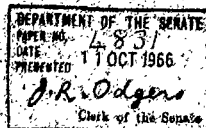


1966



THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

## JOINT COMMITTEE OF PUBLIC ACCOUNTS

## EIGHTY-SECOND REPORT

# EXPENDITURE FROM ADVANCE TO THE TREASURER

(APPROPRIATION ACT 1965-66)

By Authority,

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

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.  | (4) Resigned 23rd March, 1966.   |
| (2) Appointed 29th April, 1965. | (5) Appointed 24th August, 1966. |
| (3) Deceased 3rd August, 1966.  | (6) Appointed 23rd March, 1966.  |

DUTIES OF THE COMMITTEE

Section 8 of the Public Accounts Committee Act 1951-1965 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 1901-1950;
- (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 ACCOUNTSEIGHTY-SECOND REPORTEXPENDITURE FROM "ADVANCE TO THE TREASURER"

(Appropriation Act 1965-66)

CHAPTER 1 - INTRODUCTION

In recent years a series of combined inquiries, relating to expenditure from the Advance to the Treasurer has been completed concurrently with a comprehensive inquiry into expenditure from the Consolidated Revenue Fund. In its Sixtieth Report Your Committee expressed the view that, if circumstances permitted, or appeared to make it desirable in future years, two separate inquiries would be held relating to these matters - the first confined to the expenditure from the Advance to the Treasurer and the second to be related to other expenditure from the Consolidated Revenue Fund against items authorized in the relevant Appropriation Acts.

P.P. No. 152  
of 1962

2. The question foreshadowed in the Sixtieth Report, of the desirability of conducting one or two inquiries involving separate Reports did not arise in respect of the financial years 1962-63 or 1963-64. Your Committee considered the question, however, in relation to its inquiry into the Consolidated Revenue Fund results for the financial year 1964-65, and felt that as some departments would be involved in both inquiries, considerable economy of time would be achieved if a single inquiry were to be held but that, as the subject matter relating to the expenditure from the Advance to the Treasurer was clearly distinguishable from that relating to other expenditure from the Consolidated Revenue Fund, two separate reports should be submitted to the Parliament.

P.P. No. 248  
of 1964-65

3. In approaching its inquiry into the Consolidated Revenue Fund results for the financial year 1965-66, Your Committee re-endorsed the principle adopted in respect of a single inquiry into the Consolidated Revenue Fund results, followed by two separate Reports.

4. This Eighty-Second Report is based on the evidence received in respect of expenditure from the Advance to the Treasurer.

5. During July, 1966, Your Committee obtained departmental explanations relating to expenditure during 1965-66 from the Advance to the Treasurer. Those explanations were examined and, from them, Your Committee selected forty-four which appeared to require further examination.

6. The Items selected were made the subject of a Public Inquiry held at Parliament House, Canberra, on -

Tuesday, 16th August, 1966.

Tuesday, 23rd August, 1966.

Monday, 29th August, 1966.

Tuesday, 30th August, 1966.

7. The following witnesses were sworn at the Public Inquiry and were examined by Your Committee:

Department of Air

Mr. N. C. D. Allen - Acting Assistant Secretary, Finance

Attorney-General's Department

Mr. F. R. A. Elvidge - Master of the Supreme Court of the Northern Territory, Darwin

Mr. A. N. Gamble - Principal Registrar of the High Court, Melbourne

Mr. R. Phillips - Director, Management Services

Mr. A. W. Wynne - Registrar of the Supreme Court of the Australian Capital Territory, Canberra

Department of Civil Aviation

Mr. B. Lewis - First Assistant Director-General, Management Services.

Mr. G. Woodward - Assistant Director-General, Finance.

Commonwealth Scientific and Industrial Research Organisation

Mr. R. C. McVilly - Deputy Finance Manager

Mr. R. W. Viney - Finance Manager

Department of Customs and Excise

Mr. J. L. Bloomfield - Chief Accountant

Mr. D. J. Roche - Director, Establishments

Department of External Affairs

Mr. K. G. Brennan - Senior Assistant Secretary, Management Services Branch

Mr. E. H. Hanfield - Property Officer

Mr. R. E. Johns - Finance Officer

Mr. H. D. White - Assistant Secretary, External Aid Branch

Department of Immigration

Mr. R. E. Armstrong - First Assistant Secretary,  
Planning and Operations Division

Mr. T. T. McElroy - Finance Officer, Establishments  
and Finance Branch

Department of the Interior

Mr. S. H. Lloyd - Supervising Meteorologist,  
Co-ordination and Planning,  
Bureau of Meteorology.

Mr. G. H. Nichol - Executive Officer,  
Bureau of Meteorology.

Department of National Development

Mr. W. Murphy - Finance Officer

Department of Primary Industry

Mr. D. P. Gloary - Director, Management Service  
Division

Mr. J.D. MacFarlane I.S.O. - First Assistant Secretary,  
Export Inspection and  
Management Services Division

Prime Minister's Department

Mr. C. J. Lenihan - Executive Officer, Office of  
Education

Mr. A. B. Milne - Secretary, Public Service Board

Mr. J. H. Scholtens C.V.O. - Acting Director,  
Establishments Branch

Mr. B. Whatman - Assistant Inspector,  
Secretary's Branch,  
Public Service Board

The Senate

Mr. R. E. Bullock - Deputy Clerk

Mr. M.W.H. Rossor - Accountant

Department of Social Services

Mr. C. Calvert - Acting Director, Finance

Mr. A.G. McArthur - Chief Accountant

Mr. M. O'Keefe - Inspector, Personnel  
and Establishments

Mr. R. G. Williams - Director, Establishments

Department of Trade and Industry

Mr. D. O. Dickinson - Assistant Secretary,  
Management Services Branch.

Mr. P. B. Doherty - Acting Finance Officer,  
Management Services Branch.

Department of Works

Mr. E. B. Tato - Acting Assistant Director-General,  
Works and Finance.

8. During our inquiry we were assisted by the following  
Observers:

Mr. A. K. Ragless	-	Audit Office
Mr. F. C. Nordeck O.B.E.)	}	- Public Service Board
Mr. G. N. Vanthoff		
Mr. G. J. Balfour	}	- Department of the Treasury
Mr. M. G. Cowie		
Mr. D. Hunter		
Mr. A. J. Pond		

9. In its approach to the examination of expenditure from the Advance to the Treasurer, Your Committee has maintained the view expressed by earlier Committees and in the Sixty-eighth Report that the reasons for and nature of the particular expenditures concerned are the principal matters of importance. As on previous occasions we have sought to ascertain whether or not the principle is being maintained that use of the Advance should be confined to urgent and unforeseeable requirements for which provision could not be made in the first and additional Appropriation measures.

P.P. No.  
131 of  
1964

10. The following fifteen chapters of the Report relate to those items which were the subject of further examination at the Public Inquiry.



CHAPTER 2 - DEPARTMENT OF AIR

Division 734/1/02 : Civil Personnel - Salaries and Payments in  
the Nature of Salary - Temporary and Exempt  
Employees.

Original Appropriation \$3,110,000 : Expenditure \$3,441,923

11. The Department informed us that a sum of \$299,000 had been sought in the Appropriation Act No.3 to provide for both new and increased commitments but that a further sum of \$59,700 had ultimately been required from the Advance to the Treasurer. It was explained that, at the time the Additional Estimates had been prepared, the structure of the Department's existing commitments and the pattern of expenditure during the earlier part of the year had been carefully analysed; however, at the end of April the Department realised that although the number of additional staff was less than previously employed there had been a substantial increase in the average rate of pay. This was partly attributable to the fact that the number of employees in positions which attract penalty rates had increased to an extent not previously foreseen. The Department invited attention to the fact that 400 civilians are employed in substitution for servicemen and that the majority of these employees are engaged in shift work for which penalty rates are payable. A further factor contributing to the need for additional funds was that the average rate of pay used in assessing the extent of required funds in the Additional Estimates was too low.

Exhibit  
82/43

12. Your Committee noted that although a sum of \$59,700 had been sought from the Advance to the Treasurer, a sum of \$26,777 had remained unexpended at the end of the financial year. The Department informed us that at the time the available funds were reviewed prior to an approach being made to the Advance to the Treasurer it had been expected that expenditure on long service leave payments amounting to \$13,000 would be more than offset by an estimated short fall of \$18,000 in the amount recoverable from other Departments. However, the estimated shortfall in recoveries did not eventuate and, in fact, amounted to a sum \$7,000 in excess of that which had been previously expected. Mr. Allen explained that when the sum required from the Advance to the Treasurer was being assessed the Department had failed to consider the sum which would become available as a result of a journal entry which had debited the permanent salary vote and credited the item being reviewed.

Exhibit  
82/43

Q.811

13. Referring to the other factors which had resulted in a call being made upon the Advance to the Treasurer, viz. the use of a less than adequate average wage rate and the failure to foresee the extent to which civilians would be employed, Mr. Allen suggested that officers within the Department responsible for the preparation of the Estimates had not been in a position to foresee reliably the actual extent of the funds required. Q.816-  
Q.818

14. After considering the variable factors present in the expenditures incurred under this item, the magnitude of the appropriation and the extent of the call upon the Advance to the Treasurer, Your Committee accepts the explanations submitted by the Department.

(ii) Division 736/0/02 : Administrative Expenses and General  
Services - Office Requisites, equipment,  
printing and stationery.

Original Appropriation \$860,000 : Expenditure \$1,166,922

15. The Department informed us that an additional sum of \$188,000 had been sought in the Additional Estimates to finance the greater use of commercial printing facilities due to the preoccupation of the R.A.A.F. Printing and Publications Unit with a large volume of printed publications associated with new aircraft and equipment. However, when the appropriation was again reviewed at the 30th April, 1966, it became evident that the rate of expenditure on printing and stationery had progressively increased to an extent much greater than that foreseen at the time the Additional Estimates were prepared. The primary cause of the higher expenditure was an increased consumption of paper resulting from the output of the computer which was producing master duplimats for the R.A.A.F. catalogue of stores. The increased usage of bulk paper and other printing materials was not foreseen at the time the Additional Estimates were prepared and this had prompted a call upon the Advance to the Treasurer to the extent of \$117,700.

Exhibit  
82/44

16. We sought from Mr. Allen an explanation as to why the Department should assess its financial requirement for the period between February and June as being \$188,000 when the ultimate requirement had amounted to \$307,000. Mr. Allen explained that the level of expenditure under the item had reached only \$348,000 at the time the Additional Estimates were prepared and the Department had not believed that the ultimate level of expenditure would exceed \$1,040,000. It was indicated that the Department had been aware of an increasing trend in the rate of expenditure but that the final magnitude of the expenditure had been completely unexpected. The Department's ignorance in this respect had been brought about by the fact that although information had been fed into the computer for a number of years the product of the earlier work had not begun to be realised until August 1965 when the computer commenced to produce amendments to the stores catalogue. It was indicated that the lack of experience of the computer's stores needs when in operation was a factor which, together with the need to meet increased expenses resulting from the added use of commercial printing services, had resulted in the necessity to call upon the Advance to the Treasurer to the extent of \$117,700.

Q.847

Q.855

Q.831

17. We noted from the Departmental explanations that the total funds expended by the Department under this item exceeded the extent of available funds by a sum of \$1,222. Mr. Allen explained that the unauthorized expenditure had been incurred as a result of an officer's failure to accurately maintain a Warrant Register. However, a revised system was to be introduced within the Department which should obviate any future errors of this nature.

Q.829

18. The evidence has revealed to Your Committee that the Department found it necessary to draw from the Advance to the Treasurer largely because of its inexperience in assessing the stores needs of an operational computer. Your Committee accepts the explanations submitted by the Department but trusts that the experience gained during the year will be reflected in the accurate preparation of future estimates.

CHAPTER 3 - ATTORNEY-GENERAL'S DEPARTMENT

- (1) Division No. 120/2/01: High Court - Administrative Expenses -  
Travelling and Subsistence.

Original Appropriation £92,000 : Expenditure £106,285.

19. The Appropriation Act No. 3 included a provision of £10,100 for expenditure under this item due to an increase in the rates of travelling allowance and the level of air fares, an increased usage of cars by the Judiciary and a visit to Tokyo by the Chief Justice. A further sum of £10,800 was subsequently sought from the Advance to the Treasurer due to the necessity for the Chief Justice to travel to Britain to sit as a member of a board of the Privy Council. The Department had not been notified of the proposed visit to Britain until 13th May, 1966, a date which was too late to allow provision to be made in the Additional Estimates. Exhibit  
82/4

20. Mr. Phillips informed us that the total estimated cost of the visit to Britain by the Chief Justice was Q.39  
£18,883 of which it was expected that a sum of £10,000 would be spent during the financial year 1965-66. However, all the Q.44  
accounts had not been received by 30th June, 1966 with the result that expenditure to the extent of only £4,185 was incurred by the end of the financial year.

21. Your Committee accepts the Departmental explanation.

(ii) Division No. 850/2/04 : Courts and Registrations Offices -  
Administrative Expenses - Fees of  
Jurors and Witnesses

Original Appropriation \$7,200 : Expenditure \$7,691

22. The Department informed us that a review of the funds available under the item in February, 1966, suggested that recourse to the Appropriation Act No. 3 would not be necessary. However, the results of a further review conducted in May, 1966, revealed that the available funds would be insufficient to meet fees payable in the remainder of the year. Two jury precepts were forecast for June, 1966, in respect of which 36 jurors were to be summoned to appear on 15th June, 1966 for a trial expected to occupy two days and a further 36 jurors were expected to be summoned to appear on 28th June, 1966, for a trial expected to last three days. The jurors' fees were assessed at \$500 and provision was sought from the Advance to the Treasurer.

Exhibit  
82/5

23. Mr. Wynne informed us that an accurate estimate of expenditure under this item was always difficult as the Department must endeavour to foresee the number of committals which will be referred to the Supreme Court by the Court of Petty Sessions. It was then necessary to establish which of the committals would be in respect of trials by jury and which would be committals for sentence. The expenditures incurred also depended on the nature of the trials conducted in the Supreme Court as, if one accused person was on trial, 36 jurymen would normally be called but, if the trial was in respect of an offence punishable by death, 60 jurors would be summoned of whom each is entitled to payment of \$2.70 for the first four hours attendance. If a juror is in attendance for longer than four hours he is entitled to be paid a sum of \$4.80 per day.

Q.54

24. Mr. Wynne explained that when a review of the available funds under this item was conducted in February, 1966, a sum of \$3,450 had been available for further expenditure but a subsequent examination in May, 1966, revealed that expenditure had reached a level of \$7,153. This had necessitated the expenditure of funds from the Advance to the Treasurer despite the fact that the Department had allowed for a 33 1/3 per cent increase in expenditure

Q.48,  
Q.49

Q.54

when the estimates were being prepared for the 1965-66 financial year. However, although the number of trials had been 18 in 1963-64 and had fallen to 16 in 1964-65, the number rose to 30 trials in 1965-66. Q.54

25. The evidence has revealed that the expenditure from the Advance to the Treasurer was necessitated largely by an unprecedented increase in the number of trials conducted in the Australian Capital Territory in 1965-66. Your Committee recognises that the Department was not in a position to foresee the increase and accepts the explanations tendered.

(iii) Division No. 868/1/02 : Courts Offices (Northern Territory) -  
Salaries and Payments in the Nature  
of Salary - Temporary and Casual  
Employees.

Original Appropriation £36,400 : Expenditure £45,095.

26. The Department informed us that a review of the vote in February, 1966, indicated that further funds would be required due to such factors as salary increases, the employment of a larger number of temporary employees than earlier foreseen and the retrospective adjustment of the salary of one employee. The extent of the additional funds required was assessed as £8,400 and this sum was sought in the Appropriation Act No. 3. A further review of the vote in April, 1966, indicated that there would be an additional requirement of £300 due to a re-organisation and promotion of two officers within the Courts Offices and the unforeseen resignations of two employees which required payment of pro rata recreation leave. Exhibit  
82/6

27. We requested Mr. Elvidge to reconcile the statements tendered in the Exhibit, which explained expenditure from the Advance to the Treasurer to the extent of £500, with a comparative table of expenditure appearing elsewhere in the Exhibit which indicated expenditure of only £295. We were informed that the amount of £205 indicated as underexpenditure had been traced within a few days of our public hearing to a ledger entry made by the Sub-Treasury in Darwin. An amount of \$196 had been debited to the Department of Territories instead of the Darwin Courts Offices. As a result an amount of only \$9 had in fact remained unexpended from the sum sought from the Advance to the Treasurer. Q.59

28. Your Committee believes that the call made upon the Advance to the Treasurer was made in circumstances for which the Advance was designed to cater, viz. demands for expenditure of a completely unforeseen nature. However, Your Committee is disturbed when submissions are tendered which include errors undetected until witnesses are subject to oral examination, notwithstanding efforts made by Your Committee's Secretariat to ensure that Departments have a reasonable opportunity to



effect corrections to submissions prior to public hearings. It is highly probable in the present case, that a timely correction made by the Department to its written submission would have avoided the necessity for oral examination by Your Committee and at the same time would have obviated the need for a witness to be transported from Darwin to Canberra at considerable public expense.

CHAPTER 4 - DEPARTMENT OF CIVIL AVIATION

- (i) Division 135/1/01 : Administrative - Salaries and Payments in the Nature of Salaries - Salaries and Allowances.

Original Appropriation \$13,680,000 : Expenditure \$14,296,621.

29. The Department informed us that the provision of \$13.68 million under the Appropriation Act No. 1 allowed for the payment of salaries and payments in the nature of salary to permanent officers of the Department. The officers numbered 4,302 at 30th June, 1966. Exhibit  
82/7

30. It was stated that, in broad categories, the duties of the personnel cover Operations (such as air traffic control, communications and fire services), the construction of airways facilities, the maintenance of such facilities and all regulatory and administrative functions. The functions and responsibilities of the Department require that many of the personnel (particularly the operational staff) should work shifts of duties with the attendant complex arrangement for penalty and shift rates of payment. It was stated that in recent years the rapid and general growth of civil aviation has placed great demands on the Department and has required many additional airways and airport facilities. This has also brought about a continuing need for organisational review and these factors, together with the difficulty of determining when new positions will be filled because of the problems of recruiting specialised staff, have made the assessment of required funds most difficult since the conditions of employment and remuneration payable are governed by decisions of the Public Service Board and by some 35 different awards, agreements and determinations. Exhibit  
82/7

31. We were informed that a sum of \$600,000 had been sought in the Appropriation Act No. 3 to permit the payment of increased salaries and wages arising out of arbitrators' determinations, the re-organisation and reclassification of positions and for retirement leave payments. A sum of \$35,000 had thereafter been sought from the Advance to the Treasurer as a result of further arbitrators' determinations varying the salaries office staff and clerical staff, but, of the sum sought from the Advance to the Treasurer, \$18,379 had not been expended at the end of the financial year. Exhibit  
82/7

32. Explaining its failure to expend in full the sum sought from the Advance to the Treasurer the Department stated that for the pay period ended 22nd June, 1966 the Sub-Treasuries had required that pay claims be submitted by the earliest possible date. However, before the pay claims could be processed by the Sub-Treasuries, it was necessary for the Department to acquire authority in the form of warrant authority indicating that funds were available from the Advance to the Treasurer. After the receipt of warrant authority from the Treasury and subsequent to the processing of the salary claims by the Sub-Treasuries, repayments were made to the vote from reimbursements received for works undertaken for other Departments and instrumentalities. Those repayments, which the Department informed us cannot be anticipated for purposes of authorisation of payroll expenditure, were reflected as an underexpenditure of funds sought from the Advance to the Treasurer to the extent of £6,700. A further sum of \$2,000 remained unexpended as the payment of arrears of salary arising out of an arbitrator's determination could not be made before the close of the year pending clarification of the salary entitlement of six officers.

Exhibit  
82/7

33. Mr. Lewis indicated that the Department was not in a position to establish precisely when repayments might be received from other departments as the sums received are made up from very many claims for work undertaken by the Department throughout Australia as well as at places such as Lord Howe Island. The Department felt that it made sufficient effort to recover the repayments due to it without going to other Departments to establish where a particular claim was located at some point of time.

Q.77 - Q.79

34. In response to our questions as to the degree of accuracy attaching to the ultimate level of expenditure from the Advance to the Treasurer, Mr. Lewis indicated that, apart from the sums involved in unpaid arrears of salary and inter-departmental repayments, \$9,000 was contained in unexpended balances at six regional offices and in New York and London. The Department had estimated as closely as possible and believed that it had achieved an acceptable result in view of the substantial appropriation involved.

Q.84

35. Your Committee accepts the Department's submission that a need existed to draw upon the Advance to the Treasurer and, after reviewing the explanation tendered, commends the Department for its accurate record of estimating in the last three years. We would suggest, however, that the Department's difficulty in attempting to foresee the date of repayments to its salaries votes might be obviated if the attention of other Departments and Commonwealth instrumentalities was drawn to the necessity to effect payment of outstanding claims at a date earlier than the last week of the financial year.

(ii) Division 135/1/02 : Administrative - Salaries and Payments  
in the Nature of Salary - Temporary  
and Casual Employees

Original Appropriation \$4,710,000 : Expenditure \$5,059,248.

36. The Department informed us that provision was made under this item for the payment of salaries to temporary officers performing much the same duties as the permanent officers who are paid from Division 135/1/01. Additional funds to the extent of \$340,000 had been sought in the Appropriation Act No. 3 to provide for the salaries of additional staff, an increase in the salaries of existing staff (arising out of Arbitrator's Determinations and the National Wage Case) and a Papua/New Guinea Ordinance which varied the rate of payment due to native staff. Subsequently, a further sum of \$37,000 had been sought from the Advance to the Treasurer as a result of an Arbitrator's Determination varying the salaries of fire staff, and for the additional cost incurred as a result of delays in the permanent appointment of existing temporary staff. These latter factors had been expected to cost a sum of \$52,000 but this had been reduced to \$37,000 by an expected under-expenditure of \$15,000 due to a delay in the recruitment of additional temporary staff. Exhibit  
82/8

37. Of the sum of \$37,000 sought from the Advance to the Treasurer, there remained at the end of the year unexpended funds of \$27,752. Explaining the underexpenditure, the Department informed us that in Papua/New Guinea payments to the indigenes at certain departmental establishments are made by the officer in charge operating from an advance to which reimbursement is made on the basis of acquitted pay sheets after each pay day. For the final pay of the 1965/66 financial year it was not possible for the acquitted pay sheets and reimbursement claims to be received in the Port Moresby headquarters in sufficient time to allow for the reimbursement of the advances before the end of the financial year. The Sub-Treasury (Department of Works, Port Moresby) closed for business for the financial year on the 22nd June, 1966 as a result of which outstanding claims totalling \$8,355 were made a charge against the 1966/67 appropriation. Exhibit  
82/8

38. The Department also indicated that repayments had been made to this item in respect of works undertaken for other Departments and instrumentalities in the same manner described in the explanation relative to expenditures from item 135/1/01. The repayments, although due to the department, could not be utilised until after their receipt, and this situation alone had resulted in an apparent under-expenditure of \$12,000 in the sum sought from the Advance to the Treasurer. The balance of \$7,000 which had remained unexpended was due to the Department's necessity to cater for uncertainties applying to the recruitment of temporary employees in the last month of the financial year.

Exhibit  
/8

39. Referring to the Department's need for an additional sum of \$50,000 arising out of the delays in the permanent appointment of temporary staff, Mr. Lewis informed us that the Department employed approximately 140 temporary officers in various categories, and that it had been hoped to transfer them quickly from a temporary to the permanent classification. This had not been done with the result that the salaries of the temporary employees had remained a charge against the vote for a period of 4 months instead of 2 months.

Q.88

40. We also questioned the Treasury Observer, Mr. Balfour, on the reasons why the Sub-Treasury in Port Moresby closed for business for the financial year on 22nd June. Mr. Balfour indicated that the various offices throughout Australia charged with the responsibility of accounting for public monies were instructed by Treasury Circular in the common procedure to be adopted in the closing of accounts at the end of the financial year. Varying dates for closure were stipulated according to the nature of the office concerned, but an overseas office such as Port Moresby would have been instructed to close for the year on 24th June. However, local circumstances may have required closure at an earlier date such as 22nd June, the date referred to in the Departmental explanation.

Q.93 - 101  
and  
Committee  
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1966/2

41. Your Committee again accepts the Department's submission that a need existed to draw upon the Advance to the Treasurer and, subject to our earlier comments on the desirability of Departments effecting payment of outstanding claims at a date earlier than the last week of the financial year, Your Committee accepts the explanations tendered.

CHAPTER 5. - COMMONWEALTH SCIENTIFIC AND  
INDUSTRIAL RESEARCH ORGANISATION

- (1) Division No. 150/2/01 : Administrative -- Administrative Expenses --  
Postage, telegrams and telephone services.  
Original Appropriation £120,000 : Expenditure £125,779.

42. The Organisation stated that during the last quarter of the financial year, it had become obvious that expenditure on the item would exceed the original estimate due to an increase in the size and number of scientific journals published by the Organisation with a corresponding increase in bulk postage costs. In addition, an increasing demand for such publications as "Rural Research in the C.S.I.R.O." and "C.S.I.R.O. Industrial Research News", which are aimed at securing rapid and effective application in industry of the results of research, resulted in greater expenditure on postage. A sum of £4000 had been sought accordingly from the Advance to the Treasurer subject to the underexpenditure of an equivalent amount in the provision for another item.

Exhibit  
62 /9

43. The Organisation informed us also that during the financial year a regional administrative office was opened in Brisbane. Due to favourable circumstances, the office commenced operations at an earlier date than was originally contemplated with the result that expenditure on postage, telephone and teleprinter services was greater than the sum provided when the estimates were prepared since financial provision had been made for half of the year whereas expenditure had been incurred over nine months. The approval of the Department of the Treasury was received to supplement this item by a further £2,200, again subject to the underexpenditure of an equivalent amount in another item.

44. Mr. Viney informed us that an increased rate of expenditure on postages had been apparent at the time the Additional Estimates were prepared but the magnitude of the ultimate level of expenditure had not been foreseen. In addition, the Organisation had felt that expenditures which had been incurred as a result of the activities of the newly opened regional office would have been financed from under-

Q.105

Q.110

expenditures at other offices in Canberra, Sydney, Melbourne and Hobart. However, the Organisation's assessment of the situation had proved to be incorrect.

45. In the light of the difficulty in arriving at a precise estimate of annual expenditure under this item and the limitation of expenditure to the overall level of the appropriation for the division, Your Committee accepts the explanation tendered.



(ii) Division No. 150/3/05 : Administrative - Investigations -  
Agricultural Research (Horticulture  
and Irrigation).

Original Appropriation £691,400 : Expenditure £700,465.

46. The Organisation informed us that provision is made under this item for scientific investigation into the control of eelworm in grapevines and fruit trees, the nutrition of irrigated crops and fruit trees, and the agronomy of irrigated cotton. A sum of £6,500 had been included in the Appropriation Act No. 3 to provide for increased expenditure incurred as a result of salary increases arising from the 1965 National Wage Case and to account for additional expenditure from contributory funds. Thereafter, a vacant position for a Research Scientist in the Adelaide Laboratory of the Horticultural Research Section was filled by an appointee from overseas during the last quarter of the financial year. The costs associated with this appointment, i.e., fares for the appointee and his family, travelling allowances and removal expenses, were not foreseen by the Organisation when the Estimates were prepared and a sum of £3,000 was sought from the Advance to the Treasurer. In addition, the necessity to maintain vital experimental plots at some distance from the Irrigation Research Laboratory at Griffith, New South Wales, had demanded expenditure on overtime because of a shortage of experienced technical staff over the three months preceding the end of the financial year. The expenditure incurred as a result of this work had exceeded the provision made in the Estimates and the approval of the Treasury was obtained to supplement this item by £3,700 subject to equivalent underexpenditures from another provision.

Exhibit  
82/10

47. Mr. Vinay informed us that all of the expenditures financed from the Advance to the Treasurer had been incurred in the last quarter of the financial year which was a time which was too late to permit provision to be made in the Additional Estimates. In addition, the circumstances surrounding the funds required for overtime were of such an uncertain nature (being prompted largely by climatic conditions) that the Organisation could do no better than guess as to the sum which would be required.

48. Because of the uncertainties surrounding expenditure under this item and the fact that a global limitation exists in respect of the Organisation's expenditure, Your Committee again accepts the explanations tendered.

(iii) Division 150/3/09 : Administrative - Investigations -  
Information and Publications.

Original Appropriation ₹716,000 : Expenditure ₹745,876.

49. We were informed that provision is made under this item for the cost of publication of the results of research. Exhibit 82/11

Funds are also provided for a translation section, a central library, a film unit and the editorial and publishing sections.

50. It was stated that an increased provision of ₹15,900 had been sought in the Appropriation Act No. 3 to allow for salary increases arising from the 1965 National Wage Case and also for increased costs of producing scientific publications as the number of papers accepted for publication during 1965-66 had exceeded the original estimate with a consequent increase in the size and number of the journals. This in itself had resulted in a corresponding increase in the cost of production but it had also become necessary to have certain journals set and printed by outside firms because of difficulties in recruiting compositors and technical staff to fill vacant positions. Despite the added provision in the Additional Estimates, the Organisation found during the remainder of the year that its inability to recruit suitable printing staff had become more pronounced and as there was no lessening in the number of scientific papers accepted for publication it was necessary to send substantially more work out to the printing trade and to continue to meet the increased costs involved. Accordingly, the approval of the Department of the Treasury was obtained to supplement the item by a further ₹14,000 subject to equivalent underependitures occurring in the provision for another item.

51. Mr. Viney explained that it was up to 50 per cent more costly to have publications printed outside of the C.S.I.R.O. than to have the work carried out within the Publishing Section. Despite these increased costs, the allocation of work to outside industry had been made necessary by staff resignations, since, in the last quarter of the year, five vacancies had occurred of which three related to key positions engaged in compositing. The five vacancies existed in a total trade establishment of twenty-eight positions and this had caused quite a significant falling off in the productive rate

Q.115

Q.117

of the unit. Mr. Vinay indicated that the staff position was a continuing problem and was largely due to the salary range offered by the Commonwealth which was substantially less than those ranges offering in private industry. Questioned on the level of salary ranges offered by the Commonwealth in respect of the printing trades the Public Service Board Observer, Mr. Vanthoff, advised us that the problem had been reviewed by the Board and a decision reached which was expected to be announced at an early date.

Q.116

Q.121

52. Your Committee believes that, in the light of the global limitation of expenditure and the availability of funds provided for other items, the Organisation was justified in continuing to accept papers for publication after the original and Additional Estimates were exceeded and accepts the explanations tendered.

(iv) Division 150/3/13 : Administrative - Investigations -  
Physical Research of Industrial Interest.

Original Appropriation £1,970,000. Expenditure £2,041,328.

53. The Organisation informed us that provision is made under this item for physical research of industrial interest undertaken by the Divisions of Physics and Applied Physics within the Organisation. Such studies are made as the effect of the sun upon radio communication and in respect of physical standards and measurements. The two Divisions comprise the National Standards Laboratory. Exhibit 82/12

54. It was stated that an increased provision of £67,000 had been sought in the Additional Estimates to provide for salary increases arising from the 1965 National Wage Case, to finance the renting of badly needed accommodation which became available near the National Standards Laboratory, and to account for additional expenditure from grants made by outside sources. However, in preparing the Estimates a deduction had been made from the gross provision to cover the expected underexpenditures of the salary provision arising from resignations, leave without pay and appointments at lower salary levels. However, the level of underexpenditure anticipated by the Organisation was not realised and the approval of the Department of the Treasury was sought to finance the added expenditure by utilising funds to the extent of £7,000 available under another item.

55. We were informed that it also became obvious during the last quarter of the financial year that the sum provided for workshop supplies would prove to be inadequate. Specialised equipment being fabricated by the Division of Physics for its solar physics observatory at Culgoora, New South Wales, which was currently under construction, had necessitated the use of unusually large quantities of workshop supplies. Treasury approval was therefore obtained to supplement this item to the extent of £3,000 by utilising funds available under another item.

56. Mr. Vincy informed us that a precise assessment of the level of funds which would ultimately be required for expenditure on salaries under this item was not possible until very late in each year because of Q.122

the staff movements which occurred at very short notice. It was stated that a person might be offered an award by an overseas university, subject to the provision that the award would be taken up within one or two months. The Organisation encouraged the acceptance of such awards although they constituted contributing factors to the difficulty of providing accurate estimates. Mr. Vincy also informed us that provision was made under the item for salaries, travelling allowances, laboratory equipment and operational expenses. However, much of the laboratory equipment is ordered from overseas and three instances had occurred when equipment had been promised for delivery during the month of June. Funds had been reserved to meet these expenses but factors outside the control of the Organisation, such as the United Kingdom shipping strike, had resulted in the failure to expend the provision which had been made.

57                      Your Committee again accepts the explanations tendered.

Q.124

Q.125

(v) Division No. 150/3/14 : Administrative - Investigations -  
General Physical Research.

Original Appropriation £1,816,200 : Expenditure £1,937,765.

58. We were informed that a sum of £57,300 had been sought in the Additional Estimates to provide for salary increases arising from the 1965 National Wage Case, additional fares and travelling expenses associated with the construction of a radio heliograph at Culgoora, New South Wales, an increase in the size of an order for scientific equipment from the United States, and to account for expenditure from grants made by outside sources. Mr. Viney indicated that after the Additional Estimates were prepared further expenditure had been incurred from contributions provided from outside sources to finance such activities as cloud seeding by the Division of Radio Physics for the New South Wales Government in connection with drought relief. We were informed that the amount of £65,729 debited to the Advance to the Treasurer had been recovered from the contributors concerned and has been brought to account as an amount received from a specific research trust fund. The confusion which has arisen from the practice of including contributory funds and appropriations of the Consolidated Revenue Fund in the one item was discussed in our 75th Report but we note evidence indicating that the year 1965-66 was the last occasion in which such funds would be so included. Your Committee accordingly accepts the explanations tendered by the Organisation.

Exhibit  
82/13  
and  
Q.126

P.P. 249  
of 1964-65

## CHAPTER 6 - DEPARTMENT OF CUSTOMS AND EXCISE

Division No. 155/1/01 : Administrative - Salaries and Payments  
in the Nature of Salary -  
Salaries and Allowances.

Original Appropriation \$10,437,400: Expenditure \$10,814,347.

59. The Department informed us that an additional provision of \$320,000 was sought in the Appropriation Act No. 3 of which \$160,000 was used to finance marginal salary increases. In addition further funds to the extent of \$160,000 were required in order to meet the cost of new positions, higher duty payments, unforeseen furlough payments and as a result of a decision by the Public Service Board to 'unfreeze' certain positions which had been created at an earlier date. Subsequently, it became necessary to seek warrant authority for expenditure from the Advance to the Treasurer to the extent of \$61,000 due to the creation of 62 new positions and 28 reclassifications which were approved after the Additional Estimates were submitted in March 1966. The new positions and reclassifications were expected to cost \$42,900 while further unforeseen furlough payments and results of a successful recruiting campaign demanded funds to the extent of \$10,000.

60. Explaining the reference to the Public Service Board's Q.140 decision to 'unfreeze' certain positions Mr. Roche informed us that the Board had completed a major review of the Prevention and Detection Service in 1964. As a result of the review, an increase was made in the number of positions in the Preventive Service but there had been reservations at the time about the Department's capacity to absorb, in terms of training and placement, the number of people necessary to fill the vacancies. The Public Service Board had therefore temporarily frozen the positions and indicated that the State Collectors could approach the local Public Service Board Inspector to have the positions made available as the demand arose and the training capacity of the Department increased. Although some of the 62 new positions and 28 reclassifications referred to Q.141 in the Department's written submission involved some of the 'frozen' positions, the filling of all of those positions had been approved by the Board after the Additional Estimates had been submitted. The Public Service Board Observer, Mr. Vanthoff, Q.146 indicated that the rate at which the new positions had been

released from a 'frozen' status had been governed by the Department's capacity to absorb the new recruits and that any increase in the rate in order to permit the acquisition of funds in the Additional Estimates would have defeated the purpose for which the Board had adopted that course of action.

61, Mr. Roché also stated that the furlough payments, Q.151 which had been financed from the Appropriation Act No. 3, had become payable for reasons such as the illness on the part of the wife of an officer after which the officer might decide to use a portion of his furlough entitlement to care for his family. In a subsequent submission, we were informed that, of the \$160,000 sought in the Appropriation Act No. 3, \$47,717 was required for the cost of unforeseen furlough and payments in lieu of furlough.

Committee  
File  
1966/2.

62, Your Committee agrees that the Department made proper use of funds available from the Advance to the Treasurer and accepts the explanation tendered.



- (ii) Division No. 155/1/02 : Administrative - Salaries and Payments in the Nature of Salary - Temporary and Casual Employees.

Original Appropriation \$671,600 : Expenditure \$744,070

63. We were informed that a sum of \$60,000 had been sought in the Appropriation Act No. 3 due to the Department's inability to recruit suitable permanent staff before December 1965, with the result that it became necessary to increase the number of temporary employees. Other factors for which the additional finance was required included a higher number of employees awaiting permanent appointment than was earlier foreseen, unexpected payments in lieu of furlough and the payment of increased margins as from 8th July, 1965. After the funds were provided in the Additional Estimates it became necessary to expend a further sum of \$12,470 which was financed from the Advance to the Treasurer. The additional funds were required due to the success to an unexpected degree of a recruiting campaign for new employees during the last few months of the year in New South Wales and Victoria, while at the same time new employees recruited earlier in the year remained a charge to the temporary salary vote for a period longer than is usual.

Exhibit  
82/15

64. Mr. Bloomfield indicated that the delay in the permanent appointment of the temporary employees was due to factors beyond the control of the Department and that, instead of the officers being temporarily employed for a period of two or three months, a delay of up to five months had occurred before permanent appointments had been made. Mr. Roche indicated that the Department adopted an analytical approach in the preparation of its Estimates but, in respect of this item, the estimates were derived from 11 sources both from within the Commonwealth and from overseas.

Q.157

Q.159

65. In the light of the explanation tendered Your Committee believes that the Department utilised the funds available from the Advance to the Treasurer for the purposes for which they were made available viz. unforeseen expenditures for which provision could not be made in the Additional Estimates and accepts the explanations tendered by the Department.

(iii) Division No. 155/2/09 : Administrative - Administrative  
Expenses - Uniforms and Protective  
Clothing.

Original Appropriation \$74,000 : Expenditure \$74,268.

66. Although the call upon the Advance to the Treasurer for this item amounted to only \$268, Your Committee's attention was attracted to the expenditure by a combination of two factors: firstly, the absence of any provision against the Appropriation Act No. 3, which would indicate the use of the Additional Estimates and, secondly, our inability to reconcile our understanding of the proper use of the funds available in the Advance to the Treasurer (i.e., for expenditure upon urgent and unforeseen requirements) with the expenditure of such a comparatively small sum under an item providing for uniforms and protective clothing. The explanation tendered by the Department indicated that due to a clerical error in the central office in failing to convert an authorisation to decimal currency, funds had been overallocated to the extent of \$650. Exhibit  
82/16

67. Mr. Bloomfield explained that on 28th June, 1966, the Central Office had been approached by the Western Australian office for additional funds amounting to \$615. The officer controlling the vote, in an endeavour to assist the State officers, had re-examined the warrant advices issued during the year and in doing so had scheduled an advice to the value of £650 as \$650. On totalling the schedule, the officer had erroneously assumed that the allocation of funds made throughout the year amounted to \$650 less than he had earlier believed. He accordingly had made the sum requested available to the Western Australian office with the result that the expenditure had reached a level \$268 in excess of the authorisation. Q.160

68. Mr. Rooke assured the Committee that the Estimates prepared in the Department were invariably examined and re-examined in some detail in order to achieve the highest degree of accuracy. Being responsible for the Department's financial administration, he received a return at the end of each month of the financial year which was prepared in the accounting section and which revealed in considerable detail the appropriation, the pro rata expenditure on a monthly basis and the actual expenditure incurred against Q.174-176

the Appropriation. The return was also subjected to the comment of the Chief Accountant in respect of each vote in which that officer highlighted any points which required close attention. In addition the Chief Accountant, at not infrequent intervals, journeyed to the State offices and held discussions with the officers involved in the preparation and development of the Estimates. Any substantial variation from an earlier estimate was made the subject of a thorough investigation and the officers responsible were expected to provide adequate explanations.

69. Your Committee has noted that this error occurred on the 28th June and, while we cannot condone errors in the administration of public funds, we recognise that this period is a most difficult one for the finance officers of any department and we accept the explanations tendered. We would also commend the Department in respect of the measures described in evidence which have been adopted to control the expenditure of public funds.

CHAPTER 7 - DEPARTMENT OF EXTERNAL AFFAIRS

Division No. 165/5/03 : Administrative - International  
Development and Relief - Special  
Commonwealth-African Assistance  
Plan.

Original Appropriation \$400,000 : Expenditure \$420,079.

70. The written explanation tendered by the Department revealed that it was necessary to draw upon the Advance to the Treasurer because of the unexpected increase in the cost of the individual activities financed from the item, even though the extent of the activities did not differ from that of 1964-65. In this respect, Your Committee accepted the Departmental explanation but we queried the situation revealed elsewhere in the submission where it was disclosed that expenditure had exceeded the original appropriation by \$20,079 although no funds had been sought in the Additional Estimates and no warrant authority had been issued to the Department to authorise expenditure from the Advance to the Treasurer. We also noted from the explanation that the Treasury had admitted liability for the commitment of funds to an extent of \$50,000, subject to the underexpenditure of an equivalent sum in the provision made under item 165/5/C1 - Economic Development under the Colombo Plan.

Exhibit  
82/17

71. Mr. Brennan explained that if the Department has occasion to expect that funds might be required for a particular purpose in a current year or, in some circumstances, in a future year, the Department of the Treasury is approached to seek acceptance of the proposal as a proper charge against public funds. If the subsequent rate of expenditure thereafter indicates that the funds will in fact be required by the Department, application is made to the Department of the Treasury for a warrant to authorise actual expenditure on the commitment recognised earlier in the year. Mr. Brennan informed us that a liability had been accepted by the Treasury to the extent of \$50,000 for later expenditure upon the African Assistance Plan but that, at the time the Department of External Affairs had authorised the expenditure, the need for the warrant authority had been overlooked. In doing so, the Department had fallen short of the strict requirements of the Audit Act.

Q.194

72. Explaining the reference to the admission of liability subject to underexpenditure in another item, Mr. Brennan indicated that a global limit had been imposed upon the total expenditure under the two items but that, in view of a likely underexpenditure of funds under one item, it had been agreed that additional expenditure under the other item could be incurred to an agreed limit. The agreement thus ensured that the total of the expenditure under each item would still be contained within the global limit. Q.214.  
Q.218-  
Q.220

73. The Treasury Observer, Mr. Cowie, agreed that the practice of incurring expenditure under an item, subject to equivalent underexpenditure under another item, was akin to the procedures permitted by Section 37 of the Audit Act. It was indicated that although, as a result of Your Committee's recommendations, no order as prescribed by Section 37 had been sought from the Governor-General for some time, the implementation of Government policy had required the adoption of the practice of permitting expenditures in excess of the sum appropriated on items subject to equivalent underexpenditures in other items. Q.273  
Q.275  
Q.270  
Q.279  
However, the practice had been adopted in only three areas of expenditure: the Defence Departments, the Commonwealth Scientific and Industrial Research Organisation and the External Aid Programme. Mr. Cowie observed that when the Government announced its Budget to the Parliament, it was made quite clear that a total sum had been provided, for example, to the Defence Departments and the Government through its present practice, was ensuring that the total amount provided was not exceeded. Q.278

74. Your Committee believes that the Treasury Regulations are subjected to review and amendment by the Department of the Treasury to a degree sufficient to require strict observance and we are concerned to note that the Department failed to observe the provisions of Treasury Regulation 90 which requires that an Authorising Officer shall not authorise expenditure unless he is in possession of a Warrant Authority for Expenditure. Apart from this aspect of the Department's administration of expenditure from the item, Your Committee accepts the explanations tendered.

(ii) Division No. 176/2/08 : Brazil - Furniture and Fittings.

Original Appropriation \$800 : Total Expenditure \$7,149.

75. The Department stated that additional funds to the extent of \$5,700 had been required for a substantial refit of the Ambassador's residence but that a further sum of \$649 had been required as a result of an examination of the carpets and bedding which had been held in storage for possible use at the official residence. Exhibit  
82/18

76. Your Committee again noted from the Department's written submission that expenditure had been incurred before a warrant authority had been obtained from the Department of the Treasury.

77. Mr. Hanfield explained that the Department had required the newly-appointed Ambassador to undertake an examination of the carpets and bedding which had been held in storage for a number of years. However, the Ambassador had not had an early opportunity to do so since, upon his arrival in Brazil, no official residence had been available. The Department agreed in retrospect that the expenditures suggested by the examination, when it was eventually conducted, could have been deferred until the new financial year. However, by the time the expenditures had been incurred, the Ambassador had been accommodated in temporary accommodation for a period of six months and the Department believed that properly furnished accommodation should be made available as quickly as possible. Q.224  
  
Q.225  
  
Q.229

78. Mr. Brennan indicated that the Department had also failed to acquire warrant authority from the Department of the Treasury in respect of the expenditure from the Treasurer's Advance, relying instead upon the Treasury's earlier admission of liability. Q.228

79. Subject to our earlier comments concerning the Department's failure to observe the provisions of Treasury Regulation 90, Your Committee again accepts the explanations tendered.

(iii) Division 178/2/06 : Cambodia - Rent and Maintenance of Other Buildings.

Original Appropriation \$25,600. : Expenditure \$35,564.

80. We were informed that provision was made under this item for the payment of rents and maintenance costs of buildings other than the official residence. A sum of \$8,000 had been sought in the Appropriation Act No. 3 to provide rented accommodation for an additional External Affairs officer and Vice Consul but it had been necessary subsequently to seek a sum of \$1,964 from the Advance to the Treasurer due to the post's misunderstanding regarding the availability of funds. It was stated that although appropriation advices to cover additional rent and the cost of utilities had not been issued the post incurred expenditure when in fact the funds were not available. Exhibit 82/19

81. We were informed that some confusion had arisen over the availability of funds as, although the expenditures on rental had been authorised by an officer at the Cambodian post, the expenditure had been incurred by an officer at a post in France, notwithstanding the fact that insufficient funds existed in the item to finance the expenditure. The sum of \$1,964 funded from the Advance to the Treasurer was entirely expended in the last month of the financial year but we were informed that no warrant was issued in respect of this expenditure until 30th June. Q.232  
Q.233  
Q.235  
Q.236

82. Your Committee recognises that the costs of an officer's accommodation must be met regardless of whether funds are immediately available in the item or not. However, there are authorised procedures to be followed in the event of insufficient funds being available and Your Committee is concerned to see that these procedures were not followed in this instance. Your Committee believes that the error on this occasion was due to carelessness on the part of officers stationed at the Cambodian post and trusts that these officers concerned have been made conscious of the need for more care in the future administration of items under their control.

(iv) Division No. 179/2/09 : France - Incidental and Other  
Expenditure.

Original Appropriation £6,600 : Expenditure £7,765.

83. Your Committee noted in the written submission a further example of the Department's failure to acquire warrant authority in respect of expenditure financed from the Advance to the Treasurer. On this occasion, although warrant authority to the extent of £171 was sought from the Department of the Treasury thereby providing total available funds of £6,771, the level of actual expenditure reached £7,765 or £994 in excess of the sum authorised. We were informed that the expenditure debited to the Advance to the Treasurer had been necessary because of two factors, viz., the frequent exchange rate variations which were not taken into account when converting the local currency to Australian dollars during the process of assessing the amount of funds available and the payment of an amount of £903 to the British Government by the Australian High Commission, London for the maintenance of communications equipment although approval to pay the account had not been given to the London office.

Exhibit  
82/20

84. Referring to the unauthorised expenditure by the London office, Mr. Brennan explained that the British Government had changed the basis of the costing for maintenance work which had resulted in a temporary cessation in the submission of claims for work undertaken. The British Government had then presented, in 1965-66, accounts covering an eighteen month period in respect of which authority was given to the High Commission in London to pay 12 months' accounts. However, despite the absence of authority to do so, all of the accounts rendered were paid by the High Commissioner's Office.

Q.240

85. Mr. Johns stated that, as a result of the failure to bring to account exchange rate variations, officers at the French post had been led to believe that more funds were available for expenditure than in fact existed. However, such a deficiency had not often been realised in earlier years as, generally, movements in the exchange rate had tended to make available added funds at the end of each year. Mr. Johns indicated that as result of this error all posts had been alerted to ensure that exchange rate variations were brought to account.

Q.241  
&  
Q.243



86. Your Committee is again concerned to note both the Department's failure to adhere to prescribed procedures and the evidence that the overexpenditures in both instances were occasioned by an officer's neglect in matters of detail. Your Committee notes, however, that the need to properly account for exchange rate variations had been brought to the attention of all officers concerned and we trust that the attention of officers in the High Commissioner's office, London, has been drawn to the need for proper authority prior to the expenditure of funds.

(v) Division 216/1/01 : Malaysia - Salaries and Allowances.

Original Appropriation £176,200 : Expenditure £196,414.

87. The Department informed us that a sum of £19,500 had been sought in the Appropriation Act No. 3 to provide for the salaries of additional staff in both Singapore and Malaysia, increased salaries resulting from the reclassification of certain positions and the increased payment of allowances for Australian-based staff serving in Malaysia. Thereafter, warrant for expenditure from the Advance to the Treasurer to the extent of £4,470 had been acquired in order to pay the salary, outlay allowances and education expenses of a First Secretary who replaced a junior Second Secretary. The Department admitted that provision should have been made in respect of these expenditures in the Appropriation Act No. 3.

Exhibit  
82/21

88. Your Committee noted that although warrant authority authorising expenditure to the value of £4,470 had been acquired from the Department of the Treasury, only £1,719 had been expended from this source. Mr. Johns explained that due to staff shortages and illness within the Department's Head Office, it had been unavoidably necessary to have the end of the year reconciliation of expenditure effected by officers who were not familiar with the accounting arrangements for the Malaysian posts. Australia is represented in Malaysia in both Kuala Lumpur and Singapore, but the officer reviewing the expenditure had only had regard for the Singapore operations and had concluded that an additional £4,000 was required for expenditure on salaries; he did not appreciate that the expenditure incurred at Kuala Lumpur was falling short of the funds allocated. The end effect had been that of the sum of £4,470 made available by the Department of the Treasury only £719 had been spent.

Q.244

89. Your Committee appreciates that a higher level of activity exists in any finance branch at the end of a financial year and that staff shortages and illnesses would aggravate circumstances which were already difficult. However, we believe on this occasion that the allocation of funds for Malaysian representation into two divisions, i.e., Kuala Lumpur and Singapore, is of such significance that the failure to account for expenditure in one of the two centres could be the result only of carelessness.

(vi) Division No. 223/1/01 : Fiji - Salaries and Allowances.

Original Appropriation \$30,400 : Expenditure \$33,384.

90. The Department informed us that a sum of \$1,400 had been sought in the Appropriation Act No. 3 as a result of the reclassification of the administrative officer's position at the post. It had thereafter been necessary to seek funds from the Advance to the Treasurer to the extent of \$1,584 to cover the payment of accommodation subsidies which exceeded the original appropriation. Replacement officers had been required to remain in hotels for extended periods because of the difficulty in securing leased accommodation and this situation had been accentuated by the replacement of a single officer by a married officer with a family.

Exhibit  
82/22

91. The Department admitted that provision should have been made for the expenditure in the Additional Estimates; furthermore, as a result of a typographical error in the application to the Department of the Treasury for warrant authority, funds to the extent of \$5,100 had been made available instead of \$1,500.

Exhibit  
82/22

92. Your Committee questioned the Observer from the Department of the Treasury, seeking to establish whether his Department made any attempt to equate the sum sought from the Advance to the Treasurer with the value of the liability it was required to finance. Mr. Cowie informed us that the Treasury did not control the Department's appropriation ledger and it was accordingly unaware of the expenditure that might have occurred to any particular date. The Department of the Treasury had therefore to rely upon the Department's statement as to the extent of the funds it required.

Q.249

93. Your Committee recognises that the Department had a need for funds from the Advance to the Treasurer due to circumstances beyond its control and we accept the explanation tendered relative to the difficulties in securing leased accommodation in Fiji. However, we do believe that the preparation and submission to the Department of the Treasury of an application for funds which was discrepant in its most significant aspect, i.e., the value of the funds required, suggests to Your Committee the existence of a degree of care less than that expected of officers charged with the administration of expenditure. Your Committee trusts that it will not be necessary to inquire into the results of such patent errors in the future.

CHAPTER 8 - DEPARTMENT OF IMMIGRATION

- (i) Division No. 270/1/03 : Administrative - Salaries and Payments  
in the Nature of Salary - Extra Duty Pay

Original Appropriation £150,000 : Expenditure £191,956

94.. The Department informed us that when the Additional Estimates were being prepared it became apparent that the amount provided in the Appropriation Act No. 1 was inadequate and that an additional £37,500 would be required to pay for expected overtime during the remainder of the 1965-66 financial year. It was stated that the additional funds were required because the staff strength of the Department had not been increased in proportion to the demands made upon it since the last review of the organisation in 1959-60. The staff establishment was being reviewed and, where necessary, additional staff was being engaged as the examination of each section in the Department was completed. However, when the original estimate of expenditure was prepared it was envisaged that the projected staff increases would have been effective for a greater portion of the financial year than had proved to be the case.

Exhibit  
82/23

95. It was stated that other factors prompting a need for additional funds included the need for immigration officers to work overtime to interview prospective Australian citizens in their own homes, the introduction of a new form of aliens registration in September 1965, the liberalisation in August 1965 of the conditions of eligibility for the admission of migrants from south European and middle-eastern countries and an increase in the number of travel documents issued by the Department. The difficulties occasioned by the increased workload were also aggravated by a heavy turnover in the number of officers.

Exhibit  
82/23

96. After the additional funds were granted in the Appropriation Act No. 3, it became apparent that still further funds would be required to meet expenditures in New South Wales, Western Australia and Victoria. The requirements in these States amounted to £11,520 but underexpenditures in the State of Tasmania, the Northern Territory and the Australian Capital Territory resulted in a net requirement from the Advance to the Treasurer of £6,500.

Exhibit  
82/23

97. It was stated that the major portion of the additional funds sought from the Advance was required for expenditure in Western Australia and Victoria. In Western Australia it had been expected that funds provided earlier would be sufficient for the remainder of the year but extensive overtime had been necessary on the part of officers performing entry control duties at the Fremantle and Perth Airports. Questioned on the need for the overtime, Mr. Armstrong informed us that the Department had accepted responsibility for the entry control functions which had previously been borne by the Department of Customs and Excise. It was stated that Australia is receiving an increasing number of migrants and that at least half of the British migrants arrived by air in Western Australia between midnight and 3.00 a.m. Officers performing overtime duties at these hours were expected to receive an eight hour break before resuming duty with the result that the same officers do not return to work until after midday. This situation resulted in the employment of officers on overtime to attend to other duties.

Exhibit  
82/23

Q.315 -  
Q.316

98. We asked Mr. Armstrong whether the provision of \$4,720 for extra duty payments during a period of one month indicated a serious staff shortage at the airports. Mr. Armstrong indicated that the overtime need was only one manifestation of the heavy demands which had been placed upon the Department and cited the number of migrants arriving as a measure of the demand. In 1963, 122,318 persons had arrived in Australia but in 1965 the figure had increased to 144,061. In 1963 there had been 50,666 nominations on behalf of relatives and friends to come to Australia as unassisted migrants but in 1965 the number had increased to 64,404. Mr. Armstrong also quoted the change in the number of passports issued by the Department which had increased from 50,628 in 1963 to 76,636 in 1965.

Q.317 -  
Q.318

99. We were also informed that the number of man hours overtime worked at the Victorian office had increased from 10,274 hours during the financial year 1964-65 to 16,031 hours to 31st March, 1966. The need for the overtime had been prompted by new policy procedures in respect of non-European visitors and students, the fact that the number of applications for passports being lodged at the Melbourne office was 50 per cent in excess of the maximum workload of 400 applications which could be handled each week in ordinary hours, and the existence of

Exhibit  
82/23

990 files on naturalisation matters which could only be processed by the employment of officers on overtime. In response to questions on each of these matters, Mr. Armstrong informed us that the new policy procedures relative to non-European visitors and students had been announced in March 1966 and that the Department's difficulties in respect to the processing of passports existed despite substantial improvement in the procedures involved. This improvement was evidenced by the fact that the average time for the issue of a passport in Melbourne is three days as opposed to earlier delays of at least 21 days. The 990 files requiring attention were part of an earlier figure of 6,640 which had been reduced during overtime hours.

Q.324

Q.331 -  
Q.335

Q.327

100. After reviewing the evidence tendered by the Department, Your Committee agrees that the Department made a convincing effort at the time of the Additional Estimates to provide an accurate estimate of expenditure for the remainder of the year but was frustrated by the unprecedented rate of increase in the level of its activities. Your Committee notes that the sum sought from the Advance to the Treasurer amounted to only 2.1 per cent of the total sum sought in the Appropriation Bills and accepts the Departmental explanations.

- (ii) Division No. 270/2/01 : Administrative - Administrative  
Expenses - Travelling and Subsistence.

Original Appropriation \$216,000 : Expenditure \$219,674.

101. The Department informed us that it had been necessary to draw upon the Advance to the Treasury after a sum of \$3,674 was incorrectly debited to the item in lieu of another item under which provision had been made for the overseas transfer of officers. It was explained that each voucher is endorsed with the division number and a working code number which is required under the Treasury machine costing procedures. Although the correct division number had been shown, the incorrect code was inserted on the account and due to the pressure of work in processing accounts at the close of the financial year the error was not detected when the account was passed for payment.

Exhibit  
82/24

102. Mr. McElroy informed us that a procedure had been effected within the Department to ensure that the Departmental records of expenditure agreed with the Treasury records. However, the failure to provide a common method of identifying each item of expenditure had resulted in the non-detection of this error and the system had been revised since to ensure that such a mistake would not in future escape unnoticed.

Q.339 -  
Q.340

103. Your Committee notes that remedial measures have been implemented to avoid the recurrence of this type of error and trusts that it will not be necessary to examine the Department for any similar failing in the future.

(iii) Division No. 270/2/03 : Administrative - Administrative Expenses - Postage, telegrams and telephone services.

Original Appropriation \$213,400 : Expenditure \$281,416.

104. We were informed that additional funds to the extent of \$53,050 had been sought in the Additional Estimates due to the introduction of new procedures relative to the annual notification of aliens' addresses and of the liberalisation of conditions of eligibility for the admission of migrants from southern and middle-European countries. Further factors prompting the need for additional funds included the issue of evidentiary certificates (a form of evidence of naturalisation) which only reached a significant volume after July 1965, an increase in the number of deportations (by 58 per cent) and repatriations (by 59 per cent) over the levels of the previous year and the expansion of a centralised passenger card index which had proved to be a popular source of reference by State branches of the Department and other authorities.

Exhibit  
82/25

105. We were informed that during the early part of June 1966 it became evident to the Department that the funds provided under the Additional Estimates would not be sufficient to finance the increasing activities of the Department. It was stated that the Central Office expenditure for the first half of the financial year had amounted to \$56,820 and that as a similar sum was expected to be required for the period 1st January to 30th June, provision had been made in the Appropriation Act No.3 for an amount which would provide for a total level of expenditure of \$113,000. However, the total for the year had reached \$122,700. We questioned both Mr. Armstrong and Mr. McElroy as to the reason why the Department should base its estimates for inclusion in the Appropriation Act No. 3 on the six-month period ended 31st December when the Additional Estimates were due for submission to the Department of the Treasury in March. Mr. Armstrong then informed us that the Estimate had been based on the Department's experience up till the end of February i.e., the actual expenditure incurred up till the end of that month.

Exhibit  
82/25

Q.342-  
Q.344

106. The Department also informed us that apart from the \$9,700 excess expenditure incurred in the Central Office there had been unexpected increases in communication costs to the extent of \$9,000 in the New South Wales Branch Office as a result of the rising volume of business. A considerably higher level of expenditure had resulted from the procedure requiring all aliens to notify their addresses to the Department each year. In New South Wales 122,000 notifications were expected, of which the

Exhibit  
82/25



vast majority would be received through the post on the basis that postage would be paid by the Department on delivery. An acknowledgement card is posted to each alien and, in addition, it was necessary to despatch some 30,000 reminder letters to aliens who did not respond to publicity informing them of the need to notify their addresses. We suggested to Mr. Armstrong that the Department should have been in a position to know almost precisely the extent of the postage charges to be incurred. The witness replied that some difficulty had been experienced in conveying to aliens the necessity for them to notify the Department, as a result of which the Minister gave an extension of one month in which the aliens could fulfil their obligations. The end effect had been a growth in the number of notifications received by the Department.

Q.349

107. We were also informed that there had been a greater increase than had been earlier foreseen in the number of passports despatched by registered mail from the Sydney office. The total number of passports issued by that office in 1964-65 was 29,669 of which 35 percent were despatched by registered mail while the number of passports issued in 1965-66 was 32,372 of which 60 per cent was despatched by registered mail. We were informed that the cost of despatch by registered mail amounted to 43 cents for each passport.

108. Your Committee notes that expenditure under this item has risen progressively from \$173,790 in 1963-64 to \$211,740 in 1964-65 and reached \$281,416 in 1965-66. Your Committee agrees that the preparation of an accurate estimate of expenditure even at a date as late as the 28th February of any year will invariably prove to be a difficult task if the present rate of increase in expenditure continues. However, your Committee believes that a cash bid in the Additional Estimates limited to a sum of \$53,000, instead of the \$68,000 which was actually required, reveals a margin of error suggesting a lesser degree of care than required. Your Committee trusts that the difficulty of accurately foreseeing the ultimate level of expenditure will be recognised by the Department and that the Estimates will be subjected to a closer scrutiny in future years.

(iv) Division No. 292/1/02 : Migration Office - Kingdom of the Netherlands - Salaries and Payments in the Nature of Salary - Salaries of locally Engaged Personnel

Original Appropriation \$37,600 : Expenditure \$38,178.

109. The Department informed us that additional funds to the extent of \$500 were sought in the Additional Estimates owing to approved increases in the salary ranges of United Kingdom based staff at Continental posts and that in addition the unexpected resignation of a clerk resulted in the payment of settling-in costs to a replacement officer.

Exhibit  
82/26

110. It was stated that, after the additional funds were acquired in Appropriation Act No. 3, the record of expenditure within the Department indicated a further need for a sum of \$475 which was drawn from the Advance to the Treasurer. The additional funds were required due to the success of a publicity campaign in the Netherlands which had necessitated the frequent employment of a locally-engaged relief typist to cope with the heavy typing load resulting in The Hague office. Of the sum of \$475 sought from the Advance to the Treasurer, only \$78 was expended on relief typing services; the remainder of the available funds, i.e. \$397, was not expended since it was subsequently established that the expenditure for which warrant had been sought had been incorrectly debited to this item within the Department. A later examination of expenditure figures prepared by the Department of the Treasury revealed the error and consequently established that the additional funds were not required.

Exhibit  
82/26

111. Your Committee notes this further example of an approach being made for funds from the Advance to the Treasurer as a result of an error made in the departmental records of expenditure and we trust that the revised procedures described in evidence pertaining to Division 270/2/01 will obviate future errors of this nature.

112. Your Committee would also invite attention to the fact that in order to provide an accurate and comprehensive explanation the Department found it necessary to submit a supplementary submission containing both additions and corrections to the original exhibit. Your Committee would express its displeasure that an unsatisfactory submission should be tendered by a department despite the objections voiced by Your Committee in our last two annual reports on Expenditure from the Advance to the Treasurer.

P.F's. No.  
131 of 1964  
and No. 248  
of 1964/65.

CHAPTER 9 - DEPARTMENT OF THE INTERIORBureau of Meteorology

Division 319/1/02 : Administrative - Salaries and Payments in  
the Nature of Salary - Temporary and Casual  
Employees

Original Appropriation \$526,000 : Expenditure \$559,402.

113. The Department informed us that during November, 1965, it became apparent that a sum of \$34,000 should be sought in the Additional Estimates to meet the continuing but unforeseen employment of personnel on a temporary basis and to provide for an increase of 1½ per cent in salary margins. In early June, 1966 a further review of the level of expenditure revealed that an additional \$6,000 would be required from the Advance to the Treasurer. Exhibit  
82/27
114. Explaining the reference to the continued employment of personnel on a temporary basis, Mr. Nichols stated that there had been a delay in the recruitment of departmental trainees who, during their period of training, are employed on a temporary basis. Mr. Nichols indicated that the delay in the recruitment of trainees had not allowed a sufficient period of time for the appointments to the permanent staff of the Department. Q.381
115. We noted that, although the Bureau had sought a sum of \$6,000 from the Advance to the Treasurer, expenditure of the original and supplementary appropriations fell \$598 short of the available funds and that after funds were made available from the Advance to the Treasurer the underexpenditure amounted to \$6,598. Mr. Nichols stated that in the three preceding months before June the Bureau had expended an average of \$23,000 per fortnight and on the basis that there remained two further pay periods in the financial year the Bureau had estimated that a sum of \$46,000 would be required to meet the wages bill of 240 temporary employees. However, in the month of June the number of temporary employees fell to 202 which resulted in the under-expenditure of funds. Q.382
116. Your Committee recognises that the sum of \$6,000 was sought from the Advance to the Treasurer only after the Bureau had reviewed its rate of expenditure in preceding months and after a forecast had been made of future expenditure levels based on experience with the existing staff levels. The funds

sought from the Advance to the Treasurer thereafter remained unexpended due to unforeseen circumstances and Your Committee accordingly accepts the departmental explanation.

CHAPTER 10      -      DEPARTMENT OF NATIONAL DEVELOPMENT :

- (i) Division No. 345/2/06: Bureau of Mineral Resources -  
Administration - Administrative  
Expenses - Incidental and Other  
Expenditure.

Original Appropriation \$90,000 : Expenditure \$108,576

117.      The Department stated that a sum of \$14,000 had been sought in the Additional Estimates to provide for added expenditures on advertising, freight and cartage, printing machine hire and workers' compensation. The additional appropriation had provided a total of available funds of \$104,000 but it had been necessary to draw upon the Advance to the Treasurer to the extent of \$4,576 due to an error made in a departmental subsidiary record when a balance in £.s.d. was being converted to decimal currency. As a result of the error, amounts allocated for expenditure by the Authorising Officers operating on the item were \$10,000 in excess of the amounts approved although the total of the Warrant Advances issued to them was within the limits of the Warrant Authority for the sub-division.

Exhibit  
82/28

118.      Although the error in conversion to decimal currency occurred in February, it was suggested to us that a disproportionate rate of expenditure in the last month of the financial year had prevented the detection of the error. In June, 1966, a sum of \$30,400, or 29 per cent of the total of available funds, had been expended while the number of claims processed had also been higher than during any other month. We were also informed that no cross-check of the calculations containing the error had been made and that the error was the responsibility of only one officer.

Exhibit  
82/28

Q.482

119.      Your Committee is disturbed that an error involving almost 10 per cent of an appropriation should occur in a subsidiary financial record and remain undetected for a period of four months. We find little reassurance in the evidence that the error would have been revealed before the close of the financial year if the rate of expenditure in the final month had not been unusually heavy. This explanation infers that regardless of the rate of expenditure, a substantial error would have remained for at least three months.

120.      It appears to Your Committee that the failure to detect the error at an earlier date is an indication that the Department's financial control has been less effective than should be expected. We expect that the remedial measures being implemented by the Department will recognise that room for an unreasonable degree of error has existed and Your

Committee trusts that it will not be necessary to examine the Department in future for a failure to accurately record the extent of available funds.

(11) Division No.346/2/02 : Bureau of Mineral Resources Field Operations - Administrative Expenses - Hire Maintenance and Running Expenses of Motor Vehicles.

Original Appropriation \$370,000 : Expenditure \$374,896.

121. The Department stated that expenditure under the item had been kept under close review during the month of June and particularly during the last few working days when it became apparent that the value of the claims on hand exceeded the available balance of the appropriation. Despite the Department's precautions, two claims were sent to the Canberra Sub-Treasury in error on the last day on which claims were accepted for payment and the submission of the claims resulted in an overexpenditure of \$4,896 which was funded from the Advance to the Treasurer. We noted that the very nature of the error indicated that no warrant authority for the excess expenditure was held by the Department; however, Mr. Murphy informed us that the Department had sought and received Treasury approval to incur liabilities beyond the extent of available funds. We suggested to the witness that the proper maintenance of a register of liabilities would have prevented the occurrence of the error but we were informed that such a register was properly maintained within the Department as a valuable aid in the administration of expenditure. On this occasion the excess expenditure had been in the nature of a simple error which had occurred despite the best efforts of the Department. In a subsequent submission Mr. Murphy informed us that the number of claims forwarded to the Sub-Treasury for payment between the 16th and 28th June, 1966, had amounted to 638 of which 40 had involved expenditure under Division 346/2/02.

Exhibit  
82/29

Q.492

2.494-  
2.495

Committee  
File  
1966/2

122. The Treasury Observer, Mr. Balfour, informed us that the Treasury Regulations provided that no money should be spent without the benefit of a warrant authority and that officers of the Treasury endeavoured to ensure that such breaches of the Audit Act and the Treasury Regulations do not occur. There were relatively few occasions on which the Regulations were breached in this respect each year but a full explanation was sought by the Treasury in each instance. The Audit Office Observer, Mr. Ragless, indicated that warrant authority is issued at sub-divisional levels of the Appropriation and that difficulty occurred in this respect for, although some flexibility was permitted during the course of the year in spending the appropriation under such a system, an officer must ensure that the total expenditure incurred in respect of all items does not exceed

Q.504.  
Q.509

the upper limit imposed by the Appropriation Bill. Mr. Ragless believed that this particular instance of overexpenditure was the result of the Department's failure to observe the total upper limit.

123. Your Committee recognises that the overexpenditure was the result of an error within the Department and trusts that the attention of the officers concerned has been directed to the need to ensure that the provisions of Treasury Regulation 90 are strictly observed in future.



CHAPTER 11                      -    DEPARTMENT OF PRIMARY INDUSTRY

Division 380/2/03 : Administrative - Administrative Expenses -  
Postage, Telegrams and Telephone Services.

Original Appropriation \$64,000 : Total Expenditure \$68,696.

124.            The Department informed us that additional responsibilities arising from the implementation and administration of new functions and schemes together with the dispersal of Central Office staff over a number of buildings had resulted in a greater use of postal and telephone facilities with a consequent increase in costs. The effect for a full year of the administration of the Poultry Industry Assistance Schemes, the Dried Vine Fruits Stabilization Scheme and an expansion of extension service activities were suggested to have been the major contributing factors in the increased usage of facilities. Furthermore, the appointment of new officers, such as those of Tobacco Appraiser, had meant additional expenditure from the item.

Exhibit  
82/30

125.            We were also informed that due to the growth of Central Office staff it was necessary to accommodate some sections in offices located away from the main building occupied by the Department in Canberra. This dispersal of staff required the installation and hire of additional telephone switchboard units and services, the extra costs of which were not known until accounts were rendered by the Postmaster-General's Department. Every effort had been made to absorb the added costs in the initial appropriation but it had become apparent in May 1966 that it would be necessary to acquire additional funds from the Advance to the Treasurer. Warrant Authority had accordingly been sought to the value of \$6,000 out of which expenditure to the extent of \$4,696 had been incurred.

Exhibit  
82/30

126.            Mr. Cleary explained that a review of the vote had been conducted at the time of the Additional Estimates and the Department had been of the opinion that the available funds would be sufficient for the remainder of the year since at that time a sum of \$10,000 was available under the item although only minor postal and telephone accounts were outstanding. The Department had expected that the final level of expenditure would very closely approach the limit of funds available under the appropriation, but it believed at the same time that the limit would not be exceeded. However, when the additional telephone and postal charges became due for payment the Department realised that funds would in fact be required from the Advance to the Treasurer.

Q.523

127. Your Committee recognises the Department's difficulties were prompted by the dispersal of staff and the introduction of new schemes during the year. We commend the Department for its efforts to contain expenditures to the limit of the appropriation and we accept the explanation of the Department's eventual necessity to draw upon the Advance to the Treasurer. We trust, however, that in the light of the experience gained this year the Department will make proper use of the Additional Estimates in the event of any future uncertainties at the beginning of a financial year.

- (ii) Division No. 383/1/02 : Administration of the Commerce (Trade Descriptions) Act - Salaries and Payments in the Nature of Salary - Temporary and Casual Employees.

Original Appropriation \$1,500,000 : Expenditure \$1,679,706.

128. We were informed that funds are provided under this item for the employment of temporary personnel to carry out the export inspection services provided for the purposes of the Commerce (Trade Descriptions) Act. The Act relates to commerce with other countries and covers such matters as the nature, quantity and quality of goods intended for export.

Exhibit  
82/31

129. It was stated that the initial appropriation provided for the employment of 510 temporary employees by the 30th June, 1966 whereas the number employed at the 31st January, 1966 had reached 515. The greater number of staff employed was attributable to the increasing quantity of meat being submitted for export, the continued development of overseas markets and the demands made by importing countries regarding the standard of inspection which they regard as minimum. Approval was therefore given to an increase in the exempt staff by up to 40 meat inspectors in respect of whom recruitment commenced in February, 1966. The expected cost of the additional officers, together with salary increases arising from the National Wage Case, was estimated at \$160,000 and this sum was sought in the Appropriation Act No. 3.

Exhibit  
82/31

130. We were informed that, after the additional funds were made available, the level of export inspection staff continued to increase while at the same time it was expected that 27 of the existing temporary employees would be appointed to the permanent staff. However, the appointments did not eventuate due to the failure to finalise the necessary administrative procedures and it was therefore necessary to continue to remunerate the people concerned from the provision made for the payment of wages of temporary employees. These unexpected financial requirements prompted the Department to approach the Department of the Treasury for Warrant Authority for expenditure from the Advance to the Treasurer to the extent of \$30,000 of which a sum of \$19,706 was ultimately expended.

Exhibit  
82/31

131. Mr. Cleary indicated to us that the Department's primary difficulty in arriving at a precise estimate of expenditure was the inability to accurately determine the net gain in staff resulting from the recruitment of additional temporary employees and the transfer to permanent appointments of existing temporary employees. At the time the Additional Estimates were being prepared the Department had been submitting, to the Public Service Board, recommendations for the permanent appointment of 27 meat inspectors. Although the recommendations were forwarded to the Board in March, medical examinations and other administrative difficulties had denied the opportunity of appointing the officers to the permanent staff by the 30th June.

132. Your Committee accepts that the Department encountered some difficulty in foreseeing the number of additional officers who might eventually be appointed to the temporary staff but we have difficulty in accepting that the other contributing factor to the overexpenditure, viz., the failure to secure the permanent appointment of existing temporary staff, was one that could not have been avoided by the Department. Apart from a reference to medical examinations, the only explanation offered by the Department in either written or verbal evidence was that of undefined administrative difficulties. In the absence of any evidence to the contrary Your Committee may only conclude that the Department's failure to adopt a sufficiently vigorous course of action in the face of an impending shortage of funds originally appropriated to the item eventually obliged the Department to seek the funds from the Treasurer's Advance. Your Committee does not accept the Department's apparent inertia in this respect as a sufficient reason for recourse to a source of funds made available largely for urgent or special circumstances.

Q.527

(iii) Division No. 383/2/01 : Administration of the Commerce  
(Trade Descriptions) Act -  
Administrative Expenses - Travelling  
and Subsistence.

Original Appropriation \$410,000 : Expenditure \$460,290.

133. The Department informed us that it had been necessary to seek an additional \$50,000 in the Additional Estimates due to both the higher level of inspection staff maintained in 1965-66 and the recruitment of additional exempt staff during the same period. Other factors contributing to the need for additional funds were the increase in inspection services, the extended killing seasons prompted by drought conditions and the opening of new meat killing premises. It was stated that each of these factors influenced the degree of travel undertaken by inspection staff but that the need for additional funds was also prompted by an increase in the fares charged by domestic airlines and in car hire rates. Exhibit  
82/32
134. We were informed that by the end of May 1966 the record of expenditure under the item indicated that the provision made in the Additional Estimates would be inadequate for the remainder of the year and approval was sought to have funds made available from the Advance to the Treasurer. At the same time efforts were made to restrain further expenditure from the vote but it was finally necessary to utilise funds available from the Advance to the Treasurer to the extent of \$290. Exhibit  
82/32
135. We noted that although expenditure had been incurred from the Advance to the Treasurer to the extent of \$290 the actual funds made available by Warrant Authority amounted to \$12,000. We asked why the Department had sought an apparently excessive amount from the Advance and Mr. MacFarlane explained that a part of the underexpenditure could be attributed to the effect of industrial disputes in Queensland as a result of which departmental meat inspectors who had been allocated to Queensland meat centres were not required to travel to that State. Mr. Cleary indicated that another factor contributing to the difficulty of providing an accurate estimate was the wide range of the living allowance payable to inspectors Q.529

absent from their headquarters. This allowance ranged between \$22 and \$38 a week and the Department found at the end of May that, instead of expending the usual sum of between \$37,000 and \$38,000 during the month, a sum of \$50,000 had been expended. It was stated that 840 meat inspectors are employed throughout Australia and it is not possible for the Department to provide at the end of one month a precise estimate of the expenditure to be incurred during the following month. However, as the Department did not want to find itself in a situation where an industrial problem would arise due to its failure to have sufficient money available to pay allowances in June, a liberal sum had been sought from the Advance to the Treasurer to avoid any such likelihood. However, by the end of June the expenditure level had reached only \$39,000, leaving a sum of \$11,710 unexpended.

136. Your Committee agrees that the Department's difficulty in providing a precise estimate of final expenditure was prompted by increasing demands for inspection services, drought conditions and other circumstances which the Department was not in a position to foresee. Your Committee accordingly accepts the explanation tendered.

CHAPTER 12 - PRILE MINISTER'S DEPARTMENT

Division 4:16/1/01 : Commonwealth Office of Education - Salaries  
and Payments in the Nature of Salary -  
Salaries and Allowances.

Original Appropriation \$640,800 : Expenditure \$716,787

137. The Department informed us that an additional sum of \$59,200 had been sought in the Additional Estimates to provide for the salaries of an increased level of staff, furlough payments which could not have been anticipated by the Department, salary increments arising out of the National Wage Case and a review of the junior rates of pay. However, after the additional funds had been acquired, the Departmental establishment was increased from 250 positions while the number of officers actually employed rose from an average of 199 to 214. In addition, furlough payments were required to be made to an officer who retired on the ground of invalidity. These factors prompted the Department to seek an additional \$25,000 from the Advance to the Treasurer of which a sum of \$16,787 was expended by the end of the financial year.

Exhibit  
82/33

Q.579-  
581 and  
Exhibit  
82/33

138. Your Committee realises that the Additional Estimates are prepared during late February and early March and that Departments are not permitted to include provision for expected increases in staff establishments. Your Committee believes that the Department was not in a position to acquire the funds from the Additional Estimates and accepts the explanations tendered.

(ii) Division No. 416/1/02 : Commonwealth Office of Education -  
Salaries and Payments in the Nature  
of Salary - Temporary and Casual  
Employees

Original Appropriation \$103,000 : Expenditure \$106,560

139. Your Committee noted from the Departmental explanation that the Department had not utilised the Additional Estimates before seeking a sum of \$5,000 from the Advance to the Treasurer. It was stated that provision had been made in the original appropriation for an average of 38 temporary employees during the financial year when in fact an average of only 35 temporary employees had been engaged. However, during the latter part of the financial year, the proportion of temporary employees acting in positions of higher salary classification was much greater than had been expected. This factor had required expenditure to the extent of \$3,560 out of the sum of \$5,000 acquired from the Advance.

Exhibit  
82/34

140. Mr. Lenihan informed us that at the 1st March, 1966, expenditure under the item had reached only \$63,581 but that by the end of May the expenditure level had reached \$97,933.

Q.582  
and  
Q.585

141. Your Committee notes that the level of expenditure reached by the 31st May was not a pro rata increase on the level of funds expended by 1st March. We believe the Department was justified in declining to seek additional funds in the Additional Estimates and that the eventual recourse to the Advance to the Treasurer was prompted by an unforeseen staff situation. Your Committee accepts the explanations tendered.



(141) Division No. 418/1/01 : Australian Universities Commission -  
Salaries and Payments in the Nature  
of Salary - Salaries and Allowances.

Original Appropriation \$72,400 : Expenditure \$79,379

142. Your Committee noted from the Departmental explanation that no funds had been sought in the Additional Estimates and that the expenditure incurred beyond the original appropriation had been financed from the Advance to the Treasurer. The Department informed us that, when the Additional Estimates were prepared, the expenditure under the item had been reviewed but that it had been expected that increases arising out of both the National Wage Case and nine new positions, which had been created within the Department, could be financed from within the original provision. This had not proved to be possible and, in addition, two more Commissioners had been appointed during the year (one in December, 1965, and the second in April, 1966) while the fees of all Commissioners had been increased during the year with effect from the 1st July, 1965. The Department also informed us that at the time the review of the Additional Estimates was being undertaken the increased fees payable to Commissioners had not been taken into account.

Exhibit  
82/35

143. Your Committee noted from the wording in the Commission's explanation an inference that, in the increased Commissioners' fees had been taken into account when the expenditure was being reviewed at the time of the Additional Estimates, an approach would, in fact, have been made for additional funds. However, we pointed out to the witness that provision to the extent of only \$2,500 had been sought from the Advance to the Treasurer to finance the increased fees while the actual overexpenditure in respect of all liabilities to be financed amounted to almost \$7,000. The witness then indicated that, although the expenditure figure at 1st March, 1966, had been \$45,688, the officer preparing the projection of future expenditure had used a figure of \$40,341. The error had subsequently been detected during the month of April. Your Committee also established that, of the nine new positions, three were created during the month of August while the remaining six were created in January.

Exhibit  
82/35

Q.568

Q587

144. The end effect of your Committee's inquiry into this matter was to establish that the Commission was in a position to foresee the expenditures required as a result of the increase in personnel during the year with one exception, viz. the appointment of the second Commissioner. Your Committee therefore believes that the call upon the Advance to the Treasurer was prompted by the Commission's failure to review adequately review existing known liabilities at the time of the Additional Estimates and we trust that the accuracy of estimating within the Commission will be improved as the result of our inquiry.

(iv) Division 430/1/01 : Public Service Board - Salaries and  
Payments in the Nature of Salary -  
Salaries and Allowances.

Original Appropriation \$1,818,200 : Expenditure \$1,903,825

145. In a written submission, the Public Service Board informed us that a sum of \$48,000 had been sought in the Additional Estimates to meet the cost of staffing positions created and positions reclassified during the course of the year. Thereafter, an additional sum of \$8,500 had been sought from the Advance to the Treasurer in order to meet unforeseen furlough payments, higher duties allowances, arrears of salary of officers promoted to other departments and the staffing of a number of vacant positions which it was not expected would be filled at the time the Additional Estimates were prepared.

Exhibit  
82/36

146. Mr. Milne provided evidence to your Committee that convinced us that the Board had not been in a position to foresee to a more precise extent the total sum required during the remainder of the year when the Additional Estimates were being prepared and your Committee has accordingly accepted the explanations tendered by the Board. We would, however, express our concern that the Public Service Board, an authority which regularly assists the Committee during the conduct of its inquiries and which should therefore be adequately familiar with the standards required by the Committee, should submit a written explanation containing a statement which was subjected to a correction at the opening of our public examination of the Board.

Q.594

CHAPTER 13 - DEPARTMENT OF THE SENATE

- (1) Division No. 101/1/03 : Salaries and Payments in the  
Nature of Salary - Extra Duty Pay.

Original Appropriation \$4,000 : Expenditure \$7,239.

147. The Department informed us that a provision of \$3,000 was included in the Appropriation Act No. 3 to provide both for longer sittings of the Senate than foreseen earlier in the year and for meetings of the Inter-Parliamentary Union in Canberra between 11th and 16th April, 1966. A further sum of \$250 was sought from the Advance to the Treasurer when unexpected demands were made upon the staff to effect transport arrangements.

Exhibit  
82/1

148. Mr. Bullock explained that although the Inter-Parliamentary Union meetings had been held over a period of only one week, additional duty on the part of officers had been necessary before, and subsequent to, the meetings due to the need to assist the delegates with travelling arrangements. The sum sought from the Advance to the Treasurer had been necessary due to staff meetings which continued late into each night in order to effect satisfactory transport arrangements on a daily basis.

Q.3

Q.6

149. Your Committee recognises the difficulties which were experienced by Senate officers in attempting to foresee the degree of overtime necessary in catering for the needs of the delegates and we accept the explanations tendered.

(11) Division No. 101/2/02 : Administrative Expenses - Printing,  
Binding and Distribution of Papers.

Original Appropriation \$26,400 : Expenditure \$54,400.

150. The Department informed us that, at the end of January, 1966 it became apparent that with expenditure then having reached £21,195, more funds would be required under the item and that accordingly an additional £13,000 had been sought in the Appropriation Act No. 3. However, the additional funds had proved to be insufficiently adequate to ensure that there would be no carry-over of current accounts into the financial year 1966-67. Accurate estimating of expenditure under this item was stated to be most difficult due to uncertainty surrounding the number and volume of Parliamentary papers which may be ordered to be printed each year. In addition, the Government Printer had increased charges during the year. Exhibit  
82/2
151. As an example of the difficulty in estimating expenditure under this item, Mr. Bullock cited the costs of the Reports produced by Your Committee in recent years. The three Reports paid for from the vote in 1963-64 cost \$820; five Reports in 1964-65 cost \$1,598 and nine Reports in 1965-66 had cost \$6,612. The Senate officers had received no guidance in the preparation of the Estimates by referring to the average cost of the reports since, for example, of the nine reports paid for in 1965-66, one had cost \$211, another \$1,614 and a third \$2,500. Q.9
152. Mr. Bullock indicated that the preparation of an accurate estimate was made difficult also by the irregular intervals at which the Government Printer rendered accounts. We were informed that by the time the Additional Estimates were being prepared in February, 1966, accounts to the value of £21,195 had been paid from the vote; however, between 9th February and 30th June, 1966, a further sum of \$33,000 had been paid and it had been difficult to foresee which accounts would be rendered. Q.23
153. The Treasury Observer, Mr. Cowie, informed us that any increase in costs paid during 1965-66 would have reflected in the increased size and number of Parliamentary papers printed since the latest increase in Q.19
153. The Treasury Observer, Mr. Cowie, informed us that any increase in costs paid during 1965-66 would have reflected in the increased size and number of Parliamentary papers printed since the latest increase in Q.21

the Government Printer's rates had been effected in October, 1964. The speed with which the accounts were rendered by the Printer was an indication of a substantial improvement in the efficiency of the Printing Office but, Mr. Cowie indicated, notwithstanding this improvement the Government Printer would co-operate by presenting his accounts earlier if asked to do so.

154. In a subsequent submission tendered by the Department of the Treasury we were informed that the Government Printer's accounts for all batches completed on or before 1st June, 1966, had been issued progressively up to and including 20th June, 1966. The majority of the accounts including those which were sent inter-state were despatched by 17th June, 1966. Progress accounts covering costs of batches to 3rd June, 1966 were issued in response to special requests by departments. These accounts were also issued progressively, the last account being despatched on 20th June, 1966.

Committee  
File  
1966/2

155. Your Committee agrees that Senate officers face a difficult task in attempting to accurately estimate annual expenditure under this item. However, we suggest that if the co-operation of the Government Printer had been sought, it would have been clearly established in February that a substantially larger sum than \$13,000 would have been required for expenditure during the remainder of the year.

(iii) Division 101/2/06 : Administrative Expenses -- Inter-Parliamentary Union Conferences -- Representation.

Original Appropriation £70,400 : Expenditure £72,798.

156. The Department informed us that expenditure of funds under this item from the Advance to the Treasurer had been necessary in order to pay a grant of £3,200 to each of three members of the Australian delegation who had left Australia prior to 30th June, 1966, for the 55th Conference of the Inter-Parliamentary Union to be held in Teheran in September - October, 1966. Approval of the grants had been given by the Prime Minister on 3rd June, 1966, and provision could not, therefore, be made in the Additional Estimates. Exhibit 82/3

157. Although a sum of £9,600 had been sought from the Advance to the Treasurer, expenditure had ultimately been incurred from the Advance to the extent of only £2,398, the balance of the grants being available in the unexpended portion of the sum approved by the Prime Minister for the holding of meetings of the Inter-Parliamentary Union in Canberra in April, 1966. This sum had been granted under the Appropriation Act No. 1.

158. Mr. Bullock indicated to us that, at the time the sum of £9,600 had been sought from the Advance to the Treasurer, the Department had not been aware precisely of the extent of the expenditure which would be incurred in the remainder of the year. Commitments had been incurred in providing facilities in Parliament House for the simultaneous interpretation of speeches, transport facilities, flood-lighting and the consignment of the Inter-Parliamentary Union's national flags to the next host country. The cost of these commitments was expected to equate the value of the funds remaining under the item but various charges had proved to be less expensive than anticipated and accounts for other charges had not been received. It was expected that, after the outstanding accounts had been received, the final level of expenditure under this item would be within £2,000 of the Department's original estimate of expenditure. Q.25

159. Your Committee is satisfied that the call upon the Treasurer's Advance was justified in the light of the expenditure unexpectedly required for delegates' grants and the commitments previously incurred under this item. Q.29

CHAPTER 14 - DEPARTMENT OF SOCIAL SERVICES

Division 470/1/02 : Administrative - Salaries and Payments in  
the Nature of Salary - Temporary and Casual  
Employees.

Original Appropriation \$822,000 : Expenditure \$895,729

160. The Department informed us that a sum of \$42,200 had been sought in the Additional Estimates to cover a substantial increase in the number of temporary employees engaged by the Department. It was stated that the increase in this category of staff was due primarily to the recruitment of persons who had recently completed schooling and were awaiting appointment to permanent positions and that, in estimating a requirement of \$42,200, there had been regard to the likelihood of a progressive reduction in temporary staff during the remainder of the financial year due to normal wastage and the transfer of temporary employees to permanent appointments. In fact, a progressive reduction in the numbers of temporary staff had been realised but the reduction had not been as rapid as expected and it accordingly became necessary to obtain additional funds from the Advance to the Treasurer to the extent of \$50,000. Of this sum only \$31,529 had been expended by the end of the year.

Exhibit  
82/37

161. Mr. Williams informed us that at the time the sum of \$42,200 had been sought in the Appropriation Act No.3, the level of expenditure to that date was \$15,298 in excess of a pro rata allocation. Thereafter, despite the added margin of funds sought from the Appropriation Act No.3, the level of expenditure reached the total of available funds by the 23rd June, 1966, necessitating a call upon the Advance to the Treasurer. The application for additional funds from the Advance was made on 3rd June, 1966, and although there had been a need for additional funds, the Department later realised that its application had been premature and could have been deferred until the 17th June when a more accurate estimate of needs for the remainder of the year could have been prepared.

Q.566-  
Q.571



162. Your Committee recognises the need for additional funds arose from the result of a lower staff wastage rate than had been earlier foreseen and that the level of expenditure achieved by the time the Additional Estimates were prepared reasonably indicated that the sum sought in the Appropriation Act No.3 would be adequate for the remainder of the year. Your Committee believes that subsequent events justified the Department's call upon the Advance to the Treasurer and accepts the Departmental explanations accordingly.

(11) Division No. 470/2/03 : Administrative - Administrative Expenses -  
Postage, telegrams and telephone services

Original Appropriation \$1,352,000 : Expenditure \$1,369,880.

163. The Department informed us that provision had been made under this item to finance expenditures in thirty offices throughout the Commonwealth, each being a busy entity dealing with the public while also arranging payments under the Social Services Act and the Aged Persons Homes Act, effecting expenditures on miscellaneous benefits and disbursing amounts on behalf of other Departments and authorities. Exhibit  
82/38

164. It was stated that some difficulty is encountered in endeavouring to estimate precisely the provision required under this item due to the huge volume of business transacted. Approximately 23 million cheques were posted in 1965-66 and, in addition, the volume of correspondence and telephone calls relative to the Department's affairs was considerable. The main factors contributing to the excess expenditure included an increase in the number of Invalid and Widow Pensions paid by cheque to an extent of 5,000 cheques in excess of the increase in the preceding year, the unforeseen necessity to effect a four-weekly payment of child endowment to complete the payments to the end of the school year, and a higher level of expenditure on unemployment benefits in the last quarter of the financial year with a consequent increase in the number of claims processed and weekly cheques despatched. The Department indicated that it had been aware at the time the Additional Estimates were prepared of the need for increased expenditure arising out of both the greater number of invalid and widow pensions payable by cheque and the additional child endowment payments. However, after having regard to the level of expenditure achieved by that date, additional funds were not sought because it was considered that the budget appropriation would be adequate. Subsequently, expenditure reached a level only \$123,171 below the total of available funds and a call was therefore made upon the Advance to the Treasurer. Exhibit  
82/38  
and  
Q.572-  
Q.576

165. After reviewing the evidence tendered by the Department Your Committee agrees that difficulty must be experienced in preparing an accurate estimate of expenditure under this item due to the complexity of the Department's activities and the number and dispersal of its regional offices. Your Committee agrees that the Department's call upon the Advance to the Treasurer was justified and accepts the explanations tendered.

CHAPTER 15 - DEPARTMENT OF TRADE AND INDUSTRY

Division 500/2/01 : Administrative - Administrative Expenses -  
Travelling and Subsistence.

Original Appropriation \$270,000 : Expenditure \$334,431

166. The Department informed us that after a sum of \$40,000 had been acquired in the Appropriation Act No. 3 to cater for increased commitments a further unforeseen increase in the degree of departmental activity prompted the Department to make a call upon the Advance to the Treasurer to the extent of \$30,000. Unscheduled conferences in London required the attendance of senior officers of the Department with a consequence increase in the level of fares and travelling allowances, and a conference of some 150 shipping company representatives in Canberra resulted in an unforeseen increase in the use of vehicles. It was stated that the position was further aggravated by the extensive use of vehicles by overseas visitors sponsored by the Department and the receipt of an unusually large number of air travel accounts in the final month of the financial year. Exhibit 82/39

167. Mr. Dickinson indicated that although a total sum of \$310,000 had been provided under the Appropriation Acts, expenditure up to the end of May had reached \$289,883. On the 21st June, 1966, when additional funds were sought from the Advance to the Treasurer, only \$2,800 remained of the original appropriations. Your Committee noted, however, that although a sum of \$30,000 had been made available at that late date, only \$24,431 had been expended by the end of the financial year. Q.593  
Mr. Dickinson explained that the underexpenditure of the funds made available from the Advance to the Treasurer had been due to the Department's inability to process all the accounts rendered upon the Department by the end of the year.

168. Your Committee notes that the expenditure under this item in 1963-64 amounted to \$285,468 but that in 1964-65 the figure fell to \$274,408. In the last financial year the expenditure level rose to \$334,431 and Your Committee recognises that such a pattern is not conducive to the preparation of accurate estimates. Your Committee believes that the higher expenditure level incurred during 1965-66 was prompted by circumstances beyond the control of the Department and we accordingly accept the Department's explanation.

- (ii) Division 512/2/02 : Commercial Intelligence Service, Canada -  
Administrative Expenses - Postage,  
telegrams, telephones and cablegrams.

Original Appropriation \$11,220 : Expenditure \$13,336.

169 Your Committee noted that a sum of \$1,800 had been sought in the Appropriation Act No. 3 to provide a total of available funds under the item of \$13,020 but that expenditure had been incurred to an extent \$316 beyond the sum authorised. Mr. Dickinson explained that an extensive campaign to promote the use of Australian canned fruits in Canada had resulted in the extensive use of cable services between Canada and Australia. The promotion activity was being undertaken in conjunction with the Canned Fruits Board and, late in the financial year, the Trade Commissioner in Canada decided that a charge of \$357 for cable services should be charged to that Board. However, the Canned Fruits Board had disputed the account on the ground that the charge was one which should more properly be borne by the Department and, after discussion, the Department had accepted the account for payment. However, during the course of the discussions the account for the cables increased to a sum of \$555 which resulted in expenditure from the item exceeding the amount of available funds by a sum of \$316.

Exhibit  
82/40

Q.647

170. Your Committee accepts that the Department expended available funds that might have been allocated to meet this account in the belief that the charge was one which would be met by the Canned Fruits Board. We agree that the Department had no alternative other than to make a call upon the Advance to the Treasurer to meet the resulting deficiency in the provision.

(iii) Division No. 555/1/01 : Commercial Intelligence Service,  
United Kingdom - Salaries and  
Payments in the Nature of Salary  
.. Salaries and Allowances.

Original Appropriation \$58,800 : Expenditure \$73,152.

171. Your Committee noted that a sum of only \$2,800 had been sought in the Appropriation Act No. 3 to provide for increased commitments incurred by the Department and that the call upon the Advance to the Treasurer amounted to a sum of \$13,000. The Department stated that the additional funds were required because of errors committed during the preparation of the Department's Estimates in that incorrect figures had been used as a basis for the calculation of rent and other allowances. In addition, an increased rate of allowances agreed to during the year had not been considered. Exhibit /41

172. Mr. Dickinson informed us that errors had occurred to the extent of \$3,678 in respect of rent allowances, \$2,004 in respect of representation allowances, \$1,366 for local allowances and \$4,504 for upkeep allowances. The errors involving the rent allowances and representation allowances had occurred after reference was made to incorrect schedules while the errors in respect of the local and upkeep allowances had been prompted by the failure of one section in the Department to advise another section that the rate of allowances had been increased. We were informed that, in order to avoid future errors of a similar nature, a system had been instituted whereby the estimates would be checked by a second, independent officer and that a conference had been convened to devise means of controlling, from month to month and in considerable detail, the allowances and salary payments made by the Department to overseas posts. Q.650 Q.658

173. Your Committee notes that the error in estimating resulted in a call upon the Advance to the Treasurer for a sum equal to more than 20 per cent of the funds made available in the original and supplementary appropriations. Your Committee notes that one of the measures implemented to ensure that further errors of this nature do not recur is the employment of a second officer to conduct an independent check of the calculations. We believe that the Department's

failure to employ such an elementary safeguard was both a major contributing factor to the errors made and a reflection at least in this particular instance of an ineffective method of financial control within the Department. Your Committee does not believe that funds available in the Advance to the Treasurer were designed to cater for cash shortages prompted by circumstances such as those described in evidence.

CHAPTER 16 - DEPARTMENT OF WORKS

Division No. 600/2/01 : Administrative - Administrative Expenses -  
Travelling and Subsistence.

Original Appropriation \$830,000 : Expenditure \$953,553

174. The Department informed us that a sum of \$80,000 had been sought in the Additional Estimates to provide for increased and unforeseen commitments incurred by the Department. The amount sought was arrived at following a review in all branches of the levels of expenditure achieved by February 1966 but it was subsequently established that the Northern Territory Branch had understated its financial requirements for the remainder of the year. It was stated that apart from the difficulties experienced in forecasting with accuracy expenditures to be incurred, particularly in remote areas, the Branch had committed an error as a result of a breakdown in the procedures adopted for the control of commitments in respect of travelling allowances. We were informed that action had been taken to reinstate the procedures and that Northern Territory operations had been conducted by a representative of the Head Office of the Department. Comprehensive instructions had also been issued for the guidance of all branches generally and for the Northern Territory Branch in particular. Exhibit  
82/42

175. Mr. Tate informed us that the nature of the procedural breakdown had been a failure in the Northern Territory Branch to maintain properly commitments registers in which the Branch's liabilities were matched against available funds. This system permitted officers to certify that funds were available but in some cases commitments registers had ceased to operate while in other cases only a partial recording of commitments had been made. The Head Office of the Department had not been aware of the inaccurate estimate until April 1966 when a telegram was received from the Northern Territory Branch advising that an error had taken place and that the Internal Audit Section was working to establish the extent of the inaccuracy. The Department was subsequently informed that the estimate had been understated by a sum of \$72,400 whereupon the Department immediately contacted Q.686

the Treasury in an endeavour to rectify the error. The Department of the Treasury had advised that it was too late to do so and the Department of Works had then advised all State Branches that economies would need to be observed to an extent consistent with normal work. Instructions were issued that frequent reviews of the extent of available funds were to be undertaken but, by the end of May, it became obvious that some Branches were approaching the limit of their allocated funds. The Department had then undertaken a review of the total expenditure against the item and it was established that a sum of \$45,000 would be required in order to meet accounts payable up to the 30th June. Mr. Tate added that the error had stemmed from frequent staff changes which occur in the Northern Territory Branch and the failure of certain officers to ensure that the correct procedures were being followed. 176. Q.688-689

Your Committee is familiar with the difficult staff situation that commonly prevails in the Northern Territory but we do not accept that an error of \$72,400 (a sum equal to nearly 60 per cent of the Department's actual requirements) would have occurred if the preparation of the Estimates had been adequately supervised and reviewed by senior officers within the Northern Territory Branch. Your Committee is dissatisfied that an error of this magnitude should occur.



CHAPTER 17 - GENERAL

177. This chapter relates to certain comments of a general nature which Your Committee desires to make in respect of the evidence taken during its inquiry and relating to expenditure from the Advance to the Treasurer.

178. In its Sixty-eighth Report relating to expenditure from the Advance to the Treasurer for the financial year 1963-64, Your Committee drew attention to the unsatisfactory nature of some of the explanatory statements submitted by Departments. During the course of that inquiry the attention of witnesses was drawn to the defects discovered and representatives of the Department of the Treasury undertook to prepare, in collaboration with Your Committee, a suitable pro-forma statement and to circulate copies of this to departments together with the Treasury circular that is sent to departments each year in connection with expenditure from the Advance to the Treasurer. Arising from the discussions which were held late in 1964 a pro-forma was developed which it was felt would meet the needs of the Department of the Treasury and Your Committee.

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131 of  
1964

179. Whilst our examination of the explanatory statements submitted in connection with expenditure from the Advance to the Treasurer in 1964-65, based on the agreed pro-forma, showed a very substantial improvement in the quality of the explanations submitted, experience in the use of the pro-forma showed that it was in need of further refinement and in our Seventy-fourth Report relative to that inquiry we indicated that we would welcome further discussions with officers of the Department of the Treasury. Further discussions were held in May 1966 when it was agreed that Your Committee should design a pro-forma to meet its specific needs.

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248 of  
1964-65

180. The new pro-forma provided for separate explanations relating to expenditure from the Additional Estimates and expenditure from the Advance to the Treasurer. Moreover, the pro-forma made provision for an analysis of funds available to departments rather than an analysis of expenditure as had been required in earlier years. This change highlighted at once a number of cases in which departments

had sought and obtained access to funds from the Advance to the Treasurer late in the financial year but had not, for various reasons, finally required the amounts so obtained. In some cases, this situation reflected the absence of a realistic approach in the assessment of financial needs in the closing weeks of the financial year.

181. Our examination of departmental submissions showed that in a number of cases, amounts had been charged to the Advance to the Treasurer without warrant authority. In some of these cases the failure to obtain warrant authority resulted from the unforeseen but urgent need for expenditure by the department concerned. In other cases, however, departments had obtained Treasury approval to incur liability but had subsequently neglected to acquire warrant authority from the Department of the Treasury. In those circumstances, Your Committee would emphasise the need for Treasury Regulation 90(1) to be observed by departments. This Regulation is as follows:-

"90(1) An Authorizing Officer shall not authorize expenditure from Revenue or Loan Appropriation until a Warrant Authority for Expenditure in accordance with Form 30 authorizing expenditure accordingly has been obtained from the Secretary, Department of the Treasury."

182. A review at the conclusion of our inquiry of all the evidence tendered revealed that some departments had submitted that overexpenditure had been incurred in respect of the provisions made for the employment of temporary employees because the processes employed in arranging for the permanent appointment of these employees had not been completed by the end of the financial year. The Departments of Civil Aviation, Customs and Excise and Primary Industry each stated that, as a result, the salaries of such employees were debited to these votes for a longer period during the financial year than had been expected. In particular, the Department of Primary Industry informed us that the associated documentation was being processed and submitted to the Public Service Board at the time the Additional Estimates were being formulated.

but delays in completing the formalities had necessitated a call upon the Advance to the Treasurer in order to augment the funds sought in the Original and Supplementary Appropriations. Your Committee received no observations from the Public Service Board Observer, or evidence from the departments, to indicate precisely where the delays occurred but we trust that departments and the Public Service Board, which have a joint responsibility to effect the permanent appointment of officers, will endeavour to avoid delays in future which result in calls being made upon the Advance to the Treasurer.

183. Your Committee would also invite attention to the fact that in order to provide an accurate and comprehensive explanation, some departments found it necessary to submit during the public inquiry a supplementary submission or oral amendments containing both additions and corrections to the original exhibit. Whilst Your Committee recognises that certain unforeseeable circumstances can arise in which departments may find a need to make additional submissions, or corrections such additions and corrections should be furnished to the Committee's Secretariat in sufficient time before the relevant public inquiry, to enable the Committee to take them into consideration in its oral examination of the department concerned. In this regard we would draw attention to memorandum 66/411 of 18th January, 1966, circulated by the Secretary, Public Service Board, to all Permanent Heads, where it was stated:

"The importance of thorough briefing of witnesses and the accuracy of departmental written submissions cannot be overestimated. It is in the interests of each Department

and the Service generally, that the evidence tendered to the Public Accounts Committee is of the highest quality. It would therefore be appreciated if this circular could be brought to the attention of those officers in your Department who are likely to be concerned with the preparation of material for the Committee, or who may be required to appear in person at future public hearings of the Committee."

For and on behalf of the Committee,

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

RICHARD CLEAVER,  
Chairman.

21st September, 1966.