

DEPARTMENT OF THE SENATE	
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1975

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

ONE HUNDRED AND
FIFTY-SIXTH REPORT

TREASURY MINUTES ON THE
ONE HUNDRED AND FORTY-SEVENTH
AND ONE HUNDRED AND
FORTY-EIGHTH REPORTS

TOGETHER WITH A

SUMMARY OF THOSE REPORTS

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

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.

ONE HUNDRED AND FIFTY-SIXTH REPORT

CONTENTS

<i>Chapter</i>		<i>Page</i>
1	Introduction	5
2	Treasury Minute on the One Hundred and Forty-Seventh Report relating to Expenditure from the Advance to the Treasurer 1972-73	7
3	Treasury Minute on the One Hundred and Forty-Eighth Report relating to Expenditure from the Consolidated Revenue Fund (Appropriation Acts 1972-73)	26

JOINT COMMITTEE OF PUBLIC ACCOUNTS

CHAPTER 1 - INTRODUCTION

In its Seventy-ninth Report dated 10 March, 1966 the Committee set out in detail the basis of the Treasury Minute arrangements which have been made to ensure that appropriate action ensues from comments contained in our Reports.

P.P. No. 275
of 1964-65-66

As they now stand, the arrangements concerned are:-

- (1) The Report of the Committee is tabled by the Chairman in the House of Representatives and by a Member of the Committee in the Senate. Motions are moved in both Houses of the Parliament that the Report be printed as a Parliamentary Paper.
- (2) The Chairman of the Committee thereafter forwards a copy of the Report to the Departments affected and to the Treasurer with a request that he give the Report his consideration and inform the Chairman of the action taken to deal with the Committee's comments.
- (3) The reply received, which is in the form of a Treasury Minute, is then examined by the Committee and, together with the conclusions of the Report to which it relates, is submitted as soon as possible to the Parliament as a Report.
- (4) When during its examination of a Treasury Minute the Committee finds that there are recommendations not fully dealt with or which are subject to a further Minute, it holds an exploratory discussion with officers of the Department of the Treasury prior to the submission of the Minute to the Parliament.

- (5) In reporting a Treasury Minute to the Parliament, the Committee does not usually make any comment on the Minute other than to note recommendations not fully dealt with or subject to a further Minute. In special cases where comment is thought to be necessary, however, the Committee makes it.
- (6) The Committee reviews a Treasury Minute, if necessary, when it again examines the department concerned.
- (7) The Department of the Treasury furnishes the Committee with a half-yearly report on outstanding Treasury Minutes, indicating the progress made in dealing with the Committee's comments.

CHAPTER 2 - TREASURY MINUTE ON THE ONE HUNDRED
AND FORTY-SEVENTH REPORT RELATING
TO EXPENDITURE FROM THE ADVANCE TO
THE TREASURER 1972-73.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

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

ATTORNEY-GENERAL'S DEPARTMENT
Administrative - Salaries and Payments in the
nature of Salary - Overtime

17. The Committee accepts the Department's explanation.

Reporting Branch - Salaries and payments in
the nature of Salary - Salaries and Allowances

27. The Committee appreciates the difficulty in making precise estimates for this type of expenditure, but nevertheless considers that deliberate overestimating of requirements for casual staff payroll by State Branches should not be allowed to continue. The Committee considers that it should be possible to make an assessment of requirements towards the end of the financial year and, if necessary, approach the Treasury for additional funds from the Advance to the Treasurer.

The Department agrees that deliberate overestimating is undesirable. In response to the Committee's comment concerning the use of the Advance to the Treasurer, Treasury would point out that the Department did in fact make an assessment of its requirements towards the end of the financial year, and as a result sought Warrant Authority from the Advance to the Treasurer of \$8,700 on 21 June 1973.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

Office of the Commissioner of Trade Practices -
Administrative Expenses - Travelling and subsistence

35. The Committee accepts the Department's explanation.

Commonwealth Police Force -
Salaries and Payments in the nature of Salary -
Salaries and allowances

42. The Committee accepts the Department's explanation.

Commonwealth Police Force -
Administrative Expenses - Incidental and other
Expenditure

48. The Committee accepts the Department's explanation.

DEPARTMENT OF THE CAPITAL TERRITORY
Australian Capital Territory Services - Administrative
Expenses - Postage, Telegrams and telephone services

59. It appears from the evidence that estimates reviews carried out by the Department of the Capital Territory failed to take into consideration the need to provide for wages for telephonists on loan from the Postmaster-General's Department. This was partly due to the late rendition of accounts by the Postmaster-General's Department.

The Department agrees with the conclusions of the Committee.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

60. The Committee is concerned at the long delay in the submittal of these accounts and considers that the Postmaster-General's Department should have been aware that the accounts had not been rendered. Although the Committee was informed that the breakdown in procedures was confined to Canberra and has since been rectified, the Committee believes that the Postmaster-General's Department should review its procedures for rendering accounts, to ensure that breakdowns do not occur and that accounts are submitted promptly after a service is provided.

61. The Committee considers that the Department of the Capital Territory should have been aware that the accounts for telephonists' wages had not been received. This lack of awareness, the Committee believes, indicates that the records being maintained by the Department for estimates purposes are inadequate.

62. The Committee is disturbed that the Department's telephone facilities offer substantial scope for unauthorised use of subscriber trunk dialling.

The Postmaster-General's Department has advised that it was previously the practice of the Department to render accounts annually for the cost of Switchboard Operators on loan to other departments. This contributed to the failure to render an account to the Department of the Capital Territory for the cost of operators for 1970/71 until July 1972. In May 1973, following disclosure of the breakdown in procedure, new billing arrangements were introduced whereby accounts for the cost of wages of telephonists on loan in Canberra are rendered monthly. The procedure has been found most satisfactory and arrangements are in hand to extend the procedure to all States.

The Department of the Capital Territory has advised that the "Petra" monitoring device has been in operation since 7 November 1973. There is an increasing

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

The Committee notes with approval that the Department is considering taking action to have a monitoring device installed which will record the source of S.T.D. calls.

awareness throughout the Department of its existence and capabilities and it is believed that it is a deterrent to the making of unauthorised S.T.D. calls through departmental telephones.

63. The evidence submitted shows that if fairly elementary estimating checks had been carried out, such as an analysis of expenditure in the early months of the financial year and an examination of the pattern of expenditure for previous years, the Department would have been aware of its additional requirements in time for their inclusion in the Additional Estimates. The Committee expects that appropriate action will be taken by the Department to ensure that proper estimating procedures will be followed in future.

Action has been taken to review the records used for formulation of the estimates to ensure that they are appropriate and accurate, and measures have been introduced to review progressive expenditure.

DEPARTMENT OF EDUCATION
Education Services - Australian Capital Territory -
Pre-school education and training

75. The evidence shows that of the \$78,800 provided in the Additional Estimates \$40,000 was required to meet salary increases. In its Original Estimates the Department had omitted to

The Department has noted the Committee's conclusions. It has advised that with the filling of two additional positions in the Central Office Finance Unit a check of the

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

include \$13,000 required to meet salary increases arising from the 1972 National Wage Case, and also had made no allowance for \$2,000 for the payment of arrears on water rates from the previous year. On the basis of the evidence, the Committee regards these omissions as a serious administrative oversight in the Department's estimating.

warrant commitment advice register by a second officer has been instituted, also that greater liaison has been established between sections of the Department in order to achieve more precise formulation of estimates.

76. The second matter to which the Committee would invite attention relates to the apparent miscalculations at the time of the revised estimates review, resulting in the Department's having to obtain \$12,000 for salary payments from the Advance to the Treasurer. The evidence shows that the underestimation arose from the Department's method of forecasting, in which it based its salary requirements on the month of February. As a result of this method, insufficient allowance was made for payments to casual teachers and assistants.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

77. It seems likely that if the Department had used expenditure figures for 4 or 5 months, instead of for one month, in projecting future requirements, the Department would have been better aware of its requirements, and a request for extra funds could have been included in the Additional Estimates.

78. The third matter relates to an amount of \$871 being charged to the Advance to the Treasurer without a Warrant Authority, in contravention of Treasury Regulation 90(1). That Regulation states:

"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."

79. The Committee is disturbed by the evidence relating to this over-expenditure. The witness explained that the unauthorised expenditure resulted from an error in the Department's warrant commitment advice register, and although the Department detected the error towards the end of May, no action was taken to correct it. While the Committee appreciates that the Department was under additional work pressure

Committee's Conclusions
One Hundred and Forty-Seventh report
(28 November 1973)

Treasury Minute
(13 December 1974)

in the finance area at the time, it considers that the Department was remiss in not rectifying the error immediately it was discovered.

80. The Committee also notes that action has been taken by the Department by way of increased staffing in its finance section and a restructuring of the Departmental appropriations to a new format. The Committee trusts that this action will result in an improved performance in connection with the formulation and review of Estimates.

81. Finally, the Committee must comment adversely on the inadequate briefing of witnesses on matters of fact referred to in the Departmental submission. The Committee would invite the Department's attention to Memorandum 66/385 of 16 October 1970 from the Secretary to the Treasury to all Permanent Heads, which relates to the preparation of material and briefing of witnesses for our inquiries.

The Department has noted the Committee's comments on the inadequate briefing of witnesses and will ensure compliance with Treasury Memorandum 66/385 of 16 October 1970 in future hearings.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

DEPARTMENT OF THE NORTHERN TERRITORY
Northern Territory Services - General Services -
General Welfare Services

90. The evidence submitted to the Committee on this item disclosed that a substantial amount of expenditure was charged to the Advance to the Treasurer instead of funds being sought in Additional Estimates. The failure to include any amount in Additional Estimates was due to a delay in settling the question of which department should be responsible for controlling this expenditure. The Committee believes that the initiative lay with the Treasury to settle this question quickly following receipt of the Department of the Northern Territory's telex of 2 March, so that funds could be provided in Additional Estimates.

Treasury Estimates Memorandum 1972/23 of 22 December 1972, which set out the effects on appropriations of the new administrative arrangements within the Public Service stated that new departments which had taken over distinct and identifiable functions from another department, for which funds had already been specifically appropriated, could operate upon such funds so long as there was no change in the purpose for which the appropriation was made. Details of such appropriations were included in an attachment and departments were advised that Warrant Authority on issue would shortly be withdrawn and re-issued in recognition of the transfer of such functions.

The Memorandum also advised that where a new department had acquired a function from a previous department, and the funds available were part of a central or omnibus vote, the acquiring department was to apply to Treasury for new funds as soon as possible.

The appropriation for this item was excluded from the attachment referred to above on the understanding that the Department of the Northern Territory and the Department of Aboriginal Affairs

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

had both acquired welfare functions from the former Department of the Interior covered by the omnibus vote 368/4/01 which could not be transferred to either department.

It was subsequently learned that this was not the case and on 26 February 1973, Warrant Authority for 368/4/01 was issued to the Department of the Northern Territory. This placed the responsibility for the item squarely with that Department.

The communication from the Department of Aboriginal Affairs of 2 March 1973, which questioned this decision was replied to on 7 March 1973 and included the following advice:-

"the appropriations under Division 368/4/01 - General Welfare Services and 368/4/02 - Community Activities cover functions which are now the responsibility of the Department of the Northern Territory and it is therefore not possible to issue Warrant Authority under these items to your Department as requested".

Similar advice was given by telephone to officers of the Department of the Northern Territory, following that Department's telex of 2 March 1973.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

The bid from the Department of the Northern Territory for additional estimates in respect of this item was not received until 23 March 1973 - too late for inclusion in the Bill.

Northern Territory - General Services -
Mines Branch - Operational Expenses

101. An amount of \$136,101 was obtained from the Advance to the Treasurer for a further subsidy to the Northern Territory Port Authority for losses incurred on loading facility operations of iron ore.

102. The evidence shows that the Northern Territory Administration first approached the Central Office of the Department of the Interior on 6 October 1972 to seek Treasury approval for additional funds for the subsidy. The original amount sought was subsequently amended and the request for the additional commitment of \$136,101 was forwarded to the Treasury by the Department of the Northern Territory on 20 December. The Treasury requested additional information from the Department on 19 February; the information was supplied on 6 April; and Warrant Authority was issued by the Treasurer on 1 May 1973.

Treasury is of the view that the need for a thorough investigation of the claim from the Northern Territory Port Authority, to ensure that it was strictly in accordance with the Cabinet Decision relating to the terms under which the subsidy was payable, justified the delay, even though it contributed to the need to seek funds from the Treasurer's Advance.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

103. After considering all the circumstances in this matter, including the administrative difficulties caused by the change of Government, the Committee can see no reason why provision for this relatively large amount should not have been made in Additional Estimates. In the Committee's opinion, the former Department of the Interior, the Department of the Northern Territory and the Treasury all contributed to the delays which prevented this happening.

Northern Territory Services - General Services
Railway freight subsidies

113. The Committee accepts the Department's explanation and notes that subsidies under this item have been abolished.

DEPARTMENT OF PRIMARY INDUSTRY
Forestry and Timber Bureau - Administrative Expenses -
Postage, telegrams and telephone services

120. The Committee accepts the Department's explanation.

Forestry and Timber Bureau - Administrative Expenses -
Office Services

129. The Committee accepts the Department's explanation.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(15 December 1974)

Forestry and Timber Bureau - Administrative Expenses -
Motor Vehicles - Hire, maintenance and running expenses

134. It appears to the Committee that the Department was justified in seeking funds in the Additional Estimates and from the Advance to the Treasurer. However, the Committee believes that the Department should have been able to make a more accurate estimate of the amount required from the Advance to the Treasurer, considering that the expenditure review took place in mid-June.

The Department has since advised that the main reason for the under-expenditure of \$2,407 was that an account from the Transport Section of the Department of the Capital Territory for vehicle rental and mileage charges for the fortnight ended 24 June 1973 in the amount of \$1,980.26 was not received until 25 July 1973. Allowance had been made for this payment in estimating the amount required from the Advance to the Treasurer.

Administrative - Other services -
Tobacco research (for payment to the
Tobacco Industry Trust Account)

142. The Committee accepts the Department's explanation.

Administration of the Commerce (Trade Descriptions) Act -
Payments to States for services in connection with inspect-
ions of fresh fruit, seeds, plants, vegetables and other
items

158. While the Committee recognises the problems confronting the Department in preparing accurate estimates and controlling expenditure on this type of item, the Committee considers that the extra payment made to the Victorian Department of Agriculture in September 1972, which was the main reason for

The Department has advised that the Committee's comments have been noted and that steps have been taken to prevent similar omissions from estimates calculations in future.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(73 December 1974)

recourse to the Advance to the Treasurer, should not have been overlooked when Additional Estimates were being considered. Although the diversity of claims procedures from the various States was obviously a contributing factor - and we note that steps are being taken to introduce a uniform system of re-imburement - the Committee considers that the Department should also review its estimating procedures to ensure that similar omissions from estimates calculations are not made in future.

DEPARTMENT OF SCIENCE
Metric Conversion Board - Administrative Expenses -
Postage, telegrams and telephone services

.38. On the basis of the evidence it appears to the Committee that the Department was justified in seeking funds from the Advance to the Treasurer. The evidence shows that the overexpenditure that occurred on this item arose from an error in the Department of Science during the process of preparing material relating to the Advance to the Treasurer. This error resulted in the charging of an amount of \$195 to the Advance to the Treasurer without a Warrant Authority, in contravention of Treasury Regulation 90(1). The

The Department had advised that procedures have been developed to guard against repetitions of the error which led to overexpenditure in the item in 1972/73.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

details of this Regulation have been set out previously in this Report, in connection with Division 232/1/09 relating to the Department of Education.

169. 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.

170. A further matter to which the Committee would like to draw attention relates to the briefness of the evidence tendered. In this regard we note that in its written submission the Department devoted less than 2 lines to explaining the reasons why it was necessary to seek funds from the Advance to the Treasurer, and no mention was made of the unauthorised expenditure. The Committee would draw attention to Treasury Memorandum 66/385 of 16 October 1970 to all Permanent Heads. This memorandum included the following statement:-

The Department has noted the Committee's comments in relation to evidence tendered in written submissions and will ensure compliance with Treasury Memorandum 66/385 of 16 October 1970 in any future submissions.

"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.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

Written submissions and explanations should be carefully prepared and thoroughly checked for adequacy and accuracy of detail and absence of ambiguity; officers who are to appear before the Committee to give evidence should undertake sufficient research and preparation and should be thoroughly briefed to enable them to answer, with authority, any questions which may reasonably be expected on the subject matter of the inquiry.

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

DEPARTMENT OF SERVICES AND PROPERTY
Electoral Branch - Salaries and Payments in the
nature of Salary - Overtime

177. The Committee accepts the Department's explanation in respect of the over-expenditure.

178. The evidence shows that the over-expenditure resulted from an oversight in the Canberra Sub-Treasury. It appears to the Committee that the accounting action necessary to effect

The procedure has been changed so that overtime worked in relation to elections and electoral rolls is now charged directly to the appropriate item of administrative expense.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

the transfers between the two votes is cumbersome and liable to error. The Committee believes that the Treasury should examine the system operating in the Sub-Treasury, Canberra for transfers of this kind, with a view to streamlining the procedures and reducing the risk of a similar occurrence.

DEPARTMENT OF WORKS
(now Department of Housing and Construction)
Capital Works and Services - Building and
Works - Northern Territory Services -
Department of Education

185. The Committee's main concern with this item is that an amount of \$1,870 was charged to the Advance to the Treasurer without Warrant Authority, in contravention of Treasury Regulation 90(1). The details of this Regulation have been set out previously in this Report in connection with Division 232/1/09 relating to the Department of Education.

186. The irregularity occurred because the particular voucher which caused the overcharge had not been entered into the appropriate record of progressive expenditure. The Committee notes that the breach of the Regulation has been drawn to the attention of all

The Department has advised that its Northern Territory region has reverted to the normal practice of posting the Appropriation Ledger before the vouchers are forwarded to the Sub-Treasury for payment, thus ensuring adequate control.

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

Authorizing Officers within the Department, and the importance of funds control has again been emphasised. The Committee trusts that this will have the desired effect of producing a more exacting control over expenditure.

General Conclusions

187. 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.

188. 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,

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

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.

189. One disturbing feature to which the Committee would invite particular attention relates to the fact that in four cases amounts were charged to the Advance to the Treasurer without Warrant Authority, in contravention of Treasury Regulation 90(1.). All of 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."

190. A further matter to which the Committee would invite specific attention relates to the briefness of some departmental explanations and the fact that some witnesses appearing before the Committee were inadequately briefed. In this regard we would again draw the attention of departments

Committee's Conclusions
One Hundred and Forty-Seventh Report
(28 November 1973)

Treasury Minute
(13 December 1974)

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, and 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.

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

CHAPTER 3 - TREASURY MINUTE ON THE ONE HUNDRED AND FORTY-EIGHTH REPORT RELATING TO EXPENDITURE FROM THE CONSOLIDATED REVENUE FUND (APPROPRIATION ACTS 1972-73)

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

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

ATTORNEY-GENERAL'S DEPARTMENT

Australian Capital Territory Police -
Administrative Expenses - Clothing and Equipment

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

The Department has advised that the transfer from the former Department of Interior of administrative responsibility for the ACT Police, together with changes to and absences of administrative staff attached to the ACT Police, were factors contributing to the inaccuracy of the original submission to the Committee. Remedial action, including strengthening of the administrative support to the ACT Police, has since been undertaken.

The Department is most conscious of the need to supply accurate material in submissions to the Committee and to

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

material and the briefing of witnesses.
This memorandum includes the following:

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

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

ensure that witnesses are adequately briefed. The conclusions of the Committee in this regard and the contents of Treasury Memorandum 66/385 of 16 October 1970 have been brought to the notice of all branches of the Department.

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

DEPARTMENT OF THE CAPITAL TERRITORY

Capital Works and Services - Plant and Equipment -
Australian Capital Territory - General Services

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

The Department accepts the Committee's criticism and has drawn the attention of the Branches concerned in the preparation of the estimates to the Committee's conclusions.

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

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

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

Capital Works and Services - Advances and Loans -
Australian Capital Territory - Loans for housing
(for payment to the Australian Capital Territory
Housing Trust Account)

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

DEPARTMENT OF EDUCATION

Commonwealth Teaching Service Scholarships -
Tuition Fees and Living Allowances

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

74. The Committee considers that the Department should have exercised more care in the formulation of the

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

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

DEPARTMENT OF IMMIGRATION
(Now Department of Labor and Immigration)

Administrative - Migrant Education Services -
Adult Migrant Education Programme in Australia
Including Part-time Instruction

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

The Department has taken action to ensure that in future greater care will be taken in estimating and, in particular, that where the availability of accommodation cannot be clearly foreseen, action to obtain funds will be deferred and the funds obtained from Additional Estimates if necessary.

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

Administrative - Other Services - Training for
Industry and Commerce (Expenses and Allowances)

119. The Committee accepts the explanations tendered by the Department in respect of underexpenditure of \$14,538 relating to scholarship holders' allowances and travel costs and the shortfall in expenditure of \$12,528 provided for use by the National Steering Committee on Training for Industry and Commerce.

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

Preparation of Courses for Supervisors
and Instructors

The Office of the Public Service Board has commented that the failure of the Department to achieve its estimated expenditure on this item was not due entirely to the time taken by the Office in providing advice to the Department in relation to the engagement of consultants. The office, in exercising its responsibility under Treasury Direction 31/55 was satisfied that the work would have been done at least as efficiently and much more economically by the staff of an appropriate tertiary institution and was anxious that the Department should pursue this approach. Finally, in the light of the Department's refusal to act in accordance with the Board's advice and some element of doubt of the strict applicability of the Treasury Direction in this case, the Board after consultation with the Treasury decided to withdraw its opposition in order to enable the work to proceed despite the apparent lack of economy in the arrangement.

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

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

Training of Training Officers and Instructors in Outside Institutions

The Department has advised that in all the circumstances it considers that its original estimate was valid and took into account the need for caution as advised by the Committee.

Administrative - Employment Training Schemes -
Apprenticeship training

136. The underexpenditure on this item occurred primarily because during the year it was decided to include New South Wales trainee and probationary apprentices in the National Apprenticeship Assistance Scheme. As a result an administrative safeguard had to be introduced to overcome the possibility of misuse of the Scheme. This safeguard provided that no claims were to

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

be admitted until apprentices had been continuously employed for three months, and the inevitable effect was to substantially reduce the number of claims received in the financial year.

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

Payments to or for the States -
Supervision of apprenticeship training

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

145. The Committee would again counsel the Department to approach with caution

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

the formulation of the original estimate for new schemes which involve participation by State authorities, and to make provision for any further funds required in Additional Estimates.

DEPARTMENT OF THE NORTHERN TERRITORY
Northern Territory Services - Administrative Expenses -
Nhulunbuy Township - Service Charges

154. The evidence shows that considerable uncertainty has surrounded the formulation of estimates for some components of this item because of a lack of clarity in some of the contractual arrangements made between the former Department of the Interior and Nabalco Pty Ltd relating to service charges for Government houses and buildings at Nhulunbuy. A further unsatisfactory feature has been that many of the accounts for these service charges have either not been presented to the Department by Nabalco Pty Ltd for payment or the accounts are in dispute.

The Department has advised that the Assistant Director, Estimates and Works Programming, of the Finance, Supply and Transport Branch visited the offices of Nabalco Pty Ltd and the Corporation of Nhulunbuy at Nhulunbuy in early December 1973. As a result of this visit most matters requiring clarification were finalised and the outstanding matters placed on a formal basis. Guidelines were established for future charging procedures and adjustments to accounts already rendered were initiated.

155. The Committee considers this state of affairs to be highly unsatisfactory and notes that the Department is sending a senior officer to Nhulunbuy shortly to clarify these matters. In the Committee's view this action might

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

well have been taken earlier and it wishes to be informed of the results of the discussions between the Department and Nabalco Pty Ltd.

Capital Works and Services - Plant and Equipment - Northern Territory - General services

168. The Committee accepts the Department's explanation.

Capital Works and Services - Advances and Loans - Northern Territory - Loans for Encouragement of Primary Production

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

The Department agrees that it was over optimistic in its original bid and now considers that the wiser course of action would have been to have obtained a reduced amount in the original estimates and to have sought additional funds at a later date if necessary.

Capital Works and Services - Advances and Loans - Northern Territory - Northern Territory Housing Commission - Advance

185. The Committee accepts the Department's explanation.

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

DEPARTMENT OF SERVICES AND PROPERTY

Electoral Branch - Administrative Expenses -
Administration of the Commonwealth Electoral Act

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

203. The Committee notes that 3 new positions of research officers have been created in the Electoral Office and hopes that the filling of these positions will ease the workload of the Executive Officer so that he can ensure that more accurate estimates are prepared in future. The Committee is surprised that these new positions were not filled at the time of the inquiry.

204. While the Committee commends the Office for its efforts to modernise the printing of rolls, and fully appreciates that significant cost reductions have been achieved, it notes with interest that, on the figures available to it,

The Chief Australian Electoral Officer considers that the photo-typesetting method is more efficient and the actual printing faster than from the computer printout using the photo-reduction method. Tapes for

Committee's Conclusions
One Hundred and Forty-eighth Report
(29 November 1973)

the photo-reduction process of printing seems to be even cheaper than the phototypeset process. The Committee has examined the 2 different types of print, and, while agreeing that the phototypeset process results in a better print, queries whether the apparent extra cost of the phototypeset process is warranted.

Treasury Minute
(20 March 1975)

photo-typesetting can be produced at a rate of one tape each ten minutes. Contractors can process at varying speeds depending upon the type of equipment in use but film or bromides can be produced at a rate equivalent to three Division Rolls per day. On the other hand, a pre-requisite to the photo-reduction method is that each Roll must be printed on the computer printer involving an average about 1½ hours per Division. As the printouts then have to be photo-reduced and printed by the offset method, it would be impracticable to complete the task with sufficient expedition in a pre-election period. The size of a Division Roll is reduced by some two-thirds using the photo-typesetting method. The Chief Australian Electoral Officer is satisfied that the continued use of the photo-typesetting method for printing the Rolls has sufficient advantage to warrant the costs involved.

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

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

Electoral Branch - Administrative Expenses -
Commonwealth Elections and Referenda

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

The Department has advised that the Australian Electoral Officer in each State is required to furnish to the central office monthly revised estimates of expenditure for the months December to May inclusive. The revised estimates as at the end of February form the basis for the preparation of the Additional Estimates in the central office. The attention of each Australian Electoral Officer concerned has been specifically drawn to the importance of soundly based estimates, and greater care will be taken in the future in the analysis of expenditure at the time of preparation of the Additional Estimates.

213. There are 2 matters relating to this item on which the Committee wishes to comment. Firstly, the Committee considers that the Electoral Office should examine its procedures relating to the issue of advances to the Divisional Returning Officers to ensure, if practicable, that the advances are acquitted prior to the assessment of requirements for Additional Estimates. Secondly,

The Department advises that instructions have been issued to ensure at future elections that, as far as is practicable, unexpended funds are repaid by Divisional Returning Officers prior to the assessment of requirements for Additional Estimates and are, in any event, taken into account in considering requirements for funds in the Additional Estimates.

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

the Committee considers that the Office's original submission to the Committee was so lacking in detail as to be misleading, and the supplementary submission did not explain the full details of the components of underexpenditure and the off-setting additional expenditure.

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

The Department has noted the Committee's comments and assures the Committee that these matters will receive closer attention in the future.

GENERAL CONCLUSIONS

215. In Chapter 1 the Committee stated that in examining expenditure from the Consolidated Revenue Fund it has sought to ascertain whether or not the general principles relating to the formulation of estimates have been adopted by the departments under examination. It has also sought to

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1975)

Treasury Minute
(20 March 1975)

ascertain whether or not these departments have maintained efficient administration in the expenditure of funds under the items selected for public inquiry.

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

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)

Treasury Minute
(20 March 1975)

In this regard, the Committee has, on previous occasions, criticised departments that have accelerated payments in order to prevent an appropriation from lapsing.

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

218. A further matter to which the Committee would invite attention relates to the quality of the written submissions tendered by departments. Although there has

Committee's Conclusions
One Hundred and Forty-Eighth Report
(29 November 1973)


Treasury Minute
(20 March 1975)

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

For and on behalf of the Committee,



T. Devine,
Secretary,
Joint Committee of Public Accounts,
Parliament House,
Canberra A.C.T.
27 May, 1975



R.E. McAuliffe
Chairman