

1964

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

SIXTY-FIFTH REPORT

TREASURY MINUTES ON THE FIFTIETH, FIFTY-THIRD, SIXTIETH, SIXTY-SECOND AND SIXTY-THIRD REPORTS

TOGETHER WITH

SUMMARIES OF THOSE REPORTS

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JOINT COMMITTEE OF PUBLIC ACCOUNTS

SIXTH COMMITTEE

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The Senate appointed its Members of the Committee on 4th March, 1964, and the House of Representatives its Members on 5th March, 1964.

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 sub-section (1.) of section fifty-three of the *Audit Act 1901-1962*;
- (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-FIFTH REPORT

TREASURY MINUTES ON THE REPORTS OF YOUR COMMITTEE

CHAPTER I.—INTRODUCTION

Your Committee in its Sixteenth Report described the procedure which has been established to provide a suitable follow-up to the Reports submitted to Parliament.

The delay, which at times has been considerable, in the submission of a Treasury Minute indicating what action has been taken to implement Your Committee's recommendations was discussed with Treasury representatives recently. As a result of these discussions, the Treasury has undertaken to supply Your Committee with a biannual report on outstanding Treasury Minutes, indicating progress made by the Department in dealing with the Committee's comments.

This Sixty-Fifth Report sets out in comparative form the recommendations contained in the Fiftieth, Fifty-Third, Sixtieth, Sixty-Second and Sixty-Third Reports of Your Committee together with the Treasury Minutes which it has received and considered.

The respective dates for the submission of Your Committee's Reports and the receipt of the Treasury Minutes are shown.

CHAPTER II.—TREASURY MINUTE ON THE FIFTIETH REPORT OF YOUR COMMITTEE ON THE REPORTS OF THE AUDITOR-GENERAL—FINANCIAL YEAR 1958-59—PART I.

In the Fiftieth Report concerning the Reports of the Auditor-General—

Summary of Committee's Conclusions
(8th November, 1960)

Treasury Minute (6th November, 1963)

Your Committee stated—

I am directed to state—

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

SNOWY-MOUNTAINS HYDRO-ELECTRIC AUTHORITY—FINANCIAL DIRECTIVE

In the financial year ended 30th June, 1960 advances amounting to £28,250,000 were made by the Commonwealth to the Authority making a total of £162,683,249 since the financial year 1949-50. In the view of Your Committee it is of paramount importance that the terms on which these advances have been, and others will be, made should be formally determined as early as possible.

It disturbs Your Committee greatly that, in the face of the legislative requirements and the grave concern obviously felt in many quarters about the absence of this directive, the Department of the Treasury could persist for so long in deferring its preparation.

Delays such as this should not occur and action should be taken by the Treasury to ensure that matters of this importance can be handled promptly in the future.

On 20th October, 1961, the Treasurer issued a determination in pursuance of sub-section (2.) of section 25 of the *Snowy Mountains Hydro-electric Power Act 1949-1958*, fixing the terms on which advances are made to the Authority.

DEFENCE FORCES PAY REGULATIONS

The situation which Your Committee's investigations have disclosed causes us grave concern; the persistence with which the Departments of Navy, Army and Air have pursued a course over many years of making unlawful payments to service personnel, has most important implications. Not only has there been a serious breakdown in the administrative machinery of government but also an acceptance of the right to act outside the strict requirements of the law.

While not rejecting the plea that staff problems have existed in the Service Departments concerned we do not accept these as the main reason for the delay in promulgating amending pay regulations. In our assessment, one factor of much greater importance has been the priority accorded the task of keeping the pay regulations up to date; another came from not dealing with pay regulations amendments alone—of associating them with other amendments or reviews of regulations.

Your Committee have no doubt that, had there been at all times an insistence upon compliance with the law, the administrative resources would have been found readily to promulgate amended pay regulations so as not to delay unduly the payment of increases to service personnel.

We have some evidence that action in anticipation of legislative authority has not been confined to the Departments of Navy, Army and Air. Accordingly, corrective measures should not be restricted to those departments alone but applied over the whole area of government.

Although evidence was presented showing that the staffing of the drafting branch of the Attorney-General's Department had been seriously depleted for some years, adequate action had not been taken to overcome the shortage. (This lack of action to correct a serious area of weakness in the Attorney-General's Department is similar to a situation found and reported upon by Your Committee in the Forty-Third Report.) Immediate attention should be given to this matter by the Department and the Public Service Board.

We recommend also—

- (i) that appropriate and early steps be taken by the Government so that Departments, in future—
 - (a) will comply with the law;
 - (b) will observe promptly legislative requirements; and
 - (c) will keep their Ministers fully informed in these matters.
- (ii) that the Public Service Board and other authorities involved make certain that administrative machinery is available that will permit the expeditious drafting of regulations.
- (iii) while not proposing that the prescription of Defence Forces rates of pay and major allowances should be

Consequent upon the disallowance of Statutory Rules, 1960, Nos. 51, 52 and 53, the pay and allowances of members of the Defence Forces were validated by the *Defence Pay Act* 1961 which was assented to on 2nd June, 1961.

The Department of the Navy reviewed the periods during which differing rates of pay applied to members of the Permanent Naval Forces and the Citizen Naval Forces. It was found that five members of the Citizen Naval Forces had been paid less than their legal entitlement for two days, 29th and 30th June, 1960; the necessary adjustments were made to their pay accounts.

In order to avoid a recurrence of the delays in amending pay regulations, the Parliamentary Draftsman will give priority to future alterations to rates of pay and allowances. The Public Service Board and the Service Departments reviewed the administrative machinery involved in the preparation of legislative amendments and concluded that no staffing alterations in the Service Departments were necessary.

The Service Departments have advised that Regulations have been drafted in a form to facilitate amendments to rates of pay and allowances.

Compliance with the Law.

The Prime Minister drew to the attention of Ministers the Committee's recommendation in paragraph 77(i), and asked them to bring to the notice of departmental officers the need to comply with the law, to observe promptly legislative requirements and to keep their Ministers fully informed on these matters.

Parliamentary Drafting Division

Discussions took place between the Attorney-General's Department and the Public Service Board with a view to establishing a modern classification structure which should enable the Department to recruit and retain the legal staff required for the adequate fulfilment of its responsibilities.

The Public Service Board, in consultation with the Department, reviewed the organization of the Department's Central Office, including the Parliamentary Drafting Division and the State offices and organizational changes were subsequently introduced. The new establishment of positions reflects the Board and Departmental view on appropriate work-value relationships between Central Office and the State offices, and within the legal divisions of the Department. Increased salary classifications have also been granted to the legal staff.

*Summary of Committee's Conclusions**Treasury Minute (6th November, 1963)*

discontinued, the regulations might be reviewed to ensure that they are in such a form as to facilitate amendment.

We have noted that in Statutory Rules, 1960, Nos. 51, 52 and 53, it was sought to validate payments made without lawful authority to members of the Defence Forces. On 4th October, 1960, the Senate determined its attitude towards the validating regulations concerned.

CHAPTER III.—TREASURY MINUTE ON THE FIFTY-THIRD REPORT OF YOUR COMMITTEE ON THE REPORTS OF THE AUDITOR-GENERAL—FINANCIAL YEAR 1959-60

In the Fifty-Third Report concerning the Reports of the Auditor-General—

Summary of Committee's Conclusions
(23rd August, 1961)

Treasury Minute (24th January, 1964)

Your Committee stated—

I am directed to state—

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

GRAFTON-SOUTH BRISBANE RAILWAY

We noted that witnesses from the Treasury and Audit Office agreed strict compliance with the terms of an agreement is necessary and that they thought some amendment of the Agreement originated about 35 years ago may be desirable.

The question of the details of possible amendment to the present Agreement involves matters of policy and is not one for consideration by Your Committee. However, the witnesses considered that its administration had now become a complex matter.

In view of the difficulties of the past and the opinions expressed by the witnesses Your Committee consider that action should be taken by the Department of the Treasury and the Department of Shipping and Transport, after consultation with the Auditor-General, to have these problems considered at Ministerial level.

The problems associated with the administration of the Grafton-South Brisbane Railway Agreement have been considered at Ministerial level. Legal advice has been sought on the means of giving effect to the Ministers' decision.

DEFENCE SERVICES

(a) *Losses or Deficiencies of Public Moneys or Property*

In our Fiftieth Report, Your Committee reported at some length on the delays which had occurred in promulgating regulations and in paragraph 73 of that report commented that one factor in the delay "came from not dealing with pay regulations alone—of associating them with other amendments or reviews of regulations".

The delay in this instance has been aggravated by the failure to amend existing legislation to meet a particular requirement. Instead the Department waited on a long term review which had the objective of introducing a new and complete set of legislation. Your Committee view with concern the fact that this was done in the face of continuing criticism by the Auditor-

Regulations providing for recovery by way of deductions from the pay of Servicemen for loss or damage caused by negligence or misconduct were made in March and September, 1962.

Summary of Committee's Conclusions
(23rd August, 1961)

Treasury Minute (24th January, 1964)

General and that the important principle of safeguarding public property and moneys was involved.

In view of this situation and the comments of Your Committee in our Fiftieth Report on a parallel set of circumstances we trust that this attitude will not persist. If the overall review of the Defence Act cannot be completed in the immediate future action should be taken now to amend the existing regulations.

(b) Sick Leave and Entitlement to Free Medical Treatment

As the new uniform conditions are intended to apply as from 1st July, 1960, Your Committee trust, particularly in view of the already excessive delays which have occurred, that the Auditor-General will not have to comment again on this matter in his next Report.

Following the approval of the uniform conditions in the three Services for sick leave and entitlement to free medical treatment, amendment of the Naval Financial Regulations was found unnecessary as the existing regulations gave the Naval Board power to apply the amended conditions by determination. In March, 1961, Air Force Regulations were amended to incorporate the approved conditions. Military Financial Regulations made also in March, 1961, provided specifically for entitlement to medical treatment, but a similar provision for the continuance of pay during hospitalization or sick leave was not made as it was considered that the Military Board already had a general authority under existing regulations. However, amendments to the regulations to convey a specific authority in that regard have now been prepared and discussed with the Parliamentary Draftsman.

(c) Department of the Navy Regulations

Your Committee were assured that the Department of the Treasury would, as far as it was able, endeavour to have the matter completed as early as practicable.

Amendments to regulations to incorporate current rates of pay and allowances for the Naval Reserve Forces were made in March, 1961.

DEPARTMENT OF THE INTERIOR

(a) Control of Assets

Your Committee's investigations have revealed an unsatisfactory situation of long standing. The information furnished at the time of our inquiry indicates that the matter should be brought to a satisfactory conclusion in the immediate future but we are concerned—

- (1) That such a situation should have arisen at all and then been allowed to remain in existence for so long;
- (2) That the cause of the situation should have been attributed by the Department largely to the shortage of staff but there was no evidence of positive action to obtain staff or to forecast staffing requirements to meet increasing activities;
- (3) That directions required by Treasury Instruction 29/2 had not been issued by the Chief Officer of the Department of the Interior for "the receipt, custody or disposal of, or accounting for public stores".

The Department has advised that directions for the control of stores were issued on 12th May, 1961, arrears of stocktaking were overtaken and arrangements were made for monthly progress reports on stocktaking to be furnished to the First Assistant Secretary of the Department.

Treasury Instructions concerning the keeping of assets registers have been issued.

Summary of Committee's Conclusions
(23rd August, 1961)

Treasury Minute (24th January, 1964)

Further, Your Committee consider that Treasury Instructions concerning the keeping of assets registers should be issued as early as possible.

(b) *Canberra Electricity Supply*

At the time of our inquiry Your Committee understood that further action on this matter was then under active consideration by the Department of the Interior. As satisfactory financial statements cannot be prepared until the question of the capital indebtedness has been determined we trust that that matter can be brought to finality during the current financial year.

The *Australian Capital Territory Electricity Supply Act 1962*, provides for the incorporation of an Authority to manage the electricity undertaking and for the determination of the capital of the Authority. The Act came into operation on 1st July, 1963.

DEPARTMENT OF TERRITORIES

In view of the importance of the accounting activities of the administration Your Committee considered, and the Auditor-General agreed, that the internal audit section has a vital role which should not be subject to interference by continued transfer of officers to other administrative positions. The question of providing higher classified positions, especially for the senior positions, might be considered by the Administration and the Public Service Board as a possible solution to this particular problem.

The question of an effective internal audit establishment in the Northern Territory Administration received attention by the Public Service Board and the Department of Territories in 1961 and additional positions were provided.

Action to remedy specific deficiencies criticized by the Auditor-General appears to be in course and progress will be reviewed by Your Committee in subsequent Reports.

THE JOINT COAL BOARD

The evidence given to Your Committee indicates that the problem is one involving policy considerations and discussions with the New South Wales Government. The matter will be further considered, if necessary, by Your Committee in the course of our review of the Reports of the Auditor-General for the year ended 30th June, 1961.

Agreement was reached with the New South Wales Government on the prescription of the form of the accounts of the Joint Coal Board and the necessary regulations under the *Coal Industry Act 1946-1958* were made by Statutory Rules No. 109 of 1962.

POSTMASTER-GENERAL'S DEPARTMENT—OVERSEAS TELECOMMUNICATIONS COMMISSION (AUSTRALIA)

Your Committee note that the Commission is a statutory authority with a considerable degree of autonomy in its operation and preparation of accounts. Further its accounts have been prepared in a satisfactory manner although the necessity to have their form approved by the Treasurer following the amending legislation in 1958 was overlooked both by the Commission and the Department of the Treasury.

Pursuant to section 48 of the *Overseas Telecommunications Act 1946-1958*, the Treasurer has concurred in the application of net profits for each of the years ended 31st March, 1959 to 1963. The form of the financial statements to be prepared in accordance with section 53 (1), of the Act was approved by the Treasurer in July, 1961. A change in the form in 1962 was also approved by the Treasurer.

Action to rectify this omission has been delayed due to policy considerations relating to the disposal of net profits arising from the operations of the Commission. The Department of the Treasury has not submitted the question of approving the form of the financial statements to the Treasurer until the question of the disposal of profits has been decided, and this may appear reasonable in the circumstances.

Summary of Committee's Conclusions
(23rd August, 1961)

Treasury Minute (24th January, 1964)

Your Committee are not concerned with details of the policy consideration which have delayed a decision on the allocation of profits and consider that the interpretation of the relevant legislation (particularly of the provisions of section 48) is not so complex as to justify the action originally taken by the Overseas Telecommunications Commission (Australia).

CHAPTER IV.—TREASURY MINUTE ON THE SIXTIETH REPORT OF YOUR COMMITTEE
ON THE EXPENDITURE FROM THE ADVANCE TO THE TREASURER, 1961-62

In the Sixtieth Report concerning expenditure from the Advance to the Treasurer—

Summary of Committee's Conclusions
(27th November, 1962)

Treasury Minute (15th January, 1964)

Your Committee stated—

I am directed to state—

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

STANDARD OF DEPARTMENTAL ESTIMATING

Your Committee are pleased to record that departments appear to be giving close attention to their estimating procedures and that improvements continue to be made. Circumstances will inevitably prove some initial estimates to have been wrong but the results of our quite extensive inquiry this year indicate that the standard in 1961-62 was generally satisfactory. The exceptions have been commented on where appropriate in Chapter III of this Report.

The Circular Memorandum setting out Treasury requirements in respect of Estimates of Expenditure 1963-64, again brought to the notice of Departments the Committee's comments on the standard of departmental estimating and the steps needed to ensure continued improvement; in particular, reference was made to paragraphs 195-196, 272 and 488-491.

Departments to which the Committee directed specific critical comment have advised, in respect of errors in estimating, that the particular criticisms have been brought to the attention of the officers concerned. Action taken in respect of other comments contained in the Report is set out hereunder.

DEPARTMENT OF PRIMARY INDUSTRY

Wheat Research

Your Committee consider that on the evidence given the Department adopted a realistic approach in curtailing the Commonwealth's contribution to the Trust Account and suggest that in future it might take steps towards the close of the year to remind organizations of claims that are outstanding.

The Department has taken steps to remind organizations engaged in wheat research to submit claims in time for payment prior to 30th June.

WAR SERVICE LAND SETTLEMENT

Your Committee accept the explanations given but suggest that the feasibility of obtaining revised estimates during the year from the States, before the closing date for Additional Estimates if possible, might be examined.

Improved liaison with officials of State Authorities resulted in a more satisfactory out-turn in 1962-63. The position will be kept under review to ensure that this improvement is sustained.

DEPARTMENT OF CIVIL AVIATION

Ground Facilities in Pacific—Contributions towards cost

Your Committee accept the explanations given, but trust that the Australian representative on the South Pacific Air Transport Council, together with the representatives from the United Kingdom and New Zealand, will seek collaboration in formulating more realistic estimates in future.

The Australian Representative at the South Pacific Air Transport Council meeting in November, 1962, brought to the notice of the Council the significant delays in major capital projects. Assurances were given that the estimates of expenditure for 1963-64 were realistically based and capable of achievement.

Aerodromes—Development Grant

Your Committee were interested also in learning that the programme approved for 1962-63 is approximately the same as that initiated in 1961-62, but that the amount provided in the Estimates is £115,000 lower than the provision made in 1961-62. The Department has arranged with the Treasury for further funds to be sought during the Year should this prove necessary. Your Committee considers this arrangement a sensible one particularly as the Department is in no position to control the larger part of the expenditure that will eventually be incurred.

On the question of development grants for work on aerodromes, local authorities are being encouraged to submit progress claims based on work done. Payment will be made on the basis of actual progress achieved and costs incurred.

DEPARTMENT OF EXTERNAL AFFAIRS

Antarctic Division

Your Committee are satisfied that the under-expenditure against these items, and several other minor ones we investigated, was due mainly to circumstances beyond the Department's control. We are disturbed, however, at the failure of the Department of Air to submit the accounts for which the Department of External Affairs had made several requests. If it is considered that inter-departmental payments are warranted in these circumstances action should be taken to assure that the claims are forwarded promptly by the Department responsible.

The question of reimbursement of the Department of Air for costs incurred on account of the Antarctic Division is being examined in Treasury as part of the general investigation into inter-departmental payments.

Capital Works and Services

We note that the Department of External Affairs shares the concern Your Committee feel about the inordinate delays which have occurred. These could have been avoided if technical experts of the Department of Works had been sent overseas to direct and advise local consultants of our requirements when the proposals were first approved. At that time the expense of the visit would have been justified by the magnitude of the complete project although a separate visit at a later date in respect only of the electrical installation would not have been justified.

The Department has, on a number of occasions in recent years, arranged with the Department of Works to send technical experts overseas to make on-the-spot assessments of costs. Seen in retrospect, it would have been desirable to have sent an expert to New Delhi also, but in the early stages this did not seem justifiable either to the Department of External Affairs or the Department of Works.

DEPARTMENT OF THE NAVY

Naval Aviation and other Personnel—Special Training Fees

In its Fifty-Fifth Report Your Committee examined, *inter alia*, this question of inter-departmental recoveries and concluded that it doubted "the desirability or necessity for one

Payments made to the Department of Air in respect of the training of flying instructors will be examined in Treasury as part of the general investigation into inter-departmental payments.

Summary of Committee's Conclusions
(27th November, 1962)

Treasury Minute (15th January, 1964)

department, as a general rule, to charge another for any service or function". The example quoted above serves to strengthen the doubts previously expressed by Your Committee. Not only does it highlight the detailed accounting work necessary to record such transactions but in some instances it invites also the question of what purpose these transactions serve since the Estimates are not intended to reveal the actual costs of departments. We trust that the Treasury will review this matter and shall be interested to learn the result of its deliberations in due course.

DEPARTMENT OF LABOUR AND NATIONAL SERVICE

Repairs and Maintenance

In the circumstances Your Committee consider that a more careful assessment of the various factors affecting this vote should have been made for 1961-62 and we trust that they will be made in future years.

The Department considers that the estimates in this case were a reasonable and carefully prepared assessment of needs for 1961-62, and that the reason why the estimate proved to be in excess of requirements is due in no small measure to factors beyond the control of the Department.

The Department has given an assurance that careful assessments are always made before inclusion in the Estimates and that this practice will continue in future estimating.

DEPARTMENT OF AIR

Office requisites, stationery, printing and text books

Your Committee accept the explanations given in this case. We are also very interested in the proposal now under consideration for integrating the printing requirements of the Services under one control. We think there is merit in the suggestion which, if adopted, would possibly effect worthwhile savings and we shall be glad to learn in due course the decision reached in the matter.

A detailed investigation into the proposal to integrate Army and R.A.A.F. printing requirements revealed that the capital costs involved would be excessive. The Minister for Defence has therefore stated that the integration should not proceed.

Equipment and Stores

Your Committee agree that for the reasons mentioned delays may occur in the placement of some orders whilst in other cases there may be good grounds for cancelling or deferring particular items. However, all departments must be aware from long experience that some projects, for various reasons, will not be achieved in the coming year and that allowance should be made for this when preparing their estimates of likely expenditure. Time did not permit us to examine this aspect as fully as we intended but from the explanations received it would appear that the Department of Air may have been over-optimistic in the expenditure it hoped to achieve.

The Department agrees that the estimates for Equipment and Stores, viewed in retrospect, could be described as somewhat optimistic. However, the Department is satisfied that they were the best that could have been postulated in the circumstances prevailing when draft estimates were finally settled.

DEPARTMENT OF NATIONAL DEVELOPMENT

Division of National Mapping

Your Committee are not satisfied with the circumstances revealed in this instance and trust that immediate action will be taken to avoid these deficiencies in the accounting procedures of the Department in the future. We are concerned also at the lack of effective liaison between the Division of National Mapping and the Accounts Branch

The Department has advised that new procedures are being instituted which will ensure accurate assessment of liabilities outstanding at the close of a financial year. Closer liaison between the Division of National Mapping and the Finance and Accounts Branch of the Department has been effected.

Summary of Committee's Conclusions
(27th November, 1962)

Treasury Minute (15th January, 1964)

of the Department and expect action to be taken to assure more efficient control of the register of commitments in future.

Bureau of Mineral Resources

Your Committee are not satisfied with the explanations given in this case. In the first instance the Department should have taken steps to ascertain from the Public Service Board when the proposed organization for the new Branch was likely to be approved before it sought funds in Additional Estimates to cover likely new appointees. Secondly, the Treasury should have satisfied itself in these particular circumstances that the Department's request was in fact soundly based before it gave approval to incur additional expenditure on the new organization proposal. However, the main responsibility rested with the Department.

Departmental advice is that, on the evidence given, the Committee's conclusions are reasonable, but the evidence was given under a misapprehension. The employment of the persons in question was for the purpose of filling positions already approved. The date of approval of the new organization for the Petroleum Exploration Branch, was therefore, not a relevant factor in the under-expenditure.

Under-expenditure was due to the fact that, whereas it was estimated that the fares of 26 recruits offered employment would be paid prior to 30th June, 1962, in fact, the fares of only 16 were paid. Of the firm offers of employment made some were unexpectedly declined; in other cases appointees who had accepted, sought postponement of their dates of departure for a variety of reasons.

DEPARTMENT OF TERRITORIES

Northern Territory—Welfare of Wards Branch

Overall we consider that the Administration is achieving improvement but this particular vote is one of the worst examples we have encountered of deficiencies in original estimating and in attempts to correct the position during the financial year. We trust that the Administration and the Public Service Board will, where basic procedures are satisfactory, increase their efforts to improve the staffing situation in the Administration.

Proposals, involving major organizational changes in the Welfare Branch, were submitted to the Public Service Board in September, 1962 and approved in January, 1963. As a result, a Budget sub-section was set up within the Branch and began operating in June, 1963. It is expected that considerable improvements in estimating and financial control generally should result in the current financial year.

CHAPTER V.—TREASURY MINUTE ON THE SIXTY-SECOND REPORT OF YOUR COMMITTEE ON THE BUDGET

In the Sixty-Second Report concerning the financial document known as "The Budget"—

Summary of Committee's Conclusions
(27th August, 1963)

Treasury Minute (30th October, 1963)

Your Committee stated—

I am directed to state—

THE BUDGET

As a result of our inquiries 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

On the occasion of his Budget Speech 1963-64, the Treasurer, the Right Honourable Harold Holt, circulated to Members this Memorandum, in explanation of the new form of the documents, viz:—

"Consequent upon the amendments to Standing Orders agreed to on 1st May, 1963, the annual appropriations, which were included in the document 'Estimates of Receipts and Expenditure' are now set out in the Second Schedules to the Appropriation Bills. Estimates of receipts and summaries of estimated expenditure from the Consolidated Revenue Fund (including Special Appropriations), and the Loan Fund, are

Summary of Committee's Conclusions
(27th August, 1963)

possible if his Finance Bulletin, Part I omits information not related to the 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.

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.

CHAPTER VI.—TREASURY MINUTE ON THE SIXTY-THIRD REPORT OF YOUR COMMITTEE ON THE EXPENDITURE FROM THE ADVANCE TO THE TREASURER, 1962-63

In the Sixty-Third Report concerning expenditure from the Advance to the Treasurer—

Summary of Committee's Conclusions
(28th October, 1963)

Your Committee stated—

Generally, Your Committee have again endeavoured to ascertain whether the principle was being maintained that use of the Advance should be restricted to urgent requirements only, and whether departments were making all reasonable attempts to assure that their foreseeable requirements were being obtained in the first and second appropriation measures.

In general, Your Committee consider that the main principle attaching to the use made of the Advance by departments is that it should be restricted to urgent requirements. A corollary to this, from the point of efficient financial management, is that expenditures included should not have been foreseeable items which might reasonably have been included in any of the first or second main appropriation measures.

DEPARTMENT OF EXTERNAL AFFAIRS
International Organizations—Contributions

Your Committee accept the explanation but trust that the Department of External Affairs and the Treasury will endeavour to assure that simple clerical errors of this nature do not recur.

Treasury Minute (30th October, 1963)

now contained in a new document 'Estimates of Receipts and Summary of Estimated Expenditure for the year ending 30th June, 1964'.

In order to avoid duplication the papers issued in previous years under the title of 'The Budget' have also been discontinued. The tables of 'Government Securities on Issue' which appeared as Part IV, and 'Income Tax Statistics' which appeared in Part V of 'The Budget' are now printed as separate documents; other statistics are now available in the 'Finance 1962-63 (preliminary Bulletin)' prepared by the Commonwealth Statistician.

An expanded index, attached to the 'Estimates of Receipts and Summary of Estimated Expenditure for the year ending 30th June, 1964', provides a reference to the information available in that document, in the Appropriation Bill, in the Appropriation (Works and Services) Bill and in other financial documents."

Treasury Minute (1st April, 1964)

I am directed to state—

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

The Committee's views in paragraphs 13 and 100 and the provision of Treasury Instructions 12/28 and 12/29 have been brought to the notice of all Treasury officers who examine applications for funds from Treasurer's Advance.

The Committee's comment regarding clerical errors has been noted.

Legation—Sweden

Your Committee were concerned, not with the small amount involved, but with the observance of the general principle for most overseas posts that one department should meet the common service charges of other departments. We note that this particular case will be examined further by Treasury.

Further examination of this question revealed that this was not a case of one Department not meeting common service charges at the one overseas post, but the adjustment of costs between posts. In this case, leaving aside the question of the desirability or otherwise of inter-departmental payments (which is being examined separately), it is considered that the correct procedure was followed.

DEPARTMENT OF THE INTERIOR

Administrative—Salaries—Extra Duty Pay

Your Committee accept the Department's assurances that it would not have been possible to provide in advance for the additional commitments mentioned above. However, there appears to have been no reason why the alteration to the Department's procedures relating to overtime payments could not have been deferred until July, thereby avoiding expenditure from the Advance to the Treasurer.

It is not considered essential to make every change in procedure effective from 1st July, and in the cases in question, where the call on Treasurer's Advance was for a relatively small amount and the change was in the interests of better employer/employee relationship, it was considered reasonable to provide funds for implementation of the change at the earliest opportunity.

News and Information Bureau

With the exception of item (a) in paragraph 32 above, Your Committee accept the Department's explanations for the excess expenditure.

The Committee's comment regarding the failure to provide for the salary of a journalist on loan has been brought to the notice of the Department, which has stated that it is unable to add to the evidence given by the Director, News and Information Bureau, that the non-inclusion of funds was due to an oversight within the Department.

Electrical Repairs and Maintenance

Your Committee appreciate the difficulty involved in estimating the cost of maintaining appliances during this change-over period. However, we consider that it should have been possible to achieve a greater degree of accuracy in the estimate made—particularly in view of the long experience of both the Department and the Electricity Authority in these matters.

The need for a greater degree of accuracy in estimating electrical maintenance has been brought to the notice of the officers concerned and the A.C.T. Electricity Authority.

A.C.T. Services—Education—Payments to the Department of Education, N.S.W.

In view of the necessity for the Department to advise the Treasury of the requirements for this vote some six months or more before it receives an estimate from the State Department concerned, Your Committee trust that the Department will give the matter its close attention and endeavour to assure that it has a reliable system for making reasonably accurate forecasts of the expenditure against this vote.

The Department has advised that it is making every effort to improve its estimating in respect of payments to the Department of Education, New South Wales, with whom it has discussed the matter.

DEPARTMENT OF THE NAVY

Equipment and Stores—H.M.A. Ships, &c.

Your Committee realize that, as expenditure by the Defence Departments is restricted to an overall maximum figure, adjustments within the various Divisions are necessary from time to time in order that the most effective use may be

Action has been taken to obviate the accounting weakness which resulted in the failure to take account of certain outstanding liabilities at 30th June, 1962.

Summary of Committee's Conclusions
(28th October, 1963)

Treasury Minute (1st April, 1964)

made of available funds. In this instance, with the exception of the error made in the under-assessment of liabilities, *vide* paragraph 77 above, we accept the Department's explanations for amounts obtained in the Additional Estimates and from the advance.

DEPARTMENT OF TERRITORIES

Administrative—Salaries—Extra Duty Pay

Your Committee accept the Department's explanation that circumstances were somewhat unusual during the 1962-63 financial year, but we would expect to see considerable improvement in the accuracy of the Department's estimates in respect of this Item in 1963-64.

The comment of the Committee regarding estimates of extra duty pay have been brought to the notice of the Department.

For and on behalf of the Committee,

R. CLEAVER, Chairman.

DAVID N. REID,

Secretary,

Joint Committee of Public Accounts,

Parliament House,

Canberra, A.C.T.

5th May, 1964.