

JOINT COMMITTEE OF PUBLIC ACCOUNTS  
TENTH COMMITTEE

SENATOR R.E. McAULIFFE (Chairman)  
B.W. GRAHAM, Esquire, M.P. (Vice-Chairman)

Senator D.J. GRIMES	F.W. COLLARD, Esquire, M.P.
Senator M.G.C. GUILFOYLE	D.M. CONNOLLY, Esquire, M.P.
	S.A. LUSHER, Esquire, M.P.
	V.J. MARTIN, Esquire, M.P.
	P.F. MORRIS, Esquire, M.P.
	L.J. REYNOLDS, Esquire, M.P.

The members from both the House of Representatives and the Senate were appointed on 16 July 1974.

SECTIONAL COMMITTEES

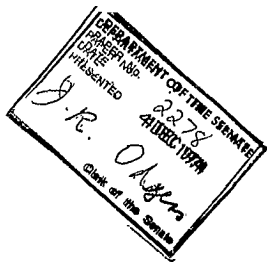
(Appointed on 20 August 1974, pursuant to section 9 of the Public Accounts Committee Act 1951-1966)

Sectional Committee A

Senator R.E. McAuliffe  
(Chairman)  
D.W. Connolly, Esquire, M.P.  
(Vice-Chairman)  
Senator M.G.C. Guilfoyle  
V.J. Martin, Esquire, M.P.  
P.F. Morris, Esquire, M.P.

Sectional Committee B

B.W. Graham, Esquire, M.P.  
(Chairman)  
L.J. Reynolds, Esquire, M.P.  
(Vice-Chairman)  
F.W. Collard, Esquire, M.P.  
Senator D.J. Grimes  
S.A. Lusher, Esquire, M.P.



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 the 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.

EXPENDITURE FROM THE ADVANCE TO THE TREASURER  
(APPROPRIATION ACTS 1973-74)

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CHAPTER 1

INTRODUCTION

In July 1974 the Committee obtained from departments explanations relating to expenditure from the Advance to the Treasurer during 1973-74. Explanations in respect of 12 items were selected for referral 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, 24 September 1974

Tuesday, 1 October 1974

Friday, 4 October 1974

Tuesday, 15 October 1974

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

Attorney-General's Department

Mr A.E. French	- Director, Finance
Mr L.G. Glare	- Assistant Secretary, Operations Branch

Office of the Australian Development Assistance Agency

Mr N.W.H. Hunt	- Officer-in-Charge, Budgets and Programming Section
Mr L.W. Temby	- Assistant Director-General, Finance
Mr R.P. Throssell	- Assistant Director-General International Training and Education Branch

Department of Prime Minister and Cabinet

- Dr J.A. Battersby - Executive Officer,  
Australian Council for the Arts
- Mr J.G. Hinton - Assistant Secretary,  
Services Branch

Department of Services and Property

- Mr B.H. Coughlin - Acting Assistant Secretary,  
Management Services Branch
- Mr M.G. Cowie - Director,  
Overseas Property Bureau,  
Department of Foreign Affairs
- Mr T.F. Hopkinson - Acting Director,  
Overseas Property Bureau,  
Department of Foreign Affairs
- Mr N.A. Richardson - Principal Executive Officer,  
Overseas Property Bureau,  
Department of Foreign Affairs
- Mr R.G. Smith - Accountant,  
Finance Section

4. The following witnesses were sworn and examined by Sectional Committee 'B' during the public inquiry:

Department of Customs and Excise

- Mr J.T. O'Connor - First Assistant Comptroller-General,  
Management Services

Department of Science

- Mr P.W. O'Brien - Assistant Commissioner of  
Patents (Administration)
- Mr C.A. Webster - Assistant Secretary,  
Management Services Branch

Department of the Special Minister of State

Mr P.J. Galvin	- Assistant Secretary, Ministerial and Management Services Branch
Mr I.D. Gillespie	- Acting Director, Establishments and Finance Branch
Mr P.D. Priestly	- Finance Officer
Mr C.J. Thompson	- Assistant Government Printer (Production) Australian Government Publishing Service Department of the Media

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

Mr D.W. Burdett	- Auditor-General's Office
Mr S.A. Huntley	- Auditor-General's Office
Mr M.P. Mangin	- Auditor-General's Office
Mr A.K. Ragless	- Auditor-General's Office
Mr S.J. Rauchle	- Auditor-General's Office
Mr K.F. Faul	- Public Service Board
Mr D.G. Wheen	- Public Service Board
Mr G.S. Davidson	- Department of the Treasury
Mr A.M. Finch	- Department of the Treasury
Mr R.A. Kelly	- Department of the Treasury

6. The last date for the acceptance of the Original Estimates, for Appropriation Acts (No. 1) and (No. 2), was 30 April 1973. The last date for acceptance of the Additional Estimates, for Appropriation Act (No. 3) was 22 February 1974, and for Appropriation Acts (No. 4) and (No. 5) was 27 February 1974. A new procedure was adopted by the Treasury in 1973-74 for making provision for salary increases occurring during the financial year arising out of awards, determinations and like approvals. A block sum of \$32.5 m. was appropriated under Division 589 in Appropriation Act (No. 1)

to meet salary increases for Second and Third Division Officers for increases taking effect after 21 August 1973. This approach was adopted because it was becoming increasingly difficult to fund such increases from Treasurer's Advance. Appropriation Act (No. 3) appropriated \$168,575,000 especially for salaries and payments in the nature of salaries and included the block sum of \$32.5 m. spread over the specific departmental divisions. A special appropriation clause was included in Appropriation Act (No. 3) to provide for salary increases granted after 22 February 1974.

7. For the financial year 1973-74 an amount of \$50,000,000 was provided under Division 590 - Advance to the Treasurer - in Appropriation Act (No. 1) to enable the Treasurer:

- (a) to make advances that will be recovered during the financial year, in respect of expenditure that is expenditure for the ordinary annual services of the Government; and
- (b) to make moneys available for expenditure, being expenditure for the ordinary annual services of the Government -
  - (i) particulars of which will afterwards be submitted to the Parliament; or
  - (ii) pending the issue of a warrant of the Governor-General specifically applicable to the expenditure.

8. In the case of Appropriation Act (No. 2) the provision was made in Division 920 as follows:

- (a) to make advances that will be recovered during the financial year;
- (b) to make moneys available for expenditure, particulars of which will afterwards be submitted to the Parliament, including payments by way of financial assistance to a State on such terms and conditions, if any, as the Treasurer determines; and
- (c) to make moneys available for expenditure pending the issue of a warrant of the Governor-General specifically applicable to the expenditure.

9. In its examination of expenditure from the Advance to the Treasurer, the Committee sought to ascertain whether or not expenditure has been confined to urgent and unforeseeable requirements for which provision could not have been made in the Original and Additional Estimates. 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 126/1/03: High Court - Salaries and Payments in the nature of Salary - Payment in lieu of long leave to widow of Judge

<u>Funds Available</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
	\$	\$	\$
Appropriation Act No. 1	-	-	-
Appropriation Act No. 3	-	-	-
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	-	-
Advance to the Treasurer	-	-	31,770
TOTAL FUNDS AVAILABLE	-	-	31,770
TOTAL EXPENDITURE	-	-	31,770
UNEXPENDED FUNDS AVAILABLE	-	-	-

10. This item covers the payment of leave entitlements to the widow of the late Justice Sir Cyril Ambrose Walsh. Exhibit 152/A7

11. The Committee was informed that the \$31,770 obtained from the Advance to the Treasurer represented the long leave entitlement to the late Justice Walsh at the time of his death on 29 November 1973. It was stated that the Department requested Warrant Authority to obtain the amount from the Advance to the Treasurer on 12 December 1973 pending the passing of Additional Estimates. The payment was made in March 1974. Exhibit 152/A7 and Qs. A347 to A349

12. In explanation of the Department's failure to include provision for the amount in Appropriation Act No. 3, the witness stated that the Treasury had issued a memorandum dated 12 February 1974, requesting that applications for additional funds for salaries should Exhibit 152/A7 and Q. A350

be made no later than 22 February 1974. In the course of preparing a consolidated schedule of the additional requirements for the fifteen salary divisions under the control of the Department, Division 126/1/03, for which there was only one application for funds, was overlooked.

13. We were informed that the short period of time available for preparation of the additional estimates for salaries and the large number of salary divisions controlled by the Department contributed to the error. The departmental witness stated that to prevent similar omissions in the future, the final consolidated schedule would be cleared at a higher level and that it would be impressed upon officers doing the final check that items should not be overlooked.

Qs. A355  
and A376

14. The Treasury Observer (Mr Davidson) informed the Committee that there was a change in procedure introduced in this financial year to cover additional funds for salaries because insufficient funds were available in the Advance to the Treasurer to meet expected salary commitments which meant that further appropriation was necessary. He also stated that Treasury does not check to ensure that funds provided from the Advance to the Treasurer, pending appropriation, are actually included in the particular Appropriation Act.

Qs. A351  
to A353

15. The departmental witness told the Committee that the oversight was discovered when Treasury forwarded to the Department a copy of the draft Appropriation Bill. Treasury was advised of the omission by telephone but it was too late to have the amount included. The witness also stated that Item 126/1/03 was included in a consolidated statement submitted to Treasury on 5 March 1974.

Qs. A351  
and A359

16. In response to a question in relation to the training of departmental officers in their financial responsibilities, the Committee learnt that the Department was in the process of instituting some internal training schemes. The Public Service Board Observer (Mr Wheen) drew the Committee's attention to the Public Service Board Annual Report for 1973-74 which stated:

Q. A377  
and Public  
Service  
Board  
Annual  
Report  
1973-74

"The Board, the Auditor-General's Office, the Department of the Treasury and the Department of Manufacturing Industry are engaged in a study to examine training needs and to formulate a suitable training program to meet the needs of finance officers".

#### Conclusions

17. The change from the normal procedure for submitting additional estimates for salaries and payments in the nature of salaries and the resultant haste in preparing those estimates was the major cause of the Department's failure to include provision for this item in the Additional Estimates. The Committee notes that, on this occasion, the oversight was detected relatively soon after it had occurred, although too late to have the amount included in Appropriation Act No. 3.

18. The Committee believes that oversights of this nature should not occur and should be regarded seriously by departments. The Committee has been assured that the Department will introduce into its estimating procedures a provision which will ensure that individual applications for additional funds are included in the consolidated schedule forwarded to the Treasury and finally in the relevant Appropriation Act.

19. A further matter to which the Committee would like to draw attention relates to the brevity of the submission. In this regard we note that the Department devoted less than five lines to explaining why funds obtained from the Advance to the Treasurer, pending appropriation, remained a charge to the Advance at the end of the financial year. The Committee would draw attention to Treasury Memorandum 66/385 of 16 October 1970 to all Permanent Heads. This memorandum included the following statement:

"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."

CHAPTER 3

DEPARTMENT OF CUSTOMS AND EXCISE

Division 180/2/10: Administrative - Administrative Expenses -  
Payment to the Postmaster-General's  
Department for the collection of duty on  
goods imported through the parcels post

<u>Funds Available</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
	\$	\$	\$
Appropriation Act No. 1	540,000	900,000	925,000
Appropriation Act No. 4	263,000	-	-
Appropriation Act No. 5	-	22,800	-
Advance to the Treasurer	-	-	290,777
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS AVAILABLE	803,000	922,800	1,215,777
TOTAL EXPENDITURE	803,000	922,800	1,215,777
	<hr/>	<hr/>	<hr/>
UNEXPENDED FUNDS AVAILABLE	Nil	Nil	Nil

20. The Committee was informed that the Postmaster-General's Department carries out customs examinations of incoming mails and collects customs duty payable on goods imported through the parcel post system in General Post Offices and mail exchanges in all capital cities and at a number of regional centres. The Postmaster-General's Department provides the accommodation, services and staff for this examination and collection process. This item provides for the reimbursement to the Postmaster-General's Department of costs in labour and services incurred by the Post Office as a result of Customs intervention in the normal flow of overseas mail.

Exhibit  
152/B1

21. The Department in a supplementary submission advised us that the approximate proportions of the reimbursement to the Postmaster-General's Department of the costs which can be attributed to labour is 84 per cent and the approximate portion attributed to services is 16 per cent.

Qs. B2 to  
B6 and  
Committee  
File 1974/1

22. The Department informed the Committee that during the year no discussions regarding reimbursement took place with the Postmaster-General's Department. The witness explained that the charges made by the Postmaster-General's Department are based on triennial surveys of the costs in labour and services incurred by the Post Office in order to provide this customs service.

Qs. B6 and  
B7

23. The Committee inquired whether the Department was satisfied that such triennial surveys were adequate. The Department said that in view of the work in conducting such a survey, they did not consider that additional surveys were warranted during the three year period.

Q. B6

24. The Committee was told that the original estimate is usually based on the previous year's expenditure. However, in 1972-73 the Postmaster-General's Department had advised the Department of its requirement on 28 February 1972. This allowed the Department to include this amount in the Original Estimates.

Exhibit  
152/B1 and  
Q. B10

25. In recent years, the Postmaster-General's Department had been able to inform the Department of the actual reimbursement required in sufficient time to allow the Department to seek additional funds in the Additional Estimates. However, in 1973-74 the reimbursement claim was not received from the Postmaster-General's Department until 13 June 1974.

Exhibit  
152/B1 and  
Q. B9

26. The witness was not aware of the reasons why the Postmaster-General's Department was not able to inform the Department in 1973-74 of the actual amount of reimbursement required in time to allow the Department to seek funds in the Additional Estimates. He also stated that the Department had not been advised that the information would be delayed.

Qs. B12 and  
B13

27. The Committee asked the departmental witness whether consideration had been given to the inclusion of an amount in the Additional Estimates even though precise details of the reimbursement were not known. The Department replied that such a course had been considered in the past but it had been decided that the estimates should be based on factual information and funds were not requested in the Additional Estimates.

Q. B17

28. The Department was asked if any action had been taken to obtain details of the reimbursement amount from the Postmaster-General's Department when it was realised that the information was late in arriving. The Department stated that they did not contact the Postmaster-General's Department until late in May 1974 which the witness conceded was too late to include an amount in the Additional Estimates. In defence, the Department stated that it was accustomed to the Postmaster-General's Department supplying this information in time for inclusion in Additional Estimates.

Qs. B14 to B16

29. In explanation of the increase in expenditure of \$290,777 in 1973-74, the witness said that the Postmaster-General's Department had advised that this was due to the effect of the four weeks recreation leave decision; the 1973 and 1974 national wage adjustments; the 1973 and 1974 leave bonuses and the 12 per cent salary increase from 23 August 1973.

Q. B11

#### Conclusions

30. The Committee accepts the Department's explanation on the basis of the evidence tendered, although the Committee notes that the Department did not make any special effort to obtain the claim from the Postmaster-General's Department until May 1974.

31. The Committee is concerned that the reimbursement claim of the Postmaster-General's Department was not received in time to allow the Department to obtain funds in the Additional Estimates.

32. In the circumstances the Committee believes that the Departments involved should have discussions with a view to ensuring that, in future, the reimbursement claim is prepared in time to give the Department of Customs and Excise the opportunity to obtain funds from the Additional Estimates if so required.



CHAPTER 4

OFFICE OF THE AUSTRALIAN DEVELOPMENT ASSISTANCE AGENCY

- (1) Division 256/2/04 - Office of the Australian Development Assistance Agency - Administrative Expenses - Incidental and Other Expenditure

<u>Funds Available</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
	\$	\$	\$
Appropriation Act No. 1	-	-	-
Appropriation Act No. 4	-	-	10,000
Advance to the Treasurer	-	-	6,500
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS AVAILABLE	-	-	16,500
TOTAL EXPENDITURE	-	-	11,101
	<hr/>	<hr/>	<hr/>
UNEXPENDED FUNDS AVAILABLE	-	-	5,399

33. This item provides for minor expenditure which is not separately classified under other items of administrative expenses. Exhibit 152/A1
34. The Committee was informed that the Office of the Australian Development Assistance Agency was created in the Department of Foreign Affairs on 1 December 1973, to administer Australia's aid to developing countries, including Papua-New Guinea. Funds to meet expenditure by the Agency in the seven months from December 1973 to 30 June 1974 were provided in Appropriation Act No. 4. Exhibit 152/A1
35. In connection with the funds obtained from the Advance to the Treasurer, the Committee was advised that \$4,500 related to the costs of advertising vacancies for five Second Division positions which had been approved in May 1974; \$1,100 related to the cost of removing the personal effects of the Director-General from Port Moresby; and \$900 related to greater than expected costs incurred in the movement of stores and furniture Exhibit 152/A1

associated with the creation of the Australian Development Agency. The departmental submission stated that these costs had not been included in the Additional Estimates because the difficult settling in period in the three months between the creation of the Agency and the closing of Additional Estimates had resulted in less reliable estimates than usual.

36. The Department explained that the \$4,500 sought for advertising its Second Division vacancies was not spent because the advertisements were deferred until 1 June 1974 and, as a result, the claims for the cost of the advertisements were not received before 30 June 1974. In elaborating on the reasons for deferring the advertisements, the departmental witness explained that although the filling of vacancies is not of itself a policy matter, the question of the establishment of the Development Assistance Agency was a policy matter and, in accordance with established practice, it was decided not to proceed with the filling of the positions before the results of the election were known.

Exhibit  
152/A1 and  
Qs. A2 and  
A3

37. The Committee was informed that the first claim for payment was not received by the Agency until 1 July 1974. The witness was of the opinion that it would be normal procedure for June advertising to be paid in the following financial year. At the time of the inquiry claims totalling \$4,213 had been received and paid, although there was still one claim outstanding in respect of the Papua-New Guinea Post Courier.

Exhibit  
152/A1 and  
Qs. A4 to F  
and Committee  
File 1974/1

38. In explanation of the underexpenditure of \$1,100 on the cost of removing the personal effects of the Director-General from Port Moresby to Canberra, the witness stated that the clerk responsible for making entries on the account had incorrectly coded the claim for \$1,103 in respect of this item. As a result of this simple transcription error, the expenditure was incorrectly charged to Division 256/2/01 instead of Division 256/2/04. The witness believed that this was an isolated incident over which the Agency could have little control.

Exhibit  
152/A1 and  
Qs. A9 to A11

39. The Committee was also advised of expenditure of \$418 made on behalf of the Department of the Treasury which if it had been recovered would have further contributed to the underexpenditure. The amount, which represented a continuing monthly payment of pensions to the widows of two former Nauruan public servants, had been paid on the 18 June and a claim had been despatched to Treasury on the same day. The cheque in reimbursement was not received by the Agency until 2 July. The Committee was further advised that payment of the pensions, which was formerly the responsibility of the Department of External Territories, had continued to be paid by the Agency, at the request of Treasury, until the end of the financial year.

Exhibit  
152/A1 and  
Qs. A13 to  
A17

#### Conclusions

40. The Committee accepts the Agency's explanation in relation to the need for \$5,600 from the Advance to the Treasurer for advertising and removal expenses for the Director-General. The Committee also accepts the Department's explanation in relation to underexpenditure of \$4,500 for advertising. However, in relation to the clerical error resulting in \$1,103 being charged incorrectly, the Committee believes that the error made by the Department should not have occurred and that appropriate action should be taken by the Department to guard against a repetition of errors of this kind.

41. The Committee believes that there was sufficient time between the Agency's creation and the closing of the Additional Estimates to allow for the \$900 sought for additional removal costs to be included in the Additional Estimates. The Committee is also of the opinion that anticipated recovery of expenditure on behalf of another department should have been taken into account when funds were sought from the Advance to the Treasurer.

(ii) Division 257/2/01 - Colombo Plan and Other Aid -  
Bilateral Aid Programme - Training -  
Colombo Plan

<u>Funds Available</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
	\$	\$	\$
Appropriation Act No. 1	6,020,000	6,430,000	7,000,000
Advance to the Treasurer	-	-	466,000
TOTAL FUNDS AVAILABLE	6,020,000	6,430,000	7,466,000
TOTAL EXPENDITURE	6,007,485	6,394,252	7,390,613
UNEXPENDED FUNDS AVAILABLE	12,515	35,748	75,387

42. This item provides for the cost of training in Australia and in third countries of trainees and students from Colombo Plan countries. It covers fares and allowances for training awards and administrative and other costs of training courses.

Exhibit  
152/A2

43. The Committee was informed that, of the amount of \$466,000 obtained from the Advance to the Treasurer, approximately \$95,753 was required to meet increases in air fares occurring in January and April 1974; \$269,247 was required for living allowances resulting from additional residential accommodation fees and new awards and minor variations; and \$101,000 was required to meet payments to universities in respect of special courses for overseas students and fees and other expenses for fellows undertaking post-graduate research.

Exhibit  
152/A2 and  
Committee  
File 1974/1

44. In explanation of the approximate nature of the amounts required from the Advance to the Treasurer, the witness informed the Committee that the requests for funds made on 28 May and 14 June were related to rates of expenditure and did not relate to any precise amounts required.

Q. A19

45. In relation to the additional \$95,753 required to meet the cost of air fares, the Committee was informed that, although it would have been more appropriate to seek those funds in the Additional Estimates, the Agency did not seek additional funds at that time because it was felt that there would be sufficient underexpenditure elsewhere within the appropriation to offset the increases. The Committee was also told that additional funds required in respect of fees and living allowances were not sought for the same reason.

Qs. A20 and  
A21, A25,  
A29 and A48

46. The Department stated that total expenditure on the item at 28 February was \$4,606,944 and was at a level close to the pro-rata expenditure for that period (\$4,666,000). The fact that the Department was below this pro-rata figure at the end of February, deterred them from seeking funds in the Additional Estimates.

Exhibit  
152/A2 and  
Q. A29

47. The Committee was told that the Agency is not aware of its obligations in respect of residential accommodation fees in excess of regular living allowances paid to University Colleges until claims are received. In 1974 claims totalling \$180,211 were received from the Department of Education between 1 May 1974 and 4 June 1974. The Agency estimated that the additional cost arising from payment of these claims would be \$119,000.

Exhibit  
152/A2 and  
Q. A23

48. The Committee was further advised that, in relation to the second component of Living Allowances, i.e. new awards and minor variations, the Agency took action to either grant some new awards or grant awards earlier than planned in the period between February and June 1974 and that a total of 142 additional overseas students arrived during this period. Because acceptance of the offers of awards is in the hands of participating countries, the Agency is not in a position to know how many additional students will be coming.

Qs. A25 and  
A26

49. The witness explained that the term "minor variations" mentioned in the Department's submission related basically to the assessment of the carry forward liability on existing awards at the beginning of each year. Although the Agency maintains a commitments register which shows, as awards are granted, the amount of expenditure expected year by year, the accuracy of this register decreases as various price increases in the award components affect forward commitments. Assessment of the carry forward liability for each existing award would be a substantial task and, in order to avoid this, the Agency adjusts liabilities by adding to the total a percentage increase which has some regard to price variations. Exhibit 152/A2 and Q. A27

50. In relation to the \$101,000 required from the Advance to the Treasurer for Fees, the Agency advised the Committee in its original submission that, because of the Government's decision to abolish fees at Australian tertiary institutions in 1974, it was expected that payment of fees for special courses and post-graduate research fellows would not be made. It was further stated that the Department of Education advised on 10 May 1974 that aid funds should continue to meet the cost of special courses for overseas students. However, in an additional submission to the Committee, the Agency informed the Committee that correspondence, which indicated that the original submission did not present an accurate account of the course of events, had been discovered. Exhibits 152/A2 and 152/A3

51. The Committee was told that the Department of Education informed the Department of Foreign Affairs on 21 June 1973 of the Government's intention to abolish fees at universities and certain other institutions commencing in 1974. The Department of Education advised that fees for special courses conducted specifically to meet the needs of government sponsored overseas students would continue to be a charge to aid funds and also stated that it hoped to be able to advise shortly whether grants-in-aid paid to universities in respect of post-graduate awards would have to be paid in 1974. Exhibit 152/A3

52. The witness told the Committee that at the time the time the Agency was preparing for the Public Accounts Committee Inquiry the Agency's attention was drawn to the existence of the letter of 21 June 1973, and a subsequent letter of 31 January 1974 from the Department of Education advising that payments from aid funds should continue to be made for post-graduate awards. Although the letters could not be found in the Development Assistance Agency's records, the witness conceded that it did appear that the Foreign Aid Branch of the Department of Foreign Affairs, which had been responsible for expenditure under this item until 1 December 1973, had been aware of the position as there had been a change in recording of commitments for certain items.

Exhibit  
152/A3 and  
Qs. A39 to  
A43

53. The Committee was also informed that on the basis of the Government's decision to abolish tertiary fees and the advice contained in the letter of 21 June 1973, it had been decided that allowance for payments in respect of post-graduate awards would not be made in the Original Estimates. Provision had been made in the Original Estimates for the cost of special courses but this proved to be inadequate because the additional costs resulting from increases in the academic salaries component of special courses, as foreshadowed in the Department of Education letter of 21 June 1973, were not offset as anticipated by the possible savings mentioned in the same letter.

Exhibit  
152/A3 and  
Qs. A45, A47,  
A50, A52 and  
A53

54. We were informed that on 6 February the Agency had asked the Department of Education for advice regarding the grant-in-aid position for post-graduate awards. It was not until the letter of 10 May 1974 was received from the Department of Education that the Agency was fully aware of the position in relation to payment of fees.

Exhibit  
152/A3 and  
Qs. A54 and  
A55

55. In order to take account of the circumstances brought to notice in the latter part of 1973-74, the Agency advised that a review of the procedure for the control of liabilities was being undertaken. The Committee was informed that adequate control may be obtained by a bulk requisition procedure. The bulk requisition procedure would involve seeking approval for one requisition early in the year for an amount sufficient to cover the total estimated expenditure in one area so that there would be an amount of money set aside and committed for all expenses in that area, thus ensuring that money provided for this purpose is not inadvertently used for some other type of expense.

Exhibit  
152/A2 and  
Qs. A30, A35  
and A36

56. The Treasury Observer (Mr Davidson) commented that Treasury approval would be required before a bulk requisitioning procedure could be implemented. He also commented that the real problem was the preparation of the estimate before liabilities were incurred rather than the control of commitments. The bulk requisitioning procedure simply assisted with the control of a lot of small commitments. The Agency witness commented that it was the large numbers of small commitments in relation to this appropriation which created the problem.

Q. A34

57. In relation to the underexpenditure of \$75,387, the witness explained that this was partly due to the unexpected receipt of a cheque for \$33,402 from the Department of Foreign Affairs on 26 June 1974. The Committee was also informed that the remaining \$41,984 obtained from the Advance to the Treasurer could have been paid as accounts exceeding \$45,000 remained unpaid at the end of the financial year, notwithstanding that considerable overtime was worked during June on the payment of accounts.

Q. A38 and  
Committee  
File 1974/1



Conclusions

58. While the Committee recognises that the Australian Development Assistance Agency may face some difficulties in preparing accurate estimates and controlling expenditure on this type of item, we would point to the previous accuracy with which estimates have been made in this respect.

59. The Committee considers that there are a number of disturbing features associated with the Agency's request for funds from the Advance to the Treasurer for this item. In particular, the Committee feels that the loss of the two important letters from the Department of Education caused funds for post-graduate awards to be sought from the Advance to the Treasurer instead of providing for the expenditure in the Additional Estimates.

60. In view of the uncertainty about whether grants-in-aid in respect of post-graduate awards would be paid, the Committee believes that the Agency was remiss in not seeking clarification of the position from the Department of Education prior to 6 February 1974 and considers that some follow-up action should have been taken to obtain an answer before the closing date for the Additional Estimates.

61. The Committee would also point to the errors of judgment made at the time Additional Estimates were being prepared. The Agency, although aware that there would be additional expenses for travel, living allowances and fees, and also aware that the actual expenditure to 28 February 1974 was only \$60,000 less than the pro-rata of the appropriation at that stage, took action to grant new awards and grant awards earlier than planned with the effect that 142 additional students arrived in the period from February to June 1974.

62. The Committee also expresses its concern at the lack of liaison between the Department of Foreign Affairs and the Agency with regard to the unexpected receipt by the Agency of a cheque for \$33,402. The Committee feels that the Agency should have been aware that the amount was owing and should have made allowance for its receipt when requirements from the Treasurer's Advance were being assessed.

63. Finally, the Committee takes a serious view of the fact that the original submission tendered to the Committee was inaccurate and that this inaccuracy was not discovered until shortly before the Agency was due to appear before the Committee. The Committee would again draw the Agency's attention to the Notes Relating to Evidence which clearly state that the Committee expects that:

"Written submissions and explanations should be carefully prepared and thoroughly checked for adequacy and accuracy of detail and absence of ambiguity".

CHAPTER 5

DEPARTMENT OF THE PRIME MINISTER AND CABINET

Division 442/2/03: Australian Council for the Arts - Administrative Expenses - Postage, telegrams and telephone services

<u>Funds Available</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
	\$	\$	\$
Appropriation Act No. 1	23,500	23,500	53,000
Appropriation Act No. 4	-	14,500	30,000
Advance to the Treasurer	-	-	25,000
TOTAL FUNDS AVAILABLE	<u>23,500</u>	<u>38,000</u>	<u>108,000</u>
TOTAL EXPENDITURE	<u>23,250</u>	<u>37,877</u>	<u>105,779</u>
UNEXPENDED FUNDS AVAILABLE	<u>250</u>	<u>123</u>	<u>2,221</u>

64. This item provides for postage, telegrams and telephone services for the Australian Council for the Arts. The Committee was advised that approximately \$89,700 of the total expenditure was required for telephone services, and approximately \$16,050 for postage and telegrams.

Exhibit  
152/A6 and  
Q. A278

65. By way of background we were informed that the Australian Council for the Arts forms an integral part of the Department of Prime Minister and Cabinet and that all business of an accounting nature, with the exception of processing of accounts which has been performed by the Council since 1 December 1973, is transacted through that Department. Estimates of expenditure relating to the Australian Council for the Arts are prepared by the Council and forwarded through the Department of the Prime Minister and Cabinet to Treasury.

Qs. A275  
and A276

66. The Committee was told that a significant change in the nature of the Australian Council for the Arts in January 1973 was responsible for the fact that the original estimate of \$53,000 on this item for 1973-74 was \$15,123 greater than the actual expenditure in 1972-73. Prior to January 1973 the Australian Council for the Arts had been one of several advisory bodies to the Department of the Environment and the Arts.

Exhibit  
152/A6  
Q. A277

However, these advisory bodies were incorporated into the one organisation and a substantial increase in both establishment and expenditure was expected.

67. We were informed that of the \$30,000 sought in the Additional Estimates, \$6,000 was sought for the installation of a temporary switchboard and P.A.B.X. in the Council's new premises at Northside Gardens, North Sydney and \$24,000 for increased rental charges and usage of telephone services. Ninety-five per cent (or \$22,800) of the latter figure was required for increased usage. Exhibit 152/A6 and Qs. A290 and A291

68. The witness advised the Committee that the installation of a P.A.B.X. system for the North Sydney premises was sought on 15 September but the Postmaster-General's Department advised that there would be several months' delay. A temporary switchboard was provided until the P.A.B.X. was installed in June 1974. The account for the P.A.B.X. was not received during the financial year. Qs. A281 and A283

69. In explanation of the increased usage of telephones the Committee was informed that this resulted from increased staff and the expansion of the telephone facilities available. The witness stated that from 1 July 1973 to 30 June 1974 staffing rose from 53 to 119 people with the bulk of the increase occurring in the second half of the year. Exhibit 152/A6 and Q. A284

70. The witness stated that the Council for the Arts was grossly understaffed and that this fact contributed to the increased usage of telephones. Because facilities were not always available to dictate or type letters, it was possible to achieve more with the limited number of staff by the use of telephones. We were informed that the Council staff at the time of the inquiry was 121 and that they were in the process of recruiting staff to increase the numbers to 138 which was the approved ceiling for 1974-75. The approved establishment for the Council was 153 plus 4 consultants. Qs. A308, A312 to A315 and A333

71. The Committee learnt that the Council sought additional funds from the Advance to the Treasurer in April 1974 after it became apparent that the rate of expenditure was such that additional funds would be required to meet commitments. In addition to continuing increases in usage of telephones, the witness stated that the Council was faced with expenses associated with the change in accommodation from Sabemo House to Northside Gardens.

Exhibit  
152/A6 and  
Qs. A296  
to A298

72. The Council stated that increases in telephone usage were attributable to interruptions to mail services during a Post Office industrial dispute in April 1974 and also to a general increase in community awareness of the Council's activities. The increased community awareness resulted in a growth of business greater than anticipated at the time additional estimates had been prepared. Although the Council had asked the Postmaster-General's Department to provide month by month calculations of telephone usage to illustrate the effects of the industrial dispute, the information was not available at the time of the hearing.

Exhibit  
152/A6 and  
Q. A299

73. Elaborating on the effects of the extraordinary growth of public interest in the availability of funds, the witness explained that the Council was responsible for providing funds, advice and professional service. It was stated that grants were generally sought on a "one-off" basis with no areas where automatic qualification of applications was possible. In order to process grants, establish conditions for grants and follow-up grants, personal contact with clients was essential. The Committee was told that the need for advice or professional service was often a question of emergency, consequently there was a need for personal contact with clients.

Qs. A288,  
A292, A297  
and A308

74. In relation to funds required from the Advance to the Treasurer for expenses associated with the Council's transfer to new premises, the Committee understands that the new premises were fully occupied during November 1973. The witness stated that bills

Qs. A296  
and A298 and  
Committee  
File 1974/1

relating to the establishment of telephones in the new building, including advance computing and retrospective computing on the lines were received shortly after the change in accommodation.

75. We were advised that action had been taken to institute controls on telephone usage. Immediately the P.A.B.X. switchboard had been installed in June, STD facilities had become available but all lines were barred except those of senior staff. In addition to requesting the Postmaster-General's Department to provide a PETRA Unit, attention of staff had been drawn to guidelines for the use of telephones. Also, a log of trunkline calls of all staff is being maintained. The witness assured the Committee that the size of the telephone bill was a matter of great concern to the Council.

Exhibit  
152/A6 and  
Qs. A302,  
A304 and  
A305

#### Conclusions

76. The Committee accepts the Council's explanation in relation to the need for funds from the Additional Estimates and also in relation to the funds required for increased usage from the Advance to the Treasurer. However, the Committee feels that the funds obtained from the Advance to the Treasurer for expenses relating to the change in accommodation should have been obtained in the Additional Estimates in view of the fact that the change occurred in November 1973.

77. Despite the efforts of the Council for the Arts to control the usage of telephones the Committee notes with some concern that the estimate for this item for 1974-75 in Appropriation Bill No. 1 has increased by 82 per cent over the actual expenditure in 1973-74 to \$192,300.

CHAPTER 6

DEPARTMENT OF SCIENCE

Division 486/2/03: Patent, Trade Marks and Designs Offices -  
Administrative Expenses - Postage, telegrams  
and telephone services

<u>Funds Available</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
	\$	\$	\$
Appropriation Act No. 1	104,400	88,400	93,700
Appropriation Act No. 4	-	-	32,300
Advance to the Treasurer	-	-	27,000
TOTAL FUNDS AVAILABLE	104,400	88,400	153,000
TOTAL EXPENDITURE	103,778	87,406	152,423
UNEXPENDED FUNDS AVAILABLE	622	994	577

78. This item provides for the costs of postage, telegrams and telephone services for the Patent, Trade Marks and Designs Offices. Exhibit 152/B5

79. The Committee was informed in evidence that when the Department of Science prepared its draft estimates for 1973-74 provision was made in the Department's main administrative vote, Division 475/2/03, for an amount of \$11,049 for telephone installations that would be necessary as a result of the formation of the Department and its anticipated relocation in Scarborough House, Phillip. The building was then partly occupied by the Patent, Trade Marks and Designs Offices (a part of the Department) and additional telephone installations to meet the Department's requirements were to be connected to the Patents Offices' P.A.B.X. switchboard. We were also informed that the amount was calculated by the Department using as a basis Post Office standard charges for the services proposed and on the assumption that all the work would be completed and charged for in 1973-74. Exhibit 152/B5 and Qs. B399, B425 and Committee File 1974/1

80. The departmental witness stated that after discussions with Treasury officers this amount was deleted from the draft estimates on the understanding that a fresh approach for funds would be made to the Exhibit 152/B5 and Q. B424 and Committee File 1974/1

Treasury when a more accurate figure of the cost involved could be established. In a supplementary submission, the Department stated that it understood that in the Treasury's view the timing and extent of the cash requirements for the installations were so uncertain as not to meet the principles of estimating set out in Treasury Direction 16/9(a), which states inter alia:

"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."

However, the Treasury Observer (Mr Finch) said that it was the Treasury's understanding that the amount of \$11,049 was excluded from the Department's draft estimates because it had not been decided which was the appropriate appropriation to charge the expenditure against.

81. The Department in a supplementary submission stated that it advised the Postmaster-General's Department of its additional telephone requirements on 13 April 1973. The Department also informed us that these requirements have been amended from time to time, in particular because it has been necessary to make a number of interim moves. We were also informed that work on the installations commenced on 18 August 1973 and was not completed at the time of the inquiry (October 1974).

Qs. B406  
and B407  
and  
Committee  
File 1974/1

82. In February 1974 the Postmaster-General's Department claimed an amount of \$6,088 as a progress payment on the work performed on the installations. At that stage it was accepted by the Department of Science and the Treasury that it would be appropriate for the amount of the progress payment to be charged against Division 486/2/03, the appropriation relating to the Patent, Trade Marks and Designs Offices. Warrant Authority from the Advance to the Treasurer, pending Additional Estimates, was issued to allow this claim to be met.

Exhibit  
152/B5 and  
Committee  
File 1974/1

83. The Committee was informed that \$6,100 to cover the funds approved to meet the progress payment on the installations and a further \$26,200 to cover further accounts received from the Post Office for telephone services were included in Appropriation Act No. 4.

Exhibit  
152/B5 and  
Q. B408  
and  
Committee  
File 1974/1



84. In regard to expenditure from the Advance to the Treasurer the Department informed us that during April and May 1974 further accounts were received from the Postmaster-General's Department for a total of \$26,919, of which an amount of \$22,176 was required to cover the costs of metered calls. On 10 June 1974 the Department obtained from the Advance to the Treasurer \$27,000 to cover all accounts received from the Postmaster-General's Department during 1973-74.

Exhibit  
152/B5 and  
Qs. B414  
and B415  
and  
Committee  
File 1974/1

85. The accounts received during April and May from the P.N.G. were as follows:

	\$
• Metered calls to 7 January 1974 and junction rental to 31 August 1974	22,589
• Minister's Office (Parliament House)	1,259
• Miscellaneous charges (which comprises installations, transfers and rentals)	<u>3,071</u>
	26,919

Exhibit  
152/B5 and  
Qs. B416,  
B417 and  
B427 and  
Committee  
File 1974/1

The Department informed us that junction, or outgoing exchange line rental, is a standard charge which in 1973-74 was \$55 per annum payable in advance in six-monthly instalments at the rate of \$27.50.

86. The Committee was told that provision to meet the costs of this particular P.A.B.X. switchboard in Scarborough House had been included in the Department's main administrative appropriation Division 475/2/03 for 1974-75.

Committee  
File 1974/1

87. It was stated that a survey conducted in May 1974 by the Department of a group of 11 junction lines into Scarborough House revealed that during the six months period ended 7 January 1974, there was an average 30 per cent increase in the usage on those lines. The Department stated that the increase was calculated by comparing the last account received from the Post Office in May 1974 covering the six months period to January 1974 with the account for the previous six months.

Exhibit  
152/B5 and  
Qs. B429,  
B434 and  
B437 and  
Committee  
File 1974/1

Conclusions

88. The evidence suggests that the need for the Department to seek additional funds from the Additional Estimates and the Advance to the Treasurer arose from a lack of experience by the Department in estimating the likely costs of operating the combined telephone services for the Central Office of the Department and the Patent, Trade Marks and Designs Offices in Scarborough House. The Committee, therefore, accepts the Department's explanations justifying the seeking of funds in the Additional Estimates and the Advance to the Treasurer.

89. The Committee found that the Department's submission was very confusing and in some respects misleading. For instance, in paragraph 1 of the submission the Department stated that additional funds totalling \$32,300 were required in Appropriation Act No. 4 to cover:

(i) Increased postal charges	\$5,000
(ii) Increased telephone tariffs for rentals	\$10,000
(iii) Telephone installations in Scarborough House	\$12,000
(iv) Increased telephone usage	\$5,300
	<u>\$32,300</u>

However, in paragraphs 3 and 4 on page 2 of the submission and in evidence during the inquiry, the Department stated that \$6,100 to cover the funds approved to meet the progress payment on the installations and a further \$26,200 to cover further accounts received from the Post Office for telephone services were included in Appropriation Act No. 4.

90. The submission also gave no indication that the amount of \$11,049 included in the draft estimates to meet the cost of the telephone installations in Scarborough House and later deleted, had originally been provided under Division 475/2/03 and not the item under examination Division 486/2/03. It was also noted that the information set out in the first five paragraphs under the heading Advance to the Treasurer related to the Additional Estimates and Appropriation Act No. 4.

91. The Committee views any inaccuracies or lack of quality in the information presented to it in a very serious light and would draw the Department's attention to the Treasury Memorandum 66/385 of 16 October 1970 to all Permanent Heads. This memorandum included the following statement:

"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."

(ii) Division 486/2/04: Patent, Trade Marks and Designs Offices - Administrative Expenses - Printing of specifications and publications

<u>Funds Available</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
	\$	\$	\$
Appropriation Act No. 1	308,400	600,000	575,000
Appropriation Act No. 4	94,600	-	65,200
Advance to the Treasurer	-	-	30,000
<b>TOTAL FUNDS AVAILABLE</b>	<u>403,000</u>	<u>600,000</u>	<u>670,200</u>
<b>TOTAL EXPENDITURE</b>	<u>387,594</u>	<u>535,274</u>	<u>669,561</u>
<b>UNEXPENDED FUNDS AVAILABLE</b>	<u>15,406</u>	<u>64,726</u>	<u>639</u>

92. This item provides for the cost of printing and publication by the Australian Government Printer by photographic method and microfilm of abstracts, journals, indexes specifications, etc. in respect of the Patent, Trade Marks and Designs Offices.

Exhibit  
152/B6

93. The Department in its submission stated that under Appropriation Act No. 4 it obtained \$59,552 to cover increased printing costs and additional printing requirements. A further sum of \$5,648 was

Exhibit  
152/B6 and  
Q. B438

also obtained for the costs of photocopying services. We were also informed that a review at the time of the Additional Estimates indicated an expected rise in the item. The price per page of the printing of the Official Journal of Patents increased from an estimated \$22.80 per page to the price of approximately \$40 per page. Due to increased activity in the examining sections of the Patent Office the size of the Journal increased by 14 per cent reflecting an increased number of patent applications accepted.

94. In elaborating on the increased costs for printing, the witness for the Department informed us that the cost of printing per page varied weekly and depended upon the size of the journal and page content. The witness believed that the increases in the costs of printing were mainly the result of increases in costs of materials and salaries in the Australian Government Publishing Service.

Qs. B439  
to B442

95. The Committee was informed that the Australian Government Publishing Service did not give firm quotes. The Department on the other hand was usually not aware of the size of the weekly Official Journal of Patents until the copy was forwarded to the printer. We were told that the bulk of the printing requirements was carried out by the Australian Government Publishing Service and the witness was under the impression that the costs compared favourably with printing services in private enterprise.

Qs. B443,  
B446 and  
B447

96. The Department in its submission also informed the Committee that at the time the Original Estimates were prepared a photocopying service undertaken on behalf of the Management Services Branch was provided by the Department of Education. It was not until some time later than the Patent, Trade Marks and Designs Offices' facilities were used, which resulted in additional funds amounting to \$5,648 being sought in the Additional Estimates.

Exhibit  
152/B6 and  
Q. B450

97. In regard to the amount of \$30,000 sought from the Advance to the Treasurer we were informed that the price of the printing of the Official Journal and Specifications continued to rise. In May

Exhibit  
152/B6 and  
Q. B449

1974 the price per page had risen to \$49 per page. The Department stated that in order to settle all the printing claims from the A.G.P.S. they had no alternative but to obtain \$30,000 from the Advance to the Treasurer which was made available to the Department on 24 June.

#### Conclusions

98. In view of the uncertainty of the actual printing requirements and the increases in printing costs, the Committee believes that the Department had no alternative but to obtain additional funds from Appropriation Act No. 4 and the Advance to the Treasurer in 1973-74 to meet the printing claims from the Australian Government Publishing Service.

CHAPTER 7

DEPARTMENT OF SERVICES AND PROPERTY

(i) Division 516/2/01 - Overseas Property Bureau - Administrative Expenses - Travelling and Subsistence

<u>Funds Available</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
	\$	\$	\$
Appropriation Act No. 1	-	-	91,000
Appropriation Act No. 4	-	-	-
Advance to the Treasurer	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS AVAILABLE	-	-	91,000
TOTAL EXPENDITURE	-	-	91,701
	<hr/>	<hr/>	<hr/>
UNEXPENDED FUNDS AVAILABLE	-	-	
			701

99. This item provides for travelling expenses and subsistence for officers of the Overseas Property Bureau.

Exhibit  
152/A4

100. The Committee was informed that the Overseas Property Bureau was established in the Department of the Vice-President of the Executive Council in April 1971 and was later transferred to the Department of the Environment, the Aborigines and the Arts. With the advent of the new Government in December 1972, the Bureau became part of the Department of Services and Property.

Q. A6c

101. The witness advised the Committee that at the time the original estimates for 1973-74 were prepared, the Overseas Property Bureau was responsible only for the administration of property matters in New Zealand. The exact timetable for the transfer of responsibility for property matters at the rest of the Overseas posts to the Bureau was not known at that time but it was known that whether the Bureau had direct responsibility or not, a certain amount of travel would be involved. The Committee also learnt that the Department of Capital Territory carried out the financial and accounting functions of the Department of Services and Property until 1 January 1974.

Qs. A50,  
A86 and  
A137

102. We were informed that the departmental appropriation/revenue ledger is maintained and posted by a computer operated by the Sub-Treasury, Canberra. The computer printout issued by the Sub-Treasury forms the appropriation ledger of the Department of Services and Property and is the means by which the Department's Authorizing Officer controls expenditure. The Department stated that because there is an unavoidable time lag in receiving computer printouts from the Treasury, a handwritten record was set up to safeguard against over-expenditure in items where total expenditure might be running close to the appropriation.

Exhibit  
157/A4

103. The normal time lag for the receipt of printouts is about 24 hours and the Committee was informed that the printout for Thursday, 27 June 1974 was received by the Department in the early afternoon of Friday, 28 June 1974. The Committee was told that where there is a need to highlight matters needing attention by the Authorizing Officer, an Exception Report is produced by the computer and forwarded to the Department with the printout. The printout for the 27 June was not accompanied by an Exception Report therefore the Authorizing Officer, assuming the ledger was in order, did not check the printout until Saturday, 29 June when the expenditure of \$701 without Warrant Authority was discovered. The Treasury Observer (Mr Davidson) pointed out that Treasury could have dealt with the matter and issued covering Warrant Authority on Saturday, 29 June and probably on Sunday, 30 June.

Exhibit  
152/A4  
Qs. 166,  
A75 and  
A92

104. In elaborating on the purpose of Exception Reports Mr Davidson told the Committee that, although under the Audit Act responsibility for overexpenditure rested with the Authorizing Officer, the Sub-Treasury had introduced the procedure of sending Exception Reports and contacting departments about to exceed Warrant Authority, before cheques were despatched. He stated that on this occasion there was no record of the Department having been advised orally. There was, however, a copy of the Exception Report for that day in the Sub-Treasury and the Treasury could not understand why an Exception Report had not been received by the Department.

Qs. 167 to  
A69 and  
A72

105. We were informed that extra work load arising from the postal strike and work associated with the closing of the accounts

Exhibit  
152/A4  
Qs. A74 and  
A90

at the end of the financial year kept the Authorizing Officer and his staff fully occupied on the afternoon of Friday, 28 June and resulted in a detailed examination of the ledger printout not being made until Saturday, 29 June 1974. In relation to the effects of the postal strike, the witness stated that it had resulted in considerable extra work in making arrangements with suppliers for accounts to be forwarded to the Department by alternative means.

106. The witness stated that further factors which contributed to the error was the inexperience of the staff, resulting from the fact that Services and Property had only taken over its own accounting functions on 1 January 1974, and also the pressure under which they were working in the last two months of the financial year. In this period 26.9 per cent of all the vouchers received in 1973-74 were processed.

Qs. A77,  
A82 and  
A90

107. The Committee was informed that the Department's handwritten ledger showed that the Department had Warrant Authority for \$90,372 and expenditure to 25 June of \$88,608. The Department expected to have a balance of \$208 after payment of an account for \$1,556. However, the Treasury appropriation ledger showed expenditure of \$89,516 to 25 June leaving only \$856 for which the Department held Warrant Authority to meet the account of \$1,556. The witness admitted that there had been no reconciliation of the Treasury printout with the Department's manual ledger.

Qs. A81 and  
A82

108. We also learnt that the same person, the Authorizing Officer, was responsible for the errors in relation to this item and also for the error in relation to Item 516/3/02 discussed below. The witness stated that the Authorizing Officer has been directed not to maintain a handwritten record in future but to rely entirely on the Treasury printout. The witness believed this could result in some delays in processing accounts but felt that it would be the safest way of doing things.

Qs. A96,  
A99 and A110



109. In response to questions relating to staff ceilings the Departmental witness stated that the financial and budgetary sections of the Department would not be greatly affected by the 1 per cent staff ceiling imposed by the Government for 1974-75, although he suggested that they had found it necessary to examine procedures with a view to making them more efficient.

Qs. 183 and  
A151

Conclusions

110. The Committee's main concern with this item is that an amount of \$701 was charged to the Advance to the Treasurer without Warrant Authority in contravention of Treasury Regulation 90(1). That Regulation states:

"An Authorizing Officer shall not authorise expenditure from Revenue or Loan appropriations until a Warrant Authority for Expenditure authorising expenditure accordingly has been obtained from the Secretary."

111. The evidence shows that failure to detect and rectify the overexpenditure before the end of the financial year was partly the result of a failure in the Exception Report procedure by which Departments are warned of overexpenditure. However, the major factor contributing to the overexpenditure would appear to be the inexperience of staff in that they failed to carry out any reconciliation between the Treasury printout and the departmental handwritten record and also failed to contact Treasury when the overexpenditure was first discovered when there was still a chance of rectifying the departmental error.

112. Notwithstanding the inexperience of the staff, the Committee believes that the clerical error made by the Department should not have occurred and that appropriate action should be taken by the Department to guard against a repetition of errors of this kind. The Committee notes that the Department does not intend to keep a handwritten record in future but does not necessarily agree that this is the most appropriate action to take. It is our view that such a record, regularly reconciled with Treasury printouts and carefully checked for accuracy, may be the best method of ensuring efficient

control of expenditure in the closing days of a financial year.

(ii) Division 516/3/02 - Overseas Property Bureau - Overseas  
Property Services - Property maintenance  
and Services

<u>Funds Available</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
	\$	\$	\$
Appropriation Act No. 1	-	-	28,300
Appropriation Act No. 4	-	-	1,652,700
Advance to the Treasurer	-	-	16,500
<b>TOTAL FUNDS AVAILABLE</b>	-	-	<b>1,697,500</b>
<b>TOTAL EXPENDITURE</b>	-	-	<b>1,697,858</b>
<b>UNEXPENDED FUNDS AVAILABLE</b>	-	-	<b>358</b>

113. This item provides for the maintenance and service costs incurred at Australian Government Posts controlled by the Bureau. The types of expenditure charged under this item include repairs, repainting, renovations, and alterations and payments of general rates and services charges in jointly occupied premises.

Exhibit  
152/A5 and  
Q. A6

114. The Committee was informed that at the commencement of the financial year, the Overseas Property Bureau was responsible only for property administration of posts in New Zealand. The remainder were taken over progressively during the year. An amount of \$28,300 was obtained in the Original Estimates for expenditure in New Zealand. The Department advised that actual expenditure in New Zealand amounted to \$30,899.

Exhibit  
152/A5 and  
Q. A878 and  
Committee  
File 1974/1

115. It was explained that at the time of preparing the Additional Estimates the Bureau was responsible for property administration at thirty-three posts and that responsibility for the remaining sixty-two posts would be undertaken from 1 April 1974. It was with this knowledge, therefore, that the Bureau sought \$1,652,700 in Appropriation Act No. 4.

Exhibit  
152/A5

116. We were told that the \$1,652,700 obtained in Appropriation Act No. 4 included an amount of \$1,582,347 to cover the unspent balances of appropriations made to the Departments of Foreign Affairs, Overseas Trade and the former Department of Immigration. The remaining \$70,353 was for additional commitments arising after the Overseas Property Bureau had taken over responsibility for posts. We were informed that the amount of \$70,353 was to meet expenditure associated with the following:-

Exhibit  
152/A5 and  
Qs. A831  
and A882

	\$
. Maintenance of Australian Government owned premises at Jakarta	2,594
. Maintenance of thirteen apartments at Hong Kong	9,100
. Maintenance of Chancery at Peking	6,717
. Renovation of Official Residence at Singapore	2,672
. Maintenance of Official Residence and House 1 at Tokyo	10,194
. Painting of Head of Mission Residence at Tokyo	8,700
. Auxillary heating and lighting equipment for Australian High Commission, London	4,082
. Partitioning and maintenance at Community Complex Building, Nauru	1,238
. Maintenance of apartment for the Ambassador for the Organisation of Economic Community Development, Paris	3,507
. Maintenance of houses at Mita Avenue Compound, Tokyo	1,808
. Service charges for premises at 64-66 Avenue D'Iena, Paris	8,644
. Repairs to Official Residence at Dublin	3,756
. Eighteen minor commitments	<u>7,341</u>
	70,353 /

117. The departmental witness stated that before arriving at the estimate of \$1,652,700 extensive consultations had taken place. The overseas posts were consulted regarding the expenditure of money expected for the balance of the financial year. It was also

Q. A883

necessary to discuss with the Treasury the extent of the original expenditure allocations and the actual expenditure incurred and to confirm with the departments previously responsible for expenditure at overseas posts the assessments of expenditure for the remainder of the year made by the posts.

118. In relation to the \$16,500 sought from the Advance to the Treasurer, the Committee was informed that this was required to meet unforeseen increases in utility costs, particularly heating oil and electricity.

Exhibit  
152/A5 and  
Q. A88j

119. The witness stated that because of difficulties with the exchange rates, it was not possible for the Bureau to know actual expenditure by posts until the amount spent is brought to account in the ledgers in Canberra. The Committee was told that it was not until 26 June 1974, when departments were advised of the final figures for transactions overseas, that the Department of Services and Property would be aware of the total expenditure by overseas posts and be able to re-allocate underexpended funds, and seek funds from the Advance to the Treasurer to meet the net additional requirements.

Qs. A90i  
and A91j

120. We were told that on Friday, 28 June the Department of Services and Property had claims on hand for reimbursement to the Department of Foreign Affairs in respect of payments made overseas. The Committee learnt that total underspending at all posts overseas was \$74,044 while the total additional requirements by posts was \$90,902 leaving the total requirements to be met from the Advance to the Treasurer at \$16,858. Due to an error in the Department's handwritten record of expenditure it was calculated that \$16,500 would be required to meet the claims and accordingly Warrant Authority for this amount was obtained. The overexpenditure of \$358 was discovered at about 4 p.m. on Saturday, 29 June 1974 shortly after receipt of the appropriation ledger printout of 28 June.

Exhibit  
152/A5 and  
Qs. A902  
and A905  
and  
Committee  
File 1974/1

121. The witness was unable to provide the Committee with specific details of the increased expenditure. He stated that this was a global vote and that some posts would have spent more money

Qs. A886  
and A888  
to A890

than had been allocated to them while others would have spent less. It was normal procedure for savings on one post to be allocated to posts seeking additional funds. He further stated that to obtain specific details of the over and underspending at each post it would be necessary to research the expenditure at each and every post.

122. In relation to the handwritten record, we were informed that it had been instituted to ensure that an up-to-date record of expenditure was available in the period towards the end of the financial year when the ledger printout was usually received a day after transactions had taken place. The witness admitted that as was the case with Item 516-2-01, no reconciliation between the handwritten record and the Treasury printout had been made. He stated that a handwritten record would not be kept in future.

Qs. 1597  
and 1901

#### Conclusions

123. The Committee accepts the Department's explanation in relation to the need for funds from the Additional Estimates and from the Advance to the Treasurer, however it is concerned, that, as was also the case in Item 516-2-01, that an amount of \$358 was charged to the Advance to the Treasurer without Warrant Authority in contravention of Treasury Regulation 90(1).

124. The evidence indicates that a clerical error in the department's handwritten record of expenditure was the cause of the overexpenditure. Again the Committee feels that the inexperience of staff caused the failure to reconcile the handwritten record with the Treasury printout and resulted in no action being taken to rectify the error when it had been detected. The Committee's comment on the clerical error in relation to Item 516-2-01 would also apply to this item.

125. A further aspect of concern to the Committee was the Department's inability to provide specific details of over and under-

spending at overseas posts. The Committee is at a loss to understand how the Department can state that additional funds required by individual posts amounted to \$90,902 and underspending at individual posts amounted to \$74,044 but be unable to provide details of what those amounts comprised.

CHAPTER 8

DEPARTMENT OF THE SPECIAL MINISTER OF STATE

- (i) Division 540/1/01 - Administrative - Salaries and Payments in the nature of Salary - Salaries and allowances.

<u>Funds Available</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
	\$	\$	\$
Appropriation Act No. 1	-	-	758,700
Appropriation Act No. 3	-	77,900	282,300
Advance to the Treasurer	-	21,383	87,000
TOTAL FUNDS AVAILABLE	-	99,283	1,128,000
TOTAL EXPENDITURE	-	99,282	1,116,172
UNEKSPENDED FUNDS AVAILABLE	-	1	11,828

126. This item provides for the payment of salaries and allowances to the Central Office Staff, the Priorities Review Staff and the staff of former office-holders.

Exhibit  
152/B2

127. The Department stated in its original submission that it was necessary to obtain an additional \$189,300 in the Additional Estimates to cover a staff increase of 30 in the Central Organisation of the Department and \$93,000 to meet salary increases for staff due to changes in salary determinations. Subsequent to the public hearing the Department advised in a supplementary submission that the staffing figures previously supplied to the Committee refer to a mixture of staff and establishment and that as the amount of \$189,300 was provided to enable the establishment to be filled the figures have been recalculated on the basis of increased establishment only. The supplementary submission stated that there was an increase in establishment of 101 positions due to the creation of 9 positions in the Australian Exhibits Organisation, 77 positions in Divisions 1, 2 and 3 of the Department, and for the Priorities Review Staff and 15 positions transferred from the Department of External Territories.

Exhibit  
152/B2 and  
Q. B280  
and  
Committee  
File 1974/1

128. The Committee was informed that on 1 July 1973 the Department had a total establishment of 79 positions. The figure rose to 131 positions at 30 September 1973, 176 at 31 December 1973, 190 on 28 February 1974 and 204 positions on 30 June 1974, although only 138 positions were then actually occupied.

Qs. B281  
and B282  
and  
Committee  
File 1974/1

129. In regard to expenditure from the Advance to the Treasurer, the Department informed us that since the Additional Estimates were approved an additional fourteen positions were created and five positions were reclassified, this increased expenditure by \$18,600.

Exhibit  
152/B2 and  
Qs. B283  
and  
Committee  
File 1974/1

130. The Committee was informed that due to the increasing volume of work in the Finance Section and the shortage of staff adequate provision had not been made for the salaries of three members of the Priorities Review Staff and an amount of \$13,300 had to be obtained from the Advance to the Treasurer. We were also informed that the staffing situation in the Finance Section has now been rectified by increasing the establishment and by a rationalisation of work within the finance area on a more equitable basis.

Exhibit  
152/B2 and  
Qs. B290  
and B291

131. The Committee was informed that the Department was lagging in the recruitment of certain types of staff due partly to staff shortages in the recruitment area. In March 1974 a review was carried out of the existing establishment, proposed additional positions and staff ceilings, resulting in a more concentrated and vigorous recruitment effort. A more rapid build-up of staff followed than had originally been anticipated. Staff were also obtained on loan from other departments and authorities on a reimbursement basis. The Department sought and obtained \$28,200 from the Advance to the Treasurer to cover the additional costs.

Exhibit  
152/B2 and  
Qs. B292  
and B295  
and  
Committee  
File 1974/1

132. A further \$26,900 was obtained from the Advance to the Treasurer for salaries and allowances payable to the staff of former office-holders of the Parliament (such as former Prime Ministers). The Committee was informed that subsequent to the

Exhibit  
152/B2 and  
Qs. B296  
and B298



passing of the Additional Estimates a check of the salary sheets revealed that the salaries of some of the staff of former office-holders had been incorrectly charged to Divisions 545-1-01 and 548-1-01. The subsequent adjustments resulted in a partial saving in Division 548-1-01.

133. The witness explained to the Committee that the Department deals with three categories of staff relating to the Parliament. The first category comprises Ministerial staff, the second category consists of staff of office-holders of the Parliament, such as the Leader of the Opposition, the third group are staff of former office-holders. The payment of salaries and allowances for the last group are provided under this Item. The Department told the Committee that in the initial period when the Department was established, the staff in this area, although acquainted with personnel and finance work, were not always aware to which category some staff belonged. The first priority of the section in the initial period was to ensure that all members of the staff received their salaries. The Department said that in addition to identification problems there were also a number of difficulties associated with settling in and establishing procedures.

Exhibi:  
152/B2 and  
Qs. B295,  
B297, 1  
B301

134. The witness told the Committee that the incorrect charging was discovered by accident and not as a result of a general review of expenditure. He informed us, however, that the Department had now instituted a system of periodical checks of paysheets which would enable errors to be rectified at an early date.

Qs. B298  
to B300

135. During the course of our Inquiry the Department told us that the semi-autonomous nature of such groups as Royal Commissions and the need to provide staff for such groups resulted in the Department being more affected by staff ceilings

Qs. B302  
to B308

than other departments.

136. The Observer for the Public Service Board (Mr K. Faul) Q. B309 was of the opinion that the Board had met the Department's staffing requirements fairly well, although he agreed that the staffing of Royal Commissions presented special problems. Mr Faul also informed the Committee that the Board had been considering the possibility of establishing a special task force to aid new departments in establishing management services.

137. The Department did not provide the Committee with reasons for the underexpenditure of \$11,828 in this item.

#### Conclusions

138. The Committee accepts that the Department was justified in seeking funds from the Additional Estimates and the Advance to the Treasurer to cover the additional positions created, the reclassification of other positions and increases in salary payments resulting from changes in salary determinations.

139. The evidence furnished to the Committee shows, however, that the Department failed to make adequate provision for the salaries of three members of the Priorities Review Staff and that salaries of the staff of some of the former office-holders of the Parliament had been charged to the wrong appropriations.

140. While the Committee appreciates the difficulties the department has experienced in establishing its procedures and recruiting suitable staff, the Committee feels, nevertheless, that

it must express its concern that the estimating procedures and control of expenditure on this item were inadequate. The Committee was pleased to learn that the staff situation in this area has now been rectified and that a system of checking has been instituted that provides for a periodical check of paysheets.

141. Finally, the Committee feels that it must mention that some of the information included in the original submission to the Committee was inaccurate and that this was only discovered after the Department appeared before the Committee. The Committee views such occurrences in a serious light and would draw the Department's attention to the Notes Relating to Evidence that accompany requests for submissions, which clearly state that the Committee expects that:

"Written submissions and explanations should be carefully prepared and thoroughly checked for adequacy and accuracy of detail and absence of ambiguity."

(ii) Division 540/2/01 - Administrative - Administrative Expenses - Travelling and Subsistence

<u>Funds Available</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
	\$	\$	\$
Appropriation Act No. 1	-	-	92,000
Appropriation Act No. 3	-	4,000	-
Appropriation Act No. 4	-	-	28,000
Advance to the Treasurer	-	-	34,200
TOTAL FUNDS AVAILABLE	-	4,000	154,200
TOTAL EXPENDITURE	-	3,736	151,137
UNEXPENDED FUNDS AVAILABLE	-	264	3,063

142. This item provides for the payment of travelling allowances, meal allowances, fares and car hire for Central Office staff, Priorities Review Staff and the staff of former office-holders of the Parliament. In addition it also provides for the hire of cars for former Prime Ministers, the widows of former Prime Ministers in special circumstances and for former office-holders.

Exhibit  
152/B3

143. The Department informed the Committee that the increase in this Item from \$3,736 expenditure in 1972-73 to \$92,000 in the Original Estimates for 1973-74 was based on the anticipated growth in staff and activities of the Department. The Committee was also told that although a broad relationship generally existed between the number of staff employed and the amount required for travel, such factors as sections whose functions require a high proportion of overseas travel or certain executive positions whose duties necessitate a great deal of travel both in Australia and overseas could affect this relationship.

Qs. B311  
to B313

144. In connection with the amount of \$28,000 obtained under Appropriation Act No. 4 the Committee was informed that \$10,000 was provided to meet travelling expenses for increased staff for which provision had not been made in the Original Estimates and \$18,000 for increased costs associated with the hiring of motor vehicles. The increased costs for the hire of motor vehicles was partly due to the increase in staff of the Department, but also to increases in hiring rates. It was stated that from November 1973 the rates for the hiring of motor vehicles from the Department of the Capital Territory increased from \$3.75 per hour and 32 cents per mile to \$4.60 per hour and 40 cents per mile and from 20 June 1974 the rates increased to \$5.76 per hour and 50 cents per mile. The witness informed the Committee that when making provision for the hiring of motor vehicles in the Additional Estimates, the Department had not allowed for the delays in the submission of accounts, in particular accounts concerning car hire from other Government departments.

Exhibit  
152/B3 1  
Qs. B314  
to B318

145. In relation to the amount of \$74,200 obtained from the Advance to the Treasurer we were informed that provision was made in the Original Estimates for two overseas visits by staff although ten visits actually took place. We were informed that five of these visits should have been provided for in the Additional Estimates but this was not done because of staff shortages and inadequate control measures. The witness informed the Committee that the Department has introduced a number of control measures which should ensure that, in future, adequate provision for departmental expenditure is made in the Additional Estimates. The witness also told us that in deciding upon the internal staff ceilings, the Secretary of the Department had approved a recommendation that priority be given to the finance and accounting area as well as some related personnel areas.

Exhibit  
152/B3 and  
Qs. B313,  
B319 to  
B321, B326  
and B327

146. The Department stated that after the Additional Estimates were approved it became apparent that due to increased costs, adequate provision had not been made for the hiring of motor vehicles and it became necessary for expenditure of \$8,200 in this connection to be funded from the Advance to the Treasurer.

Exhibit  
152/B3

147. The Department also informed the Committee that in Appropriation Act No. 3 additional funds were provided for overtime. However, no provision was made in Appropriation Act No. 4 for the related cost of tea money. Consequently it became necessary for the Department to seek an additional \$1,500 from the Advance to the Treasurer to cover this expenditure.

Exhibit  
152/E3

#### Conclusions

148. The evidence shows that funds were obtained from the Advance to the Treasurer to cover the cost of five overseas visits by staff which should have been provided in the Additional Estimates. A similar omission occurred with regard to provision for the cost of

tea money related to additional overtime. While the Committee believes that these administrative oversights should not have occurred, the Committee has noted that the Department has introduced control measures which should ensure that omissions of this nature do not occur in the future.

(iii) Division 540/2/04: Administrative - Administrative Expenses - Australian Government Gazette - Printing

<u>Funds Available</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>
	\$	\$	\$
Appropriation Act No. 1	323,000	362,000	430,000
Appropriation Act No. 3	-	-	-
Appropriation Act No. 4	13,000	-	-
Appropriation Act No. 5	-	47,400	-
Advance to the Treasurer	-	-	212,300
<u>TOTAL FUNDS AVAILABLE</u>	<u>336,000</u>	<u>409,400</u>	<u>642,300</u>
<u>TOTAL EXPENDITURE</u>	<u>336,000</u>	<u>408,116</u>	<u>642,190</u>
<u>UNEXPENDED FUNDS AVAILABLE</u>	<u>-</u>	<u>1,284</u>	<u>110</u>

149. This item provides for the cost of printing the Australian Government Gazette. Exhibit 152/B4

150. The Committee was informed that the original estimate for this item was based on previous year's expenditure. At the time of the Additional Estimates, due to insufficient staff and unfamiliarity with the nature of this item, a pro-rata review of expenditure was carried out, which indicated that there would be sufficient funds to meet expenditure for the remainder of the year. Expenditure as at 28 February 1974 on the printing of the Australian Government Gazette was \$267,007. However, at the beginning of May it became apparent that additional funds would be required to meet commitments for the remainder of the year. Exhibit 152/B4 and Qs. B344 and B346 and Committee File 197/1

151. The Department informed the Committee that it was decided to change the format of the Australian Government Gazette as from 1 January 1974. This decision was taken following a review of the form, style and content of the Gazette and the related procedures. The Gazette is now produced on the standard B5 paper which allows the Government Printer to utilise modern web offset printing and ancillary equipment purchased for the production of the Gazette and Hansard.

Exhibit  
152/B4 and  
Qs. B337,  
and B338  
and  
Committee  
File 1974/1

152. Despite the overall increase in costs the Department maintained that the change in production methods resulted in savings over the old techniques of printing Gazettes on flat sheet letterpress equipment. In evidence the Department stated that if the same production methods had been used during the whole of the 1973-74 period, the overall increase on the 1972-73 costs would have been 82 per cent instead of 57 per cent. The increase of 57 per cent over 1972-73 costs is due to increases in labour rates, which accounts for 28 per cent, increased reader's charges (17½ per cent) and increases in the actual text content (12 per cent). (Material costs were ignored for the purposes of the above comparison as they would have been approximately the same for both methods.)

Qs. B339  
and B347  
to B349  
and  
Committee  
File 1574/1

153. We were also told that the number of special "Gazettes" had increased in content by 100 per cent from 1972-73 to 1973-74. In 1972-73 6,600 general Gazettes and 1,100 extracts of the Public Service section were printed per week. We were informed at the time of the hearing 6,200 general Gazettes and 17,500 Public Service issues were being printed weekly.

Q. B341

154. Of the \$212,300 sought from the Advance to the Treasurer \$3,900 related to a charge incurred in obtaining samples of type-setting for the format of the Gazette. No provision had been made for the account in the Additional Estimates. The witness informed the Committee that the Department had become aware that this account was outstanding when a review was conducted in May.

Exhibit  
152/B4 and  
Q. B343

155. A further \$203,400 was required for the costs of printing the Australian Government Gazette when it became evident at the beginning of May that the Additional Estimates review in February for this item was deficient due to insufficient allowance being made for outstanding accounts, increases in the number of Special and Periodical Gazettes published as compared with the original estimates, and a rise in printing costs due to rises in wages and materials.

Exhibit  
152/B4 and  
Qs. B347  
and B351 to  
B354

156. An amount of \$5,000 was obtained to pay an account for the publishing of the Gazette Index which was received in June and for which inadequate provision had been made in the original estimate. The witness explained to the Committee that the original estimate of the cost of the Gazette Index was based on the previous year's estimate and the cost applicable at that time. However, due to increases in the costs of printing and the size of the Gazettes the account was \$5,000 greater than the original estimate.

Exhibit  
152/B4  
and Q. B355

157. The main reasons advanced by the Department for their failure to seek funds from the Additional Estimates to cover increased expenditure, were unfamiliarity of the staff with the item, a shortage of staff, and delays in production of accounts. The Department informed us that the staffing situation had improved and that action had been taken to carry out a constant and more thorough review of expenditure in the future which would facilitate the preparation of Additional Estimates.

Qs. B343,  
B344, B347  
and B348

#### Conclusions

158. The evidence shows that the Department in adopting the pro-rata method of assessing its expenditure requirements for the remainder of the financial year failed to make provision in the Additional Estimates for certain outstanding accounts, increased



costs of printing and increases in the number and content of Australian Government Gazettes necessitating recourse to funds from the Advance to the Treasurer.

159. The Committee believes that a thorough review of expenditure at the time requirements from Additional Estimates were being considered would have alerted the Department that additional funds would be required. The Committee hopes that the action taken by the Department to increase the staffing position in the finance area and to tighten up its estimating procedures will allow a more accurate estimate of expenditure to be made of this item in the future.

CHAPTER 9

General Conclusions

160. In Chapter 1 of this Report, the Committee stated that in examining expenditure from the Advance to the Treasurer, it has sought to ascertain whether or not expenditure from the Advance has been confined to urgent and unforeseeable requirements for which provision could not have been made in the Original and Additional Estimates. The Committee has also sought to ascertain whether or not the departments concerned have maintained efficient administration in the expenditure of funds under the items selected for public inquiry.

161. This inquiry has shown that in some cases expenditure from the Advance to the Treasurer was confined to urgent and unforeseeable requirements for which provision could not have been made in the Appropriation Acts. In other cases, however, there was evidence of clerical errors, inefficient estimating procedures, and delays which caused expenditure to be charged to the Advance when provision should properly have been made in the Additional Estimates. Attention has been drawn to these inadequacies where they have been discovered.

162. One disturbing feature to which the Committee would invite particular attention relates to the fact that in six cases amounts were charged to the Advance to the Treasurer without Warrant Authority, in contravention of Treasury Regulation 90(1.). Two of these cases were examined at public inquiry by the Committee and both these overcharges were caused by clerical errors. The Committee would again remind departments of the requirements of Treasury Regulation 90(1.) which is expressed in the following terms:

"An Authorizing Officer shall not authorize expenditure from Revenue or Loan appropriations until a Warrant Authority for Expenditure authorizing expenditure accordingly has been obtained from the Secretary".

163. A further matter to which the Committee would invite specific attention relates to the briefness and inaccuracy of some departmental explanations and the fact that some witnesses appearing before the Committee were inadequately briefed. In this regard we would remind departments of the need to consult with other relevant departments when preparing submissions to ensure that submissions presented to the Committee are based on all the relevant information in the possession of the departments concerned. We would also again draw the attention of departments 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 relevant portion of this memorandum has already been quoted in Chapter 2.

For and on behalf of the Committee,



T. Devine  
Secretary  
Joint Committee of Public Accounts  
Parliament House  
CANBERRA  
26 November 1974



R.E. McAuliffe  
Chairman