1970

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

ONE HUNDRED AND SEVENTEENTH REPORT

TREASURY MINUTE ON THE ONE HUNDRED AND TENTH REPORT

TOGETHER WITH A

SUMMARY OF THAT REPORT

Printed by Authority by the Government Printer of the Commonwealth of Australia

17066/70

JOINT COMMITTEE OF PUBLIC ACCOUNTS

EIGHTH COMMITTEE

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The Senate and the House of Representatives appointed their Members on 25 November, 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.

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CHAPTER 1

INTRODUCTION

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

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 ONE HUNDRED AND TENTH REPORT

THE AUSTRALIAN BROADCASTING COMMISSION

On 24 February 1970, in accordance with the arrangements relating to follow-up action on Your Committee's Reports, the Treasurer conveyed to the Chairman a Treasury Minute which reported the action taken on Your Committee's One Hundred and Tenth Report.

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

Summary and Conclusions

379. Your Committee's inquiry under Section 8 of the Public Accounts Committee Act 1951-1966 into the Australian Broadcasting Commission stemmed from remarks made by the Commission in its Thirty-fifth Annual Report for the financial year 1966-67. In that Report the Commission drew the attention of the Parliament to some of the difficulties under which it was working, particularly those relating to its accommodation which, it claimed, impeded effective supervision and control of its staff. At the same time, however, Your Committee took the opportunity to examine the operations

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of the Commission in the wider context of its total administration.

380. The evidence shows that while Commonwealth control of Wireless Telegraphy in Australia was established in 1905 it was not until 1932, when the Australian Broadcasting Commission Act came into operation, that the Commission was formed. Although technical services were to be provided by the Postmaster-General's Department, the provision of studios and all other buildings was to be the responsibility of the Commission and the national broadcasting service was to be financed by a share of the radio license fee which at that time amounted to $2.40 per radio set.

381. In 1936, following a survey of its administrative arrangements, the Commission established specialist departments in the areas of Programme, Music and Drama with Commonwealth wide responsibilities. In 1936 subscription concerts were inaugurated and in 1937 the News function became a Federal department in its own right. By 1938 the Commission had established a network of two national stations in each State Capital, an event which resulted in the

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introduction of the dual network relay system of interstate or light and national or serious programmes planned on a federal basis. In 1939 the Commission commenced the publication of the "A.B.C.Weekly" to provide listeners with full details of broadcast programmes. In the following year, 1940, the Australian Broadcasting Commission Act was amended and the Commission's share of licence fees was reduced from $1.20 to $1.00 per licence. This reduction was said to have had severe repercussions on the finances of the Commission.

382. The activities of the Commission received a new impetus during World War II. The Commission's staff increased from about 500 in 1939 to more than 1,100 in June 1946, while the twelve original radio stations had increased to twenty four and the operating time of stations had increased by more than 124,000 hours. During the war years, 20 per cent of programme time was allotted to the war effort and war correspondents were appointed to the war zones. In addition, a Commonwealth-wide news bulletin was provided three times daily through National and Commercial radio stations, made available on relay lines provided

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by the Postmaster-General's Department. A further war-time development which has continued into the post-war period was the establishment of Radio Australia in 1939. During the war, Radio Australia transmitted home news to Australian servicemen overseas and maintained contact with the peoples of countries under Japanese occupation.

383. In 1942 a new Australian Broadcasting Act came into operation. This Act provided for both National and Commercial stations; it provided for State Advisory Committees to be appointed to advise the Postmaster-General; it obliged all stations to broadcast a minimum 2½ per cent of Australian music and it created a Parliamentary Standing Committee to investigate matters referred to it by Parliament or by the Postmaster-General. The Act also restored the $0.10 per licence fee to Commission revenue.

384. From 1942 until 1947 the Parliamentary Standing Committee conducted investigations and reported on a wide range of matters. Following a statement in March 1946 by the Chairman of the Commission that to effectively carry out its Charter, the Commission's share of

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licence revenue should be increased to $1.50 for each full fee broadcast listener's licence, the Government appointed a Committee in July 1947 to examine the financial and administrative structure of the Commission. In March 1948 that Committee reported that while some savings could be effected in the Commission's organisation, it was clear that the Commission could not meet its financial obligations under the Act and that its activities must be curtailed substantially or its revenue increased. Subsequently, a Cabinet Sub-Committee recommended that the Commission should in future submit estimates to the Parliament and that appropriations should be made on the basis of these estimates in lieu of revenue received from licence fees. These recommendations were later incorporated in a new Broadcasting Act in 1948.

385. In June 1949, following a report by the Broadcasting Control Board, the Government decided to introduce a National television service and in October 1950 a Committee was appointed to make recommendations in relation to the proposed service. The Broadcasting and Television Act 1956 authorised the Commission to provide technical services in television studios

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and control rooms. National television in Sydney and Melbourne was launched from temporary studios in November 1956. By June 1967 the Commission was able to report that its television programmes in 1966-67 had achieved approximately a 68 per cent Australian content. A publication featuring television programmes introduced as "T.V.News" in 1958 and now titled "T.V. Times", had, in December, 1966 the third largest sales of weekly magazines in Australia.

386. An amendment to the Broadcasting and Television Act in May 1967 increased the number of Commissioners from seven to nine. In his Second Reading Speech on the Bill on 4 May 1967 the Postmaster-General, Mr.Hulme, referred to the expansion that had occurred in the Commission's services, not only in the broadcasting field but also in the field of television - a new service which had grown to an almost nation-wide coverage of population in the space of ten years.

Organisations and Functions

387. The structure of the Commission comprises a Central Office located in Sydney, and Branch offices located in each of the remaining State Capital Cities. There are also offices located in Canberra,

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Darwin, Port Moresby and 27 Regional offices throughout all States. Overseas offices of the Commission are located in London, New York, Washington, Tokyo, New Delhi, Singapore, Djakarta and Kuala Lumpur.

388. The Commission's administration is divided into the following four divisions:-

Management Services
Programmes
News
Technical services.

In addition, there are the following seven specialist departments:

Press and Public Information
Programme Sales and Procurement
Federal Concert
Secretariat
Organisation and Methods
Publications
Radio Australia.

389. During our examination of the Management Services Division we were informed that the Controller of the Division is assisted by a Controller of Finance; a Director of Personnel; a Supervisor, Building and Planning;

The Commission has advised that while it believes that the designations in use in the Commission's service at the senior level are appropriate, a survey is being made to see whether a more standardised pattern can be evolved.

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and Superintendent, office Services; a Senior Legal Officer and a Senior Internal Auditor.

390. We noted the various designations of these officers and were informed that the differences are somewhat historical in that they have not been changed during re-organisations of the Commission establishment. In terms of salary the Controller of Finance is senior to the Director of Personnel, the Supervisor of Buildings Planning and the Superintendent of Office Services. At the time of our inquiry the Commission was reviewing designations. Your Committee believes that such a review should be completed as quickly as possible and appropriate designations introduced in all of the Divisions and specialist departments.

391. At the time of our inquiry, the Programme Division of the Commission comprised five departments-Radio and Television Programmes; Radio Programmes; Television Programmes; Programme Services and a Publicity Department. This structure was established in 1965 to ensure that unnecessary duplication or overlapping of functions did not occur within the Division. Further

The Commission's officers are proceeding as expeditiously as possible with their current review of the organisation of the Programme Division in all States. The Commission has stated that the nature of radio and television programme-making is such that the organisation will always be subject to change to meet new types of programme activity and the structure of all A.B.C. Divisions is reviewed regularly.

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surveys have been conducted since 1965 however, and at the time of our inquiry a major examination was being made of the Programme Division in all States. In view of the importance of this Division to the operations of the Commission Your Committee considers that its efficient and economic organisation should be reviewed on a regular basis and that the completion of the major examination of the Division in the Commission's State offices should be treated as a matter of urgency.	
392. With regard to the content of programmes witnesses emphasised the acceptance by the Commission of the need to deal fairly with all controversial and moral issues in so far as these affect the community. Your Committee recognises the claim made that the achievement of balance of viewpoints within a particular programme is often difficult and in some cases, impossible. However, Your Committee would have preferred a more positive assurance that an appropriate balance of viewpoints as between programmes is achievable, rather than the claim made in evidence that, over a period of time, a balance of viewpoints emerges.	

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393. The evidence showed that the Press and Public Information Department is responsible, inter alia, for the publication of the Commission's Annual Reports to the Parliament. It was noted that these reports do not contain details of the staff establishment of the Commission although these details were supplied to us in public evidence. Witnesses representing the Commission were unable to explain why such information should not be included in the Commission's annual reports. In its Eighty-third Report which related to the National Capital Development Commission, Your Committee expressed the view that in cases where statutory authorities incur the expenditure of public funds, but do not have available to them the normal commercial measurements of profitability as guides to management, an analysis of staff establishments, including the nature of changes made from year to year should be included in annual reports to the Parliament. Your Committee considers that the Commission should publish personnel statistics by State in each of its annual reports on a basis similar to that provided by the National Capital	The Commission has advised that details relating to the staff employed by the Commission will be published in all of its future Annual Reports to the Parliament beginning with the report for 1969-70.

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Development Commission in its Report to the Parliament for the year 1966-67.	
394. During our inquiry we examined in detail the nature and operations of the Secretariat Department of the Commission. That Department is required to provide high level administrative assistance to the Senior Management Group, including the processing of correspondence directed to management; the provision of advice to the General Manager and the Senior Management Group and generally to deal with any matters referred to it by that group. It is also responsible for the servicing of the Commission by the provision of information for Commission meetings and the conduct of research. Notwithstanding the apparent value of this Department to the top management of the Commission and the inclusion of the important research function within its duties, we noted that tertiary qualifications are not specified as a requisite for appointment to any position in the Department, although tertiary education was stated to be preferable in the case of the position of the Head of the	Action is being taken by the Commission to examine the qualification requirements of the positions on the establishment of the Secretariat Department.

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Secretariat. Your Committee believes that, in view of the functions of the Secretariat Department, particularly in its advisory and research roles, the Commission should examine critically the qualification requirements of the positions on the establishment of that Department with a view to strengthening its capacity.	
395. The evidence indicates that an Organisation and Methods Department has been in operation within the Commission since 1952. In 1967, the Commission appointed a firm of management consultants to examine the matter of possible increased efficiency and reduction of costs by a greater integration of staffing and operations in its Queensland Branch Office. The financial statements of the Branch Office were also investigated by the Management consultant. New procedures were subsequently introduced which were said to have resulted in a reduction by 40 to 50 per cent in documentation procedures. In view of this result, Your Committee believes that the Commission could, with advantage, examine the adequacy of the duties performed by its own Organisation and Methods Department.	The Commission has commented that the Committee was apparently under the impression that, because substantial savings were achieved by the engagement of a firm of private management consultants, the work performed by the Commission's own Organisation and Methods Department should be examined as regards its adequacy. The Commission has pointed out that its own Organisation and Methods Department contributed substantially to the success of the investigation undertaken by the firm of private management consultants. The Commission maintains that without the help of the Commission's own staff, the management consultants could not have brought their investigation to a successful conclusion and that the assistance of the Commission's officers was fully recognised by the consultants. The Commission has also advised that in the past, the Organisation

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Your Committee also believes that the results of the survey conducted in Queensland should be applied without delay to the Branch offices of the Commission in the other States with a view to achieving further economies in administration.

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and Methods Department has been required to cope, not only with normal assignments, but also with the introduction of computer methods to the Commission service. To provide greater opportunity for the Department to concentrate on organisation and methods investigations, the Computer section has recently been transferred to the office of the Controller of Management Services

The Commission has advised that the results of the 1967 survey of the Queensland Office of the Commission have already been applied throughout the Commission's service in relation to the re-organisation of the Technical Services Division. Some of the other procedures adopted in Queensland have since been introduced into Western Australia and are currently being introduced into South Australia.

396. For some time the Commission has been preparing to transfer its accounting procedures and associated records, particularly in its Head Office and New South Wales Branch Office, to a computer and has been renting time on commercial equipment for this purpose. At the time of our inquiry a decision

In a minute to all Commonwealth Departmental Heads dated 13 October 1961, the Chairman of the Interdepartmental Committee on A.D.P. suggested that "consideration be given by each Permanent Head to appropriate action to bring this Service" (i.e. the Committee's A.D.P. Information Service which is located

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had not been taken in respect to the purchase of a computer. In 1961 the interdepartmental Committee on Automatic Data Processing requested all permanent heads of Commonwealth departments to bring under the notice of the various organisations and commissions with which they were associated, the fact that the Committee had been established. However, apparently due to an oversight, the Commission was not advised by the Director-General of Posts and Telegraphs of the services available through the interdepartmental committee and consequently it had not been directly in consultation with the Committee. Subsequently, the Commission discussed its automatic data processing activities with the Management Services Division of the Public Service Board and was advised that although statutory authorities would not of necessity be required to consult the interdepartmental committee, the Commission had nevertheless followed the spirit of co-operation with that Committee by maintaining a close liaison with the Public Service Board. Your Committee believes that the oversight on the part of the Postmaster-General's

within the Public Service Board Methods Section) "to the notice of any Commonwealth Board or other body which is associated with, but outside the strict ambit of, his Departmental purview." The Postmaster-General has advised that enquiries within his Department, and inspection of papers on this subject, indicate that such advice was not, in fact, made to the Australian Broadcasting Commission nor given to the Overseas Telecommunications Commission or to the Australian Broadcasting Control Board. He has also advised that this oversight is regretted and a copy of the 1961 minute mentioned above has now been forwarded to each of the bodies in question, together with an offer for the Assistant Director-General (A.D.P.) within his Department's Headquarters Administration to assist with any dealings that may be thought necessary with the Interdepartmental Committee.

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Department should not have occurred and, but for the fact that the Commission had consulted the Public Service Board indirectly in relation to the development of automatic data processing, could have resulted in the Commission being denied access to the expert advice of the Board in this important matter.	

Buildings

397. In its thirty-fifth Annual Report (1966-67) the Commission, in drawing the attention of the Parliament to some of the difficulties under which it works, referred to an urgent need for new buildings in Adelaide, Sydney and Melbourne.

398. In evidence it was claimed that the Commission has found it impossible, except in Canberra and Perth, to consolidate its radio and administrative operations. It also claimed that apart from its Perth complex, it had been unable to develop accommodation plans. The reasons for this have included technological changes, availability of finance, the second World War and subsequent interdepartmental control of Commonwealth building. It was claimed that the Commission's staff, in cities

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other than Perth and Canberra, is housed in a variety of buildings, many held on lease, and dispersed over a wide area. By modern standards many of the studios were said to be outmoded, in constant need of repair and unable effectively to provide what is now required for radio broadcasting. The Commission is firmly of the view that large scale television production should be separated physically from radio production in Sydney and Melbourne but that in other capital cities the interests of economy and efficiency will be best served by grouping all activities on the one site.	
399. Details of the properties presently occupied by the Commission in the State capitals, and its plans for improving its accommodation in those cities are set out in Chapter 4 of this Report.	
400. During the course of our investigations we inspected the Commission's newly-constructed, integrated complexes in Perth and Canberra and its present accommodation in Adelaide and Melbourne.	

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401. In Perth, the Commission is accommodated on a single site at Rosehill comprising a quartet of buildings, one for radio administration which includes a series of network and specialist studios .There is a television building which incorporates a studio of approximately 1,500 square feet together with associated services and technical areas. The administrative building provides accommodation for engineering and production facilities staff. The main building incorporates an orchestral studio and provides accommodation for the Western Australian Symphony Orchestra. The studio is also utilised for school and public concerts in which the Commission's orchestra and many of its musicians are featured. Your Committee was favourably impressed by the hight standard of accommodation provided for the Commission on this site and also on the site at Northbourne Avenue in Canberra.	
402. By comparison with the position in Perth and Canberra, the Commission's accommodation for radio and administration in Adelaide, which we inspected, can only be described as deplorable. The administrative headquarters,Broadcast House,located in Hindmarsh Square is a	

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very old building, originally a coach-house before being converted into a garage. At present, offices are located in what was formerly the gallery of the garage and many offices, some with substandard ceiling heights, are wholly enclosed in the centre of the building, thus giving rise to acute ventilation problems. Accommodation leased by the Commission in Adelaide comprises Football House, a small office in the I.O.O.F. Buildings in Gawler Place, office accommodation in the O. and G. Building, Hindmarsh Square and the Star Theatre, a cinema at Norwood which was renovated to accommodate the Symphony Orchestra. While the leased accommodation was found to be of a somewhat better standard than the property owned by the Commission it was also found to be fundamentally unsatisfactory in terms of the reasonable needs of the Commission. On the basis of the evidence and the inspections made, Your Committee accepts the claim that staff morale and effort have been adversely affected over the years by discomfort and deficiencies in the working environment of the Adelaide buildings.	

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403. During our Hearing in Adelaide we noted that in 1962 the Department of Works had made a comprehensive report relating to fire protection in connection with the Hindmarsh Square Building. That report had stressed the completely sub-standard level of the whole premises from the viewpoint of fire protection and construction. While some of the recommendations emanating from that report had been implemented, we were disturbed to learn that a senior witness representing the Commission was unaware that the report had been produced by the Department. Also, shortly before our inquiry, the Commission requested the Postmaster-General's Department to inspect and advise it on fire protection in the Hindmarsh Square building. Recommendations were made in respect of the placement of additional fire extinguishers and the introduction of a warning bell system. Two additional fire extinguishers have since been installed, several exits have been cleared and other exits have been opened but, at the time of our inquiry the introduction of a warning bell system was under consideration. In view of the	The Commission has advised that following the Committee's inspection of the Hindmarsh Square premises, the South Australian Fire Authorities (whose requirements the Commission are obliged to observe) were invited by the Commission to inspect the premises and to recommend what protective measures should be taken. When their report was received, the Department of Works was authorised to undertake the necessary installation of sprinklers, smoke detection services, alarms, etc. This work has now been virtually completed. The members of the Commonwealth Fire Board visited the premises after the inspection by the State authorities and the Department of Works has been authorised by the Commission to complete the additional work recommended by the Fire Board.

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lengthy consideration that has been given to fire protection in the Hindmarsh Square building, Your Committee believes that the whole matter of fire protection should be investigated as a matter of urgency by the Commonwealth Fire Board and the findings of that Board should be acted upon by the appropriate authorities.	
404. The Commission's radio and administration accommodation in Melbourne, which we inspected, comprises Broadcast House and Waverley Court in Melbourne and Majella House in St. Kilda. In addition to these properties the Commission has under lease Cyclone House, the C.M.L. Building and a concert box office in Melbourne, Tytherley House in St. Kilda and the Waverley Theatre at Waverley. On the basis of the evidence submitted and the inspections made it is clear that while the accommodation available in these buildings is of a higher standard than that available to the Commission in Adelaide it is inadequate in relation to the Commission's reasonable needs. In particular, the geographical spread of the buildings occupied in a closely populated city and inner suburbs	

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undoubtedly creates problems of staff mobility and adds considerably to the Commission's costs.	
405. The Commission's problems in Sydney centre on the need to consolidate its operations, at present dispersed over 22 buildings, to improve existing accommodation where necessary, to replace dilapidated studios and to ensure the continuity of radio transmission. It appears that the key to the Commission's planning in Sydney is a proposal of the New South Wales State Government to widen Willaim Street and construct a tunnel under King's Cross.	
406. While the Head Office of the Commission is located in Sydney in accommodation that was said to be excellent, Section 34 of the Broadcasting and Television Act provides that the Head Office shall be established in the Australian Capital Territory on or about a date to be fixed by the Minister. Evidently, however, no decision has been conveyed by the Minister to the Commission on this matter. Your Committee believes that the Commission might be assisted	The transfer of departments to Canberra is determined by Cabinet on the advice of the Co-ordinating and Steering Committee. As a general principle, the Government has directed that transfers of central administrations of departments to Canberra should have priority over the transfer of statutory authorities. As there are still a number of departments awaiting transfer to Canberra, it would appear that the transfer of the Head Office of the Commission to Canberra is not likely to occur in the reasonably forseeable

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greatly in the planning of its future accommodation requirements in Sydney and Canberra if the Minister were to indicate to it the likely date of transfer of its Head Office to Canberra.	future. Nevertheless, the Commission is preparing a report on this question for the consideration of the Postmaster-General.
407. The evidence shows that the Commission's buildings in Brisbane are now crowded and one leased building is inadequate. In Hobart, the Commission's radio and administrative activities are accommodated in leased premises. While this accommodation was said to be reasonable the Commission is anxious to consolidate its activities as soon as possible.	
408. On the basis of the evidence and inspections that it made Your Committee believes that the Capital City accommodation available to the Commission, particularly for radio and administration purposes, is inadequate and in many cases is seriously sub-standard. Your Committee further believes that, in the interests of efficiency, sustained and urgent efforts should be made to provide the buildings required by the Commission.	

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Works Programming

409. During most of the years between 1932 and 1949 the Commission engaged an architect to undertake the planning and construction of its building programme. In 1949, however, following the recommendations by the Fitzgerald Commission that the Commission should be financed through appropriations rather than by license fees, the Postmaster-General determined that in future the Department of Works would carry out construction work for the Commission.

410. It was claimed in evidence that the system under which the Commission is required to undertake its works programming is basically inflexible although some improvement in the arrangements had been made in 1967. It was claimed specifically that the Commission is a specialised client of the Department of Works and has, in relation to many of its projects, particular problems such as acoustics and sound-proofing on which it regards itself as more expert than the Department of Works. The system under which that Department functions was said to involve many years from the planning to the completion of projects and for this reason is unsuitable

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for the broadcasting industry in which the Commission operates and which is subject to a rapid rate of technological change.	
411. We examined with Commission witnesses and Department of Works witnesses the question of whether or not the Commission would be assisted by the engagement of private architectural consultants or by the engagement of its own design staff. On the evidence it appears that the Commission would not be assisted greatly by changes in either of these directions. In general, however, it appears to Your Committee that the Commission would be assisted materially in its works programming arrangements if it were to consult the Department of Works at the earliest possible stage in the formulation of its works proposals.	The Commission is working in close collaboration with the Department of Works on forward building plans to meet its building requirements progressively over the next ten years. The Department of Works has advised that upon receipt of firm briefing requirements from the Commission and provided the appropriate approvals have been obtained, it will commence the design and planning of any capital works required by the Commission.
412. The evidence shows that in recent years the Commission has had the benefit of assistance from the Department of Works' Bank Unit. This unit was established some years ago to undertake work for the Commonwealth Bank of Australia. While it still performs this function for the Reserve Bank of Australia and the Commonwealth Banking Corporation, it had	Arrangements were completed in January 1969 for the Department of Works Bank Section, located in Sydney, to handle all Commission works estimated to cost over $7,000 irrespective of the location of the project. The Department of Works has advised that it would welcome at all times the

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the capacity, when television was introduced in Australia, to process the major television complexes in New South Wales and Victoria. The Bank unit also played an important part in the development of a very satisfactory building for the Commission in Perth. We understand from the Department of Works that the Bank Unit is available to assist the Commission with its future works programme and we trust that the Commission will avail itself fully of the services of that unit.	closest collaboration and consultation with Commission officers in the earliest stages of a project and this extends even to the initial stage- the preparation of the Brief.
413. In the context of the problems raised by the Commission we noted the assertion made by a Commission witness that in recent years the Commission has attempted to implement too large a programme without proper planning, in an environment of rapid technological change. We found some support for this thesis during our examination of the expenditure results relating to capital works and services on the Commission's television studios for the financial years 1965-66 to 1967-68. While a number of factors contributed to shortfalls in expenditure during those three years, it is evident that on several occasions the Commission had found it necessary to	

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re-examine its requirements. In the case of expenditure on the Collinswood, S.A. project in 1967-68 in particular, the Commission admitted that it must accept much of the responsibility for the delay that occurred in the construction of the building, through failure on its part to co-ordinate properly its requirements and through delays in getting its requirements properly clarified by the sections of its administration involved in the project.	
414. In these circumstances Your Committee notes with satisfaction the Commission's proposal to establish a central planning unit to co-ordinate the efforts of its building section and provide it with control, co-ordination and forward planning. Your Committee believes that the establishment of this unit is long overdue and is a matter of considerable urgency.	The Commission has advised that a central planning unit is being set up.

Financial Administration

415. A large part of our examination of the finances of the Commission was directed to obtaining information concerning details of its cost elements and the factors that have affected its cost trends in recent years. Much of this information has been set out in Chapter 5 of this Report.

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416. In regard to financial information published by the Commission our examination of the Commission's annual reports to the Parliament in recent years showed that while a comparison of receipts and expenditure for two successive years is included in each Report, appropriate explanatory comment on variations in expenditure in successive years tends to be meagre in most cases and absent in others. While Your Committee recognises that the Commission operates, in a competitive environment with commercial radio and television organisations, it believes that, as the Commission is almost wholly financed from Parliamentary Appropriations, it should provide in its annual reports to the Parliament as much information as possible regarding the factors that have given rise to variations in its level of expenditure from year to year.

417. The evidence shows that the dissection between radio and television that had been maintained in the estimates of expenditure and in the Commission's annual statements of Receipts and Payments until 1960-61 was abandoned from 1961-62 in favour of an expenditure dissection that included the integration of radio and

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The Commission has stated that an analysis of variations in the level of expenditure is taken out every year at the time of the preparation of its estimates; again at the time of the half-yearly review and also at the end of the financial year. Full documentation of these variations is always supplied to the Treasury with the Annual and Additional Estimates. In future, the more significant of these variations will be included in the Commission's Annual Report to the Parliament by way of supplementary information to the tabular presentation of the Commission's receipts and payments under the headings approved by the Treasurer.

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television payments. It was stated that as television developed, the form of the Commission's estimates had proved unsuitable as it necessitated the dissection, on an arbitrary basis, of a number of items of expenditure under various headings between radio and television. This was said to have caused confusion in the allocation of expenditure and to have made budgetary control of funds difficult.

418. While we obtained from the Commission a detailed analysis of administration expenses for the years subsequent to 1960-61, an adequate analysis of programme expenses was impeded by the inability of the Commission to provide a full dissection of its direct operational expenses between radio and television. In each of the three years 1964-65 to 1966-67, integrated radio and television expenditure comprised about twenty nine per cent of direct operational programme expenses. The evidence shows that the feasibility of allocating programme overhead costs to particular programme projects has been under consideration by the Commission for some time and the opportunity has been taken during the investigation of the Queensland Branch to seek the views of the investigating

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At the time the Committee was examining the Commission's witnesses, the Committee was provided with a complete breakdown of the "direct" costs of each individual programme during one year. These direct costs included such expenses as artists fees, wardrobe expenses, staging costs, etc. The Commission has advised that a system of allocating some of the "indirect" or programme "overhead" costs, such as use of studios, outside broadcast vans, etc., has since been developed in Queensland; has also been implemented in Western Australia and is about to be introduced into South Australia. The feasibility of allocating all studio staff and other overhead costs in New South Wales and Victoria, where the major television production activity is

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management consultant on the matter. The consultant had recommended that salaries of programme officers, producers, floor managers and script assistants should be treated as programme overheads as it was not possible to relate them specifically to particular productions. The management consultant had also recommended that salaries and certain other costs should be charged to individual productions on the basis of hourly rates. At the time of our inquiry a method of effecting these recommendations was being evolved by the Commission. Your Committee believes that the development by the Commission of a satisfactory system of programme unit costing along the lines recommended by the management consultant is a matter of urgency if programme producers are to make adequate cost comparisons of the methods available to them for programme production.	concentrated, is still being examined by the Commission. Enquiries the Commission has made as to how other overseas broadcasting organisations are meeting this most complex problem indicate that it will take some time to determine the best method of allocating these programme overheads accurately and completely.
419. On the wider issue of programme cost integration it was put to us in evidence that under current arrangements it is difficult to make an accurate dissection between expenditure on radio and expenditure on television due to the engagement of staff exclusively on radio, exclusively on television and on both	

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radio and television. In addition, it was claimed that much of the material used is produced for radio only, some is produced for television only and there are common services available for radio and television. In this regard we note the claim made by the General Manager of the Commission that, currently, the cost of obtaining accurate expenditure dissections between radio and television could be excessive and the results achieved would not assist in the overall management of the Commission. We also note, however, his view that, should it prove possible, with the aid of computer facilities and other technology, to provide a dissection of radio and television expenditure without great cost, such a dissection should be made. Your Committee accepts this view and believes that the Commission should follow its plan to explore fully the extent to which it can use the computer facilities which it is at present developing to obtain cost analyses as aids to top management.	

For and on behalf of the Committee,

David N. Reid

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

2 June, 1970

Don Dobie

DON DOBIE
Chairman

Wedgwood