

1973

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

ONE HUNDRED AND
FORTY-EIGHTH REPORT

EXPENDITURE FROM THE
CONSOLIDATED REVENUE FUND
(APPROPRIATION ACTS 1972-73)

MR PRESIDENT,

AS CHAIRMAN, I PRESENT THE ONE HUNDRED AND FORTY-EIGHTH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE AND MOVE THAT IT BE PRINTED.

(WHEN MOTION HAS BEEN AGREED TO)

MR PRESIDENT, I SEEK LEAVE TO MAKE A SHORT STATEMENT.

(WHEN LEAVE HAS BEEN GRANTED)

HONOURABLE SENATORS WILL RECALL THAT ON 28 NOVEMBER I TABLED THE ONE HUNDRED AND FORTY-SEVENTH REPORT WHICH RELATES TO EXPENDITURE FROM THE ADVANCE TO THE TREASURER FOR THE FINANCIAL YEAR 1972-73. THE ONE HUNDRED AND FORTY-EIGHTH REPORT WHICH I AM TABLING TODAY RELATES TO EXPENDITURE FROM THE CONSOLIDATED REVENUE FUND FOR THAT YEAR AND COVERS THE REMAINING ITEMS INCLUDED IN THE COMMITTEE'S ANNUAL EXAMINATION OF THE EXPENDITURE RESULTS OF DEPARTMENTS.

IN EXAMINING EXPENDITURE FROM THE CONSOLIDATED REVENUE FUND EACH YEAR, THE COMMITTEE SEEKS TO ASCERTAIN WHETHER OR NOT THE PRINCIPLES RELATING TO THE FORMULATION OF ESTIMATES HAVE BEEN ADOPTED BY THE DEPARTMENTS UNDER EXAMINATION. THESE PRINCIPLES, WHICH ARE INCLUDED IN TREASURY DIRECTION 16/9, HAVE ALSO BEEN SET OUT IN CHAPTER 1 OF THE ONE HUNDRED AND FORTY-EIGHTH REPORT. IN RECENT YEARS THE COMMITTEE HAS PAID PARTICULAR ATTENTION TO THE ESTIMATES AND RELATED EXPENDITURE OF DEPARTMENTS. AS A POOR STANDARD OF ESTIMATING HAS WIDE RAMIFICATIONS, THE COMMITTEE HAS CONCERNED ITSELF NOT ONLY WITH EXCESS EXPENDITURE CHARGED TO THE ADVANCE TO THE TREASURER, BUT ALSO WITH THE OVER-PROVISION OF FUNDS. THE COMMITTEE HAS MADE IT CLEAR THAT SUCH OVER-PROVISIONS ARE UNDESIRABLE, MISLEADING AND PERHAPS UNFAIR TO OTHER DEPARTMENTS WHOSE FINANCIAL NEEDS MIGHT NOT HAVE BEEN SATISFIED.

1 2

AT THE SAME TIME, THE COMMITTEE HAS EMPHASISED THAT IT DOES NOT REGARD THE TOTAL EXPENDITURE OF AVAILABLE FUNDS UNDER A PARTICULAR APPROPRIATION ITEM AS AN OBJECTIVE TO BE SOUGHT WITHOUT REGARD TO OTHER IMPORTANT CONSIDERATIONS. INDEED, UNDUE EMPHASIS ON THE NEED TO MATCH EXPENDITURE AND AVAILABLE FUNDS CAN GIVE RISE TO UNNECESSARY AND UNECONOMIC EXPENDITURE AND CAN RESULT IN THE DISTORTION OF ADMINISTRATIVE PRACTICES. IN THIS REGARD, THE COMMITTEE HAS, ON PREVIOUS OCCASIONS, CRITICISED DEPARTMENTS THAT HAVE ACCELERATED PAYMENTS IN ORDER TO PREVENT AN APPROPRIATION FROM LAPSEING.

AS THIS AND PREVIOUS REPORTS RELATING TO EXPENDITURE FROM THE CONSOLIDATED REVENUE FUND SHOW, THERE ARE EXPLANATIONS FOR EXPENDITURE VARIATIONS FROM THE ESTIMATES WHICH ARE ACCEPTABLE TO THE COMMITTEE. IN THIS REPORT, HOWEVER, THE COMMITTEE HAS ALSO FOUND IT NECESSARY TO REFER TO CASES OF UNSATISFACTORY ESTIMATING, INADEQUATE ADMINISTRATIVE PERFORMANCES THAT HAVE RESULTED IN SHORTFALLS IN EXPENDITURE AND INACCURATE AND INADEQUATE SUBMISSIONS TO THE COMMITTEE. ATTENTION HAS BEEN DRAWN TO THESE INADEQUACIES WHERE THEY HAVE ARISEN.

I COMMEND THE REPORT TO HONOURABLE SENATORS.

MR PRESIDENT,

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I COMMEND THE REPORT TO HONOURABLE SENATORS.



THE PARLIAMENT OF THE COMMONWEALTH

PUBLIC ACCOUNTS COMMITTEE

PARLIAMENT HOUSE

CANBERRA, A.C.T. 2600

3rd December 1973

Mr H.C. Nicholls,
Department of the Senate,
Parliament House,
CANBERRA A.C.T.

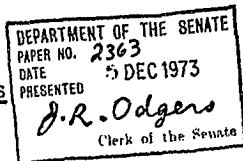
Public Accounts Committee
One Hundred and Forty-eighth Report

The Chairman, Senator R.E. McAuliffe, proposes to table the
Report on Wednesday, 5 December 1973.

A copy of the tabling speech is attached for your information.


(T. Devine)
Secretary

JOINT COMMITTEE OF PUBLIC ACCOUNTS
NINTH COMMITTEE



C.J. HURFORD, Esquire, M.P. (Chairman) (1)

SENATOR R.E. McAULIFFE (Chairman) (2)

A.W. JARMAN, Esquire, M.P. (Vice-Chairman)

Senator J.F. FITZGERALD

F.W. COLLARD, Esquire, M.P.

Senator M.G.C. GUILFOYLE

M.J. MacKELLAR, Esquire, M.P.

V.J. MARTIN, Esquire, M.P.

L.J. REYNOLDS, Esquire, M.P.

I.L. ROBINSON, The Hon., M.P. (3)

A.E. ADERMANN, Esquire, M.P. (4)

P.F. MORRIS, Esquire, M.P. (5)

The Senate appointed its members on 8 March 1973 and the House of Representatives appointed its members on 1 March 1973.

SECTIONAL COMMITTEES

(Appointed on 31 July 1973, pursuant to section 9 of the Public Accounts Committee Act 1951-1966)

Sectional Committee A

C.J. Hurford, Esquire, M.P.
(Chairman)

Senator R.E. McAuliffe
(Chairman)

M.J. MacKellar, Esquire, M.P.
(Vice-Chairman)

A.E. Adermann, Esquire, M.P.

V.J. Martin, Esquire, M.P.

P.F. Morris, Esquire, M.P.

Sectional Committee B

A.W. Jarman, Esquire, M.P.
(Chairman)

L.J. Reynolds, Esquire, M.P.
(Vice-Chairman)

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

Senator J.F. Fitzgerald

Senator M.G.C. Guilfoyle

- (1) Discharged 29.8.1973
- (2) Elected 30.8.1973
- (3) Discharged 31.5.1973
- (4) Appointed 31.5.1973
- (5) Appointed 29.8.1973

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.

ONE HUNDRED AND FORTY-EIGHTH REPORT
EXPENDITURE FROM THE CONSOLIDATED REVENUE FUND
(APPROPRIATION ACTS 1972-73)

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CHAPTER 1

INTRODUCTION

As in previous years the Department of the Treasury made available to the Committee, early in July, the preliminary figures of expenditure from the Consolidated Revenue Fund for 1972-73. Each item appearing in the Original and Additional Estimates of Expenditure was examined, and explanations in respect of a selection of items were obtained from departments and examined. Explanations in respect of 14 of these items were referred to the Sectional Committees for further examination.

2. The items selected were made the subject of a public inquiry by the Sectional Committees at Parliament House, Canberra, on:

Tuesday, 21 August 1973

Tuesday, 28 August 1973

Tuesday, 11 September 1973

Tuesday, 18 September 1973

3. The following witnesses were sworn and examined by Sectional Committee A during the public inquiry:

Department of the Capital Territory

Mr E.M. Aldons	- Officer-in-Charge (Loans and Sales), Housing Operations
Mr L.I. Crowe	- Acting Assistant Secretary, Commercial and Transport Operations
Mr B.C. Darke	- Assistant Secretary, Transport and Traffic Policy
Mr D.R. Eyles	- Director of Transportation and Roads, National Capital Development Commission
Mr L.L. Gillespie	- Assistant Secretary, Housing Operations
Mr D.M. Lalor	- Assistant Secretary, Finance and Supply
Mr K.A. Myers	- Senior Assistant Secretary, National Capital Development Commission
Mr R.A. Wilson	- Commissioner, A.C.T. Police

Department of Education

Mr M.J. Woodward - Secretary, Commonwealth Teaching Service

Department of the Northern Territory

Mr P.H. Bennett - Director of Management Services
Mr W.J.F. Hull - Acting Controller of Finance
Mr R.D. Oaten - Chairman, Northern Territory Housing Commission

Department of Services and Property

Mr C.J. Rowe - Executive Officer, Australian Electoral Office
Mr C.I. White - Deputy Chief Australian Electoral Officer

4. The following witnesses were sworn, or made an affirmation, and were examined by Sectional Committee B during the public inquiry:

Attorney-General's Department

Mr K.N. Geary - Senior Finance Officer, Management Services
Mr M.R. O'Rourke - Executive Officer, A.C.T. Police
Mr R.A. Wilson - Commissioner, A.C.T. Police

Department of Immigration

Mr E.L. Charles - Assistant Secretary, Citizenship Development

Department of Labour

Mr M. Kangan - Deputy Secretary
Mr V.J. White - Assistant Secretary, Training

5. During the public inquiry the Sectional Committees were assisted by the following Observers:

Mr E.S. Fleeer	- Auditor-General's Office
Mr S.A. Huntley	- Auditor-General's Office
Mr A.K. Ragless	- Auditor-General's Office
Mr D.J. Barritt-Eyles	- Public Service Board
Mr M.R. Sexton	- Public Service Board
Mr G.S. Davidson	- Department of the Treasury
Mr J.I. Maunder	- Department of the Treasury

6. The last date for acceptance of the Original Estimates, for Appropriation Acts (No. 1) and (No. 2), was 28 April 1972. The last date for acceptance of the Additional Estimates, for Appropriation Acts (No. 5) and (No. 6), was 5 March 1973. Appropriation Acts (No. 3) and (No. 4), which came into operation on 31 March 1973, made provision for requirements under the revised Administrative Arrangements.

7. In its examination of expenditure from the Consolidated Revenue Fund, the Committee sought to ascertain whether or not the following general principles set out in Treasury Direction 16/9 have been adopted by departments in the formulation of estimates:

- (a) Estimates for all items of expenditure shall represent a realistic assessment of the sum that is expected to be spent having regard to the information available to the department at the time of preparation. Estimates for supplies and services shall be based upon current or known costs and in no circumstances shall any provision be made for possible rises in costs. Where an item is for a type of recurring expense, e.g. office services or travelling and subsistence, it is appropriate to budget on the basis of experience.
- (b) Estimates shall not include amounts in respect of proposals which are so far from firm that it is not possible to form any real estimate of what payments, if any, will be made.

The Committee also sought to ascertain whether or not the departments concerned have maintained efficient administration in the expenditure of funds under the items selected for examination at the public inquiry.

CHAPTER 2

ATTORNEY-GENERAL'S DEPARTMENT

Division 363/2/06: Australian Capital Territory Police - Administrative Expenses - Clothing and equipment

<u>Funds Available</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
	\$	\$	\$
Appropriation Act No. 1	80,000	114,000	155,000
Appropriation Act No. 3	6,000	-	-
Appropriation Act No. 4	-	25,000	-
Appropriation Act No. 5	-	-	20,000
TOTAL FUNDS AVAILABLE	86,000	139,000	175,000
TOTAL EXPENDITURE	67,091	138,018	151,693
UNEXPENDED FUNDS AVAILABLE	18,909	982	23,307

8. The Committee was informed that the submission originally tendered in respect of this item was inaccurate: because of this, it was replaced with an accurate submission on the very day in which the Committee had intended to publicly examine the Department. The Committee decided to defer the examination of the item. The witness said that late in the week previous to the intended public inquiry into the item the A.C.T. Police had informed the Department's Central Office of the inaccuracy in the original submission, and discussions had followed.

Exhibit
148/B17,
Qs. B2 to
B4, B270
and B272,
and
Committee
File
1973/2

9. In further explanation, the witness said that, when the underexpenditure had first been queried, the Senior Clerk had been on 2 months' furlough. He had been forced to take leave because of work pressure and its effect on his health. When early in May 1973 other officers checked the state of accounts it was found that a number of orders for items of clothing, representing approximately \$23,000 in total, had not been processed. When the Senior Clerk resumed duty and was interviewed about the backlog, he produced explanations which were considered satisfactory. It appears that, in most cases, the contractors had failed to supply the items.

Qs. B270
and B271
and
Committee
File
1973/2

10. A critical factor in relation to the underexpenditure was that financial control of the A.C.T. Police, administered formerly by the Department of the Capital Territory, became the responsibility of the Attorney-General's Department on 1 March 1973.

Exhibit
148/B17,
Qs. B270
and B273,
and
Committee
File
1973/2

11. Another critical factor was the increase in numbers of the A.C.T. Police from approximately 150 to 500 over a period of 7 years. The increase in numbers was related to the growth of Canberra and marked growth in all areas of police work, especially in relation to road accidents and crime. The Senior Clerk had been unable to cope with the extra workload in the last few years. A review of the workload, undertaken since May 1973 by officers of the Attorney-General's Department, has resulted in the transfer of an extra officer from the Department to the administrative area of the A.C.T. Police. The review, which had not been completed at the time of the Committee's inquiry in September 1973, would include examination of the work of the Executive Officer, the Senior Clerk (his assistant), and the pay clerks. The witness said that earlier submissions to the former Department of the Interior for a review of administrative staff for the A.C.T. Police had had little result.

Qs. B271
and B274
to B278

12. In explanation of the additional provision of \$20,000 for this item, the Committee was informed of 4 reasons for the requirement. The first, as stated in the submission was that there was a carry over of \$12,000 from 1971-72 due to accounts being received too late for payment. In a supplementary submission to the Committee, the Department made a statement as follows:

Exhibit
148/B17,
Qs. B261
to B263,
and Com-
mittee
File
1973/2

'An investigation has been made and it is apparent that the statement that the carry over was due to accounts being received too late for payment in 1971-72 was not a complete explanation of the reason for the carry over. In fact, the \$12,000 was required to meet both claims received too late and claims against 1971-72 requisitions received during the following financial year.

Claims totalling \$4,295.63 were received in June 1972 which could not be processed in time for payment and claims totalling \$7,641.19 in respect of the previous year's requisitions were received after 30 June, 1972.'

The Department attached full details to its supplementary submission.

13. The second cause was the need for special firearms equipment to counter aircraft hijacking, to the value of \$4,000. This need became apparent to the Commissioner after his return in November 1972 from an overseas visit. The third cause was the Commissioner's insistence that every plain-clothes officer should have a uniform in his possession. It was explained to the Committee that in certain circumstances, particularly in relation to crowd control, uniforms need to be available for all officers; and during the year demonstration activity was pronounced. The cost of the extra uniforms was estimated as \$5,000. The fourth and final reason for additional funds was that search and rescue operations carried out during the year indicated a need for more adequate protective clothing and the replacement of some items of diving equipment. The witness said that the diving equipment, used in recovery of bodies and stolen property, was inspected by representatives from the Australian Navy and declared unsafe. An additional cost of \$1,500 was estimated.

Exhibit
148/B17
and Qs.
B264 to
B269 and
B279 to
B283

14. As there were savings estimated in other areas, a net additional requirement of \$20,000 was estimated.

Exhibit
148/B17

15. Two main causes were adduced for the underexpenditure on this item. In relation to the first, the Committee was informed that orders for a number of items, valued at \$14,050 in total, were processed in sufficient time to obtain delivery and make payment prior to 30 June 1973 but, despite assurances from contractors in respect of some items and the A.C.T. Police's reasonable expectation of delivery in respect of other items, either delivery was not made or claims were not received in time for payment before the close of the financial year.

Exhibit
148/B17

16. The major items for which payment was not made in 1972-73 were as follows:

Qs. B284
to B292

- Police rain-capes, priced at \$1,200, were ordered from a private firm in January 1973. A delivery time of 10 weeks was promised, but only part of the consignment had been delivered by August. The witness did not know the reason for the delay.
- Material for riding breeches for motor cyclists, priced at \$1,857, was ordered in July 1972 through the agency of the Victoria Police. Seven weeks delivery time was promised, but supplies were held up in England and were received only in August 1973.
- Other riding material, priced at \$620, was ordered on 28 March 1973, but was not received until 16 June, too late for the account to be processed before the end of the financial year.
- Police shirts, priced at \$2,420, were ordered on 16 March 1973 but difficulties ensued when the contractor was taken over by another company, and shirts were supplied eventually by a third company on 8 June, too late for the account to be processed before the end of the financial year.
- Ammunition supplies, priced at \$2,120, were ordered from the Department of Supply on 9 February 1973, but were not received until August. The witness said that it is sometimes difficult for ammunition of a particular type to be supplied at short notice, as it may not be in manufacture. The A.C.T. Police's weaponry and ammunition is often purchased as part of a parcel of purchases ordered by the New South Wales Police. The A.C.T. Police does not run into short supply as it can borrow if need be from the New South Wales Police, with which it has a reciprocal arrangement.

- . A radio unit, priced at \$600, was ordered on 18 April 1973, but was not received at the time of the Committee's inquiry in September. The delay has been occasioned by an alteration effected by the Australian Post Office to the specifications.

17. The witness said that the A.C.T. Police raised queries with suppliers in instances of delay. Discussions about delivery delays have been held with the Government Clothing Factory, a major supplier, over the years. Industrial disputes and a move to new premises have contributed to the Factory's difficulties. The witness said that the Factory's recent adoption of stock fractional fittings in preference to individual fittings could be expected to lead to a better client service.

Qs. B293 to B296

18. The second main cause of the underexpenditure on this item in 1972-73 was over-estimation by \$8,986 of the requirement in period orders. The witness explained that, if a requirement for small items is anticipated from a particular supplier, a period order is issued and purchases can be made progressively against the order, as required. Orders had been made out to the value of approximately \$11,000 to cover the purchase of consumable items for radio, photographic and breathalyser equipment.

Exhibit 148/B17 and Q. B297

19. In the case of radio equipment, an estimate of \$3,500 had been made but only \$1,078 was expended. The witness informed the Committee that period orders for spare parts had been placed by the former Department of the Interior, early in the 1972-73 financial year, with 2 private firms. The orders were, however, largely not utilised because the major equipment for which the spare parts were envisaged did not become available. (The delays in delivery of the major equipment are referred to in respect of Division 855/3/03 in Chapter 3 of this Report). In addition, there were not the demonstrations or emergencies in the latter half

Exhibit 148/B17 and Qs. B297 to B303

of the financial year which would have created a great demand on the A.C.T. Police's radio equipment and, consequently, would have meant an unusual need for spare parts.

20. The period order for photographic materials was under-expended by \$2,452. Again because of the relative lack of demonstrations or emergencies in the last 6 months of the year there was less demand for these materials than might have been expected.

Exhibit
148/B17
and Q.
B297

21. Regarding the breathalyser equipment, the witness said that 1972-73 was the first full year in which it was in operation. In the previous year, when it was introduced, it attracted great interest amongst various groups and official bodies, and lectures and public demonstrations of the equipment were arranged. The witness said that the A.C.T. Police had been anxious to display the equipment and explain its workings. The provision for 1972-73, which was \$3,400, was underexpended largely because when the equipment came into operation the demand for public demonstrations dropped. The A.C.T. Police had planned for a sustained public interest, in which case consumable items of the equipment (bubblers, mouthpieces and ampoules) would have been more largely used. In addition, the Parliamentary Joint Committee on the A.C.T. had recommended that a road safety survey should be conducted, in which the A.C.T. Police anticipated that some \$2,600 would be expended on ampoules. Because, however, the Department of the Capital Territory was unable to obtain certain equipment from overseas, the survey was not held and the A.C.T. Police, consequently, did not purchase ampoules for it. The survey had been planned for April 1973.

Exhibit
148/B17
and Qs.
B297 and
B304 to
B311

Conclusions

22. While the Committee accepts the Department's explanation in relation to the underexpenditure on this item, it desires to invite attention to the fact that the submission originally tendered to the Committee was inaccurate and was replaced on the very day on which the Committee had intended to publicly examine the Department. The Committee views the matter in a serious light and would invite attention to Memorandum 66/385 of 16 October 1970 from the Secretary to the Treasury to all Permanent Heads which relates to the preparation of material and the briefing of witnesses. This memorandum includes the following:

"Not only has the Committee the right to expect that witnesses appearing before it are properly briefed but it is in the interests of each department and the Service generally that evidence tendered to the Joint Committee of Public Accounts is of the highest quality. Written submissions and explanations should be carefully prepared and thoroughly checked for adequacy and accuracy of detail and absence of ambiguity; officers who are to appear before the Committee to give evidence should undertake sufficient research and preparation and should be thoroughly briefed to enable them to answer, with authority, any questions which may reasonably be expected on the subject matter of the inquiry.

It would be appreciated if this circular could be brought to the attention of all officers of your Department who become concerned with the preparation of written material for the Committee or are required to attend in person at future hearings of the Committee and all Commonwealth authorities whose affairs come under the administration of your Minister."

CHAPTER 3

DEPARTMENT OF THE CAPITAL TERRITORY

- (1) Division 855/3/03: Capital Works and Services - Plant and Equipment -
Australian Capital Territory - General Services

<u>Funds Available</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
	\$	\$	\$
Appropriation Act No. 2	233,300	270,500	550,000
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	-	-
Appropriation Act No. 6	-	-	-
Advance to the Treasurer	-	-	-
TOTAL FUNDS AVAILABLE	233,300	270,500	550,000
TOTAL EXPENDITURE	212,825	210,495	231,172
UNEXPENDED FUNDS AVAILABLE	20,475	60,005	318,828

23. This item provides for the cost of plant and equipment for the A.C.T. Administrative Branches, including the A.C.T. Police. Exhibit 148/A2

24. The programme provision for the item is summarised below: Exhibit 148/A2

	\$
Orders carried forward from 1971-72	49,375
New provision, 1972-73	575,961
Uncommitted provision transferred from Division 855/3/02 (Information and Public Relations), which lapsed on 28/2/1973	
	<u>3,376</u>
	<u>628,712</u>

To 30 June 1973, commitments totalled \$499,156.

25. In relation to the appropriation for 1972-73, the shortfall in expenditure (\$318,828) is summarised below: Exhibit 148/A2

	\$
A.C.T. Police	84,876
Paid Parking equipment	200,000
Woden Vehicle Test Station equipment	28,000
Proposed Phillip Store equipment	14,100
	<u>326,976</u>
<u>Less</u> Substitution made against new programme items and cost variations etc. against other items originally programmed	 <u>8,148</u>
TOTAL	<u><u>318,828</u></u>

26. The Department explained the various components of the under-expenditure, as follows:

. A.C.T. Police

27. The A.C.T. Police transferred from the control of the Department of the Interior and came under the control of the Attorney-General's Department on 20 December 1972, when the Administrative Arrangements Order was amended. Expenditure on plant and equipment for the A.C.T. Police continued under this item until 1 March 1973.

Exhibit
148/A2

28. The programme provision for this component was as follows:

Exhibit
148/A2

	\$
Orders carried forward from 1971-72	20,746
New provision, 1972-73	100,000
	<u>120,746</u>
Orders estimated to be carried forward from 1972-73	 <u>13,746</u> <u>107,000</u>

Expenditure under the item, on this component, to 28 February 1973 was \$22,124, which left \$84,876 unexpended.¹

1. \$50,000 was provided in Appropriation Act (No. 4) 1972-73, under the Attorney-General's Department, for Division 805/2/04 (Capital Works and Services - Plant and Equipment - Australian Capital Territory Police Force). This item was \$12,562 under-expend. (ns 42 and A43.)

29. The witness said that, at 28 February 1973, \$60,452 of the unexpended balance of \$84,876 had been committed. Q. A37

30. The underexpenditure on this component arose principally because delays were encountered in the purchase of radio equipment, a police motor launch and jet unit, and 10 outboard motors. The officer concerned with procurement of equipment had held discussions during 1971-72 about the technical aspects of conversion by the A.C.T. Police to ultra high frequency radio, in line with the practice of interstate police; and sightings and surveys had been conducted to ensure that the equipment would be effective over the full extent of the Canberra area. Various delays occurred in the purchasing processes, as tests had to be conducted, tenders called, approvals made and supply action taken. A further complication was the transfer of control of the A.C.T. Police from one department to another. Qs. A38 to A41

31. The purchase of a police motor launch and equipment for use on Lake Gininderra in Belconnen had been deferred temporarily, as plans for the Lake had been projected forward. Difficulties also arose when the proposed supplier of 10 outboard motors was able to provide only 4. Q. A40

32. The witness informed the Committee that the procurement workload fell on one senior technical officer, who alone in the Office was competent to prepare specifications and undertake technical discussions with staff of the Australian Post Office. Q. A40

Paid Parking equipment

33. Provision of \$200,000 was made in the Original Estimates for Stage 1 of a paid parking project expected to be implemented on 1 July 1973 in parts of the Canberra Civic Centre. The entire provision was unexpended, as follows: Exhibit 148/A2 and Qs. A44 to A47

	\$
(a) Ticket dispensers - 84 @ \$1,000 each	84,000
(b) Parking meters - 260 @ \$100 each	26,000
(c) Installation costs, including power reticulation for ticket dispensers	29,600
(d) Installation costs for parking meters	5,200
(e) Coil collection trolleys	100
(f) Civil engineering works, including baymarking, signposting, lane identification and area definition	50,000
(g) Incidental items	5,100
	<u>200,000</u>

34. Documentation of the project was completed in July/August 1972, and after Departmental approval was received the project was discussed at 2 meetings with the A.C.T. Advisory Council. The Advisory Council had a broad interest in the project and, in particular, had a direction from the Minister for the Interior to decide on parking fees. The Council accepted the principle of paid parking, and the areas recommended for its implementation (with slight modification), and decided on an initial fee. Following preliminary discussions, the design brief was forwarded to the Department of Works on 15 September. Delays at this stage of the project appear to have arisen because the Department's traffic and transport policy area was understaffed. The officer concerned with the later implementation of the project did not commence duties in this area until late August.

Exhibit
148/A2
and
Qs. A56
to A59

35. The Committee was informed that the Department had realised very early in the development of the project the need for liaison with the National Capital Development Commission: this was so because the Commission has the broad responsibility to plan, develop and construct Canberra's facilities, which the Department then operates and maintains. Detailed and constant consultation between the Department and the Commission took

Exhibit
148/A2
and
Qs. A53
to A55
and A60

place from the time of the Original Estimates, but not until 5 October did the Department request the Commission to undertake the project's physical planning and development. The Department requested that the project be completed by 30 June 1973.

36. To achieve the most effective implementation of the project the Department, on 5 October, set up an interdepartmental committee of representatives from the Department, the Commission and the Department of Works, to analyse the systems to be used and the locations. The witness indicated that this committee could have commenced its operations earlier. The committee developed contract documents for the supply of parking meters for street-use and voucher dispensers for use in off-street parking areas. The period for tenders closed on 1 March 1973. The expectation was that a period of 8 - 12 weeks would follow acceptance of the tenders, before delivery of the equipment.

Exhibit
148/A2
and
Qs. A51,
A52, A61,
A71, A72
and A79

37. After receipt of the tenders and sample machines, delays occurred as the Commission considered certain aesthetic aspects and negotiated some modifications. The witness said that the aesthetic questions arose in relation to the design of the face of the preferred voucher dispensers. A relevant consideration was the appropriate design of signs and symbols to be used to indicate voucher dispenser areas. These aesthetic questions could not have been resolved previously as details of the various designs to be proposed were not available. At this time, also, details of the location of the voucher dispensers, and other questions of layout which had not been fully developed earlier by the Department of Works, needed to be determined.

Exhibit
A148/A2
and
Qs. A73
and A74

38. Another factor in the delays arose from the need for legislation to control paid parking in the A.C.T. This need was made known in September 1972. Acting on opinion from the Deputy Crown Solicitor, action was taken for the preparation of legislation. A draft was under discussion by the Advisory Council at the time of the Committee's inquiry. There was a

Exhibit
148/A2
and Qs.
A62 and
A75 to
A77

need, too, after the receipt of tenders, for the Department to review the extent to which the meters and dispensers were capable of operation on a partnership basis, and to assess how each related to the forms of financial control.

39. The Committee was informed that, because of the unfamiliarity of Canberra residents with paid parking, the Department considered it necessary to develop special standing and pavement signs for educational purposes, and area identification symbols. These signs and symbols had been planned and developed progressively during the period in which tenders were out for the major equipment, but the witness indicated that they could have been developed more quickly. One problem appears to have been that they needed to be consistent with the information shown on the voucher dispenser faces.

Exhibit
148/A2
and
Qs. A78
and A80

40. The Department claimed that, in the event, it was not possible to let the machine contracts until 3 May, and the civil works and the electricity supply contracts until 8 June. The contract price for the total project was \$163,459. The expected month for the completion of the project was October, and it was anticipated that the entire amount of \$200,000 would be expended by the end of 1973.

Exhibit
148/A2
and Qs.
A47 to A49.
A84 and
A85

41. The meters were available for installation at the time of the Committee's inquiry, and the Department of Works held them in store. They had been paid for since the end of the financial year. The voucher dispensers were not available for installation as some required components had had to be delivered from overseas, and some of the equipment had not arrived at the time of the inquiry. For reasons made clear to the Committee the Department preferred to wait until all the equipment was available so that the meters and dispensers could be introduced simultaneously.

Exhibit
148/A2
and Qs.
A50 and
A62 to
A67

• Woden Vehicle Test Station equipment

42. Provision of \$28,000 was made for equipment to be installed in the new Woden Vehicle Test Station, which was expected to be opened in early 1974. Provision was made in the 1972-73 financial year to enable the required equipment to be purchased from the United States and held in the Station for installation during construction.

Exhibit
148/A2
and
Qs. A93

43. The witness informed the Committee that the equipment would duplicate equipment used at the Dickson Station currently. At Dickson, compulsory roadworthiness tests are done on all vehicles annually. The Department commenced work in 1970 to assess the point at which the Dickson Station would reach saturation; and a paper was prepared which proposed that an additional station would be needed to cope with increases in the number of vehicles, particularly in the Woden Valley and Weston Creek areas. Frequent and detailed discussions took place between the Department and the National Capital Development Commission.

Qs. A86
to A89
and A99

44. When the reservation for the land for the proposed Station was made, it was not known what the precise requirements would be. The Department made the precise requirements known to the Commission in March 1972. However, about 5 months later, when the Department of Works, in accordance with the Department's brief, went to prepare plans of the Station and the surrounds it was found that the land which was still available in the area of the reserved site was too small in area. Preliminary documentation proceeded nevertheless. Because another site had to be found, and as a result of concomitant delays, it was not expected that the Station could be in operation until about December 1974; and because it was feared that the equipment to be purchased in 1972-73 would have to be stored for a lengthy period, in which case it could deteriorate, the provision of \$28,000 was transferred to the original estimate for 1973-74.

Exhibit
148/A2
and Qs.
A90 to
A92

45. The witness did not anticipate a problem with delivery of the equipment, but said that, on previous experience, it could happen. 2. A93

Phillip Store equipment

46. Provision of \$14,100 was made for equipment for operation of a Parks and Gardens Depot/Store in Phillip. The equipment was, principally, 200 pallets, a sweeper, an industrial vacuum cleaner, plastic sealers and small hand trucks. In 1965-66, when preliminary plans were made for the Department's industrial facilities in the Woden Valley area, it was considered necessary to have a full store. Before completion of the store, however, an organisation and methods investigation commenced into the total supply function of the Department, and, because of a trend towards centralisation of stores, it was decided not to proceed with the purchase of the equipment. Part of the unexpended provision was offset in the purchase of other equipment. Exhibit 148/A2 and Qs. A94 to A98

Conclusions

47. It appears to the Committee that a substantial amount of the underexpenditure of \$318,828 on this item was caused by the Department's misjudging the time it takes to programme the purchase of equipment to the stage where delivery takes place and accounts can be paid. This has led the Department to the provision of funds prematurely for some items of equipment for the A.C.T. Police and the paid parking project, and for the whole of the equipment for the Woden Vehicle Test Station.

48. In the case of the equipment for the Parks and Gardens Store at Phillip, the Committee believes that consideration should have been given to the need for the Store before the amount for the equipment was included in the Estimates.

49. The Committee considers that the Department should exercise greater care in the formulation of estimates of this nature, to ensure that sufficient time is allowed to order, obtain delivery and pay for equipment for which funds have been included in the Estimates.

(ii) Division 855/6/01: Capital Works and Services - Advances and Loans - Australian Capital Territory - Loans for housing (for payment to the Australian Capital Territory Housing Trust Account)

<u>Funds Available</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
	\$	\$	\$
Appropriation Act No. 2	6,610,000	8,383,000	10,000,000
Appropriation Act No. 4	880,000	-	-
Appropriation Act No. 5	-	-	-
Appropriation Act No. 6	-	-	-
Advance to the Treasurer	230,000	-	-
TOTAL FUNDS AVAILABLE	7,720,000	8,383,000	10,000,000
TOTAL EXPENDITURE	7,720,000	7,383,000	3,800,000
UNEXPENDED FUNDS AVAILABLE	-	1,000,000	6,200,000

50. This item provides for the estimated requirements of the Commissioner for Housing in excess of moneys borrowed from other sources, for advances in connection with the erection or purchase of new residential houses or extensions to existing houses. The appropriation is transferred to the credit of the A.C.T. Housing Trust Account as required. All transactions in respect of housing loans pass through the Trust Account. These include loans to borrowers and their monthly repayments, the appropriation and six-monthly repayments, and borrowings from banks and other lending institutions (such as the Superannuation Board) and repayments. The balance in the Trust Account is kept as low as practicable.

Exhibit
148/A3
and Qs.
A101,
A102,
A124,
A144 and
A145

51. The differences between estimated and actual expenditure and receipts within the Trust Account in 1972-73 are shown below: Exhibit 148/A3

Expenditure

	<u>Estimate</u>	<u>Actual</u> <u>Expenditure</u>	<u>Variation</u>
	\$	\$	\$
Loans to borrowers	12,250,000	7,819,259	- 4,430,741
Repayments of the appropriation	3,100,000	3,323,287	+ 223,287
Repayments to lending authorities	550,000	614,487	+ 64,487
Total	<u>15,900,000</u>	<u>11,757,033</u>	<u>- 4,142,967</u>

Receipts

	<u>Estimate</u>	<u>Actual</u> <u>Receipts</u>	<u>Variation</u>
	\$	\$	\$
Repayments by borrowers	5,300,000	7,762,250	+ 2,462,250
Transfers from the appropriation	10,000,000	3,800,000	- 6,200,000
Loans from lending authorities	600,000	150,000	- 450,000
Total	<u>15,900,000</u>	<u>11,712,250</u>	<u>- 4,187,750</u>

• Loans to borrowers

52. The under-expenditure of \$4,430,741 is summarised below: Exhibit 148/A3

\$ (approx.)

Reduced commitment carried forward from 1971-72	353,400
Fewer approvals and delayed applications	2,770,000
Fewer progress payments	<u>1,307,600</u>
	<u>4,431,000</u>

53. The estimate of \$12,250,000 for loans to borrowers included an estimated expenditure commitment of \$2,290,000 for loans approved in 1971-72 but not drawn from the Trust Account. The witness said that at the end of any financial year a certain expenditure commitment is carried forward. At the close of the 1971-72 financial year a reduced amount of commitment was carried Exhibit 148/A3 and Qs. A103 to A110

forward, as the time-lag between application for a loan and receipt was eliminated in April 1972. When the estimate was formulated the time-lag had been 10 weeks or more. As a result of the elimination of the time-lag, approved loans which, at the time of the Original Estimates, had been expected to be drawn in 1972-73, were drawn at the end of 1971-72. In addition, towards the end of June applicants whose loans had been approved were pressed to draw funds within the financial year. The actual amount of commitment carried forward from 1971-72 was \$1,936,607, which was \$353,393 less than the estimated amount.

54. The estimate of the value of new loan approvals in 1972-73 was \$12,960,000 which was an amount based on 1,440 approvals at the then loan maximum of \$9,000. Past experience was the basis of the estimate. In the event, the number of new loans approved was 1,180, which comprised 940 at \$9,000 and 240 at \$12,000. The new maximum of \$12,000 was indicated in late January, and took effect on 17 May 1973. The date of effect had been expected to fall earlier but it depended on the prior passage of legislation for an increased maximum loan in respect of war service homes. Activity in the Commissioner for Housing's office was slack between late January and May because prospective applicants waited until the increased maximum loan became effective. Between 17 May and 30 June 1973 787 applications were received, i.e. about two-thirds the total number of applications received in 1972-73 and over half the estimate. Because of the bottleneck, about 220 of these applications were not processed to approval before the financial year closed. An upsurge in applications late in the year had been anticipated, but not to the extent that occurred.

Exhibit
148/A3
and Qs.
A111 to
A119

55. Payments in respect of loan approvals amounted to approximately \$2,770,000 less than had been estimated, on account of the shortfall in the number of approvals and the late receipt in the financial year of most of the applications. The Department informed the Committee that overtime was worked and efforts made

Exhibit
148/A3
and Qs.
A120 to
A123

to process the late applications in 1972-73, but indicated that very few payments were made in respect of applications received after 17 May because of the time which habitually elapses between the date of an application and the date when, after approval, a first payment is made. Where a house is to be purchased the time which elapses is usually 2-3 months, and where a house is to be built the interval is greater.

56. Another factor which the Department believed to have contributed to the under-expenditure on this item was delays in house construction. Strains on the building industry have been such that houses had taken up to 12 months to build. The demand for progress payments consequently declined in 1972-73. This accounted for under-expenditure of \$1,307,600.

Exhibit
148/A3
and
Q. A133

• Repayments by borrowers

57. The provision for receipts of \$5,300,000 from repayments by borrowers included an estimated 240 mortgage discharges in 1972-73, valued at \$1,300,000. In the event, there were 559 mortgage discharges, which totalled \$3,146,217. The consequence of the unanticipated increase was that \$1,846,217 less than had been estimated was drawn from the appropriation. A comparison table for mortgage discharges since 1969-70 is as follows:

Exhibit
148/A3
and Qs.
A127 to
A132 and
A138

<u>Financial year</u>	<u>Number of Discharges</u>	<u>Value of Discharges</u> \$
1969-70	146	950,000 approx.
1970-71	140	950,000 approx.
1971-72	284	1,836,475
1972-73	559	3,146,217

• The witness believed that one cause of the increased rate of mortgage discharges was the trend in which a number of Canberra residents sold one house to purchase another. Any Commissioner for Housing mortgages in respect of the sold houses would be discharged, and no further loan would be available. Further purchases could have been facilitated by the ready availability during the financial year of funds from the co-operative building societies and other lending institutions.

58. In addition, monthly repayments by borrowers were approximately \$616,000 more than had been anticipated. Part of the reason for this was an increase in partial discharges. The witness said also that there was a little more follow-up in 1972-73 of outstanding repayment amounts than had been the case in the previous financial year. He conceded that the estimate was not as accurate as it could have been.

Exhibit
148/A3
and Qs.
A139 and
A140

. Loans from lending authorities

59. Although provision of \$600,000 had been made for loans from lending authorities, a decision was made early in the financial year to limit borrowing to a total of \$150,000. This decision resulted in decreased interest repayments and reduced receipts to the Trust Account by \$450,000. The Committee understands that the bank borrowing rate was 6% per cent.

Exhibit
148/A3
and
Q. A143

60. The witness said that, at the time of the Additional Estimates, the Department had indicated to the Treasury that there would be a substantial under-expenditure on this item. The under-expenditure was, in fact, greater than had been anticipated at that time.

Q. A126

61. In the current year (1973-74) the estimate in respect of this item is \$18,750,000.

Conclusions

62. The causes of the shortfall in expenditure under this item were beyond the control of the Department of the Capital Territory, and the Committee therefore accepts the Department's explanation.

CHAPTER 4

DEPARTMENT OF EDUCATION

Division 235/3/01: Commonwealth Teaching Service - Other Services - Commonwealth Teaching Service Scholarships Tuition fees and living allowances.

<u>Funds Available</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
	\$	\$	\$
Appropriation Act No. 1	-	170,000	333,000
Appropriation Act No. 5	-	-	131,500
Advance to the Treasurer	-	-	-
TOTAL FUNDS AVAILABLE	-	170,000	464,500
TOTAL EXPENDITURE	-	<u>109,130</u>	<u>364,397</u>
UNEXPENDED FUNDS AVAILABLE	-	<u>60,870</u>	<u>100,103</u>

63. This item provides for the payment of fees, living allowances and other allowances to holders of Commonwealth Teaching Service Scholarships. Exhibit 148/A17

64. The Committee was informed that the original estimate for the item in 1972-73 was based on the need to provide for payment in respect of 94 scholars in training in 1972 and 300 in training in 1973. Exhibit 148/A17

65. The provision in the Additional Estimates of \$131,500 comprised \$4,000 for revised travelling allowances, \$2,500 for practice teaching for scholars in the Northern Territory, \$93,000 to cover an increase in the number of scholarships available for students in training, and \$32,000 for the provision for an annual book and equipment allowance of \$80 per scholar from the beginning of 1973. Exhibit 148/A17

66. In relation to the additional \$4,000 required for travelling allowances, it was explained that, in order to allow student teachers in training to undertake practice teaching at schools in the Northern Territory, these allowances were revised towards the latter half of 1972; and in connection with the increase in the number of scholarships available, the Committee was informed that early in the financial year the Minister agreed to increase the number of scholarships from 300 to 400. Exhibit 148/A17 and Qs. A438 to A440

67. The Committee was informed that the total appropriation of \$464,500 was intended to provide for the tuition fees, living allowances and other benefits in respect of 94 scholars in training under the scheme in 1972 and 400 in the January-June 1973 period. Although approximately 600 offers were made only 323 students accepted awards.

Exhibit
148/A17,
Q. A444
and
Committee
File
1973/2

68. One reason tendered for the shortfall of 77 students was that the Department applied fairly stringent conditions to the scholarships. Because the scholarships do not carry any bond, and having regard to the need to ensure that successful applicants could have to undertake teaching service in the Northern Territory, the scholarships (which were offered Australia-wide) were made available in respect of only those full-time courses, either at universities or at other tertiary institutions, which are specifically designed for teaching. The witness thought that this was the main reason why in many cases the offer was rejected.

Qs. A441
and A442
and
Committee
File
1973/2

69. The Committee was informed that as a result of the shortfall in the number of scholars in training the following underexpenditures occurred: \$30,800 on fees, \$40,400 on living allowances, and \$6,200 on book allowances.

Exhibit
148/A17

70. It was stated in a supplementary submission that in the previous year there were 3,301 applicants for scholarships and, following interviews with a selected number of applicants, 303 offers were made. However, the number entering training under the scheme in 1972 was only 124 and the average expenditure for fees was approximately \$400 per scholarship holder.

Committee
File
1973/2
and Q
Q. A443

71. Under this item in 1972-73 provision was made for an average of \$400 in respect of fees on behalf of each scholarship holder. In the event, however, the average expenditure on fees per scholar during the financial year amounted to only \$330. Consequently, a shortfall of expenditure of \$22,600 occurred.

Exhibit
148/A17
and Qs.
A443 to
A445

72. The average fee paid in 1972-73 was reduced considerably because a high proportion of students attended the Canberra College of Advanced Education where the average fee per scholarship holder was only \$200. Consequently the average payment per scholar proved to be lower than the 1972-73 estimate.

Exhibit
148/A17
and Qs.
A443 to
A445

Conclusions

73. The evidence shows that the amount included in the Additional Estimates was based on an increase during the year in the number of available scholarships from 300 to 400, revised travelling allowances and the provision of an annual book and equipment allowance for each scholarship holder.

74. The Committee considers that the Department should have exercised more care in the formulation of the additional estimate for this item. Having regard to the shortfall in expenditure in 1971-72 and the fact that when the Additional Estimates were being prepared there was an apparent shortfall in the number of scholars accepting the award, the Committee believes that the Department was not justified in seeking an additional amount of \$131,500 at that time.

CHAPTER 5

DEPARTMENT OF IMMIGRATION

Division 330/5/02: Administrative - Migrant Education Services - Adult migrant education programme in Australia, including part-time instruction.

<u>Funds Available</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
	\$	\$	\$
Appropriation Act No. 1	1,326,000	1,232,000	2,940,000
Appropriation Act No. 3	69,000	-	-
Appropriation Act No. 4	-	890,000	-
TOTAL FUNDS AVAILABLE	1,395,000	2,122,000	2,940,000
TOTAL EXPENDITURE	1,394,602	2,114,334	1,917,740
UNEXPENDED FUNDS AVAILABLE	398	7,666	1,022,260

75. This item provides for:

- (i) Instruction in the English language and Australian way of life to migrants living in hostels, and in the community, in continuation classes, correspondence lessons, radio and television broadcasts, part-time and accelerated courses, courses in industry and in classes conducted for special groups

- (ii) Production of a special television series in conjunction with WIN Channel 4

- (iii) The printing and distribution of teaching and learning materials.

Exhibit
148/B6
and Q.
B71

76. The components of the item on which most of the under-expenditure occurred were:

- the provision for reimbursement to State Departments of Education of expenditure incurred in the administration of the continuation classes programme, part-time and full-time accelerated classes, and the radio and correspondence course; and

Exhibit
148/B6

- the payment of living allowances to students attending full-time accelerated courses.

These components account for some 85 per cent of the appropriation.

77. In explanation of the increase from 1971-72 in the original estimate for this item, the witness indicated that the Department's switched emphasis from the continuation classes programme (instruction for 2 hours twice a week over 15 to 18 months) to accelerated courses was a main cause. In the full-time accelerated courses programme, the same instruction as provided in the continuation classes programme is concentrated into 10 weeks. Provision for living allowances for students of full-time accelerated courses and salaries for additional teachers was expected to account for the main part of the increase in 1972-73.

Qs. B64,
B70 and
B80

78. The Committee understands that the State Departments of Education are directly responsible for the day-to-day administration of the continuation classes programme, the accelerated classes programme (except for some of the full-time courses) and the radio and correspondence course. The State Departments provide the teachers, for which the Department of Immigration makes monthly reimbursement. In all respects, full co-operation between the Departments is achieved.

Exhibit
148/B6
and Qs.
B66 and
B68

79. Original estimating for the item is based on the State Departments' estimates and reports. The Department evaluates these on the basis of its knowledge of the migrant intake and enrolments and attendances at the courses, and also on the basis of discussions held with the State Departments. The Department is, however, dependent on the State Departments' assessment of local conditions and trends in particular areas.

Exhibit
148/B6
and Qs.
B67 and
B77 to
B79

80. The anticipated increase in demand for enrolment to the various courses did not eventuate. In fact, during the year, numbers of classes and students decreased slightly. For example, in respect

Exhibit
148/B6
and Q.
B79

of the continuation classes programme, an increase in 1972-73 of about 10 per cent had been anticipated over the number of classes (792) in May 1972, which was the last operative month of the programme in 1971-72. Provision was thus made for 881 classes. The monthly average, however, proved to be 745.

81. It was submitted to the Committee that one factor behind the decrease was that student enrolments were voluntary. To attract students to courses, however, the Department offers incentives. For example, living allowances are paid to students attending full-time accelerated courses, compensating them for loss of employment remuneration. At the time of the Committee's inquiry the single rate (for a person living at home) was \$31.55 per week, and the rate for a married man was \$39.55 per week plus \$4.50 for each dependent child. The waiting list for these courses was long. In general, full-time courses were preferred to part-time by better educated migrants. Although employers are sometimes reluctant to release an employee for a 10-week course, leave without pay is generally granted.

Exhibit
148/B6
and Qs.
B81 to
B87 and
B93

82. To complement the full-time accelerated courses the Department runs part-time courses (14-20 weeks) for migrants who do not want to interrupt their employment. No allowances are provided to these students. The Department is also developing a home tutor scheme, designed particularly for housewives who, for various reasons, are reluctant to attend structured schools in the community. Under this scheme, unpaid voluntary tutors - provided by interested community organisations and elsewhere - will use a special instruction kit developed by the Department to teach English within migrants' homes.

Qs. B80
and B88
to B90

83. Other factors behind the decreased demand for courses were the increased level of employment opportunities with ample overtime, and the lower intake of migrants in 1972-73 from non-English speaking countries. The intake reduction from 140,000 to 110,000 included a reduction from 50,000 to about 35,000 in non-English speaking migrants.

Exhibit
148/B6
and Qs.
B67 and
B69

The witness told the Committee that about 50 per cent of students in continuation classes had arrived in Australia within the previous 12 months, and 90 per cent had arrived within 4 years. Variations in intake thus had immediate impact on demand for courses.

84. Late in 1971 the Department transferred its emphasis from continuation classes to more accelerated forms of instruction. One reason was that the number of students at continuation classes had fallen below the desired average level (12), as a result of a proliferation of classes and student lack of interest after the first 2 or 3 months. With the co-operation of the State Departments of Education the number of these classes was reduced from 1,250 to 850.

Q. B70

85. The Committee was informed that the provision in the item for the payment of living allowances to students attending full-time accelerated courses was under-expended primarily on account of unanticipated delays and difficulties in obtaining sufficient day-time classroom accommodation.

Exhibit
148/B6
and Q.
B93

86. It had been expected that migrant education centres would be available for the conduct of full-time courses in each of the State capital cities. A centre was available in Melbourne, and one was opened in Perth, but the other planned centres were still to commence operation at the end of the financial year. By the time of the Committee's inquiry in August 1973, the Brisbane and Sydney centres had opened and the Adelaide centre was about to be opened. The witness explained that the centres had been acquired by the Department of Services and Property, on the Department of Immigration's initiative, and fitted out by the Department of Works. The State Departments of Education have been responsible for the administrative arrangements necessary for the conduct of classes, and provide the teachers.

Exhibit
148/B6
and Qs.
B65, B68,
B70, B94
and B95

87. On account of accommodation difficulties, only 22 full-time courses were commenced in 1972-73, although 70 courses had been planned in up to 15 centres. The Committee understands that the normal number of students in a course is 20, and that the 22 courses run in 1972-73

Exhibit
148/B6
and Qs.
B92 and
B96

had been full. Living allowances were required for some 450 students. The Department, however, had made provision for living allowances in respect of 1,400 students.

88. Additional under-expenditure on this item occurred in relation to education programmes in education centres in hostels. In these programmes, accelerated or intensive instruction is provided to newly-arrived adult migrants, and children at secondary school level. There are half a dozen centres in hostels in Sydney and Melbourne. Some \$161,000 had been provided for these programmes, but the actual expenditure was \$37,231 less than the estimate. The shortfall resulted almost entirely from the reduced intake into hostels of non-English speaking migrants. Because of the decreased demand for the facilities, the funds allocation for teachers' salaries and for materials, aids and equipment was under-expended.

Exhibit
148/B6
and Qs.
B72 and
B97

89. During the inquiry, the Committee expressed interest in the Department's use of welfare workers fluent in different migrant languages, and was informed that 16 or 17 welfare officers would be appointed to the Department shortly to work with migrant children in schools and, for purposes of liaison, in their home situations. Many of the Department's welfare officers, and teachers on the staff of the State Departments of Education, are bilingual or multilingual.

Qs. B91,
B92,
B101 and
B102

90. Under-expenditure occurred also in relation to courses in industry which had not been developed as quickly as had been expected. These courses normally run for 2 hours 3 days a week for 6 weeks, and the Department encourages employers of large numbers of migrant workers to run courses during work-hours. The courses have been particularly successful in Victoria, where by June 1973 30 different managements had co-operated, but unsuccessful in New South Wales. The witness said that success depended on employers' attitudes, and that it only took a couple of factories to take a lead for others to follow quickly. The success in Victoria had followed the conduct of 2 pilot projects early in 1972 in 3 selected factories in Melbourne. Courses are adapted for use in particular industries. Out of the original provision of \$80,000 for these courses, \$62,000 was under-expended.

Exhibit
148/B6
and Qs.
B72 to
B76

91. The Committee was informed that the Department's State Offices lacked the organisational structure necessary to promote the courses adequately with employers. The witness said that, consistent with the Government's increased emphasis on migrant citizenship, settlement and education, a general Departmental reorganisation, including the State Offices, was being undertaken.

Exhibit
148/B6
and Qs.
B98 to
B100

Conclusions

92. The evidence indicates a need for the Department to exercise greater care in the formulation of estimates of this kind, particularly when the expenditure is affected by the participation of State Departments. In this case the normal problems of estimating were exacerbated by the fact that a great deal of the expenditure was dependent upon the availability of day-time classroom accommodation. In view of these two factors, the Committee believes that the Department would have been well advised to formulate its Original Estimates with greater caution and to have obtained further funds, if required, from the Additional Estimates.

CHAPTER 6

DEPARTMENT OF LABOUR

- (1) Division 370/3/07: Administrative - Other Services - Training for industry and commerce (Expenses and allowances)

<u>Funds Available</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
	\$	\$	\$
Appropriation Act No. 1	-	-	338,000
Appropriation Act No. 2	-	-	-
Appropriation Act No. 4	-	6,500	-
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS AVAILABLE	-	6,500	338,000
TOTAL EXPENDITURE	-	6,418	91,173
	<hr/>	<hr/>	<hr/>
UNEXPENDED FUNDS AVAILABLE	-	82	246,827
	<hr/>	<hr/>	<hr/>

93. The purpose of this item is to provide funds for various expenses associated with the implementation of Government policy to encourage development and improvement of training at all levels and in all fields of industry and commerce.

Exhibit
148/B7

94. The witness said that a programme for the overall improvement of training in Australia was in course of development at the time of the Original Estimates. There were 3 parts to the programme - provision of opportunities for persons whose employment had been adversely affected by events outside their control, and for persons who had left the workforce and wished to return; training of skills, primarily to apprentices; and encouragement to industry in general to improve its training efforts. This item relates to the third part of this programme.

Q. B105

95. In 1972-73, provision and expenditure under the various components of the item were as follows:

Exhibit
148/B7

	<u>Provision</u>	<u>Expenditure</u>
	\$	\$
(a) Scholarship holders' allowances and travel costs	73,000	58,462
(b) Preparation of courses for supervisors and instructors	20,000	Nil
(c) National Steering Committee for promotion of the training function in industry and commerce	20,000	7,672
(d) Training of training officers and instructors in outside institutions	125,000	5,403
(e) Employment of manpower development officers by industry organisations	100,000	15,127
(f) Miscellaneous	-	4,509 *
	<u>338,000</u>	<u>91,173</u>

* With the approval of the Treasury, this additional expenditure was incurred for small miscellaneous costs.

96. The nature of the components, and the under-expenditure in relation to them, is summarised below:

• Scholarship holders' allowances and travel costs

97. The scholarship scheme for Training Officer training was introduced to provide a pool of uncommitted, qualified Training Officers for employment by industry employer organisations and firms. It is desirable for these scholarship holders to have a university degree and some experience in teaching or training, but no minimum conditions are laid down. For a maximum period of 12 months these persons undertake the Department's full-time Training Officer Training Course, and receive an allowance. The trainees subsequently receive further guided experience within the Department. During this time they are expected to seek employment as manpower development or training officers, particularly with employer organisations, with a function to advise management on arrangements for staff training.

Exhibit
148/B7
and
Qs. B106
and B107

98. Up to 4 places are made available on each training course and in 1972-73 4 courses were run. The estimated requirement of \$73,000 was made on the assumption that 16 scholarships would be awarded, and it was expected that most of the trainees would hold their scholarships for a full 12 months. The estimate also made provision for 3 scholars who completed courses in 1971-72 to undertake subsequent training in the first half of 1972-73.

Exhibit
148/B7

99. The principal reasons for under-expenditure were as follows:

Exhibit
148/B7

- (i) Of the 3 scholars who were to undertake subsequent training in the first half of 1972-73, 2 found employment much earlier than expected;
- (ii) Only 14 scholarships were awarded in 1972-73, because the quality of applicants was considered to be of not sufficient standard to sustain a full complement, and also because one person who was offered a scholarship withdrew when it was too late to replace him;
- (iii) One scholarship holder who completed a course and who was expected to undertake subsequent training accepted a Literary Fund Scholarship;
- (iv) Of the remainder, 9 found employment sooner than anticipated; and
- (v) The reduced number of scholarship holders, and the fact that awards to applicants from more remote States were fewer than expected, reduced travel expenses.

. Preparation of courses for supervisors and instructors

100. The Department planned to spend \$20,000 for development by external consultants of training courses for supervisors and instructors in industry. The witness indicated to the Committee that detailed course guidance, such as industrial consultants and educational institutions are able to provide, is not made

Exhibit
148/B7
and Qs.
B108,
B110 and
B111

freely available to private firms for in-plant training. The Department's intention was to issue training material developed at cost to the Commonwealth, for use by any supervisors or instructors. As Government institutions were not equipped to develop appropriate training material, the Department decided to let tenders for contract engagement of consultants with expertise in training and knowledge of industry. A number of institutions were invited to tender, including institutes of technical education.

101. The witness informed the Committee that tenders could have been let in November 1972, but a delay of some 6 months occurred because the Public Service Board needed to be satisfied that engagement of external consultants was warranted for the work planned. The witness said that the Department refused to proceed in an alternative manner, without the use of external consultants.

Qs. B108,
B109, B112
and B113

102. The Public Service Board's interest in the project arose from an amendment to the Treasury Regulations in March 1972 which enabled the Secretary to the Department of the Treasury to certify that in respect of certain kinds of supplies the use of tender or quotation procedures was impractical or inexpedient. Management consultancy services were determined to be in this category. A Treasury circular on 20 September 1972 required departments which proposed to utilise management consultants to refer their proposals to the Management Consultancy and Review Division of the Board's Office, for advice, before commencement of negotiations with consultants.

Q. B139

103. In its 1973 Annual Report, dated 11 September, the Public Service Board said:

Parl.
Paper
of 1973

"Following amendments of Treasury Regulations during the year the Board has been vested with a direct and developing role in relation to the use of external management consultants by departments. It now has a specific responsibility for advising whether proposed assignments are justified, particularly taking into account the possible availability of relevant consultancy and other resources within the Service.

The Board also has been made responsible for assisting departments with the selection of suitable consultants and with the proper control of assignments. It is also concerned to ensure that benefits gained by one department are made available to other relevant departments without avoidable further expenditure of public funds.

As an integral part of its new responsibilities for advising departments the Board is developing information records about practising consultancy organisations and the services they offer. These records also cover the various assignments which have been undertaken, the results which have been achieved and any special features of the projects such as particular techniques which may have been employed. The Board is also preparing guideline notes on the use of external consultancy services and these will be issued to departments and other interested bodies. These notes are intended to set down a framework of general principles and some detailed material which will assist in achieving a common understanding of requirements and enable departmental proposals for the use of external management consultancy services to be examined and processed with a minimum of delay and administrative effort.

Largely as a result of the acquisition of these new responsibilities an External Consultancy and Techniques Branch was established within the Board's Management Consultancy and Review Division during the year."

104. At the public inquiry, the Public Service Board Observer, Mr Sexton, stressed that the Board's role in departments' use of external management consultancy services was advisory only. He said further that officers from the Board and the Treasury had under consideration the view that, in the interests of efficiency and economy, certain types of cases could be exempted from the requirement for referral of consultancy proposals to the Board's Office.

Qs. B139
and B140

105. Mr Sexton said, in reference to the Department of Labour's proposal, that the Board's main concern had been to ensure that all possible avenues for the performance of the work had been explored sufficiently, and that there were not sources within the Public Service or in technical institutions which could have performed the work. He indicated that it was unfortunate that the Department's proposal arose at a time when policy as to the use of external consultants was not fully developed.

Q. B139

106. The Board's final advice to the Department stated:

Q. B139

"Discussions between Public Service Board officers and Treasury officers at the working level have confirmed that, while there may be some doubts as to the applicability of Treasury Direction 31/55 for the services in question within the strict wording of the Treasury Direction, such services come within the spirit of the Treasury Direction and should in the interests of efficiency and consistency be processed accordingly. However, in view of the doubt, the fact that tenders were invited, and your need for the work to be completed as soon as possible, we would not wish to press our earlier suggestions in this area. This should not be taken to mean that we have changed our view that it would be better to explore alternative means of having the work carried out."

107. The Department's witness said that the Department did not consider the performance of overtime by Departmental officers or officers of a technical institution an acceptable alternative to its proposal. Q. B141

108. An approximate time-scale of events is set out below: Qs. B112, B114 and B115

1972

June - The then Minister for Labour and National Service requested project approval from the then Treasurer.

July - The Department requested the Stores Supply and Tender Board to invite public tenders.

August - Tenders were invited.

September - Tenders were referred to the Department for consideration.

October - The Department and the Tender Board discussed the tenders

November - The Tender Board requested the Department's assurance that the Treasury Direction did not apply.

November/December - Negotiations took place between the Department and the Public Service Board

December - The Department advised the Tender Board of its interpretation of the Public Service Board's advice.

1973

February - The Public Service Board advised the Department, the Treasury and the Tender Board that contractual arrangements could be finalised

May - The Department sent out letters of acceptance.

109. The Committee understands that the delay prior to the Public Service Board's approval of the Department's proposal did not enable contracts to be let in sufficient time for any work to be completed to a stage where payment could be made in 1972-73. Exhibit 148/B7

National Steering Committee for promotion of the training function in industry and commerce

110. An amount of \$20,000 was provided for use by the National Steering Committee on Training for Industry and Commerce, to undertake various training promotion activities, Exhibit 148/B7 and Qs. B116 to B119

including the engagement of consultancy services for production of a new training news broadsheet. Regional Training Committees were also to have access to these funds for local training promotion activities. The witness explained that the National Steering Committee advises the Minister for Labour on what measures, including research programmes, should be taken to improve the standard of training in industry and commerce, and advises on policy aspects of employment training schemes. National employer organisations, the Australian Council of Trade Unions, the Commonwealth Department of Education and the State Department of Labour, and State technical education authorities are invited to nominate members to the Committee; but members are appointed as individuals, and not as representatives. The Regional Training Committees seek to promote at the regional level acceptance of training as a technique in industry and commerce. The Chairman of each regional committee is a member of the parent committee.

111. The main cause of the under-expenditure of \$12,328 on this component was the National Steering Committee's decision in February 1973 not to retain consultancy services for production of the new training news broadsheet beyond the first half of the year, pending a review of the effectiveness of work already performed. Another factor was that the Regional Training Committees that were to have been fully operational in all the States did not commence operation in 1972-73 or were not as active as had been anticipated. One problem was that it proved difficult to fill places on the Committees with suitably qualified and motivated persons, and to provide Departmental assistance to service the Committees adequately. The earliest and furthest progress in the development of the Regional Training Committee concept was made in Western Australia, South Australia and Tasmania. In relation to Western Australia, it was desirable that early provision should be made for local initiative, for the reason that travel costs for Western Australians to the Eastern cities proved heavy.

Exhibit
148/B7
and
Qs. B120
to B122

. 112. Training of training officers and instructors in outside institutions

112. Training of training officers and instructors in outside institutions was expected to be subsidised in 1972-73 to the extent of \$125,000. The Government initiative was made to assist technical education authorities, professional and employer organisations, and institutes of management to develop low-cost training courses for training officers. In view of statements made and views put at a national conference on training held in Canberra in May 1972, and of other discussions held between the Department and various authorities and organisations (including the Australian Institute of Management), the Department expected that up to half a dozen courses would eventuate. The witness said that an approximate cost to train a training officer at that time over an approximate period of 20 weeks, was \$1,000. On the projection that 20 persons would be included in each course and that 5 courses would be conducted, and that further costs would be incurred on the less expensive training of job instructors, the Department considered that \$125,000 would be a reasonable provision.

Exhibit
148/B7
and Qs.
B123 and
B124

113. The witness said that the Department could not draw on previous experience for its estimate, and indicated that it had under-estimated the extent of time necessary for the community to appreciate and have confidence in the benefit available to it. Another important factor was that the period was one of economic uncertainty. The witness stressed that whenever there is a threat of economic recession and staff redundancy the training function is, unfortunately, the first function to suffer. In view of the economic uncertainty, the various institutions which had been expected to participate in the training programme were not prepared to push ahead with projected courses as they lacked confidence that sufficient numbers of trainees would be attracted. There were services other than training which the organisations considered more important for their members at this time.

Exhibit
148/B7
and Qs.
B123 and
B125 to
B128

• Employment of manpower development officers by industry organisations

114. The Manpower Development Officer Subsidy Scheme was introduced to encourage the employment of training specialists by industry organisations. The Scheme provides a subsidy of up to \$5,000 per training specialist, to cover 50 per cent of salary cost. The witness described these specialists as persons possessing skills beyond the simple training skills of an industry instructor, and the ability to identify, and advise on, the critical training needs within an industry.

Exhibit
148/B7
and Qs.
B131 to
B134

115. The National Steering Committee on Training for Industry and Commerce, which was consulted about industry organisations' likely response to the Scheme, considered that 30 training staff could be employed under it in 1972-73. On this basis, it was anticipated that \$100,000 would be sufficient to cover the cost of the Scheme in 1972-73.

Exhibit
148/B7

116. By the end of the year, however, the Department had approved only 19 persons as training specialists, and several of these had been approved so late that the organisations involved had not been able to submit claims for payment before the year ended. Under-expenditure of \$84,873 resulted. The witness explained that the persons to be employed are selected by the employer organisations, and the Department merely determines whether, in view of those persons' functions, it will provide subsidy. Part of the Department's problem was that it did not know at the time of the appointment of a training specialist whether it would provide a subsidy or not. The Department had a responsibility to ensure that subsidies were paid only when the full concept behind the subsidy was realised. As the scheme was new, the Department decided that time was required to allow the organisations to produce evidence of the duties and functions of the trainers. Some of the employer organisations' requests for payment were denied.

Exhibit
148/B7
and Qs.
B135 to
B137

117. In respect of this component also, the economic climate was not sympathetic to the training activity.

Q. B137

118. In general, the witness agreed that, with the benefit of Q. B138 hindsight, the Department should have made greater efforts to educate industry about the Department's proposals in relation to this item and the assistance offered.

Conclusions

119. The Committee accepts the explanations tendered by the Department in respect of underexpenditure of \$14,538 relating to scholarship holders' allowances and travel costs and the shortfall in expenditure of \$12,328 provided for use by the National Steering Committee on Training for Industry and Commerce.

120. The evidence tendered by the Department in relation to expenditure on the preparation of courses for supervisors and instructors showed that the \$20,000 shortfall in expenditure arose from a delay that had occurred as a result of the Public Service Board's requirement that it should be satisfied that the use of external consultants was warranted for the work planned. The Committee appreciated that the External Consultancy and Techniques Branch within the Board's Management Consultancy and Review Division was only established during the year. However, with regard to the urgent need of the Department to have the work completed, and in view of the fact that tenders were invited, we feel that a delay of four months before the final advice was received from the Public Service Board was excessive.

121. In the case of the shortfall in expenditure of \$119,597 for the training of training officers and instructors in outside institutions and the amount of \$84,873 underexpenditure on employment of manpower development officers by industry organisations, the Committee appreciates that considerable uncertainty surrounds new projects of this nature whose success depends to a large extent on participation by State authorities and private organisations. Because of this uncertainty, the Committee considers that the Department would have been well advised to formulate its original estimate with greater caution and to have obtained further funds if required from the Additional Estimates.

(ii) Division 370/4/01: Administrative - Employment Training Schemes - Apprenticeship training

<u>Funds Available</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
	\$	\$	\$
Appropriation Act No. 1	514,000	700,000	2,370,000
Appropriation Act No. 3	56,000	91,000	-
TOTAL FUNDS AVAILABLE	570,000	791,000	2,370,000
TOTAL EXPENDITURE	569,708	788,192	1,209,440
UNEXPENDED FUNDS AVAILABLE	292	2,808	1,160,560

122. This item provides funds under the National Apprenticeship Assistance Scheme for incentive payments to employers of apprentices in all currently recognised apprenticeship trades, and for payment of allowances to country boys who must live away from home to undertake an apprenticeship.

Exhibit
148/B8
and Q.
B142

123. Funds were also provided to cover the cost of employment of additional apprentices in Commonwealth establishments, and for continuation of subsidy payments to country employers under the present Country Apprenticeship Scheme until January 1973, when all employers became eligible for the new incentive payments.

Exhibit
148/B8

124. As from January 1973, in addition to continuation of the payment of the living away from home allowance to country boys, subsidies became payable to employers who qualified in either of the following ways:

Exhibit
148/B8
and Q.
B142

- (i) where apprentices number less than 25 per cent of the total number of tradesmen employed (subsidy payable for each additional first year apprentice employed, provided the level of apprentice employment is increased over that of the previous year): or

- (ii) where the number of apprentices equals or exceeds 25 per cent of the total number of tradesmen employed (subsidy payable for all first year apprentices employed).

125. The amount of subsidy payable in respect of qualifying apprentices is \$194 per annum per apprentice for metropolitan employers, and \$388 per annum per apprentice for country employers.

Exhibit
148/B8

126. In relation to the payment of the living away from home allowance to country boys, payment is made for the first 2 years of a 5-year apprenticeship, but apprentices who serve shorter apprenticeships are paid an allowance for one year only. The Committee understands that very few apprenticeships nowadays extend over 5 years.

Qs. B143
to B147

127. The provision under this item for 1972-73 was estimated as follows:

Exhibit
148/B8

	\$
Continuation of subsidy payments to country employers under the Country Apprenticeship Scheme until 31 December 1972	361,000
Payment of the living away from home allowance to country boys	359,000
Employment of additional apprentices in Commonwealth establishments	150,000
National Apprenticeship Assistance Scheme introduced on 1 January 1973	1,500,000
	<u>2,370,000</u>

128. Expenditure resulted as follows:

- (i) Country Apprenticeship Scheme

	\$	
Employers allowance	334,433	
Living away from home allowance	<u>307,684</u>	642,117

- (ii) Additional apprentices in Commonwealth establishments 178,603

(iii) National Apprenticeship
Assistance Scheme

Employers allowance	230,206	
Living away from home allowance	<u>158,514</u>	<u>388,720</u>
		<u>1,209,440</u>

129. The witness explained that, at the time of the Original Estimates, the Department estimated that the intake of apprentices in 1972-73 would be 35,000, which was an increase of 3,000 over the previous year's intake. This estimate was made in expectation of the inducement effect of the assistance available under this item, and despite dire predictions which emanated from various quarters, including apprenticeship authorities. (The witness said that, in the event, indications were that the intake had been of the order of 34,800.) The Department estimated that, on the basis of information available to it and analyses done, subsidies would become payable in respect of some 9,000 apprentices, and that the proportion of apprentices in metropolitan areas to country areas would be about 70 to 30 per cent.

Qs. B147
and B148

130. As regards the National Apprenticeship Assistance Scheme, where the provision was underexpended by \$1,111,280, the witness said that, if no new factor had intruded, the original provision could perhaps have proved insufficient. An administrative revision of the Scheme, however, resulted from the New South Wales' Minister for Labour's request on 25 September 1972 that trainee and probationary apprentices be included in the Scheme. There were about 1,500 such employees in New South Wales. The witness explained that the permanency of employment of these persons was not ensured, and it was not within the concept of the Scheme that an employer could become entitled to an additional level of subsidy because of his employment of a trainee for only a couple of weeks.

148/B8
and Qs.
B149 to
B152 and
B154 to
B156

131. It became necessary for the Department to introduce an administrative safeguard to overcome the possible abuse of the Scheme,

Exhibit
148/B8
and Qs.
B150 to
B152 and
B156

and agreement was reached with the State authorities that no employer would receive a subsidy in respect of any apprentice until the apprentice had been continuously employed by him for 3 months. On 22 October the Minister informed the New South Wales Minister for Labour that there would be administrative difficulties involved but that trainee and probationary apprentices could nevertheless be included in the ambit of the Scheme. Whereas under the Department's initial plan subsidies would have been payable from and after January 1973, under the revised arrangement employers could not become entitled to payment before the end of March. In fact the employers were unable to submit their claims until April. The number of claims received in the financial year was substantially lower than had been provided for, but it was too late to adjust the level of funds provided. After necessary processing of claims by the State authorities, the first substantial payments were made in May.

132. The witness informed the Committee that the Scheme had been developed by a working party of the Australian Apprenticeship Advisory Committee, which is a Commonwealth/State committee chaired by the Secretary to the Department of Labour. Discussions took place over a period of 12 months but the question of trainee apprentices had not been raised, presumably as an oversight. The problem became apparent only when detailed administrative procedures were developed later. Q. B153

133. In retrospect, the witness said that the Department would have done better to have told the State authorities that it would proceed with the Scheme as initially planned; that payment would be withheld in respect of probationary apprentices until after their indenture, and then paid retrospectively; and that payment would be withheld in respect of trainee apprentices until after they had been employed for a prescribed period. Q. B157

134. Another factor in the under-expenditure was the unexpectedly limited response to the Scheme by metropolitan employers. The causes of the limited response were considered to be the effect, shortly after the introduction of the Scheme, of wage rises for first-year apprentices; the newness of the Scheme in its applicability to metropolitan employers; and the fact that the net value to employers of subsidies, after tax, was reduced by 40-47 per cent. The witness believed that the metropolitan employers held that the level of subsidy offered to them was too low and that, in terms of administrative costs, it was not worth their while to submit claims. Whereas information available to the Department indicated that the proportion of apprentices in metropolitan areas to country areas was about 70 to 30 per cent, the Department's experience of this Scheme was that, in every 100 claims for subsidy, 60 were received from country employers and 40 from metropolitan employers.

Exhibit
148/B8
and Qs.
B159 to
B161

135. The Committee was informed that, as at 30 June 1973, a total of 7,050 applications for subsidy had been received. The pattern of these applications showed a limited response from metropolitan employers but also a substantial commitment for expenditure in 1973-74. To further ensure that the Scheme achieves its objective of an increased level of apprentice training by employers, action has been taken to provide a much stronger advertising and promotional programme in 1973-74, to stimulate interest particularly amongst metropolitan employers. (In 1972-73, \$3,387 was spent on advertising and promotion. This sum included the cost of newspaper advertisements throughout Australia and the printing cost of over 100,000 information pamphlets and posters.) At the time of the Original Estimates for 1973-74, an apprentice intake of 35,000 was estimated but, in the light of renewed interest in apprenticeships towards the end of the 1972-73 financial year and new subsidy rates approved by the Government, an estimate of 37,000 was (at the time of the Committee's inquiry) considered not unrealistic.

Exhibit
148/B8.
and Qs.
B158 and
B162 to
B167 and
Committee
File
1973/2

Conclusions

136. The underexpenditure on this item occurred primarily because during the year it was decided to include New South Wales trainee and probationary apprentices in the National Apprenticeship Assistance Scheme. As a result an administrative safeguard had to be introduced to overcome the possibility of misuse of the Scheme. This safeguard provided that no claims were to be admitted until apprentices had been continuously employed for three months, and the inevitable effect was to substantially reduce the number of claims received in the financial year.

137. The Committee considers that the Department's original estimate was a realistic assessment of the sum expected to be spent having regard to the information available to the Department at the time the estimate was prepared. The administrative revision that occurred during the year was requested by a State Minister and the circumstances were beyond the control of the Department. The Committee therefore accepts the Department's explanation.

(iii) Division 861/0/01: Payments to or for the States -
Supervision of apprenticeship training

<u>Funds available</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
	\$	\$	\$
Appropriation Act No. 2	-	-	218,000
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS AVAILABLE	-	-	218,000
TOTAL EXPENDITURE	-	-	128,712
	<hr/>	<hr/>	<hr/>
UNEXPENDED FUNDS AVAILABLE	-	-	89,288
	<hr/>	<hr/>	<hr/>

138. The Committee was informed that in July 1971 the Government approved that the Department should discuss with the State authorities 2 alternative means in which it could assist them to improve on-the-job training of apprentices. These were:

Qs. B168
to B170,
B176 and
B177, and
Committee
File
1973/2

- (a) that the Australian Government would provide a matching grant to the States for the employment of up to 50 training advisers; and
- (b) that the Australian Government would itself employ the training advisers and second them to the State authorities for 3 years, after which period the State authorities would assume responsibility for their employment.

139. During 1971-72 discussions were held with the Public Service Board, the Treasury and the State authorities to devise a method for the implementation of the second alternative. The method finally developed was that the State authorities would employ the advisers while the Australian Government would pay salary costs up to a maximum of \$6,500 per annum for a period of 3 years. An initial provision of \$218,000 was made in 1972-73.

Exhibit
148/B9,
Q. B172
and
Committee
File
1973/2

140. Qualifications of the advisers vary between the States. Some State authorities prefer to employ qualified technical teachers, while others have emphasised trade qualifications and experience. The

Q. B171
and
Committee
File
1973/2

Australian Government requirement is that any person selected must be able to competently advise employers how to improve on-the-job workshop training, and how this training can be better co-ordinated with theoretical instruction provided in technical institutions.

141. The first of 2 reasons for the underexpenditure was that the State authorities did not recruit advisers as quickly as had been anticipated. For example, in the case of Queensland, it was anticipated that 8 advisers would be employed for the full year at salaries of \$6,500 each. Although 8 advisers were recruited, their employment did not commence until mid-way through the year. In South Australia it was anticipated that 4 advisers would be employed for the full year, but in fact they were employed for several months less. Recruitment was also slow in Tasmania.

Exhibit
148/B9

142. The numbers of advisers recruited in New South Wales, Victoria, Western Australia and Tasmania were 9, 16, 5 and 2 respectively.

Q. B173

143. The second reason for the underexpenditure was that no claims for payment were received from New South Wales, despite several reminders, and no claim was received from Victoria in respect of the last quarter of the financial year. The witness said that some States, of which Victoria was one, had a similar scheme in existence before the Australian Government provided assistance in this field, but he could not further explain the non-receipt of claims. Underexpenditure because of this factor was approximately \$65,000.

Exhibit
148/B9
and Qs.
B174 and
B175

Conclusions

144. The evidence shows that the main reasons for the underexpenditure on this item were that the State authorities did not recruit advisers as quickly as had been anticipated and claims expected from New South Wales and Victoria were not received.

145. The Committee would again counsel the Department to approach with caution the formulation of the original estimate for new schemes which involve participation by State authorities, and to make provision for any further funds required in Additional Estimates.

CHAPTER 7

DEPARTMENT OF THE NORTHERN TERRITORY

- (i) Division 368/2/08: Northern Territory Services - Administrative Expenses - Nhulunbuy Township - Service charges

<u>Funds Available</u>	<u>1970/71</u>	<u>1971/72</u>	<u>1972/73</u>
	\$	\$	\$
Appropriation Act No. 1	-	50,000	90,000
Appropriation Act No. 3	-	-	-
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	-	-
Advance to the Treasurer	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUNDS AVAILABLE	-	50,000	90,000
TOTAL EXPENDITURE	-	10,580	48,378
	<u>-</u>	<u>-</u>	<u>-</u>
UNEXPENDED FUNDS AVAILABLE	-	39,420	41,622
	<u>-</u>	<u>-</u>	<u>-</u>

146. This item provides for service charges such as rates, electricity, water, sewerage and chilled water to all Australian Government houses and buildings (except for those under the control of the Departments of Health and Education) at the mining township of Nhulunbuy. Since February 1973, following the revision to the Administrative Arrangements, office blocks and buildings occupied by the Northern Territory Police are now under the control of the Department of Services and Property and the Attorney-General's Department respectively.

Exhibit
148/A4
and Qs. A187
and A188

147. The main shortfall in expenditure under this item related to water and chilled water supply at Nhulunbuy. The original estimate included provision for an amount of \$4,960 for water supply. This figure was based on an assumption that 73 residences would be constructed and occupied during 1972-73. However, 19 residences were still under construction at the end of the year, and only 54 had been completed. An underexpenditure of \$2,683 resulted. The witness explained that in the Northern Territory rates are not charged on property until such time as services are connected.

Exhibit
148/A4 and
Qs. A213
to A217

148. We were informed that the cost of water consumption for the Government Hostel Block at Nhulunbuy was estimated at \$1,800 and the cost of water consumption for the Town Centre was estimated at \$2,000. However, only an interim account for \$112 was submitted for the latter and no account was received for the Hostel Block.

Exhibit
148/A4

149. The Committee was informed that in relation to the Hostel Block it is possible that the billing authority is confused as to who is responsible for the service charges. The Government owns the Hostel and Nabalco Pty. Ltd. through one of its contractors services it. The Government pays a fee for the room service, the catering and common facilities and other services, but electricity charges for the kitchen are recovered by the Company through the tariff levied.

Exhibit
148/A4 and
Qs. A218
to A220

150. The witness explained that the mining company Nabalco Pty. Ltd. was initially responsible for rendering of accounts, but during 1972-73 the Nhulunbuy Corporation was established in order to administer the town in a manner similar to a local government body and to be responsible for the supply of services. The Department made several requests - by telephone, telegram and personal representation - for the Corporation and the Company to submit accounts in time to permit payment before the close of the financial year but to no avail. The witness indicated that the Corporation had difficulties in obtaining competent administrative staff.

Qs. A190
to A212,
A226 and
A227

151. The Committee was informed that a central chilled water system has been installed by Nabalco Pty. Ltd for supplying air-conditioning to its own facilities and houses at Nhulunbuy and to certain Government Offices, to the Hostel, and to the Town Centre, but not to Australian Government residences. In the Estimates an amount of \$31,000 was provided for the supply of chilled water. The estimate was based upon an assessment by

Exhibit
148/A4
and Qs.
A228 to
A231

Nabalco Pty. Ltd. of what the Government's proportion of the operating costs of the chilled water supply was expected to be. The witness explained to the Committee that the capital costs of water chilling were to be apportioned according to the ratio of installed peak capacities for the buildings concerned. Operating costs were to be shared according to usage recorded on meters, with a minimum charge to the Government of no less than the cost of minimum estimated consumption provided for by the Company.

152. The Department stated that details of charges imposed by Nabalco Pty. Ltd., which were received in April 1973, required investigation as to the basis of calculation. The Department of Works is carrying out this investigation, which had not been completed as at 30 June 1973. The Departmental submission stated that accounts will not be paid until such time as the Department is satisfied as to the extent of the Government's liability. As a consequence, the amount of \$31,000 remained unexpended.

Exhibit
148/A4
and Qs.
A206 and
A230

153. The witness informed the Committee that a senior officer would be sent to Nhulunbuy as soon as possible in order to clarify a number of contractual arrangements which had been made between representatives of Nabalco Pty. Ltd. and the Government.

Qs. A221
to A225
and A232

Conclusions

154. The evidence shows that considerable uncertainty has surrounded the formulation of estimates for some components of this item because of a lack of clarity in some of the contractual arrangements made between the former Department of the Interior and Nabalco Pty. Ltd. relating to service charges for Government houses and building at Nhulunbuy. A further unsatisfactory feature has been that many of the accounts for these service

charges have either not been presented to the Department by Nabalco Pty. Ltd. for payment or the accounts are in dispute.

155. The Committee considers this state of affairs to be highly unsatisfactory and notes that the Department is sending a senior officer to Nhulunbuy shortly to clarify these matters. In the Committee's view this action might well have been taken earlier and it wishes to be informed of the results of the discussions between the Department and Nabalco Pty. Ltd.

(ii) Division 855/3/06: Capital Works and Services - Plant and Equipment - Northern Territory - General services.

<u>Funds Available</u>	<u>1970/71</u>	<u>1971/72</u>	<u>1972/73</u>
	\$	\$	\$
Appropriation Act No. 2	1,050,000	850,000	1,200,000
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	-	-
Appropriation Act No. 6	-	-	-
Advance to the Treasurer	-	-	-
TOTAL FUNDS AVAILABLE	1,050,000	850,000	1,200,000
TOTAL EXPENDITURE	1,044,738	749,993	756,710
UNEXPENDED FUNDS AVAILABLE	5,262	100,007	443,290

156. This item provides for the purchase of new and replacement plant and equipment items (other than motor vehicles) for the Department of the Northern Territory.

Exhibit
148/A9
and Q.
A307

157. A shortfall in expenditure of \$215,000 arose from the failure of contractors to supply orders for delivery before 30 June 1973.

Exhibit
148/A9
and Q.
A315

158. In relation to the shortfall of \$215,000, the witness explained that deliveries were delayed as a consequence of improved economic conditions which caused an increased demand for equipment from the private sector at prices more attractive to contractors than those usually offered to the Government.

Exhibit
148/A9
and Qs.
A308 to
A315

159. Further delays were due to a build-up of road freight, as a result of industrial disputes in the co-ordinated road/rail transport system between Alice Springs and Larrimah. The dates of these disputes were as follows:

18/1/73 - 23/1/73

19/4/73 - 4/5/73

10/5/73 - 14/5/73

Exhibit
148/A9,
Qs. A318
to A320,
and
Committee
File
1973-2

160. The Committee was also informed that further delays were caused by an abortive attempt to dry-dock the M.V. Darwin Trader in February 1973, during which it was out of service for 2 days. In April the vessel was in dry dock for 4 days. During the period February to July 1973 there were 2 occasions when voyages were 6 weeks apart instead of the normal 4 weeks. These delays caused a build-up of cargo which could not be cleared in voyages before the end of the financial year.

Exhibit
148/A9,
Qs. A318
to A320,
and
Committee
File
1973/2

161. The Committee was informed that because of staffing difficulties delays had occurred in the preparation of tender documents, resulting in the late placement of approximately 200 orders.

Exhibit
148/A9
and Qs.
A321 and
A324

162. In regard to the staffing difficulties it was stated that action had been taken in January 1972 to increase the number of staff in the contracts cell but it was not until October 1972 that approval was obtained from the Public Service Board for the creation of the positions.

Exhibit
148/A9

163. The Public Service Board Observer, Mr Barritt-Eyles, informed the Committee that it is the objective of the Public Service Board to finalise departmental organisation proposals

Q. A323

as quickly as possible, and in the majority of cases finalisation takes less than 8 weeks. However, during 1972 there had been a marked increase in establishment proposals in the Northern Territory. Steps were taken to enlarge the establishment of the Public Service Board's Darwin Office with an additional organisation officer. However, due to recruitment difficulties, the position was not filled until October 1972.

164. The Departmental witness explained that, apart from the shortage of staff in the Contracts Section, a most serious setback resulted from the promotion of the Secretary of the Tender Board at a critical stage. This left the Section depleted of any expertise in contract matters. In March 1973 the Department utilised a vacant Clerk Class 7 position and was able to induce the officer to return to the Section.

Qs. A323,
A324 and
A326

165. As a result of advice received from tenderers of late delivery dates, the Department nominated savings of \$75,000 at the time of the Additional Estimates. The witness conceded that the Department was over-optimistic of its ability to place orders and obtain deliveries by the end of June 1973 and should have nominated bigger savings than \$75,000.

Exhibit
148/A9
and Qs.
A324 to
A326

166. The witness informed us that a new organisation proposal to enlarge the Contracts Section had been submitted to the Public Service Board, which, if approved, is expected to alleviate the staffing problem in the supply area to a large extent.

Q. A326

167. It was also stated that a situation similar to what had occurred in 1972-73 was not expected to develop in 1973-74. At the time of the hearing tenders had already been invited for the supply of 50 per cent of the 1973-74 equipment programme for the Department.

Exhibit
148/A9
and
Q. A324

Conclusions

168. The Committee accepts the Department's explanation.

(iii) Division 855/7/01: Capital Works and Services - Advances and loans - Northern Territory - Loans for encouragement of primary production

<u>Funds Available</u>	<u>1970/71</u>	<u>1971/72</u>	<u>1972/73</u>
	\$	\$	\$
Appropriation Act No. 2	22,000	30,000	215,000
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	53,000	-
Appropriation Act No. 6	-	-	-
Advance to the Treasurer	-	-	-
TOTAL FUNDS AVAILABLE	22,000	83,000	215,000
TOTAL EXPENDITURE	19,877	82,960	68,358
UNEXPENDED FUNDS AVAILABLE	2,123	40	146,642

169. Under the provisions of the Encouragement of Primary Production Ordinance the Primary Producers Board is authorised to make advances, out of moneys appropriated by Parliament, to persons engaged in primary production, for the purpose of hiring machinery, purchasing fencing or making improvements on holdings and for other specific purposes. The Board may not grant assistance unless it is satisfied that the person is unable to obtain assistance of equal value from any other source on reasonable terms.

Exhibit
148/A10

170. The Committee was informed that in order to attract a greater number of applicants for assistance the Primary Producers Board's authority to grant loans was raised from \$6000 to \$20,000. On the assumption that many more applications would be forthcoming, the Board sought a much larger amount in its original estimate than it had in previous years. However, requests for assistance under the Ordinance were not forthcoming and, at Additional Estimates time, savings of \$85,000 were nominated to the Treasury.

Exhibit
148/A10
and Qs.
A328
and A329

171. The witness representing the Department of the Northern Territory informed us that he found it difficult to comprehend why the Primary Producers Board did not attract many more inquiries for assistance. Although the interest rates were fairly attractive, during 1972-73 the Board received only 23 applications, of which 10 were approved, 5 were refused, 3 lapsed, and 5 were still pending at the end of the year. The applications related to a variety of ventures - mixed farming, pastoral, fishing, horticulture, poultry, buffalo hide processing and co-operative trading.

Exhibit
148/A10
and Qs.
A330 and
A331

172. It was stated to the Committee that, at Additional Estimates time, sufficient funds were retained to meet the normal requirements of the Board under the Ordinance and, in addition, \$45,000 was retained for an approved application for assistance under the Rural Reconstruction Scheme. This application was originally approved by the Board in October 1972, and negotiations commenced with the applicant's bankers and Pastoral House to effect a satisfactory arrangement and to provide the Board with adequate security. The arrangements proposed by the Board were accepted by the Bank but rejected by the Pastoral House. The Pastoral House initially wanted the Board to discharge the client's indebtedness to them, and they also wished to retain the stock mortgages and priorities over any receipts of the pastoralist. If the Board was prepared to pay out the pastoralist's current debt, the Pastoral House would be prepared to advance the pastoralist finance to purchase cattle. These proposals put forward by the Pastoral House were not acceptable to either the Primary Producers Board or the Bank. Further negotiations have taken place but an agreement was not reached until mid-July 1973.

Exhibit
148/A10
and Qs.
A332 and
A334 to
A339

173. The witness informed the Committee that the criteria used to decide whether assistance is warranted by the Primary Producers Board under the Rural Reconstruction Scheme fall within

Exhibit
148/A10
and Q.
A333

the guidelines and eligibility criteria laid down by the State Grants Rural Reconstruction Act of 1971. Three main eligibility tests are used. Firstly, the applicant must be unable to obtain finance from any reasonable source to carry on, and must be in danger of losing his property and associated assets if not given assistance. Secondly, there must be a reasonable prospect of successful operation if assistance is given and, finally, the granting of assistance is merited if the applicant's difficulties are not substantially due to circumstances within his control.

Conclusions

174. While the Committee appreciates the difficulties in estimating the likely level of expenditure in an item of this nature, particularly after the level of loans had been raised from \$6,000 to \$20,000, these very difficulties should have caused the Department to assess the Board's requirements with a degree of caution. There was no evidence presented to the Committee that any firm basis existed for the original estimate of \$215,000, which represented a substantial increase over the actual expenditure for the previous year.

(iv) Division 855/7/03: Capital Works and Services - Advances and Loans - Northern Territory - Northern Territory Housing Commission - Advance.

<u>Funds Available</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
	\$	\$	\$
Appropriation Act No. 2	5,700,000	6,900,000	5,500,000
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	-	-
Appropriation Act No. 6	-	-	-
Advance to the Treasurer	-	-	-
TOTAL FUNDS AVAILABLE	5,700,000	6,900,000	5,500,000
TOTAL EXPENDITURE	5,400,000	6,701,268	2,766,471
UNEXPENDED FUNDS AVAILABLE	300,000	198,732	2,733,529

175. This item provides for advances to the Northern Territory Housing Commission to provide housing for rental or sale to married people of limited means who are not adequately housed and who are not officers of the Australian Public Service. The Commission's functions were broadened in 1968 to permit it to construct housing for rental or sale to approved industrial enterprises or their employees.

Exhibit
148/A11
and Q5.
A148 to
A157
and A170
to A175

176. The shortfall in expenditure against this item arose mainly from a decision to defer part of the proposed construction programme for 1972-73 so as to avoid the possibility of the Commission's having vacant accommodation. The decision was advised to the Department of the Northern Territory by the Commission in a letter dated 9 November 1972 which indicated that the Commission would not require \$2 million of its 1972-73 appropriation. In explaining the shortfall, the Department stated that the Commission embarked on an extensive building programme in 1967 when the waiting time for house allocation was up to 18 months. From 1968 to 1972 a heavy construction programme took place and by September/October 1972 the waiting time had been reduced to 2 to 3 months. It then became apparent that if the Commission continued to provide accommodation at the same rate as in previous years it would result in the Commission's having vacant accommodation, and so the decision was taken to reduce the 1972-73 construction programme.

Exhibits
148/A11
and
148/A12
and
Q. A158

177. In elaboration, the witness informed the Committee that unoccupied houses did not provide a return whilst, at the same time, the Commission had to meet capital repayments and interest charges on advances obtained from the Government to finance part of its building programme. The witness also informed the Committee that a very short waiting time for accommodation would attract itinerants who frequently have little respect for the houses. As a result of the rapid turnover of tenants the Commission's overhead would rise with additional costs for cleaning, repairs and replacement of lost keys.

Qs. A158
and A159

178. The Committee was informed that the Commission considered a waiting period of at least 9 months desirable because applicants who were prepared to stay on the waiting list for that period would normally be those who considered the Territory more or less a place of permanent abode.

Qs. A158
and A159

179. We were informed that although the population growth of the Northern Territory is approximately 9 per cent per annum there has been a relative decline in demand for Commission accommodation. The rate of applications for Commission accommodation had reflected an increase but it was significantly offset by cancellations and vacations of houses. In a supplementary submission to the Committee the Department stated that no single factor could be advanced for the relative decline in demand for Commission accommodation. The following factors could, however, be held responsible to varying degrees:

Exhibits
148/A11
and 148/A12
and Qs.
A162 to
A165

1. Decline in the overall population growth rate in the Territory, especially in Darwin. Latest statistics indicate that population growth has declined to 7 per cent in Darwin compared to an average of 11 per cent in recent years.
2. The influx of public servants who are not eligible for Commission accommodation has not fallen in line with overall population growth, and the rate of demand for Commission accommodation has thus been further reduced.
3. Although the influx of single persons into the Territory has contributed to population growth these persons are not eligible for Commission accommodation; therefore, demand for Commission accommodation does not come from this section.

4. Recent surveys in the 4 major centres indicated that in excess of 1,600 caravans were being used for permanent-type accommodation in the Territory. Only a small number of residents of these caravans (11 per cent in Darwin) were interested in or were awaiting Commission accommodation.
5. Home building in the private sector has increased dramatically over recent years, as shown by the following table:

	<u>1971 Private</u>	<u>1972 Private</u>	<u>1973 Private</u>
DARWIN			
Houses	122	219	214
Flats	121	347	379
KATHERINE			
Houses	2	16	27
Flats	4	33	53
TENNANT CREEK			
Houses	3	13	6
Flats	8	8	15
ALICE SPRINGS			
Houses	57	42	65
Flats	59	83	84

This increased building activity must reduce the demand for Commission accommodation.

6. The availability to the open market of Government and Commission houses sold to tenants is increasing each year as the covenant period of non-salability of 5 years is being reached, and prices are now more than those assessed by the Government or Commission.
180. We were informed that an additional cause of the expenditure shortfall was the request by Northmeat Pty. Ltd. to defer the building at Katherine of 30 of the 40 houses included in the Original and A161 Estimates. Exhibit 148/A11 and Qs. A160 and A161
181. The witness informed us that private sector accommodation in the Territory is generally of a much higher standard than the Housing Commission houses or flats, and often includes such items as fans, built-in cupboards and carpets. In order to obtain better-type Exhibit 148/A11 and Qs. A166 to A169, A184 and A185

accommodation, some people were prepared to pay rents at often double the rentals charged by the Commission.

182. We were informed that the Housing Commission was considering changes to its programme by constructing medium density housing instead of the present flat-type accommodation. Q. A184

183. The Committee was also informed that there was a housing shortage for public servants, with a waiting list at the time of the Committee's inquiry in August 1973 in excess of 18 months. The witness informed us that consideration was now being given to the possibility of allocating Commission accommodation to public servants. Qs. A172 and A173

184. During the course of the inquiry, the Committee was informed that, since the Committee's One Hundred and Thirty-seventh Report, which included an item relating to irregularities associated with wages payments at a regional office in the Northern Territory, the Department had strengthened supervisory procedures and carried out the Committee's recommendations. The witness informed the Committee, however, that the Department of the Northern Territory had experienced continuing problems occasioned by the large turnover of staff. In some remote localities the turnover is as high as 800 to 1,000 per cent in a year. Such a rate of staff turnover does not allow the establishment of any formal staff training programme. The main problem facing the Department is how to attract suitable, qualified people able and willing to work in remote localities, often in understaffed establishments, able to cope with a multitude of duties and also able to withstand the frustrations and problems of a virtually closed community. Qs. A176 to A184

Conclusions

185. The Committee accepts the Department's explanation.

CHAPTER 8

DEPARTMENT OF SERVICES AND PROPERTY

(i) Division 357/2/05: Electoral Branch - Administrative Expenses -
Administration of the Commonwealth Electoral Act

<u>Funds available</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
	\$	\$	\$
Appropriation Act No. 1	860,000	632,000	891,000
Appropriation Act No. 3	84,000	-	-
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	-	13,600
Advance to the Treasurer	-	-	-
TOTAL FUNDS AVAILABLE	944,000	632,000	904,600
TOTAL EXPENDITURE	880,030	493,208	800,610
UNEXPENDED FUNDS AVAILABLE	63,970	138,792	103,990

186. This item provides funds for the administration of the Commonwealth Electoral Act. Components of the item include allowances for registrars and temporary assistants; printing of electoral rolls, forms, books, maps and other material; supply and maintenance of ballot boxes, voting screens and tables; court fees; and habitation reviews.

Exhibit
148/A14
and Q.
A352

187. The original estimate for the financial year 1972-73 was \$891,000; and provision for \$13,600 was made in the Additional Estimates, as follows:

Exhibit
148/A14,
Qs. A353
to A359
and
Committee
File
1973/2

- | | |
|-------------------------------------------------------------------------------------------------------------------|-------|
| | \$ |
| (a) Legal fees associated with High Court proceedings relating to the franchise for 18 - 20 year olds | 1,725 |
| (b) Additional funds to cover expenditure incurred in the conduct of the following elections in New South Wales:- | |
| (i) Federated Liquor and Allied Trades Union | 4,500 |
| (ii) Federated Miscellaneous Workers Union | 75 |
| (iii) Dairy Produce Board | 1,725 |

(iv) C.S.I.R.O.	150	
(v) Federated Ironworkers Association	<u>3,000</u>	9,450
(c) Printing of forms as a result of the extension of the franchise for 18 - 20 year olds in South Australia		1,150
(d) Hire of a consultant	<u>1,250</u>	13,575

In relation to the provision for a consultant, the Committee understands that a consultant was hired who advised the Minister for Services and Property directly. All accounts in connection with his services were authenticated by the Minister.

188. The principal causes of the underexpenditure on this item are set out below: Exhibit 148/A14

	<u>Original Estimate</u>	<u>Expenditure</u>	<u>Unexpended Funds</u>
	\$	\$	\$
Reprint of rolls	360,500	252,858	107,642
Purchase of ballot boxes, voting screen etc	115,700	73,397	42,303
Habitation Review	<u>262,500</u>	<u>237,659</u>	<u>24,841</u>
	<u>738,700</u>	<u>563,914</u>	<u>174,786</u>

This underexpenditure was partly off-set by additional costs incurred in the printing of Claims for Enrolment, Claim Card envelopes and other stationery which, consequent upon the reduction of the franchise age from 21 to 18, was required to replace existing stocks. Additional funds were also expended on approved employment of temporary Clerical Assistants.

• Reprinting of rolls

189. The shortfall on this component was directly attributable to a change in the printing method from a hot metal process to a computer/phototypeset process. At the time of the Original Estimates allowance Exhibit 148/A14

had been made for a 30 per cent reduction in printing costs, based on experience of a computer/phototypeset process in the printing of rolls in Western Australia. In some other States, however, costs were reduced by more than 30 per cent.

190. The witness explained to the Committee that the computer/phototypeset process has been applied to the printing of rolls progressively over the last few years. Rolls were converted first to computer operation in the Northern Territory, then in the A.C.T., and, in time for the 1970 Senate elections, conversion was effected in Queensland and Western Australia. At the same time, phototypeset output, produced from computer tapes, was substituted for computer printout as the basis for printing. Commencing in January 1972, conversion was effected in New South Wales and Victoria and, at the time of the Committee's inquiry, all but completed in Tasmania. In South Australia, rolls are still printed from computer printout by a photo reduction method. In the long term electoral rolls will be maintained by computer operation.

Qs. A359
to A368
and A372

191. By way of illustration, the witness informed the Committee of various cost data for both phototypeset and linotype printing (the process used formerly) in respect of Victorian rolls. The estimate for linotype printing of rolls for the 1972 House of Representatives elections was \$240,000. As Victoria is a joint roll State, the Australian Government would have been liable for half-cost, i.e. \$120,000. The Victorian rolls, however, were converted to computer operation and, on the basis of experience in Western Australia and Queensland, the revised estimate for half-cost was \$75,000. In the event, 30 of the rolls were printed by the new process at approximately \$30,000 half-cost. By way of contrast, the remaining 4 rolls were printed concurrently, because of time shortage, by the former process at approximately \$16,400 half-cost. Offsetting the savings effected by the new process were the one-time conversion cost and also the cost of rolls maintenance. For the 1973 Victorian State elections, the half-cost of printing 34 rolls by the new process was approximately \$32,000.

Qs. A369
to A371

192. In the 1972-73 financial year, provision had been made for 2 prints of the rolls in Victoria at \$67,000 per print. The underexpenditure which resulted, however, in respect of these 2 prints was \$66,820.

Exhibit
148/A14
and Qs.
A369 and
A370

193. Underexpenditure also resulted in other States, as follows:

Exhibit
148/A14

	Amount Provided in Estimates	Expenditure 1972-73	Unexpended Funds
	\$	\$	\$
A.C.T. and N.T.	8,500	6,230	2,270
New South Wales	90,000	77,937	12,063
Queensland	65,000	46,555	18,445
Western Australia	<u>30,000</u>	<u>21,087</u>	<u>8,913</u>
	<u>193,500</u>	<u>151,809</u>	<u>41,691</u>

194. In South Australia expenditure was \$21,121, which exceeded the estimate of \$19,000.

Qs. A373
and A374
and
Committee
File
1973/2

195. In view of the different printing process used in South Australia (photo reduction of computer printouts), the Committee expressed interest in the cost comparability of this process to the computer/phototypeset process. By way of example, the Committee was informed that, in respect of Queensland, rolls were printed in 1972-73 by the phototypeset process for 18 Electoral Divisions at a cost of \$46,555, i.e. an average of approximately \$2,586 per Division.¹ In respect of South Australia, on the other hand, rolls were printed by the photo reduction process for 12 Divisions at a cost of \$21,121, i.e. an average of approximately \$1,760 per Division. The Electoral Office stated, in a supplementary submission to the Committee, that the phototypeset process results in a far better print, and it enclosed samples of the 2 different types of print to support its statement.

Qs. A375
to A379
and
Committee
File
1973/2

1. Prior to the 1969 House of Representatives elections, the cost to the Australian Government of a print of the rolls by the linotype process was \$137,474. A print of the rolls for the 1970 Senate elections by the phototypeset process cost \$65,115.

Q. A376

. Purchase of ballot boxes, voting screens etc.

196. \$88,155 of the provision for this component was estimated for finalisation of the purchase of ballot boxes and voting screens ordered in the previous financial year. There was a shortfall of \$29,879 in the estimated expenditure. It appears that the causes were the payment of most of the cost of the voting screens from the 1971-72 appropriation, and a late decision to order lighter, more attractive ballot boxes, at a cheaper price, than had been originally decided upon.

Exhibit
148/A14
and Qs.
A381 and
A382

197. A further shortfall of \$13,000 resulted from a decision not to proceed with an order for folding tables for use in polling places. The Electoral Office had decided, after the Estimates, that it would be able to obtain ready-made furniture rather than have any manufactured. The witness said that the Office's policy is to obtain furniture locally wherever practicable but that there is a requirement from time to time for the Office itself to provide some furniture.

Exhibit
148/A14
and
Qs. A383
to A385

. Habitation Review

198. The shortfall of \$24,841 on this component resulted from curtailment of Habitation Review activity on account of the 1972 House of Representatives elections, and the extension of the franchise and State elections in South Australia and Victoria. The witness explained that a habitation review is a door-to-door check within a Division to ensure that all persons entitled to be enrolled are enrolled, and that those not entitled are not. Information is collected from householders by casual employees employed specially for the purpose. The witness said that a review could be terminated because of the imminence of an election, when it could become necessary for all the resources of the Office to be concentrated on election activity. Also, on the exceptional occasion, a review could be terminated because of a shortage of funds.

Exhibit
148/A14
and Qs.
A387 to
A394

199. The total amount of underexpenditure was partly offset by additional expenditure. Firstly, \$20,881 was spent on printing of Claims for Enrolment, Claim Card envelopes and other stationery required for the necessary replacement of existing stocks upon the reduction of the franchise age. Secondly, \$68,732 was expended on the employment, in

Exhibit
148/A14,
Q. A386
and
Committee
File
1973/2

accordance with Public Service Board approval, of temporary Clerical Assistants, and on the conduct of Industrial Ballots.

200. The witness conceded that the additional estimate of \$13,600 had been made in error, as account had not been taken of some "savings" which could have been known at the time. These "savings" should have been detected by March, but were not because of the non-availability of supervisors able to devote time to the estimating function. In defence of the Office's shortcoming, the witness said that the conversion of electoral rolls in New South Wales and Victoria, and the Victorian State elections in May, contributed an element of uncertainty to the Office's estimating at the time of the Additional Estimates.

Exhibit
148/A14
and Qs.
A395 to
A397 and
A402

201. The Committee was informed that on 20 March 1973 the Public Service Board had approved the creation of 3 new research officer positions (Classes 9, 7 and 5 in the Third Division). The duties of the positions are, broadly, to undertake research into electoral policy, procedural matters associated with the administration of the Electoral Act, and electoral systems in overseas countries. Formerly, the Executive Officer, with a supervisory responsibility in the finance area, was burdened with research work of this nature. The Office expected that staffing of the new positions would result in the avoidance of estimating errors, such as occurred in this case, in the future. The positions had not been filled at the time of the Committee's inquiry.

Exhibit
148/A14
and Qs.
A398 to
A401,
A403 and
A404

Conclusions

202. The Committee agrees with the Electoral Office that a proper analysis of expenditure undertaken at the time the Additional Estimates were being prepared would have disclosed that underexpenditure would occur on this item, even on the amount included in the Original Estimates, and that funds from the Additional Estimates would not be required.

203. The Committee notes that 3 new positions of research officers

have been created in the Electoral Office and hopes that the filling of these positions will ease the workload of the Executive Officer so that he can ensure that more accurate estimates are prepared in future. The Committee is surprised that these new positions were not filled at the time of the inquiry.

204. While the Committee commends the Office for its efforts to modernise the printing of rolls, and fully appreciates that significant cost reductions have been achieved, it notes with interest that, on the figures available to it, the photo-reduction process of printing seems to be even cheaper than the phototypeset process. The Committee has examined the 2 different types of print and, while agreeing that the apparent extra cost of the phototypeset process is warranted.

205. As regards the over-estimation of the purchase costs of the ballot boxes, the Committee commends the Office for its successful efforts to achieve savings.

(ii) Division 357/2/06: Electoral Branch - Administrative Expenses - Commonwealth elections and referenda

<u>Funds available</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
	\$	\$	\$
Appropriation Act No. 1	1,600,000	99,000	1,990,000
Appropriation Act No. 3	155,000	-	-
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	-	56,500
Advance to the Treasurer	-	-	-
TOTAL FUNDS AVAILABLE	1,755,000	99,000	2,046,500
TOTAL EXPENDITURE	<u>1,735,122</u>	<u>79,893</u>	<u>1,975,173</u>
UNEXPENDED FUNDS AVAILABLE	<u>19,878</u>	<u>19,107</u>	<u>71,327</u>

206. This item provides funds for the purchase of material for, and the conduct of, Commonwealth elections. The item includes provision for postage, telegrams and telephone charges; printing of instructions, ballot papers and forms; printing of supplemental rolls; wages (including overtime) of staff temporarily engaged; purchase of polling booth equipment; advances to the 125 Divisional Returning Officers for payment of election expenses; and miscellaneous items.

Exhibit
148/A15
and Qs.
A405 and
A411

207. The Committee was informed that the additional provision of \$56,500 was required to meet expenditure associated with the temporary employment of staff for the 1972 House of Representatives elections. For previous elections one extra staff member had been employed in each Divisional Office for a period of about 3 months but, on this occasion, Public Service Board approval was received for the employment of these staff for a longer period. The witness said that a greater community awareness of errors in electoral roll entries and a greater effort on the part of the Electoral Office to achieve as nearly correct electoral rolls as possible contributed to the additional need. Another factor which has made habitation review activity more difficult in recent times is that the incidence of rented premises has risen.

Exhibit
148/A15
and Qs.
A406 to
A410

208. The Committee was told that the advances to the 125 Divisional Returning Officers were under-expended, in total, by \$86,389. The advances were made after estimates of election expenses had been received from each of the Returning Officers. The witness was unable to enumerate the particular reasons for the underexpenditure but said that computerisation of the electoral rolls had reduced some of the workload and could have been a factor. The average underexpenditure per Division was approximately \$691.

Exhibit
148/A15
and Qs.
A406 to
A410

209. Other under-expenditure occurred as follows:

Q. A415
and
Committee
File
1973/2

	<u>Shortfall</u>
	\$
Printing of instructions	25,807
Advertising	2,389
Purchase of polling booth equipment	14,942

210. Off-setting additional expenditure was incurred as follows:

Q. A415
and
Committee
File
1973/2

	\$
Postage, telegrams and telephone charges	13,418
Printing of supplemental rolls	9,431
Temporary clerical assistance	52,619
Miscellaneous (including over- time payments)	

211. In a supplementary submission to the Committee, it was stated that there was a shortfall on the original estimate of \$14,827. This amount, together with the amount of \$56,500 provided in the additional appropriation, explained the net underexpenditure for the financial year of \$71,327. The witness said that, at the time of the Additional Estimates, an underexpenditure of approximately \$12,000 could have been anticipated. As with the explanation in respect of the previous item (Division 357/2/05), the inaccurate estimating was attributed to staff shortages and lack of adequate supervision.

Exhibit
148/A15,
Qs. A416
to A418
and
Committee
File
1973/2

Conclusions

212. The Committee believes that the evidence relating to this item also indicates that the Electoral Office should have analysed its expenditure more carefully at the time the Additional Estimates were being prepared. The Committee notes that, as with the previous item, staff shortages and lack of adequate supervision contributed to the inaccurate estimating.

213. There are 2 matters relating to this item on which the Committee wishes to comment. Firstly, the Committee considers that the Electoral Office should examine its procedures relating to the issue of advances to the Divisional Returning Officers to ensure, if practicable, that the advances are acquitted prior to the assessment of requirements for Additional Estimates. Secondly, the Committee considers that the Office's original submission to the Committee was so lacking in detail as to be misleading, and the supplementary submission did not explain the full details of the components of underexpenditure and the offsetting additional expenditure.

214. In relation to the second matter mentioned in the previous paragraph, the Committee would draw the attention of the Electoral Office to Memorandum 66/385 of 16 October 1970 from the Secretary to the Treasury to all Permanent Heads, which relates to the preparation of material and briefing of witnesses for our inquiries. The substance of this memorandum is included in Chapter 2 of this Report.

CHAPTER 9.

GENERAL CONCLUSIONS

215. In Chapter 1 the Committee stated that in examining expenditure from the Consolidated Revenue Fund it has sought to ascertain whether or not the general principles relating to the formulation of estimates have been adopted by the departments under examination. It has also sought to ascertain whether or not these departments have maintained efficient administration in the expenditure of funds under the items selected for public inquiry.

216. In recent years the Committee has paid particular attention to the estimates and related expenditure of departments. As a poor standard of estimating has wide ramifications, it has not only been excess expenditure that has attracted attention, but also the over-provision of funds. In previous Reports the Committee has made it clear that such over-provisions are undesirable, misleading and perhaps unfair to other departments whose financial needs might not have been satisfied. At the same time the Committee has emphasised that it does not regard the total expenditure of available funds under a particular appropriation item as an objective to be sought without regard to other important considerations. Indeed, undue emphasis on the need to match expenditure and available funds can give rise to unnecessary and uneconomic expenditure and can result in the distortion of administrative practices. In this regard, the Committee has, on previous occasions, criticised departments that have accelerated payments in order to prevent an appropriation from lapsing.

217. As this and previous Reports relating to expenditure from the Consolidated Revenue Fund show, there are explanations for expenditure variations from the estimates which are acceptable to the Committee. These variations usually arise from unforeseeable circumstances and certain other factors which are beyond the control of the Department concerned. In this Report, however, the Committee has also found it necessary to refer to cases of unsatisfactory estimating or inadequate administrative performances that have resulted in shortfalls in expenditure. Attention has been drawn to these inadequacies where they have arisen.

218. A further matter to which the Committee would invite attention relates to the quality of the written submissions tendered by departments. Although there has been a general improvement in this regard in recent years, there were cases during this inquiry where inaccurate or inadequate submissions were tendered to the Committee. The attention of departments is again directed to Memorandum 66/385 of 16 October 1970 from the Secretary to the Treasury to all Permanent Heads which related to the preparation of material and the briefing of witnesses. The substance of the Memorandum is set out in Chapter 2 of this Report.

For and on behalf of the Committee,



T. Devine
Secretary
Joint Committee of Public Accounts
Parliament House
CANBERRA



R.E. McAuliffe
Chairman

29 November 1973