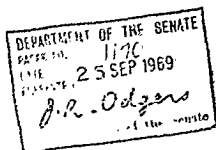


1969



THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

ONE HUNDRED AND FOURTEENTH
REPORT

THE SEVENTH COMMITTEE

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. Dobie, Esquire, M.P.

E.M.C. Fox, Esquire, M.P. (3)

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

D.J. Jessop, Esquire, M.P. (4)

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.
- (3) Resigned 26 February, 1969
- (4) Appointed 26 February, 1969

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.

JOINT COMMITTEE OF PUBLIC ACCOUNTS.

ONE HUNDRED AND FOURTEENTH REPORT

THE SEVENTH COMMITTEE

INTRODUCTION

The Eight-Ninth Report established the helpful practice of a Committee, at the end of its term, reporting to the Parliament upon its overall programme, the situation regarding work in progress and any problems which could affect the Committee appointed in the succeeding Parliament.

2. Your Committee in this Report follows the procedure adopted in 1966. Tables are included to provide relevant statistics of the Committee's operations, a classification of its reports submitted to Parliament and an updating of the classification of all Committee reports to this date, a progress statement of outstanding Treasury Minutes, and a summary of administrative items.

3. Progress has been made with the new indexing of every conclusion and finding appearing in Your Committee's Reports presented to the Parliament and conclusions appearing in the Reports of similar overseas committees. This basic research work, which is of considerable importance to the maintenance of consistency where similar principles are under consideration, has not been brought to completion due to deficiencies in the staff establishment during the past three years. Your Committee believes that this work is essential to its own efficiency of operation which must be maintained at a high level, especially when it seeks to influence the standards of administrative performance in the departments and statutory authorities.

4. The Committee's Secretariate continues to receive many inquiries for information relating to the Public Accounts field and the work of the Committee from students of public administration, various Governments and a wide range of Institutes and Organisations as well as Senators and Members of the Australian Parliament. In recent years, such inquiries have been met partly by disseminating copies of printed articles prepared by the Committee's Chairman and Secretary. It would appear advisable for

authority to be given for the publication of a booklet which would provide the type of information being sought by such a wide cross-section of the community.

5. This Report will be a further contribution in the form of a simple summary to satisfy many specific enquiries.

COMMITTEE PERSONNEL

6. The Seventh Committee was appointed on 22nd February, 1967. The members appointed at that time were:-

Chairman

R.Cleaver, Esq., M.P.(Liberal W.A.)

Vice-Chairman

Senator J.F.Fitzgerald (Labour, N.S.W.)

Senator J.J.Webster (Country Party, Vic.) F.W.Collard Esq., M.P.(Labour, W.A.)

Senator I.E.Wedgwood (Liberal, Vic.) J.D.M. Dobie Esq., M.P.(Liberal, N.S.W.)

E.M.C. Fox Esq., M.P.(Liberal, Vic.)

G.H.Gray, Esq., M.P.(Labour, Qld.)

E.W. Peters, Esq., M.P.(Labour, Vic.)

I.L.Robinson, Esq., M.P.(Country Party, N.S.W.)

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

• Senator I.E.Wedgwood, a member since the first Committee, was honoured by Her Majesty the Queen with the award of Dame of the British Empire.

• The Death of Mr. G.H.Gray, M.P. occurred on 2 August, 1967 and Mr.J.F.Cope, M.P.(Labour, N.S.W) was appointed on 23 August, 1967 to fill the vacancy.

• Mr.E.M.C.Fox, M.P. resigned on 26 February, 1969 on his appointment as Chief Government Whip and Mr.D.S.Jeseop (Liberal, S.A.) was appointed on the same date to fill the vacancy.

COMMITTEE POLICY

8. The first public meeting of the Seventh Committee was held in Canberra on 2nd March, 1967, with the Observer Departments represented by the following officers:-

Mr.V.J.W.Skermer, C.B.E., Auditor-General for the Commonwealth.
Mr. J.K.Lawrence, First Assistant Auditor-General.
Sir Frederick Wheeler, Chairman, Public Service Board,
Mr.F.C.Nordeck, O.B.E., First Assistant Commissioner, Public Service Board.
Mr.G.N.Vanthoff, Assistant Commissioner, Public Service Board.
Sir Richard Randall, Secretary to the Treasury.
Mr.J.H.Garrett, O.B.E. Deputy Secretary, Department of the Treasury.
Mr.A.Harris, First Assistant Secretary, Department of the Treasury.

9. At this first public meeting the Chairman(R.Cleaver, M.P.), on behalf of the Committee indicated the principles which would be observed and the basic procedures which would be followed in its operations.

The general statement included:-

"I wish to refer to the legislative powers of the Committee. These are quite wide. When the duties of the Public Accounts Committee were defined, great wisdom was applied in avoiding restrictive terminology which may have bound the Committee to the review of financial documents alone. We, as a Committee, will continue to interpret the Act, as have previous Committees, in the broadest sense of giving attention to any report, statement, document or procedure in which financial cost of expenditure is inherent. The Act provides for witnesses to be summoned and for documents to be produced. Evidence is to be taken upon oath and, generally, in public.

Your Committee is cognizant of the level of responsibility which the Act bestows. With a full appreciation of the members of the Public Service and the loyalty with which their duties are performed, we will pursue our task well knowing that mutual respect

should ensure a high quality of analysis and reporting to the Parliament.

We feel it wise to give some indication of the thoughts of the Committee in relation to policy. This Committee does not examine public servants on matters of Government policy. The understanding of Government policy, however, is itself essential to the effective operation of the Committee during specific inquiries as the Committee is concerned with the administrative out-workings of such policy. In these circumstances, the Committee has normally proceeded on the basis of asking public servants to outline for it the particular policy of the Government which is being administered by them. It does not ask public servants, however, to comment on the adequacy of such policies. It is not unusual to find that in the implementation of Government policy, departments and authorities develop administrative policies. In the past, the Committee has regarded this type of policy as within its purview and has examined public servants in the administrative policy field.

In our opinion, any radical change in the method of investigation and report is not required at this stage. We believe that the established procedure is satisfactory. This provides for specific documents to be prepared and submitted to the Committee. These become official exhibits and are the basis for the evidence sought in public inquiry. When, eventually, the Committee submits its report to the Parliament, the Treasurer has the responsibility of preparing and forwarding to the Committee a Treasury Minute to indicate the action taken in respect to each observation or recommendation.

I turn now to the type of inquiry upon which this Seventh Committee will employ itself. We feel that it might

be wise to say that experience has shown that this Public Accounts Committee engages really in two types of public inquiry which we though we might conveniently term vertical and horizontal. These terms may be defined easily. Vertical investigations are those where legislative authority, establishment, financial provisions, administrative organisation and methods are reviewed from top level to the lowest grade of personnel. An example, would be examination of a Government department or a statutory authority. A horizontal investigation would be one where attention is given to the ramifications of a report, a financial statement, an administrative instruction, regulation or statute. These would be therefore, 'across the Board' examinations. Examples would be the Audit Act, Budget documents, the Auditor-General's Reports, Treasury instructions and departmental spending. Your Committee would propose to follow a programme setting its own priorities of course, but engaging in a reasonably balanced selection of both types of inquiry."

PROGRAMME 1967-1969

10. Your Committee conducted Public Inquiries in Canberra, Sydney, Melbourne, Brisbane Adelaide and Perth, using Parliamentary buildings in each case. Invitations have been extended to a wide variety of public servants and community leaders to observe the Committee taking evidence, in order to extend the educational influence of the programme.

11. The tables below present the statistics relating to your Committee, and also an analysis of the type of reports presented to the Parliament by the Seventh Committee, as well as a classification of all reports presented to this date.

Table No.1

Details of Committee Activity 1967-1969.

Number of Committee Sitzings	155
" " Sectional Committee Sitzings	13
" " Sitzings for Public Inquiry Purposes	73
" " hours covered by sittings	534
" " Reports submitted to Parliament	25
" " Witnesses called for evidence	421
" " Items in Annual Estimates examined	206

Table No.2

Classification of Reports submitted to Parliament

	1st to 6th Committees	7th Committee 1967-69	Aggregate to 1969.
General Departmental Reviews	19	4	23
Specific Items of Departmental Activity	8	2	10
Form and content of Financial documents	9	-	9
Audit Act & Treasury Regulations	7	1	8
Annual Revenue or expenditure and Estimate Reviews	21	4	25
Follow-up of Auditor-General's Reports	9	4	13
Treasury Minutes on Committee Reports	12	8	20
Indices of Reports and Summary of Activity	4	2	6
	<u>89</u>	<u>25</u>	<u>114</u>

12. During the term of office under review, public inquiries have involved a diverse range of departmental and statutory authority activity. The quality of exhibits and public evidence has invariably achieved an acceptable level. In such reports submitted to the Parliament, the conclusions and findings have revealed administrative procedures, deficient in precision or efficiency

which have rightly attracted criticism. Your Committee, recognising the wide scope for inquiry amongst the 140 Commonwealth Departments, Bureaux and Statutory Authorities, has not lacked fruitful fields for inquiry.

13. The development, however, of many more Parliamentary Committees in conjunction with the continued intensification of the day to day programme of Senators and Members in this country has rendered even the slightest expansion of your Committee's programme extremely difficult. In maintaining the flow of work throughout each year and in accomplishing a reasonable volume of investigatory activity, this Committee, being a Statutory Committee requires a firm priority of allocation of time from its Members.

FOLLOW-UP PROCEDURE.

14. At the initial public meeting of your Committee the Chairman stated:-

"During the term of the Sixth Committee, our predecessor Committee, the matter of Treasury Minute procedure was re-examined in discussion with the Department of the Treasury. Long established principles were re-enunciated and refined. I am pleased to indicate that these arrangements have been endorsed by the Seventh Committee. We are grateful for the bi-annual reports that the Treasury now provides to show the progress in the clearance of Treasury Minutes outstanding in respect of reports previously submitted. The Committee believes that whilst allowances have been made for complex items it should not condone any inordinate delay in the submission of a Treasury Minute. At an early date, we would propose to have discussions with the Treasury officials in this connection."

15. The table below presents the reports for which Treasury Minutes have yet to be received according to the eleventh half-yearly report on Minutes,

forwarded by the Department of the Treasury on 29 August, 1969.

Table No. 3
Outstanding Treasury Minutes.

<u>Report Number</u>	<u>Subject</u>	<u>Date of Report</u>
84	Expenditure from Consolidated Revenue Fund for the Year 1965-66	13 October, 1966
85	Automatic Data Processing	26 October, 1966
86	Automatic Data Processing (The Bureau of Census and Statistics Network).	26 October, 1966
93	Expenditure from Advance to the Treasurer 1966-67	26 October, 1967
96	Expenditure from the Consolidated Revenue Fund for the year 1966-67	7 May, 1968
98	The Report of the Auditor-General Financial Year 1966-67	6 June, 1968
100	Expenditure from Advance to the Treasurer 1967-68	
102	Expenditure from the Consolidated Revenue Fund for the year 1967-68	
104	Commonwealth Serum Laboratories Commission	6 March, 1969
105	The Report of the Auditor-General-Financial year 1967-68	20 March, 1969
106	Commonwealth Fire Board	17 April, 1969
107	Subscriber Trunk Dialling Telephone Facilities	1 May, 1969
109	The Supplementary Report of the Auditor-General-Financial year 1967-68	22 May, 1969
110	The Australian Broadcasting Commission	28 August, 1969

16. Your Committee reports that the explanations received are satisfactory and that the present position represents a significant improvement compared with that pertaining several years ago. As at this date, Your Committee reports that it has no Treasury Minutes under consideration awaiting presentation to the Parliament.

17. This system of cyclical investigation, report, issue of Treasury Minute and then final report to the Parliament has attracted the commendation of many interested people. Your Committee believes that the rights of the Parliament are involved in this particular procedure and that constant vigilance should be applied to preserve the principle of the supremacy of the Parliament over the Administration which is inherent in the reporting of the action taken upon the Committee's reports.

ANNUAL ESTIMATES OF EXPENDITURE

18. Public references which emerge periodically relate to the possible operation of an Estimates Committee additional to the Public Accounts Committee. In this regard attention is invited to the statistical table and the number of items in the Annual Estimates examined by your Committee.

19. In Australia there has been a significant development which has brought a desirable influence on the estimating and performance pattern of all Departments. In the British Parliament an Estimates Committee, independent of the Public Accounts Committee, was established in 1912, mainly to assess whether economies could be achieved consistent with the Government policies inherent in the Estimates. Originally, it was envisaged that the Committee would devote its attention to estimates currently before the House of Commons. It was not until about 1960, however, that that Committee achieved a viable approach to its task, based on an examination of the previous year's Estimates in relation to those currently before the House of Commons.

20. In the absence of an Estimates Committee the Australian Committee of Public Accounts has demonstrated its ability under the Public Accounts Committee Act, which is far more broadly based than the terms of reference of the House of Commons Estimates Committee to make a valuable impact upon departmental estimates.

21. In this context, Your Committee has examined, each year, the expenditure performance of departments against their estimates, mainly with a view to testing their administrative efficiency of operation. In this field, the Committee's work has consistently proved to be fruitful. It would be true to say, therefore, that whilst historically the Australian Committee is based upon the Gladstonian concept of the British Public Accounts Committee, it has, in a de facto sense, encompassed under its terms of reference much of the real essence of the work undertaken by the Estimates Committee of the House of Commons.

FACILITIES.

22. At times, the existing Committee Rooms in Parliament House have proved inadequate for the purposes of Public Inquiries. Seating has been deficient for the general public whilst the lack of suitable facilities for press reporters has also been most apparent. As no suitable Committee Room was available for allocation on one occasion Your Committee faced no alternative but to take evidence in the Public Service Board Conference Suite in Civic Centre.

OBSERVER ASSISTANCE

23. In the eighty-ninth Report, Your Sixth Committee paid tribute to the assistance given by the three Observers- the Auditor-General, the Public Service Board and the Department of the Treasury. Your Committee's programme over the past three years has continued to make heavy demands on the services provided by the observers and we would place on record our sincere tribute for their helpful advice and guidance which has greatly enriched our work.

STAFF

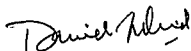
24. The research, conduct of public inquiries, assistance with report preparation and general servicing of Your Committee continues to represent a heavy demand upon our staff. Apart from an inadequate staff structure, significant difficulties have also been experienced in the filling of positions on the establishment. Your Committee believes that its secretariat structure must be brought to an adequate level and composition if it is to continue to make a sustained impact in its area of responsibility on behalf of the Parliament.

25. Due to the problems of the staff establishment to which reference has been made, the burden of administration has fallen heavily upon Your Committee's Executive Secretary, Mr. David N. Reid and Project Officer Miss C.I. Fleming. Your Committee, in paying a well deserved tribute to the staff members wishes the Parliament to know that the effectiveness of its work is largely dependent upon the dedication and efficiency of its secretariat.

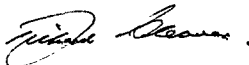
CURRENT WORK

26. Your Committee's programme of work was designed to enable Reports to be presented on all inquiries conducted. The unexpected early rising of the Parliament, however, coupled with the staffing difficulties referred to, has precluded reports from being presented in connection with our Inquiry into the Department of Shipping and Transport and our inquiry into expenditure from the Advance to the Treasurer and the Consolidated Revenue Fund for the financial year 1968-69. While the inquiries relating to both of these matters have been completed, the reports concerned must, reluctantly, be referred to our successor Committee in the Twenty-seventh Parliament.

For and on behalf of the Committee,



David N. Reid,
Secretary,
Joint Committee of Public Accounts,
Parliament House,
Canberra, A.C.T.
23 September, 1969



Richard Cleaver,
Chairman.

