

1965

DEPARTMENT OF THE SENATE
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<i>J.R. Odgers</i>
<small> Clerk of the Senate</small>

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

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JOINT COMMITTEE OF PUBLIC ACCOUNTS

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SEVENTY-SIXTH REPORT

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TREASURY MINUTE ON THE  
SIXTY-FOURTH REPORT

TOGETHER WITH

SUMMARIES OF THAT REPORT

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By Authority:

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JOINT COMMITTEE OF PUBLIC ACCOUNTS

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SIXTH COMMITTEE

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	R. H. WHITTORN, ESQUIRE, M.P.

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 subsection (1.) of section fifty-three of the Audit Act 1901-1951;
- (b) to report to both Houses of the Parliament, with such comment as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
- (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

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

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JOINT COMMITTEE OF PUBLIC ACCOUNTSSEVENTY-SIXTH REPORT

Treasury Minute on the Sixty-Fourth Report of Your Committee.

CHAPTER 1 - INTRODUCTION

In its Sixteenth Report, Your Committee described in detail the arrangements that had been made with the Treasurer to ensure follow-up action on Your Committee's Reports.

In its Sixty-Fifth Report Your Committee referred to a discussion that it had held on 9th April, 1964, with representatives of the Department of the Treasury relating to delays that had occurred in the submission of Treasury Minutes. Following that discussion, the Department of the Treasury undertook to supply Your Committee with a biannual report on outstanding Treasury Minutes indicating the progress made by the Department in dealing with the Committee's comments. The Department indicated that it would implement this practice during August, 1964.

Biannual Reports on Treasury Minutes have been submitted by the Department of the Treasury to Your Committee since 26th August, 1964.

Briefly, the nature of the present arrangements relating to follow-up action on Your Committee's Reports are :-

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

4. The Department of the Treasury furnishes Your Committee with a half-yearly report on outstanding Treasury Minutes, indicating the progress made in dealing with the Committee's comments.

Over the years Your Committee has made a practice of submitting Treasury Minutes to the Parliament either as parts of Reports going forward in the normal process or, in recent years particularly, in Reports relating specifically to Treasury Minutes. On only one previous occasion, Your Committee's Nineteenth Report, has a Treasury Minute been submitted to the Parliament as a single report.

The Treasury Minute relating to the Sixty-Fourth Report, however, was submitted to Your Committee on 20th August, 1965, and it is considered that it should be submitted to the Parliament without further delay. Moreover, the Minute contains the expression by the Department of the Treasury of important principles affecting the financial responsibilities of the Executive and the Parliament and for this reason its significance extends, we believe, beyond the scope of Your Committee's Report to which it relates. For these reasons the Treasury Minute together with the conclusions of the Sixty-Fourth Report are submitted as a single report for the Parliament's consideration.

Chapter 2 - Treasury Minute on the Sixty-Fourth Report  
of Your Committee on Expenditure from  
Consolidated Revenue Fund, 1962-63.

The Minute submitted by the Department of the Treasury on 20th August, 1965, is in a form which does not lend itself to columnar presentation in parallel with particular conclusions drawn by Your Committee in its Sixty-Fourth Report. For this reason, the conclusions drawn from Your Committee's Report are set out below and the relevant paragraph of the Report is shown against each conclusion. The statement of conclusions is followed by the Treasury Minute and, for ease of comparison, the Treasury Minute is linked to the conclusions which precede it by reference to the corresponding paragraph numbers drawn from Your Committee's Report.

Summary of Committee's Conclusions

Your Committee stated:

ATTORNEY-GENERAL'S DEPARTMENT

Division No. 218/2/02 - Patents, Trade Marks and Designs -  
Administrative Expenses - Office requisites and equipment,  
stationery and printing.

We appreciate the Department's difficulties in estimating the demand for copies of specifications but consider that sufficient allowance was not made for the orders and accounts which could be expected to remain outstanding at the close of the financial year. We look forward to some improvement in the Department's estimating in this regard. (Para. 21, Sixty-Fourth Report).

Division No. 222/1/03 - Commonwealth Police Force - Salaries and  
Payments in the nature of Salary - Extra duty pay.

Your Committee accept the explanations but express the hope that the Department in future will obtain the fullest co-operation necessary from other departments to enable the demand for the services of the Commonwealth Police Force to be assessed more accurately. (Para. 26, Sixty-Fourth Report).

Division No. 855/01 - Buildings, works, fittings and furniture.

Your Committee accept the explanation given in respect of the Supreme Court Building in Darwin but consider that more care should have been exercised in preparing estimates for building extensions in Melbourne and the purchase of furniture for the Sydney office. (Para. 31, Sixty-Fourth Report).

DEPARTMENT OF NATIONAL DEVELOPMENT

Division No. 411/2/05 - Administrative Expenses - Documentary Films -  
Production and Distribution Costs.

Your Committee accept the explanations given on this occasion but trust that the Department, when making estimates in future for this Item, will bear in mind the probability of unexpected delays occurring and, at least, assure the arrangements are completed as far as practicable for scripts to be available on schedule. (Para. 34, Sixty-Fourth Report).

Division No. 754 - Special Mineral Survey - Northern Territory.

Your Committee appreciate the difficulties which obviously confronted the Department in preparing an estimate for this item of appropriation and realize that delays associated with the letting of tenders were beyond the control of the officers concerned. However, we are concerned by the magnitude of the over-estimate and find it difficult to accept readily the Treasury view that the estimate of £50,000 was reasonable, having regard to the facts.

We would repeat the conclusion expressed many times in other Reports that, where expenditure is very largely dependent upon factors which cannot be determined at the time that Estimates are prepared, caution should be exercised and, if necessary, further funds obtained in Additional Estimates. (Paras. 48 and 49, Sixty-Fourth Report).

DEPARTMENT OF SOCIAL SERVICES

Division No. 364/2/04 - State Establishments - Administrative Expenses - Office Services.

Your Committee appreciate the problems which arose in this instance but feel that, although the amounts involved were comparatively small, the errors in Sydney and Adelaide, referred to above, should have been avoided. We trust that a greater degree of accuracy will be achieved in future years. (Para. 57, Sixty-Fourth Report).

DEPARTMENT OF EXTERNAL AFFAIRS

Division No. 141/2/02 - Administrative Expenses - Office requisites and equipment, stationery and printing.

Your Committee are concerned at the apparent lack of liaison in this matter and trust that appropriate action will be taken within the Department to prevent a repetition. (Para. 77, Sixty-Fourth Report).

Division No. 148/2/06 - Embassy - Indonesia - Rent and Maintenance of other buildings.

Whilst accepting the explanations given, Your Committee are concerned at the lack of liaison between the Department's head office and some overseas posts and suggests that greater co-operation between the officers concerned would result in a higher standard of estimating. (Para. 83, Sixty-Fourth Report).

Division No. 255/03 - Repairs and Maintenance.

This was the third successive year in which the Item had been substantially under-spent. In this instance, Your Committee are satisfied with the explanations provided but we trust that a higher standard of estimating will be obtained in the future. (Para. 86, Sixty-Fourth Report).



DEPARTMENT OF THE INTERIOR

Division No. 233/1/02 - Real Estate Management - Salaries and Payments in the nature of Salary - Temporary and casual employees.

Your Committee are concerned that savings which were effected in Melbourne were not offset against the provisions sought in Additional Estimates. We note that this Item was commented on in our Sixtieth Report and trust that the position will be more satisfactory in future years. (Para. 93, Sixty-Fourth Report).

Division No. 766/2/02 - A.C.T. Services - Administrative Expenses - Office requisites and equipment, stationery and printing.

Your Committee are conscious of the fact that the Department of the Interior has little control over the level of expenditure incurred in a given period in the publication of A.C.T. ordinances and regulations. We are disturbed, however, by the apparent lack of liaison between the relevant departments and suggest that future estimates for this item should be finalized only after more effective consultation with officers of the Attorney-General's Department and the Government Printer. (Para. 113, Sixty-Fourth Report).

Division No. 766/4/03 - A.C.T. Services - General Services - Flats - Caretaking and Maintenance.

The evidence given to Your Committee indicates that there is need for more effective liaison between the Departments of Interior and Works and the National Development Commission in matters such as this. In this particular instance, the Department of the Interior was at fault in not seeking further information concerning the proposed boiler conversion. If such additional information had been obtained, the need to review expenditure would have been apparent and would almost certainly have shown that a reduction in expenditure during the second half of the financial year could have been expected and that the provision of funds in Additional Estimates was unnecessary. (Para. 118, Sixty-Fourth Report).

Division No. 769/2/02 - A.C.T. Police - Administrative Expenses - Office requisites and equipment, stationery and printing.

Your Committee consider that provision probably should have been made in the original 1962-63 Estimates to cover the cost of reprinting the Rules and Instructions as a requirement of this nature should be foreseeable some months ahead. Had the task been commenced earlier, the publication would have been ready for distribution during 1962-63, but as the new publication was apparently thought of only about half way through the financial year, the Department was optimistic in expecting the work to be completed and paid for by the 30th June, in view of the heavy volume of work the Government Printer is known to have on hand. Some improvement should be possible in the standard of estimating requirements for this Item. (Para. 122, Sixty-Fourth Report).

Division No. 775/03 - Department of the Interior - Other repairs and maintenance.

In view of the fact that the Department of the Interior has full control of the Albert Hall and arranges hall bookings three months or more in advance, Your Committee consider that the Department erred in not taking the initiative to ensure that repairs to the Albert Hall were carried out within the 1962-63 financial year. Departmental officers would be aware that forward bookings for the Hall made it imperative for the work to be planned some five or six months in advance but despite this knowledge and the fact that relatively extensive work was involved, the project does

not appear to have been given proper consideration by the Department until the matter was raised by the Director of Works in November, 1962. Apart from this project, Your Committee accept the explanations submitted, on this occasion, in respect of the other items investigated. (Para. 127, Sixty-Fourth Report).

Division No. 980/06 - Capital Works and Services - Provision of home electrical appliances.

In the circumstances, we accept the explanations but trust that the estimate for this Item during the current financial year will be more accurate. (Para. 135, Sixty-Fourth Report).

DEPARTMENT OF IMMIGRATION

Division No. 381/2/02 - Administrative Expenses - Office requisites and equipment - stationery and printing.

Your Committee accept the explanation received in this instance but, in view of the over-estimate of office requisites requirements, trust that more care will be exercised in future in assessing the possible essential expenditure against this vote. (Para. 143, Sixty-Fourth Report).

DEPARTMENT OF SUPPLY

Division No. 561/2/05 - Administrative Expenses - Training of personnel.

Your Committee accept the explanation in respect of Item (a) of paragraph 158 above (cancellation of two Industrial Engineering Courses because of shortage of accommodation and organizational difficulties) but consider that the Department could probably have avoided the over-provision of funds for cadet training and post-graduate studies. In the case of cadet training, some allowance should have been made for possible recruitment difficulties and for non-completion of courses - occurrences which are normally met with in these matters by other departments and authorities. We appreciate the Department's anxiety to proceed as soon as possible with the Post-Graduate Fellowship Scheme but, in view of the uncertainty which surrounded finalization of details, it appears to us that as we have commented so often in the past with reference to existing procedures where uncertainties exist, a final decision on the need for funds should have been deferred until Additional Estimates were prepared. (Para. 164, Sixty-Fourth Report).

COMMONWEALTH RAILWAYS

Division No. 701/2/ - Seat of Government Railway - Stores and Materials.

Your Committee regret that a more effective liaison had not been established between Commonwealth Railways and the New South Wales Government Railways in an effort to determine more precisely the annual requirements under this appropriation. Whilst the amount involved here is small in comparison with the overall expenditure of Commonwealth Railways, it should be possible to attain a higher degree of accuracy than would be expected against an appropriation for activities of greater magnitude and diversity. (Para. 182, Sixty-Fourth Report).

DEPARTMENT OF THE NAVY

Division No. 475/05 - Administrative Expenses and General Services - Fuel, light, power, water supply and sanitation.

Your Committee accept the explanations given but direct the Department's attention to the apparent need for better liaison between technical and administrative staff to ensure that adequate provisions are made for the variations in expenditure likely to result from changes in the use of technical equipment. (Para. 195, Sixty-Fourth Report).

Division No. 475/06 - Administrative Expenses and General Services - Naval aviation and other personnel - Special training fees.

Your Committee accept the explanations provided by the Department but suggest that a continuous review is necessary to ensure that established liaison channels are maintained at as efficient a level as is practicable in the light of the co-operation that may be available from time to time in respect of overseas activities. (Para. 203, Sixty-Fourth Report).

DEPARTMENT OF AIR

Division No. 533/04 - Administrative Expenses and General Services - Fuel, light, power, water supply and sanitation.

Your Committee accept the explanation but trust the Department will check on its procedures to ensure that charges are at all times debited to the correct item of appropriation. (Para. 215, Sixty-Fourth Report).

PARLIAMENTARY LIBRARY

Division No. 104/2/01 - Administrative Expenses - Books, maps, plates and documents.

Your Committee appreciate the difficulty of estimating expenditure on retrospective material but again direct the attention of the Departments to the desirability of relying on Additional Estimates where circumstances suggest that the proposed level of expenditure might not be attainable. In this instance we accept the explanation but shall expect to observe a better performance in the current year. (Para. 229, Sixty-Fourth Report).

DEPARTMENT OF PRIMARY INDUSTRY

Division No. 355/2/01 - Administrative Expenses - Travelling and subsistence.

Your Committee appreciate the difficulty which the Department experienced at the close of the financial year when the flow of claims increased abnormally and we note that action has now been taken to avoid a recurrence. However, the evidence we received did not indicate that sufficient attention had been given to the preparation of the estimate of expenditure against this vote. The Department admitted to an over-estimate of £2,900 for which it was unable to provide any detailed explanations. Further, whilst provision of £650 was made for representation at the Irrigation Congress the witness was uncertain whether any expense would be incurred by his Department in this regard. Your Committee consider that, in

cases such as this, departmental liability should be ascertained before representation arrangements are completed and, if this is not practicable, funds should not be sought until the actual indebtedness is known. If necessary the required funds could be obtained from the Advance to the Treasurer. (Para. 244, Sixty-Fourth Report).

Division No. 358/1/03 - Administration of Commerce (Trade Descriptions) Act - Salaries and Payments in the nature of Salary - Extra duty pay.

Your Committee are convinced that the present method of treatment of this Item is unsatisfactory and misleading. We note, that the matter has already received some attention within the Treasury and trust that a more suitable method of presentation is agreed upon prior to the compilation of 1964-65 Estimates. (Para. 249, Sixty-Fourth Report).

Division No. 358/2/06 - Administration of the Commerce (Trade Descriptions) Act - Administrative Expenses - Incidental and other expenditure.

Here again the evidence obtained by Your Committee indicated that insufficient attention has been given to the preparation of estimates. Not only was an over-provision made in the original estimate, but a review of expenditure prior to finalization of Additional Estimates failed to reveal this error. Further, provision appears to have been made in Additional Estimates for a level of additional expenditure beyond that which could be regarded as reasonable - particularly insofar as it related to protective clothing, stocks of which were later found to be sufficient to meet current needs. (Para. 255, Sixty-Fourth Report).

DEPARTMENT OF TERRITORIES

Division No. 375/2/02 - Administrative Expenses - Office requisites and equipment, stationery and printing.

Your Committee accept the explanations provided but desire to draw the attention of departments generally to the desirability of a thorough examination of equipment proposals by organization and methods personnel, in collaboration with other experts wherever possible, before funds are sought for their implementation. Due regard should also be given to the fact that it is often more desirable to arrange for further funds to be provided in Additional Estimates or from Treasurer's Advance rather than to make unsound estimates for the original appropriation for the year. (Para. 271, Sixty-Fourth Report).

Division No. 751/3/01 - Northern Territory Administration - Welfare of Wards - Maintenance of wards at Government settlements.

Your Committee accept the explanations offered with the exception of those relating to recoveries under (b) above (paragraph 283). It is difficult to understand how the Department, with years of experience in the field, could under-estimate the extent of Social Services Department reimbursements by as much as 30 per cent. The Department's admission of oversight in relation to two other aspects of this recoverable expenditure is, perhaps, just an indication of how much more care should be taken in framing a reliable estimate. We trust that the necessary additional care will be exercised in this matter on future occasions. (Para. 286, Sixty-Fourth Report).

Division No. 751/3/02 - Northern Territory Administration - Welfare of Wards - Maintenance of wards on pastoral properties.

Your Committee trust that every endeavour will be made by the Department to reach a speedy and satisfactory settlement with pastoral interests regarding the new ration scale. (Para. 290, Sixty-Fourth Report).

Division No. 751/3/03 - Northern Territory Administration - Welfare of Wards - Assistance to Missions.

Your Committee are fully appreciative of the difficulties confronting the Administration and of the need to keep faith with the Mission Societies by assuring a continuity of funds. We consider, however, that insufficient regard has been had to the procedure available for obtaining funds from Additional Estimates. In the case of an appropriation such as this - where expenditure depends upon circumstances outside departmental control - consideration might be given to making a more conservative original estimate than would appear to have been the practice in the past, followed up by a careful review of expenditure prior to the finalization of Additional Estimates. The result in 1963-64 will be viewed by Your Committee with great interest. (Para. 298, Sixty-Fourth Report).

Division No. 751/3/04 - Northern Territory Administration - Welfare of Wards - Educational Services.

Whilst many of the difficulties encountered were unforeseen and completely unavoidable, Your Committee consider that, as in the case of Division No. 751/3/03 (see paragraphs Nos. 291 to 298 above), insufficient consideration was given to the probability that difficulties may arise and that arrangements could have been made for further funds, if required, to be made available in Additional Estimates. This comment applies particularly in respect of post-school vocational training where an ambitious programme appears to have been organized without due regard to the possible availability of instructors and facilities. (Para. 304, Sixty-Fourth Report).

Division No. 971/01 - Northern Territory (Capital Works & Services) - Plant and Equipment.

Though not completely satisfied with the performance during 1962-63, Your Committee note the more satisfactory position as compared with the previous financial year. We shall review the Item again next year and trust that further improvement will have been achieved. (Para. 312, Sixty-Fourth Report).

Chapter 4 - General  
(Sixty-Fourth Report)

Our attention has been drawn on a number of occasions to the efforts made by the Treasury to acquaint departments of the availability of Additional Estimates to meet expenditure which could not reasonably have been foreseen at the time of preparation of the original Estimates. As this Report discloses, a number of departments have failed to make adequate use of this facility. Your Committee therefore express the hope that Treasury might explore every opportunity to explain to departments the advantages of linking the use of Additional Estimates with the preparation of the original financial requirements so that appropriate adjustment may be made later in the financial year. (Para. 318, Sixty-Fourth Report).

TREASURY MINUTE

(20th August, 1965.)

I am directed to state:

The Treasury has examined the Report and has discussed with the Departments and Authorities concerned the observations and conclusions of the Committee. Departments and Authorities to which the Committee directed specific critical comment have advised, in respect of errors in estimating, that particular criticisms have been brought to the attention of the officers concerned. (Paras. 21, 26, 31, 34, 57, 75, 83, 86, 93, 113, 135, 143, 195, 215 and 312, Sixty-Fourth Report).

Other action taken is set out hereunder.

Department of the Interior.

A.C.T. Services - Caretaking and Maintenance of Flats.

The Department has indicated that the need for effective liaison procedures has always been recognised, but that acute staff shortage in the Housing Branch has hindered their full development. However, following an extensive review of the staffing organization for the Housing Branch last year, and the subsequent creation of additional positions, this staff shortage has been largely overcome; closer liaison is now being maintained with the Department of Works, the National Capital Development Commission and the A.C.T. Electricity Authority. (Para. 118, Sixty-Fourth Report).

A.C.T. Police - Office Requisites and Equipment, Stationery and Printing.

The Department has brought to the notice of the Commissioner of Police the Committee's observations regarding the standard of estimating for this item. (Para. 122, Sixty-Fourth Report).

Other Repairs and Maintenance - Albert Hall, Canberra.

The Department of Works is now consulted on all matters relating to repairs and maintenance of buildings such as the Albert Hall; when it is known that repairs, etc., are required to be undertaken, discussions are held and a convenient date for the commencement of the work is agreed upon. (Para. 127, Sixty-Fourth Report).

Department of Supply.

Administrative Expenses - Training of Personnel.

The Department has noted the Committee's comments concerning the Cadet Training Scheme and the Post Graduate Fellowship Scheme. The suggestion of the Committee in paragraph 164 (repeated on a number of occasions throughout the report), that a final decision on the need for funds should have been deferred until Additional Estimates were prepared, is the subject of separate comment in the paragraph "General" at the conclusion of this Minute. (Para. 164, Sixty-Fourth Report).

Commonwealth Railways.

Seat of Government Railway - Stores and Materials.

Advice from Commonwealth Railways indicates that the evidence given concerning this appropriation caused the Committee to gain the mistaken impression that the programme for re-sleeping of track was dependent upon liaison between Commonwealth Railways and the New South Wales Government Railways; this is not the case: the programme for re-sleeping, and so expenditure under this appropriation, is determined solely by Commonwealth Railways. The appropriation was underspent in 1962-63 because Commonwealth Railways concentrated its track forces on construction of private sidings in the Fyshwick industrial area. The estimate for stores and materials in 1963-64 was based on a continuation of this policy; expenditure for that year proved to be in accordance with the estimate.

Commonwealth Railways regrets the confusion which apparently arose from its explanations. (Para. 182, Sixty-Fourth Report).

Department of the Navy.

Administrative Expenses and General Services - Special Training Fees.

The Department of Navy has advised that every endeavour is made to ensure that the most effective liaison is maintained in respect of overseas activities; to that end, the Australian Naval Representative, United Kingdom, is provided with a staff of experts in the various fields of naval activity. The factors which caused expenditure in 1962-63 under this item to fall below the estimate for that year were beyond the control of the Naval Representative and could not reasonably have been foreseen at the time the estimates were prepared. (Para. 203, Sixty-Fourth Report).

Department of Primary Industry.

Administrative Expenses - Travelling and Subsistence.

Administration of the Commerce (Trade Descriptions) Act -  
Administrative Expenses - Incidental and Other Expenditure.

The Department believes, and the Treasury supports this belief, that because of the very nature of these administrative expense items, estimates are best based on the experience of previous years, adjusted by taking into account such factors as non-recurring expenditure, variations in staff levels and work load, etc. It would assure the Committee that the utmost attention is given to the preparation of estimates and that the attainment of accuracy in estimating is valued highly. (Para. 255, Sixty-Fourth Report).

Administration of the Commerce (Trade Descriptions) Act -  
Salaries and Payments in the Nature of Salary - Extra Duty Pay.

Beginning in 1964-65, the Department has sought appropriation for the estimated net expenditure under this item, i.e. non-recoverable, routine overtime not requested by exporters. For any necessary expenditure in excess of that appropriation during the year, Treasury provides funds from Advance to the Treasurer pending recovery from exporters. (Para. 249, Sixty-Fourth Report).

Department of Territories - Northern Territory Administration.

Maintenance of Wards at Government Settlements.

The variation between the estimated recoveries from the Department of Social Services and the actual recoveries credited to the item was due, in the main, to the Department's misinterpretation of a Treasury direction and failure to take this into account when framing the estimate. The Department recognises the importance of reliable estimates and the need for care in their preparation. (Para. 286, Sixty-Fourth Report).

Maintenance of Wards on Pastoral Properties.

The Administrator is negotiating for mutually acceptable rates of maintenance with pastoralists' representatives and is now examining certain aspects of submissions made by them. Finality has not yet been reached. (Para. 290, Sixty-Fourth Report).

General.

In respect of several of the items examined and in the closing remarks of the Report, the Committee emphasised that, in its opinion, Departments should give consideration to making more conservative original (Budget) estimates in cases where the amount of the proposed expenditure is not known with certainty or depends on circumstances outside departmental control. The Committee considered that, in the past, insufficient regard had been given to the availability of Additional Estimates where the original estimate has been found to be insufficient to meet the requirement; it concluded that Treasury should take every opportunity to explain to Departments the advantages of linking the use of Additional Estimates with the preparation of the original estimate so that appropriate adjustment may be made later in the year.

Treasury would not deny the wisdom of the Committee's contention as a general principle, for it is a fact, as the Committee has pointed out on previous occasions, that poor estimating by one Department reacts to the detriment of others. However, one must consider the possibility that any trend towards conservatism in the original estimates and towards the encouragement of the use of Additional Estimates could lead to undesirable results. If the Budget estimates were drafted on this basis the Budget presented to the Parliament in the August session might not represent the best possible assessment of the estimated receipts and expenditure of the Commonwealth for the full year; and this could introduce complications for the framing of the Government's fiscal policies. Each estimate must be considered in its own particular circumstances; and it follows, therefore, that generalisations regarding conservatism or over-provision will not have universal application.

Treasury considers that, in guiding Departments on the policy to be followed in the preparation of estimates, emphasis should be placed on the following principles - principles to which, over the years, the Committee has given its support:-

- (1) Each individual estimate is to represent a realistic assessment of the sum that is expected to be spent, having regard to the information available to the Department at the time of preparation.



- (2) Estimates should not include amounts for proposals which are so far from firm that it is not possible to know what payments, if any, will be made.
- (3) Where an item is for a type of recurring expense (e.g., office services, travelling expenses) it is appropriate to budget on the basis of experience.

Such guiding principles have been included in general terms in the annual circulars issued by the Treasury seeking the submission of Estimates. It is proposed to set them out in more detail in the circular to be issued for 1966-67 Estimates. Paras. 48, 49, 229, 244, 271, 298, 304, 312 and 318, Sixty-Fourth Report).

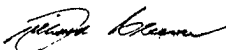
### CHAPTER 3 - OBSERVATIONS OF YOUR COMMITTEE

Your Committee desires to invite particular attention to the fundamental principles relating to the formulation of estimates of expenditure as set out under the heading of "General" in the Treasury Minute.

This re-enunciation of estimating requirements which are conveyed to Departments by annual Treasury circulars, is consistent with Your Committee's observations relating to estimating procedures in its Seventy-Fourth and Seventy-Fifth Reports as well as in previous reports, which, over the years, have related to inquiries into departmental expenditure.

Your Committee notes the view expressed by the Department of the Treasury that any trend towards conservatism in the original estimates and towards the encouragement of the use of Additional Estimates could lead to undesirable results. Your Committee accepts without qualification, however, that its responsibility to the Parliament is to strive constantly to refine the estimates which are presented to the Parliament and to achieve the maximum possible degree of realism in respect of the provision of funds. If, in the performance of this task, Departments are influenced to exercise more discretion in compiling their initial estimates, Your Committee believes that any resultant effects upon financial policy represent the wishes of the Parliament. It believes that, in such circumstances, the Executive would respect those wishes and would make appropriate adjustments to its procedure relating to calculations of expenditure and revenue to provide for any appreciable trend towards a higher demand for funds through the Additional Estimates.

For and on behalf of the Committee,

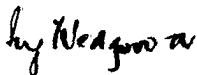


Richard Cleaver  
Chairman



David N. Reid  
Secretary,

Joint Committee of Public Accounts,  
Parliament House,  
Canberra, A.C.T.



2nd December, 1965.