer not to

Q.104

see that done. The Finance Statement has a particular legal significance. Table 17 is what is required under the Act. It is part of the annual accounts, and I would not like to see the Finance Statement varied by going beyond and outside the terms of the legal requirements. I think that if the comparison is required again, it is not a difficult matter to provide it from the successive years' Finance Statements on the occasion on which the information is needed."

And -

"MEMBER. -I should like to ask Mr. Harrington whether he considers that it will be possible to include in Table 17 of the "Finance Statement" comparisons with the transactions of preceding years? --- (MR. HARRINGTON) The "Finance Statement" is intended by the legislation to be a statement of the receipts and expenditure of the year that has just elapsed. Nowhere is it provided otherwise, and I think the section of the Act confines it to that year. It does not provide for any figures of comparison for previous years. I think it generally would be undesirable for these to be shown."

Q.434

49. Table No. 9 provides details of estimated expenditure from the Loan Fund together with actual expenditure for the two years immediately preceding. A statement on page 259 of the Estimates provides identical information except that it contains details of actual expenditure in respect of one year only. Treasury suggested that Table No. 9 be deleted in favour of the tabulation of the Estimates.

Exhibit
No.63/4

50. Your Committee sought the view of the Department of the Treasury on the possibility of including the additional information in the Estimates statement -

"MEMBER. -Would it be possible for the Treasury to include that additional year in the table on page 259 of the Estimates? --- (MR. HERRING) It would be possible to include that additional year, but the presentation of the expenditure for those previous years depends on the number of years' comparison that is needed. If a comparison for only one year is needed, that can be provided. If another year's comparison were required, it could be provided. I think it will be a question of being consistent in the presentation of information, relating not only to loan funds but also to other summary information that is provided."

Q.453

51. Table No. 10 provides information relating to Loan Fund expenditure giving details of total expenditure to 30th June of each of the two immediately preceding financial years, together with expenditure for the financial year just ended. Portion of this information is repeated in Table No. 18 of the Finance Statement and in Statements 2 and 5 attached to the Budget Speech. More detailed information is contained in the Quarterly Summary of Australian Statistics and the Finance Bulletin - Part I, both of which are prepared by the Commonwealth Statistician but are published at a later date than the Budget documents.

52. Again Treasury felt that publication of this data in alternative documents provided good reason for its deletion here. Your Committee sought Mr. Hewitt's view on the possible reconstruction of Table 18 of the Finance Statement to incorporate all of the information at present provided in Budget Table No. 10 and were advised -

"(MR. HEWITT) I think it would detract from the purpose of the table to try to build something else into Table 18, which again I think meets a requirement of the Audit Act for the content of the Finance Statement. Here, I think for the first time, I introduce the other section of collected and published statistics and facts, which is the responsibility of my colleague, the Commonwealth Statistician, and record that this material in this form in Table 10 is published by him in two places, in the Quarterly Summary of Australian Statistics and also in Part I of the Finance Bulletin. I think his publications ought to be relied upon, and I do not think the information ought to be repeated or that we should try to weld it into the Finance Statement, which is to serve a different purpose." Q.110

53. Mr. Hewitt went on to point out that the different tabulations of Loan Fund information were available in various publications and that the type of information required by a member of Parliament on a particular occasion would logically suggest the appropriate source document -

"(MR. HEWITT)I should like to think that members would immediately think that the place to get information about receipts and expenditure on the Loan Fund would be the Finance Statement. That is what it is there for. It is ordered by law and it is produced for the purpose of giving this information. If a member, for some reason, wanted to get the expenditure over the last fifty years from the Loan Fund under Q.113

a number of headings I should like him to think that the place to get that information is the collections of the Statistician. I should like him not to be confused and say, 'Maybe if I hunt through this publication of Budget Papers I will find a compilation which I hope will be accurate and complete and which will duplicate or triplicate the original source of material with which I am now becoming familiar'."

54. Reference by Mr. Hewitt to publications prepared by the Commonwealth Statistician raises the question of availability of and dates of publication of those documents. This matter is dealt with later in Chapter VI of this Report.

Part IV

55. The Tables in this Part - titled "Government Securities on Issue" - have been discussed with the Treasury on a number of previous occasions. They have been under review in recent years and a major amendment was made in 1962/63 when the practice of showing outstanding overseas borrowings in terms of the 1927 exchange rate was discontinued.

56. The witness, Mr. L.B. Brand, Assistant Secretary, Loans and Investment Branch, Department of the Treasury, advised -

"(MR. BRAND) Our first objective with last year's Budget Papers was to get the overseas debt recorded in the currencies in which the borrowings were made. That was a major job in itself. We decided to incorporate that amendment only and not to make any major structural changes in the tables themselves. The tables in this publication are not significantly different from those in the publications of previous years." Q.152

57. The Tables - No's 11 to 30 - contain statistical data published for general information and their nature - in amplification of the note appearing in The Budget - Part IV - was explained by the witness as follows -

"(MR. BRAND) The difficulty here is explained in the text printed in small type on page 73. That explains some of the difficulties involved in giving accurate information about the public debt. A year or two before this issue of the Budget Papers we deleted all reference to public debt and used the expression "Government Securities on Issue". The previous statement on public debt had included some double counting. Some loans were raised overseas and the proceeds were Q.154

put into a trust account. Out of that trust account, moneys were loaned to the States under a special loan. In reality, only one amount of debt resulted from those two transactions, but when they came to be recorded they were shown as two pieces of public debt. This was pointed out to us several times. Then there is the question of the Government's holdings of its own securities. Much depends on what you mean by public debt. In some circumstances, public debt can include the securities held by the Government itself. In other circumstances, probably you would want to show a net figure - only the amount which the Government owed to outside people. It was because of those complications that we used this new name for virtually the same figures. We refer just to "Government Securities on Issue". That means they are on issue to somebody. Some are on issue to the Commonwealth Government itself. Others are on issue to State Governments, trust funds, the Reserve Bank and so on. It could be said that we are trying to get a more useful figure for the amount of debt outstanding. I would not like to say that we are trying to get a definition of public debt. I am not sure that the expression "public debt" means much. It means what you want it to mean."

"MEMBER. - Mr. Brand, I was wondering whether this is something new. Did we have this in any of our Budget Papers before? --- (MR. BRAND) I think it has been in for three or four years. I would not like to say precisely how long this has been in, but it certainly was not new last year. It was introduced around 1960."

Q.155

"MEMBER. - This has really come up since the question was raised of what the public debt is. Is that the real cause of putting this explanation in? --- (MR. BRAND) Yes. Comments were made by the Auditor-General to the effect that what we called then the public debt could be misleading. As I have said, there was some double counting of borrowings and some of the debt was owed to the Commonwealth itself. We decided that, rather than try to get a figure for net public debt or call it what you will, it was better to retain the figures in their previous form but to call them "Government Securities on Issue". That was a correct statement of what they were."

Q.156

58. Your Committee were informed that the latest revision of the tables in Part IV had been received favourably by persons making use of the data presented. Q.159

59. The information contained in Part IV is not published elsewhere and, in view of the interest in these tables and the suggestion that The Budget document be no longer printed the witness was asked -

"MEMBER.-...What is your opinion of the possibility of publishing a new White Paper on Government Securities on Issue, containing all of the tables in Part IV? Q.161
--- (MR. BRAND) It certainly could be done. If that were done, I think we would expand the information at present available rather than cut it down. Personally, I would like to see more information published than at present on Government Securities on Issue. However, this forms a part of the Budget Papers and there are definite limitations to the space that could be allocated. This tends to be a bald statement of the public debt outstanding or of the Government Securities on Issue. There are quite a few relationships that could be shown. We could show the relationship of these Government Securities to National Income. We could show the interest liability as a proportion of National Income. We could show the relationships for internal debt and overseas debt. This information is published by other countries. However, the Budget Papers as such do not seem to be the correct place for information of that kind."

and -

"(MR. BRAND)From my own point of view, Q.162
I would like to see more published on Government Securities, but not necessarily as a White Paper and not necessarily as a part of the Budget Papers. I do not think that the answer is that the Commonwealth Statistician should accept responsibility for publishing this information. For various reasons, he tends to fall behind. The latest information he has published is for June, 1960. Naturally, that is far too old. I would like to see some publication of this information quite soon after the end of the financial year. It would not matter from my point of view whether the information was published in a White Paper or in a Treasury document."

60. The witness advised further that the actual vehicle for the presentation or publication of information was not a matter for decision by him. The information was available in the Loans Branch of the Department and its dissemination - Q.175

"(MR. BRAND)is the concern of another section of the Treasury, and that question has to be looked at in the wider context of the Budget Papers as a whole."

"MEMBER. - In other words, the Treasury has the information first, and it should be the authority to distribute that information?
--- (MR. BRAND) Yes. Someone must publish it quickly, and if the Commonwealth Statistician could publish it within a few days, perhaps that would be the answer."

Q.176

61. The possibility of improving the method of presentation, and the details shown in a number of the Tables, was discussed with the witness and these are recorded in our Minutes of Evidence. However, the main consideration as to the nature of the document to contain the revised Tables involves a review of the publications of the Commonwealth Statistician and these are commented on later in our Report.

62. Your Committee note, however, that there is a large demand for this information from bodies such as stock exchanges, banks, etc., who would probably prefer to have it available in a separate document as The Budget is of restricted interest to them. There would appear to be little logic in providing an expensive and comprehensive document of five Parts to those persons whose interest is confined to one Part only.

Part V

63. The Tables in this Part V - No's 31 to 51 - are a miscellany of statistical data most of which is available in other official publications. The main problems are the facts that some of the information in The Budget is more recent than that now being published in other documents and that those documents omit estimated figures for current financial years.

64. These matters are referred to again later in this Report with our comments on the discussion held with the Commonwealth Statistician.

65. Your Committee noted, however, that Tables No's 40, 41 and 42 are of particular significance and are not published elsewhere. These Tables refer to summarised details of expenditure for the preceding and current financial years by the Australian Atomic Energy Commission, Broadcasting and Television Services and National Capital Development Commission. We consider that these Tables should continue to be published and possibly the Estimates is a more appropriate document in which to include them.

66. In reply to a question as to why similar tables are not available for other statutory corporations the witness advised -

"(MR. HEWITT) These are the only ones so far with a single amount appropriated and in respect of which the legislation governing the body requires an estimate to be published or estimates in some detail to be approved by the Minister and/or the Treasurer." Q.142

Treasury's Submissions

67. In written submissions to your Committee prior to the commencement of our public inquiry the Department of the Treasury indicated clearly that it favoured discontinuation of many of the tables currently contained in The Budget. The Treasury was of the opinion that a great deal of duplication exists at present and that, with the passage of time, some tables had become redundant. Further, the amalgamation of certain other tables was suggested.

68. The following are brief summaries of the alterations envisaged by Treasury to these documents -

Part I. It was submitted that, as the Statement of Treasury Balances is published as part of the Finance Statement, the duplicated publication in the Budget Papers might now be discontinued. Exhibit No.63/2

Part II. Specific changes were not recommended by the Treasury but the Department's views are summarised in the following passages:

"Broadly speaking, the Tables in Part II of the Budget Papers are intended to supplement the data contained in the Estimates of Receipts and Expenditure and in the Finance Statement. Tables No.'s 2 to 6 differ from the other material only in providing an additional comparison with some earlier years. Table No. 7, erroneously describes as portraying "The Total Cost of Each Department", represents an attempt to bring together under each Department the varying types of appropriation.

The use made of these Tables, outside the Treasury, is not known. Rarely, if ever, has there been any reference in the Parliamentary debates to the material contained in them. The general impression that has been formed is that, so far from being of assistance by providing additional information, the general reader is more confused

than helped by the repetition and extension of material available from the two principal documents, namely, the Estimates of Receipts and Expenditure and the Finance Statement."

Part III. As much of this information is available from other sources, the Department considered that the whole of Part III should be deleted from the Budget Papers. Exhibit No.63/4

Part IV. It was suggested that certain Tables should be retained in The Budget and that others could be taken out to form a separate document -

"Tables 11, 12, 16 and 19 to 23 provide for the wider public interest and it is thought that their retention in The Budget is justified. Table 17 is no longer of topical interest and could be eliminated. Exhibit No.63/1

The remaining Tables are useful mainly to the Commonwealth and State Treasuries, the Reserve Bank, other banks and financial institutions, brokers and universities. In the United Kingdom, such data is printed in a separate document ("National Debt") with a restricted circulation. If a similar publication were produced in Australia, it would be possible to eliminate all Tables from Part IV of The Budget other than those listed in the first paragraph of this section, incorporating in the separate document the remaining Tables, and probably some additional ones."

Part V. Treasury considered that, as the tables contained in Part V substantially duplicated information published in other documents, the entire Part could be deleted from the Budget Papers. Exhibit No.63/5

Audit Office Views

69. In its written submission the Audit Office expressed general agreement with the Treasury view that much of the information contained in The Budget amounted to duplication and pointed out that, in the absence of statutory provisions specifying the form and content of the Budget Papers, the matter was not one of direct concern to Audit:

"Audit Office is in general agreement with the Treasury conclusion that much of the information contained in The Budget is available from alternative sources. Exhibit No.63/8

Where such sources are the Estimates or the Finance Statement, the main point to be considered is the relative value to the Parliament of the additional (comparative) figures given in The Budget.

In regard to other sources, some delay in publication occurs..... In the final analysis, it would appear necessary to decide whether the use to which the Budget tables concerned are put, by members of both Houses of Parliament, is sufficient to justify their continuation, taking into account the availability of alternative sources of information."

And -

"As far as is known, there is no statutory provision specifying the form or content of the Budget Papers....." Exhibit No.63/7

CHAPTER VI - OTHER PUBLICATIONS

70. Your Committee considered that there was substance in the Treasury's claim that The Budget was not an essential document. Accordingly we investigated the form and detail of the information contained in other publications made available to the Parliament.

71. These other publications were detailed in the written submissions received from the Treasury but the two main ones are the Quarterly Summary of Australian Statistics and the Finance Bulletin - Part I prepared by the Commonwealth Statistician. Your Committee discussed with the Statistician his publications relevant to this matter and we were informed that many of the figures appeared first in mimeograph statements. Exhibit No's 63/1, 63/2, 63/3, 63/4, 63/5.

72. Subsequently these figures are presented sometimes in an expanded form, in the Monthly Review of Business Statistics which is circulated about four to six weeks after the month to which they relate. They may also be included in the Quarterly Summary which, at the time of our discussions, was being released within three months of the quarter to which they relate. However, the Finance Bulletin was the main publication in which we were interested as this document contains much information of value in well designed tables.

73. Unfortunately there has been a time-lag of two years or more in the figures and Your Committee were informed that this delay was caused largely by the fact that the contents of the Finance Bulletin had been expanded over the years to include Commonwealth, State, local and semi-governmental, banking and other private finance matters.

74. The actual date of publication of this Bulletin is naturally dependent on the date on which the final sets of figures are received. However, Your Committee ascertained that the Commonwealth

figures are available promptly and could be published during the annual Budget sessions of the Parliament as a separate document if they were required.

75. Your Committee consider that the presentation of statistical data, and this is the nature of most of the Tables contained in The Budget, are primarily a matter for the attention of the Commonwealth Statistician, and he should be better equipped than others regarding staff, experience, etc., to present data promptly and clearly for public information. In fact, the form of many of his tabulations were considered to be preferable to those presented in The Budget.

CHAPTER VII - OFFICIAL PUBLICATIONS RELEVANT TO THE BUDGET SESSION

76. Your Committee feel that there is insufficient general knowledge as to the availability of publications relating to Commonwealth finance. We have noted elsewhere in this Report that the subject is a complex one and a reasonable amount of diligence on the part of the Parliament and the general public is required if informed appraisals are to be made as to the state of the nations finances and the economy in general. Obviously, the problem is one that cannot be solved by the production of one volume, in a condensed form, which would serve as a synoptic and authoritative statement embracing all aspects of revenue and expenditure.

77. To illustrate, briefly, the area it is necessary to cover in considering the Commonwealth's finances we set out below a list of official publications directly concerned with this question. The publications are basic documents only and the list is by no means exhaustive -

- (a) The Treasurer's Speech and Appendices.
- (b) The Estimates of Receipts and Expenditure.
- (c) The Treasurer's Statement of Receipts and Expenditure.
- (d) The Annual Report of the Auditor-General.
- (e) The National Income and Expenditure White Paper.
- (f) The Annual Report of the Commissioner for Taxation.
- (g) The Annual Report of the National Debt Commission.
- (h) The White Paper on Commonwealth Payments to or for The States.

- (i) The Annual Report under the International Monetary Agreements Act.
- (j) The Annual Report of the State Grants Commission
- (k) The White Paper on the Civil Works Programme.

78. In addition there are numerous monthly, quarterly and annual summaries or bulletins issued by the Department of the Treasury and by the Commonwealth Statistician that are relevant to this matter. Whilst the Treasury's White Papers are reasonably well known the publications of the Commonwealth Statistician may not be so familiar, but these are listed in his booklet "Publications of the Commonwealth Bureau of Census and Statistics". Your Committee consider this to be an extremely valuable and well-designed document for general reference to sources of information on specific financial subjects.

79. There are, of course, many other documents, including the annual reports of departments, statutory authorities, etc., which could be enumerated. However, Your Committee consider this brief and basic list is sufficient to emphasise how impracticable it is to reduce all this data to one document, called The Budget or any other name, in an attempt to provide a simple guide in these matters.

CHAPTER VIII - CONCLUSION

80. Your Committee regret that this Report could not have been completed sooner. We had anticipated conducting this particular investigation some twelve months ago but pressure of work and shortage of staff in the Department of the Treasury made it impossible for that Department to furnish earlier certain information necessary to initiate our investigations.

81. We have noted in Chapter III above that successive Committees have favoured the principle of financial documents being complementary to one another rather than self-contained. The Treasury has now agreed with Your Committee's point of view in this matter, admittedly after some change in circumstances - for example, the tabling of the Estimates and Finance Statement almost simultaneously in recent years.

82. The Budget document, with some exception such as Parts I and IV, has been an unsatisfactory publication presenting tables containing inconsistencies or obscurities - particularly in Part II - and has been more confusing than helpful to its readers. The origin of many of its Tables and their purpose is, to say the least, obscure and a critical review of its contents has been overdue.

83. Having in mind our earlier comments regarding the reasonable effort that must be made to examine and comprehend the somewhat complex, but nevertheless properly delineated, facets of Commonwealth finance, Your Committee consider that the data relative to this matter should be presented fully but in basic or factual form. This accords with the principle we have noted in Chapter II concerning the desirability of persons reaching their own conclusions from a given set of facts. Indeed it would be an impossible task for the Treasury or other departments to attempt to tabulate figures to meet the special requirements of each or every person interested in the public accounts or sections thereof.

84. Further, The Budget is not only a large, and therefore a costly publication, but its compilation also involves a relatively small staff in the Treasury in working additional and expensive overtime to prepare the document within a short period immediately prior to the commencement of the Budget session. This could be justified only if the document was essential.

85. As a result of our enquiries Your Committee consider that the document is not essential provided some additional information is included in the Estimates together with some re-arrangement of the method of presentation. In addition, we have noted that much of the information contained in The Budget is available in the Finance Bulletins published by the Commonwealth Statistician. To date the data in the Bulletin has lagged some two years behind that in The Budget, but we have been assured by the Statistician that up to date figures on Commonwealth finance can be presented at the commencement of the Budget session. This would be possible if his Finance Bulletin, Part I omits information not related to Commonwealth and which has delayed its publication in the past. Preliminary figures for Part I, restricted to Commonwealth finance can be released promptly by him shortly after 30th June each year.

86. The foregoing remarks apply mainly to Parts II, III and V of The Budget. Part I can be excluded automatically as it consists of one short Table only which belongs more properly in the Treasurer's Statement of Receipts and Expenditure (Finance Statement). We have already commented in Paragraph 33 that this Statement and the Auditor-General's Report can reasonably be expected to be tabled early in the Budget session. Failure to do so would warrant a special explanation.

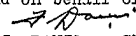
87. Part IV of The Budget contains Tables for which there is a considerable specialised demand and is one which would be better presented in a separate document similar to other White Papers. At present persons requiring this Part have to be supplied with a bulkier and more expensive document - i.e., the whole of The Budget.


88. In Chapter VI Your Committee have listed some of the important and basic documents relating to the annual review of Commonwealth finance. We consider that the contribution by the document known as The Budget to this review does not warrant its continuance - in fact, in many instances it tends to contribute only confusion. However, during our investigations, we have discussed with the Treasury and the Commonwealth Statistician numerous possible improvements to existing publications and their tabulations and have been assured that these will be implemented as far as is practicable. This course was necessary as insufficient time was available prior to the 1963/64 Budget session and the preparation of this Report for Your Committee to examine in detail pro forma documents showing the amendments proposed. The details of some of the suggested improvements have not been set out fully in this Report as Your Committee are anxious to keep it as brief as possible.

89. In paragraph 78, Your Committee have commented on the value of the Statistician's booklet "Publications of the Commonwealth Bureau of Census and Statistics". Also we have suggested to the Treasury that a more comprehensive index to the many Commonwealth financial documents should be included in one of the publications issued at the commencement of the annual Budget session. The Estimates are probably the most suitable publication for this innovation and we note that a system of references to other financial papers similar to that published with the United Kingdom Estimates documents would be of additional value to the public and the Parliament.

90. The presentation of the revised documents in the 1963 Budget session as proposed by Treasury was considered to be desirable firstly, because it coincides with the introduction of changed procedures for appropriating public moneys under the revised Standing Orders of the House of Representatives, and secondly, because there was little logic in again presenting an expensive document which was patently unsatisfactory. Further, Your Committee consider that the present Budget session will provide a useful testing period for the amended documents. The documents presented for 1963/64 will, we understand, be preliminary ones only and Your Committee will again review this matter at an early date with those responsible for their compilation to determine whether or not further amendments are necessary.

For and on behalf of the Committee


F.J. DAVIS, Chairman


T. F. CRANSTON,
Secretary,
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Parliament House,
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22nd August, 1963.