

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

NINETY-NINTH REPORT

TREASURY MINUTES ON THE
FIFTY-FIFTH AND SEVENTY-FIRST
REPORTS

TOGETHER WITH

SUMMARIES OF THOSE REPORTS

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JOINT COMMITTEE OF PUBLIC ACCOUNTSSEVENTH COMMITTEE

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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 FIFTY-FIFTH REPORT RELATING TO THE
FORM OF THE ESTIMATES:

PART 1 - SCHEDULE OF SALARIES AND ALLOWANCES
PART 11- DEDUCTION AND TRANSFER ITEMS

On 19th May, 1968, and in accordance with the arrangements relating to follow-up action on Your Committee's Report, the Treasurer conveyed to the Chairman, a Treasury Minute dated 14th May, 1968 which reported the action taken on Your Committee's Fifty-fifth Report.

In the Fifty-fifth Report concerning the Form of the estimates:

Committee's Conclusions
(28th September, 1961)

Treasury Minute
(14th May, 1968)

The Treasury has examined the Report and has discussed the observations and conclusions of the Committee with Departments concerned.

PART 1 - SCHEDULE OF SALARIES AND ALLOWANCES

A new form of Salary Schedule will be introduced in the 1968-69 Budget documents. The new form has been based upon a study of all the factors involved, including the conclusions of the Committee. In connection with those conclusions, the following factors have been taken into consideration:

33. The evidence received by Your Committee indicated that there was no legal requirement for the Schedule of Salaries and Allowances. Further, in its present form the Schedule, as a Sub-Schedule to the Schedule in the Appropriation Act, was defective legally and does not make a clear and definite appropriation for any officer or category of officers set out in the Sub-Schedule.

There is no legal requirement for the Schedule of Salaries and Allowances. Also, the existence of the line in the Schedule "Less amount estimated to remain unexpended" and other deducted items resulted in there being no clear and definite appropriation for any officer or category of officers set out in the Schedule.

34. In view of the provisions in the Public Service Act 1922-1960 where-in the Parliament transferred the control of salary levels to outside authorities, the Schedule does not serve any purpose in controlling the remuneration of officers other than the few officers in the First Division.

The Schedule does not serve any purpose in controlling the remuneration of officers other than First Division officers.

35. The inquiries made by Your Committee revealed that it is not practicable to overcome the legal defects attaching to the use of the Schedule as an appropriation measure and accordingly recommends that it be omitted as a section of the Estimates and as a Sub-Schedule in the Appropriation Act.

It is desirable that the Schedule should be omitted from the Appropriation Act.

36. However, the information contained in the Schedule is of considerable interest and value to the Parliament and a similar schedule should continue to be presented to the Parliament annually with the other financial papers.

Information regarding salaries is of considerable interest and value to Parliament and should continue to be presented annually with the other financial papers. The device of deducting sums estimated to remain unexpended should be eliminated.

Further, the sums deducted in respect of the amounts estimated to remain unexpended for unoccupied positions should show separately the number of positions which will remain unoccupied

- (a) for the whole of the year; and
- (b) for part of the year.

37. As Members are accustomed to having the information before them during Estimates Debates the schedule should continue to be attached to the Estimates papers by way of explanatory notes which, although in much briefer form, are common in the Estimates.

The amounts sought in the Appropriation Bill for salaries should be explained by a Schedule of details of salaries attached to the Estimates of Receipts and Summary of Estimated Expenditure.

38. The number of temporary and casual employees is now so great, and so many temporary employees are engaged for such lengthy periods of time, that Your Committee recommends that the present schedule for permanent officers should be accompanied by a rather similar schedule for these other categories of employees. There appears to be no reason why this cannot be done for temporary employees, but some difficulties are possible in the case of casual employees and these might necessitate some modification to the method of presentation.

The previous practice of excluding temporary employees from the Schedule should cease.

As well as comprehending the main aims sought by the Committee the new form of Schedule involves additional reforms, and the changes as a whole are described below.

The Salaries Schedule will be removed from the Appropriation Act and information of a more useful nature provided to Parliament. This information will be included with the other financial documents at the time of presenting the Budget as a part of the document "Estimates of Receipts and Summary of Estimated Expenditure". An example of the new form of Schedule is shown at Attachment A. The list of detailed designations of offices will be replaced by a summary showing the numbers of staff employed under each of the four Divisions of the Public Service, with an additional line for casual, part-time, exempt and seasonal staff. No distinction will be drawn between permanent and

temporary employment. It is now the practice of the Public Service Board not to provide temporary positions and whether or not positions are filled by permanent or temporary staff is not considered to be a significant factor in appropriating moneys for the payment of staff.

The new Schedule will show the estimated average monthly number or persons to be employed (permanent and temporary) in respect of each salaries appropriation item through which Parliament is being asked to provide funds in the ensuing financial year. This will provide a realistic assessment of staff numbers as against the old Schedule, which listed positions on the approved establishment at 1 July whether or not those positions were expected to be occupied. The estimated staff numbers will be compared with actual employment in the past financial year, the latter figures being based on returns forwarded by Departments to the Public Service Board under arrangements already existing.

The net cash requirement to pay each category of employment will be indicated. This requirement will be compared with actual expenditure for the previous year instead of the existing comparison with the estimate for the previous year. Because the net requirement will be listed, the line "Amount estimated to remain unexpended" will be eliminated.

The abovementioned estimates of cash requirements will include allowances, but allowances will also

be shown in the new Schedule in a separate summary which will list each type of allowance to be paid and the amount sought for each of those types. It is hoped in later years to provide, for comparison, actual expenditure for the previous year.

In addition to the main statement and its supporting table of allowances, a summary will be provided to show the functional structure of the Department. This summary will show average monthly employment for the ensuing year, compared with actual numbers for the previous year, in respect of each major organizational unit for which provision has been made in the appropriation item.

In conjunction with the changes to the Schedule, there will be an alteration in the items of appropriation. Payments of salaries and allowances to both permanent and temporary staff will be appropriated under the same item, rather than under different items as at present, thus allowing Departments more flexibility. The salary of each First Division Officer will be appropriated separately to comply with section 30(1.) of the Public Service Act 1922-1967. The appropriation for extra duty pay will be unaffected.

The inclusion in the Statement of Expenditure from Advance to the Treasurer of variations to the Salaries Schedule will be discontinued as a consequence of the changed nature of the Schedule.

The Treasury believes that the changes being made, as well as overcoming most of the criticisms of the existing Schedule which have been expressed by the Committee, by Senators and Members, and by others, will provide more readable, and more meaningful, information relating to appropriations sought in the annual Appropriation Bill for the payment of salaries and allowances.

PART 11 - DEDUCTION AND TRANSFER ITEMS.

90. As noted in Chapter 11., it appears to Your Committee that the problem associated with the legal effectiveness of these forms of appropriations will be resolved satisfactorily on completion of discussions currently being held between the Parliamentary Draftsman and the Department of the Treasury.
- The Treasury has agreed with the Parliamentary Draftsman the terms of a bill which will satisfactorily resolve the problem associated with the legal effectiveness of deduction lines and notation items in the Appropriation Bills. The Government has agreed to the introduction of the necessary legislation.
92. The evidence confirmed the fact that the Estimates are mainly a schedule to a bill and do not purport to present the full costs of any department. However, they do, in many instances, provide useful information relating to the costs of particular functions of departments.
- The Treasury agrees that the schedule to an Appropriation Bill does not purport to present the full costs of any Department. Appropriation Bills, do, however, provide information relating to payments made by a Department which could provide some of the basic data for a study of the

93. In this light the use of certain deduction and transfer items in the various appropriations appear, to Your Committee, to be the only available method for making the Estimates more useful as an information document as well as being a schedule to an Act.

94. The procedure is valuable when used in relation to trust accounts because it enables details of the proposed transactions through those trust accounts to be made known to the Parliament.

95. Your Committee has noted also the desirability -
 (a) of amending the presentation of the appropriations for certain items of the Commonwealth Scientific and Industrial Research Organization,

costs of some functions of Departments.

Although a few deduction items remain in the Appropriation Bills the Treasury believes that, essentially, an Appropriation Bill is aimed at providing a constitutional appropriation for expenditure. There are some administrative difficulties in the use of deduction lines: for example, in deciding how figures should be presented in the Additional Estimates and in the Statement of Expenditure from the Advance to the Treasurer.

The inclusion in the Appropriation Bills of token appropriations for the Government Printer and the Commonwealth Serum Laboratories was not intended to appropriate moneys for the purposes of the Trust Accounts concerned. The Treasury assumes that the particular form of appropriation was adopted in order to give some information regarding those accounts. However, the information was not only incomplete but also inconsistent with the treatment of the Trust Fund generally. For these reasons the items have been discontinued.

The Treasury Minute on the Committee's Seventy-fifth Report explained changes made to the form of appropriation for the Commonwealth Scientific and Industrial Research Organisation. The Government has now decided to

if practicable, in order to provide slightly more detail, and

- (b) of changing the method of appropriations for certain votes in the Defence Services section which, on the evidence obtained, may not conform to the legal requirements.

96. A further, and larger, problem which arose during our inquiries related to the practice of including transfer payments in the details of the appropriations.

97. This procedure appears to be desirable when they relate to recoveries by a principal department from other authorities - i.e., bodies other than Commonwealth Government departments. However, the actual form of presentation in the Estimates may require review to assure that the legal requirements are met and the evidence received indicates that this may be achieved by an amendment to the present form of the appropriation bills.

98. The practice of including recoveries from departmental undertakings of a "business nature" also appears to be desirable in order to assure that realistic accounts are maintained for the undertakings concerned.

appropriate funds for the Organisation on one line and to provide appropriate supporting details at the time of presentation of the Budget.

The bill referred to earlier in this Minute will resolve doubts as to whether the method of appropriation for certain items in the Defence Services section of the Appropriation Bill conforms to legal requirements.

Following the issue of the Committee's Report the Treasury commenced a review of the practice of one Department charging another for a service or function. In the two cases mentioned specifically by the Committee - survey work carried out by the Survey Branch of the Department of the Interior and the administrative oncost charged by the Department of Works - the payments have been abolished. Numerous other interdepartmental payments have been abandoned where it was established that the charging and recovery procedures were not a material factor in controlling expenditure or promoting economy and that there were no other reasons requiring continuation of the payments. The Treasury is continuing its examination of the remaining interdepartmental payments with a view to applying, where possible, the principles enunciated by the Committee.

99. However, Your Committee doubts the desirability or necessity for one department, as a general rule, to charge another for any service or function. There is an exception in the case of the Postmaster-General's Department, which maintains accounts in commercial form - particularly as the charging procedure apparently is the best available method of controlling expenditure by departments on telephone and postal services.
100. At present a number of services are provided by departments without transfer payments being involved. Obvious examples are the Audit Office and Attorney-General's Department. In the case of survey work and the use of the facilities of the Department of Works, Your Committee consider that where Commonwealth departments are involved control through administrative processes would be preferable to the use of transfers in the Appropriation Acts.
101. Accordingly, Your Committee recommends that the departments investigated, and other departments which may be concerned in similar procedures, should review the practice in consultation with the Department of the Treasury. We appreciate, of course, that exceptions may need to be made to meet particular requirements of government policy.

The general principle of non-recovery is not being applied to transactions involving the Postmaster-General's Department or to statutory authorities whose operations are financed from outside the Budget. Charges for services provided to or by departmental business undertakings operating through trust accounts have not been eliminated.

DEPARTMENT OF THE TREASURY

DIVISION 570 - ADMINISTRATIVE

SUB DIVISION 1 - Salaries and Payments in the nature of Salary

Staff	AVERAGE EMPLOYMENT		EXPENDITURE	
	Estimate 1967-68	Actual 1966-67	Estimate 1967-68	Actual 1966-67
First Division - Secretary - Item 03	1	1	\$ 17,500	\$ 17,350
Item 01 - Salaries and Allowances - Second Division	21	21	241,000	240,285
Third Division	680	653	2,769,010	2,578,780
Fourth Division	425	405	1,265,490	1,030,448
Casual, Part-time, Exempt and Seasonal Staff	18	18	38,500	37,486
Total - Item 01	1,144	1,097	4,314,000*	3,886,999

* Includes allowances - see below.

FUNCTIONAL SUMMARY

Branch or Division	AVERAGE EMPLOYMENT	
	Estimate 1967-68	Actual 1966-67
Administration (Secretary and Deputy Secretaries)	3	3
Establishments and Finance Division	194	181
Budget and Accounting Branch	190	180
Sub-Treasuries	439	434
Commerce and Industry Branch	32	30
General Financial and Economic Policy Branch	43	40
Loans and Investment Branch	160	150
Social Services Branch	23	22
Insurance Actuarial Branch	22	20
Defence Division	30	29
Overseas	9	9
Total	1,145	1,098

ALLOWANCES

Nature of Allowance	Estimate 1967-68
Higher Duties Allowances	\$ 43,700
Special (Canberra) Allowance	3,642
Allowances to officers stationed abroad -	
Local allowances	24,172
Child allowances	6,596
Accommodation subsidies	16,838
Representation allowances	4,500
Total	99,448

CHAPTER 3 - TREASURY MINUTE ON THE SEVENTH-FIRST REPORT
RELATING TO
THE NORTHERN TERRITORY ADMINISTRATION

On 13th March, 1968, and in accordance with the arrangement relating to follow-up action on Your Committee's Report, the Treasurer conveyed to the Chairman, a Treasury Minute dated 5th March, 1968, which reported the action taken on Your Committee's Seventy-first Report.

In the Seventy-first Report concerning the Northern Territory Administration :

Summary of Conclusions
 (2nd September, 1965)

Treasury Minute
 (5th March, 1968)

431. The widespread nature of the criticisms raised by Your Third Committee following its inquiry into the Northern Territory Administration in 1957 and the persistence of specific criticisms made by the Auditor-General some six years later caused Your Committee to resolve, in April 1964, to inquire once more into the operations of that Administration. Our inquiry was shaped so as to include the more significant matters in respect of which Your Third Committee had found ground for criticism and matters which had continued to attract the attention of the Auditor-General. The scope of the inquiry was limited so as to exclude the consideration of the wisdom or otherwise of Government Policy and the actions taken or that could be taken to develop the

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

The Committee's enquiry covered a period when the Department of Territories was responsible for Northern Territory Administration matters. The material included in this Treasury Minute was prepared before the recent transfer of Northern Territory matters to the Department of the Interior and takes no account of that change.

Territory. However, Your Committee recognized that an inquiry into the Northern Territory Administration must take into account the problems of Government in a large area with a sparse and scattered population and relatively undeveloped resources. (Paras. 1-18.)

432. Evidence submitted during the course of our inquiry and other information available shows that the approach to the development of the Territory's resources has, in recent years, undergone a substantial change. The population of the area has increased considerably since 1957 and particularly in the past seven years, there has been a widespread and consistent application of modern investigational and research techniques to the Territory's basic resources such as the pastoral, agricultural, mining and forestry industries. Moreover, there has been a marked increase in interest shown in the area by private enterprise as evidenced in such fields as abattoir operation, oil and mineral exploration and development (Paras. 19-88).
433. The evidence shows that since 1957 a number of major changes have affected the administrative structure of the Northern Territory, arising mainly from the growing nature and complexity of administration. (Paras. 89-93, 170-171.)

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

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

Public Service Inspector's Office

The Public Service Board states that it has consistently kept under review the need for the existing system (whereby a Canberra-based officer acts as Public Service Inspector for the Northern Territory) to be replaced by the establishment of a Public Service Inspector's Office in Darwin. The Board's aim has been to ensure that a full-time Inspector was provided as soon as the Board was satisfied that it was a justifiable improvement on the existing arrangement.

The Board has now decided to establish a full-time Branch Office in Darwin and, subject to the availability of suitable accommodation, the Office will open in August 1968.

The Administrative Arrangements Order.

The Department of Territories has explained that the Northern Territory (Administration) Act is administered by the Minister for Territories. It provides for an Administrator who is charged with the duties of administering the government of the Territory on behalf of the Commonwealth. He is required to exercise his functions in accordance with instructions given him by the Minister for Territories. There is a Legislative Council in the Northern Territory and the Minister for Territories is responsible for all

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

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

recommendations on assent or disallowance of ordinances passed by the Council. Similarly, he is responsible for making recommendations on appointments of official and non-official (i.e. not elected) members to the Council. Commonwealth Departments are not represented in the law-making body of the Northern Territory. The officer of the Attorney-General's Department who is an official member is on the Council primarily as a legal adviser and not as a functional representative of the Attorney-General.

The Act also provides for an Administrator's Council which advises the Administrator on any matter referred to the Council by the Administrator or, in accordance with an Ordinance under the Act, on any other matter. The Council consists of the Administrator, two official members of the Legislative Council (who are officers of the Department of Territories) and three other members of the Legislative Council who are appointed by the Minister for Territories.

The Department agrees that certain ordinances - for example, the Companies (Unclaimed Assets and Monies) Ordinance, the Local Courts Ordinance and the Petroleum Products Subsidy Ordinance - can be identified as having been passed by the

Legislative Council with the intent that they should be administered directly by a Commonwealth Department. There is, however, a very large area of what must be joint ground arising where an ordinance, which in the Commonwealth sphere is functionally the province of another department, relies for its content upon authorities for which the Minister for Territories is responsible. This is a necessary situation if the Government is to meet the reasonable wishes of the Northern Territory people for some participation in decisions affecting their daily life through the Legislative and Administrator's Councils and other organs for which the Minister for Territories is responsible. An example occurs in the Health Ordinance. This is administered by the Commonwealth Department of Health. At the same time, however, regulations upon which the Ordinance relies are made by the Administrator-in-Council in which the Department of Health is not represented. Moreover, there are health provisions in the Local Government Ordinance: hence the establishment of a **local authority undertaking** these functions results in the practical administration of public health in the local authority area being transferred from the Department of Health to an instrumentality for which the Department of Territories is responsible.

The Committee's finding is receiving further consideration but the situation in the Northern Territory is unique and

it is not thought that the Commonwealth Order would be of real assistance.

The essential purpose of the draft Laws Administration Ordinance was not the public notification of the distribution of functions between Commonwealth Departments (which seems to be the main purpose the Committee sees for an Administrative Arrangements Order) but the transfer of administration of certain ordinances to Commonwealth authorities other than the Administrator. As explained above, the members of the Administrator's Council, as representatives of the Northern Territory public, attach considerable importance to their having the opportunity to express an opinion on matters of government administration that affect the public. The decision not to proceed with the proposed ordinance did not alter the fact that some of the functions involved are still carried out by Commonwealth Departments outside the Administration. It meant, however, that action was not taken formally to designate these matters as being under the control of other Commonwealth authorities which was thought by the members of the Administrator's Council to have the effect of removing those matters completely from the influence of the Administrator and thus removing an opportunity for the members of the Administrator's Council to influence the making of regulations and administrative action.

The Department has provided the above information to show that the matter was not a straight-forward one of whether or not it is practicable to publish the distribution of functions, but had much wider implications.

437. Your Committee notes with satisfaction that the reconstitution of the Legislative Council, since 1959, involving wider representation and the elimination of the official majority, has resulted in an increasing amount of business handled by the Council and has afforded to proposed legislation a greater degree of analysis. Your Committee also commends the action taken to create a Legislation Section within the Administration to cope with the additional demands arising from this additional activity. We are concerned, however, that the recently created Administrator's Council, could, if it so desired, act as a brake upon the new-found freedom of elected Members of the Legislative Council. We are also doubtful of the wisdom of the officer-in-charge of the Legislation Section whose priorities for Legislation are determined, also occupying the position of Secretary of the Administrator's Council. (Paras. 126-147 and 176-177.)

438 Your Third Committee expressed the view that an effort should be made by the Department of Territories to rid itself of the old order under which the Territory was administered by a system of remote control. Whilst an examination of the debates of the Legislative Council would not confirm the view expressed to us in evidence that the Territory is not subject to remote control, the evidence shows that there is a close liaison between the Northern Territory Administration and the Department of Territories and that when critical decisions affecting the Territory are to be made, the Administration is represented in Canberra either by the Administrator or Assistant Administrator. (Paras. 99-105 and 176.)

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

The Crown Law Office

The Attorney-General's Department advises that it has never been satisfied that the rendering of legal service to the Darwin Council is a matter for the Department, but because of a shortage of suitable local lawyers at the time the Department agreed in 1959 to the Crown Law Officer continuing to follow the long-established custom that he should advise the Council and perform legal services for it. The basis of the arrangements was that in no case would he appear in any tribunal on behalf of the Council or the Town Clerk; that he would advise the Council and its officers of all matters relating to the interpretation and operation of the Ordinance except where there was likely to be a conflict between

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

Council's and the Commonwealth's interest; that if there was only a possibility of a conflict he would not advise the Council until he had notified the Administrator and the Administrator had indicated his agreement to the Crown Law Officer so doing; and that in all matters arising under the general law he would not advise the Council or assist in any way.

The Department has been informed by the Crown Law Officer that he and his officers have at all times endeavoured to give the best possible service to the Council. Advice or assistance has been refused only in those cases when the interest of the Commonwealth seemed to conflict with the interests of the Council.

The Darwin Municipal Council.

Local Government Ordinance

In August 1966 the Legislative Council passed an amendment to the Local Government Ordinance (No.4) 1966, recommended by the Governor-General, repealing section 353 of the Principal Ordinance and substituting therefore the following section :

"353. - (1.) A By-law that is inconsistent with a provision of an Act or of an instrument (including regulations, rules or by-laws) made under or by the authority of an Act is, to the extent of the inconsistency, invalid.

(2) Subject to this Ordinance, the laws of the Northern Territory apply within the boundaries of a municipality but where a Council makes a valid by-law in accordance with the provisions of this Ordinance and there is an inconsistency between the provisions of that by-law and those laws, the provisions of the by-law prevail.

(3) Notwithstanding the last preceding sub-section, the provisions of a by-law do not prevail over inconsistent provisions of laws of the Northern Territory made by or under an Ordinance made after this Ordinance and in which it is expressly provided or an intention appears that the last-mentioned provisions shall prevail over the by-law."

Drafting of By-laws

The Department of Territories states that although the Local Government Ordinance provides that the Administrator may cause model by-laws to be prepared, it considers that matters on which a Council may make by-laws are too numerous for it to be practical to make model by-laws on all of them. Should, however, the Council ask for by-laws on certain matters the Administration would give drafting instructions to the Crown Law Officer. Thereafter, the extent of assistance will be determined by the drawing resources of the Crown Law Office and the pressure on the Crown Law Office for the services of its drafting officers.

The Attorney-General's Department states that although the organisation of the Crown Law Office has been strengthened since the Committee's Report the drafting resources of the office nevertheless are slender. The Department comments that it is difficult to suggest how it can at the present time do more to improve drafting facilities at Darwin.

The Darwin City Council - Financial Arrangements.

The Department of Territories assumes the Committee's Finding is based on Statement No.16 which was prepared by the Northern Territory Administration in June 1964 before the present level of financial assistance to the Darwin City Council (The Corporation of the City of Darwin) had been decided.

Insofar as they affect the Commonwealth, frequent attention has been given to the financial arrangements between the Commonwealth Government and the Darwin City Council. Each year in the preparation of the annual estimates the financial assistance to be afforded to the Council in the ensuing financial year is fully examined. The present basis for assistance to the Council is :

- (a) a basic operational subsidy of \$310,000 a year;
- (b) capital grants for approved works or purchases on the basis of \$1 for each \$1 provided by the Council (amounting in 1966-67 to \$165,000);

- (c) payment in lieu of rates on Commonwealth owned houses (amounting in 1966-67 to \$39,000);
- (d) grants for bringing roads and other municipal facilities up to a reasonable condition as at 1 July 1956 (when functions were transferred to the Council) (amounting in 1966-67 to \$380,000.)

Responsible Local Government

440. Town Management Boards, comprising seven members, have been established in Katherine since 1960 and Alice Springs and Tennant Creek since 1961 to provide members of the community with a knowledge of local Government in anticipation of its establishment in those areas.
- Your Committee commend the Administration on the establishment of these Boards and trusts that as other centres of population develop the formulation of further Boards will be encouraged. (Paras. 162-169 and 180.)
- 441 As a measure to sponsor local government a Bill to provide for the levying of rates in town areas beyond Darwin was defeated in the Legislative Council in 1958. Your Committee believes that such a bill, unless accompanied by forming part of a specific proposal to establish elected local government, is an unusual and negative form of encouragement. Your
- The Department of Territories states that at political advancement talks in July 1964 between a delegation from the Legislative Council and Government Ministers (Treasurer, Attorney-General and Minister for Territories), the Government announced that any measures to enlarge local autonomy should begin by extending local government.
- A select Committee subsequently appointed by the Legislative Council to enquire into the extension of local government reported in August 1965 generally in favour of the introduction of local government at Alice Springs and recommended that the extension of local government to Tennant Creek, Katherine and other towns be deferred until they reach numerical adequacy and local government has been successfully launched at Alice Springs.
- In September 1965 the Minister informed the Legislative Council that the Government would welcome any approach by Alice Springs townspeople for discussions on establishing local government. At the same time, the legislation was amended

Committee believes that local government is an essential element in the structure of government in Australia and that the Government and the Northern Territory Administration should actively and continuously seek to promote responsible local government in the Territory. (Paras. 169 and 182.)

to provide for the election by the people of a majority of the members of the Alice Springs Town Management Board (replacing provisions for appointment of members by the Administrator). In March 1967, a further amendment made provision for the election by the Board of the Chairman and Deputy Chairman. The Government submitted a specific proposal for local government to Alice Springs Town Management Board earlier this year. The proposal is still being considered by the Board.

In 1966 a Select Committee of the Legislative Council was appointed to inquire into the proposals of a bill put forward by an elected member to provide for the establishment of Town Management Boards with enlarged powers and functions. The Select Committee recommended changes in the bill as submitted and these are being considered.

Constitutional talks were held in May 1967 between Commonwealth Ministers and representatives of the Legislative Council. The Legislative Council had requested these talks for the purpose of discussing the Government's intentions with regard to the functioning of the Legislative and Administrator's Councils. Ministers informed the Legislative Councillors that the Government has consistently certain principles in deciding how far authority can be exercised by Territory institutions. One of these principles is that there are no barriers to the extension of local government in the Territory.

The Director of Local Government and Community Services has taken up duty in the Territory. One of the purposes creating this new office was to assist the development of local government in the Northern Territory.

442. We did not undertake an exhaustive examination of the operations of each Branch of the Administration but centred our attention on the Welfare Branch and certain aspects of the Mines Branch which drew specific criticisms from Your Third Committee. We also examined certain information supplied to us in respect of the Agriculture and Animal Industry Branches. (Para. 183.)

Welfare Branch - Cattle Projects

443 Your Committee is not satisfied that a sufficiently vigorous attempt has been made to rectify two unsatisfactory features of the Welfare Branch's administration. A submission made by the Auditor-General reveals that only limited progress has been made in incorporating the Welfare Branch records within the Central Registry of the Administration, even though an administrative direction was given to this effect in 1958. Your

The Department of Territories states that the major difficulty associated with the separation of cattle projects from settlements is that to some extent the cattle projects are run by the settlement staffs and not as separate entities. The Minister for Territories has approved that annual livestock statements be prepared in respect of the four Welfare Branch cattle projects and that the complete annual financial statements need not be prepared until -

Committee is also concerned that the problem of producing financial statements in respect of two cattle projects associated with welfare settlements is recognized, but no steps have been taken to separate the projects from the settlements. We expect these deficiencies to be remedied by an early date. (Paras. 184-203 and 227-228.)

- (i) staff is obtained for clerical work on cattle project records;
- (ii) adequate supervisory staff is provided in the District Welfare Office to oversee the compilation of data; and
- (iii) there has been a physical separation of the settlement from its pastoral project.

444. The evidence relating to the Mines Branch shows that the Hatches Creek battery was not expected to re-open in the foreseeable future and was in such poor condition that it was not worthy of the services of a caretaker. Your Committee finds it difficult to appreciate why Commonwealth property has been allowed to reach such a condition. Your Committee will show interest in any future proposal that might be made that an estimated sum of £20,000 should be spent on rebuilding the battery and in proposed plans for the maintenance of the plant. Your Committee also believes that the expenditure of £36,000 incurred in establishing the Central Battery cyanidation plant may only be justified if the present recovery rate of gold continues. We will refer to subsequent Reports of the Auditor-General to ascertain the future results of the recovery process. (Paras. 204-209 and 229-231.)

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

Animal Industry Branch

The Quarantine Act 1908-1966 and the Proclamations and Regulations made under that Act are administered by the Department of Health. Officers of the Animal Industry Branch act as quarantine officers under the Quarantine Act, particularly in respect of the overseas shipment of cattle from Darwin. Special training courses on exotic diseases are conducted periodically for stock inspectors in the Animal Industry Branch.

The Department of Territories believes that in present circumstances, where Darwin is the only port of entry in the Northern Territory, one full time port inspector is able adequately to service both sea and air inspections.

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

The Civil Works Programme

447. In regard to the Civil Works Programme of the Northern Territory

The Department of Territories agrees that in the past the Department of Works

Your Committee notes that some eleven years ago the Government approved the introduction of revised programming and budgeting procedures for Commonwealth civil works and that these procedures are being fully implemented by the Northern Territory Administration. Accordingly, Your Committee is concerned to record the observation by the Director of Works, Darwin, that his Branch would like to have A, B and C Design Lists and the evidence given by a witness from the Administration that the Department of Works had not always been given sufficient information in respect of works projects. Your Committee suggests that, although the Administration is employing prescribed procedures to implement its works projects, the proposals incorporated into the annual Civil Works Programme are being subjected to such frequent amendment that the local branch of the Department of Works is prevented from producing an orderly flow of work. Your Committee feels that the situation requires early investigation by all of the parties concerned. (Paras. 235-256.)

was handicapped in its attempts to achieve an orderly work flow by the inadequate attention given by the Administration to planning individual projects and allocating priorities. These Administration shortcomings have been largely overcome but because of the amount of the works programme devoted to servicing private enterprise e.g. in the supply of electricity, it must be accepted that there are always likely to be changes in the priorities allotted up to eighteen months previously, if new enterprises make unforeseen demands for services.

In his evidence to the Committee, the Director of Works referred to the inadequate time available for consideration of design and the rush to meet contract dates. Steps being taken to ensure the complete and thorough briefing of the Department of Works on proposed works will eliminate the possibility of projects being deferred because the design is incomplete.

448. There can be little doubt that the shortage of all forms of accommodation in the Northern Territory has detracted from the area's appeal to persons considering

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

The Housing Commissioner

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

The Housing Loans Ordinance was amended with effect from 23 March 1966 changing the title "Commissioner for Housing" to "Home Finance Trustee".

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

Housing for Public Servants

The Department of Works states that the 1959 designs have been continuously under review and several different types have been constructed incorporating many improvements. The Department continues to use the basic 1959 designs because they have been successful from both the accommodation and cost aspects.

The present designs are based not only on the recommendations of the Inter-departmental Committee for the Design of Tropical Buildings but also on the research by the Department of Works over the past twenty years. The advantages listed by the inter-departmental committee are: protection against white ants; additional covered space; security; less nuisance from dust; and lower night temperatures due to less latent ground heat. Three other important factors are: greater relief from sandflies, mosquitoes and other pests; greater reception to breezes, as vegetation in Darwin seldom grows beyond the first floor level; and an experiment by the Commonwealth Experimental Building Station which proved that timber-framed construction has several advantages over brick construction. The War Service Homes design referred to by the Committee and also a new design by the Western Australian Housing Commission for the Kimberleys are similar to the Department's basic design on piers.

The Department of Works believes, therefore, that the basic 1959 designs, and the improvements made since then, have resulted in a very suitable tropical house popular with the tenants. Nonetheless, designs are being constantly varied and improved. In addition, further prototype designs, including ground level prototypes, are being developed.

Housing Co-ordination

451. Your Committee is also concerned at the failure of the Administration to draw upon the experience of the Northern Territory Housing Commission in an effort to reduce the cost of staff houses. Although it is not possible to make valid cost comparisons between different types of houses without effecting considerable adjustments it would appear that timber-framed asbestos clad staff houses are higher in cost per square than brick houses built by the Housing Commission, a circumstance at variance with the general experience of Committee Members when considering housing cost differentials in the States of the Commonwealth. The evidence also disclosed differences in

The Department of Works believes that the evidence obtained by the Committee may have given an inadequate description of the extent of the differences between the staff houses and the Housing Commission houses. The houses are designed with widely disparate objectives. The chief criterion of the commission type is low-cost, low-rental housing for low-wage non public servant groups. The staff house, on the other hand, is designed to accommodate many groups ranging to at least Class 4 professional level and must necessarily be designed on wider criteria.

The figures supplied to the Committee were : Commission House (brick on ground slab) 10.5 squares at \$790 per square; Staff House (timber

tendering practices and differences in the type of architectural services used by the Department of Works and the Housing Commission in the type of architectural services used by the Department of Works and the Housing Commission and in all the circumstances Your Committee feels that there is a strong case for the establishment of an effective and continuing liaison between the Administration, the Department of Works and the Housing Commission to ensure that minimum housing costs consistent with housing requirements in the area are achieved. (Para.313.)

frames on piers) 11.75 squares at \$902 per square. The differences in the two house types were analysed in 1964 by the Department and apart from the difference in area, the staff houses include the following features not provided in the Commission type; additional kitchen cupboards; ceiling fans; higher ceilings; hot water service; larger bath; built-in wardrobe to three bedrooms; ovens, gutters and downpipes; surface treatment to floors; additional fencing; gravel to paths and carpark area; top soil to lawn sites; and additional site works to sloping sites. The cost of the last two items can vary from nil to \$300 - occasionally more - depending on the site. The Commission has had first choice of available sites and, because of its design, selects flat sites. In addition, the tender prices for the Commission homes do not include the subsidy on bricks which, according to evidence given to the Committee, was stated to be \$10 per 1000 on a quantity of 20,000 bricks per house, i.e. \$360 per house. Depending on the site works involved the additional items mentioned above were estimated to cost from \$1060 to \$2160 per house. To bring the Commission type up to staff standard would therefore increase the cost of that house to the range \$10,060 to \$10,360 depending on the site conditions. The cost per square would then range from \$960 to \$986 compared with the staff house at \$902 per square.

The Department of Works emphasizes, however that its policy is to continue to carry out research and develop the most satisfactory means and in this connection the Department will also take note and put into effect the Committee's suggestion to establish a more formal system of liaison with the Commission.

The Committee also commented on variations in tendering practices between the Department of Works and the Housing Commission. The Department of Works states that before 1950 the field of available tenders was very limited and it was the practice to invite tenders for large groups of houses at irregular intervals. Doubtlessly, this procedure would have been aimed at attracting additional contracting potential from the Southern States. However, the contracts were won by the two or three local firms, and difficulties were experienced in obtaining speedy completion. From 1950, with the substantial increase in the works programmes for the Territory and a greater availability of work for smaller firms, the Department sought to develop this field and adopted the practice of inviting tenders for smaller groups at frequent intervals. The results were very satisfactory. Competition increased, price reductions were common and the Department is convinced that this system helped considerably in the speedy erection of houses at

reasonable prices in the period 1957 to 1964 when 591 units were constructed. A significant aspect is that despite the incorporation of additional features such as fencing, flywiring, fans, floor treatment, additional stairs, etc., and the increase in costs over the period, the cost per house has not risen proportionately.

Since the Committee's enquiry the Department has invited tenders for larger groups (thirty and forty) with tenderers having the option of bidding for the whole group or groups of ten. Prices have not varied significantly and so far the results are rather inconclusive as to whether there is any real advantage to be gained. Provided, however, that the smaller builder is not excluded and a reasonably even flow of work is made available consistent with the annual programme the Department will continue to use the system.

Hostels

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

The Department of Territories advises that a new laundry block and covered way at the Esplanade Hostel, Darwin was completed in February 1965 at a cost of \$18,000. An additional 3-story, 48-room block at the same hostel was occupied early in October 1966. The erection of a replacement block of the Ross Smith Hostel, Darwin was completed in November 1967. Erection of a second replacement block has been included in the Civil Works

Programme 1967-68. A new wing added to the Commonwealth Hostel at Katherine accommodates twenty persons.

Cyclical repairs and maintenance are carried out on the two existing hostels at Tennant Creek. The accommodation has been improved by covering the floors and the installation of hot water systems and evaporative cooling units.

A proposal for the erection of a new hostel at Alice Springs to replace Stott House and Todd House is being examined. It would accommodate both male and female staff.

Office Accommodation

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

The Department of Territories has advised that an Interdepartmental Advisory Committee on Office Accommodation has been formed. The Committee consists of two representatives from the Administration and one each from the Department of Works, Treasury and the Public Service Board.

The third air-conditioned office block (Administrative Block No.3) has been completed and is fully occupied. Blocks Nos.4 and 5 are under construction and should be available for occupation this year. In addition, a proposal is being developed for the construction of a further complex of office blocks in the Cavenagh Street area on the site currently

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

occupied by sub-standard temporary offices. From February 1966 the Commonwealth leased a modern, privately-owned office block. This building is accommodating the Taxation Branch of the Department of the Treasury, the Electoral Branch of the Department of the Interior and the Education and Lands and Survey Branches of the Administration.

At present the Administration occupies 86,000 square feet of office space in Darwin of which 23,000 square feet is sub-standard. Following the completion in 1968 of Administrative Blocks 4 and 5 which will be occupied by the Department of Works an additional 16,000 square feet of modern accommodation will be available for allocation to the Administration branches and other Commonwealth Departments. Proposals to lease additional modern office accommodation in Darwin have been approved. New premises for the Motor Vehicle Registry were occupied in December 1967 and the construction of a new building for Police Headquarters has been included in the Civil Works Programme 1967-68 at an estimated cost of \$390,000.

Financial Control - Estimates

454. The evidence relating to financial management indicates that the Administration is endeavouring to

The Department of Territories states that the need for accuracy in estimating is recognised and every endeavour

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

is made to improve performance in this respect. The permanent establishment of the Estimates and Works Programming Section of the Finance Branch, Northern Territory Administration Division, has been increased from five to eight positions. More detailed instructions have been issued on the general aspects of estimates procedures. Meetings between Branch Administrative Officers and members of the Estimates and Works Programming Section are conducted periodically to examine expenditure trends, the need for detail supporting estimates, etc. Assistant Administrators and Branch Heads meet regularly to discuss matters relevant to the Estimates.

and again enunciates that sound estimating by any Department involves the careful assessment of requirements at the time the original estimates are prepared, the provision of increased funds in the second appropriation to match changed circumstances and recourse to expenditure from the Advance to the Treasurer to meet emergency payments only. (Paras. 316-332 and 365-366.)

455. The Administration has adopted a practical approach in revising its stockkeeping and stock accounting procedures, deficiencies in which appear to have been a contributing factor to the unsatisfactory result of the 1961 stocktake. The necessity to seek the approval of the Department of the Treasury, however, to the adoption of the 1961 stocktake results as a basis upon which the subsequent stores records were to be built is a matter of concern to Your Committee particularly as such a course has been necessary previously. Your Committee will refer to future reports of the Auditor-General for any indication that further difficulties have arisen in respect of stocktaking and stores accounts. (Paras. 333-347 and 367.)

456. Your Committee notes with approval that the earlier problem of an ineffective internal audit system has been resolved and that the Auditor-General is reasonably satisfied with the performance of the internal audit programme. (Paras. 348-354 and 367.)
457. Although the Auditor-General has criticised the delay in the recovery of outstanding accounts, it does not appear to Your Committee that the fault lies with the Administration. The promptitude with which the Administration may employ legal processes in the recovery of outstanding accounts is governed by legislation and the extent to which the processes may be employed is also limited. Your Committee trusts, however, that the Administration will continue its efforts to ensure that the number of debts written-off is kept to a minimum. (Paras. 355-364 and 368.)
458. Although the control and operation of the cold store was to be transferred from the Department of Works to the Northern Territory Administration as from 1st July, 1964, the ownership of the property was to remain with the Department of the Navy. However,
- Darwin Cold Store
- The cold store at Darwin is owned by the Commonwealth. Irrespective of which Department exercises control over it, the question of transfer of ownership does not arise.
- The Department of the Navy has advised that under an agreement

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

made in August 1961 the control and administration of the Darwin Cold Store was transferred to the Northern Territory Administration from the Department of the Navy. Provisions in the agreement included that control would revert to the Navy at any time in the event of an outbreak of war involving the Commonwealth or in other national emergency, and that the Northern Territory Administration would not permit any major structural alterations to the building without prior permission of the Department of the Navy whose permission would not be withheld unless the alterations proposed would prejudice the future use of the building by the Department of the Navy. Navy considers that the conditions for the operation of the cold store are necessary under peacetime conditions.

The Department of Territories and the Department of the Navy are in agreement that the arrangement has not placed any unnecessary restriction on the administrative flexibility accorded the Northern Territory Administration in its occupancy of the cold store.

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

460. The supply of electricity to the township of Tennant Creek appears to be a problem for consideration before a joint

Business Undertakings

The Department of Territories states that the proposal for the creation of a separate authority has been re-examined. The conditions which would make very difficult the efficient operation of the business undertakings by a separate authority still exist. No change in the conditions is likely in the near future.

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

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

of an Authority to administer the business undertakings. (Paras. 369-370, 372, 374, 391-398, 427-428.)

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

Water Supply and Sewerage Undertakings

The Department of Territories is continuing to work towards the primary objective that revenue should meet all annual costs other than interest and depreciation. Charges were reviewed in 1966. There was no alteration in basic charges for water supply but excess water charges were raised from 1 July 1966.

The Housing Commission Brickworks.

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

463. In a variety of contexts the problem of staff shortages in the Territory was advanced by witnesses as an explanation for failures to achieve

The Department of Territories states that an assessment of the future brick needs for Darwin was made in August 1964 as part of the survey carried out by Professor Willett and Mr. Bills of the Department of Commerce and Business Administration, University of Melbourne. The Willett/Bills report recommends that development of a clay brick industry should be the first consideration of the Housing Commission but, if this should fail to materialise, if possible the Commission should sell its Winnellie plant for development and expansion of the laterite brickworks together with concrete brick-making by a private firm.

The Housing Commission is not in favour of disposing of its brickworks to the Commonwealth. At an appropriate time it intends to sell to private enterprise as recommended in the Willett/Bills report. The Department concurs in this policy: the brickworks is a vital adjunct to the Commission's operation and the Department does not wish to intervene in these operations.

required results or to implement desired processes. During its inquiry, Your Third Committee was informed by the Public Service Board that it might be some years before an assurance could be given that the Administration had achieved a proper level of stability and efficiency.

464. Evidence submitted during our inquiry showed that the staffing establishment of the Northern Territory Administration had increased from 518 as at 30th June 1957 to 1,096 as at 30th June 1962 and 1,453 as at 30th June 1964. By 30th June 1965, the establishment had been increased to, 1,526. Between 1957 and 1965, the proportion of the establishment filled appears to have varied between about 77 and 85 per cent. During the years 1957 to 1962, the recruitment situation in the Territory was said to have been reasonably satisfactory although there were continuing shortages of specialist officers. Since 1963, the position had, however, given the Northern Territory Administration cause for concern because Australia-wide advertisements had failed to attract suitable recruits and a difficult situation had resulted. It was stated that, in the Territory, factors such as isolation, lack of tertiary education facilities, comparatively restricted employment opportunities and climatic conditions were aggravating factors

in the staff employment situation. Over the nine months prior to our inquiry, the delay in providing houses had increased and it is significant that this period had presented the Administration with its greatest difficulty in recruiting personnel. The growth in the Administration's staff since 1957 and the continuing problems of recruitment in the Territory re-inforce our view expressed earlier, that the establishment in Darwin of a full-time Public Service Inspector's Office would be beneficial to the total administration of the area.

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

CHAPTER 4 - OBSERVATIONS

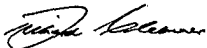
In the case of the Treasury Minute relating to the Northern Territory Administration Your Committee would invite attention to the conclusions contained in the Report and the relevant paragraphs of the Treasury Minute that apply to the matter of an Administrative Arrangements Order.

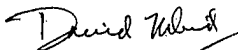
In view of the nature of the evidence received by Your Committee from the Department of Territories which, at the time of our Inquiry administered the Northern Territory, and the evidence received from the Attorney-General's Department, and having regard also to the fact that the Treasury Minute was confined to the views of the Department of Territories in relation to the matter of an Administrative Arrangements Order, we sought advice from the Department of the Treasury as to whether the relevant views of the Attorney-General's Department on the matter had been taken into account in the formulation of the Treasury Minute. We were informed that the Attorney General's Department had advised the Department of the Treasury that, subject to any difficulties that might prevent the Department of Territories setting out the structure of the Northern Territory Administration, the Attorney-General's Department agreed that the implementation of our finding would assist in publicising the responsibilities of Commonwealth Departments in the Territory. As the Department of Territories subsequently explained its difficulties to the Department of the Treasury this was accepted by that Department, in the light of the qualifications made by the Attorney-General's Department, as making it unnecessary to delay the Treasury Minute by referring the views of the Department of Territories to the Attorney-General's Department.

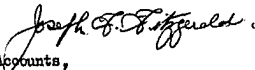
Your Committee notes from the Treasury Minute that, notwithstanding the difficulties expressed by the Department of

Territories in the construction of an Administrative Arrangements Order, the Committee's finding on the matter was still under consideration when the Treasury Minute was formulated in March, 1968. In these circumstances and having regard to the fact that Your Committee's finding on the matter in its Seventy-first Report re-iterated an earlier finding of Your Third Committee in its Thirty-sixth and Thirty-seventh Reports on the Northern Territory Administration, we believe that the Department of the Interior, which now has the responsibility for the Administration of the Territory, should explore with the Attorney-General's Department the areas of difficulty enunciated by the Department of Territories with a view to developing a formal authentic statement setting out the structure of the Northern Territory Administration and listing the Commonwealth Departments represented in the Territory with their respective functions under both Commonwealth and Territory law.

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.



30th May, 1968.