

THE GOVERNMENT OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

NINETY-SEVENTH REPORT

TREASURY MINUTE ON THE  
EIGHTY-THIRD REPORT

1974-75

SUMMARY OF THAT REPORT

JOINT COMMITTEE OF PUBLIC ACCOUNTSSEVENTH COMMITTEE

R. Cleaver, Esquire, M.P. (Chairman)

Senator J.F. Fitzgerald (Vice-Chairman)

Senator J.J. Webster

F.W. Collard, Esquire, M.P.

Senator Dame Ivy Wedgwood

J.F. Cope, Esquire, M.P. (1)

J.D.M. Dobié, Esquire, M.P.

E.M.C. Fox, Esquire, M.P.

G.H. Gray, Esquire, M.P. (2)

E.W. Peters, Esquire, M.P.

I.L. Robinson, Esquire, M.P.

The Senate and the House of Representatives appointed their  
Members on 22nd February, 1967.

(1) Appointed 23rd August, 1967.

(2) Deceased 2nd August, 1967.

DUTIES OF THE COMMITTEE

Section 8 of the Public Accounts Committee Act 1951-1966 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 ACCOUNTSCHAPTER 1 --INTRODUCTION

In its Seventy-ninth Report dated 10th March, 1966, P.P.No.275  
Your Committee set out in detail the basis of the Treasury of 1964-65-66  
Minute arrangements which have been made to ensure that appropriate  
action ensues from comments contained in our Reports.

As they now stand, the arrangements concerned are:-

- (1) The Report of Your Committee is tabled by the Chairman in the House of Representatives and by a Member of the Committee in the Senate. Motions are moved in both Houses of the Parliament that the Report be printed as a Parliamentary Paper.
- (2) The Chairman of Your Committee thereafter forwards a copy of the Report to the Departments affected and to the Treasurer with a request that he give the Report his consideration and inform the Chairman of the action taken to deal with Your Committee's comments.
- (3) The reply received, which is in the form of a Treasury Minute, is then examined by Your Committee and, together with the conclusions of the Report to which it relates, is submitted as soon as possible to the Parliament as a Report.
- (4) Where during its examination of a Treasury Minute Your Committee finds that there are recommendations not fully dealt with or which are subject to a further Minute, it holds an exploratory discussion with officers of the Department of the Treasury prior to the submission of the Minute to the Parliament.

- (5) In reporting a Treasury Minute to the Parliament, Your Committee does not usually make any comment on the Minute other than to note recommendations not fully dealt with or subject to a further Minute. In special cases where comment is thought to be necessary, Your Committee makes it.
- (6) Your Committee reviews a Treasury Minute, if necessary, when it again examines the department concerned.
- (7) The Department of the Treasury furnishes Your Committee with a half-yearly report on outstanding Treasury Minutes, indicating the progress made in dealing with Your Committee's comments.

CHAPTER 2 - TREASURY MINUTE ON THE EIGHTY-THIRD REPORT  
RELATING TO THE NATIONAL CAPITAL  
DEVELOPMENT COMMISSION

On 19th February, 1968, and in accordance with the arrangements relating to follow-up action on Your Committee's Reports, the Treasurer conveyed to the Chairman, a Treasury Minute dated 24th August, 1967, which reported the action taken on Your Committee's Eighty-Third Report.

In the Eighty-Third Report concerning the National Capital Development Commission :

Conclusions  
(28th September, 1966)

Treasury Minute  
(24th August, 1967)

The Treasury has examined the Report and has discussed with the Departments and Authorities concerned the observations and conclusions of the Committee which have, where necessary, been brought to the notice of officers concerned.

Because of the status of the National Capital Development Commission as a Statutory authority the Treasury has reproduced the Commission's comments verbatim in Annexure A.

266. The history of the development of Canberra, as stated by the Senate Select Committee in 1955 and outlined in Chapter II of this Report indicates that prior to the establishment of the National Capital Development Commission, several factors impeded

the earlier successful growth of the National Capital. These factors included changes made in the form of the administration and development plans and responsibilities; reversals of relevant Government policies; the economic effects of the depression in the 1930's and World War II; and, overall, considerable uncertainty as to the funds which would be made available for development purposes. This last factor in particular, resulted in uneasiness and uncertainty in planning, the uneconomic use of financial resources and the creation of barriers to effective long-term planning. (Paras. 8-27).

267. We note that historically, the creation of Committees and Commissions to advise on or administer the development of the National Capital has not of itself alone provided the solution to the problems of development. This fact was recognised by the Senate Select Committee in its Report in 1955 when it advocated the establishment of a new development authority for Canberra and concurrently recommended that the authority to be created should be guaranteed sufficient finance to permit it to carry out a large scale balances programme of a period of years.

268. The Report of the Senate Select Committee contained the following views and recommendations:-



- (i) Canberra had failed to develop as the administrative centre of the Commonwealth.
- (ii) The then existing form of administration was unsatisfactory for the task required of it. The blame did not lie with the various departments, however, but with the type of organisation.
- (iii) The development of Canberra to permit the full transfer of administrative departments should be given over to a centralised authority with powers similar to those of the Snowy Mountains Hydro-electric Authority.
- (iv) The Authority should be controlled by a single Commissioner with full executive powers under a Minister of State holding a separate portfolio for Canberra development.
- (v) Those branches of the Departments of the Interior and Works dealing solely with Canberra's activities should be taken from their respective departments and unified in the Authority.
- (vi) The Authority should be guaranteed, by an appropriate provision in the Enabling Act, sufficient finance to permit it to carry out a large scale balances programme over a period of years. (Para. 30).

269. The introduction of a Bill in the House of Representatives to create a National Capital Development Commission indicated

that the Government had recognised the deficiencies in the progress of Canberra's development and had determined to take remedial action. The Minister for the Interior and Works stated, when introducing the Bill to provide for the creation of the National Capital Development Commission, that the Government agreed with the Select Committee's general recommendations and that the establishment of the Commission would begin a new phase in the City's development. The Minister elaborated upon the various provisions of the Bill relating to the structure of the Commission, its duties and its responsibilities and, at the same time provided Members of the Parliament with both an explanation of the manner in which the Government expected the Commission to discharge its role and a description of the restraints and limitations of authority under which the Commission would be expected to operate. (Paras. 38-46.)

270. There can be no doubt that with the establishment of the National Capital Development Commission and the provision by the Parliament of a comparatively high and increasing level of funds for public investment each year under the control of the Commission, a very considerable transformation has occurred in the nature and growth of the National Capital. This impression was reinforced when, during the course of its inquiry, Your Committee

made inspections of suburban development and public buildings in the Canberra area, and we would pay a tribute to those responsible for bringing the National Capital into this new era of development as foreshadowed by the Minister when the National Capital Development Commission Bill was before the Parliament.

271. Prior to the present inquiry, Your Committee has not conducted an extensive inquiry into a Statutory Authority since the inquiry conducted by Your Second Committee in 1954 and 1955 into the Australian Aluminium Production Commission. In the Twenty-first and Twenty-second Reports, which related to that inquiry, Your Committee formulated several conclusions relating to Statutory Corporations generally, some of which have an important bearing on the present enquiry. We feel that the substance of those conclusions together with the subsequent Treasury Minute relating to them should be examined and related specifically to the National Capital Development Commission.

272. In conclusions 11 to 15 of the Twenty-first Report and 29 to 32 of the Twenty-second Report Your Committee concluded that the whole question of the Audit of Statutory Corporations should be reviewed when amendments to the Audit Act

Application of the Audit Act 1901-1965 in relation to moneys vested in the Commission.  
 During the course of the inquiry the Treasury obtained, at the request of the Committee, a legal opinion regarding the application of the Audit Act 1901-1965 in relation to moneys vested in the National Capital Development Commission. The opinion varies neither the earlier opinions

were being made. In regard to this matter we were informed by the Department of the Treasury in the subsequent Treasury Minute that the Government had taken the broad position that, in the case of statutory corporations whose finances do not form part of the Public Account, the proper place for statutory provisions relating to the audit of statutory corporations is in the acts constituting the statutory corporations rather than in the Audit Act. In its examination of the Treasury Minute Your Committee concurred in the position taken by the Government in this regard. This type of provision has been included in section 23 of the National Capital Development Commission Act.

that have been given nor the Treasury's understanding of the position. However, as the Secretary of the Attorney-General's Department has included in his opinion a fully expressed statement of the reasons for his conclusions the Treasury believes that it would be useful if the opinion were published. It is therefore attached as Annexure B.

273. In conclusion 16 of the Twenty-first Report and conclusions 29 to 32 of the Twenty-second Report Your Committee indicated that the responsibility for the form of the accounts of statutory corporations and Government trading undertakings should be reviewed when amendments to the Audit Act were being considered. The subsequent Treasury Minute indicated that, in respect to statutory corporations, the Government had decided that the necessary provisions should be included in the relevant statutory corporation legislation rather than in the Audit Act. Your Committee

concurred in this view when it examined the Treasury Minute, Section 24(3) of the National Capital Development Commission Act provides for the furnishing of a Report by the Commission to the Minister, each year, for presentation to the Parliament.

274. In conclusions 17 and 18 of the Twenty-first Report and 19 and 20 of the Twenty-second Report, Your Committee found that there was a need to clarify the position with regard to pecuniary interest of members of statutory corporations in transactions with their corporations. The subsequent Treasury Minute indicated that action to give effect to the Committee's finding had been taken in respect of a number of statutory authority acts. In the case of the National Capital Development Commission Act provision was made in section 8 for the Governor-General to declare the office of the Commissioner or an Associate Commissioner vacant if, in any way, otherwise than as a member, and in common with other members, of an incorporated company consisting of not less than twenty-five persons, the Commissioner or Associate Commissioner becomes concerned or interested in a contract entered into by or on behalf of the Commission or participates or claims to participate in the profit of any such contract or in any benefit or emolument arising from any such contract.

275. Your Committee notes with satisfaction that provisions which it regards as acceptable relative to the audit of the accounts and records of financial transactions of the Commission, the furnishing of reports of its operations together with financial statements to the Minister for presentation to the Parliament and the pecuniary interest of Commission Members have been incorporated into the National Capital Development Commission Act.

276. The powers and functions of the Commission are set down as follows in section 11 of the National Capital Development Commission Act:

"Section 11 —

- (1) The functions of the Commission are to undertake and carry out the planning, development and construction of the City of Canberra as the National Capital of the Commonwealth.
- (2) For that purpose, the Commission is empowered to provide, or arrange for the provision of, within the Australian Capital Territory, buildings, roads, bridges, works for the supply of water or electricity, sewerage or drainage works and other matters and things for, or incidental to, that purpose.
- (3) The Commission has power to do all things necessary or convenient to be done for or in connection with, or incidental to,

the performance of its functions and the exercise of its powers.

- (3A) The powers of the Commission under the last preceding subsection include such powers in relation to matters affecting, or connected with, the planning, development and construction of the City of Canberra as are expressed to be exercisable by the Commission by, or by regulations under, an Ordinance in force under the Seat of Government Administration Act 1910-1959.
- (4) The functions of the Commission do not include the undertaking or carrying out of construction upon land owned or held under lease, by a person other than the Commonwealth, except
- (a) as incidental to the performance of its functions in relation to land not so owned or held and with lawful authority; or
  - (b) at the request of the owner or lessee of the land and with the approval of the Minister.
- (5) The Commission shall not depart from, or do anything inconsistent with, a plan of layout of the City of Canberra and its environs published in the Gazette on the nineteenth day of November, One thousand nine hundred and twenty-five, as modified or varied,

whether before or after the commencement of this Act, in accordance with law."

277. Whilst the Commission enjoys a wide range of powers and functions under section 11 of its enabling legislation that section makes it clear that those functions and powers are not unlimited. In particular sections 11 (4) and (5) place specific limits on the functions of the Commission and it seemed to Your Committee that the itemised list of powers conferred on the Commission in section 11 (2) to provide or arrange for the provision of certain types of works within the Australian Capital Territory, associated with the functions of the Commission to carry out the planning, development and construction of the City of Canberra in section 11 (1.), implied a limitation as to the type of work to be carried out.
278. In these circumstances Your Committee was disturbed by remarks made by officers of the Commission that the only limiting factor to the Commission's development plans is the boundary of the Australian Capital Territory. In particular, Mr. Lansdown stated that the limitations of the gazetted plan did not prevent the Commission from continuing its development activities since legal advice had been received to the effect that the City of Canberra, as referred to in the Commission's Act, extended as a result of the activities of the



Commission. In the light of that advice the Commission regarded the development of Bolcoomon as part of the task of developing the city and it was felt that any legislative amendments which had proved to be necessary were consequences flowing from the Commission's discharge of its functions. We also noted that the reports of the Commission's consultants had discussed the advantages which would flow to the Commission if it were to assume the role of a trading undertaking in the field of municipal administration. (Paras. 132, 216, 235.)

279. Having regard to the evidence referred to above, and the financial implications of development, Your Committee considered that it should seek advice on the Commission's powers and functions and accordingly on 1st September 1966 addressed a series of specific questions to the Secretary, Attorney-General's Department for legal advice. Legal opinions were submitted by the Secretary, Attorney-General's Department, on 12th September 1966. Two of these questions and the substance of the opinions on them which are relevant in the present context, are set out below.
280. One question on which legal advice was sought was:
- "Do the provisions of sub-sections (2) and (3) of Section 11 of the National Capital Development Commission Act permit the Commission to undertake any function which it may regard as incidental to the perform-

ance of its functions or the exercise of its powers, o.g. the establishment of zoological or botanical gardens or national parks in the Australian Capital Territory?"

281. In reply, the Secretary, Attorney-General's Department assumed that one aspect on which advice was sought was whether the Commission, having made its own decision as to what is incidental to the performance of its functions or the exercise of its powers, its decision cannot be challenged. We were advised that this is not the position and while the Commission must from time to time make decisions, in the course of its operations, as to what may be regarded as being truly incidental to the performance of its functions or the exercise of its powers, the question of whether any particular operation on which it embarks is within the terms of section 11 (of the National Capital Development Commission Act) is a matter to be decided upon the true construction of that section and does not lie merely in the discretion of the Commission.
282. The Secretary, Attorney-General's Department expressed the view that the planning and establishing of zoological and botanical gardens or parks may properly be regarded as being matters falling within the incidental functions of the Commission in undertaking and carrying out the planning, development and construction of the City of Canberra but

he did not think it followed that the Commission can establish gardens or parks at any place it pleases within the Australian Capital Territory. He added that the Commission is not given any general function of planning and developing the Territory, as distinct from planning and developing the City. He continued that it may not in all cases be easy to say with confidence whether a particular project can properly be regarded as an incident of the planning and developing of the City but he thought that the planning and establishing of zoological and botanical gardens adjoining the City, or in close proximity to it, could certainly be regarded as being within the Commission's functions. He did not consider, however, that the planning and development of national parks throughout the Territory could be regarded properly as being incidental to the function of planning, developing and constructing the City of Canberra.

Powers and Functions of the Commission.

Boundaries of the City Area and of the Canberra City District.

283. Another question on which legal advice was sought was:

"Does the area of the City of Canberra, as referred to in sub-section 11 (1) of the National Capital Development Commission Act, expand as a consequence of the Commission's activities?"

The Department of the Interior states that action for extension of the boundaries of the "City Area" of Canberra, within the terms of the City Area Leases Ordinance 1936-1966, is initiated as necessary by the Department following the receipt of developmental plans from the National Capital Development Commission. Action has also been taken to extend the boundaries of the

284. In reply, the Secretary, Attorney-General's Department stated that the Act does not define the geographical area of the City of Canberra and that the absence of such a definition is understandable if it is borne in mind that, when the Act was passed, there was already in existence a city known as Canberra and that the primary purpose of the Act was to provide for the development of that city. Bearing those considerations in mind, he considered that the Act contemplates, not that the Commission's functions of planning, developing and constructing the city are to be capable of being performed only within some geographically defined 'city area', but that the existing boundaries will be progressively extended. In these circumstances the Secretary did not entertain any doubt that the planning and development of both Woden Valley and Belconnen are truly part of the development of Canberra.

285. In view of the evidence and legal opinions referred to, Your Committee accepts the proposition that as the construction of urban development work by the Commission proceeds within the prescribed city area and the need emerges for that area to be expanded to enable further necessary urban development work to be undertaken in adjacent areas, the City of

Canberra City District within the terms of the Districts Ordinance 1966-1967. The latest variations of boundaries under these Ordinances have been -

City Area under City Area Leases Ordinance (gazetted on 8 December 1966);

Canberra City District under Districts Ordinance (gazetted on 24 May 1967).

The Department confirms that action is taken by the Department in close consultation with the National Capital Development Commission.

Canberra expands as a consequence of the Commission's activities. Your Committee would not regard as proper, however, a state of affairs in which the Commission were to embark on urban development work in areas adjacent to the City of Canberra, thereby making necessary a retrospective revision to the city limits. We believe that such a situation would be contrary to the spirit of the assurance given to the Parliament in 1957 by the Minister in connection with clause 11 (5) of the National Capital Development Commission Bill, namely, that the Commission shall not depart from or do anything inconsistent with the plan of layout of the City of Canberra or its environs except with the approval of both Houses of the Parliament.

286. With regard to the establishment of such facilities as zoological and botanical gardens to be constructed in close proximity to the City, Your Committee believes that the same principles apply. We would not seek to pre-judge the desirability of developing such facilities but we regard it as of considerable importance that before such work commences, proposed amendments to the plan of the City of Canberra and its environs showing the locations and dimensions of tracts of land to be used for such purposes should be submitted to the Parliament for prior approval.

287. After giving careful consideration to

section 11 (5) of the National Capital Development Commission Act, Your Committee recognises that some basic planning would be required before proposals to amend the plan of the City of Canberra and its environs could be properly submitted to the Parliament for consideration. Your Committee is of the opinion that urban development work or special urban amenity-type work, such as zoological and botanical gardens, by the Commission should not, because of the financial commitments involved, proceed beyond the long-term planning stage and into the engineering design investigation stage in respect of areas beyond the approved plan of layout of the City of Canberra and its environs until such time as an appropriate amendment to that plan has been approved by the Parliament. In reaching this view, Your Committee would assume, of course, that the National Capital Development Commission would seek to avoid unnecessary criticism by ensuring that proper amendments have been made to the plan of layout of the City of Canberra and its environs as envisaged in section 11 (5) of the Act, before embarking on developmental work of the type referred to.

288. As indicated earlier, the Commission has power under section 11 (2) of the National Capital Development Commission Act to provide, or arrange for the provision of, within the Australian Capital Territory, buildings, roads,

bridges, works for the supply of electricity, sewerage or drainage works and other matters and things for or incidental to the planning, development and construction of the City of Canberra. The evidence taken during Your Committee's inquiry shows that so far, the Commission has not undertaken the provision of these facilities itself but has arranged for them to be undertaken on its behalf.

269. In these circumstances the Commission is, at present, a co-ordinating agency and we have some doubts as to whether, in this role, the Commission might not be employing staff upon duties of a somewhat imprecise nature and extending its influence to an extent not entirely necessary. We believe that this situation is demonstrated in the evidence received relative to the Commission's Architectural Division. We were informed that although the Architectural Division employs six architects, no detailed work or drawings are prepared apart from occasional small projects and that all design work is produced by agents for the Commission. We believe that the absence of any practical application of the skills available within the Division is of some significance when considered in conjunction with the Commission's statement that the Director of Architecture and his staff had at the time of the hearings an "interest" in forty-one projects valued in excess of \$50 million which

were in various stages of investigation, design, construction and contract maintenance. We note, however, other evidence that the value of projects being undertaken by the entire Commission amounted to \$80 million. (Paras. 169, 174.)

290. During our examination of the duties of the various officers of the Architectural Division we experienced some difficulty in acquiring clear explanations as to the precise manner in which various officers contributed to the Commission's activities. For example, we were informed that feasibility studies are undertaken in the Division but when we sought an explanation of the nature of a feasibility study we were informed that, in the instance mentioned in evidence, this was simply a study designed to determine how a client department's requirements of a block of offices were to be satisfied. It was explained that decisions had to be reached concerning the location where the building was to be erected, what its shape was to be, its "relationship with adjacent buildings" and the effect the occupants of the buildings would have upon traffic movements. (Para. 172.)

291. The limited extent to which the Division's officers are actually engaged in the developmental process (apart from their role of co-ordination) was revealed in evidence describing the



sequence of events in the discharge of the Commission's management role. It was stated that after being given functional and accommodation requirements the project manager prepares a brief containing the detailed requirements for the instruction of the agent architect, who prepares both the sketch details and the final design details. However, after the requirements of the Commission had been made available to him, the agent was asked whether a project could be undertaken on the basis of the information, cost limits, and time specified by the Commission. (Para. 176.)

292. Since its inception the Commission has adopted the practice of employing agents to discharge its design and construction programme on the grounds that as a major co-ordinating and controlling unit it is desirable to avoid the organisational problems which it believes are inherent in a large staff body. In addition, we were informed that there are in existence in Australia large resources of design and supervisory bodies of all kinds both in Government departments and private organisations providing a variety of abilities which may be employed by the Commission. Generally 55 per cent of the Commission's design programme work is undertaken by the Department of Works which has made arrangements for strengthening both its design and supervising staff to cope with the programme being implemented. The remaining 45 per cent

of the design programme is undertaken by private agents. The Commonwealth Department of Works has not received any payment in the nature of fees since the 1st July 1963, when, following Your Committee's recommendations in its Fifty-fifth Report in this respect, these interdepartmental or transfer payments were abolished. Although this practice has been abolished the Commission's statement of receipts and payments relative to its construction programme reveals that between 1st July 1959 and 30th June 1965 a sum exceeding \$9 million has been paid by the Commission as fees to consultants, including payments to the Department of Works up to 30th June 1963. Your Committee acknowledges that these expenses may be regarded as part of the cost of Canberra's accelerated development. Notwithstanding our endeavours to obtain it, however, no evidence or other information was submitted to Your Committee on which a judgment may be made as to the economic merits of the present ratio in which the Commission's design programme work is allocated between the Department of Works and private agents. In these circumstances, Your Committee feels that the Commission should regularly test the validity of these ratios and where necessary make suitable variations to ensure that its total design work is maintained at minimum cost consistent with the achievement of the required programme. (Paras. 86-91, 251.)

293. The cost records maintained by the Commission indicate only the expenditure recorded upon a particular project during the year to date, the expenditure recorded during the preceding month and the balance remaining of the amounts originally authorised. We find it difficult to accept a suggestion that the absence of a system in which income could be matched against expenditure created a situation in which the only other alternative was to measure developmental costs against those incurred in Sydney, Melbourne, Wollongong and Newcastle. We note that the Commission regards the comparison as being only of the broadest nature as the costs incurred in developing Canberra are not increased by either the transportation and traffic congestion problems experienced in other cities or by the costs of land acquisition or resumption. (Para. 199.)

294. Your Committee is not the first authority to criticise the Commission in respect of the absence of a system of cost control. In January 1962, Mr. Henry Wells, a town planning consultant appointed by the Commission, when reporting on the economic aspects to be considered in connection with the development of the National Capital, stated that the absence of published statements of accounts made it difficult to find the answer to simple questions on finance and economics which, in a normal Australian city, could be answered by

reference to published figures. We noted the reply of the witness that the type of accounts recommended by Mr. Wells was more appropriate to an organization of a trading nature with continuing finances and that such accounts would not be appropriate to the Commission which is financed by annual appropriation. We accept this explanation because we do not believe that the National Capital Development Commission has ever been expected to be an authority on questions of municipal finance and economics. Your Committee believes that the Commission is a planning, developing and constructing authority only and was never envisaged as a body charged with the responsibility of providing any form of municipal administration. However, we question the adequacy of the cost records maintained by the Commission. We were informed that in order to obtain a clearer understanding of the level of development costs, every cost item incurred in the construction of the new district of Woden had been recorded. An examination of the form of cost records maintained by the Commission, however, revealed that these records detailed only gross expenditures in respect of particular projects and that this information was transcribed from cost schedules made available by the Commonwealth Department of Works. Your Committee feels that even this record is an improvement on the situation prevailing at the time of Mr. Wells's second report to the

Commission in 1963 when he observed that no accounting system had been designed which would enable a ready check to be made as to whether Government grants had been wisely spent; neither would the accounts reveal to an inquirer the amount spent on a project at a particular time. Mr. Wells emphasised that capital expenditures of the magnitude necessary to cope with an increasing population must be subject to more economic accounting practices than those pursued earlier. Mr. Wells' insistence in this respect apparently prompted the Commission to make some attempt to recognise his exhortation for a more adequate accounting system for we were informed that certain officers in the Finance and Administrative Section of the Management Division have had, since January 1966, the responsibility of reporting on detailed systems and methods of the comprehensive recording, costing and analysis of expenditures and revenues related to Canberra's development. We established, however, that despite the date of the two Wells Reports (i.e. January 1962 and December 1963), no reports had been produced by these officers up to the time of our inquiry. (Para. 253.)

The Administration of the Commission.  
Development Costing System.

295. The Commission's failure to produce any evidence of the existence of some form of analytical cost accounting:

The Department of the Interior comments that it has been collaborating with the Commission in the development of

system (despite numerous opportunities provided for it to do so) has not permitted Your Committee to confidently accept those cost comparisons which are made available by the Commission. The Commission informed us that the current cost of development of basic engineering services in Canberra amounted to \$5,240 per acre while the same costs in Sydney and Melbourne amounted to \$5,500. We were also informed that relative cost indexes prepared in respect of the Commission's projects had indicated that works costs had fallen progressively by 14.8 per cent between 1961 and 1965 while at the same time the level of labour employed in the production of basic engineering services had been reduced from 115 men per \$1 million of expenditure in 1960 to 43 men per \$1 million in 1965. We note that these detailed comparisons were provided despite the Commission's assertions that the recording of such costs had proved a difficult exercise and that the Commission was still endeavouring to obtain a clearer understanding of the level of development costs by exercises such as the recording of all costs in the new district of Woden. In this respect Your Committee believes that notwithstanding the difficulties which may be confronting the Commission in the compilation of an adequate cost recording system which will accurately provide the unit costs of all aspects of a

analytical costing, and there have been discussions with the Commission's officers in order to develop some form of joint accounting which will serve both the Commission's and the Department's needs in certain areas. The Department itself has made considerable progress with the improvement of its own accounting in that it has reached an advanced stage in the development of a comprehensive system of municipal and land development accounting. Housing accounts have also been developed. The joint studies with the Commission are not yet finished but the Department believes that when the municipal, land development and housing financial statements are available they will, when supplemented by other information, provide a very useful basis for critical evaluation of the Commission's development practices.

district's development, the introduction of the system is a matter of urgent necessity due to the extent of the capital expenditures involved.  
(Para. 242.)

296. A further feature of the evidence which Your Committee found to be disturbing was the persistent inadequacy of the financial information published in the Commission's Annual Reports. The Commission's annual expenditure on the construction programme is revealed in a statement of receipts and payments under seven headings, viz., National Works, Commonwealth Offices, Territory Works, City Works, Land Development, Minor Works, and Fees and Charges. However, no elaboration of the figures concerned is offered by the Commission in its financial statements. For example, in the year ended 30th June 1965, a total of \$14.198 million was spent on Territory Works, in respect of which only a limited elaboration appears in the Commission's Eighth Annual Report where the reader may learn that "Housing and Accommodation" cost \$7.422 million. We do not accept the Commission's view that the present form of accounts adequately reveals the nature of the expenditure incurred by the Commission each year, particularly as the Auditor-General, in his Reports, has provided an elaboration of the Commission's accounts in an attempt to assist the Parliament in its consideration of the Commission's affairs.

Your Committee has already noted that, under the provisions of section 24 (3) of the National Capital Development Commission Act the Minister is required to approve the form of the financial statements of the Commission. However, we also note that when the form of the accounts was initially submitted for the consideration of the Minister, no alternative form was tendered for his consideration. (Para. 238.) In the twenty-third conclusion to its Twenty-second Report relative to the Australian Aluminium Production Commission, Your Committee stated that it looked for a presentation to the Parliament of the accounts of the commercial undertakings of the Commonwealth in a clear and reasonably standard form. We believe that this principle extends also to statutory authorities other than commercial undertakings. Your Committee notes from the Ninth Report of the National Capital Development Commission, which was presented to the Parliament on 21st September 1966, that, following our inquiry, some changes have been made in the form of the Commission's financial statements including a more detailed elaboration of expenditure on Territory Works. However, in all the circumstances we find that the financial statements of the Commission require further elaboration and should be made the subject of an extensive review. In addition, we reject Mr. Lansdown's assertion that any attempt by the Parliament to



oblige the Commission to reveal any further detail of its expenditure will amount to a restriction of the flexibility inherent in the Commission's present form of administration. In this respect we have noted the observations by witnesses that a good deal of argument has existed in Britain relative to the accountability of statutory corporations to the Parliament. We would suggest, however, that the type of statutory corporation which has been the subject of discussion in Britain is that charged with responsibility for the administration of nationalised trading industries, a form of administration which is not common to Australian experience and which we regard as inappropriate in any discussion of the affairs of the National Capital Development Commission. (Paras. 264-265.)

297. Your Committee believes that the discharge of the Commission's functions in a manner which it defends as being "flexible" may have engendered inefficiencies and wasted efforts in the Canberra branch of the Commonwealth Department of Works which was placed virtually at the absolute disposal of the Commission when instructions were issued that the Branch was to operate in response to the Commission's requests for priorities and meet the Commission's requests on such matters as estimating, the provision of information and on matters of operational control. As

noted earlier the result of this arrangement means that the Commission undertakes no detailed design work, but employs the Department of Works as a design and contract supervision agency in respect of about 55 per cent of the developmental programme. Notwithstanding its complete control of its own developmental programme, the Commission rejects any suggestion that the flow of its design work allocated to the Department of Works should be the subject of any system similar to the design system employed within the Commonwealth administration. Such suggestions were countered again by objections that the adherence to such a system would detract from the Commission's flexibility and that in any case there existed an adequate degree of consultation with the Department of Works. We find it difficult to appreciate the Commission's viewpoint in this respect for, as explained by the Treasury Observer, Mr. Hunter, the basic intention of the Commonwealth design list system is the establishment of a design programme which is not beyond either the physical resources of the Commonwealth or the design resources of the Department of Works during the programmed year. We believe that the inefficiency of the system within the Commonwealth administration has, by its continued existence, been proved and we suggest that the deficiencies in the present system adopted by the Commission have been responsible for

the Department of Works's difficulties on occasions in meeting the demands of the Commission. We note also that whilst the Department of Works Observer felt unqualified to comment on the merits of a design list system for the Commission's work, he stated that if a system could be devised which would provide more forewarning to the Canberra Branch of his Department, and which would not interfere with the Commission's flexibility, that system would be very acceptable to his Department. (Paras. 87-91.)

298. Your Committee notes that on the basis of the provisions of the Commission's enabling Act which confers on it power to do all things incidental to the performance of its functions of planning, developing and constructing the City of Canberra, the National Capital Development Commission has established a public relations section comprising eight officers. It was indicated that this section was created for the task of engendering within both the national and local communities a climate favourable to the continuing discharge of the Commission's function of developing the National Capital. (Para. 76.)
299. Whilst not doubting the need for the Commission to undertake some public relations work as a part of its normal activity, and in view of the expenditure necessary to finance this activity, Your Committee felt that it

should obtain legal advice as to the extent to which the Commission should embark on activity of that type. Accordingly, on 1st September 1966, the following question was addressed to the Secretary, Attorney-General's Department:

"Whether the powers conferred on the Commission under section 11 (3) of the National Capital Commission Act are wide enough to justify the Commission engaging in the publicising of tourist attractions in Canberra and the Australian Capital Territory".

300. In his reply dated 12th September 1966, the Secretary, Attorney-General's Department, advised that the power conferred on the Commission by section 11 (3) enables the Commission to engage in public relations activities in connexion with and reasonably incidental to, the discharge of its functions. He considered that, in the context of the Act, which is the charter for the planning, development and construction of the City of Canberra as the National Capital of the Commonwealth, involving expenditure of large sums of money and being of great importance to the nation as a whole, a narrow view should not be taken in considering the scope of provisions conferring general powers on the Commission. He added, however, that it did not follow that the Commission can therefore engage in any activity it pleases in respect of the publicising of tourist attractions in the

Australian Capital Territory but could, as a part of permissible public relations activities, publicise the development of the City of Canberra. The Secretary further stated that it would be necessary to examine each case to ascertain the relationship of the publicised attraction to the development of the City of Canberra as the National Capital of the Commonwealth and difficult questions of degree could arise.

301. Your Committee notes the fact that the Commission's staff tables provide for five positions of public relations officer, journalists and public liaison officers compared with six architects in the Architectural Division, six engineers in the Engineering Division and only one Internal Auditor for the entire Commission. In these circumstances and having regard to the nature of the legal opinion supplied to us, Your Committee feels that public relations work undertaken by the Commission should be confined to matters bearing directly on the Commission's responsibilities. Where the form of work to be carried out, however, is primarily of a tourist attraction nature, Your Committee feels that it should be undertaken by the Tourist Bureau of the Department of the Interior.

302. During its inquiry Your Committee

#### Public Relations.

The Department of the Interior believes that it is undoubtedly necessary for the Commission to undertake public relations work bearing directly on its own responsibilities. On the other hand, the Department agrees that publicity which is primarily of a tourist attraction nature should emanate from the Department. This is the case.

experienced some difficulty in arriving at a precise assessment of the manner in which the Commission is, in fact, discharging its role. An example of this is contained in the Commission's description of part of the duties of the Executive Officers in the Development, Programming and Research Section, who, we were informed, must "examine and recommend on matters of policy, conduct investigation, research, liaison with other departments and recommend". On another occasion we were informed that a Senior Project Officer is responsible for the preparation of reports, statements and analyses relating to revenue and expenditure projections and in respect of the economics of the development operation. It was stated that he was required also to undertake the necessary research resulting from the reports of economic consultants and to conduct research into alternative techniques of funding development. When we sought a verbal elaboration of these duties and questioned witnesses on the number of reports produced we were informed that the activity of the Senior Project Officer could not be measured in terms of the number of reports produced since the process was one of simply analysing the development costs in a progressive manner. The work produced in this respect was suggested to be a form of accounting synthesis based on assumed notional costs which was only as accurate as the original assumption on which it

was based. Replying to questions on alternative techniques of funding development the witness informed us that this was a matter of future consideration as the National Capital Development Commission Act in its present form does not provide for alternative methods of financing operations. Finally, we questioned the witness on the Commission's employment of economic consultants in respect of one of the Commission's latest major projects and were informed that the views of economic consultants had not been sought but that the eventual use of such experts would be valuable to the Commission. (Paras. 198, 202-204.)

303. Your Committee also invites attention to the evidence submitted relative to the Landscape Division of the Commission, the duties of which are set out in Chapter 11 of this Report. In response to questions as to the nature of the Commission's landscaping policies we were able to establish only that the surrounds of Lake Burley Griffin are to be of open, park-like landscape designs while, within the Parliamentary Triangle, the ground cover is to be of mown, watered grass. Your Committee did not attempt to determine the extent of the effort involved in "initiating all actions necessary to produce designs and contracts" but we sought further information on the review undertaken by the Commission of the performance of construction agents. We had been

informed that the Parks and Gardens Section of the Department of the Interior carries out 80 to 85 per cent of the Commission's landscaping work, due to the presence of only small landscaping operators in the Australian Capital Territory. We therefore sought to establish whether the Commission was attempting to supervise the Parks and Gardens Section activities and whether the Landscaping Division was duplicating the work of the Department of the Interior. In reply, Your Committee was informed that the Commission was the planning, development and construction authority and that with seven staff positions within the Landscaping Division it was not attempting to duplicate any functions. (Paras. 184-188.)

304. When Your Committee referred to the financial records maintained within the Landscaping Division, it was stated that those records were maintained to keep the Chief Landscape Architect informed on the continuing costs of maintenance and to guide the Division's staff in introducing economies in design but when we sought a comparison of costs of those in other capital cities the witness could only suggest that such a comparison would be favourable. We then sought evidence, in respect of the landscaping surrounds of the Bureau of Mineral Resources Building, as to whether the cost records would reveal the number of hours



bulldozers were employed, the value of wages paid to workmen or the value of materials consumed on the project. We were informed, however, that the records would not reveal such information but that records maintained by the Department of the Interior might eventually do so. The Department of the Interior Observer advised us that due to the scale of operation, extremes of climate and the limitations of the Department's accounting system, the cost information made available to the Commission was of doubtful accuracy. (Paras. 190-191.)

305. Your Committee examined the circumstances of the Parks and Gardens Section of the Department of the Interior during its inquiry into the Report of the Auditor-General for the financial year 1964-65 and in its Seventy-eighth Report arising from that inquiry commented on discussions that had been held between the Departments of the Treasury and the Interior with a view to improving costing within the Parks and Gardens Section of the latter Department. Your Committee believes that there is an urgent need for the costing problems within the Department to be resolved and trusts that the Departments concerned will reach early agreement on the outstanding matters. It is apparent that until this is achieved the Commission will be unable to obtain reliable landscaping costs

Department of the Interior - Costing.

The Department of the Interior states that in past years the Department has not been able to provide adequate costing of Parks and Gardens Section activities because of staffing and machine limitations, and the limitations of the existing form of the appropriations under which funds have been provided for parks and gardens activities.

There have been discussions and correspondence between the Department and the Treasury extending over a considerable period concerning the provision of a more suitable form of appropriation, or a trust account, to enable the Department, among other things, to improve its costing of parks and gardens activities. Finality has not yet been reached, but it is hoped that a

from the Department of the Interior. At the same time, however, Your Committee believes that a direct responsibility lies with the National Capital Development Commission to equip itself with the best possible cost information available as a guide to management in the allocation of landscaping contracts and that the form and content of the Commission's landscaping cost records should be examined critically without delay.

solution will be found to come into effect from 1 July 1968.

Meanwhile, the Department has implemented an improved form of costing for parks and gardens activities from 1 July 1966. Five additional positions were sought and approved by the Public Service Board to cope with the additional workload involved. The Department has advised that the new costing system, although not providing the complete solution to the problem, has already proved to be of considerable value to management. Further improvement of the system should be possible in the 1968-69 financial year, depending on the approval of a change in the form of the appropriations and/or the creation of a trust account.

306. Your Committee notes that the provisions of section 15 of the National Capital Development Commission Act provides that the Commission may appoint such officers or engage such employees as it thinks necessary for the purpose of the Act and that the terms and conditions of service or employment will be such as are determined by the Commission subject to the approval of the Public Service Board. According to the evidence received by Your Committee the practical effect of these provisions has been that, provided the Public Service Board has approved the salary classification of a newly created position, the

Commission may thereupon create as many similar positions as it sees fit, In view of the evidence received, Your Committee is concerned to find that the information supplied in the Commission's Annual Reports to the Parliament in respect of its staff structure is confined to aggregate staff levels and the relationship between these levels and the Commission's total expenditure over a series of years. Whilst fully aware of the flexibility conferred on statutory authorities in the performance of their functions as specified in their enabling legislation, Your Committee feels that in cases where such authorities incur the expenditure of public funds but do not have available to them the normal commercial measurements of profitability as guides to management, such authorities should include in their Reports to the Parliament an analysis of their staff establishments and the nature of the changes made therein from year to year. In the case of the National Capital Development Commission, Your Committee's proposals in this respect would be met if the Commission's Report included details of its staff establishment by Divisions and in a form, for each Division, along the lines of the information supplied for each Commonwealth department in the Schedule to the Appropriation Act.

307. In regard to the existing level of staff employed by the Commission we are satisfied that the provisions of the

Officers' Rights Declaration Act has provided adequate protection to the interests of any officer of the Commonwealth Public Service seeking transfer to the employment of the Commission. Your Committee believes therefore that this is the maximum extent to which the Commonwealth administration can assist in staffing problems reported by the Commission. We would suggest, however, that the ratio of actual staff numbers to positions within the Commission as shown in Table No. 1 to this Report indicates that the Commission's staffing situation is one that should not seriously impede the Commission in its work. (Paras. 69-74.)

308. Your Committee is not satisfied that the present form of the Civil Works Programme document conveys adequate information relative to works programmes to meet the requirements of the Parliament. Our conclusions in this respect may be considered as applying equally to both the departmental and Commission sections of the document. We consider that the most notable deficiency is the absence from the document of any information indicating the proportion of each gross appropriation which has been allocated to individual projects listed in the programme. We are mindful of the Commission's objections that the allocation of sums to

The Civil Works Programme Document.  
Estimated Expenditure on Individual Projects.

The views of the Department of Works and the Treasury on this subject were originally conveyed to the Committee in a memorandum of 20 May 1965 after thorough discussion between the Committee and a Treasury Observer.

The Committee's present observations appear to have been prompted by the inclusion in Part II of the 1964-65 Civil Works Programme document of the Bendora Gravity Main project, on which no expenditure was in fact incurred in that year. The National Capital Development Commission has informed the Treasury as follows:-

"The Bendora Gravity Main project

individual projects would not be feasible due to uncertainties in each programme and also of its objections that the necessity to provide additional information would be a restriction on its flexibility. We are also mindful of statements indicating that the Civil Works Programme document represents the proposed Civil Works Programme only at a given point of time. Notwithstanding these objections and explanations we do not accept the obvious inference that as the document is adequately fulfilling the role accorded to it by Commonwealth departments it should be regarded as adequately fulfilling the task required of it by Members of the Parliament.

309. The failure to allocate the gross appropriation among projects in the Civil Works Programme permitted the National Capital Development Commission, in its 1964-65 Civil Works Programme, to list a gravity water main project estimated to cost \$3.6 million in support of its bid for an appropriation of \$30.8 million. Although the Commission, in arriving at this figure would have included expected expenditure in the year 1964-65 against the gravity main project, no related expenditure was revealed in the 1965-66 Civil Works Programme apart from a new item entitled "Investigations for Gravity Main", expected to cost \$60,000 and in respect of which only \$27,684 was expended in the preceding year. Notwithstanding the fact that the Commission had supported its case bid in 1964-65 by listing the gravity

appeared as an item planned for commitment only in 1964-65. It was not programmed to incur any expenditure in that year. The circumstances relating to the delay were fully explained in the recorded evidence and mentioned also in the Eighty-Third Report."

On the general question of including in the Civil Works Programme document estimated expenditure against individual works, the Department of Works has informed the Treasury that it has not changed the views conveyed to the Committee in the Treasury's memorandum of 20 May 1965. The National Capital Development Commission has expressed its agreement with the Department of Works' conclusions. The relevant extract from the earlier memorandum is as follows :-

"As regards the first point, the Department states that it considers the suggestion to be impracticable; the Committee will recall that such a view was foreshadowed by the Treasury representative at the discussions referred to above. In essence, the Department states that any figures would have to be determined well before the commencement of the financial year and many of these figures would relate to projects which had not commenced in construction but were only in varying stages of design. In respect of these projects it is

main project, the same project again appeared as an item supporting a cash bid of \$35 million in 1965-66. However, by the time the 1965-66 Civil Works Programme document was tabled in the Parliament the estimated cost of the gravity main project had increased to \$5,100,000. Your Committee regards this situation as patently unsatisfactory and our concern is heightened by the fact that the present form of the document does not reveal how the funds originally appropriated for the gravity main project were expended in 1964-65. (Para. 261.)

310. A further unsatisfactory feature is the Civil Works Programme document's failure to detail the total expenditure on projects. It was explained to us that the information revealing the extent of the works in progress excludes, by definition, projects which were completed during the previous year. Accordingly, although at the commencement of any year a substantial portion of the sum authorised for expenditure on a then current project may have been unexpended, the exclusion of the project upon its completion from the next Civil Works Programme document denies Members of the Parliament the opportunity to ascertain details of the final expenditure. (Para. 258.)

311. Your Committee believes that the present form of the Civil Works Programme document should be revised to disclose the estimated expenditure on

impossible to predict who will be the successful tenderer when public tenders are invited at some future date, or the likely progress by the contractor up to the close of the financial year; also, the availability of supplies of materials and labour and the likely weather conditions, all of which have a direct influence on the tempo of construction, cannot be foreseen at the time when it would be necessary to determine individual project figures".

The Treasury considers that in this matter it should accept the conclusions of the Department of Works and the Commission as being the bodies responsible for the compilation of the Civil Works Programme document.

#### Total Expenditure on Projects.

This matter also was originally discussed in the Treasury's memorandum of 20 May 1965. The views of the Department of Works, which it has now reaffirmed to the Treasury, are set out in that memorandum as follows:-

"As to the second point, the Department of Works has emphasised that the completed costs of a considerable number of projects costing £20,000 and over will not be available for presentation to the Parliament until some years after initial approval. The works programmes provide for commencement of projects throughout the

proposed new works listed therein and that the Departments of the Treasury and Works and the National Capital Development Commission should confer with a view to determining the alternative methods which might be employed to enable this to be achieved. Your Committee also believes that consideration should be given to appending to the Civil Works Programme document a schedule containing the final expenditure incurred on projects the details of which have been deleted from the document upon completion in the previous year. The adoption of this practice would permit Members of Parliament to satisfy themselves that particular projects commenced in earlier years have, in fact, reached completion and not merely been deferred and to assess the total expenditure incurred on each project completed.

financial year, and in the year following that in which the project is initially approved. For example, the cost of a project commenced in 1964-65 and not completed in time for the final cost to be included in the 1965-66 White Paper, could not be advised to the Parliament before the 1966-67 document."

"The Department considers that the Minister for Works would not agree to any delay in the presentation of the White Paper. It would, therefore, be necessary to assemble all completed costs in advance - consequently completed costs could be presented only in respect of those projects where final costs have been determined at, say, 31st March. The Department could not await the 30th June figures, as this would prevent the compilation of the White Paper in time for presentation with other Budget papers.

"The Department of Works has little doubt that final costs will vary, in some instances considerably, from the original estimate. The original estimated cost might be based on complete documentation or may only be a preliminary assessment of costs - e.g. because detailed requirements are not available at the time, a cost appraisal

has to be made for inclusion in the programme. In such instances, the completed cost will undoubtedly vary from the original estimate, and this, no doubt, will prompt requests for explanations. It seems, therefore, that such explanations would need to accompany the publication of completed costs. The administrative effort in providing these details, and the associated explanations, would be considerable. To put the matter in perspective: in respect of projects costing in excess of £20,000, works-in-progress at the 1st July, 1964 and those new works approved for commencement during 1964-65 totalled 594 in number; the completed costs of all these would have to be reported to the Parliament in subsequent years as they achieved financial completion. The Department of Works estimates that upwards of 250 jobs achieve completion annually.

"The Department of Works has indicated that, in view of the controls exercised by Treasury by way of Treasury Circular 1960/63 - especially in respect of the need to obtain approval for additional authorisation for specific projects - and also in view of the extra administrative work involved, it is not in favour of the proposal



to furnish to the Parliament details of the completed cost of projects costing in excess of £20,000."

The National Capital Development Commission has expressed to the Treasury its concurrence with the Department of Works' views.

In this instance also, the Treasury considers that the judgment of the authorities responsible for the compilation of the Civil Works Programme document should be accepted.

312. Under arrangements effected in 1963-64 the Australian Capital Territory Electricity Authority undertook the work of electricity reticulation and streetlighting upon the order and specifications of the National Capital Development Commission. The policy of the Commission is to place low tension poles and mains along the rear boundaries of allotments as opposed to street placement. Streetlighting, with its attendant underground wiring and reticulation is carried out concurrently with normal servicing contracts. In regard to traffic route lighting, we were informed that the illumination in Canberra will be not less than the values recommended in the new Standards Association of Australia lighting code whilst in regard to pedestrian lighting and highway lighting it was claimed that the intensity of

lighting provided is somewhat greater than that provided in other cities. (Paras. 154-159.)

313. During its inspection of lighting on 22nd June 1966, Your Committee was impressed with the more recent lighting development work that has been undertaken. It believes, however, that notwithstanding the costs involved, there is a compelling need for improvement in lighting standards in some of the older suburbs of Canberra and in relation to parklands which obviously could not be traversed in safety by pedestrians at night. During our inspection we were impressed by the method of lighting adopted in the cases of the Commonwealth and King's Avenue bridges but we noted with concern the paucity of lighting in respect of the approaches to the bridges which traverse relatively open country.

314. During our inquiry we were informed that a comprehensive review is being made to modernise the Canberra Building Regulations and to bring them generally into line with the Victorian Uniform Building Regulations which were said to comprise the most comprehensive building code currently in operation in Australia. It was expected to be some time before this review is completed. Your Committee believes that the early completion of this review

#### Other Matters.

##### Canberra Building Regulations.

The Department of the Interior has advised that the review of the Canberra Building Regulations has been a major task performed jointly by the Department and the Attorney-General's Department with the assistance of an Advisory Committee consisting of representatives of the Department of the Interior, the Department of Works, the National Capital Development Commission, the Royal Australian Institute of Architects, and the Master Builders'

and the issue of modern Building Regulations is an urgent matter and trusts that the parties concerned will make every effort to ensure that this is achieved.

Association. The review was expedited as much as possible and an A.C.T. Building Manual has now been published for the guidance of all sections of the building industry and as the first step in providing a new building code for the Australian Capital Territory.

The new code will eventually be based on an Ordinance, Regulations under the Ordinance, and the Building Manual, and it is hoped that all elements of the code will be completed and promulgated within 12 months. The Building Manual which has now been published has been prepared as a statement of the standards of building construction which are acceptable to the proper authority in considering plans and specifications for any building to be erected in the Australian Capital Territory.

The Manual has been published on the basis that, until the new legislation is introduced, the Manual will be a guide to acceptable construction. The Department states that the Manual will be subject to continuous revision to

ensure that it is kept up to date  
with latest developments in the  
building industry that have proved to  
be acceptable to the appropriate  
authorities.

For and on behalf of the Committee.

RICHARD CLEAVER.

Chairman

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

28th May, 1968.

SUMMARY OF RELEVANT CONCLUSIONS

(28 September, 1966)

276. In these circumstances Your Committee was disturbed by remarks made by officers of the Commission that the only limiting factor to the Commission's development plans is the boundary of the Australian Capital Territory. In particular, Mr. Lansdown stated that the limitations of the gazetted plan did not prevent the Commission from continuing its development activities since legal advice had been received to the effect that the City of Canberra, as referred to in the Commission's Act, extended as a result of the activities of the Commission. In the light of that advice the Commission regarded the development of Belconnen as part of the task of developing the city and it was felt that any legislative amendments which had proved to be necessary were consequences flowing from the Commission's discharge of its functions. We also noted that the reports of the Commission's consultants had discussed the advantages which would flow to the Commission if it were to assume the role of a trading undertaking in the field of municipal administration. (paras. 132, 216, 235.)

ANNEXURE ACOMMENTS BY THE NATIONAL CAPITAL DEVELOPMENT COMMISSION

(21st February, 1967)

Paragraphs 276-287

Section 11(5) of the Commission Act provides that the Commission shall not depart from or do anything inconsistent with a plan of layout of the City of Canberra and its environs published in the Gazette as may be modified or varied. The Commission has sought consistently to follow the letter and the spirit of this statutory requirement. It has moved to bring forward in the proper way, and in adequate time, proposals for amendment to the statutory plan which, as the Committee is aware, is a road plan. Steps have also been taken to keep the Joint Parliamentary Committee on the A.C.T. informed about forecast additions and amendments which might be sought to introduce the Commission's longer term planning intentions.

In order also that the Parliament, and indeed the public generally, may be adequately informed of the Commission's forward intentions, documents such as "The Future Canberra" have been produced and tabled in the Parliament for debate, if necessary. The Commission realises that the Committee's concern in part is with the possibility of retrospective revisions to the city

279. Having regard to the evidence referred to above, and the financial implications of development, Your Committee considered that it should seek advice on the Commission's powers and functions and accordingly on 1st September 1966 addressed a series of specific questions to the Secretary, Attorney-General's Department for legal advice. Legal opinions were submitted by the Secretary, Attorney-General's Department, on 12th September, 1966. Two of those questions and the substance of the opinions on them which are relevant in the present context, are set out below.
280. One question on which legal advice was sought was :
- "Do the provisions of sub-sections (2) and (3) of Section 11 of the National Capital Development Commission Act permit the Commission to undertake any function which it may regard as incidental to the performance of its functions or the exercise of its powers, e.g. the establishment of zoological or botanical gardens or national parks in the Australian Capital Territory?"
281. In reply, the Secretary, Attorney-General's Department assumed that one aspect on which advice was sought was whether the Commission, having made its own decision as to what is incidental to the performance of its functions or the limits becoming necessary. It assures the Committee that proposals for amendment to the plan of layout of the City of Canberra will continue to be made with the maximum possible time element in mind.

exercise of its powers, its decision cannot be challenged. We were advised that this is not the position and while the Commission must from time to time make decisions, in the course of its operations, as to what may be regarded as being truly incidental to the performance of its functions or the exercise of its powers, the question of whether any particular operation on which it embarks is within the terms of section 11 (of the National Capital Development Commission Act) is a matter to be decided upon the true construction of that section and does not lie merely in the discretion of the Commission.

282. The Secretary, Attorney-General's Department expressed the view that the planning and establishing of zoological and botanical gardens or parks may properly be regarded as being matters falling within the incidental functions of the Commission in undertaking and carrying out the planning, development and construction of the City of Canberra but he did not think it followed that the Commission can establish gardens or parks at any place it pleases within the Australian Capital Territory. He added that the Commission is not given any general function of planning and developing the Territory, as distinct from planning and developing the City. He continued that it may not in all cases be easy to say with confidence, whether a particular project can properly be regarded as an incident

of the planning and developing of the City but he thought that the planning and establishing of zoological and botanical gardens adjoining the City, or in close proximity to it, could certainly be regarded as being within the Commission's functions. He did not consider, however, that the planning and development of national parks throughout the Territory could be regarded properly as being incidental to the function of planning, developing and constructing the City of Canberra.

283. Another question on which legal advice was sought was :

"Does the area of the City of Canberra, as referred to in sub-section 11 (1) of the National Capital Development Commission Act, expand as a consequence of the Commission's activities?"

284. In reply, the Secretary, Attorney-General's Department stated that the Act does not define the geographical area of the City of Canberra and that the absence of such a definition is understandable if it is borne in mind that, when the Act was passed, there was already in existence a city known as Canberra and that the primary purpose of the Act was to provide for the development of that city. Bearing these considerations in mind, he considered that the Act contemplates, not that the Commission's functions of planning, development and constructing the city are to be capable of being performed



only within some geographically defined "city area", but that the existing boundaries will be progressively extended. In those circumstances the Secretary did not entertain any doubt that the planning and development of both Woden Valley and Belconnen are truly part of the development of Canberra.

285. In view of the evidence and legal opinions referred to, Your Committee accepts the proposition that as the construction of urban development work by the Commission proceeds within the prescribed city area and the need emerges for that area to be expanded to enable further necessary urban development work to be undertaken in adjacent areas the City of Canberra expands as a consequence of the Commission's activities. Your Committee would not regard as proper, however, a state of affairs in which the Commission were to embark on urban development work in areas adjacent to the City of Canberra, thereby making necessary a retrospective revision to the city limits. We believe that such a situation would be contrary to the spirit of the assurance given to the Parliament in 1957 by the Minister in connection with clause 11 (5) of the National Capital Development Commission Bill, namely, that the Commission shall not depart from or do anything inconsistent with the plan of layout of the City of Canberra or its environs except with the approval of both Houses of Parliament.

286. With regard to the establishment of such facilities as zoological and botanical gardens to be constructed in close proximity to the City, Your Committee believes that the same principles apply. We would not seek to pre-judge the desirability of developing such facilities but we regard it as of considerable importance that before such work commences, proposed amendments to the plan of the City of Canberra and its environs showing the locations and dimensions of tracts of land to be used for such purposes should be submitted to the Parliament for prior approval.

287. After giving careful consideration to section 11 (5) of the National Capital Development Commission Act, Your Committee recognises that some basic planning would be required before proposals to amend the plan of the City of Canberra and its environs could be properly submitted to the Parliament for consideration. Your Committee is of the opinion that urban development work, or special urban amenity-type work, such as zoological and botanical gardens, by the Commission should not, because of the financial commitments involved, proceed beyond the long-term planning stage and into the engineering design investigation stage in respect of areas beyond the approved plan of layout of the City of Canberra and its environs until such time as an appropriate amendment to that plan has been approved.

by the Parliament. In reaching this view, Your Committee would assume, of course, that the National Capital Development Commission would seek to avoid unnecessary criticism by ensuring that proper amendments have been made to the plan of layout of the City of Canberra and its environs as envisaged in section 11 (5) of the Act, before embarking on developmental work of the type referred to.

288. As indicated earlier, the Commission has power under section 11 (2) of the National Capital Development Commission Act to provide, or arrange for the provision of, within the Australian Capital Territory, buildings, roads, bridges, works for the supply of electricity, sewerage or drainage works, and other matters and things for or incidental to the planning, development and construction of the City of Canberra. The evidence taken during Your Committee's inquiry shows that so far, the Commission has not undertaken the provision of these facilities itself but has arranged for them to be undertaken on its behalf.

Paragraph 288

In paragraph 288 the Committee concluded "The evidence taken during Your Committee's enquiry shows that so far, the Commission has not undertaken the provision of these facilities itself but has arranged for them to be undertaken on its behalf." The Commission believes that this view does not properly reflect the statutory provisions or the factual situation of the Commission's role and the method by which it is discharged. As a statutory provision, under Section 10 of its Act, the Commission has authority to delegate any of its powers to an Associate Commissioner or an officer of the Commission. This power of delegation does not extend to persons outside the Commission's organisation and it follows, therefore, that the function of planning, development and construction of the City of Canberra as the National Capital of the Commonwealth is a function which cannot be delegated beyond the Commission's organisation.

Agency arrangements, whether by agreement or contract fall within the compass of the Commission's statutory responsibilities, irrespective of whether these agents are in Commonwealth employment or in private practice. A diversity of agency arrangements whether for design or construction allows the use of the best skills and has regard to maximum economy as an operational method.

The co-ordinating character of certain of the Commission's operations extends down into the detailed direction of professional and technical work including that of its agents as well as to programme formulation and management, financial management and accounting. The Commission is responsible for and actively directs and controls every fundamental element and requirement in its development operation and the integration of all elements into a total and comprehensive development plan. It alone can assess the financial, building, engineering, landscape and other elements of comprehensive development to achieve a balanced total physical environment.

The method of using either directly employed staff or an agent employing such staff, does not, in any way, affect or limit the Commission's responsibilities for the functions laid down in its Act. The Commission is solely and ultimately responsible and accountable for the end result.

Paragraphs 289-291.

289. In these circumstances the Commission is, at present, a co-ordinating agency and we have some doubts as to whether, in this role, the Commission might not be employing staff upon duties of a somewhat imprecise nature and extending its influence to an extent not entirely necessary. We believe that this situation is demonstrated in the evidence received relative to the Commission's Architectural Division. We were informed that although the Architectural Division employs six architects, no detailed work or drawings are prepared apart from occasional small projects and that all design work is produced by agents for the Commission. We believe that the absence of any practical application of the skills available within the Division is of some significance when considered in conjunction with the Commission's statement that the Director of Architecture and his staff had at the time of the hearings an "interest" in forty-one projects valued in excess of \$50 million which were in various stages of investigation design, construction and contract maintenance. We note, however, other evidence that the value of projects being undertaken by the entire Commission amounted to \$80 million. (Paras. 169, 174.)

At paragraph 289 it is stated that there is an "absence of any practical application of the skills available within the Division". The Commission is aware from questions asked during the hearing and the Conclusions that the Committee had difficulty in accepting the place and importance of the role of Architects within the Commission's Architectural Division. The preceding paragraph would underline the views put by the Commission that it is not proper to say that there is an absence of any practical application of the skills of these professional officers. In fact, it must be said directly that the quality of Canberra's architectural environment and the satisfactory achievement of design standards and performance criteria in particular buildings largely results from the particular contribution and achievement of these professional officers.

In outlining the functions of this Division to the Committee, it appears that the Commission in several statements did not succeed in giving a full understanding of the role of the Architectural Division and the duties of the Architects in relation to the Commission's activities. Firstly, the Commission stated that the Architects are actually engaged

290. During our examination of the duties of the various officers of the Architectural Division we experienced some difficulty in acquiring clear explanations as to the precise manner in which various officers contributed to the Commission's activities. For example, we were informed that feasibility studies are undertaken in the Division but when we sought an explanation of the nature of a feasibility study we were informed that, in the instance mentioned in evidence, this was simply a study designed to determine how a client department's requirements of a block of offices were to be satisfied. It was explained that decisions had to be reached concerning the location where the building was to be erected, what its shape was to be, its "relationship with adjacent buildings" and the effect the occupants of the buildings would have upon traffic movements.  
(Para. 172.)
291. The limited extent to which the Division's officers are actually engaged in the developmental process (apart from their role of co-ordination) was revealed in evidence describing the sequence of events in the discharge of the Commission's management role. It was stated that after being given broad functional and accommodation requirements the
- in design, building and master planning studies necessary to ensure that the civic design aspects of the development and planning of the city are of the highest quality. This is not a function that can be abrogated or delegated. Civic design responsibilities extend to a positive control over the total building design of Canberra including private enterprise developments. Secondly, in the preparation and issue of design briefs to agents the Architects in addition to the normal briefing details are required to establish the civic design criteria for the particular project and for private enterprise development prior to the release of sites. These roles of Architects in the Commission are consistent with their employment and use in similar circumstances by other organisations. Thirdly, the Architectural Division is responsible for ensuring time and cost performance and achievement of the required standard on the Commission's major building projects. The Commission's Architects provide for the normal professional checks and assessments including the proper control of expenditure. This function and role is essential for proper management control.

project manager prepares a brief containing the detailed requirements for the instruction of the agent architect, who prepares both the sketch details and the final design details. However, after the requirements of the Commission had been made available to him the agent was asked whether a project could be undertaken on the basis of the information, cost limits and time specified by the Commission (Para. 176.)

Paragraph 292

292 Since its inception the Commission has adopted the practice of employing agents to discharge its design and construction programme on the grounds that as a major co-ordinating and controlling unit it is desirable to avoid the organisational problems which it believes are inherent in a large staff body. In addition, we were informed that there are in existence in Australia large resources of design and supervisory bodies of all kinds both in Government departments and private organisations providing a variety of abilities which may be employed by the Commission. Generally 55 per cent of the Commission's design programme work is undertaken by the Department of Works which has made arrangements for strengthening both its design and supervising staff to cope with the programme being

The Commission has, in the past, taken particular care to ensure that the allocation of work to the Department of Works as an agent is kept at an efficient level consistent with the achievement of the required programme and the capacity of the Department. The Committee is aware that the Department of Works employs professional staff to encompass a normal workload and itself passes any peak workloads out to private consultants.

The Commission will continue to give this particular attention in the future having regard to all relevant factors.

implemented. The remaining 45 per cent of the design programme is undertaken by private agents. The Commonwealth Department of Works has not received any payment in the nature of fees since the 1st July 1963, when, following Your Committee's recommendations in its Fifty-fifth Report in this respect, these inter-departmental or transfer payments were abolished. Although this practice has been abolished the Commission's statement of receipts and payments relative to its construction programme reveals that between 1st July 1959 and 30th June 1965 a sum exceeding \$9 million has been paid by the Commission as fees to consultants, including payments to the Department of Works up to 30th June, 1963. Your Committee acknowledges that these expenses may be regarded as part of the cost of Canberra's accelerated development. Notwithstanding our endeavours to obtain it, however, no evidence or other information was submitted to Your Committee on which a judgment may be made as to the economic merits of the present ratio in which the Commission's design programme work is allocated between the Department of Works and private agents. In these circumstances, Your Committee feels that the Commission should regularly test the validity of these ratios and where necessary make suitable variations to ensure that its total design work is maintained



at minimum cost consistent with the achievement of the required programme. (Paras. 86-91, 251.)

293. The cost records maintained by the Commission indicate only the expenditure recorded upon a particular project during the year to date, the expenditure recorded during the preceding month and the balance remaining of the amounts originally authorised. We find it difficult to accept a suggestion that the absence of a system in which income could be matched against expenditure created a situation in which the only other alternative was to measure developmental costs against those incurred in Sydney, Melbourne, Wollongong and Newcastle. We note that the Commission regards the comparison as being only of the broadest nature as the costs incurred in developing Canberra are not increased by either the transportation and traffic congestion problems experienced in other cities or by the costs of land acquisition or resumption. (Para. 199.)

294. Your Committee is not the first authority to criticise the Commission in respect of the absence of a system of cost control. In January 1962, Mr. Henry Wells, a town planning consultant appointed by the Commission, when reporting on the economic aspects to be considered in connection with the development of the National Capital, stated that the absence of published statements of accounts made it difficult to find the answer to simple

Paragraphs 293-295.

The system of cost analysis used by the Commission was examined in detail by the Committee who were, inter alia, concerned with two different subjects, that is, job cost analysis and the economic costs of a National Capital. The Commission supplied to the Committee a copy of all its financial record forms and gave detailed answers to questions on this subject. Apparently, the information did not sufficiently differentiate between the functions of specific job cost analysis and the much broader economic cost considerations of a total City being built by both Government and private enterprise. This broader matter was that referred to by Sir Henry Wells in his two reports and it was in this context that his comments were made. Sir Henry Wells was directing his remarks to the broad urban economic accounting procedures, not to the internal detailed financial accounting work of a day to day nature carried out by the Commission. In particular, Sir Henry Wells was thinking in terms of the economic result of the Commission's development practices in such fields as land development, housing construction, the provision of major public services such as water, sewerage, stormwater and municipal facilities. He was seeking some basis for determining the broad economic accounting result by which the costs of development within certain fields could be offset against the returns which the Commonwealth could reasonably be expected to receive from its investment in Canberra.

questions on finance and economics which, in a normal Australian city, could be answered by reference to published figures. We noted the reply of the witness that the type of accounts recommended by Mr. Wells was more appropriate to an organisation of a trading nature with continuing finances and that such accounts would not be appropriate to the Commission which is financed by annual appropriation. We accept this explanation because we do not believe that the National Capital Development Commission has ever been expected to be an authority on questions of municipal finance and economics. Your Committee believes that the Commission is a planning, developing and constructing authority only and was never envisaged as a body charged with the responsibility of providing any form of municipal administration. However, we question the adequacy of the cost records maintained by the Commission. We were informed that in order to obtain a clearer understanding of the level of development costs, every cost item incurred in the construction of the new district of Woden had been recorded. An examination of the form of cost records maintained by the Commission, however, revealed that these records detailed only gross expenditures in respect of particular projects and that this information was transcribed from cost schedules made available by the Commonwealth Department of

As opposed to this subject of economic cost for a National Capital, cost analysis as well as other criteria have been adopted and used by the Commission for the purpose of estimating costs from the design stage of individual projects through to finished work. The Commission operates on a lump sum contract basis and each contract has a Schedule of Rates or Bill of Quantities which details the particular components in a project. These are analysed against both design estimates and unit costs regularly supplied to the Commission by Quantity Surveyors.

The Committee has focussed attention on cost analysis and the Commission is examining further refinement in recording and analysing costs.

of Works. Your Committee feels that even this record is an improvement on the situation prevailing at the time of Mr. Wells' second report to the Commission in 1963 when he observed that no accounting system had been designed which would enable a ready check to be made as to whether Government grants had been wisely spent; neither would the accounts reveal to an inquirer the amount spent on a project at a particular time. Mr. Wells emphasised that capital expenditures of the magnitude necessary to cope with an increasing population must be subject to more economic accounting practices than those pursued earlier. Mr. Wells' insistence in this respect apparently prompted the Commission to make some attempt to recognise his exhortation for a more adequate accounting system for we were informed that certain officers in the Finance and Administrative Section of the Management Division have had, since January 1966, the responsibility of reporting on detailed systems and methods of the comprehensive recording, costing and analysis of expenditures and revenues related to Canberra's development. We established, however, that despite the date of the two Wells Reports (i.e. January 1962 and December 1963), no reports had been produced by these officers up to the time of our inquiry. (Para. 253.)

295. The Commission's failure to produce any evidence of the existence of some form of analytical cost accounting system (despite numerous opportunities provided for it to do so) has not permitted Your Committee to confidently accept those cost comparisons which are made available by the Commission. The Commission informed us that the current cost of development of basic engineering services in Canberra amounted to \$5,240 per acre .. while the same costs in Sydney and Melbourne amounted to \$5,500. We were also informed that relative cost indexes prepared in respect of the Commission's projects had indicated that works costs had fallen progressively by 14.8 per cent between 1961 and 1965 while at the same time the level of labour employed in the production of basic engineering services had been reduced from 115 men per \$1 million of expenditure in 1960 to 43 men per \$1 million in 1965. We note that these detailed comparisons were provided despite the Commission's assertions that the recording of such costs had proved a difficult exercise and that the Commission was still endeavouring to obtain a clearer understanding of the level of development costs by exercises such as the recording of all costs in the new district of Woden. In this respect, Your Committee believes that notwithstanding the difficulties which may be confronting the Commission in the

compilation of an adequate cost recording system which will accurately provide the unit costs of all aspects of a district's development, the introduction of the system is a matter of urgent necessity due to the extent of the capital expenditures involved.  
(Para. 242.)

Paragraphs 296, 306.

296. A further feature of the evidence which Your Committee found to be disturbing was the persistent inadequacy of the financial information published in the Commission's Annual Reports. The Commission's annual expenditure on the construction programme is revealed in a statement of receipts and payments under seven headings, viz., National Works, Commonwealth Offices, Territory Works, City Works, Land Development, Minor Works, and Fees and Charges. However, no elaboration of the figures concerned is offered by the Commission in its financial statements. For example, in the year ended 30th June 1965, a total of \$14.196 million was spent on Territory Works in respect of which only a limited elaboration appears in the Commission's Eighth Annual Report where the reader may learn that "Housing and Accommodation" cost \$7.422 million. We do not accept the Commission's view that the present form of accounts adequately reveals the nature of the expenditure incurred by the Commission each year, particularly as the Auditor-General,

The Commission's Financial Statements included in its Annual Report follow a normal accounting form. The Financial Statements in the Report for the year ended 30th June, 1966, included further information by way of explanation.

The matter is being further studied with a view to including a form of financial information in the next Report that will be consistent with normal reporting practice and still provide more detailed information.

Additional information of the staff establishment of the Commission will be given by the Commission in the next Annual Report.

in his Reports, has provided an elaboration of the Commission's accounts in an attempt to assist the Parliament in its consideration of the Commission's affairs. Your Committee has already noted that, under the provisions of section 24 (3) of the National Capital Development Commission Act the Minister is required to approve the form of the financial statements of the Commission. However, we also note that when the form of the accounts was initially submitted for the consideration of the Minister, no alternative form was tendered for his consideration. (Para. 238.) In the twenty-third conclusion to its Twenty-second Report relative to the Australian Aluminium Production Commission, Your Committee stated that it looked for a presentation to the Parliament of the accounts of the commercial undertakings of the Commonwealth in a clear and reasonably standard form. We believe that this principle extends also to statutory authorities other than commercial undertakings. Your Committee notes from the Ninth Report of the National Capital Development Commission, which was presented to the Parliament on 21st September 1966, that, following our inquiry, some changes have been made in the form of the Commission's financial statements including a more detailed elaboration of expenditure on Territory Works. However, in all the circumstances we find that the financial statements of the

Commission require further elaboration and should be made the subject of an extensive review. In addition, we reject Mr. Lansdown's assertion that any attempt by the Parliament to oblige the Commission to reveal any further detail of its expenditure will amount to a restriction of the flexibility inherent in the Commission's present form of administration. In this respect we have noted the observations by witnesses that a good deal of argument has existed in Britain relative to the accountability of statutory corporations to the Parliament. We would suggest, however, that the type of statutory corporation which has been the subject of discussion in Britain is that charged with responsibility for the administration of nationalised trading industries, a form of administration which is not common to Australian experience and which we regard as inappropriate in any discussion of the affairs of the National Capital Development Commission. (Paras. 264-265.)

306. Your Committee notes that the provisions of section 15 of the National Capital Development Commission Act provides that the Commission may appoint such officers or engage such employees as it thinks necessary for the purpose of the Act and that the terms and conditions of service or employment will be such as are determined by the Commission subject to the approval of the Public Service Board. According to the

evidence received by your Committee the practical effect of these provisions has been that, provided the Public Service Board has approved the salary classification of a newly created position, the Commission may thoroupon create as many similar positions as it sees fit. In view of the evidence received Your Committee is concerned to find that the information supplied in the Commission's Annual Reports to the Parliament in respect of its staff structure is confined to aggregate staff levels and the relationship between these levels and the Commission's total **expenditure** over a series of years. Whilst fully aware of the flexibility conferred on statutory authorities in the performance of their functions as specified in their enabling legislation, Your Committee feels that in cases where such authorities incur the expenditure of public funds but do not have available to them the normal commercial **measurements** of profitability as guides to management, such authorities should include in their reports to the Parliament an analysis of their staff establishments and the nature of the changes made therein from year to year. In the case of the National Capital Development Commission, Your Committee's proposals in this respect would be met if the Commission's Report included details of its staff establishment by Divisions and in a form, for each Division, along the lines of the information supplied for each Commonwealth department in the Schedule to the Appropriation Act.



297. Your Committee believes that the discharge of the Commission's functions in a manner which it defends as being "flexible" may have engendered inefficiencies and wasted efforts in the Canberra branch of the Commonwealth Department of Works which was placed virtually at the absolute disposal of the Commission when instructions were issued that the Branch was to operate in response to the Commission's requests for priorities and meet the Commission's requests on such matters as estimating, the provision of information and on matters of operational control. As noted earlier the result of this arrangement means that the Commission undertakes no detailed design work, but employs the Department of Works as a design and contract supervision agency in respect of about 55 per cent of the developmental programme. Notwithstanding its complete control of its own developmental programme, the Commission rejects any suggestion that the flow of its design work allocated to the Department of Works should be the subject of any system similar to the design system employed within the Commonwealth administration. Such suggestions were countered again by objections that the adherence to such a system would detract from the Commission's flexibility and that in any case there existed an adequate degree of consultation with the Department of Works. We find it difficult to appreciate the Commission's viewpoint in this respect for,

Paragraph 297.

The Commission's method of programming as presented through its five-year and longer term Programmes ensures adequate information is available for phasing the design of future projects and the sequential commitment thereof. This practice is at least equivalent to the design list system used for the numerous individual projects comprising the Commonwealth Civil Works Programme.

The Commission's programming system is more appropriate to the needs of integrated development of a growing city. It must, however, be capable of amendment to cope with unusual circumstances such as the accelerated school building programme brought about by the adoption of the Wyndham Report.

Discussions are continuing with the Department of Works to ensure the efficient use of their professional resources.

as explained by the Treasury Observer, Mr. Hunter, the basic intention of the Commonwealth design list system is the establishment of a design programme which is not beyond either the physical resources of the Commonwealth or the design resources of the Department of Works during the programmed year. We believe that the efficiency of the system within the Commonwealth administration has, by its continued existence, been proved and we suggest that the deficiencies in the present system adopted by the Commission have been responsible for the Department of Works' difficulties on occasions in meeting the demands of the Commission. We note also that whilst the Department of Works Observer felt unqualified to comment on the merits of a design list system for the Commission's work, he stated that if a system could be devised which would provide more forewarning to the Canberra Branch of his Department, and which would not interfere with the Commission's flexibility, that system would be very acceptable to his Department.

(Paras. 87-91)

299. Whilst not doubting the need for the Commission to undertake some public relations work as a part of its normal activity, and in view of the expenditure necessary to finance this activity, Your Committee felt that it should obtain legal advice as to the extent to which the Commission should embark on activity of that type. Accordingly, on 1st September 1966, the following question was addressed to the Secretary, Attorney-General's Department

"Whether the powers conferred on the Commission under section 11(3) of the National Capital Commission Act are wide enough to justify the Commission engaging in the publicising of tourist attractions in Canberra and the Australian Capital Territory."

300 In his reply dated 12th September 1966 the Secretary, Attorney-General's Department, advised that the power conferred on the Commission by section 11 (3) enables the Commission to engage in public relations activities in connexion with and reasonably incidental to, the discharge of its functions. He considered that, in the context of the Act, which is the charter for the planning, development and construction of the City of Canberra as the National Capital of the Commonwealth, involving expenditure of large sums of money and being of great importance to the nation as a whole, a narrow view

Paragraphs 299-301

The Commission has noted the legal advice referred to in Paragraph 300. It has closely examined its Public Relations activities and it can give firm assurances that these activities are conducted within the criteria set down by the Committee. The Commission will not undertake public relations work unless it bears directly on its own responsibilities.

should not be taken in considering the scope of provisions conferring general powers on the Commission. He added, however, that it did not follow that the Commission can therefore engage in any activity it pleases in respect of the publicising of tourist attractions in the Australian Capital Territory but could, as a part of permissible public relations activities, publicise the development of the City of Canberra. The Secretary further stated that it would be necessary to examine each case to ascertain the relationship of the publicised attraction to the development of the City of Canberra as the National Capital of the Commonwealth and difficult questions of degree could arise.

301 Your Committee notes the fact that the Commission's staff tables provide for five positions of public relations officer, journalists and public liaison officers compared with six architects in the Architectural Division six engineers in the Engineering Division and only one Internal Auditor for the entire Commission. In these circumstances and having regard to the nature of the legal opinion supplied to us, Your Committee feels that public relations work undertaken by the Commission should be confined to matters bearing directly on the

Commission's responsibilities.

Where the form of work to be carried out, however, is primarily of a tourist attraction nature, Your Committee feels that it should be undertaken by the Tourist Bureau of the Department of the Interior.

303. Your Committee also invites attention to the evidence submitted relative to the Landscape Division of the Commission, the duties of which are set out in Chapter 11 of this Report. In response to questions as to the nature of the Commission's landscaping policies we were able to establish only that the surrounds of Lake Burley Griffin are to be of open, park-like landscape designs while, within the Parliamentary Triangle, the ground cover is to be of mown, watered grass. Your Committee did not attempt to determine the extent of the effort involved in "initiating all actions necessary to produce designs and contracts" but we sought further information on the review undertaken by the Commission of the performance of construction agents. We had been informed that the Parks and Gardens Section of the Department of the Interior carries out 80 to 85 per cent of the Commission's landscaping work, due to the presence of only small landscaping operators in the Australian Capital Territory. We therefore sought to

Paragraphs 303-305.

The investigations into the recording of costs previously mentioned will also apply to the Landscape Section.

The Commission will be able to establish unit prices on the estimates provided by the Department when the information is available. Discussions are in course with the Department for this purpose.

establish whether the Commission was attempting to supervise the Parks and Gardens Section activities and whether the Landscaping Division was duplicating the work of the Department of the Interior. In reply, Your Committee was informed that the Commission was the planning, development and construction authority and that with seven staff positions within the Landscaping Division it was not attempting to duplicate any functions. (Paras. 184-188.)

304. When Your Committee referred to the financial records maintained within the Landscaping Division, it was stated that these records were maintained to keep the Chief Landscape Architect informed on the continuing costs of maintenance and to guide the Division's staff in introducing economies in design but when we sought a comparison of costs of those in other capital cities the witness could only suggest that such a comparison would be favourable. We then sought evidence, in respect of the landscaping surrounds of the Bureau of Mineral Resources Building, as to whether the cost records would reveal the number of hours bulldozers were employed, the value of wages paid to workmen or the value of materials consumed on the project. We were informed, however, that the records would not reveal such information but that records maintained by the Department of the Interior might eventually do so. The Department of the Interior Observer advised us that due to the

scale of operation, extremes of climate and the limitations of the Department's accounting system, the cost information made available to the Commission was of doubtful accuracy. (Paras. 190-191.)

305. Your Committee examined the circumstances of the Parks and Gardens Section of the Department of the Interior during its inquiry into the Report of the Auditor-General for the financial year 1964-65 and in its Seventy-eighth Report arising from that inquiry commented on discussions that had been held between the Departments of the Treasury and the Interior with a view to improving costing within the Parks and Gardens Section of the latter Department. Your Committee believes that there is an urgent need for the costing problems within the Department to be resolved and trusts that the Departments concerned will reach early agreement on the outstanding matters. It is apparent that until this is achieved the Commission will be unable to obtain reliable landscaping costs from the Department of the Interior. At the same time, however, Your Committee believes that a direct responsibility lies with the National Capital Development Commission to equip itself with the best possible cost information available as a guide to management in the allocation of landscaping contracts and that the form and content of the Commission's landscaping cost records should be examined critically without delay.

308. Your Committee is not satisfied that the present form of the Civil Works Programme document conveys adequate information relative to works programmes to meet the requirements of the Parliament. Our conclusions in this respect may be considered as applying equally to both the departmental and Commission sections of the document. We consider that the most notable deficiency is the absence from the document of any information indicating the proportion of each gross appropriation which has been allocated to individual projects listed in the programme. We are mindful of the Commission's objections that the allocation of sums to individual projects would not be feasible due to uncertainties in each programme and also of its objections that the necessity to provide additional information would be a restriction on its flexibility. We are also mindful of statements indicating that the Civil Works Programme document represents the proposed Civil Works Programme only at a given point of time. Notwithstanding these objections and explanations, we do not accept the obvious inference that as the document is adequately fulfilling the role accorded to it by Commonwealth departments it should be regarded as adequately fulfilling the task required of it by Members of the Parliament.

Paragraphs 308-311.

The presentation of the Civil Works Programme and the contents thereof were stated by the Committee to require revision. The Commission's programme comprises only Part 2 of this document. The Commission will consider the form of presentation in consultation with the Department of Works and the Treasury.



309. The failure to allocate the gross appropriation among projects in the Civil Works Programme permitted the National Capital Development Commission, in its 1964-65 Civil Works Programme, to list a gravity water main project estimated to cost \$3.6 million in support of its bid for an appropriation of \$30.8 million. Although the Commission, in arriving at this figure would have included expected expenditure in the year 1964-65 against the gravity main project, no related expenditure was revealed in the 1965-66 Civil Works Programme apart from a new item entitled "Investigations for Gravity Main", expected to cost \$60,000 and in respect of which only \$27,684 was expended in the preceding year. Notwithstanding the fact that the Commission had supported its case bid in 1964-65 by listing the gravity main project, the same project again appeared as an item supporting a cash bid of \$35 million in 1965-66. However, by the time the 1965-66 Civil Works Programme document was tabled in the Parliament the estimated cost of the gravity main project had increased to \$5,100,000. Your Committee regards this situation as patently unsatisfactory and our concern is heightened by the fact that the present form of the document does not reveal how the funds originally appropriated for the gravity main project were expended in 1964-65. (Para. 261.)

310. A further unsatisfactory feature is the Civil Works Programme document's failure to detail the total expenditure on projects. It was explained to us that the information revealing the extent of the works in progress excludes, by definition, projects which were completed during the previous year. Accordingly, although at the commencement of any year a substantial portion of the sum authorized for expenditure on a then current project may have been unexpended, the exclusion of the project upon its completion from the next Civil Works Programme document denies Members of the Parliament the opportunity to ascertain details of the final expenditure. (Para. 258.)

311. Your Committee believes that the present form of the Civil Works Programme document should be revised to disclose the estimated expenditure on proposed new works listed therein and that the Departments of the Treasury and Works and the National Capital Development Commission should confer with a view to determining the alternative methods which might be employed to enable this to be achieved. Your Committee also believes that consideration should be given to appending to the Civil Works Programme document a schedule containing the final expenditure incurred on projects the details of which have been deleted from the document upon completion in the previous year. The adoption of this practice would permit

Members of Parliament to satisfy themselves that particular projects commenced in earlier years have, in fact, reached completion and not merely been deferred and to assess the total expenditure incurred on each project completed.

312. Under arrangements effected in 1963-64 the Australian Capital Territory Electricity Authority undertook the work of electricity reticulation and streetlighting upon the order and specifications of the National Capital Development Commission. The policy of the Commission is to place low tension poles and mains along the rear boundaries of allotments as opposed to street placement. Street-lighting, with its attendant underground wiring and reticulation is carried out concurrently with normal servicing contracts. In regard to traffic route lighting, we were informed that the illumination in Canberra will be not less than the values recommended in the new Standards Association of Australia lighting code whilst in regard to pedestrian lighting and highway lighting it was claimed that the intensity of lighting provided is somewhat greater than that provided in other cities.  
(Paras. 154-159.)

Paragraphs 312-314.

The Committee's comments on improved street lighting have been noted by the Commission and its programme of street lighting will be accelerated accordingly.

I do wish to comment that the Commission has welcomed this enquiry by the Committee and the consequent Report as an opportunity for an external appraisal of its activities. The Commission has taken note of all the comments and Conclusions in the Report. The Report has stimulated the Commission's approach and thinking to the future development of the National Capital as well as highlighting the significant achievement to date.

313. During its inspection of lighting on 22nd June 1966, Your Committee was impressed with the more recent lighting development work that has been undertaken. It believes, however, that notwithstanding the costs involved, there is a compelling need for improvement in lighting standards in some of the older suburbs of Canberra and in relation to parklands which obviously could not be traversed in safety by pedestrians at night. During our inspection we were impressed by the method of lighting adopted in the cases of the Commonwealth and King's Avenue bridges but we noted with concern the paucity of lighting in respect of the approaches to the bridges which traverse relatively open country.
314. During our inquiry we were informed that a comprehensive review is being made to modernise the Canberra Building Regulations and to bring them generally into line with the Victorian Uniform Building Regulations which were said to comprise the most comprehensive building code currently in operation in Australia. It was expected to be some time before this review is completed. Your Committee believes that the early completion of this review and the issue of modern Building Regulations is an urgent matter and trusts that the parties concerned will make every effort to ensure that this is achieved.

ANNEXURE BCOMMONWEALTH OF AUSTRALIA

ATTORNEY-GENERAL'S DEPARTMENT.

Canberra, A.C.T.

In reply, please quote No. 66/3126

Your reference : BA 66/491

8th July, 1966

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

Audit Act 1901-1965 : Application in Relation to Moncys  
Vested in National Capital Development Commission

In a memorandum dated 22 June, 1966 I set out in summary form a series of conclusions that I had reached in relation to matters under consideration by the Joint Committee of Public Accounts in relation to the application of the Audit Act to the National Capital Development Commission and its officers. In that memorandum, I expressed a willingness to provide for the Joint Committee of Public Accounts, through you, a fully expressed written statement of the reasons upon which those conclusions were based if the Committee desired such a statement. I understand that the Chairman of the Joint Committee of Public Accounts has expressed the wish that a written expression of the reasons for my conclusions should be prepared and provided to the Committee.

2. Although written advice in relation to the application of the Audit Act to financial transactions of at least one Commonwealth statutory authority has been provided to the Committee (see Appendix 20 to the 22nd Report of the Committee), it is I think desirable that this memorandum should be self-contained. I shall, however, as occasion requires, refer to views expressed in that and other relevant opinions.

3. In the memorandum dated 22 June, 1966, I expressed seven "conclusions". On reflection, I am of opinion that the last two "conclusions" were more in the nature of brief expositions of part of the reasoning supporting the other conclusions. As will be seen,

I do not, in what follows, depart from that reasoning in any way, but, for present purposes, simplicity of exposition will be assisted if I confine my conclusions to the first five conclusions stated in that memorandum, namely -

- (a) Payment out of the Commonwealth Public Account to the Commission of moneys payable to the Commission pursuant to section 18 of the National Capital Development Commission Act is subject to the Audit Act.
- (b) Moneys paid to the Commission by the Commonwealth in pursuance of appropriations made by the Parliament for the purpose, when paid to the Commission, cease to be Commonwealth moneys.
- (c) Moneys received by the Commission for its own purposes and deposited in the Commission's Bank Account opened and maintained pursuant to section 19 of the Act are not public moneys.
- (d) Officers of the Commission who deal with these moneys are not accounting officers within the meaning of the Audit Act when dealing with those moneys and do not have to comply with the provisions of the Audit Act and the Treasury Regulations in dealing with those moneys.
- (e) Operations on the Commission's Bank Account are not subject to the Audit Act.

4. An explanation of these conclusions must, I think commence with the relevant provisions of the Constitution, all of which are to be found in Chapter IV. Section 81 provides that all revenues or moneys raised or received by the Executive Government of the Commonwealth shall form one Consolidated Revenue Fund, to be appropriated

for the purposes of the Commonwealth in the manner and subject to the charges and liabilities imposed by the Constitution. Section 83 provides that no money shall be drawn from the Treasury of the Commonwealth except under appropriation made by law. The Constitution itself makes no detailed permanent provision for the examination or audit of Commonwealth accounts. The interim provisions contained in section 97 were superseded in the First Session of the First Parliament by the enactment of the Audit Act 1901 (No.4 of 1901). Although that Act has been amended frequently in the intervening years its primary purpose and function have not been changed.

5. The Audit Act includes all the basic rules to be observed in connexion with the receipt and payment of moneys on account of the Commonwealth and in relation to dealings with moneys "in the Treasury". It thus adds flesh as it were to the skeletal provisions made by sections 81 and 83 of the Constitution. The Act gives to the moneys in the Treasury the generic name "Public Moneys", an expression which is defined as follows -

' "Public Moneys" shall include all revenue, loan, trust and other moneys and all bonds, debentures and other securities whatsoever received for or on account of the Commonwealth or referred to in this Act. '

I would observe at this point that the only moneys referred to in the Audit Act that are not "received for or on account of the Commonwealth" appear to be those referred to in sections 26, 27 and 28. As no moneys described in those sections are or could be the concern of the National Capital Development Commission, it will be proper and convenient for present purposes to read the foregoing definition as though the concluding words - "or referred to in this Act" - were omitted from it.

6. The agglomeration of all public moneys is called "the Commonwealth Public Account", which is defined as including "the Consolidated Revenue Fund and all public moneys whatever".

7. The Audit Act treats moneys in the Treasury or the Commonwealth Public Account as comprised in one or other of three funds, namely, the Consolidated Revenue Fund, the Trust Fund and the Loan Fund. Moneys that are credited to any one of those funds are, by definition, "public moneys" (Audit Act, s.2). Similarly, all moneys that are received for or on account of the Commonwealth are required to be credited to one or other of those three funds (Constitution, s 81, Audit Act, s.22(1.), s.55 and s.60). Conversely, moneys which neither the Constitution nor the Audit Act require to be credited to one or other of those funds are not public moneys.

8. What I have said in the preceding paragraphs is, I believe, entirely consistent with the views expressed by the then Acting Solicitor-General, Mr. J. Q. Ewens, in the Opinion dated 11 May 1953, addressed to the Auditor-General which was referred to by the Chairman of the Joint Committee of Public Accounts during the meeting of the Committee on 6 May, 1966 (see Report of the Auditor-General 1952-53, Appendix G.).

9. The two statements from that Opinion quoted by the Chairman of the Joint Committee of Public Accounts in paragraph 1034 of the transcript, in my opinion, correctly set out the general principles for determining when moneys appropriated for the purposes of a statutory corporation cease to be "public moneys"; they support the propositions advanced by the Audit and Treasury observers before the Committee that are recorded at paragraphs 357, 1033, and 1034 of the transcript. I do not think that those statements can properly be described as the only support for the view that moneys appropriated by Parliament for the purpose of the National Capital Development Commission remain public moneys only until such time as they are lodged in the bank accounts of the Commission. Indeed, the most direct support for this view is to be found in the Opinions of Sir Kenneth Bailey that are published as Appendix 18 and Appendix 20 to the 22nd Report of the Joint Committee of Public Accounts. To those Opinions, I shall refer in some detail below.



10. What I described as "conclusion" (f) in my earlier memorandum seems to me both to illustrate aptly the point I am making and also to show that the Government's legal advisers who have considered this question have been consistent in their advice on this point. I stress this latter point because the statement by Sir Kenneth Bailey quoted by the Chairman at paragraph 1034 of the transcript could, taken out of its context, suggest that there is a real question whether, in the circumstances we have to consider, the expenditure of the National Capital Development Commission "come(s) from any part of the Public Account". In truth, Sir Kenneth was, in my view, saying just the opposite.

11. I repeat here "conclusion" (f) from my earlier memorandum.

(f) The statement by Sir Kenneth Bailey in the 1955 Opinion (Appendix No. 18 to the 22nd Report of the Joint Committee of Public Accounts) completely supports the propositions set out above. The full statement was -

"if, as in the case of the Commission before the 1952 Act was passed, the expenditure of a statutory corporation is to come from any part of the Public Account it is of course governed by the Audit Act and Treasury Regulations".

" Under the Aluminium Industry Act 1944 the expenditure of that Commission was made directly from a Trust Account established for the purposes of section 62A of the Audit Act (see section 12 of the 1944 Act). Under the 1952 amendments that Commission was required to open a separate bank account and the moneys appropriated for the purpose of the Commission were required to be paid into that bank account (see sections 13 and 14, 1952 Statutes, p.51.)".

12. The corollary to the statement of Sir Kenneth Bailey that is quoted in the last preceding paragraph is to be found expressed in his Opinion dated 19 July, 1955, which appears as Appendix 20 to the 22nd Report of the Joint Committee of Public Accounts. In that Opinion, after referring to the fact that the 1952 Act provided that a bank account was to be opened by the Commission and that accounts were to be kept in a form approved by the Treasurer and were to be inspected and audited by the Auditor-General, Sir Kenneth went on to say -

"There would seem to be little room for doubt, therefore, that under the 1952 Act, Parliament intended that the detailed expenditure of the Commission should not be from the Commonwealth Public Account, but that the Commission's own distinct accounts should be maintained; these accounts were to be subject to proper commercial safeguards, and were to be audited by the Auditor-General, but were not to be subject to the limitations placed by the Audit Act on operations on the Commonwealth Public Account."

As will appear from an examination of the table attached to this memorandum, the statutory provisions concerning the financial operations of the National Capital Development Commission correspond almost exactly with those applicable to the Aluminium Production Commission under the 1952 Act.

13. The National Capital Development Commission, constituted by a single Commissioner, is by section 3 of the National Capital Development Commission Act established as a body corporate with perpetual succession, capable of acquiring and holding real and personal property and of suing and being sued. The Commission is authorized to appoint such officers and engage such employees as it thinks necessary for the purposes of the Act and to determine, subject to the approval of the Public Service Board, the terms and conditions of service or employment of persons appointed or engaged by it. Section 18 of the Act states that there are payable to the Commission such moneys as are appropriated

by the Parliament for the purposes of the Commission. By section 19 the Commission is required to open bank accounts and to pay all moneys received by it into such accounts. The Commission is required by section 20 to apply its moneys in payment or discharge of the costs and expenses of the Commission under the Act and in payment of the remuneration and allowances of the Commissioner and the Associate Commissioners. Sections 22 and 24 require the Commission to keep proper accounts, to control adequately its assets and to make certain reports to the Parliament and section 23 requires the Auditor-General to inspect and audit the accounts and records of financial transactions of the Commission and to report on the financial statements that accompany the reports of the Commission.

14. From what I have said above, it is clear that moneys appropriated by Parliament for the purposes of the National Capital Development Commission remain public moneys and part of the Commonwealth Public Account until such time as they are paid to the Commission. The provisions of the Audit Act that relate to payments out of the Commonwealth Public Account (sections 32 to 37A) must, therefore, be observed in making these payments. Moneys so appropriated, when received by the Commission, lose their character as public moneys and become moneys of the Commission. This view is consistent with the views previously expressed by Sir Kenneth Bailey and Mr. Evens. In addition, if it were not correct there would be direct inconsistency between provisions of the National Capital Development Commission Act and provisions of the Audit Act. In this regard sections 18, 20 and 21 of the Audit Act should be contrasted with sections 19 and 20 of the National Capital Development Commission Act and section 16 of the Audit Act should be contrasted with section 22 of the National Capital Development Commission Act. Furthermore, the need to include in the National Capital Development Commission Act provisions relating to the inspection and audit of accounts and statements of the Commission can be explained only on the hypothesis that its moneys are not public moneys to which the Audit Act applies.

15. Once it is established that monies paid to the Commission for its own purposes are not public monies, it follows necessarily that officers and employees of the Commission cannot be regarded as Accounting Officers as defined in section 2 of the Audit Act by reason only of their dealing with monies of the Commission.

E.J.HOOK  
Secretary.

**ALUMINIUM INDUSTRY ACT 1944-1952**  
**NATIONAL CAPITAL DEVELOPMENT COMMISSION ACT 1957-1960**

**Comparative Table of Provisions Concerning Financial Operations.**

Subject Matter	Aluminium Industry Act 1944-1952	National Capital Development Commission Act 1957-1960
Establishment and maintenance of bank accounts	Section 13	Section 19
Application of moneys	Section 14	Section 20
Accounts and audit	Section 14A	Sections 22 and 23
Reports	Section 14C	Section 24
Ministerial control on expenditure.	Section 14D - Requiring certain contracts to be approved by the Minister.	Section 21 - Requiring particulars of proposed expenditure to be submitted to the Minister.