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DEPARTMENT OF THE SENATE
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PRESENTED BY J.R. Odgers
Clerk of the Senate

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

EIGHTY-NINTH REPORT

THE SIXTH COMMITTEE

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JOINT COMMITTEE OF PUBLIC ACCOUNTS

SIXTH COMMITTEE

R. CLEAVER, ESQUIRE, M.P. (Chairman)

J. F. COPE, ESQUIRE, M.P. (Vice-Chairman)

SENATOR T. C. DRAKE- BROCKMAN (1)

SENATOR J. F. FITZGERALD

SENATOR J. J. WEBSTER (2)

SENATOR I. E. WEDGWOOD

J.S. COCKLE, ESQUIRE, M.P. (3)

D.E. COSTA, ESQUIRE, M.P. (4)

W. T. GIBBS, ESQUIRE, M.P. (5)

P. J. NIXON, ESQUIRE, M.P.

L. J. REYNOLDS, ESQUIRE, M.P. (6)

J. C. L. SEXTON, ESQUIRE, M.P.

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

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

(1) Resigned 29th April, 1965

(2) Appointed 29th April, 1965

(3) Deceased 3rd August, 1966

(4) Resigned 23rd March, 1966

(5) Appointed 24th 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 subsection (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.

JOINT COMMITTEE OF PUBLIC ACCOUNTSEIGHTY-NINTH REPORT"The Sixth Committee"INTRODUCTION

Your Committee has recognised the need for an analysis to be made of the type of inquiries conducted and reports submitted under its own programme and that of its predecessors. Whilst Indices have been prepared and issued as Reports periodically, these do not supply in any tabular or readily accessible form an analysis into categories of the work performed by Your Committee.

2. It will be highly desirable at an early date for every conclusion or finding appearing in Your Committee's Reports presented to the Parliament to be thoroughly indexed to guide the Public Accounts Committee, as this material is in the nature of "case law" and should be studied in the context of a current inquiry where similar principles may be involved.

3. Your Committee has decided that, as a helpful step in this direction, it should report to the Parliament in some detail on its own programme and related statistics for the Parliamentary period 1964-66. It has noted that, in recent years, many more requests for information relating to Your Committee's work have been received from Senators and Members, various organisations and students of political science or public administration. Some State Governments with a developing interest in the establishment of a Public Accounts Committee have also sought material for study.

4. This Report represents an effort to provide information and also, for the first time, to summarise the administrative position at the end of a Committee's programme.

COMMITTEE PERSONNEL

5. The Sixth Committee was appointed on 4/5th March, 1964.

6. The members appointed at that time were:-

R. Cleaver Esq. M.P. (Chairman)
J. F. Cope Esq. M.P. (Vice-Chairman)

Senator J. F. Fitzgerald	J. S. Cockle Esq. M.P.
Senator T. C. Drake-Brockman	D. E. Costa Esq. M.P.
Senator I. E. Wedgwood	P. J. Nixon Esq. M.P.
	J. C. L. Sexton Esq. M.P.
	R. H. Whittorn Esq. M.P.

7. During the Parliamentary term, the following changes in the personnel of the Committee took place:-

Senator J. J. Webster - Appointed 29th April, 1965 vice
Senator Drake-Brockman

L.J. Reynolds Esq. M.P. - Appointed 23rd March, 1966 vice
Mr. D. E. Costa

Dr. W.T. Gibbs Esq. M.P.- Appointed 24th August, 1966 vice
late Mr. J. S. Cockle.

8. The death of the late Mr. John S. Cockle, M.P. robbed the Committee of a dedicated and able member. We have recorded our appreciation of his service and conveyed our sympathy to his widow and family.

COMMITTEE POLICY

9. The First Public Meeting of the Sixth Committee was held in Canberra on 17th March, 1964, with the Observers, the Auditor-General's Office, the Department of the Treasury and the Public Service Board represented by the following officers:-

Mr. V. J. W. Skermer, C.B.E., Auditor-General for the
Commonwealth
Mr. J. K. Lawrence, Secretary and Chief Inspector,
Auditor-General's Office
Sir Roland Wilson, C.B.E., Secretary to the Treasury
Mr. C. L. S. Hewitt, O.B.E., Deputy Secretary, Treasury
Mr. A. Harris, First Assistant Secretary, Treasury
Mr. F. H. Wheeler, C.B.E., Chairman, Public Service Board
Mr. F. C. Nordeck, O.B.E., First Assistant Commissioner,
Public Service Board.

10. The Chairman (R. Cleaver M.P.), on behalf of the Committee, outlined the established procedures which would be followed and, in a general introductory statement, included the following points:-

"We believe that flexibility should be a significant feature of our work. The Sixth Committee will not adhere necessarily to the pattern and programme of previous Committees.

Regular investigation of the same items, of course, minimizes the value of any scrutiny. In our assessment, the field for investigation by the Public Accounts Committee is broad indeed and our authority most extensive. Our hearings and investigations in the years that may be ahead of us as a Committee will not be confined to Canberra.

We would hope that the Parliament may, from time to time, refer to us as a Committee, matters for attention as provided in Section 8(d) of the Act.

We feel that periodical reviews of departmental organisation and the methods used within the departments could be most profitable.

Of course, widely inaccurate estimating has received the closest attention from preceding Committees. We would say that this is vital. Inaccurate estimating, either up or down, will always continue to attract the Committee's scrutiny but we are also cognisant of the inherent danger of panic spending in the last few months of the financial year just to clear an appropriation and to avoid criticism of a Committee like this.

The Public Accounts Committee really operates in the field of an efficiency audit which means that it asks departmental officers appearing before it very much more difficult questions than it would have if it confined itself solely to the accounts and votes of the departments. It means it cannot and does not accept a yes-no answer, and also expects as a Committee to be informed if its deductions are incorrect.

The most effective check on administration is to have an outsider looking in. The Public Accounts Committee is just that. It is an outsider; an outside representative of the community at large that looks in on an organisation created by the Government to promote the community's welfare. The Committee is part of the governmental machinery of the country, yet it is responsible not to Ministers but to electors. So it acknowledges no ministerial head. Properly, too, it represents that part of government whose function it is to criticise."

PROGRAMME 1964-1966

11. Consistent with the announced policy, Your Committee conducted Public Inquiries in Darwin, Perth, Adelaide, Melbourne, Sydney and Canberra.

12. The tables set out below present firstly the statistics relating to Your Committee and secondly an analysis of the type of reports presented to the Parliament and the aggregate of all reports presented to this date.

TABLE NO. 1DETAILS OF COMMITTEE ACTIVITY 1964-66

No. of Committee Sittings	182
No. of Sectional Committee Sittings	22
No. of Sittings for Public Inquiry purposes	78
No. of Hours covered by sittings	628
No. of Reports submitted to Parliament	26
No. of Witnesses called for evidence	384
No. of Items in Annual Estimates examined	208

TABLE NO. 2CLASSIFICATION OF REPORTS
SUBMITTED TO PARLIAMENT

	1st to 5th Committees	6th Committee 1964-66	Aggregate to 1966
General Departmental Reviews	14	5	19
Specific Items of Departmental Activity	6	2	8
Form and content of Financial Documents	9	-	9
Audit Act and Treasury Regulations	6	1	7
Annual Revenue or Expenditure and Estimates Reviews	15	6	21
Follow up of Auditor-General's Reports	5	4	9
Treasury Minutes on Committee Reports	6	6	12
Indices of Reports and Summary of Activity	2	2	4
Total	63	26	89

Your Committee has used its term of office to influence a broad cross section of the entire Public Service. Attention is drawn to the fact that a developing Nation has brought about a sophistication in the Public Service and the depth of technological and scientific research employed has broadened the extent of Departments. Today the Commonwealth has 25 major Departments and, in addition, approximately 115 Bureaux, Sections or Statutory Authorities which are subject to report by the Auditor-General and the interest of Your Committee.

13. From this it is clearly apparent that the scope for increased Committee activity is substantial and the only limiting factors are the general Parliamentary programme and the allocation of additional time for the duties of Your Committee by the elected Members.

FOLLOW UP PROCEDURE

14. The system established in 1953 of receiving through the Commonwealth Treasurer, a Treasury Minute relating to each Report has been retained. This provides for the Department of the Treasury to co-ordinate all possible action to implement the findings and recommendations embodied in the Reports.

15. Over the years this arrangement has proved to be a most effective system. After examination each Minute is submitted in Report form to the Parliament, thus completing the full circle of investigation - report and action.

16. Your Committee has appreciated the co-operation extended at all times by the Department of the Treasury with which arrangements were entered into in 1964 for a special half yearly report on outstanding Treasury Minutes. The present position is that Treasury Minutes have yet to issue in respect to the following Committee Reports:-

TABLE NO. 3OUTSTANDING TREASURY MINUTES

Report Number	Subject	Date of Report
18	The Form and Content of the Financial Documents Presented to the Parliament - Part 1 - The Budget Speech; the Estimates of Receipts and Expenditure and the Appropriation Bills.	10th November 1954
34	The Trust Fund.	27th November 1957
55	Form of the Estimates - Part 1 - Schedule of Salaries and Allowances Part 11 - Deduction and Transfer Items.	28th September 1961
71	The Northern Territory Administration.	2nd September 1965
73	The Department of Social Services.	30th September 1965
75	Expenditure from Consolidated Revenue Fund for the year 1964-65.	3rd December 1965
77	Treasury Regulation 53.	2nd December 1965
78	The Report of the Auditor-General Financial Year 1964-65	16th March 1966
80	Department of Customs and Excise - Excise Control Procedures.	23rd March 1966
81	The Supplementary Report of the Auditor-General - Financial Year 1964-65 (The Canberra Community Hospital).	27th July 1966
82	Expenditure from the Advance to the Treasurer (Appropriation Act 1965-66)	21st September 1966
83	The National Capital Development Commission	28th September 1966
84	Expenditure from the Consolidated Revenue Fund - Financial Year 1965-66	29th September 1966
85	Automatic Data Processing	19th October 1966
86	Automatic Data Processing (The Bureau of Census and Statistics Network)	19th October 1966
87	The Report of the Auditor-General - Financial Year 1965-66.	12th October 1966

With reference to those Minutes longest outstanding, Your Committee is satisfied, after discussions with the officers of the Department of the Treasury, that matters of principle with wide ramifications are involved. For this reason, the issue of such Treasury Minutes has, of necessity, been delayed.

PUBLIC ACCOUNTS COMMITTEES - AUSTRALIA & OVERSEAS

17. We have established helpful contacts with Public Accounts Committees operating in the States. Prior to the establishment of the Public Accounts Committee of Papua and New Guinea in 1965 we were pleased to extend assistance to the Chairman and staff from the Territory. We have noted with interest the first reports issued by that Committee.

18. Stemming from an overseas trip by the Chairman in 1964, valuable links have been established with Public Accounts or Finance Committees in South Africa, Rhodesia, Kenya, Israel, Britain, Canada, the United States of America, Jamaica, Trinidad and Tobago, Guyana, New Zealand and Malaysia. An exchange of Committee programmes and official reports has been arranged.

19. Your Committee has made some appreciable progress in building up adequate working facilities on all levels of operation and believes that an authoritative reference library on Public Accounts Committees and related matters on Public Administration should be developed. It believes that an assessment should be made of the terms of reference, work programmes and type of reports of overseas Committees to establish improvements which may be adopted to the advantage of the Parliament.

PUBLIC INQUIRY PROCEDURES

20. To assist witnesses appearing before Your Committee, our Public Inquiry procedures have been refined. Notes relating to evidence are issued to all Departments appearing before the Committee to enable preparation to be made with confidence.

21. Notes for general observers from the public have also been made available and Your Committee has found that the many Commercial and Taxpayer Associations, Accountancy Institutes and similar bodies quite apart from public servants have readily accepted invitations to attend Public Inquiries in the various capital cities.

22. Your Committee invariably meets for final consultation and review of exhibits in a Pre-Inquiry session which has proved its value.

FACILITIES

23. In 1965 improved office accommodation for Your Committee and its staff was made available by the Presiding Officers. Your Committee has offices, with a Committee Room appropriate for domestic meetings and discussions with Departmental officials adjoining the suite. Public Inquiries call for Committee Rooms even larger and more suitably arranged than the existing and modern accommodation now provided on the House of Representatives side of the building. When the new Parliament House is designed, these problems should be taken into account as interest in the work of Your Committee, on occasions, necessitates extensive seating.

OBSERVER ASSISTANCE TO YOUR COMMITTEE

24. The expansion of Your Committee's programme during this Parliamentary Session has made heavy demands on the services traditionally provided by the Observers - the Auditor-General, the Public Service Board and the Department of the Treasury. Your Committee would pay a sincere tribute to the helpful advice and guidance provided by the Observers whose assistance is indispensable to the conduct of effective public inquiries by Your Committee.

STAFF

25. The research, preparation, servicing of Your Committee, conduct of Public Inquiries and assistance with Reports has represented a heavy and constant demand upon the Committee's staff. The Executive Secretary, Mr. David N. Reid, Project Officers, Mr. K. W. Wood and Miss I. Fleming and the administrative staff have given splendid service.

26. Research work for a Committee of this nature is essential and the present staff is inadequate to cope with programmes reasonably designed to make an impact upon the Public Service and also to influence a good proportion of the Items in the Annual Estimates of the Parliament.

27. In many of our reports we have recognised that staffing problems have impeded departments in the efficient prosecution of their functions. As Your Committee recognises that the efficient operation of its own duties can also be materially impeded by inadequate staffing, it trusts that the authorities concerned will give proper and ready consideration to any staff expansion proposals which may be recommended on its behalf.

CURRENT WORK

28. All evidence taken in Public Inquiry has resulted in the submission of Reports to the Parliament. Likewise no Treasury Minute remains on hand at this date.

29. Exhibits from certain Departments relating to their entry into Automatic Data Processing are on hand for public evidence to be sought if desired by our successor Committee. It was the intention of Your Sixth Committee, had the time table been adequate, to have submitted further reports on A.D.P. networks within the Commonwealth Public Service, believing that these would be complimentary to our Eighty-Fifth and Eighty-Sixth Reports.

30. The 1966 Supplementary Report of the Auditor-General, not having been available to Your Committee, may represent a probable field for later inquiry.

31. Arising from its experience, Your Committee believes that the work which it undertakes on the basis of free discussion and open inquiry, represents a vital contribution to the effective operation of responsible Parliamentary Government.

For and on behalf of the Committee

David N. Reid

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

Richard Cleaver

RICHARD CLEAVER
CHAIRMAN

Ivy Wedgwood

25th October, 1966.