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DEPARTMENT OF THE SENATE	
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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

SEVENTY-FIRST REPORT

THE NORTHERN TERRITORY
ADMINISTRATION

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.

(1) Resigned 29th April, 1965. (2) Appointed 29th April, 1965.

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 1901-1961;
 - (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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CHAPTER I - INTRODUCTION

In 1957 Your Third Committee conducted an inquiry into the Northern Territory Administration. The decision to undertake that inquiry was made after consideration of criticisms by the Auditor-General of various aspects of the operations of that Administration. These criticisms, which appeared in the Annual Reports of the Auditor-General on the Treasurer's Statement of Receipts and Expenditure for the years ended 30th June, 1954, 1955, and 1956, related to the control of stores and equipment, accounting procedures, internal check, hostels, electricity undertakings and the Beawick Cattle Station. Your Third Committee was also influenced in its decision to initiate that inquiry by indications given by the Public Service Board in its Thirtieth Report, that conditions in the Northern Territory were unsatisfactory.

2. Following its inquiry, Your Third Committee presented three Reports to the Parliament - the Thirty-fifth Report (an Interim Report) and the Thirty-sixth and Thirty-seventh Reports relating to the Northern Territory Administration. These Reports traversed the nature of the Northern Territory, its Government, Finance and Organisation, Departments outside the control of the Northern Territory Administration and activities under the control of that Administration.

PP No. 71
of 1957
and PP No.
25 and No.
26 of 1958.

3. In addition to a wide range of specific criticisms raised in these Reports Your Third Committee stated, in its general concluding comment, that its inquiry had disclosed an unsatisfactory state of affairs. This, it felt, did not necessarily reflect adversely upon the activities of the Minister for Territories, his Department or the Northern Territory Administration. The very serious administrative situation discovered was

PP No. 26
of 1958

found to be not of recent origin but a product of the Commonwealth's earlier neglect of the Territory, and more recently of war-time dislocation. On the other hand, the achievements of the previous decade were found to have been quite substantial when examined in the context of conditions in the Territory. In respect of those achievements, credit was due to all those - the Minister, the Department and the Administration - who had played a part in them.

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of 1958

4. Nevertheless, Your Third Committee found that the administration of the Territory had not been without fault. Too much detailed control had been centralised within the Department in Canberra; Departments generally had adopted a somewhat negative attitude towards the Territory and its problems and it was doubted whether the difficulties which had confronted the Administration and the Branches of other departments operating in the Territory had been fully appreciated.

PP No.
26 of
1958:

5. Your Third Committee was shocked at some of the things it had seen in the Territory and was disturbed that the situation should have been allowed to develop as it had. It expressed the hope that, in future, departmental administrations would adopt a much more realistic approach towards the Territory and thus help it to achieve, as early as possible, full efficiency and stability in the administration of government.

PP No.
26 of
1958.

6. On 25th September, 1961, Your Fourth Committee received from the Department of the Treasury a Treasury Minute relating to the conclusions contained in the Thirty-Sixth and Thirty-Seventh Reports. This Minute, relevant portions of which are referred to later in this Report, was included in the Fifty-Seventh Report and submitted to the Parliament on 25th October, 1961.

PP No. 114
of 1961

7. In the years subsequent to your Third Committee's inquiry the Reports of the Auditor-General continued to reflect an unsatisfactory state of affairs in a great number of the Northern Territory administration. Several of these matters, which were made the subject of inquiry by Your Fourth Committee, are referred to in the Fifty-Fifth and Fifty-Sixth Reports of that Committee on the Reports of the Auditor-General.

PP No. 65
and No. 115
of 1961.

8. Although, in his reports for the financial year 1962-63, the Auditor-General indicated that some improvements had occurred in respect of internal audit arrangements in the Territory, specific criticisms were made in respect of sundry debtors, business undertakings and public utilities, stores accounting and stocktaking, the assets and property register, training projects administered by the Welfare Branch, the Housing Commission, construction of dwellings financed from the capital works and services vote, and the Corporation of the City of Darwin. Of these matters, sundry debtors, the assets and property register and construction of dwellings financed from the capital works and services vote were made the subject of inquiry by Your Fifth Committee in October, 1963, prior to the dissolution of the Twenty-Fourth Parliament. Following the appointment of Your Sixth Committee in March, 1964, business undertakings and public utilities, the Housing Commission and the Corporation of the City of Darwin were made the subject of inquiry in April, 1964. The matters examined in these inquiries were included in Your Committee's Sixty-Sixth Report to the Parliament.

PP No. 47
of 1964

9. The wide-spread nature of the criticisms raised by Your Third Committee following its inquiry into the Northern Territory Administration in 1957 and the persistence of specific criticisms being made by the Auditor-General some six years after that inquiry had occurred, caused us to consider whether a review of the circumstances of the Northern Territory Administration should be made. Accordingly, on 21st April, 1964, Your Committee resolved, in pursuance of Section 8 of the Public Accounts Committee Act, 1951, to inquire into the Northern Territory Administration with particular reference to the progress made in the Territory and the development of its administrative procedures since 1957, with emphasis on the more significant matters in respect of which Your Third Committee had found ground for criticism and matters which had continued to attract the attention of the Auditor-General. The scope of the inquiry was further limited so as to exclude the consideration of the wisdom or otherwise of Government Policy and of actions taken, or that could be taken, to develop the Territory. At the same time, it was recognised that any inquiry into the Northern Territory Administration must give due consideration to the problems associated with the Government of a large area with a sparse and scattered population and relatively undeveloped economic resources. Our judgment of the operations of the Northern Territory Administration has been tempered by these background considerations.

10. For the purpose of the inquiry we obtained a number of statements from the Department of Territories and from the Northern Territory Administration. These statements are listed in Appendix No. 1 to this Report.

11. The Statements referred to were made the subject of a public inquiry at -

Parliament House, Melbourne.	- Tuesday 2nd June, 1964.
The Legislative Council Chambers, Darwin.	- Friday 17th July, 1964 - Monday 20th July, 1964 - Tuesday 21st July, 1964 - Wednesday 22nd July, 1964 - Thursday 23rd July, 1964.
Parliament House, Canberra.	- Tuesday 6th April, 1965.

12. The following witnesses were sworn at the public inquiry and were examined by Your Committee :-

DEPARTMENT OF TERRITORIES

Mr. R. S. Swift	- First Assistant Secretary, (Government and Management)
Mr. L. W. Temby	- Officer-in-Charge, Finance Section.

NORTHERN TERRITORY ADMINISTRATION

His Honour the Administrator and President of the Legislative Council	- The Hon. Roger B. Nott
Mr. C. F. Adams, M.L.C.	- Director (Mines Branch)
Mr. A. V. Atkins, D.S.G., M.L.C.	- Assistant Administrator (Administration, Services and Finance)
Mr. O. J. Cameron	- Superintendent (Stores Branch)
Mr. J. D. Farrell	- Transport Manager
Mr. H. M. Ford	- Assistant Director (Welfare Branch)
Mr. H. G. Giese, M.L.C.	- Director (Welfare Branch)
Mr. D. P. Lampe	- Acting Director-General (General Services Branch)
Mr. G. A. Letts	- Director (Animal Industry Branch)
Mr. B. A. Lorenz	- Finance Officer

Mr. D. Mentz - Acting Director (Agriculture Branch)
 Mr. J. J. Ravenscroft - Acting Assistant Director (General Services Branch) and Commissioner for Housing Loans.
 Mr. A. W. Richardson, M.L.C. - Director of Lands and Chairman, Housing Commission.
 Mr. A. A. Shakespeare - Administration Officer (Personnel)

DEPARTMENT OF WORKS
 (Northern Territory)

Mr. E. B. Scobie - Assistant Director of Works (Planning and Design)

ATTORNEY-GENERAL'S DEPARTMENT

Mr. K. S. Edmunds - Senior Assistant Secretary

13. During our Inquiry we were assisted by the following Observers :-

Mr. F. A. Johnson)	Audit Office
Mr. A. K. Ragless)	
Dr. W. F. H. Crick }	Department of Health
Mr. L. B. Holgate }	
Dr. W. A. Langsford)	
Mr. F. C. Nordeck)	Public Service Board
Mr. G. J. Balfour }	Department of the Treasury
Mr. M. G. Cowie }	
Mr. S. G. Herring }	
Mr. G. A. Low }	
Mr. L. G. Redmond)	Department of Works

14. As part of our investigations we carried out the following inspections from 18th to 23rd July, 1964, inclusive :-

Saturday, 18th July	Ord River Irrigation Project, Kununurra, Western Australia and associated areas within the Northern Territory.
Sunday 19th July	Batchelor township. Rum Jungle open cut and treatment plant. Upper Adelaide River Experiment Station.
Monday, 20th July	Government Settlement at Snake Bay, Melville Island. Northern Territory Administration Hostel, Peel Street, Darwin. Office accommodation, houses and flats in the Darwin area.
Tuesday, 21st July	Ross Smith Hostel, Darwin. Commonwealth Cold Stores, Darwin. Darwin Steam Power Station.
Wednesday, 22nd July	Beatrice Hills Animal Husbandry Research Station. C.S.I.R.O. Coastal Plains Research Station, Middle Point.

15. In considering the form that this Report should take we were influenced partly by the fact that the present inquiry emerged largely from the relevant Reports of Your Third Committee and partly by the need to provide an informative document. For these reasons we have linked, wherever appropriate the findings of Your Third Committee with evidence taken during the present inquiry and have also indicated, as in previous Reports to the Parliament, the Exhibits and Questions from which information has been drawn. In addition we have supplied a number of appendices to the Report to provide readers with access to additional information which, while important, does not readily find a place in the body of the Report.

16. To ensure that readers may more readily identify Your previous Committees which have presented Reports having a bearing on the present Report, we have listed in Appendix No. 2, the details of each of Your previous Committees appointed as from 25th September, 1952.

17. Information submitted to Your Committee as at 6th April, 1965, and additional material prepared at our required subsequent to that date, constitutes the basis of the present inquiry.

18. For simplicity of presentation the Report has been divided into the following nine chapters :-

- Chapter I - Introduction.
- Chapter II - Development of Northern Territory Resources.
- Chapter III - Government of the Northern Territory.
- Chapter IV - Branches of the Northern Territory Administration.
- Chapter V - The Civil Works Programme.
- Chapter VI - Housing and Accommodation.
- Chapter VII - Financial Control and Stores Accounting
- Chapter VIII - Business Undertakings and Public Utilities
- Chapter IX - Summary of Conclusions and Findings

CHAPTER II - DEVELOPMENT OF NORTHERN TERRITORY RESOURCES

19. A brief history of the Northern Territory PP No. 25 of 1958 is set out in Chapter II of Your Committee's Thirty-Sixth Report. The earlier history of the Territory is one of boom and depression, of industrial unrest and racial strife, of success but more frequently disappointment and is marked by the failure of successive administrations effectively to overcome the disabilities of situation, physiography and climate.

20. Responsibility for the Northern Territory passed from South Australia to the Commonwealth on 1st January, 1911 following the enactment by the Commonwealth Parliament of the Northern Territory Acceptance Act, 1910.

PP No. 25
of 1958.

21. From 1911 to World War II, the growth of the Territory's resources was slow and uncertain. In 1913 a Royal Commission was appointed to report on the development of the Northern Territory but the Commissioners were not unanimous in their findings. By 1917 the railway, which had been constructed between Darwin and Pine Creek before the turn of the century had been extended from Pine Creek to Katherine and the Darwin meat works which had been erected by the North Australian Meat Company at a cost exceeding £900,000 had been opened. By 1920, however, the meat works had been closed because of the impossibility of obtaining regular shipping services, intensive labour troubles and heavy losses which had been incurred.

PP No. 25
of 1958

22. In 1925, Sir John Buchanan reported to the Commonwealth on the development of the Territory. His conclusions included the following points of interest :-

- "1. The Northern Territory is suffering from isolation, inefficient system of administration, lack of communications and constant labour troubles.
2. The cost of transport, combined with the cost of labour, makes development of the country by private enterprise at present impracticable. PP No. 48 of 1925
6. The development of the pastoral industry by every possible means, so as to reduce cost of production should be the first policy of the Administration.
7. The mining industry has great possibilities, but without cheaper transport and economic labour (by which I do not mean 'cheap labour') there can be no progress.
8. No attempt should be made at present to develop the agricultural industry for tropical produce.
9. The climate is more trying to the white race than that of northern Queensland, but the country can be made suitable for white settlement within certain limits; closer settlement within the coastal area would probably prove disastrous.
10. The town of Darwin, which according to Professor Griffith Taylor is usually uncomfortable for eight months in the year, should be made more suitable for white residents by the improvement of housing conditions, provision of electric fans and education of the people in tropical hygiene."

23. By far the most important of the pre-war public inquiries into the Northern Territory was that undertaken by a Board of Inquiry, appointed in March, 1937 and comprising two members, Messrs. Payne and Fletcher. The Board considered that some sweeping changes in policy were needed and propounded as a new plan of government for the Territory-

PP No. 25
of 1958

- "1. That the investment of capital in the Territory, whether in pastoral, mining, agricultural, or marine pursuits, be encouraged to an extent greater than any encouragement given elsewhere in Australia. This will be necessary as the difficulties are considerably greater.
2. That revenue considerations be entirely subordinated to production and development.
3. That the development of holdings and improvement of the quality of stock be encouraged by eliminating Crown resumption rights from moderate-sized leases when extensive expenditure is undertaken by the lessees.
4. That country suitable for sheep be converted from cattle to sheep by the provision of transport facilities.
5. That the settlers be given reasonable facilities to market their products at reasonable cost.
6. That steps be taken to reduce the cost of commodities and of living and thus help to bring the cost of labour to a level more in keeping with the cost of labour elsewhere in Australia.

"The Payne
Report"
PP No. 4 of
1937.

7. That steps be taken to provide industrial arbitration for workers and to deal promptly and effectively with industrial disputes.

8. That generally, bureaucratic methods be avoided and the Government and the Administration work in close co-operation with the settlers to achieve better results."

24. In addition, the Board recommended the suspension of personal exertion income tax and all tariffs for a period of twenty years and the abolition of the petrol tax. It also proposed that railway lines be constructed to open up the Barkly tableland area on the Queensland border of the Territory and the Ord-Victoria Rivers district which lies across the northern end of the border of the Territory and Western Australia.

"The Payne Report" PP No. 4 of 1937.

25. Few of the recommendations of the Payne Report were ever adopted. Your Third Committee felt that, so far as may be revealed in retrospect, an explanation for this inaction on the part of the then Government may be found in the internal tensions, budgetary difficulties and unsettled international situation which characterised the late 1930's.

PP No. 25 of 1958.

26. On the basis of its full assessment of the history of the Territory, Your Third Committee concluded that the first thirty years of Commonwealth control of the Territory, from 1911 to 1941, reflected little credit upon the Commonwealth. Often regarded as a portfolio of secondary importance and of little political significance and suffering from frequent changes of Ministers, distance from the seat of Government and the low

PP No. 25 of 1958.

priority it could command for finance, militated against there being any continuous policy for the Territory and did little to inspire confidence in its future.

27. Notwithstanding the destruction and disruption which occurred in the Territory following the bombing of Darwin in February, 1942, it appears clear that the war years saw a major basic break-through in the development of the Territory's resources. During the three and one half years until 1945, the Armed Services, to meet their own requirements carried out much developmental work, and some of this work such as an urban electricity undertaking and the Barkly and Stuart Highways, has been of great value in the post-war development of the Territory. The construction of the two highways involved the collaboration of the Main Roads Commissions of Queensland and New South Wales, the Country Roads Board of Victoria, the Highways Department of South Australia and the Civil Construction Corps, whilst the Allied Works Council provided considerable funds. Also the Army undertook a great deal of local road construction during that period.

Report on
The
Northern
Territory
1st July,
1953 to 30th
June, 1955.

28. Civil administration of the Territory was resumed in 1945. By 1948, new plans for expansion and development led to considerable activity throughout the Territory. Intensified interest overseas stimulated a general programme of expansion in the pastoral, mining and other industries. A plan for a new town on the existing site of Darwin was approved and building was commenced almost immediately. There was an influx of skilled and unskilled workers into Darwin to engage in work connected with the town plan and departmental staffs increased. By this time, the population of Darwin exceeded 5,000.

Commonwealth
Year Book
No. 38, 1951.

29. The remainder of this chapter is concerned with the more recent development of the Territory's basic resources, i.e. population, land and the pastoral, agricultural, mining and Forestry industries. The growth of Commonwealth expenditure in the area is also examined.

(a) Population

30. Your Third Committee commented that the somewhat unusual population characteristics of the Territory were the result of the nature of the development of the area and the frontier-like existence which had persisted until years recent to 1957. It felt that improved communications and means of transport and the movement towards better accommodation and amenities in the post-war era had assisted the situation and that with continued improvements in those and other directions and with the growing influence of family life, the transient nature of a large section of the population and work force would disappear in time, with advantage to both the governmental and private sectors of the community.

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of 1958

31. The following statistics show the general trend in population (excluding full-blood Aborigines) in the Territory since the first Australian Census in 1881 and changes that have occurred in the proportion of Males in the Territory's population.

TABLE NO. 1
POPULATION OF THE NORTHERN TERRITORY
 (Excluding Full-Blood Aborigines)
1881 to 1964

Commonwealth
 Year Books
 Issued by the
 Commonwealth
 Statistician.
 Exhibit 71/2 enc
 Northern
 Territory Re-
 port for 1963-
 64

As At	Males	Females	Total	Males as a Proportion of Total %
3rd April, 1881 (1)	3,347	104	3,451	96.9
3rd April, 1911 (1)	2,734	576	3,310	82.6
31st December, 1916 (2)	3,839	928	4,767	80.5
31st December, 1922 (2)	2,653	959	3,612	73.4
30th December, 1930 (2)	3,599	1,365	4,964	72.5
30th June, 1933 (1)	3,378	1,472	4,850	69.6
31st December, 1939 (2)	5,136	2,451	7,287	70.5
30th June, 1947 (1)	7,378	3,490	10,868	67.9
30th June, 1954 (1)	10,288	6,181	16,469	62.5
30th June, 1957 (2)	11,065	8,105	19,170	57.7
30th June, 1958 (2)	13,163	8,934	22,097	59.5
30th June, 1959 (2)	14,291	9,798	24,089	59.3
30th June, 1960 (2)	15,221	10,352	25,573	59.5
30th June, 1961 (1)	16,206	10,889	27,095	59.8
30th June, 1962 (2)	16,571	11,219	27,790	59.6
30th June, 1963 (2)	17,351	12,073	29,424	58.9
30th June, 1964 (2)	18,779	13,538	32,317	58.1

(1) Census

(2) Estimate

32. The population of the Northern Territory fluctuated noticeably until about 1933. In the four years from 1957 to 1960, the population of the Territory increased by about 33 per cent. compared with an increase of only about 19 per cent. in the subsequent four years to 1964.

33. Over the years since 1881 the proportion of Males in the Territory has generally declined although this decline has been much less marked in recent years. At the population Census taken in June 1961, males accounted for nearly 60 per cent. of the population of the Territory compared with an average of 50 to 51 per cent. in the Australian States.

34. Table No. 2, below, compares the population of Greater Darwin with the Territory's total population (excluding full-blood Aborigines in each case) at each population Census taken between June 1947 and June, 1961.

TABLE NO. 2
POPULATION OF GREATER DARWIN
(excluding full-blood Aborigines)

Census Date	Males	Females	Total	Percentage of Northern Territory Population
30th June, 1947	3,542	1,666	5,208	48
30th June, 1954	4,905	3,166	8,071	49
30th June, 1961	8,577	6,176	14,753	54

PF No. 25
of 1958
and Exhibit
71/2

35. Between June 1947 and June, 1954, the proportion of the Territory's population resident in Greater Darwin was relatively stable but during the succeeding seven years the proportion increased substantially. The table also shows that in June 1954 and June 1961 the proportion of females resident in Greater Darwin had increased compared with that of June, 1947.

39. Between 1958 and 1964, Pastoral, pastoral homestead, Agricultural Leasehold lands and reserved lands increased whilst freehold land, land under License and unoccupied and unreserved lands in the Territory diminished. In particular, pastoral land (including pastoral homestead areas) increased in significance from about 41 per cent. of the total area as at 30th June, 1958 to approximately 53 per cent. as at 30th June, 1964. Over the same period the proportion of unoccupied and unreserved lands in the Territory declined from about 33 per cent. to 24 per cent.

40. We were informed that in 1964, seventeen pastoral blocks were available for leasing but, after these had been allotted, no further areas would become available until 30th June, 1965. It was then proposed to resume 4,800 square miles of the Alexandria cattle station from which three or four leases would be thrown open through the Land Court. The remainder of the land resumed, which is in the South Western corner of the Territory, was said to be of an arid nature with no known economic potential. However, it was proposed that a resources survey should be carried out, as, with the application of new pastoral techniques, the area may become available for economic pastoral leasing.

Q. 1023

(c) Pastoral Industry

41. Your Third Committee found that the Pastoral Industry had remained remarkably stable and that exports of cattle in 1956-57 had returned approximately £3 million. In the previous ten years some 74 new watering places, either bores or catchment dams, had been constructed on stock routes at a cost of £250,000.

PP No. 25
of 1958

42. The following table shows the numbers of livestock in the Northern Territory from 1958 to 1964.

TABLE NO. 4
LIVESTOCK NUMBERS AS AT 30TH JUNE
1958 TO 1964

YEAR ENDED 30TH JUNE	CATTLE	HORSES	SHEEP	GOATS	PIGS	OTHER
1958	1,243,588	38,668	26,795	9,938	3,071	752
1959	1,099,014	38,882	18,731	9,126	3,802	543
1960	1,110,520	38,340	14,960	7,440	4,000	769
1961	1,116,827	37,925	14,582	5,958	1,327	1,091
1962	1,063,528	39,835	10,338	4,949	2,762	827
1963	1,086,249	38,191	9,469	4,275	1,842	521
1964	1,067,721	39,756	9,830	4,727	374	5

NORTHERN
TERRITORY
REPORT FOR
1963-64

43. We were informed that the decline in livestock numbers, particularly in more recent years had been due mainly to drought conditions in Central Australia and also to the establishment of the meat works at Katherine which meant that some livestock that would not formerly have been marketed had been slaughtered.

Q's. 190
and 191

44. Table No. 5 shows the number and value of cattle exported from the Territory and Territory consumption from 1957-58 to 1963-64.

TABLE NO. 5

NUMBER AND VALUE OF CATTLE TURN-OFF
EXPORTS AND TERRITORY CONSUMPTION

1958-59 TO 1963-64

Exhibit 71/2 and
Northern Territory
Report for 1963-64.

	1957-58		1958-59		1959-60		1960-61		1961-62		1962-63		1963-64	
	No	Value £'000	No.	Value £'000	No.	Value £'000	No.	Value £'000	No.	Value £'000	No.	Value £'000	No.	Value £'000
<u>Exports To :</u>														
Southern States	36	1,313	82	2,082	45	1,875	69	2,316	34	853	25	1,000	35	1,074
Queensland	82	1,459	66	1,733	77	2,065	96	2,673	84	1,900	83	1,881	66	2,244
Western Australia	9	228	9	242	9	251	4	127	10	274	5	132	4	54
Hong Kong	-	-	4	48	6	120	2	44	7	110	8	129	3	74
Philippines	2	39	4	82	-	-	-	-	-	-	-	-	-	-
Total Exports	129	3,039	165	4,187	137	4,311	171	5,160	135	3,137	125	3,142	108	3,486
Territory Consum- ption	27	513	27	515	27	603	28	639	27	602	24	535	23	537
Total Turn-off	156	3,552	192	4,702	164	4,914	199	5,799	162	3,739	149	3,677 (a)	131	4,023 (b)

(a) Excludes : Boneless beef valued at £130,000 and horsemeat valued at £10,000.(b) Excludes : Boneless beef valued at £586,364 and boneless buffalo meat valued at £113,187.

45. Excluding boneless beef products, the total turn-off of cattle in the Territory increased from about 156,000 (£3. 6 million) in 1957-58 to approximately 199,000 (£5.8 million) in 1960-61 and then declined to about 131,000 (£4 million) in 1963-64. The value of boneless beef exports increased from £130,000 in 1962-63 to £586,364 in 1963-64.

46. Over the years 1957-58 to 1961-62 the volume of domestic consumption of cattle in the Northern Territory remained fairly stable at about 27,000 per annum but declined to about 24,000 in 1962-63 and 23,000 in 1963-64. Between 1957-58 and 1962-63 the volume of cattle exported from the Territory, mainly to the Southern States and Queensland, varied considerably from year to year and reached its lowest level in 1963-64.

47. Apart from Research and experimental work, referred to later, several forms of assistance have been accorded the Pastoral Industry in recent years. His Honour the Administrator informed us that the condition of the pastoral industry had been his first concern on arrival in the Territory. At that time, (1961), the Northern Territory appeared to be the only area in the world where the cattle population amounted to 1.25 million head but which lacked an export meat works. Approaches had been made to various private companies with the result that two export abattoirs had been established. He informed us that although Government financial assistance was not being provided for privately operated export abattoirs, the Government felt it had a duty to make facilities such as electricity and water available to them at the lowest possible price and to assist them by the provision of beef roads.

Q. 809

Q. 811

48. Other forms of assistance have included the provision of increased capacity of the cold stores in Darwin, a 50 per cent. subsidy on freight costs incurred in conveying fodder to drought stricken areas and, in the event of hardship arising from drought, the waiving of rental charges for pastoralists. Q. 809

49. Research and experimental work is currently being conducted at the Animal Industry Research Institute at Alice Springs, the Borlase Hills Animal Husbandry Research Station and the Northern Territory Administration Farms at Katherine, Rockhampton Downs and Wave Hill. The Division of Land Research and Regional Survey of the C.S.I.R.O. maintains research stations at Katherine, Darwin and Alice Springs. Northern Territory Report for 1963-64.

50. It was stated in evidence that whilst the growth in cattle turn-off figures in the Territory had increased by about 20,000 per annum in the six years prior to 1964 compared with the previous six-year period, turn-off figures represented only about 13 per cent. of cattle available for slaughter. We were told that if this turn-off figure could be increased to an equivalent average of 16 per cent. a real contribution would be made to the income earning capacity of the Territory. In this regard a planned ten-year programme of development and investigation is being implemented by the Animal Industry Branch. The programme, which is aimed at increasing the cattle population of the Territory from 1 million head to 1.5 million head and the turn-off to 295,000 (20 per cent.) in the next ten years has called for an expansion of work involving animal industry research facilities; aids to turn-off and investigations into disease, husbandry, botany and wildlife. Q. 1025 and Q. 1028 Northern Territory Report for 1963-64.

(d) Agricultural Industry

51. Your Third Committee reported that perhaps the most significant event in the agricultural industry had been the ambitious and courageous attempt by a private organization to develop rice farming on a large scale on the Adelaide River at Humpty Doo. PP No. 25 of 1958

52. Up to the present, agriculture has made little progress in the Territory although rice, peanuts, tobacco, grain sorghum, bananas, pineapples, citrus fruits, cashew nuts, mangoes, pawpaws, vegetables, fodder plants and improved pastures can be grown in certain areas. Commonwealth Year Book No. 51. 1965.

53. The area under crop in the Territory from 1958 to 1964 is shown below in Table No. 6.

TABLE NO. 6
AREA UNDER CROP (A)
YEAR ENDED 30TH SEPTEMBER

EXHIBIT 71/2
AND NORTHERN
TERRITORY REPORT
FOR 1963-64.

Acres

CROP	1958	1959	1960	1961	1962	1963	1964
FRUIT							
BANANAS	28	22	28	42	37	36	42
PINEAPPLES	22	17	22	20	15	11	23
OTHER	31	47	48	58	84	95	87
TOTAL	81	86	98	120	136	142	152
PEANUTS	156	211	388	335	307	(b)	(b)
SORGHUM FOR GRAIN	377	149	264	95	(b)	(b)	527
VEGETABLES FOR HUMAN CONSUMPTION	128	138	168	142	125	149	133
OTHER CROPS	7	428(c)	662(c)	925(c)	1,145(c)	1,761	1,707
GRAND TOTAL	749	1,012	1,580	1,617	1,713	2,052	2,519

(A) EXCLUDES RICE FOR WHICH DETAILS ARE NOT AVAILABLE FOR PUBLICATION.

(B) NOT AVAILABLE FOR PUBLICATION, INCLUDED IN OTHER CROPS.

(C) PRINCIPALLY FODDER CROPS.

54. This table shows that, excluding areas devoted to rice production, the area under crop in the Territory, whilst small, has expanded considerably since 1958.

55. In 1946, the C.S.I.R.O. commenced scientific surveys to determine more accurately the potentialities of the Territory. Surveys have been completed of the Katherine-Darwin, Barkly Tableland, Victoria River and Alice Springs Regions. The survey of the Katherine-Darwin Region indicated that further investigations into agricultural possibilities was warranted. As a result, the C.S.I.R.O. established an agricultural research station at Katherine to investigate the possibilities of dry farming in a land system covering an area of about 7,000 square miles in the Katherine Daly River Basin. The research work at this Station was sufficiently encouraging in respect of the production of peanuts, grain sorghum and pastures to warrant investigations into the application of the findings on a commercial scale. To further these investigations the Government approved of the establishment by the Administration, in 1952, of an experimental farm at Katherine for the purpose of carrying out trials with these crops to determine the requirements for farming them on a commercial basis. In 1956, the Administration established an experimental farm at Berrimah, near Darwin. Investigations into fruit and vegetable growing and pasture production are being carried out under both dry land and irrigated conditions.

Commonwealth
Year Book
No. 51.
1965.

56. The survey of the Katherine-Darwin Region also indicated prospects for rice growing and in 1952, the Administration established rice research stations at Humpty Doo and at a location known as Sixty Mile, on the Stuart Highway, 60 miles from

Darwin. Since the 1959-60 season, rice research work on the sub-coastal plains has been carried out by the C.S.I.R.O. at its Coastal Plains Research Station at Middle Point, near Humpty Doo. The Administration carries out rice investigational work outside the coastal plains at the Upper Adelaide River Agricultural Experiment Station. At the rice research stations it has been demonstrated that rice can be grown in the Territory but the main problems are adequate water control and drainage, determination of cultivation techniques in the soil conditions and the production of suitable rice varieties. Territory Rice Limited, a company with Australian and American capital, carried out commercial scale operations near Humpty Doo from the 1954-55 season until the 1959-60 season. Under arrangements with the company, former employees grow rice crops in the 1960-61, 1961-62 and 1962-63 seasons. We were informed that attempts had been made to grow rice in large quantities but they had not proved economically successful. Despite this, rice growing had not been discarded and considerable investigation was being carried out by the C.S.I.R.O. In May, 1964, the Agriculture Branch harvested 160 acres of rice with a yield of approximately 22 cwt. per acre, whilst the C.S.I.R.O. harvested a further 50 acres of rice with a yield probably higher than that achieved by the Agriculture Branch.

Commonwealth
Year Book
No. 51. 1965

Q. 812

57. On 25th July, 1959, the Minister for Territories appointed an expert Committee under the Chairmanship of Professor Forster of Melbourne to investigate the prospects of promoting agricultural settlement in the Northern Territory on an economic basis and the major factors to be considered in shaping an agricultural policy for the Territory, including the areas best suited to agricultural settlement, the crops most likely to prove economic;

Commonwealth
Year Book
No. 51 1965
and Q. 178

the relationship of agriculture to the industry; the availability of land and the distribution and tenure of land; credit and other forms of assistance to primary producers; marketing opportunities; research and agricultural extension work and water use and conservation.

58. We were informed that the Government had implemented the Report of the Forster Committee, to the extent that, early in 1964, it had established three farms in the Marrakai area. Two farming systems are involved in this project, one running cattle on unimproved pastures and the second, comprising two farms, running cattle and producing rice. These farms constituted a capital investment by the Northern Territory Primary Producers' Board of £131,649 by 30th June, 1965. We were informed that although the farmers' equities were limited, a failure of the scheme would result in them losing their investment. On the other hand, if the scheme succeeded, it was expected that between forty and sixty small farms would be established on the Marrakai land system. At the 30th June, 1964, the estimated income from the three pilot farms involved in the project was substantially less than the figure of £45,320 which had been predicted earlier.

Q. 812 and
Commonwealth
Year Book No.
51. 1965.

Q. 1035
Committee File
1964/2/71

Auditor-
General's
Report for
1964-65.

Q. 1035

59. It was expected that the ten years subsequent to 1964 would involve a radical change in agriculture in the Northern Territory, particularly in association with the cattle industry. Short-term rice appeared to be the crop with the best potential in the Territory. Although Cotton had some potential, 10,000 acres would need to be grown to justify the cost of a ginnery.

Q. 1034

(e) Mining and Quarrying

60. Your Third Committee concluded that the development of the Mining Industry in the decade prior to 1957 had been nothing less than spectacular. In those years, the main Government activity had been through the Mines Branch of the Administration, the Bureau of Mineral Resources and the Australian Atomic Energy Commission. It was stated that the large-scale mining and production of uranium oxide at Rum Jungle by Territory Enterprises Pty. Ltd. on behalf of the Atomic Energy Commission had probably made Mining the major industry in the Territory.

61. The following table shows the quantity and value of Mining and Quarrying in the Territory. from 1957-58 to 1963-64.

TABLE NO. 7

MINING AND QUARRYING
1957-58 TO 1963-64Exhibit 71/2 and
Committee File
1964/2/71

Mineral	1957-58		1958-59		1959-60		1960-61		1961-62		1962-63		1963-64	
	Qty.	Value £'000	Qty.	Value £'000	Qty.	Value £'000	Qty.	Value £'000	Qty.	Value £'000	Qty.	Value £'000	Qty.	Value £'000
<u>Metallic</u>														
Copper including cupreous ore - tons	9,153	2,758	8,317	2,714	10,259	3,292	10,730	3,518	9,052	2,548	7,468	2,081	8,344	2,367
Silver - F. oz.	24,303	9	52,878	21	109,852	40	97,971	36	108,207	42	75,900	35	87,140	42
Gold - F. oz.	72,056	1,124	54,213	1,003	59,631	1,088	71,262	1,123	68,534	1,074	75,958	1,190	79,741	1,246
Manganese - Tons	1,471	53	1,812	74	1,157	48	684	28	223	10	109	5	236	9
Uranium - lb.	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	824,916	(a)	782,921	(a)
Other	-	20	-	2	-	21	-	23	-	14	-	48	-	34
<u>non Metallic</u>														
Mica - Tons	53	46	96	49	11	34	292	13	83	1	-	-	7	(b)
Salt - Tons	1,243	22	570	12	761	17	857	18	1,030	21	530	13	30	1
Fine crushed rock - tons	56,830	213	195,979	580	213,902	575	114,525	355	91,580	309	53,633	214	58,791	224
Sand - tons	4,900	10	3,103	5	13,996	27	25,964	35	16,215	25	31,841	49	24,280	48
Other	-	45	-	334	-	58	-	119	-	31	-	98	-	147
Total		4,300	-	4,794	-	5,200	-	4,768	-	4,075	-	3,734	-	4,139

(a) Not available.

(b) Less than £500.

62. The value of output in mining and quarrying (excluding Uranium) increased from about £4. 3 million in 1957-58 to £5.2 million in 1959-60 and then declined to slightly over £3.7 million in 1962-63. In 1963-64 the value of production recovered to about £4.1 million.

63. The mining of copper ores and concentrates is the most important in terms of value of output and generally accounts for more than two-thirds of the Territory's total recorded production. Prior to 1956, gold minerals, first mined in 1869, accounted for most of the value of output but from 1956 onwards gold production has remained relatively stable while copper production has increased considerably. The bulk of the copper and gold is won at Tennant Creek, where, in 1958 the Government battery was re-opened to encourage gold mining by small operators. Commonwealth
Year Book
No. 51
1965.

64. Although some overseas contracts held by uranium producers have terminated, the Moline mine operated by a private company and the Rum Jungle mine operated on behalf of the Commonwealth continue to produce, the uranium product of the latter being stockpiled at present. Production of mica and wolfram concentrates, both of which were important in the past, is now negligible. Increasing interest is being shown in tin mining, however, and production is increasing. Commonwealth
Year Book
No. 51 1965.

65. Under the Mining Development Ordinance the following forms of direct assistance are made available to the Mining Industry :-

- (1) Loans limited to a maximum of £5,000 may be provided, to assist in the developmental phase of mining or for the purchase of necessary machinery, and larger sums may be borrowed subject to the approval of the Minister.

- (2) Assistance is provided to prospectors by way of a weekly amount, generally ranging between £7 - £10 for the purchase of rations, fuel and explosives. This assistance is repayable in the event of the production of any gold or minerals. We noted that the total sums advanced increased from £300 in 1962-63 to £815 in 1963-64 and it was explained that the number of applications was extremely variable as five or six prospectors might apply for assistance in one year but none in the next.

Q. 1340A

- (3) Mining equipment, including portable air compressors, jack hammers, pumps, hoists and a long hole drilling machine, is available for hire to miners and prospectors.

Exhibit
71/14

66. Other direct assistance is provided through the operation of Government-owned batteries, the treatment of tailings, provision of assay facilities, inspections of mining machinery and the arrangement by the Mines Branch of transport and sale of tin concentrates on behalf of miners. Northern Territory Report for 1963-64.

67. Indirect forms of assistance to the industry include the importation and resale of explosives and the use of diamond drilling rigs to search for ore bodies.

68. Geological services are provided by the Geological Section of the Mines Branch, which is staffed by geologists seconded to the Administration by the Bureau of Mineral Resources. Offices of this Section have been established at Darwin, Tennant Creek and Alice Springs. The main activities of the section are centred about the economic geology of mineral deposits, water supplies and

Exhibit
71/14

engineering projects. The investigation of mineral deposits is carried out as part of the Mines Branch programme, or at the request of lease holders under financial arrangement with the Branch. Activities during such investigations include geological mapping, plane table surveying, diamond drilling and geochemical surveys. At the request of the Water Resources Branch, the geology of water supplies for towns, missions, cattle stations and forward irrigation projects is also examined.

69. The results of drilling and mapping in the Mt. Bundy area indicated that there is a deposit of about 1.5 million tons of iron ore of shippable grade available. However, we were told that the economics of working the deposits was a problem of development in the Territory since Mt. Bundy is on the eastern side of the Adelaide River and access to the area is difficult, particularly during the wet season. Also, it was said that the requirements of the pastoral, agricultural and tourist industries and the availability of roads and bridges had to be taken into account when consideration was being given to the overall capital investment that was warranted.

Exhibit
71/14 and
Q. 1390.

70. We were informed that the outlook for mineral production in the Northern Territory is very promising and that the Department of Territories is pursuing a programme aimed at the discovery and development of new mineral deposits in the Territory. Also the Bureau of Mineral Resources was said to be conducting broad scientific geological surveys whilst the Mines Branch of the Administration had programmes of drilling operations in areas where there were promising prospects.

Q's 193
and 194

71. Company interest in exploration in the Northern Territory has also become very active. In the latter part of 1963-64, intense company interest was shown in the Arnhem Land Aboriginal Reserve. This sector of Australia and particularly the western half of the coast of the Gulf of Carpentaria and adjacent islands promises to play an important part in the Territory's economy. Economic reserves of bauxite have been proved on Gove Peninsula and it is certain that large tonnages of manganese ore of acceptable grade occur on Groote Eylandt. Exploration also shows that the McArthur River area will be an important future source of zinc and lead.

Northern
Territory
Report for
1963-64.

72. Oil search is gaining momentum and has been highlighted by the discovery of large gas flows from two wells drilled in the Amadeus Basin. At 30th June, 1964, there were 26 oil permits in force covering 225,142 square miles of the Northern Territory and off-shore areas to the north and north-west of the Territory. A consortium of companies has undertaken an investigation of the area.

Northern
Territory
Report for
1963-64.

(f) Forestry

73. Details of timber production in the Northern Territory from 1957-58 to 1963-64 are given below in Table No. 8.

TABLE NO. 8
TIMBER PRODUCTION
1957-58 TO 1963-64

Logs (a) - Super Feet	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64
Forest Hardwoods	259,300	144,000	224,546	79,466	47,792	242,432	519,722
Brushwoods	11,700	63,000	26,295	63,800	17,500	24,208	-
Cyprus Pine	1,398,000	1,348,800	687,080	757,225	460,049	673,412	1,839,162
Other	1,000	5,400	(b)	2,150	16,955	61,130	17,400
TOTAL	1,670,000	1,561,200	(b)	902,641	542,296	1,001,182	2,376,284

(a) Apart from logs, approximately 500,000 super feet of sawn timber are produced annually.

(b) Not available.

74. The volume of logs sawn declined from about 1.7 million super feet in 1957-58 to 542,000 super feet in 1961-62 and then increased to nearly 2.4 million super feet in 1963-64. Over the same years, imports of sawn timber, mainly from Western Australia and overseas increased from about 1.1 million super feet to almost 3 million super feet.

75. In August, 1958, the Commonwealth Government approved a programme of forestry experimentation and development to preserve existing forests and to increase possible timber resources in the Northern Territory. The programme is being carried out by the Division of Forest Management Research of the Forestry and Timber Bureau.

Northern
Territory
Report for
1963-64

76. In July, 1961, the Government authorised a special forestry programme on Aboriginal Reserves. This programme, which began in 1961-62 and was designed to cover a four-year period, involved the survey, assessment, protection and development of cypress pine stands on the reserves.

Northern
Territory
Report for
1963-64

77. The Forestry Research programme in the Territory is divided into two fields - plantation establishment and utilization research. By 30th June, 1964, some 227 separate experiments had been established. In regard to Utilization Research the appointment of a utilization Forester in 1963-64 made possible increased work in this field. The aerial photographing of pine stands in Arnhem Land was undertaken, an area of some 16,000 square miles being photographed.

(g) Public Finance

78. The contribution made by the Commonwealth to increased activity in the Territory between 1957-58 and 1964-65 may be gauged from the following table which shows expenditure controlled by the Northern Territory Administration and expenditure in the area by other Commonwealth Departments under specific appropriations, but excluding expenditure on services in the Territory that are normally the function of the Commonwealth in the States.

TABLE NO. 9
COMMONWEALTH EXPENDITURE IN THE NORTHERN TERRITORY
1957-58 TO 1964-65

Exhibit 71/2
and Committee
File 1964/2/71

£'000

EXPENDITURE	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65
GENERAL SERVICES	2,777	3,090	3,849	4,184	4,713	5,495	6,426	7,306
WORKS SERVICES	877	970	1,589	1,693	1,819	2,024	2,495	2,634
HEALTH SERVICES	752	816	806	976	1,226	1,250	1,321	1,676
CAPITAL WORKS AND SERVICES	3,300	3,678	3,874	4,531	6,380	7,179	7,272	7,716
TOTAL	7,706	8,554	10,118	11,384	14,138	15,948	17,514	19,332

79. This table shows that expenditure, as defined, has increased from approximately £7.7 million in 1957-58 to £19.3 million in 1964-65, the largest proportional increases being in general services and works services. Nevertheless, the increase in expenditure on health services and on capital works and services, has been substantial over the period.

(h) Conclusions

80. Although the foregoing survey does not pretend to be exhaustive in its treatment, it shows that the development of the resources of the Territory in recent years has entered a new phase.

81. By 30th June, 1964, the population of the Territory (excluding full-blood Aborigines) had reached about 32,000 and while some easing had occurred in the growth of numbers of females relative to the growth of numbers of males in the Territory, nevertheless, the female population of the Territory has continued to increase. The proportion of the population resident in Darwin increased from 49 per cent. as at 30th June, 1954 to 54 per cent. as at 30th June, 1961. The full-blood aboriginal population of the Territory also increased from about 17,000 to over 19,000 in the five years from December 1958 to December, 1963. (Paras. 30-36)

82. By 30th June, 1964, the proportion of land in use, particularly for pastoral purposes, increased to about 76 per cent. of the Territory's total area compared with about 67 per cent. at 30th June, 1958, and plans were in hand to open up a further 4,800 square miles for pastoral use. (Paras. 37-40)

83. In recent years the total turn-off of cattle in the Territory has increased substantially and whilst a decline occurred in turn-off figures in 1963-64, a ten-year programme of development and investigation has been implemented, designed to raise turn-off figures to record levels. We would expect, however, that this programme would be adversely affected should the present drought conditions in Central Australia continue for a prolonged period. Export abattoirs have also been attracted to the area and the value of boneless beef exports increased markedly in 1963-64 compared with the previous year. Research and experiment work on behalf of the pastoral industry and involving C.S.I.R.O. and the Northern Territory Administration has been implemented in a number of areas of the Territory including Darwin, Alice Springs, Beatrice Hills and Katherine. (Paras. 41-50)

84. Although in past years the Agricultural Industry has been relatively undeveloped, the information shows that scientific interest in Agriculture in the Territory during the post-war years has continued to grow. Research establishments in the Territory have continued to experiment with rice growing despite earlier failures and, following the recommendations of the Forster Committee, experimental farms devoted to rice-growing and cattle pasture improvement have been established in the Marrakai region. It is expected that by the mid 1970's a radical change will have been achieved in agriculture in the Northern Territory, particularly in association with the pastoral industry. (Paras. 51-59)

85. Despite the decline which occurred in the value of recorded mining and quarrying production between 1957-58 and 1963-64, we were informed that the outlook for mineral production in the Territory was promising. Assistance is provided for the Mining Industry by way of cash loans and loans of equipment, the operation of Government-owned batteries, provision of assay facilities and in other ways including the provision of geological services and the investigation of mineral deposits. The results of drilling and mapping in the Mt. Bundy area have revealed a deposit of about 1.5 million tons of iron ore of shippable grade whilst economic reserves of bauxite have been proved on Gove Peninsula. It is also certain that large tonnages of manganese ore of acceptable grade occur on Groote Eylandt and it appears likely that the McArthur River area will prove an important source of zinc and lead. The search for oil, sponsored by private enterprise, is also gaining momentum in the Territory. (Paras. 60-72)

86. Although timber production increased substantially between 1957-58 and 1963-64 the Territory is evidently heavily dependent on imported

timber, mainly from Western Australia, to meet its requirements. Since 1958, interest in the Territory's forestry industry has quickened with the introduction by the Government of a programme to preserve and develop existing forests and to increase timber resources in the area. Since mid 1961 a special forestry programme has been devoted to Aboriginal Reserves. (Para. 73-77)

87. Commonwealth expenditure in the Territory, excluding expenditure on services which would normally be provided by the Commonwealth in the States, increased by approximately 150 per cent. from about £7.7 million in 1957-58 to about £19.3 million in 1964-65, the largest increase occurring subsequent to 1960-61. (Para. 78-79)

88. The new phase in Territory development, referred to above, has been characterised mainly by the widespread and consistent application of modern investigation and research techniques to the basic resources of the Territory, in the expectation that, given time and perseverance, these resources will yield dividends. There is also evident a quickening interest by private enterprise in the potentialities of the area. These trends appear to have been more sustained in recent years than during any previous period in the Territory's history and augur well for its future economic growth. (Para. 19-27)

CHAPTER III - GOVERNMENT OF THE NORTHERN TERRITORY

(a) The Northern Territory Administration

89. The Northern Territory Administration is the administrative organisation concerned with carrying out the government of the Territory. It is a Branch of the Department of Territories. In 1957, the Administration comprised eleven Branches, eight of which formed part of the Commonwealth Public Service while two, the Police and Prison Branches, were staffed in accordance with the Northern Territory Public Service Ordinance 1928-1948, subject to the approval of the Minister for Territories. The teaching staff of the Education Branch was provided by agreement by the Education Department of South Australia.

PP No. 25
and 26 of
1958.

90. The Reports of Your Third Committee found that, in the administrative field, the Administrator exercised other powers and functions quite distinct from those derived from the general authority of the Northern Territory (Administration) Act 1910-1956, and his Commission of appointment as Administrator. Section 26 of the Public Service Act 1922-1957 conferred upon the powers, authorities and duties of a Chief Officer under that Act and certain delegations had been granted to him in matters of finance and employees' compensation. The Administrator is President of the Legislative Council with the power to assent or withhold assent from Ordinances passed by the Council; he is called upon to direct a large public service organisation including many business undertakings and, as senior representative of the Commonwealth Government, he must undertake many tasks of a quasi-political character which sometimes take him into fields usually occupied by Ministers of the Crown.

PP No. 25
and 26 of
1958.

91. Your Third Committee concluded that there appeared to be an increasing trend towards concentrating the gubernatorial and executive functions in the Administrator and leaving the purely administrative functions in the hands of the Assistant Administrator.

PP No. 25
and 26 of
1958.

92. We were told that the principal changes in the organisational structure of the Administration since 1957 have been as follows :-

Exhibit
71/3

1959: A separate Harbours and Marine Branch was created to perform the functions previously carried out by the General Services Branch.

1960: A second position of Assistant Administrator was introduced, the division of responsibility between the two positions being :-

- (a) Economic and Social Affairs; and
- (b) Administration, Services and Finance

A District Office was also established at Tennant Creek as a section of the Administrative Branch.

1962: The functions of the Administrative Branch were divided by introducing separate Branches for Stores, Transport and Finance and an Administrator's Branch was created for the Administrator's personnel staff and the staff of the Northern Territory Legislative Council. The Northern Territory Housing Commission was also introduced.

1963: A District Office was established at Katherine.

1964: The Harbours and Marine Branch was superseded by the Northern Territory Port Authority, a statutory body created under a Northern Territory Ordinance. In the same year the Police and Fire Services Branch was amalgamated with the General Services Branch.

93. The Harbours and Marine Branch became a unit of the General Services Branch in 1959. Q. 269
The growth of shipping and the necessity for control of the port led to the establishment of the Northern Territory Port Authority as a statutory body on 1st January, 1964. The Board, which consists of five members, one of whom is an officer of the Northern Territory Administration, operates in a similar manner to a Harbour Board in a State. It receives its own revenue from harbour charges but is also subsidised in respect of both operating and capital expenditures. The programme of work, control of the port and all statutory powers relating to the port are vested in the Board which is responsible only to the Minister for Territories.

94. Prior to the creation of the second position of Assistant Administrator, the existing position was responsible for economic activities, including water resources, lands, mines, agriculture and animal husbandry and administrative activities, which comprised the two fields of departmental administration and community services, such as municipal activities and business undertakings. The decision to create the second office of Assistant Administrator was made to facilitate the handling of rapidly increasing responsibilities and to enable delegated authority to be exercised more efficiently. Q. 276

95. The increasing volume of work in the Administration, together with various deficiencies in the administrative structure, prompted the creation in 1962 of the five new branches of Transport, Stores, Finance, Administrator's Branch and the Housing Commission. We were informed that the transport function had reached a stage where there was a need for specialist direction while the responsibility for stores and finance had become too great for one officer to handle. The Administrator's Branch, which is responsible for the Administrator's personal staff and the Legislative Council staff, was formed in 1962 not, we were told, because of the burden or complexity of their function, but because these staffs are directly responsible to the Administration. Q. 281

96. In 1962, the number of Branches in the Administration reverted to 15 upon the re-absorption of the Fire and Prisons Branch into the General Services Branch and the introduction of the Northern Territory Port Authority which took over the functions of the Harbours and Marine Branch. At the same time, the responsibility for the Welfare Branch was shifted from the Assistant Administrator (Economic and Social Affairs) to the Assistant Administrator (Administration, Services and Finance), in an effort to direct more attention to administrative problems within that Branch. In regard to these changes we were informed that the structure of the Administration was subject to periodical review and was, at that time, the subject of such a review. On the appointment of the second Assistant Administrator, the structure had been examined to ensure that there was a proper functional grouping. Q. 123 Q. 286

97. There are three District Offices of the Administration in the Northern Territory, situated at Alice Springs, Tennant Creek and Katherine. Although these offices are under the ultimate control of the Assistant Administrator (Administration, Services and Finance) the office at Alice Springs is under the more immediate control of the Assistant Administrator through the Administrative Branch but those at Tennant Creek and Katherine are controlled by the General Services Branch. We were informed that this arrangement for the control of the District Offices stemmed from their relative importance. For example, the District Officer at Alice Springs holds delegated authority over a number of matters and his functions include municipal finance, stores, administrative and other functions controlled by Branches under the Assistant Administrator (Administration, Services and Finance.) The higher status of the Alice Springs office stems also from the fact that its District Officer represents the Administrator and in this regard has the responsibility of receiving official guests from other parts of Australia and from overseas. By comparison, the District Offices at Katherine and Tennant Creek merely carry out agency functions of the General Services Branch. Mr. Atkins recognised the apparent anomaly inherent in the division of responsibility for the District Offices between two Branches under his control but felt that the present allocation provided the best practical working arrangement.

Q. 288
to 293

98. In regard to the Education Branch, we were told that no substantial change had taken place in either the curriculum or staffing of the public schools with the exception that a full time

Q. 294

Inspector of Schools from South Australia is now located in the Northern Territory. However, the Inspector is concerned only with the primary schools since the number of high schools in the Territory does not justify the employment of a full time inspector. In 1964, the standard of education available at Darwin High School had been raised from the South Australian Leaving standard to Leaving Honours standard but no formal proposals had been made to establish a local system of tertiary education.

Q. 296

(b) Relationship between the Northern Territory Administration and the Department of Territories

99. Your Third Committee embarked, in 1957, upon this aspect of its inquiry into the Administration after receiving evidence indicating that, although, as a matter of administrative practice, the Administrator had a direct responsibility to the Minister for Territories, the line of communication between the Administrator and the Minister was through the Secretary of the Department of Territories. That Committee accordingly inquired how those arrangements affected the working of the Administration.

PP No. 25
and 26 of
1958.

100. Your Third Committee was told that the Department tends to play a dual role of assisting the Administrator and, when necessary, protecting the Minister, but that there was no danger of a restrictive attitude or any attitude of inferiority or superiority ever arising. That Committee reported that, against this somewhat oversimplified picture, responsible witnesses at Darwin sensed an unwillingness to allow the local authorities to manage their own

PP No. 25
and 26 of
1958.

affairs coupled with a re-assertion of control from Canberra. That Committee examined the existing administrative arrangements, noted the tendency for detailed departmental control from Canberra and concluded that, while those arrangements continued, the office of the Department of Territories in Canberra would play a positive role in dealing with matters affecting the Northern Territory. It also noted that in some quarters the problem would be solved by clothing the Administrator with the powers, if not the status, of a Permanent Head. Your Third Committee concluded that, whatever may be done in a formal manner, it believed that it was imperative that an effort should be made by the Department to rid itself of the old order under which the Territory was administered by a system of remote control.

PP No. 25
and 26 of
1958.

101. The subsequent Minute submitted by the Department of the Treasury stated that the Department (of Territories) considered that in the specific cases quoted to the Committee on which paragraphs 35 to 38 of the Summary and Conclusions (concerning the re-assertion of control from Canberra and the administration of the Northern Territory by a system of remote control) were based, the requirements for Ministerial approval were appropriate. In staffing and financial matters, substantial extensions of delegations had been made to officers of the Northern Territory Administration.

PP 114
of 1961.

102. During our inquiry, we were told that the general relationship between the Department of Territories and the Administration is that the latter is the operating unit in the Territory and

Q. 109

and is controlled operationally by the Administrator Q. 109 who is responsible for the government of the Territory, subject to any directions by the Minister. The witness continued that the Department is an adviser to the Minister, a responsibility stemming from the duty of the Permanent Head, under the Public Service Act, to advise the Minister on matters coming within the province of the Department. In practice, the Department also acts as a link between the Administration and other Commonwealth Departments; for example, it is the sponsoring Department for financial proposals submitted to the Department of Treasury. However, the Department has no authority over administrative matters involving policy, which require the Minister's approval, or financial matters referred to the Department of the Treasury. Matters of this nature are submitted by the Administration to the Department of Territories which then places the matters before the Minister with its advice. Accordingly, we were informed, the decisions on proposals made by the Administration are always those of the Minister or the Government and not decisions of the Department of Territories.

103. Mr. Swift stated that, if it was agreed Q.114 that it was right that the final responsibility for executive government should rest in elected representation, then, under the present arrangements, that responsibility must rest with the Minister in Canberra. The witness did not agree, however, that the Administration of the Territory is subject to remote control. He said that there is not a deep Q.165 detailed control from Canberra of the activities of the Administration, that references to remote control were very much over-stated, and that there was a very wide field of operation in which no reference at all is made to the Department of Territories in Canberra.

104. Mr. Swift also indicated that the relationship between the Department and the Administration is governed very largely by the provision that estimates of expenditure must be subject to Parliamentary review. If the Northern Territory Budget were to be set out in detail in the Commonwealth Appropriation, there were certain administrative consequences, one of which was that a good deal of financial material, recommendations and submissions must of necessity be dealt with in Canberra by the Department of the Treasury. Q. 172

105. We were told that there is close liaison between the Administration and the Department of Territories through a continual exchange of officers and correspondence. When critical decisions affecting the development of the Territory are to be made, such as those concerning the Annual Estimates and the Works Programme, the Administration is represented in Canberra either by the Administrator personally or by the Assistant Administrator. These officers discuss such questions with the Department in Canberra and then join in the discussions with the Departments of the Treasury and Works. Q. 182

(c) Relationship between the Northern Territory Administration and other Commonwealth Departments

106. In 1957, Your Third Committee found that the co-ordination of the activities of the main Commonwealth Departments and agencies operating in the Northern Territory had been a recurrent problem. At the 30th June, 1956, 18 authorities were functioning in the area but not subject to the control of the Administration. PP No. 25 and 26 of 1958.

107. Following a recommendation by a Board of Inquiry in 1937 that the Administrator should have a temporary power of veto over any actions of departments not under his control pending a definite decision from the Minister in charge, a general directive was issued in 1938 which provided that the Administrator should have in mind the major aspects of the work of Commonwealth Departments in the Territory and, where necessary, should report on such matters. When Your Third Committee visited Darwin, the Administrator had not had occasion to exercise this power, but he stated that he was not entirely clear, in his own mind, what, if anything, should be done in that direction.

PP No. 25
and 26 of
1958.

108. Your Third Committee found that the then present powers of the Administrator did not positively allow him to co-ordinate the activities of the local Branches of Commonwealth Departments and certain instrumentalities. It also felt that, as co-ordination of the work of Departments is a duty imposed upon the Public Service Board by the Public Service Act, the co-ordination of activities in the Territory might be assisted if the Public Service Board had an Inspector permanently stationed in the area.

PP No. 25
and 26 of
1958

109. In response to this recommendation, the subsequent Treasury Minute stated that the Public Service Board had provided an Inspector who visited the Territory for an average of approximately six months in each year. The Inspector was continuously available whilst in Canberra to deal with organisational problems of the Northern Territory Administration and the Public Service Board was of the opinion that the work volume in the Northern Territory did not justify the provision of a full-time inspector in Darwin.

PP No. 114
of 1961

110. During our inquiry we were told that C. 121
the following Departments operate in the Northern
Territory :-

Auditor-General's Office	Department of Immigration
Department of Air	Department of the Interior
Department of Army	Department of Labour & National Service
Department of Navy	Department of National Development
Attorney-General's Department	Department of Shipping and Transport
Department of Civil Aviation	Department of the Treasury
Department of Customs & Excise	Department of Works
Department of Health	Postmaster-General's Department.

111. The Administrator has no control over Q. 125
any of these Departments apart from the indirect
relationship arising from his power of veto over
proposed Ordinances with which the Departments may
be associated. The Administrator merely has the
broad function of keeping the Government informed
on any matters of significance relating to the
Administration of the Territory as a whole.

112. The question of the full-time employment Q. 417
of a Public Service Inspector was raised again
during our inquiry. We were told that the Board's
Inspector devotes almost all of his time, both in
Darwin and Canberra, to the affairs of the Northern
Territory. Since the previous inquiry in 1957, the
Permanent Head of the Department of Territories had
made substantial delegations to the Assistant Admin-
istrator which enabled much more direct contact to
be achieved between the Administration and the
Public Service Board.

113. It was stated that the Board's Inspector now visits the Territory on approximately four occasions each year, each visit being of about six weeks duration and that, if an Inspector was appointed with headquarters in Darwin, he would probably need to spend approximately one half of each year in Canberra. The Public Service Board felt that there would be doubtful advantage in such an appointment and that the absence of an Inspector on a permanent basis did not make any material contribution to delays in appointments and other such matters.

Q.416 -
417

(d) An Administrative Arrangements Order

114. In 1957, there was no Administrative Arrangements Order relating to the government of the Northern Territory. Your Third Committee considered that the issue of an Order along the lines of the Commonwealth Administrative Arrangements Order, specifying the matters dealt with by Branches of the Administration, other Commonwealth Departments associated with the government of the Territory, the Northern Territory Ordinances and the Commonwealth Acts relating especially to the Northern Territory, was an urgent necessity. Your Committee understood that there were some five hundred Ordinances of the Northern Territory then in force.

PP No. 25
and 26 of
1958

115. The subsequent Treasury Minute stated that the Administrator saw practical difficulties in incorporating all the quasi-State functions into a comprehensive Administrative Arrangements Order relating to the government of the Northern Territory. The detailed functions of the Branches of the Administration had been documented and other

PP No. 114
of 1961

Commonwealth Departments associated with the Administration had previously had their functions defined in the Commonwealth Administrative Arrangements Order. PP No. 114 of 1961

116. The Administrator at the time of our inquiry, The Hon. Roger B. Nett, told us that a document entitled "Manual of Administrative Instructions" had been prepared which set out, very briefly, the functions of the various Departments but that most people usually addressed their inquiries to the Administrator. Q. 833

117. Later in our inquiry, we noted that in 1953, Your First Committee had examined the Commonwealth Administrative Arrangements Order in detail and had presented its conclusions in the Third Report. During that inquiry, the Parliamentary Draftsman had expressed the opinion that the Order was the authoritative statement of the functions of each Department. Your First Committee was told that the Minister in charge of each Department is charged with the responsibility of administering all of the matters referred to in the second column, and all of the Acts referred to in the third column of the Order, opposite his Department. PP No. 201 of 1951/52/53

118. The witness representing the Attorney-General's Department confirmed that his Department currently maintained the views it had expressed to Your First Committee in 1953 relating to the Commonwealth Administrative Arrangements Order. He felt that his Department would consider that an Administrative Arrangements Order concerning the functions administered by Commonwealth Departments operating in the Territory would be desirable. Although his Department had not considered whether such an Order could be produced under the functions administered by the Department of Territories in Q. 1440

the Territory, he would favour the production of such an Order.

119. In regard to the practical difficulties referred to in the Treasury Minute, Mr. Swift informed us that some of the considerations that had been discussed at the time were that, while the Commonwealth, which was exercising powers that were specified in the Constitution, could have an Administrative Arrangements Order, the Territory Administration was rather more in the category of a State and was exercising a much wider range of powers and functions. He said that an inquiry made at the time showed that New South Wales, for example, did not have an Administrative Arrangements Order of the same character. It was felt that the range of activities was so wide that any statement of functions that was specific enough to be helpful would be too long and too detailed and somewhat difficult to keep up to date and that probably in practice it would not be referred to frequently. Mr. Swift agreed however, that the present system of control, under which the Administrator delegates his authority to Branch Directors was capable of expression in the form of an Order. Q. 1149 Q. 1453

120. We were informed that prior to Your Third Committee's inquiry into the Northern Territory Administration discussions had taken place between the Attorney-General's Department and the Departments of Territories and Health at the instigation of the Attorney-General's Department. Arising from these discussions, the Attorney-General's Department had prepared a draft Laws Administration Ordinance designed to clarify misconceptions about Ministerial powers in Ordinances administered in the Northern Territory by Departments other than the Northern Territory Administration. Q's. 1473, 1477 and 1479.

121. Mr. Swift considered that this draft Q. 1462
Ordinance differed from the Commonwealth Administrative Arrangements Order in that it covered only the listing of ordinances and their distribution and administration but did not contain any functional statements. Secondly, although it was similar to the Seat of Government (Administration) Ordinance of the Australian Capital Territory it differed from the Commonwealth Order in that it showed the distribution of ordinances between Commonwealth Departments but not between the branches of the Northern Territory Administration.

122. Mr. Edmunds informed us that the first Q. 1463
draft Northern Territory Laws Administration Ordinance that had been prepared had been parallel to the Seat of Government (Administration) Ordinance but changes had been made later in relation to old South Australian Acts which applied Q's. 1464
in the Northern Territory. He considered that a and 1465
Northern Territory Laws Administration Ordinance similar to that of the Seat of Government (Administration) Ordinance would meet at least a part of the related recommendations made by Your Third Committee. He also agreed that, subject to the limitations of legal terminology, it would be possible that such an ordinance for the Northern Territory could include also the functional arrangements of the Northern Territory Administration, bringing it more closely to the Commonwealth Administrative Arrangements Order.

123. We were informed that the proposed Laws Q. 1474
Administration Ordinance for the Northern Territory did not continue beyond the stage of a draft as the Minister, on the advice of the Administrator's Council, did not proceed with the matter.

124. On the question of the desirability of an Administrative Arrangements Order for the Northern Territory the Audit observer, Mr. Ragless, informed us that, in recent Reports of the Auditor-General, an attempt had been made to outline the functions of the various Branches of the Administration but it had been necessary to rely upon the internal papers of the Administration in order to achieve that purpose rather than, for example, upon Legislation. He felt that an authoritative document such as the Seat of Government (Administration) Ordinance which applies in the Australian Capital Territory would be preferable from the viewpoint of Audit requirements. Q's. 1485 and 1489

125. We were surprised that during our examination of representatives of the Department of Territories in Melbourne and representatives of the Northern Territory Administration in Darwin no reference was made by witnesses to the draft Laws Administration Ordinance prepared by the Attorney-General's Department, notwithstanding the recommendations made by Your Third Committee on the subject of an Administrative Arrangements Order and specific questions on the matter which we put to witnesses. However, although Mr. Swift agreed that the draft Laws Administration Ordinance that was prepared covered a part of the requirements envisaged by an Administrative Arrangements Order in the terms of Your Third Committee's Report, he stated that the two matters had never been linked together and it would be for this reason that the draft ordinance had not been mentioned. He assured us that no attempt had been made to conceal information. Q. 1479

(a) The Legislative Council and the Administrator's Council

126. By enactment of the Commonwealth Parliament in 1947, a Legislative Council was established in the Northern Territory, the membership of which consisted of the Administrator, seven official members, (who were appointed by the Governor-General on the nomination of the Administrator), and six elected members. From the outset, the Bill proposing the creation of the Council was criticised, by the then Member for the Northern Territory in the House of Representatives, Mr. A. M. Blair, M.P., who put forward a number of amendments, including one to increase the number of elected members from six to ten. None of the amendments was adopted.

PP No. 25
and 26 of
1958.

127. In 1953, the Northern Territory (Administration) Act made changes in the provisions dealing with the Legislative Council, one of which made public servants ineligible for election to the Council. The amendments were again subjected to criticism by the Member for the Northern Territory in the House of Representatives Mr. J. N. Nelson, M.P. who sought to have the Bill withdrawn and redrafted to provide, inter alia, for a majority of elected members, the authority to consider and report upon

PP No. 25
and 26 of
1958.

Estimates of Expenditure and to authorise the Council to co-ordinate the functions of departments operating in the Territory. None of these proposed amendments was adopted.

128. Your Third Committee was told that, in recent years prior to 1957, there had been a strong tendency for the Council to form into two groups with the official members as a Government party and the elected members as an Opposition. The Administrator explained to that Committee that the responsibility of an official member was different from that of an elected member who represented an electorate. Official members were nominees of the Government and were expected to support the implementation of Government policy in the Territory.

PP No. 25
and 26 of
1958.

129. Official members were advised in advance of the legislative programme and informal discussions were held frequently. However, elected members were not aware of the contents of a Bill before it came before the Council but an attempt had been made to protect the interests of those members in the terms of a Standing Order which stipulated that a Bill should not be read a second time during the same meeting at which it was introduced. However, these terms were qualified elsewhere in the Standing Orders by a provision which allowed the Presiding Officer to declare a Bill to be of an urgent nature and to move that the Standing Orders be suspended. At the first meeting at which these provisions applied, six out of thirteen Bills before the Council were declared by the President to be of an urgent nature and were passed through all stages at that meeting.

PP No. 25
and 26 of
1958.

130. The Third Committee was also told that the Council met infrequently, usually three times a year for a period of three days on each occasion and this necessitated the treating of Bills as urgent measures since, at one sitting of the Council, from eighteen to twenty Bills might be introduced.

PP No. 25
and 26 of
1958.

131. On 3rd April, 1957, a Select Committee was appointed by the Legislative Council to inquire into the Northern Territory (Administration) Act, the constitution, function, powers and operation of the Legislative Council, the social and economic development of the Northern Territory and the matter of any extension of the constitution, powers and functions of the Council. The Select Committee presented its Report on 7th November, 1957 with a motion, adopted unanimously, seeking that the Council request the Administrator to forward the Report to the Minister for Territories for the adoption of its recommendations.

Appendix
3, PP No.
25 and 26
of 1958

132. Your Third Committee concluded that the operation of the Council had serious defects which were likely to stultify the efforts of the elected members to review legislation and to express the opinions of the people of the Territory. It also considered that the procedural methods of the Council had defeated, to some extent, the purposes for which it was established.

PP No. 25
Paras. 122
and 124

133. The Minute submitted subsequently by the Treasury stated that the membership of the Legislative Council of the Northern Territory was extended in 1959 by an Act amending the Northern Territory Administration Act 1901-1956 and that an Administrator's Council had been set up under other provisions of the amending Act in 1959 to enable elected members of the Legislative Council to advise the Administrator on executive matters.

PP No. 114
of 1961.

134. During our inquiry the Department of Territories informed us that the amendments made to the Northern Territory (Administration) Act in 1959 were designed to :-

Exhibit
71/1

- (i) make the Legislative Council more representative and to eliminate the official majority;
- (ii) permit the Council to reconsider legislation which, under previous procedures, would have been subject to outright rejection by either the Administrator or the Governor-General; and
- (iii) associate the elected members more closely with the Executive in the Territory by the establishment of an Administrator's Council on which non-official members would assist and advise the Administrator.

135. Although the amending Act came into operation on 30th April, 1959 the main provisions were to be brought into effect on dates to be proclaimed. However, a provision for a committee to submit proposals for the distribution of the Northern Territory into electoral districts became effective immediately.

Exhibit
71/1

136. The reconstitution of the Legislative Council came into operation on 4th January, 1960 and thereafter the Council consisted of the Administrator, six official members, three non-official members (appointed by the Governor-General on the nomination of the Administrator) and eight elected members representing eight electorates.

Exhibit
71/1

137. Under the prescribed procedures for seeking assent to Ordinances, the Administrator may return to the Legislative Council Ordinances with suggested amendments for re-consideration, whereupon the Council must consider the suggested amendments and, with or without revision, again submit the Ordinance for assent. A similar procedure is adopted when the Administrator reserves an Ordinance for the Governor-General's pleasure and the Ordinance is returned by the Governor-General with recommended amendments.

Northern
Territory
(Administ-
ration)
Act, 1910-
1962 and
Exhibit
71/1

138. Every Ordinance, whether assented to or disallowed, must be laid before each House of the Commonwealth Parliament within fifteen sitting days of that House. Furthermore, when assent is withheld from an Ordinance, the Minister is obliged to lay the reasons before each House as soon as possible, but in any case within fifteen sitting days of that House.

Northern
Territory
Administ-
ration Act
1910-1962

139. On seeking an elaboration of the foregoing procedures we were informed that the Legislative Council has plenary legislative power in relation to the Territory, subject to the power of the Commonwealth Parliament to legislate in any particular field. Ordinances passed by the Legislative Council require the assent of either the Administrator or, in respect of a proscribed range of Ordinances discussed below, by the Governor-General. When Ordinances are reserved by the Administrator for the Governor-General, the Minister for Territories advises the Governor-General on the actions which are within the latter's authority. We were told that in very few cases had an Ordinance been disallowed and rarely has assent been withheld. The Administrator may withhold assent to an Ordinance and, if he does

Q. 111

Q. 127

so, the Ordinance would be void and without further process. Q. 129

140. To have reviewed the relevant section of the Northern Territory (Administration) Act, 1910-62 and the debates of the Legislative Council, to examine the practical application of these procedures. Section 4W of that Act reads :

Territory
(Administ-
ration)
Act 1910-62

"The Administrator shall reserve for the Governor-General's pleasure any Ordinance -

- (i) dealing with the granting or disposal of lands of the Crown or of the Commonwealth;
- (ii) by which any lease is granted to the Administrator, a grant of land or money is made to the Administrator or any donation or gratuity is made to the Administrator;
- (iii) relating to, or to the employment of, aborigines or persons who are wards within the meaning of a law of the Territory relating to the care and maintenance of wards; or
- (iv) containing provisions from which the assent of the Governor-General has previously been withheld or which the Governor-General has previously disallowed."

141. The debates of the Legislative Council of 3rd November, 1964 (Page 2412) show that, in a message to the Council, the Administrator informed the Council that the following Ordinances (among others) passed by the Legislative Council had been reserved for the pleasure of the Governor-General:

Northern
Territory
Legislative
Council
Debates,
Tuesday,
3rd Novem-
ber, 1964.

Crown Lands Ordinance, 1964
Cemeteries Ordinance, 1964
Wards Employment Ordinance, 1964
Methylated Spirit Ordinance, 1964
Registration of Logs Ordinance, 1964
Police and Police Offences Ordinance, 1964
Wild Life Conservation & Control Ordinance, 1964.

142. The reconstitution of the Legislative Council has been reflected in the increasing amount of business handled by the Council; in 1957, 57 Bills were presented but by 1963 the figure had increased to 72 Bills. Under the previous constitution, the passage of Bills was fairly straight forward but, with the advent of the non-official majority, proposed legislation has become subject to more detailed criticism and amendment. The Minutes of the Council in 1957 averaged one or two pages per Bill by 1963 covered three or four pages.

Exhibit
71/4

143. It was suggested to us that one of the more significant changes arising out of the re-constitution of the Legislative Council has been the degree of analysis afforded to proposed legislation. The result has been a much greater effort on the part of those preparing draft legislation as Government Bills are often amended considerably before being passed and, if the Government desires to implement its policy by the passage of a Bill, the presentation must be done in a manner which will convince the non-official members that the Bill should be passed. Conversely, the elected members are capable of passing any Bill they desire if they "close their ranks", even though such a Bill is presented as an Ordinance affecting policy.

Q. 335

144. We were informed that the changed nature of the Council has also resulted in a greater demand upon the Administration's resources. To meet this demand a Legislation Section has been created and a system of priorities for legislation established.

Q.341

We were told that questions asked by Legislative Council members are directed to individual members of the Administration's executive and that answers, on occasions, may not be submitted until after two or three months of research, correspondence and discussion have taken place.

145. The provisions of the Northern Territory (Administration) Act relating to the Administrator's Council were brought into operation on 25th March 1960. The Administrator's Council consists of the Administrator, two official members and three other members of the Legislative Council, including at least two elected members, all nominated by the Administrator and appointed by the Minister for Territories. The functions of this Council are to advise the Administrator on any matter he refers to it and, in accordance with the Administrator's Council Ordinance, 1959-63, on any matter stated in any other Ordinance as being one on which the Council may advise the Administrator. The Ordinance provides for the making of regulations by the Administrator in Council and for the Administrator to take action on certain matters only after he has received the advice of the Administrator's Council.

Exhibit
71/1 and
the
Administ-
rator's
Council
Ordinance
1959-63

146. It was stated that, as a local administrative arrangement, the Secretary of the Administrator's Council is also the officer in charge of the Legislation Section of the Administration. It was felt that, since the Administrator's Council meets only about once each month, a full time secretariat was not required and the arrangement seemed to be suitable for the purpose. There was said to be no resulting impingement on the decisions of the Administrator's Council.

Q. 1416
and 1417

147. We were informed that whilst not all draft legislation is presented to the Administrator's Council prior to its submission to the Legislative Council, such a practice was not an abnormal procedure. Q. 1480

(f) Local Government

148. The only municipal body established under the Local Government Ordinance in 1957 was the Darwin Municipal Council. The Council was elected in June of that year and assumed the task of providing municipal services in Darwin which, on the demise of the Darwin Town Council in 1937, had been provided by the Northern Territory Administration. Exhibit 71/16

149. In its Reports, Your Third Committee noted that the transfer of functions from the Administration to the Municipal Council had not been without difficulty. The citizen, as a taxpayer, had a very different outlook from the citizen as a ratepayer and, when considering what he has to pay in rates and taxes, he is inclined to be much more critical of his rates than of his taxes. Accordingly, he will want to obtain substantial subsidies from taxes to relieve the burden of his rates. Your Third Committee concluded that, given mutual goodwill, the Council should be assured of success. PP No. 25 and 26 of 1958

150. The Ordinance, under which the Darwin Municipal Council was established, provided for "the Constitution of Municipalities, for the election of self-governing authorities to control municipalities and for other purposes". However, after the establishment of the Darwin Municipal body, the Administration continued to provide municipal services at Alice Springs, Tennant Creek and Katherine. PP No. 25 and 26 of 1958

151. During our inquiry, we were informed the Darwin municipal body, now known as the Darwin City Council, was still the only municipal body established under the Local Government Ordinance but that legislation passed in 1960 had provided for the establishment of Town Management Boards at Alice Springs, Tennant Creek and Katherine,. We shall discuss the function and history of these Boards later in this Chapter.

Exhibit
71/1

152. On the establishment of the Darwin City Council in 1957, the Administration proposed that the following functions should be handed over to it:-

Exhibit
71/16

- (i) Construction and maintenance of roads, footpaths, etc.
- (ii) Street cleaning.
- (iii) Sanitary and garbage services .
- (iv) Maintenance of public grounds.
- (v) Mosquito prevention.
- (vi) Street lighting .
- (vii) Library services .
- (viii) Municipal workshops.

153. With the exception of the library services, all of these functions have been transferred to the Council; however, there has been no substantial move to extend the responsibilities of the Council since 1957, despite the existence of empowering provisions in the local Government Ordinance. We were told that factors hindering the transfer of additional functions were :-

Exhibit
71/16

- (i) A need for a comprehensive review of existing local government legislation.
- (ii) The Council is unable to accept added responsibilities due to staff shortages and difficult financial arrangements.

- (iii) The Administration is of the view that services such as water, sewerage and electricity should be subject to centralised control and should not be handed over to the Council.
- (iv) The Administration is not satisfied that additional functions could be efficiently administered.
- (v) The Council has failed to seek Ministerial approval to have such functions as water and power reticulation transferred to it.

154. Two reports on the then existing local government legislation (one by Messrs. H. G. Behan and J. A. Sewell and the second by Mr. C. G. A. Done) were considered by the Legislative Council in November, 1961 and a Select Committee was appointed to inquire further into the legislation. As a result of the Select Committee's Report, presented in November, 1962, a number of legislative reforms were recommended, some of which were implemented while others were said to be still under consideration.

Exhibit
71/16

155. The Administration felt that the following finding of the Select Committee was particularly relevant :

Exhibit
71/16

"The claim that the Council has been in difficulty because the Commonwealth has hampered it and denied it power will not stand examination. In fact, examination of the by-laws made by the Council shows that it has not exercised to the full its existing powers. There are several important and, in some cases, revenue producing functions which are available to and ought to have been performed by the Council but which it has not used. For example, the Council has the right to control traffic and road use in the City of Darwin and the

power to make the necessary by-laws is contained in the Ordinance. The Council may prosecute offences against its by-laws, and the fines are payable to the Council, but the Council has made few by-laws on this subject of traffic control and what it has made it does not enforce. The Council has certain health powers - none or few of these have been exercised. In fact, consideration of the history of the Council over five years shows that it has, except for the adoption of one set of by-laws, almost entirely neglected its legislative or regulatory function.

Exhibit
71/16

There is no reason to believe that the grant of a fresh power or function would assist the Council in any way. The suggestion has been made that the Council should take over water and power reticulation. Whatever the merits of this suggestion, the power to provide these services is already contained in the Ordinance, but the grant is subject to Ministerial approval. No application has been made for that approval".

156. In seeking the reasons for the failure of the Council to exercise its powers in respect of the making of by-laws, and to enforce those by-laws, we were informed that the Council did not have the resources to make the by-laws in the numbers required nor was it able to gain any assistance from the Crown Law Officer whose resources were also limited. Attempts by the Council to enforce its by-laws had failed on two occasions on the ground that the by-laws were ultra vires the Ordinance. On other occasions, the Council's own legal advisers had cast doubt upon the validity of the by-laws and Q. 400

the Council had consequently been reluctant to proceed with prosecutions.

157. We were informed that the anomalous situation in regard to by-laws has arisen because of the provisions of Section 353 of the Local Government Ordinance. This section reads :- Q. 400

"Subject to this Ordinance, the laws of the Northern Territory, in existence at the date when this Ordinance comes into operation, apply within the boundaries of a municipality but where a council makes a by-law, pursuant to and in accordance with the powers granted under this Ordinance, and there is an inconsistency between the provisions of that by-law and of those laws, the provisions of the by-law prevail". Local Government Ordinance 1954 - 1965

158. Advice given by the Crown Law Office has been that the section was probably designed to make Council by-laws prevail over other laws made on the same subject matter. However, the form of the section indicates that by-laws prevail over Ordinances and regulations made before 21st February, 1957 (when the Local Government Ordinance came into operation) but do not prevail over Ordinances made after that date. In consequence, it is an almost impossible task to find out what power the Council has to make a by-law from day to day. It was said that while the Council has power in this field, the extent of the power is incapable of definition and, unless confusion is to be caused to the public, it would do better not to exercise this power. The Northern Territory Administration, on the other hand, has a complete power of control. The advice of the Crown Law Office concluded that the existence of this unsatisfactory situation and the need to amend section 353 of the Local Government Ordinance was brought to attention in the Report of the Select Committee on Local Government which was presented to the Legislative Council in 1963. Q. 400

159. We were told that the adverse report of the Select Committee, in respect of the Council's failure to exercise its powers to make and enforce by-laws, was made despite that Committee's awareness of the provisions of Section 353 of the Local Government Ordinance which, in the Select Committee's own words "can and does lead to absurdity and uncertainty as to which law prevails". It was stated that, as a result of the examination of the Select Committee's Report, it was hoped to provide the Crown Law Office with drafting instructions for an amended Local Government Ordinance. However, the task had so far been beyond the capacity of that office.

Q. 403

Q. 407

160. We were informed that one of the more sweeping reforms already implemented, and which seemed to have had a most beneficial effect on the Council's operations and internal administration generally, was the introduction of a revised electoral system providing for the election of a Mayor and eight aldermen, based on universal adult franchise within the municipal boundaries, as opposed to the previous system of election of two Councillors from each of six wards and a Mayor. Generally, it was considered that there had been a decided improvement in the operation of local government in Darwin during 1963-64.

Exhibit
71/16

161. The form and composition of the Darwin City Council, we were told, is the same as municipal authorities elsewhere. Its functions are broadly the same, but, although rates are paid on the unimproved value of land, it would

Q. 151

possibly receive a higher degree of financial support than elsewhere.

(ii) Town Management Boards

162. Town Management Boards have been established in Alice Springs, Tennant Creek and Katherine but the Boards were all preceded by Progress Associations which developed after World War II. At each centre, the members of the Progress Association worked in conjunction with local representatives of the Administration. Exhibit
74/34

163. A public meeting held at Katherine in October, 1959 and convened by the local Progress Association, resolved to invite the Administration to create a Town Management Board to facilitate closer co-operation between the citizens and the government in local affairs. As a result, the Katherine Town Management Board Bill was introduced in May, 1960 and a Board was appointed by the Administrator in November, 1960. Exhibit
71/34

164. As early as 1946, the Administrator had expressed the opinion that Alice Springs was of sufficient size to assume responsibility for its municipal affairs, but in 1954, when the Local Government Ordinance was introduced, it was made clear in the press and through the elected members of the Legislative Council that the townspeople of Alice Springs had no such desire. There was a similar reaction in 1958, when a Bill to provide for the levying of rates in town areas outside Darwin was introduced and defeated in the Legislative Council. Further attempts were made in 1958, 1959 and 1962 to pass that Bill, which could act as an inducement to the introduction of local government in Alice Springs, Tennant Creek and Katherine, but these were not successful. Exhibit
71/34

165. The second of the two public meetings of protest held in Alice Springs in 1958, against the provisions of the Local Rates Bill, resolved that the Bill was not acceptable in its presented form or any other form, and if the Bill was to receive assent, the people would refuse to pay rates. The resolution continued that the people would have no confidence in the Northern Territory Legislative Council until it became a representative body elected by the people. Exhibit 71/3A

166. In September, 1960, the elected member for Alice Springs introduced the Alice Springs Town Management Board Bill into the Legislative Council, remarking that some effort had been made to ascertain public opinion on the proposal but with little result. During the second reading debate, the member for Alice Springs mentioned that there had been no adverse criticism of the Bill in the Town. As a result of the Bill's acceptance, a Town Management Board was appointed in Alice Springs in April, 1961 and this was followed by the appointment of the Tennant Creek Town Management Board in June, 1961. Exhibit 71/3A

167. We were informed that Town Management Boards had been established to provide members of the community with a knowledge of local government with a view to the establishment, eventually, of an elected council. However, it was expected that, as local government developed, it would take the form of the establishment of a local government corporation under the Local Government Ordinance rather than an amendment of the Town Management Board Ordinance to extend the powers of the Boards. Q. 825 Q. 133

168. The members of each Town Management Board are appointed by the Administrator and consist of a Chairman who, in each case, is the Assistant Administrator, a Deputy Chairman and seven other members, of whom at least five are appointed from persons residing in or near the Town who are not officers or employees of the Commonwealth Public Service. The Boards have no executive function and no financial authority but, in practice, they exert a very considerable influence in the towns. As an example, the order in which local road and street development should be undertaken is determined in consultation with the local Town Management Board.

Exhibit
7V/16

Q. 376

169. We were informed that, if the citizens of any town in the Northern Territory wished to form a local government body, the Government would be ready and in fact, anxious to discuss the proposal. There had, however, been no expression of intention on the part of the people to raise the matter. The strongest encouragement to sponsor local government had been evidenced in considering the imposition of rates in towns where municipal functions were being carried out by the Administration, but the Bill had been rejected by the Legislative Council. There had been an active campaign by the Government to promote the idea of local administration of municipal affairs but it became evident that no good purpose would be served and the campaign was not maintained at its earlier intensity. The Department of Territories had no plan for the extension of Town Management Boards to other areas, as there were no other centres large enough to adopt such proposals.

Q. 135

Q. 136

Q. 144

Q. 150

(g) Conclusions

170. The evidence shows that since 1957 a number of major changes have been effected in the administrative structure of the Northern Territory, arising mainly from the growing nature and complexity of administration and the need to correct deficiencies in its structure. The structure of the Administration is subject to continual review to ensure the achievement of proper functional groupings and during the course of our inquiry the number of Branches of the Administration was reduced from seventeen to fifteen, as a partial consequence of such a review. (Paras. 89-98).

171. In addition to the Northern Territory Administration, there are currently sixteen Commonwealth Departments and Authorities operating in the Territory. The evidence submitted during our inquiry shows, that, as in the past, the Administrator has no control over those Departments apart from the indirect relationship arising from his power of veto over proposed Ordinances with which they may be associated. (Paras. 106-113)

172. We found that, as in 1957, the Public Service Board had not appointed a full-time resident inspector in the Northern Territory. We accept the view that an Inspector with an Office located in Darwin might be required to spend a considerable period of each year in Canberra, but we do not accept that this justifies a continuation of the present arrangement. In view of the changes which have occurred in the structure of the Northern Territory Administration in recent years and which will undoubtedly continue as the complexities of administration increase.

and in view of the large number of Branches of Commonwealth Departments operating in the Territory, not subject to the control of the Administrator but controlled from Canberra and Melbourne, Your Committee believes that the early establishment in Darwin of a full-time Public Service Inspector's Office would be beneficial to the total administration of the Territory. Indeed, as the Public Service Inspector's responsibilities in the Northern Territory cover not only the counterparts of Branch Offices of Commonwealth Departments located in the States, but also the counterpart of the State Government Administrations, we consider that the need for such an appointment is as strong as the need for the appointment of a full-time Public Service Inspector's Office in the States of the Commonwealth. (Paras. 106-113)

173. In 1957, Your Third Committee considered that an Administrative Arrangements Order, along the lines of the Commonwealth Administrative Arrangements Order, was an urgent necessity for the Territory. The evidence submitted shows that an Administrative Arrangements Order could be produced for the Northern Territory and that, in fact a draft Laws Administration Ordinance has been produced by the Attorney-General's Department, directed towards obviating misconceptions about Ministerial powers in Ordinances administered in the Northern Territory by Departments other than the Northern Territory Administration. We were concerned to learn that the proposed Ordinance has not continued beyond the draft stage, as the Minister, on the advice of the Administrator's Council, did not proceed with the matter. (Paras. 114-125)

174. In view of the changing structure of the Northern Territory Administration, the continued operation of other Commonwealth Departments in the Territory and the views expressed by the Audit Observer (para.124) Your Committee is strongly of the opinion that, in the public interest, a formal, authentic statement should be published in the Northern Territory Gazette setting out the structure of the Northern Territory Administration and listing the Commonwealth Departments represented in the Territory with their respective functions under both Commonwealth and Territory Law. To publish such a statement under, for example, the hand of the Administrator would not require the authority of Legislation and would only involve the Northern Territory Administration in seeking from the relevant Commonwealth Departments a statement of their respective functions in the Territory under Commonwealth and, if applicable, Territory Law and the collation of the information obtained for the purposes of publication. The manner in which functions of Departments are described in the Commonwealth Administrative Arrangements Order provides a ready precedent for such a statement. (Paras. 114-125)

175. Whilst we accept Mr. Swift's assurance that no attempt had been made to conceal the fact that a draft Laws Administration Ordinance had been prepared by the Attorney-General's Department for the Northern Territory we find it a truly remarkable fact that not one officer questioned in Melbourne and Darwin on the subject of an Administrative Arrangements Order had linked the draft Ordinance in any way with the line of questioning put to them by Your Committee. (Para. 125)

176. The reconstitution of the Legislative Council, since 1959, involving wider representation and the elimination of the official majority, has resulted in an increasing amount of business handled by the Council and a greater degree of analysis being afforded to proposed legislation. Your Committee views with satisfaction the action taken to create a Legislation Section within the Administration to cope with the additional demands arising from this increased activity. (Paras. 126-144)

177. The changes made in the structure and composition of the Legislative Council, accompanied by the creation of an Administrator's Council have attracted the considerable interest of Your Committee. On the one hand, whilst the official majority has been removed from the Legislative Council, the Administrator's Council may, if it so desires, act as an effective brake upon the new-found freedom of elected Members. Moreover, as the Legislation Section of the Administration is required to determine priorities for legislation to be placed before the Legislative Council and as the Administrator's Council, on occasions, reviews proposed legislation prior to its submission to the Legislative Council, it cannot be discounted that proposed legislation not acceptable to the Administrator's Council may not reach the Legislative Council for debate. Indeed, we were informed that this fate had befallen the Draft Laws Administration Ordinance prepared by the Attorney-General's Department, and offered to the Northern Territory Administration for consideration. In the context of these observations we are also doubtful of the wisdom of the Officer-in-Charge of the Legislation Section, where priorities for legislation are determined, also occupying the position of Secretary of the Administrator's Council. (Paras. 144-147)

178. In 1957 Your Third Committee expressed the view that whatever may be done in a formal manner, it was imperative that an effort should be made by the Department (of Territories) to rid itself of the old order under which the Territory was administered by a system of remote control. In evidence we were informed that decisions on proposals made by the Administration are always those of the Minister or the Government and not decisions of the Department of Territories. We accept Mr. Swift's statement that if it is right that the final responsibility for executive government should rest in elected representation, then, under the present arrangements, that responsibility must rest with the Minister in Canberra. Mr. Swift did not agree that the Administration of the Territory is subject to remote control and felt that references to remote control were very much overstated. Whilst an examination of the debates of the Northern Territory Legislative Council shows clearly that this view would not be fully endorsed by elected members of that Council, the evidence submitted to Your Committee shows that there is close liaison between the Northern Territory Administration and the Department of Territories and that when critical decisions affecting the development of the Territory are to be made, the Administration is represented in Canberra either by the Administrator or the Assistant Administrator. (Paras. 99-105)

179. In regard to Local Government, the Darwin Municipal Council is the only Municipal body in the Northern Territory created under the Local Government Ordinance. Although the operations and internal administration of the Council have been improved following a revision of its

electoral system, the functioning of the Council, as submitted in evidence, cannot be regarded as satisfactory and points to an urgent need to strengthen the resources of the Administration's Crown Law Office. Your Committee is of the opinion that early attention should be given to the re-drafting of Section 353 of the Local Government Ordinance, that maximum assistance should be made available to the Council in respect of the drafting of required by-laws and that the Council's "difficult financial arrangements" should be submitted to critical and effective examination without delay. (Paras. 148-161)

180. Town Management Boards, appointed by the Administrator and comprising a Chairman, (an Assistant Administrator), a Deputy Chairman and seven other members of whom five are appointed from persons residing in or near the town concerned, have been established in Katherine since 1960, and Alice Springs and Tennant Creek since 1961. These Boards, which were established to provide members of the community with a knowledge of local Government with a view to the establishment, ultimately of an elected Council, have no executive function and no financial authority. However, they assist in the formulation of recommendations relating to local works such as road and street construction. Although by their nature Town Management Boards can be regarded as only a preliminary step towards local Government we would commend the Administration on their development and express the hope that as other centres of population in the Territory develop, the Administration will encourage the formation of these Boards. (Paras. 162-169).

181. It appears that as early as 1946 the Administrator had felt that Alice Springs had reached a size sufficient to assume responsibility for its municipal affairs but this responsibility was not acceptable to the people of Alice Springs. In 1958 a Bill to provide for the levying of rates in town areas outside Darwin was defeated in the Legislative Council. This Bill was said to have been the strongest measure taken to sponsor local Government in those areas. We can only observe that a Bill for the imposition of Rates, unless accompanied by or forming part of a specific proposal to establish elected local Government is an unusual and negative form of encouragement. (Paras. 165 and 169)

182. Although at the time that the Darwin Municipal Council was formed the Government had maintained an active campaign to promote the idea of local Government in other areas of the Territory it became evident that no useful purpose would be served and the campaign was not maintained at its earlier intensity. Your Committee believes that Local Government is an essential basic element in the structure of Government in the Australian community and that as the Northern Territory moves forward to ultimate State status, the Government and the Northern Territory Administration should, by every device available to them, actively and continuously seek to promote responsible local Government in the area. (Para. 169)

CHAPTER IV - BRANCHES OF THE NORTHERN TERRITORY ADMINISTRATION

183. Consistent with our stated approach in Chapter I of this Report, we have not undertaken an exhaustive examination of the operations of each Branch of the Administration but have centred our attention mainly on the Welfare Branch and on certain aspects of the Mines Branch which drew specific criticisms from Your Third Committee in 1958. Although evidence was not specifically sought from the Agriculture and Animal Industry Branches, statements submitted to us in Darwin revealed certain difficulties in respect of those Branches and these matters are dealt with in this Chapter. Other information submitted by these Branches but relating to the development of the Territory has been included more appropriately in Chapter II. Evidence taken in respect of the Transport Branch and relating to its business activities has been included in Chapter VIII.

(a) The Welfare Branch

184. The Welfare Branch, which was established in 1954-55 to take over the functions of the Native Affairs Branch, was, at the time of Your Third Committee's Inquiry, the largest Branch of the Administration with an establishment of 209 positions. However, only 137 positions were occupied.

PP No. 25
and 26 of
1958.

185. The Branch had attracted the criticism of the Auditor-General over the Administration of the Beswick Cattle Station, the arrangements under which the Branch undertook constructional projects on aboriginal settlements for the Department of Works and the management of the Aboriginal Trust Account. Your Third Committee was informed that in each case remedial action had been taken.

186. Your Third Committee found that the approach of the Branch to the preparation of Estimates had not been entirely satisfactory but acknowledged that many of the faults had been due to the lack of experienced staff and rapid development in years recent to 1957. Some progress had been made, however, in improving accounting and control procedures. PP No. 25
and 26 of
1958
187. During our inquiry, we were informed that the functions of the Welfare Branch are derived from three Ordinances. These are :- Exhibit
71/22

- (a) The Welfare Ordinance, from which is derived the statutory powers and responsibilities of the Director of Welfare;
- (b) The Wards Employment Ordinance, which stipulates the conditions of employment of Aborigines; and
- (c) The Child Welfare Ordinance, under which the Director of Child Welfare is charged with responsibility for child welfare.

188. The functions of the Welfare Branch are similar to those of the Social Welfare departments in the States and the responsibilities of the Branch since 1954 have included a full range of welfare services in addition to aboriginal welfare. There were previously other agencies with general welfare responsibilities operating in the Northern Territory, an example of which was the State Childrens Council which was a carryover from the South Australian State Childrens' Act. This Council had been responsible for matters relating to neglected and delinquent children but the responsibility passed to the Director of Welfare Q. 167
Q. 1121

in 1956, although that officer had been responsible for field services and general staff supervision before that date.

189. The policy of the Welfare Branch since 1957 has been one of implementing welfare plans laid down in the early 1950's. The 1956-57 organization of the branch could not cope with any intensification of activities and in 1962 the Public Service Board granted a new establishment which provided for :-

Q.263

Exhibit
71/22

- (i) Two Assistant Directors, each responsible for day to day matters in the Northern and Southern Divisions of the Territory.
- (ii) The division of responsibility within the Head Office of the Branch for policy, research and long term programming matters on one hand and operational matters extending beyond a Division of the Northern Territory on the other; and
- (iii) Appropriate specialist positions to support each Assistant Director.

190. The period between 1956-57 and 1962-63 saw changes in the intensity of the existing work of the branch rather than expansion into new functions. These changes were evidenced by the degree of assimilation achieved by aborigines, improved working and living conditions of those in employment and increases in the wages of those employed in certain industries and the armed forces. In the field of child and family welfare, four Receiving Homes had been established where

Exhibit
71/22

only one existed in 1956-57. Community organisations, such as the Family Help Organisation, have been encouraged to engage in social activities and in 1958 Cabinet approval was given to a scheme providing for long term loans to charitable organisations resulting in the provision of church and community sponsored hostels.

191. We were told that the services of a number of trained social workers are available in the field of family assistance and that no distinction is made between any racial group in the provision of such services. In addition, the Government is prepared to subsidise any voluntary agency, whether church, missionary or welfare organisation, to the extent of £985 per annum, if the agency is prepared to recruit and employ any social worker. Family Help Associations do not attract a specific grant from the Department of Social Services.

Q.1126
Q.1128

192. In order to qualify for assistance under the charitable organisation loan scheme, an organisation must be prepared to provide accommodation for children or young working persons. The facilities must be constructed to a standard acceptable to the Welfare Branch and the hostels operated under conditions broadly stated by the Branch; in return, the Commonwealth makes a per capita payment in respect of each child nominated by the Administration.

Q. 1131

193. Organisations which have participated in the loan scheme include the Aborigines Inland Mission, the Methodist Overseas Mission and the Diocese of Carpentaria of the Church of England. No applications for loans have been rejected and

Q. 1131 and
Northern
Territory
Report
1963-64

up to 1963-64, loans extended to eligible organisations amounted to £408,292, the sums being repayable over 60 years at an interest rate of one per cent. per annum.

Q.1132 and
Northern
Territory
Report
1963-64

194. The activities of the Welfare Branch are otherwise reflected in the growth of community facilities in the Northern Territory. In 1956-57, there were seven pre-school centres operating in the Northern Territory, for the benefit of the community in general, of which four were receiving Government subsidies. By 1963-64, the number of pre-school centres had increased to thirteen, of which all but one were receiving subsidies. In 1956-57 two scholarships per year were granted to eligible young ladies to train as pre-school teachers for Northern Territory centres. This has been increased to six per year and in 1964 there were thirteen pre-school teacher trainees attending training colleges in Brisbane, Sydney and Perth under the scheme.

Exhibit
71/22 and
Northern
Territory
Report
1963-64

195. By 1956, the extension of what was then known as the Cultural Funds Scheme was passed to the Welfare Branch and the scheme broadened to include provision for welfare and youth organisations. Two other developments have been the part-aboriginal education scheme and the scheme mentioned previously relating to loans to church and mission organisations. These developments have resulted in selected children being able to attend educational institutions in the south and the provision of accommodation facilities for children who do not ordinarily reside in the main centres but who wish to attend there for educational purposes.

Q.1121

196. We were informed that, since 1952-53, there had been a transformation in the welfare work being carried out among aborigines in the Northern Territory. Since that time, new legislation had been introduced and adequate facilities, such as schools, housing, kitchens and hospitals had been provided and more teachers, nurses, mechanics, carpenters and farm and pastoral managers had become available. Q.1140

197. There are sixteen reserves for Aborigines in the Northern Territory, covering approximately 93,670 square miles. There are thirteen government settlements and fourteen private mission stations catering for nearly 10,600 aborigines while approximately 80 per cent. of aboriginal children of school age were said to attend. The Commonwealth subsidises the missions in respect of each approved teacher, nurse and certain other qualified instructors as well as for teaching and hygiene assistants. Payments are also made for the maintenance of children, sick or infirm aborigines and expectant and nursing mothers. Food production on settlements in 1963-64 amounted to over 288,000 lb. of fruit and vegetables and 203,000 lb. of meat and seafoods. Northern Territory Report 1963-64 and Exhibit 71/2

198. In 1956, the responsibility for the education of aborigines was passed to the Welfare Branch and in 1960 the branch made arrangements to train its own teachers for aboriginal schools. Initially, the Australian School of Pacific Administration, in conjunction with the New South Wales Education Department, was the training authority and in 1962 the Queensland Education Department also undertook to train teachers for the Branch, as did the Western Australian Q.1121 and Q.1122 and Exhibit 71/22

Education Department in 1963. From this training scheme, 18 teachers became available and, at the time evidence was given, 31 teachers were in training. The responsibilities of the Welfare Branch do not extend, in the field of education, beyond aboriginal or part-aboriginal children. Q.1122

199. In respect of the Boswick Cattle Station, the Auditor-General informed Your Third Committee that the total expenditure incurred (£100,000) was high in relation to the results achieved, operational statements were based on inaccurate and unsupported information and stock on hand was estimated and not based on muster. In addition, assets were not satisfactorily recorded, costing and accounting procedures were inadequate and delays occurred in determining a firm policy regarding the future of the station. PP No. 25 and 26 of 1957

200. The Report of the Auditor-General, for 1962-63, stated that financial statements for the previous year had been received for Boswick Cattle station but that satisfactory financial statements had not been prepared in respect of training projects at Haast's Bluff, Hooker Creek or Yuendumu. The Audit Office had been informed that, while the Administration appreciated the need for trading statements, lack of clerical staff at Haast's Bluff had precluded their preparation. The Hooker Creek and Yuendumu projects were still closely associated with the native settlements and had not become economic undertakings. In the circumstances, the Administrator considered that it was not possible to prepare financial statements at that time. The Report of the Auditor-General for 1963-64 indicated that financial statements were still considered impractical in respect of the Hooker Creek and Yuendumu settlements. Report of the Auditor-General 1962-63
Report of the Auditor-General 1963-64.

201. In June, 1964, the last financial statement received from Beswick Cattle Station was for the year 1961-62. However, information subsequently conveyed to the Committee indicated that the outstanding financial statements had been supplied to the Audit Office and that statements in respect of Haast's Bluff for 1963-64 would be made available within a short time. Q. 1381
Committee file 1964/2/71
202. We were told that the problem of producing trading statements at these two cattle stations was that to some extent the projects were operated by the settlement staffs and not as separate entities. The intention was to move the cattle projects away from the settlements for operational purposes after which it was expected that separate accounts would be produced more easily. Q.256
203. The Department of Territories informed us of the steps taken to remedy the deficiencies which had attracted these and the earlier but related criticisms of the Auditor-General. All assets were stated to be recorded in an Assets Register, showing capital and depreciated values; costing and accounting procedures are now based on accepted principles and stores accounting procedures had been improved. We were informed that the central branch records and the divisional branch records had been completely integrated into the central records system but that there was no central records system in Alice Springs and that, at Tennant Creek and Katherine, the Branch maintained its own records. Exhibit 71/2
Q.1382
204. In his report for 1962-63 the Auditor-General stated that the implementation and maintenance of an Assets and Property Register had been the subject of correspondence with the Report of the Auditor-General 1962-63.

Northern Territory Administration for a considerable period. Although certain departmental action had been taken, and was continuing, the register at 30th June, 1963 was not complete or accurate. More specific comments were included in a later submission by the Audit Office, to Your Committee, stating that in 1958 an administrative direction had been given that all Administration property and assets in the Northern Territory should be recorded in a Central Registry but that only limited progress had been made in incorporating the Welfare Branch records by June, 1964.

Committee
file
1964/2/71

(b) Mines Branch

205. In 1955 the Mines Branch was subjected to strong criticism by the Auditor-General, in that laxity in stores control had resulted in theft and failure to reconcile stocktaking results with equipment registers. Commonwealth property had been hired and loaned to persons without authority or record and considerable delay had occurred prior to the disposal of surplus equipment. In disposing of such equipment, the correct procedures had not been followed. In a subsequent submission, the Auditor-General informed Your Third Committee that the control of government-owned batteries was inadequate and that royalties on uranium production were not being collected.

PT No. 25
and 26 of
1958.

206. A submission to this Committee by the Department of Territories replied specifically to the of the Auditor-General mentioned in Your Third Committee's Report. The Department stated that stores control had been placed on a satisfactory basis by the appointment of additional battery staff, regular stocktakes were conducted by the Northern Territory Stores Branch and any losses which occurred were reported in accordance with Treasury requirements.

Exhibit 71/2

Disposals of equipment are processed by the Stores Branch and no Commonwealth property is hired without competent approval and documentary evidence. The Department also stated that financial statements are submitted annually and are subjected to examination by both internal and Commonwealth auditors. Exhibit 71/2

207. We are satisfied that the earlier deficiencies have been overcome and note that the 1963-64 Report of the Auditor-General contained no adverse comment in respect of this Branch. Accordingly, we directed our inquiry to a review of the Branch's functions and areas of responsibility.

208. The responsibilities of the Mines Branch may be classified under the following headings :- Exhibit 71/14

Mining Tenures	Assistance to Mining
Inspection of Mines	Explosives Sales
Operation of Government Owned Batteries	Ore Sales
Inspection of Machinery	Tenures for Petroleum Exploration
Diamond Drilling	Geological Services.

209. There are four Government owned batteries in the Northern Territory at which prospectors, miners and small mining syndicates may have ore treated. These batteries are located at Tennant Creek, Mt. Wells, Maranboy and Hatches Creek. The Tennant Creek battery, also known as the Central Battery, was originally erected in 1941 but, because of its poor condition, was dismantled and completely rebuilt during the years 1956-58. By 30th June, 1964, the total cost of the battery was almost £85,700 but this figure includes the capital cost of a cyanidation plant, installed in 1964, which amounted to £35,879. We asked, if, at the time it was decided to reconstruct the Exhibit 71/4
Committee file 1964/2/71

battery, the declining trend in tonnage crushed and fine gold recoveries had been apparent. It was indicated to us that it was never possible to predict the future degree of activity at the battery since the amount of ore received varies inversely with the general level of economic prosperity. At the time evidence was given, an adequate amount of work was available for contract miners at various centres in the Territory and under these circumstances, miners did not prospect for gold. Conversely, if an economic recession was to occur, the witness expected that all batteries would be fully utilised.

Exhibit
71/14 and
Q. 1321

210. The cyanidation plant was installed because of the existence of a dump of tailings amounting to some 25,000 tons, but which, at the time evidence was given, had reached approximately 40,000 tons. The tailings had been purchased from prospectors after assay and the Government was endeavouring to recoup some of its expenditure. (More specific figures supplied to this Committee show that the tailing dumps contained 23,840 tons crushed prior to 1958, averaging 5.2 pennyweights per ton, and 20,619 tons crushed after 1958 averaging 4.2 pennyweights per ton.). The plant is expected to comprise eight, 60 ton vats, of which six were operating in May, 1964. By June, 1964, nearly 3,000 tons of tailings had been treated yielding 516 fine ounces of gold valued at £8,078.

Q. 1322

Exhibit
71/14

211. The Mt. Welles battery opened in June, 1962 and was designed to treat tin or gold ores although it may be used for other ores. Since the battery opened, 7,206 tons of ore had been crushed, producing 130 tons of tin valued at £78,193 but only a small quantity of gold was produced. The cost of the battery was between £115,000 and

Q. 1329

£120,000 but the Director of Mines informed us that dissatisfaction had been expressed over the suitability of the recovery plant. (Figures

Q.1326

included in the Reports of the Auditor-General for 1963-64 show that the net loss on milling operations at Mt. Wells during the first full year of operation, 1962-63, was £31,020 In 1963-64, the figure had fallen to £30,492.)

Reports of
the Auditor-
General
1962-63 and
1963-64.

However, the difficulties encountered in operation were due to the very wide variations in the

quality of the ore treated and no single plant

Q.1327

could be designed which would be efficient in treating all grades of ore received. Continual

experiments were being conducted in an attempt to increase the efficiency of the battery but

substantial losses were being incurred and the present arrangement was providing reasonable

incentives to prospectors. We were told later in evidence by the same witness that, on his

Q.1360

arrival in the Territory, he had endeavoured to show that the batteries could not operate and

earn a profit but must run at a loss and be

considered as a form of subsidy to the mining

industry. Past history had shown that, if charges

were raised to meet operating costs, all batteries

would need to close down for lack of business.

212. At the time of the inquiry in Darwin,

Exhibit
71/14

neither the Maranboy nor Hatches Creek batteries

were in operation due to lack of ore. The

Maranboy battery, erected in 1915, has not oper-

ated since 1955 and was being dismantled while

the Hatches Creek battery, purchased second hand

by the Administration in 1958 and situated in a

wolfram field, was not expected to reopen in the

foreseeable future due to the low world price for

wolfram. We were told that the present condition

Q.1335

of the latter battery was very poor and unworthy

of the services of a caretaker. The estimated

cost of rebuilding the battery would approximate

£120,000.

213. The term "Mining Tenures" relates to the procedures whereby persons may secure possession and title to land for the purpose of prospecting and mining. At 30th June, 1964, there were 799 mining tenements and 46 prospecting authorities on issue.

Northern
Territory
Report
1963-64.

214. The Mines Branch has two mining inspectors whose functions are to generally enforce safe working practices and conditions and to advise prospectors and smaller syndicates on prospecting and the methods of developing mining tenements. Advice is also provided on technical subjects such as ore treatment methods. One inspector is stationed at Alice Springs, a second at Tennant Creek while a third officer has the duty of inspecting mining electrical installations throughout the Territory. Three other inspectors ensure that the Inspection of Machinery Ordinance is complied with by examining all installed machinery boilers and other pressure vessels once each year. The Director of Mines told us that he regarded his staff as adequate and that earlier difficulties throughout his branch had largely disappeared.

Exhibit
71/14

Q's. 1366
and 1357.

(c) The Animal Industry Branch

215. Your Third Committee stated, in Chapter I of its Report in 1958, that the Committee wished to emphasise that their inquiry had been limited in its scope. In reporting to the Parliament on the various aspects of the Northern Territory Administration, that Committee reviewed the activities of certain Branches but, in listing those Branches to which it desired to refer particularly, no direct reference was made to the Animal Industry Branch.

FF No. 25
and 26 of
1958

216. During our inspections of the various field activities of the Administration in the Northern Territory, and as a result of our discussions with various officers during those inspections, we became more familiar with the significance of the cattle industry in the Northern Territory and, because of the earlier absence of discussion in this regard, we accordingly decided to receive evidence in respect of the role of the Animal Industry Branch.

217. The evidence we took in respect of the development of the Animal Industry Branch has been dealt with in Chapter 2 of this Report. The evidence relating more specifically to the current responsibilities and problems of the Branch was prefaced by an indication that the success of the cattle industry depends very largely upon the measures taken to control the incidence of disease and more particularly in the Northern Territory, to prevent the influx of exotic diseases. Although a complete range of legislation existed in this respect, we were told that the regulations were only as effective as the Branch's ability to enforce them. Officers of the Branch are

Q.1014

conscious of the risks involved but there is over one thousand miles of coast line of the Northern Territory and, despite the positive steps taken by the Government, loopholes continued to exist. A quarterly surveillance was maintained Q.1014 of all the outlying mission stations and settlements along the coast and an officer trained the residents in their responsibilities and emphasised the dangers involved.

218. It was stated that the Quarantine Act Q.1016 is administered by the Department of Health which relies to a large extent upon the assistance of the States and the Territory for animal quarantine. The officers of the Northern Territory Administration Q.1017 are representatives of the Department of Health but a quarantine section, as such, does not exist in the Northern Territory. The Animal Industry Branch establishment includes only one position of Technical Officer, with a local designation of Port Inspector. The occupant of this position was engaged full time on quarantine duties for the Darwin air and sea ports. The occupant, a former stock inspector, had received training in the detection of exotic diseases and was responsible to the Director of the Animal Industry Branch who had a statutory appointment equivalent to a Chief Quarantine Officer in the States. Committee File 1964/2/71

219. We were informed that in the Northern Division of the Territory there are five positions of Veterinary Officer of various grades and twelve positions of Stock Inspector while in the Southern Division there were four positions of Veterinary Officer and nine positions of Stock Inspector. Training courses in exotic diseases were conducted for stock inspectors of the Animal Industry Branch. Committee File 1964/2/71

220. We were informed that every aircraft requiring quarantine inspection is met at the Darwin airport by a Commonwealth medical officer who has some quarantine responsibilities. Should the medical officer suspect that an exotic disease problem existed, he would call upon an officer of the Animal Industry Branch. It was stated that very close liaison exists between the medical officer and the Branch on quarantine matters.

Committee
file
1964/2/71

221. In response to questions on staff strength, we were told that a generally satisfactory situation existed with ninety-six positions filled out of an establishment of one hundred and seventeen. Some difficulty was being experienced in the veterinary field in that, for two years, the Branch had operated with three officers out of an establishment of twelve. The position had improved to eight occupants out of thirteen positions but the staff strength of this Section of the Branch was still felt to be far below a desirable level.

Q. 1029

(d) Agriculture Branch

222. The function of the Agriculture Branch is to undertake research and experimental work for the development of all possible forms of agricultural enterprises and of pasture establishment that can be undertaken economically in the Territory. The Branch is also responsible for plant quarantine in the Territory.

Northern
Territory
Report
1963-64

223. In 1958, Your Third Committee found that the Branch had experienced great difficulty due to staff shortages and a lack of accommodation. The Committee was also of the opinion that the activities of the Branch impinged upon the functions of the Animal Industry Branch and recommended that the matter should be examined by the Administration. Your Third Committee noted that there was very little collaboration between the Branch and the C.S.I.R.O. in other fields of research and also commended this matter to the attention of the two Authorities concerned.

PP No. 25
and 26 of
1958.

224. The subsequent Treasury Minute stated that a new organisation for the Agriculture Branch had been created and provision made to meet its building needs. There was close collaboration with the C.S.I.R.O. and no overlap with the functions of the Animal Industry Branch.

PP No. 114
of 1961

225. The reference to collaboration was amplified during our inquiry when the Department of Territories stated that in 1962 an Agricultural Development Advisory Committee was established, the membership of which included officers of the Administration, the C.S.I.R.O., the Bureau of Agricultural Economics and the Department of

Exhibit
71/2

Territories. During the meetings of the Advisory Committee, a wide range of subjects had been discussed with the result that the Branches of the Administration were informed of the activities of the C.S.I.R.O. Co-ordination of the work of the Agricultural and Animal Industry Branches had been achieved by making the Assistant Administrator (Economic and Social Affairs) responsible for overall control.

226. The capacity of any organisation to successfully achieve its aims depends very largely upon the availability of suitable staff and accommodation. We questioned whether these requirements had been satisfactorily catered for in the case of the Agricultural Branch and we were informed that the Branch had always had considerable difficulty in obtaining suitable professional staff and that only eighteen professional positions of an establishment of fifty-two positions were occupied at the time evidence was given. There were forty-five technical staff positions on the establishment of which only twenty were occupied while the overall position was that forty-nine positions were occupied out of an establishment of one hundred and twelve. In respect of accommodation, we were told that provision had been made in the 1964-65 Works Programme for temporary accommodation which was expected only to be used for five or six years. After that period, accommodation was not expected to remain adequate.

Q.1038

Q.1099

(e) Conclusions

227. We note, from information supplied by the Department of Territories, that two unsatisfactory features of the administration of the affairs of the Welfare Branch, revealed in Your Third Committee's Report, namely the arrangement under which the Welfare Branch carried out construction projects on settlements on behalf of the Department of Works and the Administration of the Aboriginal Trust Account, have been rectified. Since July, 1961, the Welfare Branch has operated a Mobile Works Unit which undertakes only minor new works and repair and maintenance projects on settlements while the Aboriginal Trust Account was closed on the 30th June, 1964. (Paras. 184 and 185)

Exhibit
71/1

228. However, we are not satisfied that a sufficiently vigorous attempt has been made to rectify two unsatisfactory features of the Welfare Branch's administration disclosed during our inquiry. Despite the evidence given to the effect that a satisfactory position exists in regard to the recording of assets, a submission by the Auditor-General reveals that only limited progress has been made in incorporating the Welfare Branch records within the Central Registry of the Administration, although an administrative direction was given to this effect in 1958. We are also concerned that the problem of producing financial statements in respect of two cattle projects associated with settlements is recognised, but no steps have been taken to separate the projects from the settlements. We expect these deficiencies to be remedied by an early date and we propose to refer to future Reports of the Auditor-General to ascertain what progress is being made in respect of these matters. (Paras. 199 to 204)

229. In regard to the Mines Branch we note that the matters which attracted the earlier criticisms of the Auditor-General, in respect of stores control, the failure to reconcile the results of stocktakes and the hire and disposal of equipment, have been satisfactorily resolved, and that no adverse comment appeared in respect of the Branch in the Reports of the Auditor-General for 1963-64 and 1964-65. (Paras. 205 to 207)

230. The Hatches Creek battery was not expected to re-open in the foreseeable future and was, we were informed, in such poor condition that it was not worthy of the services of a caretaker, although purchased, in a second hand condition, in 1958. We find it difficult to appreciate why Commonwealth property, which must have been adequate to its task at the time of purchase, has been allowed to reach such a condition. Considering the fate of this battery, Your Committee will show interest in any future proposal which might be made that an estimated sum of £120,000 should be spent on rebuilding the battery. Your Committee will also show interest in the proposed plans for the maintenance of the plant. (Para. 212)

231. In respect of the capital expenditure incurred by the Mines Branch, we feel that a further observation may be fairly made. Subject to the requirements of Government policy the expenditure of £36,000 incurred in establishing the Central Battery cyanidation plant may only be justified if the present recovery rate of gold continues. At the time evidence was given, the dumps contained approximately 40,000 tons of tailings and in the treatment of 30,000 tons of those tailings, gold to the value of just over £8,000 had been recovered. We will refer with interest to subsequent Reports of the Auditor-General to ascertain the future results of the recovery process. (Paras. 209-210)

232. During our inspections of the various Q. 1031 establishments of the Animal Industry Branch, we noted the living conditions of employees at the Beatrice Hills Research Station and we feel that the accommodation provided may only be described as sub-standard.

233. The evidence received by us, in respect of the degree of attention given to quarantine responsibilities, has suggested that this matter might also be subjected to review by the Administration. We were told that one Port Inspector is engaged on full-time duty at the Darwin sea and air ports in respect of animal quarantine matters.

With this degree of representation in mind, we note the following extract from the Commonwealth Year Book : "Air Services : At 30th June, 1964, there were 10 Government aerodromes and 118 licensed aerodromes in the Territory. The Oversea passenger services using the Darwin international airport are Air India, Qantas/B.O.A.C., (Sydney to London) and K.L.M. (Sydney to Amsterdam). Qantas also conducts a freight service from Sydney to London." The value of imports landed in Darwin amounted to nearly £1.5 million in 1963-64 whilst the total number of all ships (oversea, interstate and coastal) entering the harbour was 171. (Paras. 215-221)

Commonwealth
Year Book
No. 51. 1965

Northern
Territory
Report for
1963-64.

234. Although the problem of office accommodation is referred to in more detail in a later chapter of this Report, we feel that an immediate comment in this regard in respect of the Agriculture Branch would be appropriate. Our inspections carried out in Darwin and evidence submitted by the Northern Territory Administration, revealed that the office accommodation provided for the Agriculture Branch had not improved during the seven years subsequent to Your Third Committee's inquiry. Evidence received elsewhere during the inquiry indicated that information concerning general office accommodation had an adverse effect upon the recruitment programme. With this evidence in mind, we readily appreciate why, as indicated in a statistical tabulation provided to the Committee, the average percentage of positions occupied in the Agriculture Branch was the lowest in the Administration. We suggest that the prevailing difficulty in respect of staffing is a prime example of cause and effect and we regard the situation as an unsatisfactory and unacceptable state of affairs. (Paras. 223 and 226).

Exhibit
71/26

Q. 495

Committee
file
1964/2/71

CHAPTER V - THE CIVIL WORKS PROGRAMME(a) Role of the Department of Works

235. Your Third Committee reported that the functions of the Department of Works are three-fold. It is the construction authority for Commonwealth Departments, it is responsible for the maintenance and repair of Commonwealth buildings, roads and bridges, etc., and operates, on behalf of the Northern Territory Administration, the electricity supply, water supply, sewerage undertakings and the Darwin Cold Store.

PP No. 25
and 26 of
1958.

236. Your Third Committee noted that the lack of works and design potential had been an important factor limiting the Government programme of capital works and services in earlier years due to the Department of Works' optimistic estimates in this respect. However, the miscalculations of potential were not the only reasons for shortfalls in expenditure; in some cases work had been done without proper financial authority, long delays had occurred both in the Department of Works and sponsoring departments and there was evidence of bad estimating and lack of co-operation. In addition, the Department of Works had problems such as a shortage of trained staff, inefficient staff, delays in the submission of requirements and changes in plans by departments, lack of tenders for work and inadequate office accommodation and facilities.

PP No. 25
and 26 of
1958.

237. Your Third Committee felt that, despite the poor performance in the Northern Territory in post war years, the local branch of the Department of Works and the sponsoring departments concerned were not entirely to blame. It noted that the performance of the Commonwealth works programme in more advanced areas of Australia had not always been satisfactory and that programming procedures had needed amendment from time

PP No. 25
and 26 of
1958.

to time to overcome deficiencies. It felt that the nature of the problems being faced in the Territory may not have been fully appreciated by the authorities responsible for the overall control of the Commonwealth works programme.

238. The Treasury informed Your Third Committee that the capital works provisions for the Territory were considered on the basis of separate departments and not as a whole. However, Your Third Committee felt that the procedures adopted for determining the Commonwealth works programme were not suited to the needs of the Northern Territory and it might be necessary to develop special techniques for the area. It seemed desirable that the programme for the area should be considered as a whole and not on the basis of separate departments and that a plan for a long term and orderly flow of money for capital works in the Territory had much to commend it. PP No. 25 and 26 of 1958.

239. In response to Your Third Committee's findings, the Treasury Minute indicated that the continuing level of public expenditure was a matter of policy and that the Northern Territory Works Programme could not be excluded from annual budgetary control or isolated from the overall Civil Works Programme. Notwithstanding the difficulties of executing works and services in the Territory, the expenditure on new works and maintenance increased by approximately £500,000 per annum between 1957-58 and 1960-61. The Department of the Treasury believed that the existing works programming procedures, which are aimed at securing an orderly progression of projects into the construction programme, ensure that building and design capacities in the Northern Territory are PP No. 114 of 1961

taken into account in framing each year's programme. Although the needs of departments in the Territory are considered separately, co-ordination is achieved through the participation of the Works Department, the common constructing authority, in the task.

240. During our inquiry, we were informed that the Treasury had issued a circular in 1960 (1960/G3) on procedures for the formulation and administration of the Civil Works Programme. These procedures were said to be standard for all Commonwealth Departments including the Northern Territory Administration. In January, 1963, the Department of Works issued a revised questionnaire, to be completed in respect of new works proposals, the use of which would provide it with the planning requirements necessary to permit preparation of estimates and the selection of tender target dates. Exhibit 71/2

241. The works potential in the Northern Territory has been increased since 1958 and some large contractors have been attracted to the area. When necessary, the designing capacity of the Darwin office of the Department of Works is augmented by allocating work to other branches of the Department and by the employment of design consultants. In response to a question as to whether the design capacity of the Darwin Office should be increased, we were told that the Department of Works had advised the Northern Territory Administration that the whole question of works potential had been considered but, because of the position generally in the building industry, there were doubts as to whether anything could be done. Exhibit 71/2 Q. 90

242. It was indicated that, by 1963-64, expenditure on capital works, repairs, maintenance, recoverable items and operations had doubled in the Northern Territory since 1957-58. In that year, expenditure amounted to £4,585,000 and in 1963-64 it amounted to £9,155,000. Of these figures, £3,055,000 and £6,726,000 respectively were spent on capital works. Total expenditure during the period amounted to £18,282,000 but, in 1963-64, the appropriation was underspent by £300,000 due to full employment, among other factors, and increased activity by the Housing Commission and private enterprise. By 1964-64, the total expenditure, as defined, reached £9,750,000.

Q. 1247 and
Committee
File
1964/2/71

243. The Director of Works in the Northern Territory told us that an improvement in the standard of the capital works projects could be effected if a five year programme were to be adopted. Such a programme would obviate the Department's constant rush to meet project target dates. In some cases the Department had not known of a project in time to allow sufficient consideration of the design and this had resulted in the projects being deferred. In one instance, a new building was programmed to cost £25,000 but the scope of the work had been entirely changed and the estimated cost had been increased to £50,000.

Q. 1249

244. The difficulties confronting the Department of Works in the Northern Territory are manifested in the evidence. The Director of Works indicated that unless his Department has an opportunity to prepare sketch plans and to discuss them with the client department, there is little chance of accurate cost estimates being prepared. Mr. Redmond, the Director of Works, stated that the Department of Works would like to have A, B and C

Q's. 1252
and 1253

design lists. In regard to changes made in plans submitted by Departments, Mr. Atkins confirmed that substantial changes had been made by the Administration in building plans following their preparation by the Department of Works. He indicated that the Administration had not always supplied sufficient information and expressed the hope that, by achieving fuller co-operation between branches and with other departments concerned, problems of this type could be overcome.

Q's. 1252
and 1253

245. We feel that, at this point, it is appropriate to quote from the Treasury Circular of 31st July, 1959, entitled "Commonwealth Civil Works Budgeting - Forward Planning Arrangements".

Treasury
Circular of
31st July,
1959 :
"Commonwealth
Civil Works
Budgeting -
Forward
Planning
Arrangements".

"The Design List System"

Briefly, the design list system comprises :-

Design List "A"

This list is for top priority projects considered likely to gain inclusion in the following year's civil works programme. It authorises full documentation, i.e. everything necessary to bring projects to the point where tenders could be invited. The list confers no authority of any sort beyond this point.

'Design List "B"

This is reserved for large works generally requiring 12 to 18 months for the preparation of working drawings, specifications and bills of quantities. Some of these will have been drawn from List "C" after approval by the Parliamentary Standing Committee on Public Works. Each year, projects on this list in an advanced state of design are considered for transfer to the "A" List where, if necessary, documents are completed in readiness to call tenders.....

Design List "C"

Admission to the "C" List authorises, for large projects, the investigation and limited design necessary to enable them to be submitted to the Parliamentary Standing Committee on Public Works. Proposals approved by the Committee may subsequently be considered for admission to List "B", and only then may planning proceed beyond the stage of preliminary design.

Purpose of the Design List System

The primary objective of the design lists is to provide a system of forward planning that will permit an orderly progression of projects into the construction programme and will maintain a balance between the two phases of the works process - design and construction. It is the responsibility of the Department of Works to have available, progressively throughout the year, a stock of fully designed jobs that could be commenced, if desired, at short notice and could in any case begin to flow into contractors hands from the very start of the next financial year. Forward planning of this character should produce accurate estimates of cost and expenditure for the purposes of programme formulation.

The achievement of this objective depends heavily, of course, on design capacity at the certain disposal of the Department of Works and on the proven reliability of sponsoring department's judgements about their own works priorities."

246. The procedural arrangements described in this circular were amplified in detail in the subsequent Treasury Circular, 1960/G3.

(b) Role of the Northern Territory Administration

247. Any works project which a Branch Director of the Northern Territory Administration considers will be necessary for the effective operation of his Branch within no more than three years may be submitted for the Administrator's consideration for inclusion in a Needs List, which forms the basis for selection of projects for Design Lists A, B and C. The submission must be supported with information relative to the general policy objective, role of the proposed work in equipping the Branch to carry out its policy, details of special requirements, cost, site availability and the degree of priority attaching to the proposal.

Exhibit
71/18

248. Items are admitted to the Needs List at any time throughout the year but the Department of the Treasury usually seeks details of items for inclusion in Design List A, which relates to the programme for the following year, immediately after approval has been given to the current year's Works Programme. Branches are advised of the approved programme and invited to nominate items for inclusion in the Design List in priority order, indicating the degree of urgency of the projects. The information supplied by Directors is collated and having regard to the relative priorities, a Design List is prepared within the financial limits set by the Department of the Treasury.

Committee
File
1964/2/71

249. In January of each year, details of the items proposed to be included in the Works Programme for the following year are submitted to the Departments of Treasury and Works. Branches of the Administration are asked in November to submit such proposals which consist mainly of items included in the Design List previously approved, and other items not requiring lengthy design. After a project is admitted to the Design List or Works Programme, a brief is prepared by the Administration in co-operation with the Works Liaison Officer and, on the request of the Department of Works, requisitions are raised and approved for each major item in the Works Programme. Exhibit
71/18

250. It was stated that the Administration is unable to inform prospective tenderers of what building projects are proposed, even for the following year, until the proposals have been approved as part of the Civil Works Programme. Interested parties may only be told that a "fair" volume of government building activity is expected and builders must decide their final position in that light. With the growth of the Northern Territory, these restrictions are being reflected in the Government's failure to secure the same percentage of the building potential that it had gained in recent years. We were told that it is difficult to attract large building organizations from the south since it may take such organisations six months to establish themselves. However, with no guarantee of continuity of work under the system of an annual budget, large organisations would not come to the Territory. Q. 562 to
563.

Q. 561

Q. 558

251. It was stated to us that there must be an increasing works programme if contractors' potential was to increase in the Territory. However, it was felt that expenditure on works could not be doubled in one year as this would strain existing resources, create excessive demand for labour and result in uneconomic construction. A more appropriate rate of increase was said to be 15 per cent. per annum. Q. 1248

(c) Conclusions

252. We note that the Government approved the introduction of revised programming and budgeting procedures for Commonwealth civil works some eleven years ago and evidence was given to us during this inquiry which indicated that these procedures are being fully implemented by the Northern Territory Administration. Accordingly, it is with some concern that we record both the observation of the Director of Works, in the Northern Territory, that his branch would like to have A, B and C Design Lists, and the evidence given by a witness from the Administration that the Department of Works had not always been given sufficient information in respect of works projects. We suggest that, although the Administration is employing prescribed procedures to implement its works projects, the proposals incorporated into the annual Civil Works Programme are being subjected to such frequent amendment that the local branch of the Department of Works is prevented from producing an orderly flow of work. We feel that the situation calls for early investigation by all the parties concerned. (Paras. 244-249)

253. Although we were told that the works potential has been increased since 1958, the evidence suggests that the increase has not kept pace with the demand and that some degree of uncertainty is engendered by the lack of a long term works programme. We note the view of the Department of the Treasury, as expressed in the Treasury Minute relative to Your Third Committee's Report, that the existing works programming procedures are aimed at securing an orderly progression of projects into the construction programme and that building and design capacities in the Northern Territory are taken into account in framing each year's programme. However, the annual appropriation for buildings, works and sites in the Northern Territory in the last four years have been virtually at a static level as indicated :-

Exhibit
71/2

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TABLE NO. 10

APPROPRIATIONS FOR AND EXPENDITURE ON BUILDINGS, WORKS AND SITES

1959-60 TO 1964-65		
Year	Appropriation	Expenditure
	£	£
1959-60	2,500,000	2,286,852
1960-61	2,576,000	2,540,820
1961-62	3,445,000	3,529,800
1962-63	3,490,000	3,285,876
1963-64	3,500,000	3,200,000*
1964-65	3,460,000	3,459,811

Q. 91 and
Appropriation Acts.

* This under-expenditure was attributed to full employment and increased activity by other building authorities and private enterprise. (Paras. 238-239.)

254. The failure of the Administration to fully expend the sum appropriated in 1963-64 and the assertion by the Department of the Treasury that building and design capacities in the Northern Territory are taken into account in framing each year's programme prompts us to conclude, as did Your Third Committee, that the present works programming procedures do not suit the requirements of the Territory. We feel that the

PF No.
25 and 26
of 1958.

restriction placed upon the Administration, when advice is sought by building organisations in respect of future construction projects, is a factor which has inhibited, and will continue to inhibit, the future growth of building potential in the Northern Territory. (Paras. 242 to 244)

255. We were informed that a major building organisation may take six months to establish itself in the Northern Territory but that, in the absence of a guaranteed continuity of work, such organisations were reluctant to move into the area. We appreciate that the Northern Territory works programme could not be excluded from budgetary control or isolated from the overall Civil Works Programme but we are not convinced that a more appropriate procedure could not be designed, within the existing system of controlling the Commonwealth Civil Works Programme, to cater for the problems peculiar to this isolated area. There seems to us no reason why, at least 80 per cent. of Design List "A" projects could not be firmly determined in respect of each of the next three years and the building industry throughout the Commonwealth notified accordingly. No substantial or immediate increase in the appropriation of funds is contemplated in this proposal which would simply inform the building industry at large of the various types of construction firmly proposed for the Northern Territory and permit that industry to confidently undertake a programme of forward planning. (Paras. 236-237) -Q. 558

256. Any review of the basic tenets of capital expenditure in the Northern Territory may involve matters of Government policy and we have no desire to impinge upon such matters. We feel, however, that when expert witnesses propound their opinions on what they feel to be basic deficiencies in planning and administration, the Department of the Treasury should carefully assess those opinions, together with any proposals or conclusions drawn therefrom, in considering its future advice to the ultimate policy making body. (Paras. 235 - 251)

CHAPTER VI - HOUSING AND ACCOMMODATION

257. In its Thirty-Seventh Report, Your Third Committee stated that the Administration was the civil housing authority for the Northern Territory. It operated hostels, leased houses to public servants, rented sub-standard emergency housing to private persons and operated a housing loan scheme. There was no housing scheme functioning in the Territory under which domestic residences could become available for renting to private persons generally and building costs were such as to place home ownership beyond the reach of ordinary workers. As a result of the circumstances, many people were forced to live under conditions so primitive that the Health Department was obliged to make frequent representations seeking improvement. The Thirty-Seventh Report indicated that notwithstanding the then present situation, some improvement had been made during the preceding three years in what had been extremely bad housing conditions. Over those three years, 839 houses and flats had been completed of which one half had been built by the Government for its own employees. However, numerous complaints had been received about the lack of housing available to non-public servants and it was found that the inability of many private persons to obtain suitable housing in Darwin was contributing to the high rate of staff turnover, retarding the growth of a stable work force and reducing the number of competent industrial and wages staff available to the Commonwealth.

PP No. 25
and 26 of
1958.

258. In the subsequent Treasury Minute, it was stated that efforts to house Commonwealth employees and to provide assistance for the purchase or erection of dwellings had continued within the limits of both funds available and the

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building resources in the Northern Territory. A Housing Commission had been established in 1959 to provide houses for people other than public servants and following an expert report upon the environment of tropical Australia, committees had been established to investigate problems relating to departmental accommodation and amenities. A number of the recommendations of the committees had been implemented and further investigation was proceeding.

(a) The Northern Territory Housing Commission

259. The Northern Territory Housing Commission was established for the express purpose of providing accommodation for persons not eligible for staff housing provided by the Commonwealth. Its houses are made available either for letting or sale to tenants in occupation on low deposits and attractive terms. The Commission's functions are set out in the Northern Territory Housing Ordinance, 1959 and to enable it to carry out its functions, it is empowered to purchase or otherwise acquire property, prepare sites, erect and equip dwellings and to let such dwellings at a rent calculated in accordance with a formula set out in the Ordinance. The Commission has the power to borrow money to discharge its functions but we were told that funds are appropriated each year as a separate item of Commonwealth expenditure. These funds, which are appropriated on behalf of the Northern Territory Administration, are drawn by the Commission at regular intervals and lodged in a Trust Account. Interest is charged on the drawings at rates varying between 3 per cent. and 4½ per cent.

Exhibits
71/2. 71/5
and Q. 67

260. The Commission designs houses through architectural consultants and invites tenders from private contractors for their construction. Until recently, the Commission had made a practice, when inviting tenders, of splitting contracts into groups of 10 to 15 houses, for which tenders were usually received from between 5 and 10 contractors. However, 30 per cent. of the tenders were usually rejected as being too high priced while a comparison of the remaining tender prices prompted suspicions of collusion. Consequently tenders were invited on a different basis whereupon contractors could elect to tender in respect of an entire contract or for a group of ten houses. This system provided a more divergent result, a tender price in one instance being £150 lower for each house in an entire contract than any of the prices quoted for smaller groups. Q. 642

261. We were informed that the practice of building three bedroomed houses to a standard design had also had a favourable effect on building costs. The witness stated that the Housing Commission was providing a basic unit, which was not ornate, of a minimum number of squares and of low cost. For example, the contract price for 72 flats in Mitchell Street (Darwin) was £233,744. The flats comprise 36 two-bedroomed flats of 5.6 squares and 36 one-bedroomed flats of 4.6 squares each. The cost per square, averaged on the contract price was £630. It was claimed that with the addition of other work to be carried out, such as beautification and construction of parking areas, and after allowing for interest on construction costs, the cost per square would rise to £783. In regard to houses, the cost per square and the costs per house were said to vary between Darwin, Alice Springs and intermediate Q. 648 Q. 652 Q. 651

towns. In the case of Darwin, the average cost of recent contracts let for a 3 bedroomed house was £4,100 giving a squarage cost of £395.4. In Alice Springs, the unit cost was £4,095, giving a squarage cost of £390. In Katherine the unit cost was £4,290, giving a squarage cost of £408.5 and in Tennant Creek the unit cost was £4,900 giving a squarage cost of £466.6. Each of the houses concerned had an area of 10.5 squares per unit.

262. On 13th November, 1963, assent was received to an amendment to the Housing Ordinance, thereafter permitting the sale of Commission dwellings on a minimum deposit of £100. Repayments of the sum borrowed, which is subject to an interest rate of 5 per cent. per annum, may be made over a period of 45 years.

Exhibit
71/5

263. No charge is made to the purchaser of a dwelling in respect of the land on which the dwelling is erected as the land is made available to the Housing Commission without charge by the Administration. The cost of developing building land, which was said to be in the vicinity of £1,400 for each block, is also excluded from the purchase price but the purchaser is liable for the payment to the Administration of 5 per cent. per annum of the unimproved capital value of the block. Q. 694

264. The Commonwealth Government subsidises the rent chargeable on Commission dwellings by waiving the repayment by the Housing Commission of £1,000 and £500 of the capital cost of dwellings constructed in Darwin and Alice Springs respectively. This waiver was said to be designed to reduce rentals due to the high cost situation prevailing in the Northern Territory. The

Exhibit
71/5 and
Q. 653

deductions permitted the calculation of rents which would allow the Commission to make neither a profit nor a loss by charging weekly rentals of £4. 17. 6 in Darwin, £4. 4. 6 in Alice Springs, £4.13. 6 in Katherine and £5. 1. 0 in Tennant Creek. The deductions referred to, however, are not made from the capital cost of a dwelling in the event of sale of the house to a tenant.

265. It was stated that prior to the establishment of the Commission, the housing situation had been characterised by shortages of accommodation and high rents. Despite the substantial contribution to the housing requirements of the Northern Territory made by the Commission such circumstances still prevailed although the waiting time for houses in Darwin had been reduced from four years in 1960-61 to two years in 1963-64.

Exhibit
71/31

266. We were informed that, at the time evidence was given, the Commission had received 1,504 applications for accommodation of which over 50 per cent. were received from applicants resident in Darwin. It was expected that, by the end of the financial year 1963-64, 677 applicants would have been housed. However, the number of houses constructed did not reach 676 until 30th June, 1965.

Exhibit
71/5

Report of the
Auditor-
General for
1964-65

267. In order to qualify for the allocation of a house, the Commission requires that an applicant should have resided in the Northern Territory for a period of twelve months. However, an applicant may apply for admission to the waiting list immediately upon his arrival in the Territory. In July, 1964, the waiting list for Housing Commission houses approximated 300 applicants.

Q. 630 and
634.

As a result, the Commission, in maintaining a building rate of up to 200 houses each year whilst applications were being received at a rate of 5 or 6 each week, was merely maintaining the waiting list at its existing level. The waiting list increased, however, to 450 as at 30th June, 1965. Report of the Auditor-General for 1964-65

268. Due to the sudden increase in the demand for housing by mining employees at Tennant Creek, the waiting time for houses at that centre in 1964 was between four and five years. It was felt that this lag would be overcome in 2 to 3 years. Q. 631

269. At the time of our inquiry the financial statements of the Housing Commission had not been audited by the Auditor-General. We were informed that the Commission depends upon the Northern Territory Administration for accounting services and that it is necessary for the accounting work of the Commission to comply with other demands made upon the Administration. In addition, the value of work in progress, at 30th June, required computation and the collection of the material to be costed was a time consuming process. Q's. 662 and 663

270. It was indicated to us that the administrative costs of the Commission had been subsidised since 1959 by applying an oncost to the capital cost of each completed dwelling. The oncost which was felt could reasonably be charged for each dwelling was originally fixed at £10 per annum but was increased later to £12 and this sum had been added as a factor to be recovered in rent from a tenant. In 1962-63, (the first year of the Commission's operations), the subsidy required had been £5,296 and in 1963-64 it amounted to £4,800. A further amount of £4,800 was paid also in 1964-65. It was expected that, by 1967, the subsidy would no longer be required. Q. 660
Committee File 1964/2/71

271. We were told that the Housing Commission Q. 664
 had not been requested by the Administration to
 take over the latter's house building programme
 nor had any comparison been made between the
 costs of construction undertaken by the two
 bodies. Witnesses did not agree that the design Q. 669
 and building functions in the Northern Territory
 were being duplicated by the Commission and the
 Administration. It was felt that each body was
 catering for a different type of clientele and
 that the arrangement was working satisfactorily.

(b) The Northern Territory Housing Loans Scheme

272. The Northern Territory Housing Loans Exhibit
 Scheme operates to provide loans for the private 71/6
 construction of dwellings and is distinct from
 the Northern Territory Housing Commission. The
 Scheme came into existence as a result of the
 assent to the Housing Loans Ordinance and became
 operative on the 1st July, 1953.

273. Funds for the Scheme may be provided Q. 84
 annually, by appropriation, but, in addition, the
 Commissioner of the Trust has power to borrow by
 private treaty. No money has been made available
 to the Commission from an annual Parliamentary Exhibit
 Appropriation since 1962-63 as sufficient funds 71/6 and
 have been raised by loan borrowings from recognised Q. 89
 financial institutions. To 30th June, 1965
 applications for assistance under the Scheme
 numbered 1,362 while applications approved
 numbered 1,083. The approved applications
 constituted a commitment of the Trust Account
 of £3,002,855. Committee
 file
 1964/2/71 and
 Report of the
 Auditor-
 General for
 1964-65.

274. All sections of the community are Q. 851
 eligible to apply for a loan but the loan must be
 used for the erection or purchase of a residence
 for a family in which that family will reside.
 However, a loan will not be made to any person who
 already owns a dwelling house; nor will a loan
 be granted to discharge other than an onerous
 mortgage. A second loan will not be made except
 to increase an existing loan or to enlarge an
 existing building. A borrower is required to
 have an equity of 5 per cent. in the first £2,000
 of the loan, and 10 per cent. in any portion
 thereafter, up to a maximum of £3,500.

275. Loans may be granted for a period of Q. 868
 up to 45 years but the maximum period generally
 is allowed only for the purchase of houses of
 brick construction. The current rate of interest
 was said to be 6 per cent. with a rebate of 1
 per cent. if the borrower paid his monthly instal-
 ment on or before the first of each month. Some
 difficulty had been experienced in the collection
 of loan instalments, but generally, it had only
 been necessary to use normal recovery procedures.
 In some cases, it had been necessary to take action
 through the Crown Law Office and on occasions, to
 foreclose the loan and to sell the property.

276. We were told that some confusion exists Q. 887
 in relation to the Commissioner for Housing Loans
 and the Northern Territory Housing Commission. It
 had therefore been advocated that the name of the
 Housing Commission should be altered to that of
 Housing Trust but it was said that, over the years,
 all necessary documents had been drawn up under
 the office title of Housing Commission and, as a
 result, the legal difficulties which impeded a
 change had become almost insurmountable.

277. Although no conventional Trading and Profit and Loss Accounts are maintained in respect of the Northern Territory Housing Loans Trust Account, the domestic accounts of the Trust are subjected to examination by officers of the Auditor-General throughout the year. However, the Auditors had found no grounds to criticise the financial administration of the Trust.

Q. 874

(c) Housing for Public Servants

278. In the period from 1st July, 1957, to 30th June, 1964, the total housing provided by the Administration for public servants increased from 820 houses and flats to 1411 as follows :-

Exhibit
71/27 and
Committee
File
1964/2/71

TABLE NO. 11

NORTHERN TERRITORY ADMINISTRATION HOUSES AND FLATS
AS AT 30TH JUNE.

Centre	30th June, 1957	30th June, 1964
Darwin	582	1,029
Pine Creek	Nil	2
Katherine	27	48
Daly Waters	5	5
Elliot	7	7
Tennant Creek	14	38
Alice Springs	151	248
Other Centres	34	34
Total	820	1,411

279. Despite this increase, there was, at the time of our inquiry, a waiting list for accommodation with a consequential delay of six to seven months before allocation of housing. Until August, 1963, it had been possible to allocate houses after a waiting period of three months but it became necessary in September of that year to seek the approval of the Minister for Territories to an increase in the waiting period of a further three months due to the failure of the planning

Q. 26

Q. 515

and construction programme to keep pace with the increase in staff.

280. In 1957-58, an intensive building programme had been implemented which had reduced substantially the waiting list of applicants for houses but which had also resulted in a lower number of dwellings being constructed in subsequent years. The housing situation had consequently deteriorated and the Administration had been prompted to place an emphasis on housing during 1964-65 when it was proposed to commence the construction of 146 houses, 40 flats and a 40 bedroom hostel. Q. 539 Q's. 26 and 28.

281. In an endeavour to ensure that allocations of available housing are made with due regard to the relative requirements of officers on the waiting list, the Administration has established an inter-departmental committee which decides upon housing allocations to departments each month. Each department makes specific allocations, subject to the proviso that officers who have been in the Territory for more than six months have an absolute priority. In the event of an officer arriving in the Territory accompanied by his family, the Administration may pursue either of two courses. The officer may be granted an allowance to provide for the additional expense incurred in accommodating his family in a private hostel or hotel, or arrangements may be made for him to temporarily occupy a house vacated by a tenant during the latter's absence on recreation leave. However, this arrangement sometimes results in families occupying two or three houses in six months. Q. 515 Q. 537

282. The efforts of the Administration to provide accommodation for employees of the Commonwealth are made only on behalf of permanent officers of the Commonwealth Public Service since the Commonwealth does not recognise a liability to provide accommodation for temporary employees unless they are personnel essential to the proper functioning of a department. Q. 518

283. The procedure for the construction of housing commences with an overall plan of requirements prepared by the Administration after consideration has been given to the number and location of blocks of land available and the areas in which houses are required. After securing the approval of the Department of the Treasury, sub-divisional development is placed on a design list with an initial estimate of costs and, if approved, the Department of Works proceeds to design the work. The project is then included on the Works Programme for a particular financial year and, after approval, the Department of Works invites tenders for the sub-divisional development. After the blocks have been serviced, a similar procedure follows for the design and construction of houses, the design being based on the general specifications of the Administration and the recommendations of the Committee for the Design of Tropical Buildings. Q. 572 and Q. 573

We were informed that, in order to assess a fair and reasonable price for a contract, the Department of Works provides an estimate of cost, before tenders are invited, in order to assist the members of the Tender Board in their deliberations. If the lowest tender received for a contract proves to be substantially in excess of the department's estimate, all tenders are rejected and fresh tenders sought. However, this was said to be an infrequent occurrence.

284. It was stated that the number of houses capable of construction depends upon the availability of building resources for which there is a very strong demand. Although little delay occurs before tenders are invited for the construction of houses after funds have been approved, an obstacle exists in the absence of sufficient blocks of land serviced with sewerage, water supply, electric power and footpaths.

Q's. 540
to 545.

285. At the instigation of the Department of Territories, the Public Service Board established in 1957 a Committee known as the Interdepartmental Committee for the Design of Tropical Buildings. This committee consists of representatives of the Departments of Works, Territories, Civil Aviation and of the C.S.I.R.O. and was established to consider means of improving existing houses and offices and the new design of such buildings in tropical areas. The committee submitted a report, with recommendations, to the Public Service Board in May, 1959 and many of its recommendations have since been incorporated in buildings erected in the Northern Territory. The committee had not been dissolved after the submission of its report and had been reconvened in 1964 to consider further the recommendations made in 1959 in the light of later developments.

PP No. 25
and 26 of
1958 and
Exhibit
71/2

286. In general, houses for the Northern Territory Administration are being constructed within the framework of the recommendations of the Committee for the Design of Tropical Buildings. The salient points of the recommendations of this Committee were as follows :-

Exhibit
71/35

- (i) One room wide houses should be provided.
- (ii) All houses should be orientated with long axes east-west and have blank insulated end walls, excepting in special cases.
- (iii) Houses of at least three bedrooms should be erected.
- (iv) The overall area of a three bedroomed house is to be limited to an area of 975 sq. ft. for a timber framed house plus 150 sq. ft. for additional space or a verandah in tropical or country areas. A store room of 50 sq. ft. in area may also be provided, making a total permissible area of 1175 sq.ft.
- (v) Houses should be erected on piers.
- (vi) All houses should have vehicle shelters.
- (vii) Houses should be fenced and have a clothes hoist.
- (viii) Gravel or concrete paths and a prepared access to the car shelter area should be provided.
- (ix) House interiors should be protected from insects by the use of gauze wire.
- (x) Ceiling fans with regulator switches are to be provided in the lounge room and in each bedroom.

287. In following the foregoing recommendations, Exhibit
the Department of Works has produced standard 71/35
designs, modified from time to time, which provide
for timber framed houses on steel piers. The
designs further provide for external asbestos
cement sheet lining, relieved by fluted sheets
and having corrugated galvanised iron roofing.
The end walls and roof are protected from solar
radiation by reflective insulation.

288. We were informed that the recommended Exhibit
type of structure is almost completely isolated 71/35
from termite attack, has low maintenance cost
and has good thermal qualities both during the
day and at night. The houses were said to be
economical to construct and to possess the added
advantages of underfloor areas.

289. The witness indicated that the Department of Works could not control the extent of the ultimate cost of staff housing in the Northern Territory beyond seeking the most favourable tenders. The local prices of building materials and the shortage of labour were factors contributing to the comparatively high costs and were problems arising from the remoteness of the area. Although the dwellings being erected could, at the discretion of the Administration, be built of brick or timber, and in the latter case lined with either weatherboard or asbestos cement, a decision had been made to erect timber framed houses clad in asbestos to reduce the cost of construction. The Department of Works and the Administration were guided by the Committee for the Design of Tropical Buildings which had recommended that local dwellings should be erected on piers, but this recommendation also had an effect on the cost of construction, particularly as it restricted the choice of the economic use of alternative materials. Q. 1268 Q's. 1284 to 1295

290. We were informed that brick houses on concrete flooring had been erected for staff personnel on some of the welfare settlements and had proved to be satisfactory. Consideration was being given to submissions in this respect by the Northern Territory Branch of the Department of Works but the Administration felt that, to produce the same usable spaces for living, play areas, storage and a car port, it was doubtful if the cost would be lower than that of a timber framed house on piers. Exhibit 71/35

291. It was indicated that the difference in cost between houses built for the Administration and those built by the Housing Commission Q's. 1266, and 1267

was due to the latter's lower standard of construction, smaller size and subsidised brick costs and that, among other features, the standard of electrical and plumbing installation was much higher in Administration houses. We were informed that it was only possible to restrict the cost of Administration homes to £5,300 (£450 per square) because of the low profit margins sought by the particular contractors engaged in their construction. The cost of land, which is supplied by the Administration, is not included in this figure. It was claimed that, if master builders were engaged, the price for each staff house would probably approach £6,000.

Q. 1271

Q. 1306

Q. 77

Q. 1315

292. The rent paid by the occupants of the Administration's staff houses is based on 10 per cent. of the officer's standard salary, excluding allowances, but is limited to £5. 0. 0 per week regardless of the cost of the dwelling occupied. We were informed that the low rent paid by a public servant is one of his conditions of employment by the Northern Territory Administration and may be regarded as a factor in deciding upon his real level of remuneration.

(d) Hostels

293. With the exception of two small hostels, the Northern Territory staff hostels have been operated since 1959 by Commonwealth Hostels Ltd. on behalf of the Northern Territory Administration from which it receives a subsidy to cover operational losses. The company maintains its own accounting records and submits financial returns to the Administration. The accounts of the company are also subject to examination by the Auditor-General.

Exhibit
71/7

294. During the period from 1958-59 to 1964-65 the following subsidies were paid to Commonwealth Hostels Ltd : Exhibit
71/7 and
Committee
File
1964/2/71

<u>Year</u>	<u>Subsidy</u> £
1958-59*	28,000
1959-60	38,855
1960-61	18,000
1961-62	14,000
1962-63	15,163
1963-64	3,175
1964-65	Nil

* An additional amount of £10,000, was paid to Commonwealth Hostels Ltd. for the special maintenance of hostel buildings.

The General Services Branch of the Administration has the functional responsibility for supervising the agreement with Commonwealth Hostels Ltd. and an officer in the Branch maintains a close liaison with the local manager of the company. The Branch is responsible, subject to the approval of the Minister for Territories for the determination of hostel tariffs, which were said to range from £7. 8. 0 to £8. 2. 6 weekly.

296. During the financial year 1963-64 one of the oldest hostels in Darwin, commonly known as the Town Mess, was closed. This closure was a contributing factor to the improved financial position for that year as reflected in the amount of subsidy paid. Exhibit
71/7

297. Hostel accommodation for unmarried public servants is provided in four principal centres: Darwin, Alice Springs, Tennant Creek, and Katherine. In Darwin, one hostel provides accommodation for married couples by using the larger rooms as bed-sitting rooms while single officers are accommodated in the Esplanade, Ross Smith and Abbot House hostels.

298. The only major constructional development in the period between 1958-59 and 1963-64 was the erection of a three storey brick and concrete block at the Esplanade Hostel in Darwin. This building, included in the 1961-62 Works Programme and completed in September, 1963 contains 48 single bedrooms and associated service accommodation. The Works Programme for 1964-65, included provision for the erection of a similar block at the same hostel which, when completed, would enable an existing sub-standard block to be demolished and to be replaced by further blocks.

299. The hostels at Alice Springs, Tennant Creek and Katherine provide sub-standard levels of accommodation. Two of the hostels are converted residences which simply provide facilities for the occupants to prepare their own meals while another hostel, erected in 1953 at Tennant Creek, does not provide even this facility. We were told that the Alice Springs hostel is of wartime construction with dirty, pitted concrete floors and that only recently had it been provided with septic toilets to replace external earth closets. In Katherine it is proposed to erect bachelor flats and we note that provision was made in 1965-66 Civil Works Programme for this purpose. Q. 533

(e) Office Accommodation

300. In 1957, Your Third Committee reported that accommodation, both domestic and office, had unquestionably been one of the major problems which the Administration has had to face in the post-war years and, although there had been some improvement in more recent years, the position was then still most unsatisfactory. An indication of the light in which Committee Members regarded the situation is evidenced by the statement of a Member who said, during the course of the hearing, that the office accommodation had been described to him as shocking and that, if he were a clerk, he would flatly refuse to work under such conditions.

PP No. 25
and 26 of
1958.

301. The subsequent Treasury Minute stated that a contract had been let for two new office buildings to accommodate the Department of Works and a substantial proportion of the Administration. The buildings were to be air-conditioned and, as well as representing a great improvement in the standard of accommodation, would help to overcome the then present inconvenience caused by the dispersal of branches of the Administration throughout Darwin.

PP No. 114
of 1961

302. During our inquiry, the Department of Territories stated that two modern air-conditioned three-storey office blocks had been completed in Darwin and were occupied. A third block of similar design was under construction and was expected to be completed in the near future. In addition, a further two blocks of modern offices were included in the 1964-65 works proposals and it was expected that their construction would be commenced in that financial year. However, we note that these proposals were not included in the Civil Works Programme until 1965-66.

Exhibit
71/2

303. The two new office blocks provide office accommodation for between one-quarter and one third of the Administration's staff. Despite the construction of these buildings it was expected that there would be little scope for any planned expansion by the Administration or any other department as the accommodation provided would be sufficient only for the existing staff. According to the estimate of one witness, it would take seven years to suitably accommodate all of the Administration's staff under normal conditions of financial allocation. During that time, it was expected that the staff would increase by three to four hundred officers.

Q's. 53
to 60.

Q. 507

304. Two criteria are used to determine priorities of movement from old to new buildings. The first is that the worst accommodation is to be vacated first and the second is that branches and sections should be assembled in some logical order of grouping. In response to a suggestion which we made that a special committee should be appointed to deal with the urgent priority of technical officers working in unsuitable premises, it was stated that a meeting of the Directors of the Branches concerned had been convened in order to discuss policy in respect to this matter.

Q. 500

Q. 513

305. A comparative table of the office accommodation existing in Darwin in 1957 and that existing at the 31st May, 1964, appears in Appendix No. 3 to this Report. During our inspections of the offices being used by the various Branches of the Administration we were disturbed by the conditions we found to exist generally.

Q. 501

However, we were particularly concerned over the conditions in which we found architects and draftsmen working and we were informed that these officers literally had to work with towels to avoid perspiration dripping onto their work. Officers of the Agriculture, Animal Industry Water Resources, Land and Survey and Mines Branches were also working in conditions which we feel to be indescribable. Q's 502 to 506

306. It was stated that the Administration had endeavoured to encourage private individuals to construct office buildings in return for an undertaking that the Government would seek a long term lease of the premises, but these efforts had been unsuccessful. Alternative suggestions for the provision in the immediate future of high-class prefabricated office accommodation had been considered but were only expected to result in the expenditure of considerable sums of money on a standard of accommodation lower than that required. No forward planning had been undertaken in respect of office accommodation and the Administration was unable to determine a date by which any Branch could expect its accommodation problems to be resolved. Q. 514

307. The Administration claimed that poor office accommodation has an inhibiting effect on the work output of its officers and discourages potential recruits from seeking employment in the Northern Territory. It was estimated that, in the new air-conditioned office blocks, efficiency had increased by some 30 per cent. On the other hand, it was indicated that the task of increasing the efficiency of the Service in the Territory by the provision of such a facility was formidable since the Administration was responsible for providing office accommodation for all Commonwealth Departments situated there. Q's. 496 to 499

(f) Conclusions

308. There can be little doubt that the shortage of all forms of accommodation in the Northern Territory has detracted from the area's appeal to persons considering employment there. This situation has led, in turn, to a shortage of labour, both within and without official administrative bodies and has inhibited the development of a growing community. (Paras. 257 and 307)

309. In its attempts to overcome the shortage of accommodation for people other than public servants, the Northern Territory Housing Commission is making a commendable contribution to the growth of the Northern Territory. Although the waiting list for homes which it provides stood at approximately 300 applications in July, 1964, Your Committee is mindful of the fact that the waiting time had been reduced from four years in 1960 to two years in 1964 and that at the time of our inquiry, applications for accommodation were being received at the rate of 5 to 6 each week. We also noted that by 30th June, 1965, the waiting list had increased to 450. (Paras. 265-266)

310. The confusion created in respect of the Northern Territory Housing Commissioner, who has the responsibility of administering the Housing Loans Scheme and the Northern Territory Housing Commission, an authority responsible for the provision of housing, is readily appreciated. Your Committee feels, however, that the present misnomer will be a source of growing and continuing confusion and although it was claimed that difficulties would arise in effecting a change of description for the Housing Commissioner, a determined effort should be made by the appropriate authorities to find a suitable alternative. (Para. 276.)

311. The Northern Territory Administration and the Department of Works are also to be commended in respect of the 591 staff houses and flats constructed between 1st July, 1957 and 30th June, 1964, compared with 820 built previously. However, Your Committee is disturbed to find that staff houses are currently being built to designs approved early in 1959, although homes of an entirely different design, built by the Housing Commission, have apparently proved to be acceptable accommodation for officers of the Administration located on Welfare settlements. We cannot emphasise too strongly the need for the planning authorities concerned to give continuing attention to changes being made in the designs and construction of houses for use in tropical areas. In this regard we would invite attention to the Annual Report of the Director of War Service Homes for 1963-64, where, at Page 18, there is shown a drawing of a "modern, compact home", designed by the Division's Brisbane Office, of a type similar in the main elements of design to staff houses which we inspected in Darwin but using a variety of materials. The report stated that the Division is constantly revising its designs and preparing new designs to keep abreast of modern trends. We would strongly commend this attitude to the Interdepartmental Committee for the Design of Tropical Buildings which, we noted, was reconvened in 1961 to consider further, in the light of later developments, the recommendations it had formulated in 1959.

312. Your Committee notes that the Committee for the Design of Tropical Buildings was established following a Report published by Dr. R. R. McPherson of the National Institute for Medical Research, London. That Report, entitled "Environmental Problems in Tropical Australia" included the following pertinent comment :-

PP No. 25
of 1958

"Large numbers of small buildings of flimsy construction perched on high stilts incline to give an air of impermanence, and to suggest that their occupants are but temporary dwellers who will depart as soon as possible. There is some danger that these insubstantial buildings will linger on to become slums. They may be a successful expedient as a temporary measure, but from past experience, the permanence of the temporary is known only too well." Referring to the practice of building houses on piers, Dr. McPherson stated :-

"The advantage of building on stilts is that it provides a space beneath, which is available as living space, playing space, storage space, garage space, laundry space and a repository for rubbish. It seems strange that those who advocate building on stilts for the sake of coolness did so, not on the grounds that the elevated house received more breeze, but that it was cooler to live under the house. When it was pointed out to them that it was strange to build a house and then live in the dirt beneath it, they replied that they did nothing of the kind, that the ground beneath the house had been covered with cement and that some sort of walling had been placed about it.- in other words, they had built a two storey house. Measurements of air temperatures in houses and other dwellings showed that in the case of two-storey dwellings, the upper storey would be one or two degrees higher than the lower and much the same difference appeared in houses on stilts and the space beneath it." Your Committee is of the opinion, that in the implementation of the future building programme, the Administration and the Department of Works should consider the views of Dr. McPherson. (Paras 278-280 and 283-289).

313. Your Committee is concerned at the failure of the Administration to draw upon the experience of the Northern Territory Housing Commission in an effort to reduce the cost of staff houses. Whilst recognising that valid cost comparisons between different types of houses constructed in the same area are difficult to achieve without making considerable adjustments - timber framed asbestos clad staff houses constructed on piers for the Administration appear to be higher in cost per square than brick houses constructed by the Housing Commission. This is a circumstance at variance with the general experience of Committee Members when considering housing cost differentials in the States of the Commonwealth. The evidence disclosed that the Administration invites tenders for 10 houses per contract, on the ground that this results in more competitive tenders, whilst the Housing Commission, which abandoned the practice of inviting tenders for 10 to 15 houses in May 1964 in preference for a large group of 62 houses, achieved a reduction of £150 per house from the tender price available under the small group system. It was claimed that the Administration and the Housing Commission are catering for a different type of demand and that there is no duplication of design and building functions. However, Your Committee, noting that the Housing Commission employs architectural consultants whilst the Department of Works employs its own architects and noting the disparity in costs to which reference has been made, concludes that a strong case exists for the establishment of an effective and continuing liaison between the Administration, the Department of Works and the Housing Commission to ensure that minimum housing costs consistent with housing requirements in the Northern Territory are achieved. (Paras. 260, 261, 271, 286-291).

314. Whilst Your Committee is conscious of the many difficulties inherent in the task of overall administration of the Northern Territory, we feel that in some fields, particularly hostel accommodation, an earlier shift in emphasis would have done much to obviate the present problems. For example, hostels at Katherine, Tennant Creek and Alice Springs were described to us as not providing acceptable standards of accommodation but we note that the 1964-65 and 1965-66 Civil Works Programme contained no provision for the erection of hostels at these centres. Indeed, the only major hostel development since the time of Your Third Committee's inquiry has been centred in Darwin. (Paras. 293-299)

315. During our inquiry, we were informed that two air-conditioned office blocks had been constructed, and a third was under construction. Two further blocks of similar design had been proposed in the 1964-65 draft works proposals, but an examination of the approved 1964-65 and 1965-66 Civil Works Programmes reveals that the proposed blocks were deferred. We appreciate that the works programme must be contained within the limit of available funds and we accordingly will not comment on this deferment. However, we are anxious that a realistic assessment should be made of the relative accommodation needs of the various branches and Departments when further office space becomes available. We note that a meeting of Branch Directors had been convened to consider future policy in respect of this matter. We trust that these meetings will be of a regular nature and will result in the early movement of officers such as architects who have found it necessary to work under extremely uncomfortable conditions. We also hope that the deliberations of the Committee will not produce priorities which will result in the further movement of purely administrative branches to new air-conditioned offices while the present accommodation arrangements of architects and technical officers continue to prevail. (Paras 300-307)

CHAPTER VII - FINANCIAL CONTROL, STORES ACCOUNTING
AND INTERNAL AUDIT

(a) Accounting Procedures

316. Your Third Committee reported that, following strong criticism by the Auditor-General in 1955, an officer of the Public Service Board had conducted an investigation into the accounting organisation and methods of the Administration. The investigating officer found that the methods and systems being used were outdated. He recommended that unnecessary records should be eliminated and that accounts work performed in other Branches should be transferred to the Accounts Branch. He also recommended that a Manual of Accounts Instructions be prepared and a formal staff training scheme introduced. Your Third Committee was informed that steps had been taken to implement the recommendations of the investigating officer but the transfer of certain accounting activities had been deferred until the delivery and installation of new accounting machines was effected.

PP No. 25
and 26 of
1958.

317. The Auditor-General stated in his Report for 1963-64 that reference had been made in his previous Reports to measures taken by the Administration to improve efficiency through training courses for staff, Organisation and Methods reviews and the issue of procedure manuals. These activities had been maintained throughout 1963-64 but the resultant benefits had been partly offset, as in the past, by the departure of experienced officers and the difficulty in attracting suitable replacements.

Report of
the Auditor-
General,
1963-64.

318. During our inquiry, the Department of Territories claimed that the lack of accounting control referred to by the Auditor-General had been remedied as far as possible and that in recent years the standard of financial statements presented to the Auditor-General had been accepted as generally satisfactory but more extensive dissection under each head of expenditure had been developed in an effort to further improve the position. This dissection, together with more extensive use of machine recording, was expected to improve the accuracy of estimating and the control of expenditure.

Exhibit
71/2

319. We were informed that the accounting procedures used were being constantly subjected to review and in many instances the staff had been able to cope with an expanding volume of work without recourse to the creation of additional positions. Improvements in accounting techniques since 1957 had included :-

Exhibit
71/19

- (i) The employment of modern accounting machines and an addressing machine, which were purchased in 1958.
- (ii) The introduction and development of an effective liabilities register which had since enabled a reconciliation to be made between cash expenditure, outstanding requisitions and the total liability incurred. The register was to be machine posted as from 1st July, 1964, enabling forward commitments to be recorded under 455 sub-items of expenditure instead of the earlier record of 72 items. This procedure would permit, for example, the budgeting of expenditure on Wards maintenance to be made on a settlement basis instead of a Territory-wide basis.

- (iii) Monthly returns had become available to each Branch Head within a few days of the end of each month, informing them of the detailed break up of each appropriation and the expenditure and liabilities incurred.
- (iv) A punched card sorter had been introduced, in conjunction with punched cheque forms, to process the 70,000 cheques issued during each year.
- (v) Since 1st May, 1964, the Sub-Treasury ledgers have been centralised in Canberra, where they are maintained on a computer system, allowing summaries of receipts and expenditure to be transmitted by teleprinter to Canberra each day. This system replaces that under which receipt and expenditure figures were posted each day to the Darwin Sub-Treasury Ledger and a trial balance transmitted by teleprinter to Canberra each month.
- (vi) A central costing section has been established in the Finance Branch and all financial statements for business type projects are prepared in that section.
- (vii) The sundry debtors ledgers of Alice Springs accounts have been transferred to that centre, resulting in more prompt recoveries of accounts.
- (viii) Warrant Authorities for appropriations under the control of the Northern Territory Administration are now issued direct to the Authorising Officer in Darwin, providing him with the complete control of funds.
- (ix) A Manual of Accounting Procedure, which was prepared in 1957 and revised in 1963, has been issued to each officer of the Finance Branch.

320. To assist the Administration in the field of financial control, the Department of Territories conducted a methods investigation in 1963 and was currently devising a plan to facilitate the presentation of estimates. The manner in which sub-items

Q. 98

of expenditure of business undertakings were recorded was also being reviewed and the Department felt that, by the time these matters were resolved, there would be other areas in which assistance would be provided.

321. Although it was claimed that there had been a good deal of improvement in financial administration, it was said that the Finance Branch was still finding great difficulty in avoiding arrears of work. This was so, despite the fact that, after the 1963 methods investigation made by the Department of Territories, it had been reported that the accounting techniques in use were satisfactory and that no fundamental changes were needed to improve the system of financial control. C. 95

322. The numerous difficulties inherent in the administration of the affairs of the Northern Territory were instanced again during evidence given in respect of the accounting machinery which had been installed. We were informed that the company which supplied the punched card sorter was unable to provide a maintenance service and consequently the Administration had sought assistance from the Departments of Army and Civil Aviation. As a result, the latter department had found it necessary to send a technician to the Melbourne office of the Company which had supplied the machine in order to train that officer in the servicing of punched card sorters. C. 1155

323. We were informed that the Finance Branch experiences the same difficulties as other Branches in the recruitment of trained staff. However, the Branch does not conduct training courses for its existing staff but depends upon external institutions such as the University of Queensland and the Australian Society of Accountants. At the time of our inquiry, five officers of the Branch were undergoing courses in accountancy. C. 1161

(b) Preparation of the Estimates

324. In reviewing the procedures adopted in the preparation of the Estimates of Expenditure by the Northern Territory Administration, Your Third Committee compared the processes adopted in that Territory with those in the Territory of Papua and New Guinea. Current practices in each of these areas are products of government policy and we have previously stated that the scope of this inquiry has been limited to exclude consideration of such matters. Your Third Committee also discussed the question of the review of the Estimates by the Northern Territory Legislative Council but we have declined to discuss this subject for the same reason. The provisions of Section 37 of the Audit Act, which permits approved transfers of available funds between items of a sub-division of an appropriation are no longer applied and the question of the form of the Estimates is being considered as part of the general review of the Budget Documents which commenced with Your Committee's Eighteenth Report. For those reasons, our inquiry has been directed solely to an examination of the procedures adopted in the preparation of the Estimates by the Northern Territory Administration and an assessment of the accuracy of the Estimates resulting from the adoption of those procedures.

PP No. 25
and 26 of
1958.

325. We were informed that the activities of each Branch of the Administration had increased to the extent that it had been necessary to hold regular conferences between senior officers of the Branches in order to co-ordinate the functions of the Administration. It had also been necessary to establish a financial planning and programming

Q. 1239

unit to control major programmes of expenditure involving two or more Branches, such as expenditure required under recent social welfare legislation involving the Branches of Welfare, Agriculture, Animal Industry, Forestry and Water Resources. The demand for increased co-ordination and financial control had become evident in recent years when the Estimates of Expenditure were being prepared during the absence of many officers on recreation leave.

326. To ensure that estimates of expenditure are prepared as accurately as possible, instructions have been given to all Branches of the Administration on the principles to be observed in the control of public monies and the need for adherence to the approved programme of expenditure unless good reasons exist for it to be varied. In addition, during preparation of the Estimates, officers of each Branch are required to observe certain rules and instructions. These include :-

Exhibit
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- (i) Each item of proposed expenditure must appear in a comparative table indicating expenditure for the current year and the remainder of the appropriation.
- (ii) Items involving new policy should not appear in the estimate unless the policy has been approved by competent authority.
- (iii) Explanations should be provided if an estimate for the ensuing year varies significantly from the estimate for the current year.
- (iv) Estimates of proposed expenditure on plant and equipment must indicate whether the item comprises an initial purchase or is a replacement and the purpose for which it is required. If the purchase is to replace another item of equipment, information must be submitted on the findings of the Board of Survey.

327. We were informed that the Parliament requires the Estimates of the Northern Territory Administration to be prepared under 72 headings, or items. However, the Administration has sub-divided these items into an increasing number of sub-items which, by 1964, numbered 506. We were informed that this sub-itemisation provided the means of achieving greater financial control by revealing the level of commitments and remaining funds in much greater detail at any time during the financial year. Q. 1238

328. The Northern Territory Administration's Estimates of Expenditure for the ensuing financial year are required to be forwarded to the Department of Territories by 15th March and in order to satisfy this requirement, the Assistant Administrator has directed that Branches must submit their estimates to the central administration not later than the 20th February. It was explained that this date had been stipulated in order to allow sufficient time for the Branch estimates to be initially examined within the Administration and to also allow time for the Department of Territories to submit the Estimates to the Minister, for approval, before being forwarded to the Treasury. Despite the early date set for the Branches, amendments are permitted up to a date later in the financial year although such amendments are discouraged. Q's. 1232 and 1237

329. Upon the receipt by the central administration of the estimates prepared by a Branch, discussions are arranged between the Assistant Administrator, (Administration, Services and Finance), Branch Head, Finance Officer, Estimates Officer and the Branch Administrative officer to ensure that items included in the draft estimates can be justified and to receive any additional Exhibit 71/17

information which may be required. The final decision concerning the priority of items proposed for inclusion in the Estimates is made by the Assistant Administrator, subject to the approval of the Administrator and policy determinations made by the Minister for Territories.

330. An examination of the relevant Budget Documents for the financial years 1963-64 to 1965-66 reveals the information presented in the following table. (Appropriations and expenditure in respect to capital works and services have been excluded and to more clearly indicate underexpenditure from each appropriation, expenditure from Treasurer's Advance has been deducted.)

Appropriation
Acts, 1963-64
and 1964-65
Appropriation
Bill (No. 1)
1965-66.

TABLE NO. 12

**APPROPRIATIONS AND EXPENDITURE OF FUNDS UNDER
CONTROL OF THE DEPARTMENT OF TERRITORIES**

1962-63 to 1964-65

Submission	1962-63		1963-64		1964-65	
	Appropriation	Expenditure	Appropriation	Expenditure	Appropriation	Expenditure
	£	£	£	£	£	£
<u>Legislative Council</u>						
Salaries and Payments in the nature of salary	12,200	8,890	17,000	14,499	15,900	15,455
Administrative Expenses	28,500	26,143	37,750	32,359 (1)	41,400	34,112
Total	40,700	35,033	54,750	46,858	57,300	50,170
<u>Northern Territory Services</u>						
Salaries and Payments in the nature of salary	1,794,300	1,789,380 (2)	2,081,000	2,049,051 (3)	2,298,000	2,294,988
Administrative Expenses	351,700	337,357 (4)	415,400	410,651 (5)	492,700	476,956 (6)
Welfare of Wards	1,577,000	1,297,387	1,607,000	1,519,918 (7)	1,643,000	1,600,598
General Services	1,938,600	1,755,114 (9)	2,160,900	2,073,086 (10)	2,675,600	2,571,966 (8)
Stores & Material*	132,100	107,689	50,100	48,790	-	-
Total	5,793,700	5,206,927	6,314,400	6,101,496	7,109,300	6,944,528
GRAND TOTAL	5,834,400	5,321,960	6,369,150	6,148,354	7,166,600	6,994,698

* Not sums provided and expended after allowing for appropriations for Administration Branches.

NOTE: Treasurer's Advance Expenditure has been deducted from the figures to the following extent :-

(1) £740 (2) £3,850 (3) £17,950 (4) £13,396 (5) £1,706 (6) £5,840 (7) £2,690 (8) £12,866 (9) £4,371 (10) £29,538

331. Some of the more significant amounts underexpended, together with the results achieved in other years, are illustrated in the Table below.

TABLE NO.13

APPROPRIATIONS UNDER THE CONTROL OF THE DEPARTMENT OF TERRITORIES

SELECTED ITEMS OF UNDEREXPENDITURE

1962-63 TO 1964-65

Item	1962-63		1963-64		1964-65	
	Appropriation	Expenditure	Appropriation	Expenditure	Appropriation	Expenditure
	£	£	£	£	£	£
Maintenance of Wards at Government settlements	667,000	563,718	740,000	663,226	760,000	743,505
Maintenance of Wards on pastoral properties	100,000	79,360	95,000	89,848	110,000	109,759
Assistance to Missions	601,000	490,644	590,000	589,934	590,000	589,789
Educational Services (Aborigines)	75,000	43,903	70,000	65,083	75,000	60,114
Animal Industry Branch Operational Expenses	42,500	36,422	85,000	85,000*	93,000	87,376
Lands - Administration and survey	92,700	66,436	130,000	116,081	135,000	102,561
Corporation of City of Darwin Subsidy	176,000	152,081	215,000	190,835	215,000	214,591
Victuals for Welfare and other establishments	400,000	164,415	410,000	185,190	225,000	148,781
Building materials	40,000	9,084	40,000	34,630	60,000	59,973
Clothing, blankets and beddings	100,000	59,524	95,000	59,262	70,000	62,670
Motor transport - spare parts and accessories	91,000	23,504	90,000	48,102	23,000	22,990
Other general stores	182,100	127,349	255,000	172,546	80,000	61,937

* Excludes expenditure of £1,871 met from Treasurer's Advance

332. Explanations in respect of many of the underexpended items have been sought by this Committee during other inquiries. These tables have been prepared in order to support our conclusions upon the degree of accuracy achieved by the Administration in the preparation of the annual Estimates of Expenditure.

(c) Stores Accounting

333. Your Third Committee reported that the inadequacy of the control of stores by the Administration had been the subject of a number of critical references by the Auditor-General. In 1950, the state of the stores and the stocktaking records was such that the Treasury approved the abandonment of the records and the opening of new records based upon stocktakings as at 30th June, 1949. By 1953-54, the situation had again deteriorated to an extent which prompted critical comments by the Auditor-General in 1954-55 and in 1955-56. At the time of Your Third Committee's inquiry, the Administration was in the process of making substantial changes in the procedures and arrangements for purchasing, holding and controlling stores and equipment. At that stage, centralised purchasing had been commenced, the ledger control of stock had been transferred from individual Branches to the Administrative Branch, a stores vocabulary and list of stockholders had been introduced. The Administration was also in the process of establishing a central store.

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and 26 of
1958.

334. The subsequent Treasury Minute stated that a central stores organisation had been established, stores accounting instructions received and, at the time the Treasury Minute was submitted, machine accounting for stores was being introduced.

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of 1961

335. We were informed that the Stores Branch is controlled by the Superintendent of Stores who is directly responsible to the Assistant Administrator (Administration, Services and Finance). Two stores depots exist, one at Alice Springs and one

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at Darwin, and both contain sections responsible for purchasing, stores control, stock ledgers, stocktaking and warehousing.

336. The purchasing section at Darwin is responsible for the procurement of all stores and the arrangement of services for the northern areas. but also has the function of letting contracts for both the northern and southern areas of the Territory. The Alice Springs purchasing section procures stores under the provisions of Treasury Regulation 52 which provides for the acquisition of works, supplies and services by public tender. The stores control sections at both centres are responsible for the replenishment of store stocks, the disposal of surplus stores and the shipping of stores to, from and within the Territory. The stock ledger sections are responsible for documents relating to the costing of stores and for recording issues made to Branches.

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337. The Superintendent of Stores indicated that, on his arrival in 1958, the stores organisation was seriously understaffed and badly organised. The stores accounting procedures being implemented at that time were inappropriate and the accounting records were in arrears. A reasonably adequate staff structure had not become available until 1961 but, since 1962, a great deal of work had been done and the stage had been reached where the procedures were felt to be satisfactory.

Q. 1213

338. All accountable items of stock are taken on charge by stockholders whose records are verified at six monthly intervals with a master copy maintained in Darwin. Stocktaking is conducted annually and, after the correction of discrepancies which can be dealt with on the site, the stock sheets are

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forwarded to the stocktaking section in Darwin for final reconciliation.

339. We were informed that, although the stores accounting procedures were adequate, the situation relative to the stocktaking of stores was not satisfactory. A reconciliation of the stock-taking results and stock records had not been made for the years up to 1961 and, although a large effort would be required in an attempt to achieve such a reconciliation, there could be no guarantee of a successful result. Indeed, it appeared that it would never be possible to fully reconcile the earlier figures.

Q's 1215A
and 1216

340. The Audit Observer, Mr. Johnson, stated that his officers were concerned about the long delay in effecting the reconciliation of the 1961 results of stocktaking. His Office was anxious to obtain an assurance that this matter would receive special attention because, until the problem was resolved, it could not be said that under any circumstances a satisfactory state of affairs existed.

Q. 1214

341. The problem of reconciling earlier stocktake figures was subsequently amplified in the 1963-64 Report of the Auditor-General where it was stated that the Treasury had agreed to accept the results of the 1960 stocktake of the Central Store as the basis of new ledger stock cards. In the following year and using the results revealed at the 1961 stocktake, the Administration instituted a machine posting system for the Central Store ledger records. Difficulty had been experienced in reconciling the 1961 results with the previous records and the Administration had advised that it proposed to approach the Treasury for acceptance of

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the Auditor-
General
for
1963-64.

the 1961 stocktaking results as the basis for the machine posted records.

342. In a subsequent submission to Your Committee, the Department of Territories advised that approval had been obtained from the Treasury to adopt the 1961 stock ledger figures as opening balances. A copy of the Department of Territories' submission to the Treasury, indicating in greater detail the reasons for and the nature of the discrepancies, appears in Appendix No. 3 to this Report.

Committee
file
1964/2/71

343. Mr. Temby informed us that there appeared to have been a marked improvement in the storekeeping and stocktaking procedures. Although the actual reconciliation of the stocktake was still in arrears, the Administration had advised that it expected the reconciliation of stock figures to June, 1963 to be completed by the end of 1964. In his Report for 1964-65 the Auditor-General stated that the stocktaking programme is generally up to date.

Q. 95

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General for
1964-65.

344. The introduction of machine accounting in Darwin in 1961 has made possible the production of a stock movement journal indicating the nature of unsatisfied stores requisitions and stores on order which have not been received. A comparison of bin and ledger balances is also provided and an immediate indication given if stocks fall below the level of minimum requirements.

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345. Conjointly with the introduction of the machine system of recording, a new system of documentation had been introduced to permit the system to operate at optimum efficiency. However, we were informed that the effective application of the stores accounting procedures is impeded by the difficulty in obtaining suitable staff throughout the year. The general problem of staff availability is accentuated within the Stores Branch

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since any delay in handling requisitions influence the efficiency of other Branches.

346. It was stated that the positions of stock-taker in the Branch were previously classified at a level of one salary range above the base grade of the Third Division of the Public Service staff structure and considerable difficulty had been experienced in filling the positions. The Public Service Board had down graded the positions to the level of Clerical Assistant, Grade 4, thereby providing Fourth Division Officers with an opportunity to apply for promotion to the positions. Although a number of applications had been received for these positions, the situation was still unsatisfactory and had been further aggravated by provisions making available extended recreation leave to officers of the Administration in Darwin.

347. At the time of our inquiry, the Stores Branch had a continuing problem with sub-standard office and storage accommodation. However, it was expected that sufficient storage space would become available by an early date in Darwin and by November, 1964 in Alice Springs. The question of sub-standard office accommodation had been deferred in 1963-64 but it was hoped to complete air-conditioned accommodation for the Stores Branch staff in Darwin by October, 1965. The office accommodation needs of the Alice Springs staff were also expected to have been adequately catered for by that date. We note that the Commonwealth Civil Works Programme for 1965-66 contains the following details of each of these proposals :-

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TABLE NO. 141965-66 CIVIL WORKS PROGRAMMEDEPARTMENT OF TERRITORIESCommonwealth
Civil Works
Programme
1965-66WORKS IN PROGRESS

	Amount Authorised	Expendi- ture to 30.6.65	Expendi- ture in 1964-65	Balance Remaining for Further Expenditure at 30.6.65
34. Darwin - Central Store - Erection of additional store building	49,967	4,958	4,958	45,009
54 Alice Springs - Central Store - Extensions, erection of office block and inflammable store building - (Stage 2)	55,773	55,760	42,858	13

(a) Internal Audit

348. Your Third Committee noted that the Auditor-General had criticised the lack of internal checking in certain Branches of the Northern Territory Administration. A schedule of permanent positions in the structure of the Administration indicated the existence of an Internal Audit Section consisting of four positions of which three were nominally occupied. However, none of the occupants was engaged on Internal Audit work. Your Third Committee also noted the considerable difficulties encountered by the Administration in efforts to secure a suitable officer to fill the position of Senior Internal Auditor and concluded that the need to forego a system of effective internal control threw into relief the difficulties facing the Administration because of delays in obtaining new and experienced staff.

PP No. 25
and 26 of
1958.

349. The Treasury replied by subsequent Minute that the Department of Territories had reported strenuous and persistent efforts, in conjunction with the Public Service Board, to overcome shortages of staff. The Department had found that in some categories, the situation, although more pronounced in the Territory, was symptomatic of a general shortage of staff throughout the Public Service. The Treasury Minute continued that the Internal Audit Section had been seriously affected by the recurring shortage of qualified accounting officers. Frequent interchanges of staff between that Section and the Finance Section had been necessary in order to keep the senior internal audit positions occupied and

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of 1961.

consistent efforts had been necessary in order to fill the other positions in the Section.

350. The internal audit establishment in 1957-58 provided for positions of Senior Internal Auditor, an Assistant Senior Internal Auditor and two Audit Clerks, but these positions were occupied during only 35 per cent. of the time. By 1963-64, the establishment had been increased to eight by the addition of three positions of Audit/Relief Clerk whose services were to be shared between the Audit Section and the Welfare Branch. These three positions were created to permit the conduct of field audits during the dry season and to provide relieving officers during the remainder of the year. However, the eight positions on the establishment were expected to be occupied, during 1963-64, for only 70 per cent. of the time due to the large staff turnover within the Section. With one exception, all of the occupants of the positions at 30th June, 1963 had been promoted to other Branches or Departments.

Exhibit
71/21

Q. 993

Exhibit
71/21

351. We were informed that the existing audit staff establishment was regarded as reasonably adequate but that, in order to permit a bi-annual audit examination of welfare settlements, it would be necessary to either alter the proportion of time allocated to the audit function by the Audit/Relief Clerks or to secure a small increase in the internal audit establishment. However, it was believed that, if the record then achieved by the Audit Section could be maintained, no adverse comment would be made by the Auditor-General in this respect.

Q's 974,
999 and
1000

Q. 1001

Q. 1003

352. During 1963-64, the original Audit Manual of 11 parts and the programme of internal audit was replaced by a new Manual comprising 24 parts which contains a complete programme of quarterly audits and includes rules and instructions for the guidance of auditors. The new Manual was said to be sufficiently comprehensive to permit an internal auditor to proceed alone to a remote area and to carry out an audit which would be acceptable to the Commonwealth Audit Office.

Exhibit
71/21

353. It was stated that accountancy qualifications, although considered desirable, are not specified as a pre-requisite when applications are called for positions on the internal audit staff. Avenues open to audit officers seeking to improve their knowledge were said to include a study of the Audit Manual and attendance at weekly gatherings of audit officers during which the work of the Audit Section is reviewed. A number of officers in the Audit Section were undertaking external courses in accountancy.

Q's. 979,
989 - 992

354. The Audit Observer, Mr. Johnson, stated that his office was reasonably satisfied with the performance of internal audit. No reference was made to this matter in the Report of the Auditor-General for 1964-65.

Q. 1003

(e) Sundry Debtors

355. Your Third Committee did not report specifically on the subject of the Administration's sundry debtors but the attention of Your Committee was drawn to the matter during its examination of the Report of the Auditor-General for 1962-63. During that examination it was found that outstanding accounts owing to the Administration at 30th June, 1963 totalled £156,524, being primarily amounts owed in respect of electricity supplies £103,951, water supplies, £13,530 and sanitation services, £9,883. It was found that the Administration was conscious of the need to reduce the amounts outstanding and that appropriate action was being taken in this respect.

FP No. 47
of 1964

356. The Report of the Auditor-General for 1963-64 stated that the Administration's Sundry Debtors Ledger had been expanded to include new categories of debtors, including those of the Cold Store and the Animal Industry Branch. The balance of accounts outstanding at 30th June, 1964 was £174,997 of which the principal classes of debtors were for electricity supplies, £122,530, water supplies, £13,491 and sanitation services, £4,938. Audit representations had been made from time to time concerning the lack of controls in the recording of debts and the delay in the recovery of outstanding amounts. The Administration had advised the Auditor-General of measures taken to overcome the deficiencies, which included the re-organisation of the Recovery Section and the employment of additional staff.

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the Auditor-
General for
1963-64.

357. We were informed that Sundry Debtors Ledgers are maintained in the Finance Branch in Darwin and in the District Office at Alice Springs. The ledgers consist of a loose leaf system and are maintained largely by the use of office and accounting machines. Detailed instructions had been issued in respect of the procedures to be used in the collection of accounts but the instructions merely amplify normal accounting procedures. Each debtor is forwarded an account which, during preparation, simultaneously produces a debit posting to the ledger card, and each payment made by a debtor is acknowledged by a receipt which is posted as a credit entry to that card.

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71/15

358. We were also informed that the Administration had a very wide range of debtors and that the method of recovery of outstanding accounts was, from time to time, subject to variation by legislative process. This was stated to be one of the difficulties encountered in the recovery of debts.

Q.1176

359. It was stated that a large proportion of outstanding accounts were debts owing by people who had left the Territory or who had left the premises where the charge was incurred, but that the number of courses open to the Administration to recover outstanding accounts, such as letters of demand and court summonses, was limited.

Q. 1197

Q. 1198

360. Although instructions have been issued to officers of the Accounting Branch that no transactions may be conducted with debtors after the Crown Law Officer has been requested to initiate recovery action, the Department bears the ultimate responsibility for the writing-off of irrecoverable debts. However, after legal action has commenced, certain circumstances may render

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71/15

impractical any proposed efforts to determine the matter. For example, all court judgements are issued as quickly as possible but subsequent action depends upon the despatch with which the Bailiff is able to effect the service of the court process.

361. To cater for circumstances in which attempts to recover outstanding accounts prove unsuccessful, delegations of authority to write-off losses or deficiencies of public moneys have been made to the following extent :-

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	<u>Administ- rator</u>	<u>Assistant Administ- rator (Administ- rator, Services & Finance)</u>	<u>Finance Officer</u>
(i) Losses or deficiencies of public moneys and irrecoverable over-payments.	£20	£5	-
(ii) Irrecoverable amounts of revenue or irrecoverable debts	£40	£20	£5

362. If the circumstances surrounding an outstanding account exceeding £10 suggest that it would be appropriate to write-off the debt, the views of the Chief Auditor in the Northern Territory on the proposals must be sought. If that officer has no objection to the proposal, a submission seeking to write-off the debt is forwarded to the officer holding the required delegation. If the debt is of an amount which exceeds the delegated authority of the Administrator, a submission is made to the Secretary of the Department of Territories requesting that he obtain the Treasurer's approval to write-off the amount involved.

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363. In a submission tendered to Your Committee subsequent to the hearings, the Administrator supplied the following information :

Committee
File
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Number of electricity disconnections
in 1963-64 200

Number of water disconnections in
1963-64 76

Request in 1963-64 to the Crown
Law Officer to initiate legal
action in respect of sewerage
charges 47

Details of outstanding accounts
written-off since 1960-61:-

	<u>1960-61</u>	<u>1961-62</u>	<u>1962-63</u>	<u>1963-64</u>
	£	£	£	£
Water	232	136	159	231
Electricity	194	606	309	675
Sewerage	10	10	27	48
Cold Stores	-	3	-	-

364. In his Report for 1964-65 the Auditor-General stated that satisfactory ledger controls are now operating and that progress had been made in the preparation of age analyses and in the reduction of balances on overdue outstanding accounts.

Report of
the Auditor-
General for
1964-65.

(f) Conclusions

365. The evidence indicates that the Administration is endeavouring to implement progressive ideas in the utilization of modern machine accounting methods, the establishment of revised accounting procedures and the publication of procedure manuals. Notwithstanding these efforts, the Administration is constantly handicapped by a shortage of staff and it appears that, no matter how strenuously efforts are made to overcome the arrears of work in the Finance Branch, these difficulties will continue until the staff strength maintains stability at a high level throughout each year. Matters other than staff strengths have also impeded effective financial control. For example, in an attempt to deal more promptly with accounts information, a punched card sorter has been employed to process the annual issue of 70,000 cheques but the Administration has been obliged to seek assistance from another Department for servicing facilities which local private enterprise is unable to supply for this machine. After considering these difficulties, Your Committee is satisfied that a sufficiently determined effort has been made to establish the means of providing prompt and accurate financial information. (Paras. 316-323)

366. Despite the requirement that the Estimates of Expenditure should be prepared in respect of approximately 70 items and the Administration's own further division of these items into 506 sub-items of expenditure, the estimates for the years 1962-63 to 1964-65, excluding capital works and services, have proved inaccurate to the total extent of some £905,000. If expenditure met from the Advance to the Treasury is taken into account the extent of

the inaccuracy approaches £1,000,000. It was suggested to Your Committee that the lack of adequately skilled staff was contributing to the failure to achieve a more satisfactory result in the preparation of the Estimates. However, the Estimates are subjected to a joint examination by a number of senior officers of the Administration and Your Committee is disturbed to note, for example, that while the total of the Appropriations for the three years 1962-63 to 1964-65 on "Victuals for Welfare and Other Establishments", amounted to £1,035,000, they were overestimated by approximately £537,000. Your Committee believes that the degree of accuracy attaching to the preparation of the Estimates in respect of certain items of expenditure over the last three years is completely unacceptable. In this regard Your Committee would again enunciate the principle that sound estimating by any Department requires the careful assessment of its needs in the preparation of its original estimates, the provision of increased funds in the Second Appropriation to meet changed circumstances and recourse to expenditure from the Advance to the Treasurer to meet emergency payments only. The evidence received during our inquiry indicates that there is sufficient competition between the Branches of the Administration to justify a demand for an assurance that a realistic assessment of the requirements of all Branches of the Administration will be made in the formulation of the Estimates. (Paras. 324-332)

367. The Administration has adopted a practical approach in revising its storekeeping and stock accounting procedures, deficiencies in which appear to have been a contributing factor to the unsatisfactory result of the 1961 stocktake. In his report for 1963-64, the Auditor-General indicated that after 1961 the results of stocktaking and the reconciliation of the results with inventory balances were

generally satisfactory. The necessity to seek the approval of the Department of the Treasury to the adoption of the 1961 stocktake results as a basis upon which the subsequent stores records were to be built is, however, a matter of concern to Your Committee. This has not been the first occasion upon which such steps have been necessary although, after the appointment of a Superintendent of Stores, it does not seem likely that the situation will again deteriorate. However, Your Committee will refer to future reports of the Auditor-General for any indication that further difficulties have arisen in respect of stocktaking and stores accounting. Your Committee notes with approval that the earlier problem of an ineffective internal audit system has been resolved and that the Auditor-General is reasonably satisfied with the performance of the internal audit programme. (Paras. 333-354)

368. Although the Auditor-General has criticised the delay in the recovery of outstanding accounts, it does not appear from the evidence that the fault is that of the Administration. The promptitude with which the Administration may employ legal processes in attempting to recover outstanding accounts is governed by legislation and the extent to which the processes may be employed is also limited. Despite these difficulties, debts written-off in the four years to 30th June, 1964, amounted to only £2,500 while, in the same period, receipts of the water, electricity and sewerage undertakings amounted to some £3,500,000. Notwithstanding the limited sum lost to the Commonwealth in the four years, Your Committee trusts that the Administration will continue its efforts to ensure that the number of debts written-off is kept to a minimum, and notes with satisfaction the most recent comments by the Auditor-General that satisfactory ledger controls are now operating and that progress has been made in the preparation of age-analyses and in the reduction of balances on overdue outstanding accounts. (Paras. 355-364.)

CHAPTER VIII - BUSINESS UNDERTAKINGS AND PUBLIC UTILITIES

369. Your Third Committee noted that the Fourteenth Report of Your First Committee, which dealt with the 1952-53 Supplementary Estimates and Section 37 variations, disclosed some of the Administrative problems which had arisen from the dual control, by the Department of Works and the Northern Territory Administration, of the electricity and water supply undertakings and the Darwin cold store. Your First Committee felt that the system of dual responsibility led inevitably to administrative frustrations and that the arrangement should be terminated and a single authority established as had been done with the Australian Capital Territory Electricity Supply.

PP No. 26
of 1958
and PP No.
12 of
1954.

370. Your Third Committee also recorded the comment of the Treasury Minute relative to Your First Committee's Report in which it was stated that the Department of Territories agreed with Your Committee's conclusions but that it did not have the technical resources to operate and maintain electricity, water and cold store undertakings. The Department was examining the possibility of establishing an independent authority for electricity, on which consumers would be given representation, as an alternative to continuing the service entirely as a Government undertaking. The relevant portion of the Treasury Minute concluded that the Darwin cold store had operated for defence purposes during the war and had been administered subsequently by the Administration. However, the Department of Territories favoured the disposal of the Cold Store to private enterprise and was pursuing the matter, with Treasury approval, with this object in view.

PP No. 36
of 1954.

371. Your Third Committee was informed that a proposal to lease the cold store to private enterprise, on a short term basis, had been rejected by the Minister for Territories who had directed that the operation of the cold store should continue as a public utility. It found, however, that the administration of the cold store had been complicated by the interests of the Department of Navy which had retained ownership of the asset. It considered that the matter should be subject to review. PP No. 26
of 1958

372. Your Third Committee reported that the question of whether Trust Accounts might be established as working accounts, for the undertakings generally, in lieu of the existing system of annual appropriation, could well be examined in the light of the recommendations of the Thirty-Fourth Report on the Trust Fund. Generally, the accounting for the various undertakings had been unsatisfactory, had attracted criticism from the Auditor-General and satisfactory balance sheets for the undertakings had not been available at the time of Your Third Committee's visit to Darwin. The consensus of opinion among witnesses had been that the undertakings should be administered under a single control but the problems which a single authority might face in attracting and holding suitable technical staff, the form that such an authority should take and the role to be played by municipal bodies, were all questions which were delaying the change.

373. Your Third Committee was also informed that the Administration proposed to erect repair shops for the maintenance of its vehicles. It suggested that before construction of the workshops commenced, the estimated cost of which was £77,000, a full investigation should be made to ensure that there would be no duplication of facilities and PP No. 26
of 1958

organisation in Darwin for the maintenance and repair of Commonwealth owned transport. That Committee also noted that the accounts of the Darwin bus service, which the Administration had operated since 1942, had been found by the Auditor-General to be unreliable and inadequate. From 1st July, 1957, the bus service had been financed through a new Trust Account, instead of being financed jointly with Staff Hostels through the Northern Territory Services Trust Account.

374. The subsequent Treasury Minute stated that the accounting arrangements for the various undertakings had been improved and that financial statements for the year 1959-60 had attracted no adverse comment by the Auditor-General. The existing arrangements for ownership and control of the Darwin cold store had not hampered the operation of the undertaking but were being kept under review in relation to the possible future development of the store. The Minute continued that the Administration's central transport pool had been in operation for some time and was working satisfactorily. The workshop facilities had been reviewed at an interdepartmental conference in 1958 and as a result, the proposal to erect a workshop for the Administration was modified. Accommodation for garaging, lubricating and minor servicing of vehicles had been provided and the Department of Works had agreed to undertake all major repairs and overhauls. A reserve of vehicles for the Administration had also been provided to facilitate the arrangements. The relevant portion of the Treasury Minute concluded that a separate Trust Account for a bus service had been established with effect from 1st July, 1957, but the Treasury saw no need for Trust Accounts for the other business undertakings of the Northern Territory Administration.

PP No. 114
of 1961

375. Upon reviewing the inquiries discussed above and the conclusions drawn as a result of those inquiries, it was felt by Your Committee that the activities and administration of each of the undertakings, together with an enterprise not previously examined, viz., the Housing Commission Brick Works, should be subjected to a further examination to ascertain later developments. Each of the undertakings is discussed separately below.

(a) The Darwin Cold Store

376. We were informed that from 1st July, 1964, the control and operation of the Darwin Cold Store was to be transferred from the Department of Works to the Administration. Although the responsibility for management would be vested wholly in the Director of the General Services Branch, the Store would remain the property of the Department of Navy and any questions of major alteration to the Store would need to be referred to that Department.

Exhibits
71/2 and
71/9

377. After the opening of export abattoirs at Katherine and Darwin, the limitations of available space in the Cold Store made necessary the construction of an export annexe which was completed in July 1963. The annexe, which is capable of holding 1,000 tons of palletised boneless beef, was built under an arrangement with Northern Meat Exporters Pty. Ltd. and leased to that organisation for five years. A proposal was approved by the Government that the company should pay a sum of approximately £14,000 per annum for the first two years of the lease and £21,000 per annum thereafter. It was felt that £21,000 charged for the annual rental of 1,000 cubic tons of space would compare favourably with similar charges in the Southern cities.

Q's. 905
and 906

378. Due to the regular delivery of frozen goods to Darwin, a number of wholesalers and retailers have erected their own cold stores. It was suggested that if this trend were to continue, the number of customers of the Commonwealth Cold Store must necessarily decrease unless some new industry requiring such facilities was established in Darwin.

Q's. 912
and 917

379. The Supplementary Report of the Auditor-General for 1962-63 referred to the Administration's failure to submit trading statements for the Cold Store for that year. We were informed that this failure was due to the shortage of staff and an accounting problem concerning the revaluation of the Store but it was expected that the accounts would be produced much earlier in 1963-64. However, we note that the accounts concerned were not available for audit at the time of the preparation of the Auditor-General's Supplementary Report for 1963-64 and that, in his Report for 1964-65, the Auditor-General indicated that after receiving the accounts he had returned them to the Administration for consideration of audit queries. The Auditor-General, in his latest Report, has indicated also that it did not appear likely that the financial statements for 1964-65 would be available in time for comment to be included in his Supplementary Report for that year.

Supplement-
ary Report
of the
Auditor-
General for
1962-63

Supplement-
ary Report
of the
Auditor-
General
for 1963-64
and Report
of the
Auditor-
General for
1964-65.

380. It was stated that an assets register is maintained in respect of the Cold Store and that depreciation, calculated on individual items recorded in the register and interest on the value of the Commonwealth's investment at a rate of 5 per cent. per annum is included in the financial statements. However, some difficulty appears to have been experienced in reconciling capital and non-capital expenditure. It was explained that the Department of Works administers the appropriation for capital

Q. 923

Q's. 931
and 933

expenditure and that it is difficult for the Administration to reconcile the expenditure under that vote with the assets to be recorded in the financial statements.

Q's. 931
and 933

381. We were informed that the Administration has been conscious of the trading losses incurred in the operations of the Cold Store in recent years and that a continuous review is maintained in respect of operating costs. Improvements which had been planned for 1963-64 were expected to result in a substantial reduction in costs but approval had been received from the Minister for Territories to maintain the existing level of charges and to accept an annual loss until 30th June, 1965, by which date it was expected that no further losses would occur.

Exhibit
71/9

In this respect we note that although detailed financial statements are not available currently, the Auditor-General's Report for 1964-65 reveals cold store revenue and expenditure figures of £58,645 and £47,617 respectively in 1963-64 and £63,660 and £45,792 in 1964-65. In 1962-63, the revenue and expenditure figures stood at £43,379 and £47,824 respectively.

Reports of
the Auditor-
General for
1962-63,
1963-64 and
1964-65.

(b) Northern Territory Water Supply Undertakings

382. We were informed that the Northern Territory Administration is responsible for water supplies at Darwin, Adelaide River, Pine Creek, Katherine, Daly Waters, Newcastle Waters, Elliot, Tennant Creek and Alice Springs and that the undertakings are operated by the Department of Works for the Northern Territory Administration. The Department of Territories is responsible for policy, finance and business management and the Department of Works for technical design, operational management and maintenance, provision of technical staff and accounting for operational and capital expenditure.

Exhibit
71/12

It was stated that no further consideration had been given recently to the question of diverting the operational responsibility for the water supply undertakings from the Department of Works to the Administration, or of setting up a statutory body to manage and control that function. Problems impeding the transfer of the undertakings to the Administration included the need for access to highly skilled engineering personnel who were not available within the Administration. An investigation was being made into a proposal for a substantial and costly expansion of the Darwin water supply and it was felt that any proposed transfer to the Administration should be deferred, at least until the expansion of the service had been effected, otherwise access to the engineering personnel of the Department of Works would not be available.

Exhibit
71/2 and
Q. 257

384. All water for Darwin has been obtained from a catchment area of 52 square miles controlled by a single dam which impounds the head waters of the Manton River, 42 miles from Darwin. Four elevated steel tanks in the Darwin area and two in the suburbs have a total capacity of 1,050,000 gallons. Two other ground level tanks exist with a combined capacity of 5,500,000 gallons. A further elevated tank with a capacity of 500,000 gallons is under construction, but we were informed that it would be necessary to augment the existing supply by 1965 if the population continued to grow at its present rate. We were also informed that the first stage of the Darwin augmentation programme had been placed before the Parliamentary Public Works Committee in 1963. A portion of the programme relating to the reticulation system was approved and funds were provided to connect the existing reticulation system to a source of underground water located 20 miles from Darwin. It was estimated that the newly connected supply would provide one million gallons

Exhibit
71/12

of water each day and it was hoped that further supplies would be available from that source.

385. No serious water shortages had occurred Q. 1066
in Darwin but it had been necessary to impose
restrictions for some years in Alice Springs as
the existing water supply at that centre was
inadequate. We were informed that the Alice
Springs water supply was derived from seven storage
tanks with a combined capacity of 870,000 gallons
but that investigations had located supplementary
sources, bores had been sunk and the reticulation
of the new source into the town supply had been
partially completed. It was stated that the
townships of Adelaide River, Daly Waters, Elliot,
Newcastle Waters, Pine Creek and Tennant Creek
are each supplied with water drawn from bores.
The Katherine water supply is drawn from the
Katherine River to be stored in tanks with a
combined capacity of 50,000 gallons and provision
had been made in the 1964-65 draft works programme
to permit an extension of the water supply to the
Katherine abattoirs. Exhibit
71/12

386. We were informed that the combined
cost of capital works in all centres on water
services has been as follows in recent years.

TABLE NO. 15

CAPITAL EXPENDITURE ON NORTHERN TERRITORY WATER SUPPLY UNDERTAKINGSExhibit 71/12
and Committee
File 1964/2/71

1958-59 TO 1964-65

Nature of Expenditure	1958-59 £	1959-60 £	1960-61 £	1961-62 £	1962-63 £	1963-64 £	1964-65 £	Total £
Bores and Wells	5,986	19,868	12,656	23,478	204,572	21,439	1,177	289,176
Pumping Equipment	2,657	144	1,830	1,235	70,054	128,395	26,178	230,493
Storage Facilities	12,394	1,283	8,985	4,710	40,775	25,663	3,792	97,602
Extension of Mains	91,840	39,447	50,491	31,895	10,728	104,702	155,769	484,872
Meters	9,568	1,967	6,797	5,762	7,139	9,421	8,891	49,545
Augmentation of Alice Springs Water Supply	-	-	-	-	-	147,324	37,873	185,197
Investigation of proposed augmentation of Darwin Water Supply	-	-	-	-	-	10,814	10,381	21,195
TOTAL	122,445	62,709	80,759	67,080	333,268	447,758	244,061	1,358,080

387. It was explained that the higher figure of expenditure in 1962-63 was attributable to the provision of a reticulated water supply at Tennant Creek, the increase of pumping facilities at Manton Dam and the construction of a 500,000 gallon storage tank at Rapid Creek, Darwin. Exhibit 71/12

388. Between 1958-59 and 1961-62 the water supply undertaking in Darwin provided a profit but a loss was incurred in 1962-63. All other centres had incurred losses between 1958-59 and 1962-63 with the exception of Alice Springs which earned a profit in 1962-63. The statistics provided in respect of this centre indicate that the income of the water supply undertaking increased from £12,146 in 1958-59 to £26,143 in 1962-63 and that the number of consumers increased in the same period from 826 to 1,172. However, costs fell from £26,421 to £24,849. It was suggested that the improved trading results were due to more properties in the town being properly metered and to economies resulting from the improvement of the water supply system. Exhibit 71/12 Q. 1073

389. The financial statements of the water supply undertakings were not available for audit at the time of preparation of the Auditor-General's Report for the financial year 1962-63. We were informed that difficulties in this respect were being overcome and that the Administration was confident that the statements for 1963-64 would be available at an earlier date. The assets register relating to the water supply undertaking had been reconciled in respect of the three financial years preceding 1963-64 but difficulty was being experienced in arriving at a reconciliation of values recorded prior to that period. We note, Q. 1074

however, that the financial statements were again not available for audit at the time that the Auditor-General's Report for 1964-65 was being prepared.

390. The financial information available to the Committee indicates that, after aggregating income and expenditure figures in all towns in which water supply undertakings were operating, profits totalling £26,406 were derived over two years and losses totalling £41,825 were incurred over the remaining three years. We were informed that it was the intention of the Administration that the undertakings should eventually make neither a profit nor a loss but that, in the meantime, an attempt was to be made to achieve this aim without regard to interest charges on capital or the depreciating value of assets. Q. 1079

(c) Northern Territory Electricity Supply Undertakings

391. There are six electricity supply distribution systems located in the Northern Territory, five of which are jointly operated by the Department of Works and the Northern Territory Administration. The sixth system, which supplies electricity to the township of Tennant Creek, is operated by a private mining company, Peko Mines, N.L., under an agreement with the Administration. Electricity in Darwin is supplied from a steam turbine generating station with a diesel station maintained on a stand-by basis, while four other diesel stations are operated at Alice Springs, Elliot, Katherine and Pine Creek. Exhibit 71/10

392. The terms of the agreement for joint administration of the electricity undertakings provide for the Administration's responsibility for policy, finance and commercial management while the Department of Works bears the responsibility for technical design, operational management and the recording of operational and capital expenditure. In regard to the desirability of joint control Exhibit 71/10

of the undertakings, we were informed that the supply of electricity was closely allied to the ultimate development of the Northern Territory and that the Government wished to retain control for that reason. However, the witness felt that eventually some form of separate authority must be established. We were later informed that, in fact, a Bill providing for the creation of an Authority to administer the electricity, water supply and sewerage undertakings was being considered by the Northern Territory Legislative Council but an examination of the debates of the Council reveals that the Bill was withdrawn.

Q. 934

Q. 940

Debates of
the North-
tern Territ-
ory Legis-
lative
Council.
3rd November
1964

393. It was indicated that the provision of electricity to the township of Tennant Creek was under the terms of a "gentleman's agreement" but the witness was unaware of any specified tenure of the agreement. However, there existed close liaison between the Administration and representatives of Peko Mines, N.L., and matters of common interest were kept under constant review.

Q's. 942 -
943

394. We were informed that the supply of electricity to rural areas was made available through a rural electrification scheme under which a consumer may guarantee to purchase a specified minimum amount of energy. If a consumer was prepared to enter into such an agreement, the Government would extend the service to the consumer's property and would meet up to 75 per cent. of the capital cost of the supply within the first five years.

Q's. 939
and 968 to
970.

395. It was indicated that prior to 1st January, 1964, a variety of rates were charged throughout the Northern Territory for the supply of electricity but that after that date the rates had been rationalised to a common level. The rates for domestic consumers were revised to a level of 5d. for the first 250 units and 3½d. for all other units consumed while commercial consumers rates were altered to 5d. for the first 5,000 units and 3½d. thereafter.

Q's. 947-
951

396. The Administration submitted that the growth of the demand for the supply of electricity has been reflected in the capital expenditure on electricity services. This is shown in the following tables.

TABLE NO. 16
CAPITAL EXPENDITURE ON NORTHERN TERRITORY ELECTRICITY SERVICES
1958-59 TO 1964-65

Exhibit 71/10
 and Committee
 File 1964/2/71

£

Location	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	Total
Darwin	107,351	165,717	845,705	1,052,493	307,758	221,056	196,150	2,896,230
Alice Springs	40,443	65,279	14,446	72,064	19,148	20,100	21,201	252,681
Elliot	-	-	-	-	4,101	21,897	976	26,974
Katherine	6,372	6,802	6,457	2,493	28,786	15,606	151,648	218,164
Pine Creek	-	-	-	-	5,428	19,450	914	25,792
Tennant Creek	805	3,343	4,758	6,210	257	4,901	4,492	24,766
TOTAL	154,971	241,141	871,366	1,133,260	365,478	303,010	375,381	3,444,607

Exhibit
 71/10 and
 Committee file
 1964/2/71

397. The demand for electricity in three of the centres supplied by the Administration is illustrated in the following table.

Exhibit
71/10 and
Committee
File
1964/2/71

TABLE NO. 17
GENERATOR CAPACITY AND DEMAND FOR ELECTRICITY
1958-59 TO 1963-64

	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64
Darwin						
Installed Capacity	6,770	6,770	6,770	7,810	22,780	21,420
Maximum Demand	4,920	5,590	6,350	6,950	7,700	9,400
Alice Springs						
Installed Capacity	1,982	2,266	2,266	3,356	3,356	3,785
Maximum Demand	1,390	1,560	1,830	1,800	2,295	2,620
Katherine						
Installed Capacity	450	471	471	471	963	960
Maximum Demand	220	250	280	380	450	725

Note: No figures are available for the financial year 1964-65. The reduction of "installed capacity" at Darwin during the financial year 1963-64 was due to a decrease in the operational efficiency of the generating plant.

398. The Report of the Auditor-General for the financial year 1962-63 indicated that the financial statements of the electricity undertakings were not available when that Report was being prepared. Report of the Auditor-General for 1962-63

Questioned on the delay in presentation of the statements the witness stated that the problems impeding their early preparation had been partly overcome. Q. 959

A primary difficulty was said to be the failure to reconcile the asset register relative to the electrical undertakings but every endeavour was being made to secure from the Department of Works complete records of capital expenditure in order to afford a more ready reconciliation at the close of each financial year. However, we note that the Report of the Auditor-General for the financial year 1964-65 again indicates that the financial statements were not available for audit by the time the Report was being prepared. Report of the Auditor-General for 1964-65.

(d) Northern Territory Sewerage Undertakings

399. The Northern Territory Administration is responsible for the provision of water-borne sewerage systems in Darwin and Alice Springs, the operation of which is undertaken by the Department of Works. Under an arrangement similar to those relating to the electricity and water supply undertakings, the Administration is responsible for policy, finance and business management while the Department of Works is responsible for technical design, operational management, the provision of technical staff and the dissection of operational and capital expenditure. Exhibit
71/11

400. The construction of a sewerage system was commenced in Darwin during 1949 and by 30th June, 1963, a total of 2,666 parcels of land had been gazetted as land which was, or would be, connected to the system. However, no figure could be given on the number of buildings which had not been connected to the sewerage system as the available statistics were derived from sewerage areas in which properties attract a sewerage rate regardless of whether or not they are connected to the system. It was indicated that sewerage areas are continually subjected to inspection by officers of both the Department of Health and the Administration and where existing septic or other toilet systems are found to be unsatisfactory, action is taken to have the property connected to the sewerage system. Some owners, however, had found difficulty in obtaining finance to connect their premises and consideration was being given to the provision of financial assistance under certain circumstances. N's. 1042
and 1043

101. In some rapidly expanding areas of Darwin, Exhibit
such as the suburbs of Nightcliff and Rapid Creek, 71/11
the laying of sewerage mains had kept ahead of
service demands and it had been possible to provide
a connection to each building as it was erected.
Due to the growth of the sewerage system, however,
it had been necessary to construct several pumping
stations and outfalls and to obviate further recourse
to this form of expansion, a central sewerage scheme
utilising a single outfall was being constructed.

102. Stage 1 of the Alice Springs sewerage scheme Exhibit
which provided a sewerage system to the older parts 71/11
of the town area, was completed in 1961. During the
same year, construction of a sewerage system for the
remainder of the town area was commenced. It was
stated that this system would ultimately be extended
by stages to provide services for a population of
10,000 people. The fourth and last stage of extending
the Alice Springs system was tentatively planned for
commencement during the financial year 1965-66 but
an examination of the Civil Works Programme reveals Civil Works
that no portion of the original sum of £50,000 Programme
authorised in 1964-65 for the implementation of stage 1965-66
3 of the project, was expended in that financial year.
Financial statements relative to the sewerage under-
takings reveal figures summarised in the following
table :

TABLE NO. 18
NORTHERN TERRITORY SEWERAGE UNDERTAKINGS
CAPITAL EXPENDITURE
1958-59 TO 1964-65

Committee File
 1964/2/71

	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	Total
Darwin	49,609	72,474	144,426	41,902	82,951	88,906	67,575	547,843
Alice Springs		-	-	48,897	91,488	87,536	24,516	328,497
TOTAL	49,609	72,474	144,426	90,799	180,439	176,442	162,151	876,340

TABLE NO. 19
NORTHERN TERRITORY SEWERAGE UNDERTAKINGS
RECEIPTS AND EXPENDITURE
1960-61 TO 1962-63

Exhibit
71/11

	Darwin				Alice Springs	
	1960-61	1961-62	1962-63	Total	1962-63	Grand Total
Receipts	22,101	11,318	15,541	48,960	120	49,080
Expenses other than maintenance	10,823	14,803	14,315	39,941	5,254	95,040
Maintenance Expenses	13,243	16,799	19,803	49,845		
Total Expenses	24,066	31,602	34,118	89,786	5,254	95,040
Loss	1,965	20,284	18,577	40,826	5,134	45,960

403. We were informed that the substantial fall in receipts in the financial years 1961-62 and 1962-63 was due to a successful legal challenge made by a Public Servant on the right of the Administration to levy sewerage rates in respect of premises which he occupied and that as a result of the Courts decision, the charges had been written back. When questioned on the accumulated losses as at 30th June, 1963, the witness indicated that there was no intention on the part of the Administration to write off the losses but that, until the sewerage system was established and its administration stabilised, it was felt that the existing level of rates should be maintained.

Q's. 1046-1047

404. It was claimed to be impossible to establish a level of rates other than that which existed until experience revealed the level of operations which would be economic. The witness suggested that the system may continue to operate at a loss until rates for the service were reviewed but that the losses were to a great extent balanced by the reduction of health hazards in the communities concerned.

Q. 1049

405. As already indicated, the evidence received Q. 1050 in respect of the electricity and water supply undertakings revealed that a primary impediment to the early production of financial statements was the difficulty in reconciling the values recorded in the assets registers and the figures of capital expenditure recorded by the Department of Works. We were informed that no similar difficulty existed in respect of the assets register relative to the sewerage undertakings but we note that, in common with those other undertakings, the financial statements were not available for audit when the Report of the Auditor-General for 1964-65 was being prepared. Report of the Auditor-General for 1964-65

(c) The Transport Branch of the Northern Territory Administration

406. Although only a section of the activities of the Transport Branch, viz., the Darwin Bus Service, conducts transactions with the public, the accounts of that section form an integral part of the Northern Territory Transport Trust Account. For this reason, we have included the activities of the Transport Branch in this Chapter.

407. We were informed that a central Transport Pool was established in 1958 whereupon all vehicles used by the Northern Territory Administration, including the fleet of the Darwin Bus Service, were placed under the control of the Transport Section of the General Services Branch. The Transport Pool was also charged with the responsibility for providing general workshop facilities. In June, 1961, the Transport Section was detached from the General Services Branch, after being accorded Branch status and this development was followed in July, 1963, by the creation of a Central Transport Pool the function of which was to cater for the transport requirements of all Commonwealth authorities in the Northern Territory, except the specialised needs of such bodies as the Exhibit 71/18

Department of Civil Aviation, in respect of fire-fighting vehicles, and the armed services. Otherwise the Branch provides services comparable with the existing transport pools in the capital cities. Activity in the Branch's workshops is restricted to the maintenance of vehicles and to light repairs but major repairs had been affected by the Branch until 1959 when it was decided that such work could be more efficiently carried out by the Department of Works. The Branch operates workshops for service and minor repairs at both Darwin and Alice Springs, together with stores at both depots for the issue and control of spare parts. We were informed that of 73 staff members 6 are stationed in Alice Springs. Q. 756

408. It was indicated that the moves to establish the Central Transport Pool originated in a major investigation of Commonwealth transport facilities which was sponsored by the Government and the Public Service Board in 1958 and in which the Department of the Treasury played an active part. The establishment of the Pool was in accordance with policy adopted throughout Australia in respect of the use of transport pools and the rationalisation of workshop facilities. Q. 759

409. It was stated that the Central Transport Pool commenced operations in July, 1963 with 440 Administration vehicles and 39 vehicles taken over from other Commonwealth Departments throughout the Northern Territory. Staff shortages in the Pool had precluded the takeover of all vehicles in the categories for which the Pool was created but, in an improving situation, the Branch was, in March, 1964, seeking Ministerial approval for an increase of 177 vehicles in its establishment. Exhibit 71/8

410. In regard to the capacity of the Central Transport Pool to cope with increasing demands for transport facilities, it was stated that generally the Branch had been able to perform adequately its function with the existing number of vehicles. The Q. 764

original Pool had commenced operations in 1958 with approximately 240 vehicles but after the vehicle establishments of the various Branches were decided, the number of vehicles required by the Administration had increased to 406. It had only been possible to restrict the number of vehicles to this level due to various Branches being unable to fill positions on their staff establishments. This situation had enabled the Transport Branch to manipulate its vehicle allocations between the Branches of the Administration but more recently there had been an increasing need for additional vehicles. In this respect, we note that, after purchasing 174 vehicles and disposing of 112 during 1963-64 the fleet of vehicles numbered 534 as at 30th June, 1964. In the following financial year, 142 vehicles were acquired and 101 sold with the result that the strength of the vehicle fleet grew to 575 at 30th June, 1965.

Report of
the Auditor-
General for
1963-64.

Report of
the Auditor-
General for
1964-65.

411. Expenditure incurred in providing Government transport facilities in the Northern Territory is indicated in the following tables which have been extracted from the Report of the Auditor-General for the financial year 1964-65.

TABLE NO. 20
EXPENDITURE FROM THE CONSOLIDATED REVENUE FUND ON
GOVERNMENT TRANSPORT FACILITIES
1963-64 AND 1964-65

Report of
the Auditor-
General for
1964-65

£		
	1964-65	1963-64
Division No. 878-5, Item 33 - Estimated loss on operation of the Darwin Bus Services	15,000	25,000
Division No. 878-3, Item 02 - Acquisition of plant and equipment	236,825	196,439
	251,825	221,439

412. Transactions of the Northern Territory Transport Trust Account were as follows.

TABLE NO. 21 :
TRANSACTIONS OF THE NORTHERN TERRITORY TRANSPORT
TRUST ACCOUNT
1963-64 AND 1964-65

Report of the
 Auditor-
 General for
 1964-65

£

	1964-65	1963-64
Balance at 1st July	27,994	..
Receipts -		
Parliamentary Appropriations -		
Division No. 971, Item 12		25,000
Division No. 878-5, Item 33	15,000	25,000
Operation of central motor transport pool and the Darwin bus services	454,682	585,261
	469,682	635,261
	497,676	635,261
Less -		
Transfers to Revenue -		
Department of Territories -		
Unrequired balances of trust accounts	140,000	170,000
	357,676	465,261
Expenditure -		
Operations of the central motor transport pool and the Darwin bus services	319,387	437,267
Balance at 30th June	38,289	27,994

413. The Northern Territory Transport Trust Account was opened on 1st July, 1963 and the Northern Territory Bus Services Trust Account was closed during 1963-64. In accordance with section 41D of the Audit Act, the Department of the Treasury had requested the Administration to submit to it the form of commercial accounts which it proposed to adopt in respect of the Central Transport Pool's operations. In a subsequent submission to Your Committee, the Department of Territories advised that the Department of the

Report of
 the Auditor-
 General for
 1963-64.

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Treasury had approved of the proposed form of accounts but we note that the Auditor-General, in his Report for the financial year 1964-65, had referred the accounts for 1963-64 back to the Transport Branch for consideration of certain observations by the Chief Auditor regarding important aspects of principle.

Report of
the Auditor-
General for
1964-65.

414. It was stated that the accounting system adopted in respect of transport operations had been the outcome of a visit by two officers of the Administration to Canberra and Melbourne during which the accounting systems operating in the transport pools at those centres were examined. As a result of the examinations, the accounting system used by the Department of Supply had been adopted but with certain modifications made necessary by conditions peculiar to the Northern Territory.

Q. 795

415. It was explained that the subsidy on the operations of the Darwin Bus Service revealed in the financial statements (see Division numbers 878 and 971 in Table No. 21.) was applied in order to limit bus fares to a reasonable level. The only sources of revenue derived from the operation of the Darwin Bus Service were fares paid by the public and sums recouped from the Education Branch in respect of the carriage of schoolchildren. The Education Branch was charged 2/3d. per mile and schoolchildren 3d. for each journey, but it was felt that while the existing rate prevailed, the Education Branch was not meeting an equitable share of the costs incurred in the transport of schoolchildren. An approach was to be made to the Education Branch to increase its contribution from £10,000 to £27,000 per annum. The bus service was, however, expected to incur greater losses in the future than those previously incurred due to the increasing demand placed upon it for

Q. 783

Exhibit
71/8

Q. 777

Exhibit
71/8

416. We concluded our examination of the transport aspect by referring to the subject of the private garaging of Commonwealth vehicles. We were informed that the number of approvals to garage vehicles privately had been reduced to 48 in recent years and that restrictions which had been applied were proving effective. Those approvals which had been given stemmed from the philosophy that a vehicle was simply a tool to assist an officer in the performance of his duties, since on many occasions, officers were called upon in an unexpected and urgent manner. However, no apprehension was felt about the manner in which vehicles garaged privately might be used.

Q's. 1106
to 1108

(f) The Northern Territory Housing Commission
Brickmaking Establishment

417. Subsequent to our Hearings in Darwin we received from the Chairman of the Northern Territory Housing Commission a submission relating to the Housing Commission Brickworks. This submission indicated that the decision of the Housing Commission to enter into the field of brickmaking was taken with a view to providing bricks at a reasonable cost and to cause a reduction in the price of cement bricks which, in 1960, was approximately £40 per thousand. The decision was also made because of the local industry's inability to meet a large and rapidly growing demand. The original plant was of a small and partly second hand nature, but the bricks manufactured with the plant brought about a reduction in general brick prices to approximately £30 per thousand. The production achieved also enabled the Commission to maintain a reasonable supply of bricks to its contractors. Due to the difficulty in securing satisfactory labour and the rapidly deteriorating equipment, the establishment gradually became less efficient and more costly to

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operate. Accordingly, the Commission decided to re-organise the plant on a much larger scale using automatic equipment as far as possible, after which it became apparent that a reasonable stock pile of bricks would be available to overcome any shortages in outside industry. It was also expected that, with experience and greater production, the costs of operating the establishment would be reduced.

418. The submission showed that the costs of re-establishing the plant, after deducting the value of bricks produced during the period of re-establishment, amounted to £19,326. It also showed that costs, including a provision for breakages and royalty payments for the use of Crown land, would equate with revenue at a production level of £1,750,000 per annum and a selling price of £26 per thousand. The submission referred to a suggestion for the disposal and sale of the establishment and indicated that as other brick manufacturers had commenced operations in Darwin, future brick supplies would be more plentiful at competitive prices. It suggested that consideration should be given to disposal of the plant after a two year stock-pile of bricks had been produced but that the terms of sale of the establishment would need to include unqualified guarantees that the Commission's requirements would be available for at least five years at a rate not exceeding £25 per thousand bricks.

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419. Subsequently the Housing Commission made available a later report on the brickworks by Professor F. J. Willet and Mr. G. T. Bills. The terms of reference were to examine the importance of the Housing Commission brickmaking plant as part of the total Darwin brickmaking industry and

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to recommend on the future of the enterprise. In particular, they were asked to consider whether the plant's brickmaking activity should continue or should cease immediately, or at some later date, and if so, whether the plant should be sold. The report discussed, in some detail, the various factors to be considered in deciding upon the question and four alternative solutions were offered. These alternatives were :-

- (i) Expansion of the enterprise
- (ii) Sale
- (iii) Establishment of a clay brick industry;
and
- (iv) Use of other materials.

420. The report indicated that each alternative had some disadvantage which arose from the fact that the scale of operation necessary to ensure economic operation and high levels of quality was close to the forecast demand for bricks and that there was some inevitable degree of monopoly in all of the proposals. It was, however, recommended that the development of a clay brick industry should be the first consideration of the Commission. It was considered that such a course of action would be of the greatest benefit to the city of Darwin although the economic viability of the project as a brickmaking operation was less assured. The report continued that should the clay brickworks fail to materialise, development and expansion of the laterite brickworks, together with concrete brickmaking by a private firm, would be the next preferred alternative and as a third choice, the Winnellie brickworks should be modernised by the Housing Commission and its production increased to an economic level of operation of approximately 1.5 million bricks per annum. However, it was felt that this course would create serious management problems.

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421. The suggested alternative course relative to the expansion of the brickmaking plant is significant. In this respect the report stated :-

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"It is clear that, at present, the capacity of Winnellie brickworks is needed in Darwin. It is necessary as a standard of quality, as a colour variant in building schemes that would otherwise be dominated by the dead monotony of concrete bricks, and increasingly it will be needed as a source of supply as the building programme develops. We could make no reliable estimate of production capacity available among builders who make their own bricks: this is probably quite high but there is evidence that the builders would prefer to use the skills and labour demanded for this on other tasks and that they are therefore content to see specialist concrete brick manufacturers grow up. The two or three specialist firms will not have adequate capacity to meet all the demands and their quality standards are marginal. Without the capacity of the Winnellie works brick prices would rise once again. Exploitation of the present capacity to produce laterite bricks and the addition of cement brick manufacturing capacity of equal volume would lead to an efficient and economic brickworks which would fully justify and support a full time manager. We believe that this expansion could take place on the present site and that there is adequate demand. Though this would solve the economic problem of the brickworks, it would have other consequences of less advantage to the Housing Commission and to Northern Territory Administration. Creation of a virtual Government monopoly in a town which is

already dominated by Government as is Darwin could be undesirable. We believe that it would be contrary to the Northern Territory Administration policy of diversification and civilianisation. There would be delicate problems in respect of the two or three private firms who have already invested in high capacity concrete brick plants, and Government may have serious inhibitions about acting efficiently and competitively when to do so would eliminate its smaller rivals. Moreover, for this solution to succeed, it would be necessary for the Commission to attract and hold a competent industrial manager. The Government has so many demands on its resources that it may be reluctant to commit a further £27,000 to its brickmaking investment. It may also wish to reduce its present responsibilities and, indeed, it would be well advised to do so, if alternative solutions are possible".

422. We were informed during the inquiry that the cost of producing bricks at the Housing Commission plant during 1963-64 had been £34. 12. 0 per thousand. Production had amounted to over 700,000 bricks, which was sufficient to meet the Commission's needs but, with extra staff, the production figures could reach 2,000,000 bricks per annum. The bricks were made available at £26 per thousand and the difference between that figure and the cost of £35 per thousand was allocated among the contracts as a Commission cost. Q's. 673, 674 and 683.

423. It was indicated that while no opportunity had been given to the Housing Commission to reduce its brick costs by supplying bricks to the Northern Territory Administration, the Housing Commission Q. 675

would not favour such a suggestion. The Commission did not feel that it should participate in the brickmaking industry.

424. It was stated that there were several small concerns in Darwin, all of which produced cement bricks. However, the Commission required a stabilised soil brick and those produced by the Commission plant had been tested and found to be quite satisfactory. Q's. 678 to 682.

(g) Conclusions

425. Your Committee notes that the responsibility for the control and operation of the Darwin Cold Store was to be transferred from the Department of Works to the Northern Territory Administration from 1st July, 1964 but that the ownership of the property was to remain with the Department of the Navy. Although Your Third Committee felt that this arrangement should be ended, the Treasury Minute on the 36th and 37th Reports stated that the arrangement for the ownership and control of the Cold Store had not hampered its operation. However, in July, 1963 an export annexe to the Cold Store was constructed and it seems evident that, before construction could proceed, some approach would need to have been made by the Department of Territories to the Department of the Navy. The need for such an approach would appear to be an unnecessary restriction on the administrative flexibility of the Northern Territory Administration which is already, as a matter of Government policy, subject to directions of the Minister for Territories. Your Committee believes that this is an example of the undesirable features of joint control of Commonwealth undertakings and we repeat the substance of the recommendation of Your Committee

namely, that the present arrangement relative to the ownership of the Cold Store should be concluded and the ownership transferred to the Administration unless convincing reasons can be submitted by the Department of the Navy for the continued ownership of the premises. (Paras. 369-371, 374, 376-381)

426. The recommendations of Your Third Committee included a reference to the frustrations inherent also in the joint control of other undertakings. Despite the stated difficulties in abandoning this form of administration due to the lack of technical resources, it is suggested that the division of responsibility between two bodies is contributing to the persistent failure of the Administration to present annual financial statements on time. Questions on the late submission of the accounts of each enterprise, apart from Transport, brought replies indicating that difficulty was being experienced in reconciling the assets register for each undertaking. The failure to reconcile these registers would make a factual presentation of accounts impossible but we note that, although the Department of Works has the responsibility for recording expenditure incurred on the construction of capital assets, the Administration has the responsibility for compiling the asset registers and for arriving at a reconciliation between its own record and that of the Department of Works. This anomalous situation prompts Your Committee to suggest that the factors impeding the creation of a separate authority to control the Administration's business undertakings should be re-examined to ascertain whether the objections to the proposal raised previously are still warranted. (Paras. 369-370, 374, 383.)

427. Your Committee was informed that the supply of electricity to the township of Tennant Creek was a problem to be considered before a joint authority could be established to administer the water, sewerage and electricity undertakings. The withdrawal of a Bill providing for the creation of an Authority to administer the electricity, water supply and sewerage undertakings may well have been related to this problem.

428. Whilst the co-operation of the private authority in Tennant Creek has provided the area with electricity at attractive rates we believe that the existing arrangement may only be viewed as temporary and that capital outlay in due course must be expected as Peko Mines N.L., may not continue to supply electricity to the township indefinitely. We note that both Pine Creek and Katherine are supplied by small diesel stations and it is suggested that the construction of similar facilities can only be deferred if the Commonwealth and Peko Mines N.L. enter into a written contract defining the rights and obligations of each party. Any disinclination by the company to be so bound would give an indication of both the prospects of the township's future supply of electricity and the possible necessity to construct a diesel station at Tennant Creek. Your Committee is of the opinion that, subject to the Tennant Creek position being resolved satisfactorily and having regard to the prevailing circumstances in the Territory, further consideration should be given to the establishment of an Authority to administer business undertakings.

429. It was indicated to Your Committee that it was the intention of the Administration to write-off the losses incurred in the operation of the sewerage undertakings. However, the Administration could not provide us with the number of dwellings

in Darwin connected to the sewerage system since all parcels of land within a sewerage area attract a sewerage rate, whether connected or not; nor could we be given a satisfactory explanation of the improved trading results of the water supply undertaking in Alice Springs. Your Committee concedes that the provision of adequate sewerage and water services may be expected to incur losses in a relatively small but growing community. However, the accumulated losses between 1958-59 and 1962-63 amounted to £15,419 for the Northern Territory water undertakings and £53,895 for the Darwin and Alice Springs sewerage undertaking, between 1960-61 and 1962-63. There was no statement made of an intention to write off the water losses but, if such an intention may be inferred from the suggestion that the sewerage losses are to be written off, it would appear that appropriate action is necessary to ensure that the losses are kept to a minimum. (Paras 369-370, 382-390, 399-405)

430. The Housing Commission brickworks continue to meet the Commission's immediate requirements but has operated under difficulties which were the subject of a comprehensive report following a specific investigation. It seems significant to Your Committee that Darwin should provide an increasing demand for the output of the brickworks, and that the report disclosed that a modernisation programme with reasonable capital expenditure would double the production of bricks. We believe that closer co-operation between the Commission and the Administration and the wider use of brick supplies from the brickworks could have influenced helpfully the finances of the undertaking and possibly reduced its production costs. Accordingly, Your Committee considers that the future brick needs for Darwin should be assessed by the Northern Territory Administration and a determination made as to the advantages of the brickworks being brought under joint administrative control with the other business undertakings as referred to in Para.428.

CHAPTER IX - SUMMARY OF CONCLUSIONS AND FINDINGSINTRODUCTION

431. The widespread nature of the criticisms raised by Your Third Committee following its inquiry into the Northern Territory Administration in 1957 and the persistence of specific criticisms made by the Auditor-General some six years later caused Your Committee to resolve, in April, 1964, to inquire once more into the operations of that Administration. Our inquiry was shaped so as to include the more significant matters in respect of which Your Third Committee had found ground for criticism and matters which had continued to attract the attention of the Auditor-General. The scope of the inquiry, was limited so as to exclude the consideration of the wisdom or otherwise of Government Policy and the actions taken or that could be taken to develop the Territory. However, Your Committee recognised that an inquiry into the Northern Territory Administration must take into account the problems of Government in a large area with a sparse and scattered population and relatively undeveloped resources. (Para. 1-18)^o

DEVELOPMENT OF NORTHERN TERRITORY RESOURCES

432. Evidence submitted during the course of our inquiry and other information available shows that the approach to the development of the Territory's resources has, in recent years, undergone a substantial change. The population of the area, has increased considerably since 1957 and particularly in the past seven years, there has been a widespread and consistent application of modern investigational and research techniques to the Territory's basic resources such as the pastoral, agricultural, mining and forestry industries. Moreover, there has been a marked increase in interest shown in the area by private enterprise as evidenced in such fields as abattoir

operation, oil and mineral exploration and development. (Paras. 19-88)

GOVERNMENT OF THE NORTHERN TERRITORY

The Northern Territory Administration

433. The evidence shows that since 1957 a number of major changes have affected the administrative structure of the Northern Territory, arising mainly from the growing nature and complexity of administration. (Paras. 89-98, 170-171)
Establishment of a Public Service Inspector's Office in Darwin

434. We found that, as in 1957, the Public Service Board had not appointed a full-time resident inspector in the Territory. However, in view of the changes that have occurred in the structure of the Northern Territory Administration and which will undoubtedly continue as the complexities of administration increase and the continued operation of sixteen Commonwealth Departments in the area, not subject to the control of the Administrator but controlled from Canberra and Melbourne, Your Committee believes that the early establishment in Darwin of a full-time Public Service Inspector's Office would be beneficial to the total administration of the area and would appear to be no less justified than the establishment of such offices in the States of the Commonwealth. (Paras. 106-113 and 172)
An Administrative Arrangements Order

435. Your Third Committee considered that an Administrative Arrangements Order, along the lines of the Commonwealth Administrative Arrangements Order, was an urgent necessity for the Territory. The evidence shows that an Administrative Arrangements Order could be produced for the Northern Territory and that, in fact, a draft laws Administration Ordinance has been produced by the Attorney-General's Department, designed to obviate misconceptions about Ministerial powers in Ordinances administered in the Territory

by Departments other than the Northern Territory Administration. We were concerned, however, to learn that the proposed Ordinance had not continued beyond the draft stage, as the Minister, on the advice of the Administrator's Council, did not proceed with the matter. Your Committee is strongly of the opinion that, in the public interest, a formal, authentic statement should be published in the Northern Territory Gazette setting out the structure of the Northern Territory Administration and listing the Commonwealth Departments represented in the Territory with their respective functions under both Commonwealth and Territory law. We consider that the manner in which the functions of Departments are described in the Commonwealth Administrative Arrangements Order provides a ready precedent for such a statement. (Para. 114-125 and 173-175)

436. We find it a remarkable fact that not one officer questioned in Melbourne and Darwin linked the draft Ordinance referred to, in any way with the line of questioning put to them by the Committee. (Para. 125 and 175)

The Legislative Council and the Administrator's Council

437. Your Committee notes with satisfaction that the reconstitution of the Legislative Council, since 1959, involving wider representation and the elimination of the official majority, has resulted in an increasing amount of business handled by the Council and has afforded to proposed legislation a greater degree of analysis. Your Committee also commends the action taken to create a Legislation Section within the Administration to cope with the additional demands arising from this additional activity. We are concerned,

however, that the recently created Administrator's Council, could, if it so desired, act as a brake upon the new-found freedom of elected Members of the Legislative Council. We are also doubtful of the wisdom of the officer-in-charge of the Legislation Section where priorities for Legislation are determined, also occupying the position of Secretary of the Administrator's Council. (Paras. 126-147 and 176-177)

Remote Control of the Administration from Canberra.
438.

Whilst Your Third Committee expressed the view that an effort should be made by the Department of Territories to rid itself of the old order under which the Territory was administered by a system of remote control. Whilst an examination of the debates of the Legislative Council would not confirm the view expressed to us in evidence that the Territory is not subject to remote control, the evidence shows that there is a close liaison between the Northern Territory Administration and the Department of Territories and that when critical decisions affecting the Territory are to be made, the Administration is represented in Canberra either by the Administrator or by the Assistant Administrator. (Paras. 99-105 and 178)

LOCAL GOVERNMENT

The Darwin Municipal Council

439. In regard to local Government, the Darwin Municipal Council is the only Municipal body in the Northern Territory. Although the operations and internal administration of the Council have been improved, the functioning of the Council cannot be regarded as satisfactory and points to an urgent need to strengthen the resources of the Crown Law Office. Your Committee is also of the opinion that early attention should be given to the redrafting of Section 353 of the local Government Ordinance, that maximum assistance should be given to the Council in the drafting

of required By-laws and that the Council's "difficult financial arrangements" should be submitted to critical and effective examination. (Paras. 148-161 and 179)

Town Management Boards

440. Town Management Boards, comprising seven members, have been established in Katherine since 1960 and Alice Springs and Tennant Creek since 1961 to provide members of the community with a knowledge of local Government in anticipation of its establishment in those areas.

commend the Administration on the establishment of these Boards and trust that as other centres of population develop, the formation of further Boards will be encouraged. (Paras. 162-169 and 180)

Sponsorship of Local Government

441. As a measure to sponsor local Government a Bill to provide for the levying of rates in town areas beyond Darwin was defeated in the Legislative Council in 1958. Your Committee believes that such a Bill, unless accompanied by or forming part of a specific proposal to establish elected Local Government, is an unusual and negative form of encouragement. Your Committee believes that local Government is an essential element in the structure of Government in Australia and that the Government and the Northern Territory Administration should, by every device available to them, actively and continuously seek to promote responsible local Government in the Territory. (Paras. 169 and 182)

BRANCHES OF THE NORTHERN TERRITORY ADMINISTRATION

442. We did not undertake an exhaustive examination of the operations of each Branch of the Administration but centered our attention on the Welfare Branch and certain aspects of the Mines Branch which drew specific criticisms from Your Third Committee. We also examined.

certain information supplied to us in respect of the Agriculture and Animal Industry Branches.

(Para. 183)

Welfare Branch

443. Your Committee is not satisfied that a sufficiently vigorous attempt has been made to rectify two unsatisfactory features of the Welfare Branch's administration. A submission made by the Auditor-General reveals that only limited progress has been made in incorporating the Welfare Branch records within the Central Registry of the Administration, even though an administrative direction was given to this effect in 1958. Your Committee is also concerned that the problem of producing financial statements in respect of two cattle projects associated with welfare settlements is recognised, but no steps have been taken to separate the projects from the settlements. We expect these deficiencies to be remedied by an early date. (Paras. 184-203 and 227-228)

Mines Branch

444. The evidence relating to the Mines Branch shows that the Hatches Creek battery was not expected to re-open in the foreseeable future and was in such poor condition that it was not worthy of the services of a caretaker. Your Committee finds it difficult to appreciate why Commonwealth property has been allowed to reach such a condition. Your Committee will show interest in any future proposal that might be made that an estimated sum of £120,000 should be spent on rebuilding the battery and in proposed plans for the maintenance of the plant. Your Committee also believes that the expenditure of £36,000 incurred in establishing the Central Battery cyanidation plant may only be justified if the present recovery rate of gold continues. We will refer to subsequent Reports of the Auditor-General to ascertain the future results of the recovery process. (Paras. 204-209 and 229-231)

Animal Industry Branch

445. During our inspections of the establishments of the Animal Industry Branch we noted that the living conditions of employees at the Beatrice Hills Research Station were sub-standard. In regard to this Branch we also doubt that one full-time Port Inspector can adequately service the Darwin sea and air ports in respect of animal quarantine. (Paras. 215-221 and 233)

Agriculture Branch

446. Your Committee was disturbed to find that the office accommodation provided for the Agriculture Branch had not improved during the seven years subsequent to Your Third Committee's inquiry. With this in mind it is not difficult to appreciate that the average percentage of positions occupied in the Agriculture Branch was the lowest in the Administration. (Paras. 222-226 and THE CIVIL WORKS PROGRAMME 234)

447. In regard to the Civil Works Programme of the Northern Territory Your Committee notes that some eleven years ago the Government approved the introduction of revised programming and budgeting procedures for Commonwealth civil works and that these procedures are being fully implemented by the Northern Territory Administration. Accordingly, Your Committee is concerned to record the observation by the Director of Works, Darwin, that his Branch would like to have A, B and C Design Lists and the evidence given by a witness from the Administration that the Department of Works had not always been given sufficient information in respect of works projects. Your Committee suggests that, although the Administration is employing prescribed procedures to implement its works projects, the proposals incorporated into the annual Civil Works Programme are being subjected to such frequent amendment that the local branch of the Department

of Works is prevented from producing an orderly flow of work. Your Committee feels that the situation requires early investigation by all of the parties concerned. (Paras. 235-256)

HOUSING AND ACCOMMODATION

The Housing Commission

448. There can be little doubt that the shortage of all forms of accommodation in the Northern Territory has detracted from the area's appeal to persons considering employment there. In its attempt to overcome the shortage of accommodation for people other than public servants, the Northern Territory Housing Commission is making a commendable contribution to the growth of the Northern Territory. Although the waiting list for Housing Commission homes stood at approximately 300 applications in July, 1964, Your Committee notes that the waiting time had been reduced from four years in 1960 to two years in 1964 and that, at that stage, applications were being received at a rate of 5 to 6 each week. We also note that by 30th June, 1965, the number of applicants awaiting such homes had increased to 450. (Paras. 257-271 and 308-309)

The Housing Commissioner

449. Your Committee readily appreciates the confusion created in respect of the Northern Territory Housing Commissioner who is responsible for administering the Housing Loans Scheme and the Northern Territory Housing Commission, an authority responsible for the provision of housing. The present misnomer will be a source of growing and continuing confusion and Your Committee feels that a determined effort should be made to find a suitable alternative description for the Housing Commissioner. (Paras. 272-277 and 310)

Housing for Public Servants

450. Your Committee understands the Northern Territory Administration and the Department of Works in respect of the 591 staff houses and flats constructed between 1st July, 1957 and 30th June, 1964 compared with 820 staff houses and flats built previously. However, Your Committee is disturbed to find that staff houses are currently being built to designs approved early in 1959, although homes of an entirely different design built by the Housing Commission have proved acceptable for officers of the Administration located on Welfare Settlements. Your Committee cannot emphasise too strongly the need for the planning authorities concerned, including the inter-departmental Committee on the Design of Tropical Buildings, to give continuing attention to changes being made in the designs and construction of houses for use in tropical areas as evidenced in the Report for 1963-64 of the Director of War Service Homes. Your Committee is also of the opinion that, in the implementation of the future building programme, the Administration and the Department of Works should consider the views expressed by Dr. McPherson of the National Institute for Medical Research, London. (Paras. 278-292 and 311-312)

Housing Co-ordination

451 Your Committee is also concerned at the failure of the Administration to draw upon the experience of the Northern Territory Housing Commission in an effort to reduce the cost of staff houses. Although it is not possible to make valid cost comparisons between different types of houses without effecting considerable adjustments it would appear that timber-framed asbestos clad staff houses are higher in cost per square than brick houses built by the

Housing Commission, a circumstance at variance with the general experience of Committee Members when considering housing cost differentials in the States of the Commonwealth. The evidence also disclosed differences in tendering practices and differences in the type of architectural services used by the Department of Works and the Housing Commission and in all the circumstances Your Committee feels that there is a strong case for the establishment of an effective and continuing liaison between the Administration, the Department of Works and the Housing Commission to ensure that minimum housing costs consistent with housing requirements in the area are achieved. (Para. 313)

Hostels

452. Hostel accommodation at Katherine, Tennant Creek and Alice Springs was described in evidence as being sub-standard. Whilst Your Committee is conscious of the difficulties inherent in the task of overall administration in the Territory we note that no specific provision was made for hostel accommodation in those centres in either the 1964-65 or 1965-66 programmes. (Paras 293-299 and 314)

Office Accommodation

Two air-conditioned office blocks have been constructed in Darwin and a third block is currently under construction. Although two further blocks were included in the 1964-65 draft works proposals, they were not included in either the 1964-65 or 1965-66 Civil Works Programmes. Whilst Your Committee recognises that, in respect of such deferments, the works programme must be contained within the limits of available funds, we are anxious that a realistic assessment should be made of the relative accommodation needs of the various branches and departments when further office space becomes available. We trust that meetings of Branch Directors designed to formulate policy in

respect of office accommodation allocations will be of a regular nature and will result in the early movement of officers such as architects who, in their present circumstances are working in extreme physical discomfort. We also trust that future office accommodation priorities will not result in the further movement of purely administrative branches to new air-conditioned offices until the needs of technical branches have been reasonably met. (Paras. 300-307 and 315)

FINANCIAL CONTROL, STORES ACCOUNTING AND INTERNAL AUDIT

Financial Control

The evidence relating to financial management indicates that the Administration is endeavouring to implement progressive ideas in the utilization of modern machine accounting methods, the establishment of revised accounting procedures and the publication of procedure manuals. After taking into account impediments arising from the remoteness of the area in the servicing of accounting machines and difficulties arising from staff shortages, Your Committee is satisfied that the Administration has made a determined effort to establish the means of providing prompt and accurate financial information. However, it was suggested that the lack of adequately skilled staff was contributing to the failure of the Administration to achieve a more satisfactory result in the preparation of estimates. The estimates are subjected to a joint examination by a number of senior officers of the Administration and Your Committee is disturbed to find, for example, that while the total of the Appropriations for the last three years on "Victuals for Welfare and Other Establishments" amounted to over £1 million, the Appropriation was overestimated to the extent of about £537,000. Your Committee considers that the degree of accuracy attaching to the prepar-

ation of the Estimates in respect of certain items of expenditure over the last three years is completely unacceptable and again enunciates that sound estimating by any Department involves the careful assessment of requirements at the time the original estimates are prepared, the provision of increased funds in the second Appropriation to match changed circumstances and recourse to expenditure from the Advance to the Treasurer to meet emergency payments only.

(Paras. 316-332 and 365-366)

Stores Accounting

455. The Administration has adopted a practical approach in revising its storekeeping and stock accounting procedures, deficiencies in which appear to have been a contributing factor to the unsatisfactory result of the 1961 stocktake. The necessity to seek the approval of the Department of the Treasury, however, to the adoption of the 1961 stocktake results as a basis upon which the subsequent stores records were to be built is a matter of concern to Your Committee particularly as such a course has been necessary previously. Your Committee will refer to future reports of the Auditor-General for any indication that further difficulties have arisen in respect of stocktaking and stores accounts.

(Paras. 333-347 and 367)

Internal Audit

456. Your Committee notes with approval that the earlier problem of an ineffective internal Audit system has been resolved and that the Auditor-General is reasonably satisfied with the performance of the internal audit programme.

(Paras. 348-354 and 367)

Sundry Debtors

457. Although the Auditor-General has criticised the delay in the recovery of outstanding accounts, it does not appear to Your Committee that the fault lies with the Administration. The promptitude with which the Administration may employ legal processes in the recovery of outstanding accounts is governed by legislation and the extent to which the processes may be employed is also limited. Your Committee trusts, however, that the Administration will continue its efforts to ensure that the number of debts written-off is kept to a minimum. (Paras. 355-364 and 368).

BUSINESS UNDERTAKINGS AND PUBLIC UTILITIESDarwin Cold Store

458. Although the control and operation of the cold store was to be transferred from the Department of Works to the Northern Territory Administration as from 1st July, 1964, the ownership of the property was to remain with the Department of the Navy. However, in July, 1963, an export annexe to the cold stores was constructed and it appears that, before construction could proceed an approach would need to have been made by the Department of Territories to the Department of the Navy. This situation appears to Your Committee to place an unnecessary restriction on the administrative flexibility of the Northern Territory Administration and to represent an undesirable feature of the Joint control of Commonwealth undertakings. Your Committee considers therefore that the present arrangement relative to the ownership of the cold store should be concluded and the ownership transferred to the Administration unless convincing reasons can be submitted by the Department of the Navy for the continued ownership of the premises. (Paras. 369-371, 374, 376-381 and 425.)

Presentation of Financial Statements

459. In regard to business undertakings the evidence shows that the division of responsibility between the Department of Works and the Administration has contributed to the failure of the Administration to present annual financial statements on time. Apart from Transport, difficulties were being experienced in reconciling the asset registers for each business undertaking. Although the Department of Works has the responsibility for recording expenditure incurred on the construction of capital assets, the Administration is responsible for compiling the assets registers and for achieving a reconciliation between its own record and that of the Department of Works. This anomalous situation prompts Your Committee to suggest that the factors impeding the creation of a separate authority to control the Administration's business undertakings should be re-examined to ascertain whether or not the earlier objections to this proposal are still warranted. (Paras. 369-370, 374, 383 and 426)

Electricity Supply Undertakings

460. The supply of electricity to the township of Tennant Creek appears to be a problem for consideration before a Joint Authority can be established to administer the water, sewerage and electricity undertakings. The withdrawal of a Bill providing for such an Authority may well have been related to this problem. Whilst Peko Mines N.L. has provided Tennant Creek with electricity at attractive rates we believe that the existing arrangement may only be viewed as temporary and that capital outlay in due course must be expected as the Company may not continue to supply electricity to the township indefinitely. Your Committee notes that both Pine Creek and Katherine are supplied by

small diesel stations and it is suggested that the construction of similar facilities can only be deferred if the Commonwealth and Peko Mines N.L. enter into a written contract defining the rights and obligations of each party. Any disinclination on the part of the company to be so bound would give an indication of both the prospects of the township's future supply of electricity and the possible necessity to construct a diesel station at Tennant Creek. Your Committee is of the opinion that, subject to the Tennant Creek position being resolved satisfactorily and having regard to the prevailing circumstances in the Territory, further consideration should be given to the establishment of an Authority to administer the business undertakings. (Paras. 369-370, 372, 374, 391-398, 427-428)

Water Supply and Sewerage Undertakings

461. The Administration was unable to provide us with the number of dwellings in Darwin connected to the sewerage system or a satisfactory explanation of the improved trading results of the water supply undertaking in Alice Springs. Your Committee concedes that the provision of adequate sewerage and water services may be expected to incur losses in a relatively small but growing community. However, the accumulated losses amounted to £15,419 for the Northern Territory water undertakings between 1958-59 and 1962-63 and £53,896 for the Darwin and Alice Springs sewerage undertaking, between 1960-61 and 1962-63. No statement was made of an intention to write off the water losses but, if such an intention may be inferred from the suggestion that the sewerage losses are to be written off, it would appear that appropriate action is necessary to ensure that the losses are kept to a minimum. (Paras. 369-370, 382-390, 399-405, 429)

The Housing Commission Brickworks

462. The Housing Commission brickworks continue to meet the Commission's immediate requirements but have operated under difficulties which were the subject of a comprehensive report following a specific investigation. It seems significant to Your Committee that Darwin should provide an increasing demand for the output of the brickworks, and that a report disclosed that a modernisation programme with reasonable capital expenditure would double the production of bricks. We believe that closer co-operation between the Commission and the Administration and the wider use of brick supplies from the brickworks could have influenced helpfully the finances of the undertaking and possibly reduced its production costs. Accordingly, Your Committee considers that the future brick needs for Darwin should be assessed by the Northern Territory Administration and that a determination should be made as to the advantages of the brickworks being brought under joint administrative control with other business undertakings. (Paras. 417-424 and 430)

STAFFING

463. In a variety of contexts the problem of staff shortages in the Territory was advanced by witnesses as an explanation for failures to achieve required results or to implement desired processes. During its inquiry, Your Third Committee was informed by the Public Service Board that it might be some years before an assurance could be given that the Administration had achieved a proper level of the stability and efficiency.

PP No. 26
of 1958

464. Evidence submitted during our inquiry showed that the staffing establishment of the Northern Territory Administration had increased from 518 as at 30th June, 1957 to 1,096 as at 30th June, 1962 and 1,453 as at 30th June, 1964. By 30th June

Exhibit
71/29 and
Report of
the Auditor-
General for
1963-64.

1965, the establishment had been increased to 1,526. Between 1957 and 1965, the proportion of the establishment filled appears to have varied between about 77 and 85 per cent. During the years 1957 to 1962, the recruitment situation in the Territory was said to have been reasonably satisfactory although there were continuing shortages of specialist officers. Since 1963, the position, had however, given the Northern Territory Administration cause for concern because Australia-wide advertisements had failed to attract suitable recruits and a difficult situation had resulted. It was stated that, in the Territory, factors such as isolation, lack of tertiary education facilities, comparatively restricted employment opportunities and climatic conditions were aggravating factors in the staff employment situation. Over the nine months prior to our inquiry, the delay in providing houses had increased and it is significant that this period had presented the Administration with its greatest difficulty in recruiting personnel. The growth in the Administration's staff since 1957 and the continuing problems of recruitment in the Territory re-inforce our view expressed earlier, that the establishment in Darwin of a full-time Public Service Inspector's Office would be beneficial to the total administration of the area.

Auditor-
General's
Report for
1964-65.

Exhibit
71/29

GOVERNMENT PRINTING OFFICE

465. During our inquiry we obtained evidence relating to the printing of material, including Hansards for the Northern Territory Legislative Council and a proposal to establish a Government Printing Office in Darwin. Your Committee notes with satisfaction an advice received from the Department of the Treasury that a Branch of the Government Printing Office has been established in Darwin and commenced printing operations on 1st July, 1965.

Exhibit
71/21 and
Q. 340.

Committee
File
1964/2/71

FINDINGS

466. Your Committee finds that :-

- (1) A Public Service Inspector's Office should be established in Darwin.
(Paras. 106-113, 172 and 434)
- (2) A formal, authentic statement should be published in the Northern Territory Gazette setting out the structure of the Northern Territory Administration and listing the Commonwealth Departments represented in the Territory with their functions under both Commonwealth and Territory law. The Commonwealth Administrative Arrangements Order provides a ready precedent for such a statement. (Paras. 114-125, 173-175 and 435)
- (3) The Resources of the Crown Law Office in Darwin should be strengthened.
(Paras. 148-161, 179 and 439)
- (4) Section 353 of the Local Government Ordinance should be re-drafted. (Paras. 148-161, 179 and 439)
- (5) Maximum assistance should be provided to the Darwin City Council in regard to the drafting of By-laws. (Paras. 148-161, 179 and 439)
- (6) The financial arrangements of the Darwin City Council require urgent examination.
(Paras. 148-161, 179 and 439)
- (7) The Government and the Northern Territory Administration should, by every device available, actively and continuously promote responsible Local Government in the Territory. (Paras. 169, 182 and 441)

- (8) The complete incorporation of the Welfare Branch records in the Central Registry of the Administration in Darwin should be undertaken. (Paras. 184-203, 227-228 and 443)
- (9) Early action is required to separate the cattle projects from the settlements under the control of the Welfare Branch. (Paras. 184-203, 227-228 and 443)
- (10) The adequacy of quarantine staff to service the Darwin sea and air ports should be examined. (Paras. 215-221, 233 and 445)
- (11) An early investigation is required by the parties concerned to enable the Department of Works to achieve an orderly work flow. (Paras. 235-256 and 447)
- (12) A determined effort should be made to find a suitable alternative description for the Housing Commissioner. (Paras. 272-277, 310 and 449)
- (13) The relevant Authorities, including the Inter-departmental Committee on the Design of Tropical Buildings associated with the design of staff houses should give continuing attention to changes being made in the designs and construction of houses for use in tropical areas. (Paras. 278-292, 311-312 and 450)
- (14) An effective and continuing liaison between the Administration, the Department of Works and the Housing Commission should be established to ensure that minimum housing costs consistent with housing requirements in the Northern Territory are achieved. (Paras. 313 and 451)

- (15) Hostel and Office accommodation continue to fall short of reasonable requirements, particularly in regard to quality. (Paras. 293-307, 314-315, 452-453)
- (16) The degree of accuracy attaching to the preparation of the Estimates in respect of certain items of expenditure is completely unacceptable. (Paras. 316-332, 365-366 and 454)
- (17) The ownership of the cold store should be transferred to the Northern Territory Administration unless convincing reasons can be stated to support their continued ownership by the Department of the Navy. (Paras. 369-371, 374, 376-381, 425 and 458)
- (18) The factors impeding the creation of a separate authority to control the Administration's business undertakings should be re-examined to ascertain whether the earlier objections to this proposal are still warranted. (Paras. 369-370, 374, 383, 426 and 459)
- (19) Subject to the electricity supply of Tennant Creek being resolved satisfactorily, further consideration should be given to the establishment of an authority to administer business undertakings. (Paras. 369-370, 372, 374, 391-398, 427-428 and 460)
- (20) If water supply and sewerage losses are to be written off they should be kept to a minimum. (Paras. 369-370, 382-390, 399-405, 429 and 461)
- (21) The future brick needs for Darwin should be assessed by the Northern Territory Administration and a determination should be made as to the advantages of the brickworks being brought under Joint administrative control with other business undertakings. (Paras. 417-424, 430 and 462)

For and on behalf of the Committee,

David N. Reid

DAVID N. REID,
Secretary,
Joint Committee of Public Accounts,
Parliament House,
Canberra, A.C.T.

Richard Cleaver
RICHARD CLEAVER,
Chairman.

2nd September, 1965.

STATEMENTS SUBMITTED TO THE COMMITTEE

Department of Territories

Statement No. 1 Changes in the Organisation of the Government of the Territory since 1957.

Statement No. 2 Developments in the Northern Territory since 1957.

Northern Territory Administration

Statement No. 3 Changes in the Organisational Structure and Functions in the Administration since 1957.

Statement No. 4 Changes in the Organisation of the Government of the Territory since 1957.

Statement No. 5 Functions and Financial Development of the Northern Territory Housing Commission.

Statement No. 6 Function and Financial Development of the Northern Territory Housing Loans Trust Account.

Statement No. 7 Northern Territory Staff Hostels.

Statement No. 8 Developments, Trading Results and Accounts Arrangements for Bus Service and Transport Pool.

Statement No. 9 Commonwealth Cold Stores.

Statement No. 10 Electricity Supply Undertaking.

Statement No. 11 Sewerage Undertaking.

Statement No. 12 Town Water Supply Undertaking.

Statement No. 13 Stores and Stocktaking Procedures and Related Problems including Reference to Central Stores Organisation and the Introduction of Machine Accounting.

Statement No. 14 Operations of the Mines Branch.

Statement No. 15 Procedures in Respect of Sundry Debtors together with Age Analysis of Debts Outstanding at 30th April, 1964.

Statement No. 16 Corporation of the City of Darwin and Efforts to Establish Local Government.

Statement No. 17 Methods Adopted for the Preparation of Estimates.

Statement No. 18 Method of Controlling Capital Works Programme for the Territory.

Statement No. 19 Improvements in Accounting Procedures since 1957.

Statement No. 20 Consideration of and Action on Reports of the Auditor-General and Reports of the Joint Committee of Public Accounts.

Statement No. 21	Development in the Internal Audit Organisation since 1957.
Statement No. 22	Expansion and Expenditure in the Welfare Branch since 1957.
Statement No. 23	Establishment and Actual Employment by Branches.
Statement No. 24	Comparisons between Special Allowances and Concessions, 1957 and 1964.
Statement No. 25	Comparison of Training Section Activities, 1957 and 1964.
Statement No. 26	Office Accommodation.
Statement No. 27	Staff Housing and Hostel Accommodation.
Statement No. 28	Amenities in the Northern Territory.
Statement No. 29	Recruitment and Retention Situation in the Northern Territory.
Statement No. 30	Cost of Living in the Darwin Area.
Statement No. 31	Statement on the means test applied by the Housing Commission and on the waiting time for Housing Commission houses.
Statement No. 32	Analysis of Housing Construction in the Northern Territory from 1957 to '64
Statement No. 33	Statement on the population of the Northern Territory.
Statement No. 34	Statement on the Development of Local Government in the Northern Territory.

Department of Works

Statement No. 35	Statement on the Design and Construction of Government Houses and Flats for Commonwealth Employees in Darwin.
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JOINT COMMITTEE OF HOUSE AND SENATE
1954-1963

FIRST COMMITTEE
(Appointed 25th September, 1952)

Chairman: F.A. Nland, Esquire, M.P.

Vice-Chairman: Senator G.N. Nyame

Senator S.D. Paltridge.	G. Anderson, Esquire, M.P.
Senator the Hon. H.B. Geward.	F. Crean, Esquire, M.P.
	F.J. Davis, Esquire, M.P.
	A.B. Hulme, Esquire, M.P.
	H.A. Leslie, Esquire, M.P.
	A.V. Thompson, Esquire, M.P.

SECOND COMMITTEE
(Appointed 11th August, 1954)

Chairman: F.A. Nland, Esquire, M.P.

Vice-Chairman: Senator G.N. Nyame

Senator S.D. Paltridge*	G. Anderson, Esquire, M.P.
Senator the Hon. H.B. Geward	F. Crean, Esquire, M.P.
Senator I.B. Wedgwood†	F.J. Davis, Esquire, M.P.
	A.B. Hulme, Esquire, M.P.
	H.A. Leslie, Esquire, M.P.
	A.V. Thompson, Esquire, M.P.

* Appointed Minister of State for Shipping and Transport on 27th September, 1955; resigned 12th October, 1955.
† Appointed 12th October, 1955.

THIRD COMMITTEE
(Appointed: Senate, 16th February, 1956; H. of R. 22nd February, 1956)

Chairman: F.A. Nland, Esquire, O.M.G., M.P.

Vice-Chairman: A.V. Thompson, Esquire, M.P.

Senator A.M. Dem	L.M. Barnard, Esquire, M.P.
Senator the Hon. H.B. Geward (deceased)	J.P. Cope, Esquire, M.P.
Senator H.W. Wade*	F.J. Davis, Esquire, M.P.
Senator I.B. Wedgwood	A.B. Hulme, Esquire, M.P.
	H.A. Leslie, Esquire, M.P.

* Appointed by the Senate on 6th August, 1956 to fill a vacancy occasioned by the death of Senator the Hon. H.B. Geward.

FOURTH COMMITTEE

(Appointed: Senate, 19th February, 1959; H. of R., 24th February, 1959)

Chairman: F.A. Bland, Esquire, C.M.G., M.P. +

Chairman: F.J. Davis, Esquire, M.P. *

Vice-Chairman: A.V. Thompson, Esquire, M.P.

Senator A.M. Benn.

Senator G.C. McKellar.*

Senator H.W. Wade.†

Senator I.E. Wedgwood.

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

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

J.F. Cairns, Esquire, M.P. ‡

R. Cleaver, Esquire, M.P.

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

A.S. Luchetti, Esquire, M.P. §

+ Resigned 10th March, 1960. * Appointed 16th March, 1960; elected Chairman 17th March, 1960. † Appointed 16th March, 1961. ‡ Resigned 16th March, 1961. § Resigned 30th March, 1960. § Appointed 30th March, 1960.

FIFTH COMMITTEE

(Appointed: Senate, 6th March, 1962; H. of R., 7th March, 1962.)

Chairman: F.J. Davis, Esquire, M.P.

Vice-Chairman: A.V. Thompson, Esquire, M.P.

Senator A.M. Benn.

Senator T.C. Drake-Brockman+

Senator G.C. McKellar.*

Senator I.E. Wedgwood.

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

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

D.E. Costa, Esquire, M.P.

G.R. Kelly, Esquire, M.P.

R.H. Whitton, Esquire, M.P.

+ Appointed 9th August, 1962.

* Resigned 9th August, 1962.

STORES AND STOCKTAKING

Department of Territories,
CANBERRA, A.C.T.

5th January, 1965.

The Secretary,
Department of the Treasury,
CANBERRA, A.C.T.

AUDITOR-GENERAL'S REPORT 1964 - NORTHERN TERRITORY - STORES ACCOUNTING
AND STOCKTAKING

Your BA 59/3279 of August 1961 informed this department of your approval for the figures shown in the Northern Territory Administration Central Store stocktaking carried out during the period 11th - 13th June, 1960 to be accepted as commencing balances for ledger cards opened under the revised Central Store System and for those balances to be accepted without reconciliation with previous records.

2. The installation of accounting machines was delayed. The Administrator, therefore, commenced machine stores accounting with opening balances for the ledger cards taken from the 1961 stocktake. He considered that the new system would function more effectively if this were done and the 1961 stocktake reconciled with the 1960 stocktake and ledger records. He says that in the three years since the introduction of machine accounting and perpetual reconciliation no major discrepancies have become apparent in the Central Store.

3. Reconciliation of the two stocktakes has been attempted. It was found at the outset to be a major task. Discrepancies were numerous, caused by:-

- (a) an inefficient accounting system;
- (b) insufficient storehouse facilities;
- (c) an unsatisfactory Stores organisation;
- (d) the unavailability of satisfactory staff.

Investigations revealed that there was no evidence of fraud or other malpractice.

4. Reconciliation has not been achieved and the Administrator has ceased investigation on the outstanding discrepancies. He believes that it is impractical to proceed further. A large number of discrepancies were resolved but records in respect of those remaining are such that many thousands of pounds could be spent in trying to resolve them without achieving any satisfactory result.

5. There were 56 groups of items involved. At the time of cessation of investigations the following were unresolved:

2.

(a) Subjected to intense investigation:

<u>Group</u>	<u>Surplus</u>	<u>Deficient</u>
B.2 Food, non perishable	£2,594.11.11	£3,005. 7. 6
B.4 Tobacco, cigarettes etc.	-	144.16. 9
C.1 Bolts & nuts etc.	888.14. 1	17. 1. 2
C.5 Metal sheets, rod	479. 5. 8	51. 3.11
C.6 Tubing, steel	157. 1. 0	36. 7. 0
C.9 Extinguishers, fire	8. 3. 6	13.10. 0
G.1 Utensils, kitchen table & mess	49.17. 0	46. 6. 9
H.1 Office requisites	771.16. 9	388. 3. 4
H.2 Forms printed	958.16. 4	154. 4.10
H.4 Photographic equipment	24. 9. 1	1.15. 0
K. Motor spares	289.11.11	191.10. 0
N. Building supplies	24. 8. 8	9. 9. 8

(b) Subjected to some investigation:

<u>Group</u>	<u>Surplus</u>	<u>Deficient</u>
C.2 Nails, screws etc.	18.17.10	43.11. 1
C.4	15. 4	6.19. 0
C.7 Wire, wire netting	168. 0. 0	8.18. 2
C.8 Rods, welding	59. 1. 4	1. 3. 2
D.1 Motor spirit etc.	1,469.18. 6	126. 9. 9
D.3 Cleansers	435. 9.11	218.11.10
D.4 Weedicides	8.14. 0	41.10.10
D.5 Paints	94. 7. 8	170.18. 4
D.6 Gases	2.10. 0	1.14. 0
D.7 -	15. 8. 0	-
D.8 Fertilisers	112. 5. 9	46.15. 6
E.1 Lamps, electric	15.17. 8	10.11. 6
E.2 Fittings, electric	5.13. 6	15. 3
E.3 Wire electric	-	17. 7. 9
E.5 Appliances, electric	-	12. 0
E.6 Bulbs, auto	33.13. 9	4. 8. 6

(c) No major investigation:

<u>Group</u>	<u>Surplus</u>	<u>Deficient</u>
F.1 (Clothing)	2,905.17.4	2,760. 7. 0

6. The Administrator says that the stores accounting system continues on a satisfactory basis. He is satisfied with the position except for the reconciliation of the opening balances with the stocktake of June, 1960.

7. Attached is a copy of a memorandum from the Chief Auditor, Darwin which generally supports the Administrator's assessment of the situation.

8. Attached is a copy of a stocktaking report dated 20th November, 1964 forwarded by the Administrator. He has stated that the stocktaking and reconciliation programme was retarded because:

- (a) when the Inland Stocktaker (Southern Area) suffered a heart attack he was off duty for a considerable period and could not undertake his usual duties upon his return.

3.

- (b) the position of Inland Stocktaker (Darwin) was vacant for a considerable period.

Both positions are now filled and the Administrator expects that the programme will be brought up to date by the end of February.

9. It is recommended that Treasury approval be given for the figures in the 1961 stocktake of the Administration Central Store to be accepted as commencing balances for ledger cards opened under the revised Central Store system and for those balances to be accepted without reconciliation with previous records.

Encl

(H. S. Amos)
for Secretary