

1976

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

ONE HUNDRED AND
SIXTIETH REPORT

EXPENDITURE FROM THE
CONSOLIDATED REVENUE FUND
(APPROPRIATION ACTS 1974-75)

DEPARTMENT OF THE SENATE
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DATE
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<i>J. B. Odgers</i>
Clerk of the Senate

JOINT COMMITTEE OF PUBLIC ACCOUNTS

ELEVENTH COMMITTEE

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The House of Representatives appointed its members on 3 March 1976 and the Senate appointed its members on 4 March 1976.

- (1) Discharged 8.4.76
- (2) Appointed 8.4.76 elected Vice-Chairman 29.4.76
- (3) Elected Vice-Chairman 16.3.76 resigned as Vice-Chairman 29.4.76

DUTIES OF THE COMMITTEE

Section 8 of the Public Accounts Committee Act 1951-1973 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 subsection (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 SIXTIETH REPORT
EXPENDITURE FROM THE CONSOLIDATED REVENUE FUND
(Appropriation Acts 1974-75)

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CHAPTER 1

INTRODUCTION

As in previous years the Department of the Treasury made available to the Tenth Committee, early in July, the preliminary figures of expenditure from the Consolidated Revenue Fund for 1974-75. Each item appearing in the Original and Additional Estimates of Expenditure was examined, and explanations in respect of a selection of items were obtained from departments and examined. Explanations in respect of 13 of these items were referred to the Sectional Committees of the Tenth Committee 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, 26 August 1975
Tuesday, 2 September 1975
Tuesday, 9 September 1975
Tuesday, 30 September 1975
Tuesday, 7 October 1975

3. Since the inquiry many changes have been made to the titles and functions of departments. However, in this Report Australian Government Departments are referred to by the titles held at the time of the inquiry - 26 August to 7 October 1975.

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

Attorney-General's Department

Mr P.E. Baskett	-	Acting Assistant Secretary, Operations Branch
Mr K.M. Crotty	-	First Assistant Secretary, Management and Special Services Division

Mr P.C.M. Dillon	-	Executive Officer, Australian Legal Aid Office
Mr J.P. Harkins	-	Director, Australian Legal Aid Office
Mr J. Mikelsons	-	Director, Finance Section

Department of Labor and Immigration

Mr J.E. Cooley	-	Assistant Secretary, Finance and Information Services Branch
Mr S.J. Dempsey	-	First Assistant Secretary
Mr B. Freedman	-	Director of Immigration Information, Department of the Media
Mr P.E.F. Kirby	-	Acting First Assistant Secretary, Manpower Development and Operations No. 1 Division

Department of Tourism and Recreation

Mr B.J. O'Connell	-	Director, Administration Section
Mr L.G. Stroud	-	Assistant Secretary, Tourism Projects and Operations Branch
Mr G.W. Washington	-	Assistant Secretary, Tourism Policy and Research Branch
Mr J.W. Way	-	Assistant Secretary, Community Recreation and Youth Services Branch

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

Department of the Capital Territory

Mr D.A. Brown	-	Director, (Personnel and Services) Establishments and A.D.P. Branch
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Mr J.T. Gray	-	Inspector (Accommodation and Office Services) Establishment Branch
Mr C.S. Hamilton	-	Director (Programs and Budgets) Finance and Supply Branch
Mr D.M. Lalor	-	Assistant Secretary, Finance and Supply Branch
Dr E.P. Ratcliffe	-	Director, (Traffic) City Services Branch
Mr B.C. Tracey	-	Executive Officer (Traffic) City Services Branch

Department of Education

Mr R.N. Allen	-	Assistant Secretary, Management Services Branch
Mr G. Green	-	Regional Director, New South Wales State Office
Miss J.L. Miller	-	Assistant Secretary, Student Assistance No. 1 Branch
Mr J.M. Parr	-	Acting Assistant Secretary, Student Assistance No. 2 Branch

Department of the Environment

Dr R.W. Boden	-	Assistant Secretary, Land, Living Resources and Atmospheric Programs Branch
Mr H.J. Higge	-	Acting Secretary

Department of the Media

Mr D.E. Brown	-	Producer-in-Chief, Film Australia
Mr J.R. Wood	-	Executive Officer, Film Australia

Department of Social Security

Mr B. Budak	-	Acting Director (Finance)
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Mr A.S. Colliver	-	First Assistant Director-General (Social Welfare)
Mr R.C. Kaiser	-	Acting First Assistant Director-General (Rehabilitation)
Mr K.T. Kimball	-	First Assistant Director-General (Management)
Mr J. Lucas	-	Director (Homeless Persons Assistance)
Mr M. Wryell	-	Deputy Director-General

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

Mr E.J. Donnelly	-	Auditor-General's Office
Mr P.J. Hinchy	-	Auditor-General's Office
Mr S.A. Huntley	-	Auditor-General's Office
Mr S.J. Rauchs	-	Auditor-General's Office
Mr K.S. Faul	-	Public Service Board
Mr A. Mauer	-	Public Service Board
Mr D.G. Whelan	-	Public Service Board
Mr A.M. Finch	-	Department of the Treasury
Mr R.M. Murden	-	Department of the Treasury

7. The last date for acceptance of the Original Estimates, for Appropriation Acts (No. 1) and (No. 2), was 30 April 1974. The last date for acceptance of the Additional Estimates, for Appropriation Acts (No. 3) and (No. 4) was 23 January 1975 and for Appropriation Acts (No. 5) and (No. 6) 7 March 1975.

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

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

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

CHAPTER 2

ATTORNEY-GENERAL'S DEPARTMENT

- (i) Division 131/2/05: Australian Legal Aid Office -
Administrative Expenses - Library books,
journals and periodicals

<u>Funds Available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	\$	\$	\$
Appropriation Act No. 1	-	-	838,200
TOTAL FUNDS AVAILABLE	-	-	838,200
TOTAL EXPENDITURE	-	-	296,272
UNEXPENDED FUNDS AVAILABLE	-	-	541,928

9. This item provides for the cost of standard law libraries in regional offices and major reference libraries in all capital city branch offices and the Head Office of the Australian Legal Aid Office. We were told that the contents of the "standard" libraries were determined by an ad hoc committee consisting of a senior assistant secretary, a legal officer and the librarian of the Attorney-General's Department. The estimates were based on the standard libraries used by the Deputy Crown Solicitor's Offices and varied with the type of office and the State in which a particular office was located. It was explained that the estimated cost of providing a standard library for a branch office varied from \$18,751 for the New South Wales Branch Office to \$14,843 for the Tasmanian Branch Office, while the cost of a standard library for a regional office varied from \$5,405 in New South Wales to \$4,359 for an office located in Western Australia. The estimated cost of the central office library was \$39,000. It was pointed out that the variation between the costs of providing libraries in the different states was due to the different legislation and statutes etc. applicable in each State.

Exhibit
160/A1
and Qs.
A2, A4
and A6 to
A9

10. The Committee was informed that the estimates for the Australian Legal Aid Office were prepared by the Office as an outsider¹ unit.

1. An autonomous body outside the normal Divisional structure of a Department.

of the Attorney-General's Department. Although the estimates were submitted through the Department, the witness representing the A.L.A.O. stressed that the Office accepted responsibility for the estimates.

General reasons for underexpenditure

11. The departmental submission outlined a number of general reasons which contributed to the underexpenditure in all areas of A.L.A.O. activities. The difficulty of preparing estimates in the absence of any relevant precedents, staffing difficulties, inability to obtain suitable premises and challenges to the legality of the Office's activities, were all cited as factors contributing to the A.L.A.O.'s underexpenditure.

Exhibit
160/A1

12. The witness representing the Office conceded that planning for the libraries had been optimistic and had been projected too far in advance of establishment approval. He commented that the Office had been given insufficient staff strength to proceed with establishment of the Office. Nevertheless, accepting that the Office had been under-staffed, he believed that satisfactory progress had been made in developing an organisational and policy making framework for the A.L.A.O. activities.

Qs. A12
and A23

13. Evidence given to the Committee indicated that at the commencement of the financial year the Office had one branch office and 6 regional offices and projected the opening of a further 7 branch offices and 56 regional offices during the year. Actual progress achieved during the year was 7 branch offices and 15 regional offices. The estimate for the provision of libraries had been formulated in anticipation of purchasing libraries for all existing and proposed offices.

Exhibit
160/A1 and
Qs. A10
and A23

14. The Committee was informed that delays in the approval of adequate management and administrative staff for the Office contributed to its inability to achieve proposed expenditure levels. The Committee learned that although approval to advertise legal officer positions was

Exhibit
160/A1 and
Qs. A11 and
A21 and
Committee
File 1975/2

given on 1 December 1973 and 144 administrative positions were approved for State Branch Offices on 12 December 1973, the Office did not receive Public Service Board approval for top management positions and central office Administration Branch positions until 7 March 1974 and 6 June 1974, respectively. Notwithstanding the fact that Administration Branch positions were approved in June, the majority of the staff did not take up duty until October or November 1974. Total staff employed by A.L.A.O. had increased from 65 at 30 June 1974 to 349 at 30 June 1975.

15. The Public Service Board Observer (Mr Mawer) commented that the Public Service Board approval of 6 June 1974 was for 33 positions including 8 State library officers. He stated that approval for only 33 positions had been granted (although the Attorney-General's Department had sought 46 positions) because the Board felt that the management services structure proposed far outstripped immediate and foreseeable requirements. He understood that the 33 positions had been approved only in recognition of A.L.A.O.'s outsider status and its prospect of becoming a statutory authority.

Q. A12

16. The Committee was informed that the Legal Aid Office had anticipated some assistance from the Department in the setting up of its organisation. However, because the limited resources of the management services area of the Attorney-General's Department were taxed by a variety of new initiatives within the Department, the A.L.A.O. did not receive the assistance it had expected. The witness representing the Department stated that an average of two officers had been working full-time and a number of other officers had worked a considerable amount of time on Legal Aid Office matters.

Exhibit
160/A1 and
Qs. A13 to
A15

17. The departmental submission stated that staff ceilings had delayed the staff recruitment program. At the inquiry, the witness representing the A.L.A.O. pointed out that the Office had not initially been allotted a separate staff ceiling but following

Exhibit
160/A1 and
Qs. A13
and A16

representations to the Department had been given a staff ceiling of 632 people in late August 1974. He commented that the ceiling would present difficulties when the Office attempted to fill a number of administrative positions approved subsequent to 30 June 1975.

18. It was explained that the Office's inability to obtain suitable shop front premises for its regional offices hindered its ability to achieve anticipated expenditure levels. We were told that it was the responsibility of the Department of Services and Property to seek out suitable premises but the A.L.A.O. had not sought that Department's advice as to the likely availability of suitable premises before estimates had been formulated. The witness representing the A.L.A.O. said that the policy to obtain 'shop front' premises had evolved subsequent to the formulation of estimates. He pointed out that the Australian Government's approach to legal aid was quite novel in the world, so many of the policies and much of the planning took place after the estimates had been prepared.

Exhibit
160/A1 and
Qs. A16 to
A19

19. The final major factor which inhibited the A.L.A.O.'s ability to meet anticipated levels of expenditure in all areas was a judgement of the A.C.T. Supreme Court which raised questions concerning the ability of A.L.A.O. lawyers to act for clients and the decision by Victorian lawyers to challenge the A.L.A.O. in the High Court.

Exhibit
160/A1

Underexpenditure on Libraries

20. Underexpenditure on library books, journals and periodicals totalled \$541,928 and occurred in the following areas:

Exhibit
160/A1 and
Q. A5

	\$
Review at direction of former Attorney-General	268,000
Subscriptions not processed	64,000
Goods on order but not supplied as at 30/6/75	200,928
Newspapers, periodicals savings	9,000
	<hr/>
	541,928

21. The Committee was advised that estimates for this item were reviewed following an undertaking given by the former Attorney-General (Senator L.K. Murphy) in the Senate. As a result of this special review it was decided not to proceed with purchases to the value of \$268,000. Major deletions to previously planned purchases were the "English and Empire Digests" at a saving of \$124,000, the "Australian Digest" which was out of print (saving of \$43,000) and the confining of purchases for branch office libraries to law reports of that State (saving of \$73,000). Further savings of \$28,000 in various items brought the total savings, as a result of the review, to \$268,000.

Exhibit
160/A1 and
Q. A5

22. In relation to the failure to process subscriptions to the value of \$64,000, the Committee was told that this was due to staffing difficulties. It was explained that the senior library position was not filled until June 1975 so the Legal Aid Office decided to defer provision of legal periodicals such as the "Legal Monthly Digest" for the 1974-75 financial year. The witness stated that the subscriptions which were taken up during the financial year were related to existing legislation and services and updating of existing books. The subscriptions not filled in 1974-75 would be processed during the 1975-76 financial year.

Exhibit
160/A1 and
Qs. A5 and
A25 to A28

23. The Committee was informed that \$200,928 was underspent because goods on order were not supplied before the end of the financial year. In a supplementary submission the A.L.A.O. stated that at the time books were ordered, supply had been expected within two or three months but the delay was longer than anticipated because of the large volume of orders and supply shortages. The supplementary submission also stated that systematic follow-up action had not been possible because of staff shortages but, since the Librarian Grade 2 had commenced duty, a system of regular follow-up action had been introduced. At the inquiry the witness stated that there had been a substantial filling of orders subsequent to the end of the financial year and accounts to the value of \$50,000 had been paid.

Exhibit
160/A1 and
Qs. A5 and
A29 and
Committee
File
1975/2

24. Details of 460 outstanding orders valued at \$145,907 were

Committee
File
1975/2

provided to the Committee. It was explained that the difference between outstanding orders and the outstanding commitment was due to the fact that discounts allowed by suppliers were not taken into account when requisitions were prepared.

Outstanding Orders

<u>Orders placed</u>	<u>No</u>	<u>Per cent</u>	<u>Value</u> \$	<u>Per cent</u>
September Quarter*	122	27	7815	5
December Quarter	125	27	28606	20
March Quarter	74	16	43077	30
June Quarter **	<u>139</u>	<u>30</u>	<u>66409</u>	<u>45</u>
Total	<u>460</u>	<u>100</u>	<u>145907</u>	<u>100</u>

* includes several before 30.6.74

** includes one order placed 2.8.75

Conclusions

25. The Committee believes that the original estimate for this item was grossly inflated. In view of the fact that expansion of the Australian Legal Aid Office and its need for, and ability to incur, expenditure on library facilities were dependent on obtaining approval for its establishment, recruiting suitable staff and acquiring suitable premises, the Committee is of the opinion that a significant proportion of the funds provided in Appropriation Act No. 1 should not have been sought or provided at that stage.

26. The Committee is disturbed that a special review could reveal \$268,000 worth of books which could be deleted from the Legal Aid Office's library purchases apparently without any significant effect on the adequacy of the libraries to be provided in the various offices.

27. The Committee is also disturbed by the Australian Legal Aid

Office's failure to consult with the Department of Services and Property regarding the likelihood of being able to obtain the large number of premises it required to house its regional offices.

28. In respect of the outstanding orders, the Committee is not satisfied that the Office took sufficient action to place orders in time for delivery and payment to be effected during the financial year. The Committee notes that while approximately equal numbers of the outstanding orders were placed in each half of the financial year (54 per cent as opposed to 46 per cent), the value of the orders placed in the latter half of the financial year was considerably greater, representing some 75 per cent of the total value of outstanding orders.

(ii) Division 131/2/07: Australian Legal Aid Office -
Administrative Expenses - Payments
to Private Legal Practitioners

<u>Funds Available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Appropriation Act No. 1	-	-	3,646,000
TOTAL FUNDS AVAILABLE	-	-	3,646,000
TOTAL EXPENDITURE	-	-	682,261
UNEXPENDED FUNDS AVAILABLE	-	-	2,963,739

29. This item provides for the direct cost of assistance to persons granted legal aid through the Australian Legal Aid Office. It was explained that cases were referred to private legal practitioners on a roster basis and that this item provides for payment of costs of cases referred in this way.

Exhibit
160/A2
and Q.
A30

30. The Committee was informed that the Legal Aid Office estimated the cost of referring cases to private practitioners and was working towards an agreement with the legal profession on a suitable

Qs. A32,
A38 and
A39

scale of fees in order to avoid costly and time consuming billings for the Office. Agreement had been reached at the time of the inquiry in New South Wales and Queensland. The witness explained that the agreed scale of fees was initially 80 per cent of normal fees but this had been increased to 90 per cent from January 1975 on the basis that the Office was to negotiate fair and reasonable lump sum fees with the profession. He understood that the Family Law Act would provide for a fixed scale of fees and the Legal Aid Office might seek a discount on these fixed fees.

31. The departmental submission for this item attributed the underexpenditure to the same general reasons as were contained in the submission relating to the previous item - Division 131/2/05. In elaborating on the absence of any relevant precedents, the submission pointed out that there was little statistical evidence available and the assessment of likely requirements was made in consultation with State Departments of Justice and Attorneys-General, Registrars of Supreme Courts and officials of existing legal aid schemes. At the inquiry the witness pointed out that the existing legal aid committee operating in the various States had based their own estimates on previous experience. However, in the absence of any previous operation of the nature undertaken by the Australian Legal Aid Office the witness believed that the estimate had been the best judgment possible with the available information.

Exhibits
160/A1
and
160/A2
and Q.
A35

32. We were advised that in preparing its original estimate, the Legal Aid Office made an assessment of the number of cases it might expect to handle, the likely delays in the hearing of those cases and the time to receive accounts for those cases. Based on these assessments, the estimates assumed that no cases received after 30 November 1974 would be completed and paid for in the 1974-75 financial year. The witness explained that the delays were greater than anticipated and accounts from solicitors arrived more slowly than expected so that only \$682,261 was spent although

Qs. A35
and A48
to A50

approximately \$5.4m. had been committed by the end of the financial year.

33. The departmental submission stated that although there were delays, notably in the hearing of applications for divorce, it had been anticipated that additional judges would be appointed in New South Wales and Victoria to clear the backlogs. It transpired that insufficient judges were appointed and, at 30 November 1974 the delays remained as shown below:

Exhibit
160/A2
and
Committee
File
1975/2

APPROXIMATE DELAY FROM TIME OF SETTING DOWN TO TIME OF HEARING

	<u>Defended Divorce</u>	<u>Undefended Divorce</u>
New South Wales	12 months	6 - 7 months
Victoria	16 months	9 months
Queensland	12 months	3 months
South Australia	6 months	2 months
Western Australia	2 - 3 months	1 - 2 months
Tasmania	7 - 8 months	2 months
Australian Capital Territory	5 - 6 months	3 months
Northern Territory	6 months	1 - 2 months

34. We were advised that the original estimate had assumed that approximately half the 28,000 Australian divorce cases would be handled through the Legal Aid Office and that divorce cases comprised about 85 per cent of the cases handled by the Office. The witness explained that although 100,000 interviews relating to all types of cases were held during the year throughout Australia, the majority of these cases were satisfactorily dealt with at the first interview or with some follow-up action such as writing a letter. The actual number of cases referred to private practitioners during the year was approximately 42,000. The amount provided for cases in family law was \$2.19m. (including \$0.9m. for cases existing at the commencement of the financial year) while \$1.410m. was provided for all other cases.

Qs. A35,
A42 and
A45 to
A47

35. In the departmental submission and at the inquiry the

Exhibit
160/A2
and Qs.
A43 and
A52

Committee was informed that the A.L.A.O. would assume responsibility for certain classes of legal aid (i.e. those relating specifically to Federal Law such as divorce) and for certain groups in the community for which the Government had a special responsibility. The original estimate had been made on the assumption that responsibility would be accepted at the commencement of the financial year but negotiations with the profession in the States took some time and the majority of cases, particularly in family law work, could not be handled by the Legal Aid Office until after 30 November 1974.

36. Finally, the departmental submission referred to the lack of administrative staff as a cause of the underexpenditure. Shortages of administrative staff in the Sydney Branch Office had delayed the preparation of accounts and the accurate assessment of commitments while the absence of a top management structure meant that the negotiations referred to in the previous paragraph had to be undertaken personally by the Director of the Australian Legal Aid Office.

Exhibit
160/A2
and Qe.
A43 and
A50

Conclusions

37. Whilst accepting that a number of factors beyond the control of the Australian Legal Aid Office contributed to the underexpenditure on this item, the Committee believes that, because of the uncertainties regarding the clearing of the backlogs of cases and the need to negotiate with the Legal Aid Offices in the various States regarding the assumption of certain responsibilities, the Office should have been more cautious in formulating the original estimate for this item. The Committee considers that there was sufficient uncertainty when the original estimate was formulated for a somewhat more conservative view to be taken regarding prospective expenditure on this item and, if necessary, further funds could have been obtained in the Additional Estimates or from the Advance to the Treasurer.

CHAPTER 3

DEPARTMENT OF THE CAPITAL TERRITORY

(i) Division 152/2/03: Administrative - Administrative Expenses -
Postage, telegrams and telephone services

<u>Funds available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	\$	\$	\$
Appropriation Act No. 1	239,000	400,000	533,000
Appropriation Act No. 3	-	74,500	-
Advance to the Treasurer	44,000	-	-
TOTAL FUNDS AVAILABLE	283,000	474,500	533,000
TOTAL EXPENDITURE	281,726	474,302	430,187
UNEXPENDED FUNDS AVAILABLE	1,274	198	102,813

38. This item provides for rental, metered calls, trunk calls and miscellaneous charges for the Department's Civic Offices Exchange line at Canberra and other lines and postal charges.

Exhibit
160/B1

39. The Committee was informed that the underexpenditure on this item occurred in the following categories:

Exhibit
160/B1

Postage	\$11,954
Telephones	\$90,859

40. In explanation of the \$11,954 underexpenditure on postage the Department gave two reasons. Firstly, the Department when it prepared its Original Estimates overlooked the effects of a decision made on 13 December 1973, to issue a combined rates notice incorporating water, sewerage and general rates. Secondly, due to a change to computerised processing of rates notices there was an unavoidable delay in the despatch of all notices in 1974-75 and it was necessary to defer the first instalment for those who elected to pay by instalments from 30 September to 31 December to comply with the Ordinance. This

Exhibit
160/B1
and Qs.
837 and
839

arrangement then required lessees to pay their rates in three instalments instead of four. This resulted in a consequential saving in the issue of receipts by mail and the sending of reminders.

41. The witness for the Department was not able to tell the Committee the reason why the effects of this decision to combine the rates notices was overlooked when the Original Estimates were prepared.

Q. 838

42. In relation to the underexpenditure of \$90,859 for telephones, the Department stated in its submission that it had estimated a total expenditure of \$430,000 for telephones during the year. The estimate was based upon expenditure in 1973-74 of \$400,000, the growth in the staffing levels of the Department and increased telephone charges effective from October 1974. The witness for the Department in a reply to a question stated that the Department on approximately 23 July 1974, was advised of the increases which would take place from October, and the Department was asked to revise its estimates on that basis.

Exhibit
160/B1
and Qs.
840 and
842

43. The following table supplied by the Department shows the result achieved against various components of the estimates:

Exhibit
160/B1

	<u>Estimate</u>	<u>Expenditure</u>	<u>Variation</u>
	\$	\$	\$
Official telephones	397,060	313,571	- 83,489
Semi-official telephones	7,200	1,508	- 5,692
Telephonist's wages	5,000	10,434	+ 5,434
Telemac	600	682	+ 82
PETRA	440	-	- 440
Welfare Branch Exchange	19,700	12,946	- 6,754
	<u>430,000</u>	<u>339,141</u>	<u>- 90,859</u>

44. The Department stated that there was a shortfall of approximately \$50,000 in the cost of metered calls and \$6,300 in the cost of trunk calls and phonograms. 'Due to an error in the original

Exhibit
160/B1
and Q. 846

estimate an amount of \$13,000 was provided for twice; once with the Establishments Branch under the general departmental provision for official telephones and once as a separate item for Welfare Branch.

45. The Department informed the Committee that the rental of the PABX installation had increased some \$6,000 during the year. There was a saving of \$20,000 in miscellaneous charges. The Department stated in its submission that in November 1974 an account without supporting details for \$11,484 was presented to the Department. The Department referred the account back to the Postmaster-General's Department and the Committee was told that at the date of the inquiry, no further advice had been received.

Exhibit
160/B1 and
Q. 856

46. With regard to semi-official telephones the Department explained that approximately 100 senior officers and operative staff, such as rangers, who may be required to be called out for duty, are provided with a telephone in their residence. The cost of the rental and 120 calls each half-year is met by the Department and \$7,200 was allowed in the original estimate for this purpose. However, expenditure was only \$1508. The Department explained that during 1974-75 the actual cost of a number of the phones was charged through other expenditure items, consequently there was a shortfall of 79 per cent in the estimated expenditure for semi-official telephones.

Exhibit
160/B1 and
Qs. B47 to
B50

47. The Committee was informed that the cost of telephonists' wages charged by the P.M.G. Department had increased as from 1 July 1974, resulting in additional expenditure of \$5,434. As the Department was only notified by the P.M.G. Department of this increase on 3 March 1975, it was not able to allow for this increase in its Additional Estimates.

Exhibit
160/B1 and
Qs. B51 to
B55

48. The Department stated in its submission that partly due to a failure to recruit additional staff and partly due to a decision not to proceed with certain new welfare initiatives, there was a lower usage of telephones by staff of the Welfare Branch than had originally been anticipated, consequently an underexpenditure of \$6,754 occurred.

Exhibit
160/B1

49. The Committee was informed that during the 1974-75 financial year there was a shortfall of approximately \$50,000 in the cost of metered calls, \$6,300 in the cost of trunk calls and an underexpenditure of some \$15,000 in the cost of other exchange lines. The Department in its submission stated that the reasons for this underexpenditure could not be determined. However, the Department told the Committee that call analyser equipment, known as PETRA had been in use in the Department throughout the financial year. The cost of hiring the PETRA equipment is \$440 per annum. It was explained to the Committee that the PETRA system can be connected to a limited number of extensions and if any of those extensions are used to make STD calls, PETRA records the extension numbers from which the calls originated and the first 6 digits of the numbers called. The witness for the Department stated that a number of unauthorised calls had been detected early in the financial year, and the staff concerned were requested to pay for the calls. The Department stated that it had presumed that the use of PETRA had had a marked effect on any unauthorised use of telephones. In explanation of the apparent shortfall of expenditure of \$440 in 1974-75 for the cost of PETRA, the Committee was told that although \$440 was provided in the estimates for this purpose, the account was included in the overall costs of official telephones.

Exhibit
160/B1 and
Qs. 857 to
865, and
867 to 869

Conclusions

50. The Committee believes that the evidence relating to this item indicates that greater care should have been exercised by the Department in formulating its estimate. The Committee considers that the Department's estimating procedures and practices should be tightened to ensure that items that affect estimates are not overlooked and that double provisions do not occur.

51. The evidence also shows that the Department was unable to determine specifically the reasons for the shortfall of approximately \$50,000 in the cost of metered calls. However, the Committee considers that the Department's presumption that the use of PETRA had a marked effect on the unauthorised use of telephones seems to be a reasonable one. The Committee suggests, therefore, that all other Government departments should examine the possibility and the economics of installing a device such as PETRA with a view to reducing the number of unauthorised STD calls.

(ii) Division 152/2/04: Administrative - Administrative Expenses -
Australian Government motor vehicles -
Registration

<u>Funds Available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	\$	\$	\$
Appropriation Act No. 1	20,000	22,600	36,000
Advance to the Treasurer	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS AVAILABLE	20,000	22,600	36,000
TOTAL EXPENDITURE	<u>12,552</u>	<u>6,772</u>	<u>21,701</u>
UNEXPENDED FUNDS AVAILABLE	<u>7,448</u>	<u>15,828</u>	<u>14,299</u>

52. This item provides for the maintenance of the central Australian Government Motor Vehicle Registry, including the cost of registration plates for Australian Government owned vehicles.

Exhibit
160/82

53. The Committee was informed that based on the approval in principle of reflectorisation of Commonwealth vehicle number plates by the then Minister for the Department of the Interior, funds were allocated for this purpose in the 1972-73 Estimates. However, in fact no decision was made to implement this decision during that financial year, consequently an underexpenditure amounting to \$7,448 occurred in 1972-73.

Qs. B4 to
B6

54. With regard to the shortfall of expenditure in 1973-74 the Department told the Committee that tenders for plates were called on 1 April 1974 and closed on 1 May 1974. An order amounting to \$14,500 was placed on 24 May 1974. Deliveries were not completed before the end of the financial year, consequently a shortfall of \$14,500 occurred.

Exhibit
160/82 and
Qs. B8 to
B17 and
Committee
File 1975/2

55. The Department when questioned on what action they had taken to speed up delivery of the order, informed the Committee that immediately after the order was placed, the company supplying the plates was contacted with regard to delivery. The Department

Qs. B10, B12
and Committee
File 1975/2

was advised that delivery was likely by the end of the 1973-74 financial year. However, production difficulties combined with manpower shortages caused delays in production. Part deliveries were made on 19 June 1974 of 2000 plates, on 29 July 1974 of 3000 plates and the balance of 7200 plates was delivered on 5 September 1974. A claim for \$14,504 in respect of the plates was paid on 7 November 1974. The witness for the Department told the Committee that the calling of tenders and placing of orders had been delayed because of some indecision regarding the symbol "C of A".

56. The Committee was told that in 1974-75 \$29,600 was provided in the Original Estimates for the cost of registration plates, approximately \$14,500 of which was for plates ordered in 1973-74 and not delivered and \$15,100 for plates expected to be required in 1974-75. An amount of \$5,400 was also provided in this item for airfreight and \$1,000 for forms and stationery. Q. B7

57. The Department in explaining the shortfall of expenditure in 1974-75, informed the Committee that in December 1974 and January 1975 action was initiated by the Traffic Section for the purchase of vehicle and trailer plates for 1974-75. Consequently tenders were invited on 14 January 1975 and closed on 19 February 1975. The Departmental Tender Board considered tenders on 11 March 1975 and recommended acceptance of a tender. This action resulted in an order for 4,950 vehicle plates and 450 trailer plates being placed on 7 April 1975 for \$7,416. The lead time for supply of the plates was four weeks ex-factory and it could reasonably have been expected that the plates would have been supplied during May 1975. Although accounts for the plates were received on 20 June and 30 June 1975, the plates themselves were not received until 4 July and 8 July 1975. Consequently payment was not effected in 1974-75. Exhibit 160/B2 and Qs. B18, B20 to B22, B25 and B26

58. The Committee was informed that in April 1975 a further requirement was established for 4,200 vehicle and trailer plates but the contractor for the first batch declined to accept an amendment to the order because of price rises and this Exhibit 160/B2 and Q. B23

forced the calling of fresh tenders, which closed on 11 June 1975. This was too late to enable delivery and payment to be made in 1974-75. The Department stated that if deliveries and payments had been effected in 1974-75 as expected, the underexpenditure would have been approximately \$1,900.

59. In explanation of this underexpenditure the Committee was told Qs. B19, B24
that the Motor Registry Section, due to a rapid changeover and and B29
shortage of staff coupled with a lack of stock control, could not
determine accurately in advance the number of plates required to
replenish stocks and the cost of manufacture of the plates.

60. The witness informed the Committee that in the Motor Registry Q. B19
Section at that time staff were from time to time taken from the Common-
wealth Section of the Registry and placed on counter duties in order to
service the public for the registration of privately owned vehicles. The
Department stated that it considered the priority in the Commonwealth
area lower than that in the public area.

61. The Committee was told that although a number of delays had Q. B26
occurred the Department had sufficient plates in stock to meet
demand, during the period concerned.

62. The Department informed the Committee that the staff Exhibit
resources have improved and the Department has converted from single 160/B2 and
tendering to 3-year period contracts which will speed up the ordering Qs. B24 and
process. The witness for the Department told the Committee that B25
a card stock record system had been introduced, which allows monthly
reconciliations of inflow and outflow of stocks. The Committee
was assured that in future greater attention would be given to
supervision of the Section concerned.

63. The Public Service Board Observer, Mr Wheen, agreed with the Q. B35
Department that the changes in staffing numbers should improve the
situation in the future. Mr Wheen explained that in 1974-75 there
was a tight staff ceiling figure which permitted only a one per cent

staff increase for the year. The Department had to weigh up its priorities in terms of where to allocate staff. The Department after examining the staffing situation in the traffic area, varied its establishment, largely within its own delegation under the bulk establishment control scheme.

64. During the inquiry, the Department admitted that orders should have been placed earlier during the year to allow for delays in arranging tenders and delivery. Due to the lack of stock control and lack of statistical data collected in previous years, the Department was unable to tell the Committee whether the number of plates required had varied to any great extent during the years. Qs. B31 and B34

65. The Department explained that in the absence of stock records its estimated requirements for the year 1974-75 were based on the experience of previous years. The witness told the Committee that in order to prepare its estimates for 1975-76 the Department had requested client departments to forward details of their estimated requirements of plates for that year. Qs. B28 and B33

Conclusions

66. The evidence shows that the Department's estimating performance on this item for the years 1972-73 to 1974-75 has been very poor. The reasons for the underexpenditure in 1973-74 and 1974-75 were that orders were placed too late for the number plates to be manufactured and delivered in time for payment to be made within the financial year.

67. The Committee considers that the lack of proper stock control also contributed to the Department's poor estimating on this item. The Committee hopes that the new stock control system introduced by the Department and the arrangement of a 3-year period contract will allow the earlier placement of orders and result in more accurate estimates in the future.

68. The Committee noted that \$5,400 or 15 per cent of the total appropriation of \$36,000 for 1974-75 was provided for air freight. The Committee finds this surprising in view of the Department's statement that sufficient stocks were in hand to meet demand and wonders in what circumstances it would be necessary to airfreight articles such as number plates.

CHAPTER 4
DEPARTMENT OF EDUCATION

Division 200/4/10: Administrative - Student Assistance
 Programs - Assistance for Isolated Children

<u>Funds Available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Appropriation Act No. 1	-	9,830,000	11,585,000
Appropriation Act No. 4	-	1,301,000	-
Appropriation Act No. 6	8,000,000	-	-
TOTAL FUNDS AVAILABLE	8,000,000	11,131,000	11,585,000
TOTAL EXPENDITURE	2,588,304	8,187,657	9,538,943
UNEXPENDED FUNDS AVAILABLE	5,411,696	2,943,343	2,046,057

69. The Committee was informed that the scheme had operated from the beginning of 1973. Its purpose is to assist the parents of primary and secondary pupils who, because of the geographic isolation of their homes, must either live away from home in order to attend school or study at home by correspondence.

Exhibit
160/83
and Qs.
8162 and
8166

70. The witness for the Department explained that there is a boarding allowance subject to certain criteria relating to the distance of the home of the applicant from the nearest available government school. There is a basic allowance which is not subject to means test and an additional allowance which is subject to a means test and subject also to a limitation to the actual costs incurred in sending a child to school. There is also a supplementary allowance for hardship, which is subject to a stringent means test and is intended for families that are in quite severe need. There is an allowance for parents whose children study by correspondence and for parents who have to maintain a second home in order to enable the children to attend school.

Qs. B162
and B172

71. The Department was told that information concerning the scheme was disseminated through the metropolitan daily and country newspapers. The information is circulated through schools and

Qs. B163
to B165

furthermore there is an Isolated Children's Parents' Association which is regularly supplied with information concerning the scheme.

72. In explanation of the underexpenditure on this item amounting to \$5,411,696 in 1972-73 and \$2,943,343 in 1973-74, the Department informed the Committee that the scheme was introduced at the beginning of 1973. Expenditure in 1972-73 was very low because many eligible beneficiaries did not claim or receive entitlements to benefits for the period January - June 1973 until the first half of the 1973-74 financial year. The Department was unable to give the scheme sufficient publicity and furthermore application forms were not available until May 1973.

Exhibit
160/83
and Q.
B166 and
Committee
File R/15

73. In an explanation provided to the Committee for the variation between the total funds available and expenditure in 1973-74 the Department stated that the scheme was reviewed towards the end of 1973 and a decision was taken in January 1974, to include certain new conditions, such as the introduction of the second home assistance and a limitation on the additional allowance based on the actual costs of sending the child to boarding school. Consequently, application forms were again not printed and distributed until later than had originally been anticipated. In addition, it appears that a different pattern in terms of the preferred time for lodging applications is emerging in this scheme when compared to other assistance schemes. Beneficiaries in respect of the 1973 school year totalled 19,200. It was known when the Additional Estimates were prepared in February 1974 that a similar number would be eligible for benefits in 1974 and it was expected that the great majority of these would lodge claims for benefits during the first half of 1974. This did not eventuate, and only 10,000 received benefits in this period. Parents are entitled to lodge applications at any time during the calendar year for which benefits are being claimed, and it now appears that many prefer to delay lodgement until the second half of the year.

Qs. B166
and B167
and
Committee
File R/15

74. The Committee was informed that the average benefit paid per student in 1973 and in 1974 was \$460 and \$410 respectively. The Department stated that when preparing its original estimate for this

Exhibit
160/83
and Q.
B168

item it had assumed:

- (1) that the average benefit per student in a calendar year would be \$490 (based on the previous year's experience and expectation of payment of additional benefits in 1974) in respect of both 1974 and 1975 beneficiaries;
- (2) that two thirds of the average benefit (\$327) would be paid in the first six months of the year, i.e. in the period January-June and that one third (\$163) would be paid in the period July-December;
- (3) that there would be 20,000 beneficiaries under the scheme in 1974 of whom 10,000 would not receive any payment until after 30 June 1974 because they had not applied prior to that date; and,
- (4) that of the expected 20,500 beneficiaries, only 15,300 students would apply for benefits sufficiently early to receive their first payment prior to 30 June 1975.

75. The witness in reply to a question stated that there were difficulties in estimating the number of beneficiaries under the scheme and that the Department was giving consideration to refining its estimating techniques. The witness also said that there is some indication that many people on the land if they have a successful year, do not apply for even the basic allowance which is not subject to a means test.

Qs. 890
and B171

76. The Department in its submission stated that the following factors contributed to the underexpenditure of \$2 million in 1974-75.

Exhibit
160/83

- "1. The average benefit per student was over-estimated because the upward shift of incomes was higher than could have reasonably been anticipated. On the basis of actual expenditure during the calendar year 1974 a more realistic figure would have been \$410.
2. The number of 1974 beneficiaries was 19000 and not 20000 as originally estimated.
3. Of the 19000 beneficiaries in respect of 1974, 9000 received their first payment prior to 30 June 1974. However, of these 9000 there were 2100 out of 2300 eligible for payment of additional and supplementary allowances who did not receive such allowances until after 30 June 1974.

4. By 30 June 1975 only 13700 beneficiaries for 1975 had received payment and not 15300 as originally estimated (this was caused by tardy application by applicants who have in fact the full academic year in which to apply)."

77. An approximate comparison of anticipated and actual expenditure is set out in the table below*:

Exhibit
160/83

		ANTICIPATED EXPENDITURE			ACTUAL EXPENDITURE			Diff- erence \$000
		No. of Benefi- ciaries	Average Benefit	Cost \$000	No. of Benefi- ciaries (approx.)	Average Benefit	Cost \$000	
1974	Benefits for Term 3 only	10,000	163	1,630	9,000	137	1,233	- 397
Payments made after 30/6/74	Benefits for Terms 1, 2 & 3	10,000	490	4,900	10,000	410	4,100	- 800
	Additional Allowances in respect of Terms 1 and 2	Nil	Nil	Nil	2,100	232	487	+ 487
1975	Benefits for Terms 1 & 2	15,300	327	5,000	13,700	272	3,726	- 1274
TOTAL				11,530			9,546	- 1984

* Minor refinements to this table would need to be made to account precisely for the level of underexpenditure.

Conclusions

78. While the Committee appreciates the difficulties the Department has experienced in preparing accurate estimates for this item, the fact remains that overestimation of funds requirements has occurred in each of the last three years.

79. In view of the known difficulties in estimating the funds required for schemes such as this the Committee would counsel the Department to adopt a more cautious approach when preparing estimates for this item and have regard to the availability of the Additional Estimates and the Advance to the Treasurer.

CHAPTER 5

DEPARTMENT OF ENVIRONMENT

(i) Division 230/2/06: Administrative - Administrative Expenses - Consultant Fees

<u>Funds Available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Appropriation Act No. 1	-	106,000	59,000
Appropriation Act No. 3	-	-	-
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	-	-
Advance to the Treasurer	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUNDS AVAILABLE	-	106,000	59,000
TOTAL EXPENDITURE	<u>-</u>	<u>49,322</u>	<u>39,650</u>
UNEXPENDED FUNDS AVAILABLE	-	56,678	19,350

80. This item provides for the engagement of consultants for specific projects. The Committee was advised that the Department was one of the smallest departments but was concerned with a broad range of activities in relation to the environment. Normally, where the Department found it did not have staff appropriate to handle a specific problem, it sought the assistance of other departments or instrumentalities of the Government. If these bodies were unable to assist, then the Department would engage consultants to perform the task. It was pointed out that although the Department may hire consultants for various purposes, the ultimate assessment responsibility in matters relating to the environment rested with the Department.

Exhibit
160/85 and
Qs. 8257
and 8271

81. In relation to underexpenditure on this item in 1973-74, the witness explained that it arose because the Department had been involved in fewer specific environmental impact studies than had been anticipated and the bulk of the expenditure had been for broader

Q. 8268

studies such as research into sources of environmental data. He stated that \$5,000 had been provided for consultancy of the River Murray working party which had been trying to determine a new format for the River Murray Commission and \$100,000 as "a general provision for consultants across the Department as a whole".

82. The departmental submission stated that at the time of preparing the Original Estimates for 1974-75, it was expected that there would be occasional requirements for external consultants to advise on the environmental implications of proposals which involved the constitutional jurisdiction of the Australian Government. These requirements were expected to arise with the passage of the Environment Protection (Impact of Proposals) Bill and its accompanying Administrative Procedures which were then under preparation and which formally introduced the environmental impact statement technique. An amount of \$20,000 was estimated for these purposes as it was anticipated that the assessment of some statements would require specialised professional and technical knowledge and experience which did not exist within the Department.

Exhibit
160/85

83. The Committee was informed that this amount of \$20,000 was a general provision for the assessment of environmental impact statements. The witness pointed out that the Department was on the "receiving end" in relation to assessment of these statements and was not aware of the work to be done until proposals were presented to it. The Committee was told that the Treasury had been notified of likely underexpenditure of \$14,000.

Exhibit
160/85 and
Qs. 8258
to 8260

84. By way of explanation of the requirements to engage consultants to examine environmental impact proposals, the witness explained that the legislation required that the originator of any project, which was likely to have an environmental effect in an area where the Australian Government had jurisdiction, was required to provide the Department with details of the proposals and could be required to provide an environmental impact statement. These statements were prepared by the proponents and assessed by the Department. The preparation of the statements was not mandatory as the act gave the Minister

Qs. 8261 to
8263

discretionary powers to decide whether or not statements would be required. While the cost of preparing these statements could be substantial the witness said that as far as he was aware, no projects had been impeded because of the costs of preparing such a statement.

85. The departmental submission advised that one of the factors contributing to the underexpenditure was the need to develop the Administrative Procedures under the Act which received Royal Assent on 17 December 1974. It stated that these procedures, which were required to give full effect to the Government's use of the Environmental Impact Statement assessment technique, did not enter into force until 24 June 1975 or approximately six months later than expected, thus resulting in a reduction in the number of proposals coming forward for assessment by the Department. Exhibit 160/85

86. At the inquiry, the departmental witness advised that the Department had expected the Environment Protection (Impact of Proposals) Bill to be passed in the Autumn Session of 1974 but it was not passed until the Budget Session of that year. Although the Department had drafted the Administrative Procedures under the Act prior to its being passed, the witness stated that the Attorney-General's Department had asked that they be written in a more legalistic form than the Department had proposed. Qs. B264 and B265

87. The Committee was told that some proponents and Departments claimed that, in the absence of the Administrative Procedures, they did not know what was required of them and so proposals did not reach the Department at the anticipated rate. It was pointed out that some proposals did continue to be received in the Department but the anticipated increase in the rate of proposals did not occur. Qs. B266 and B267

Conclusions

88. The Committee was concerned by the Department's admission that there was apparently no firm basis for the bulk of the funds provided for consultants' fees in both 1973-74 and 1974-75. The Committee

feels that estimates of this nature should be based, as far as possible, on specific requirements for the hire of consultants by the Department and not by way of a general provision. In this context, the Department's attention is drawn to the principles of estimating as set out in Treasury Direction 16/9. The second of these principles states:

"Estimates shall not include amounts in respect of proposals which are so far from firm that it is not possible to form any real estimate of what payments, if any, will be made."

89. From the evidence given to the Committee it would appear that the Department failed to consult with the Attorney-General's Department on drafting the Administrative Procedures for the Environment Protection (Impact of Proposals) Act until after the Act had received Royal Assent. While the Committee concedes that the ultimate content of the procedures could not be determined until after the final form of the Act was known, it is likely that the inadequacy of the Department's terminology for the procedures would have been pointed out by the Attorney-General's Department had consultation occurred at the earliest opportunity in their development. The Committee is disturbed that this failure to consult resulted in a delay of six months in implementing the Act.

(ii) Division 851/0/01: Payment to or for the States - Acquisition of Land for Nature Conservation Purposes

<u>Funds Available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	\$	\$	\$
Appropriation Act No. 1	-	500,000	-
Appropriation Act No. 2	-	-	9,000,000
Appropriation Act No. 3	-	-	-
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	-	-
Advance to the Treasurer	-	-	-
TOTAL FUNDS AVAILABLE	-	500,000	9,000,000
TOTAL EXPENDITURE		nil	nil
UNEXPENDED FUNDS AVAILABLE	-	500,000	9,000,000

90. This item provides for financial assistance to the States (to purchase land) for nature conservation purposes.

Exhibit
160/86

91. In relation to the appropriation and underexpenditure of \$500,000 in 1973-74, the Committee was told that the Department intended that the funds would be used to acquire land suitable for preservation as national parks or nature reserves by means of making grants to the States. However, a legal opinion was obtained and the Treasury advised the Department on 18 January 1974 that the funds appropriated under the item in 1973-74 could only be expended for acquisition purposes directly by the Australian Government and could not be used to pay grants to the States without specific legislation to authorise such payments. It was explained by the Treasury Observer (Mr Finch) that the Treasury was not aware at the time the provision was made that the Department intended to pay money to the States.

Qs. 8217,
8253 and
8255

92. In regard to the underexpenditure in 1974-75 the Department informed the Committee that due to delays in drafting and the volume of parliamentary business the States Grants (Nature Conservation) Act

Exhibit
160/86 and
Qs. 8216
and 8238

did not receive Royal Assent until 17 December 1974. This allowed only six months in which to expend the appropriation of \$2m. - the amount authorised by Cabinet. The witness told the Committee that when the Original Estimates were being formulated the Department believed that this legislation, which was not complex, would be passed quite early in the Budget Session.

93. The Committee was informed that the day following the Budget announcement and in anticipation of the passage of the legislation the Minister for the Environment communicated with appropriate State Ministers inviting the submission of proposals for the acquisition of land for nature conservation purposes. Proposals from the States in response to the invitation amounted to \$265,000 for Queensland, \$1,790,000 for South Australia, \$167,250 for Tasmania, \$7,052,600 for Victoria and \$4,050,000 for Western Australia. New South Wales did not submit a proposal at that early stage for financial assistance in this area, but submitted a proposal on 23 December 1974 and a list of the proposed acquisitions.

Exhibit
160/86 and
Qs. 8218 to
8220, 8225,
8226, 8236
and 8240

94. The Department stated that some of the proposals submitted by the States were incomplete in detail and required referral back to the proponents for additional information. Some proposals were unlikely to meet the criteria the Department had established, namely that the parcels of land should be undeveloped and should be viable in the long term as additions to existing reserves or as new national parks and nature reserves. Also, it was necessary for officers of the Department to inspect and assess land proposals prior to the preparation of reports on the suitability of land for national parks and nature reserves.

Exhibit
160/86 and
Q. 8221

95. The Committee was informed that the Standing Committee of the Council of Nature Conservation Ministers and the Department had discussed criteria for the allocation and selection of areas for assistance under this program. The Department had issued to the Committee of Nature Conservation Ministers, guidelines for formulating submissions to the Federal Government for financial assistance to

Qs. 8222
and 8223

purchase land for nature conservation purposes. The witness for the Department told the Committee that some of the States, particularly Queensland and Western Australia had no assessment procedures for the acquisition of land in their States, consequently these States knew very little about potential areas of land.

96. The Committee was informed that regular liaison is maintained between the Department and the State Government Departments by way of visits and inspections of various areas and discussions of proposals. Q. 8237

97. The Committee was informed that after the State proposals were assessed, Departmental recommendations were considered by the Interim Committee on the National Estate and following this the Minister for Environment advised State Ministers of his approval in principle to grants in respect of specified lands. In certain circumstances special conditions were attached to some grants. An example would be to exclude mining operations from an area acquired under a program if the State law otherwise permitted. Exhibit 160/86

98. It was stated in the Department's submission that State Authorities generally indicated their unwillingness to proceed with acquisitions until they had received an advance of funds under the provisions of the States Grants (Nature Conservation) Act. Such advances could not be made until agreement between Ministers was reached. The witness for the Department was of the opinion that the reluctance of the States to acquire land varied and is related to the history of nature conservation in the State, the initiatives which have been taken in the field of nature conservation, its resources, assessment procedures and the general attitude towards conservation. Exhibit 160/86 and Qs. 8229 and 8230

99. The witness in a reply to a question said that the Australian Government in establishing this program and its own National Parks and Wildlife Service was anxious to ensure that it abided by the concepts of national parks set out by the International Union for Conservation of Nature and Natural Resources (I.U.C.N) of which Australia is a signatory. The Department wanted to ensure that any Federal Qs. 8249 to 8252

funds were allocated in a way consistent with standards and criteria for national parks as established by I.U.C.N. The Committee was told that some States and State organisations were also members of I.U.C.N. although several of the States have not always abided by the requirements of the International Union.

100. The Department stated that a number of difficulties were encountered in the drafting of formal agreements between the States and the Australian Government. In the event, only one agreement (with Tasmania) had been signed by 30 June 1975 although considerable administrative effort was expended by officers of the Department of Environment and the Attorney-General's Department in seeking to finalise most States Grants proposals. The Department informed the Committee that at the time of the Public Inquiry the only agreement signed to date was with Tasmania, although one or two agreements with other States would be ready for signature within a few days of the Inquiry.

Exhibit
160/86 and
Qs. 8234
and 8235

101. The Department gave the following examples of some of the difficulties encountered in the drafting of formal agreements. The Victorian Parliamentary Counsel had insisted that agreements be prepared so that they might be interpreted under either the Victorian National Parks Act of 1970 or the proposed Victorian National Park Act of 1975. The latter Act had quite different objectives and definitions than the former Act. The Crown Solicitor advised the Department that to comply with this Victorian request would cause certain serious problems of definition.

Q. 8233

102. The Victorian Government was keen to have former owners retain development rights in some cases. The Committee was informed that in one instance in the past, a former owner retaining development rights in one particular area, had been able to construct six self-contained holiday cottages, and he was in a prime position by having development rights within a National Park. The witness for the Department stated that this was quite contrary to the Australian Government's policy, and there were difficulties in persuading the Victorian authorities to remove that option from the areas of land for which the Australian Government would provide funds.

Qs. 8233,
8248 and
8249

Other difficulties experienced by the Department were concerned with mining aspects and conditions related to nearby activities to ensure that the land concerned would remain viable. The Department, at the inquiry referred to an instance where there was a proposal to fund an area of land on King Island, Tasmania, but the coastline adjacent to that area of land was to be mined for rutile. This would have rendered the sand dunes unstable and would have prejudiced the whole viability of the proposal. The Tasmanian Government accepted as part of the agreement that it would not allow mining of these adjacent sand dunes.

103. The Department informed the Committee that the proposal for the Original Estimates for 1975-76 amounted to \$1.8m. which represented a very detailed and precise extraction from the proposals before the Department in 1974-75, where commitments of a near-legal nature had been entered into. The witness for the Department stated that the amount of \$1.8m. was the bare minimum necessary to meet obligations taken in good faith in 1974-75, but which the Department had been unable to discharge. Q. 8236

104. The Department stated that originally the program was conceived as a triennial program of \$20m. But the Department had no carry-over provision and it found it extremely difficult to bring to conclusion in a single year all the administrative funding and title transfer arrangements necessary. The Department, as an example, instanced the case of King Island, where the Tasmanian Government had submitted a proposal for acquisition of land that consisted of a large number of blocks held in individual and separate ownership. The Department acted on that proposal but subsequently discovered that the Tasmanian Government could not locate many of the owners, some of whom were living overseas. So what appeared to be a relatively simple series of acquisitions became highly complex when the Tasmanian Government tried to locate the owners. The witness said that if the Tasmanian Government had located the owners well in advance, the Tasmanian Government would have been in some difficulty as it would have been unable to anticipate agreement by the Australian Government to that particular purchase. Qs. 8236, 8241 to 8246 and 8253

105. During the course of the inquiry the Committee was informed that when the estimates were being prepared for this item the Department had discussions with the Department of Urban and Regional Development. It was explained that the program for the acquisition of land for nature conservation purposes is part of the National Estate Program administered by both the Minister for Urban and Regional Development and the Minister for Environment. The Department stated that it had not encountered any difficulties with the Department of Urban and Regional Development in this matter. The Department told the Committee that the Department of Urban and Regional Development was concerned with lands for recreational and pleasure purposes in an urban environment and that there was no overlapping of the activities of the two Departments.

Qs. B230
to B232

Conclusions

106. The Committee recognises that many of the difficulties experienced by the Department in arranging these acquisitions were unexpected and beyond the Department's control. However, the Committee considers that it should have been possible to forecast that some difficulties would arise in arranging matters of such a complex nature, particularly in relation to the drafting of formal agreements with the States.

107. The Committee therefore re-iterates the view expressed by the Tenth Committee in its One Hundred and Fifty-fourth Report that a Department should exercise greater care in the formulation of Original Estimates for new arrangements of this nature, particularly where expenditure is affected by State participation. It would appear to the Committee that in these circumstances the Department should have had regard to the availability of Additional Estimates and the Advance to the Treasurer.

CHAPTER 6

DEPARTMENT OF LABOR AND IMMIGRATION

Division 300/2/06: - Administrative - Administrative Expenses -
Advertising, Publicity and Information
Services

<u>Funds Available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Appropriation Act No. 1	2,383,000	2,765,000	2,490,000
Appropriation Act No. 5	-	-	475,000
TOTAL FUNDS AVAILABLE	2,383,000	2,765,000	2,965,000
TOTAL EXPENDITURE	1,748,086	2,621,427	2,519,311
UNEXPENDED FUNDS AVAILABLE	634,914	143,573	445,689

108. The Committee was informed that this item provides for: Exhibit
160/A3
- (a) The cost of a program of media publicity to inform the public about the purpose and extent of the Government's employment and training initiatives, stimulate industry's level of contribution to improved industrial training practice, achieve improved balance between labour supply and demand in the Australian economy and contribute towards the removal of discrimination from employment and occupation as well as the cost of staff advertising;
 - (b) the cost of immigration publicity, publications and migrant information services in the migrant source countries and in Australia. Services within Australia are provided to promote citizenship, stimulate the sponsorship of migrants, support development of immigration projects and keep the Australian public informed on the progress and policies of the immigration program; and
 - (c) the cost of official publications produced by the Department, some of which are available for sale to the general public

109. We were told that the item originally provided for the following anticipated expenditure:

Exhibit
160/A3

	\$
• Official publications relating to labour activities	290,000
• Media publicity re extent of Government's employment and training initiatives	855,000
• Staff vacancy advertising	45,000
• Migrant information booklets, advertising citizenship and travel information	<u>1,300,000</u>
	<u>2,490,000</u>

110. The departmental submission explained that the requirements for additional funds in Appropriation Act No. 5 were as follows:

Exhibit
160/A3

	\$	\$
• Costs of publicising new employment opportunities for apprentices	250,000	
• Additional costs following introduction of new manpower initiatives - National Employment and Training System, Structural Adjustment Assistance and increased support to policies for increasing intake of school leavers into active employment	<u>325,000</u>	575,000

Less:

Decreased amount of advertising required at overseas posts	<u>100,000</u>
	<u>475,000</u>

111. The underexpenditure of \$445,000 arose in the following areas:

Exhibit
160/A3

(1) Reduced expenditure on expected publicity for employment and training initiatives:	
- National Employment and Training System	\$ 60,000
- Regional Employment and Development Scheme	20,000
- Temporary and part-time labour operations of Commonwealth Employment Service	16,000
(2) Reduced expenditure on information and publicity activities relating to immigration:-	
- Cancellation of publication of information pamphlets	110,000
- Cancellation of proposed citizenship advertising campaign	50,000
- Delays arising from amalgamation of Department	210,000
	<u>466,000</u>
Less advertising of new visa requirements	<u>21,000</u>
	445,000

Employment and Training Publicity

112. It was explained that the underexpenditure of \$60,000 on advertising the National Employment and Training System occurred because the deteriorating economic situation caused such an upsurge of interest in the scheme in the latter part of the financial year that the Department found it unnecessary to proceed with planned television advertisements and publications. The Committee was also told that staff shortages in central and regional offices meant that the Department was unable to complete quarterly analyses of progress made by the trainee population in time to allow it to take account of the upsurge of interest in the scheme at the time Additional Estimates were prepared.

Exhibit
160/A3 and
Qs. A212
to A214

113. In relation to the underexpenditure of \$20,000 on publicity in respect of the Regional Employment Development Scheme the Committee was informed that the amount had been provided for press releases, articles in the press and pamphlets to publicise various aspects of the scheme, particularly those projects which provided a basis for long-term employment in areas where there were existing pockets of unemployment. The underexpenditure occurred because projects were generally completed at a much slower rate than expected because of the decentralised nature of the scheme. The witness explained that it generally took about eight months from the time a local body applied for funds for a project to the time the project was completed and very few of the projects were actually completed in 1974-75. The witness admitted that although the Department was aware at the time Additional Estimates were prepared that there was a very slow rate of expenditure, no allowance was made for this factor in the Additional Estimates.

Exhibit
160/A3 and
Qs. A215 to
A217

114. The Committee was informed that a sharp and unexpected reduction in the number of new vacancy notifications contributed to the underexpenditure of \$16,000 on the temporary and part-time labor market operations of the Commonwealth Employment Scheme. At the inquiry the witness stated that there had been a general decrease in vacancy notifications throughout the year but that this decline was particularly evident in the latter part of the year.

Exhibit
160/A3 and
Q. A218

Immigration Publicity

115. The Committee learnt that the underexpenditure of \$110,000 occurred because of the cancellation of the publication of an information pamphlet which was to be used at an Exposition at Spokane in the United States. It was explained that the original stocks of publications were printed at The Hague and shipped to the United States in the 1973-74 financial year. However, the estimated demand for the publication at the Exposition, which took place between May and October 1974, was far greater than the actual requirement, and it was not necessary to proceed with the publication of further pamphlets in the 1974-75 financial year.

Exhibit
160/A3 and
Qs. A219
and A220

116. Witnesses explained that the \$50,000 provided for citizenship advertising was not spent because a large scale campaign in 1973-74 produced such an unexpected response that the Department decided that it would not be necessary to proceed with a similar campaign in 1974-75.

Exhibit
160/A3
and Q. A221

117. The departmental submission pointed out that this under-expenditure was partly offset by expenditure of \$21,000 in advertising new visa requirements in November-December 1974. The Committee was told at the inquiry that this campaign was necessary to advertise, in Australia and overseas, new visa requirements which came into operation from 1 January 1974.

Exhibit
160/A3 and
Qs. A222
and A223

118. The Committee was advised in the departmental submission that the amalgamation of the Departments of Labor and Immigration caused uncertainty with regard to information and publicity activities. Printing was most affected by the changes and delays in finalising decisions resulted in underexpenditure of approximately \$210,000 on a variety of printing projects.

Exhibit
160/A3

119. At the inquiry, the Committee was informed that the amalgamation of the two Departments was the basic cause of the under-expenditure on the items. It was pointed out that the Original Estimates were prepared when the Department of Immigration was fully operational. The Department was abolished in June 1974 and its functions had been dispersed among several departments during the following nine months. Decisions on the exact location of various functions were reached in the period following June 1974 after a series of informal meetings. Because of the uncertainty about the location of certain functions and about the requirements of the various departments which would be allocated the former Department's functions, activity relating to the production of English and foreign language publications for use in Australia virtually ceased thus resulting in an expenditure of only \$37,497 of the \$146,700 allocated for this purpose.

Qs. A224,
A226, A228,
A235 and
A236 and
Committee
File 1975/2

120. The Committee learned that the balance of the underexpenditure (\$100,486) occurred in respect of printing for use overseas. Delays were attributable to uncertainty about the future of the migration program and the need for an all posts review of requirements for certain booklets in order to assess the print-runs required. Committee File 1975/2

121. Upon seeking an explanation for the underexpenditure of \$445,689 when an amount of \$475,000 had been obtained in Appropriation Act No. 5, the Committee was told that a complete review had been carried out at the time Additional Estimates were prepared. It had been anticipated that the immigration publications referred to above would have been approved in time for completion in the financial year. Apart from this, witnesses were unable to explain why underexpenditure greater than the \$100,000 in respect of advertising required by overseas posts was not anticipated. Qs. A231 to A233

Conclusions

122. The Committee recognises that the amalgamation of the Departments of Labour and Immigration subsequent to the formulation of Original Estimates was a significant factor in causing the underexpenditure on this item. However, the Committee is concerned that, in spite of a complete review of expenditure when Additional Estimates were prepared, the Department did not recognise or take into account two items where underexpenditure of \$130,000 could reasonably have been anticipated.

123. The areas of saving which the Committee believes should have been recognised are the \$20,000 in relation to the Regional

Employment and Development Scheme publicity where the slow rate of completion of projects was known at the time Additional Estimates were prepared and the \$110,000 not required for the Spokane Exposition. In view of the fact that this Exposition took place between May and October 1974, the Committee is at a loss to understand how the Department could have remained unaware of the resultant underexpenditure, apparently until after the Additional Estimates closed in March 1975.

CHAPTER 7

DEPARTMENT OF THE MEDIA

Division 855/2/03: Capital Works and Services -
Plant and Equipment - Film Australia

<u>Funds Available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	\$	\$	\$
Appropriation Act No. 2	88,000	150,000	600,000
TOTAL FUNDS AVAILABLE	88,000	150,000	600,000
TOTAL EXPENDITURE	57,993	144,114	236,644
UNEXPENDED FUNDS AVAILABLE	30,007	5,886	363,356

124. This item provides for the purchase of plant and equipment for Film Australia.

Exhibit
160/B4

125. The Department informed the Committee that the original estimate of \$600,000 in the financial year 1974-75 was part of a major re-equipment program spread over a 3 to 4 years' period and associated with the completion of considerable extensions to the studio buildings which house Film Australia at Lindfield in Sydney. The basic program submitted by the Department amounted to well over \$1m.

Qs. B187
and B201

126. The Department stated that the following items required for its re-equipment program of the film processing laboratory amounting to \$191,500 were affected by protracted delivery delays:

Exhibit
160/B4
and Q.
B188

	\$
1 Black and White Processing Machine 16/35 mm	40000
1 Colour Processing Machine 16/35 Negative	35000
1 Colour Processing Machine 16/35 Positive	40000
Installation and ancillary equipment for the above	55000
Portable Mixer	2500
2 edge numbering machines	19000

127. The Department explained that the procurement action for the processing machines was commenced in 1973. When tenders were eventually received in mid-1974, the Department became aware that technological advances subsequent to the calling of tenders had affected the appropriateness of the specifications. In fact the 3 tenderers concerned recommended not to proceed with the purchase of the equipment specified. Following this advice the Department reconsidered its requirements and the original specifications were revised and tenders were called again, which further delayed delivery dates. The Department also informed the Committee that delays of six months in the completion of extensions to the Lindfield Studios made the original delivery date of the film processing machines and their installation inappropriate, and following financial and staffing restrictions the complete laboratory program had been re-scheduled. The Committee was informed that in the meantime Film Australia will continue using commercial laboratories under contract.

Qs. B189
to B202
and B207
and
Committee
File
1975/2

128. With regard to the edge numbering machines the Committee was informed that procurement action for these two machines was delayed deliberately because of overseas reports of a new, cheaper and better machine due to be released at an industry equipment fair. This proved to be correct and these two new machines each cost \$4,000 less than originally estimated. However, delivery could not be completed before October 1975. The Department stated that considering that the machines were some \$4,000 cheaper and better, the Department accepted the late delivery and consequently there was an underexpenditure of \$19,000.

Qs. B205,
B211 and
B212 and
Committee
File
1975/2

129. The Department in its submission stated that delays due to unsatisfactory tenders or modifications required after inspection and testing showed defects in construction of some items. The items concerned were 2 self blimped cameras at a cost of \$22,000 and one blimped generator at a cost of \$26,000. The witness explained that blimping means completely enclosed and soundproofed so that the equipment used is running silently and consequently does not affect the sound track.

Exhibit
160/B5
and Qs.
B193 and
B194

130. The Department in an additional submission informed the Committee that the original specifications for the two self blimped cameras, called for a light weight camera that combined the attributes of the English and French Eclair A.C.L. models. After technical evaluation of the tenders it was decided to purchase the English manufactured model. However, the company concerned went into liquidation. The Department was not prepared to accept any of the other tenders as they stood, because of both inability to meet specifications and the additional cost involved. Consequently acquisition of the cameras was delayed for 12 to 18 months.

Committee
File
1975/2

131. With regard to the blimped generator the Committee was informed that in 1972-73 after detailed consultation with the Canadian National Film Board the Department called for world-wide tenders for the supply of this generator. The cheapest practical tender received was of the order of \$50,000 for a fully imported blimped generator. The Department did not consider this an economic proposition. The witness told the Committee that following the example of the Australian Broadcasting Commission, who had been trying to purchase a similar piece of equipment, the Department issued a contract for \$26,000 for a blimped generator in November 1974 to a South Australian firm with a delivery date in June 1975. However, as a result of rolling strikes the company lost 19 working days. In its acceptance trials the Rolls Royce motor failed to deliver the specified power which caused further delays. Part of the acceptance test involved noise suppression tests and a 500 miles road test. The road test showed that the blimping failed and that it was possible for water to get into the unit. At the time of the public inquiry the witness said that trials were continuing and were being carried out by the No. 4 Army Quality Control Unit which represents the Department in South Australia.

Qs. B194,
B196, B209
and B210

132. The Committee was informed that tenders were called in November 1974 and orders were placed in January 1975 for delivery

Qs. B197
to B200
and
Committee
File 1975/2

during 1974-75 for a 16 mm and 35 mm film printing machine at a cost of \$40,000 each and also orders for ancillary equipment valued at \$10,000 were placed at the same time. The Department explained that these machines were basically standard machines with certain options and variations and it was expected that the supply and delivery of this equipment would be straightforward, with comparatively short delivery periods of approximately three to four months. However, in the event the delivery time proved to be six to seven months.

133. The Department informed the Committee that it was necessary to equip additional film editing rooms with certain types of equipment. Consequently, in February 1975 tenders were called for four editing machines plus additional amplifiers at an estimated cost of \$34,200. The Department stated that procurement action for these items was delayed deliberately because of technical problems and poor servicing of existing equipment. It was explained to the Committee that the Department had a lengthy confrontation with the agents about the performance of the existing equipment, consequently the Department took considerable care not to purchase equipment again which did not measure up to its requirements. The Department therefore asked for the latest specifications from all Australian agents dealing with this type of equipment. Procurement action was postponed for the following reasons. Firstly, at the time the Department could not be provided with the detailed specifications of performance considered necessary by the Department. Secondly, it was reported that new equipment was scheduled for early release. This latter point proved to be true but not to the extent expected. Thirdly, the closing date for tenders was extended from April 1975 to May 1975 when a further report of the same nature was received. Fourthly, the Department was not satisfied with the tenders received or the servicing arrangements proposed. Consequently, procurement action was postponed until such time as all the problems were solved.

Qs. 8203
and 8204 and
Committee
File 1975/2

134. The witness for the Department stated at the public inquiry that specifications had finally been developed to the Department's satisfaction. The witness went on to say that in view of the unsatisfactory performance and servicing of the existing machines, it was unlikely that further machines would be purchased from the firm who supplied them. Q. 8205

135. The Department told the Committee that delays experienced in tendering and deliveries were considerably greater than normal. No single factor could be held responsible but the Committee was told that there were world-wide shortages of equipment, substantial industrial unrest in some areas and difficulties in arranging shipping from overseas ports. Q. 8206

Conclusions

136. The Committee accepts the Department's explanation concerning the underexpenditure on this item. However, the Committee feels that it must express its dissatisfaction with the quality of the Department's submission which, as pointed out by the Chairman at the commencement of the hearing, lacked important detail. The Committee invites 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."

CHAPTER 8

DEPARTMENT OF SOCIAL SECURITY

Division 948/0/07: Other Services - Grants to organisations
providing assistance to homeless persons

<u>Funds Available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Appropriation Act No. 2	-	-	1,700,000
TOTAL FUNDS AVAILABLE	-	-	1,700,000
TOTAL EXPENDITURE	-	-	69,620
UNEXPENDED FUNDS AVAILABLE	-	-	1,630,380

137. This item provides funds for a program of assistance by means of capital grants and subsidy payments to organisations providing assistance to homeless men and women. Grants may be made to meet the cost of constructing, purchasing or renting buildings for use as homeless persons assistance centres. The costs covered also include those of furniture, furnishings and equipment. In addition, up to 50 per cent of the salary of a social worker employed at such a centre may be paid.

Exhibit
160/87

138. The Committee was informed that under the Homeless Persons Assistance Act 1974 there are six different forms of assistance which may be provided to eligible organisations. Firstly, a grant may be given up to 100 per cent of the capital cost of constructing or purchasing homeless assistance centres. The second form of assistance are grants in respect of rent of premises for use as homeless assistance centres. These grants can be up to 100 per cent of the total rent paid. Thirdly, a grant again of up to 100 per cent may be provided for the purchase of fixtures, furniture, furnishings or equipment for the centres. The fourth form of assistance can be a grant in respect of the salary of welfare

Qs. 8330,
8332, 8336,
8339 to
8343 and
8363

officers employed at homeless persons assistance centres. The maximum amount payable as a subsidy is 50 per cent. The fifth type of assistance is in the form of a subsidy for food and accommodation given to homeless persons. The rates are determined by regulation under the Act and at the time of the hearing 75 cents per day was paid to the organisations concerned for each homeless person given food and accommodation. The sixth form of assistance is a subsidy for meals served at a homeless persons assistance centre for non-resident homeless people. The rates are also determined by regulation and at the time of the public inquiry were 25 cents for each meal served. The Committee was told that the food and accommodation subsidies are charged to a different appropriation item.

139. The Committee was informed that organisations eligible for capital grants under the Homeless Persons Assistance Act are non-profit organisations or local government bodies, or charitable trusts set up by local governing bodies. The Department told the Committee that the scheme operates by direct contact between the organisations concerned and the Australian Government.

Qs. 8328,
8329 and
8331

140. The witness stated that the homeless persons assistance program was a new undertaking which originated from a working party set up by the Minister to explore the requirements in this area. The Department said that originally it was expected that an amount of \$3.5m. would be required for the year. However, because of the heavy legislative program it was realised that the scheme could not become operative until half way through the financial year, consequently the original estimate was reduced to \$1.7m.

Qs. 8332,
8350 and
8351

141. The Department in its submission stated that the original estimate of expenditure could only be based on assumptions regarding the number of organisations likely to respond and the speed at which their proposals were likely to develop. Another unknown factor was the choice the organisations would make between the various options available to them; i.e. to rent an existing building, to purchase an existing building or to construct a new building.

Exhibit
160/B7 and
Q. 8336

Without adequate knowledge of these factors it was difficult to know what the demand for funds would be under this item.

142. The Department stated that when framing its original estimate, allowance was made for the possibility of a grant of \$1.5m. to an organisation to purchase an existing hotel which was to be used to provide assistance to homeless persons. However, the organisation concerned decided not to go ahead with its proposal and consequently there was a shortfall of \$1.5m. The witness said that the estimate was an informed, intelligent guess, which proved to be wrong.

Qs. 8332,
8352 and
8353

143. The witness for the Department told the Committee that in the past the majority of overnight shelters provided for homeless people had been existing buildings such as old warehouses. These buildings were purchased and converted by organisations such as the Salvation Army and St Vincent de Paul Society. The witness was of the opinion that if this trend of acquiring property had continued, expenditure during the year would have been higher. However, in the light of their experience with the unsuitability of old buildings, these larger organisations now prefer in most cases to construct new buildings, specially designed for the purpose and this takes time before the payment of the subsidy stage is reached.

Q. 8336

144. The Department stated that one of the objectives of the program is to improve existing standards and to introduce innovative approaches. This had aroused the interests of some organisations who were not in this field before and who were not always sure if they would be able to provide assistance to homeless persons properly. In order to determine whether or not such an organisation can operate as a viable concern, the Department considered it desirable for such an organisation with innovative ideas to rent premises rather than buy, before committing themselves to a capital outlay.

Q. 8336

145. The Committee was informed that in 1974-75 the Department received 150 inquiries from organisations concerning these grants.

Q. 8347

Seventy of these had developed into applications, many of these were for approval in principle of projects which had yet to be developed. The witness said that although a grant may be approved in principle, the subsidy payments are actually made some time later as the building work progresses. It is a long drawn out process under which a project from the point of original negotiation with the Department to the final payment of the grant may take 4 or 5 years.

146. The Department in its submission stated that despite a good public response to the introduction of the Act, the limited staff resources prevented negotiations with applicant organisations from developing to a stage where any substantial payments could be made before the end of the financial year. Exhibit 160/87

147. The witness for the Department stated that the response from the organisations had been more tardy than anticipated. The Department said that one particular difficulty which had occasioned delays at times had been obtaining local government approval of location, plans and specifications, which met the Department's approval. Q. 8332

148. The Department informed the Committee that a former officer of the Department of Labor who had a lot of experience with homeless persons was employed by the Department partly as a consultant and partly as an adviser to organisations concerned with assistance to homeless persons. Q. B348

149. The Committee was informed that during the 1974-75 financial year nine organisations received grants which were sufficiently advanced to be processed by 30 June. The Department provided the Committee with the following table (Appendix A, page 61) which shows the expenditure incurred during the year. Exhibit 160/88 and Qs. B344 to B346

150. The Committee was informed that although the Homeless Persons Assistance Act received Royal Assent on 13 December 1974, due to staffing difficulties the full operation of the program was prevented until March 1975. During September/October 1974 the Branch responsible for the Homeless Persons Program had a staff of 5 out of Exhibit 160/87 and Q. B354

an establishment of 21. This Branch was also responsible for several other programs. Because of their experimental and developmental nature, these programs were time-consuming. The witness said that no clear guidelines had been established at the outset. The Australian Assistance Plan, because it occasioned so much interest, made heavy demands on the Department's staff throughout 1974. The Committee was told that towards the end of the year when the legislation was framed and passed, the Department had located a very competent officer who commenced work in this area. However, following the Darwin cyclone disaster the Department considered it necessary to have this officer seconded to deal with the consequences of the Darwin evacuation.

151. The Department informed the Committee that during this period the Department lost a number of capable and experienced officers to the Social Welfare Commission, the Health Insurance Commission and to other departments. The witness said that at the time the loss of these people was particularly critical to the development of ideas.

Exhibit
160/87 and
Qs. B354
to B356

152. It was stated that at the time the Department was subject to rigid staff ceilings which delayed implementation of departmental re-organisation proposals. The Public Service Board Observer (Mr Faul) commented that the Public Service Board is responsible for setting staff ceilings. These ceilings, which were lifted in January, were introduced to induce departments to redeploy their staff or make economies of staff elsewhere to meet demands. The witness for the Department agreed with Mr Faul that the Public Service Board had not delayed any requests for the creation of positions. The witness said that even after the lifting of the staff ceiling, the processes for obtaining staff were still fairly slow in 1975, because although the staff ceilings were lifted as regards numbers the appropriations for payment of salaries had not been increased to allow for additional staff. However, the introduction of the Bulk Establishment Scheme speeded up and facilitated the allocation of positions. The Department stated that the major problem was to obtain suitably qualified people. The witness pointed out that after advertising, interviews, selection and appeals, it is a matter of months before an officer takes up a position.

Exhibit
160/87
and Q. B360

Conclusions

153. The evidence shows that the factors causing the under-expenditure on this item were generally beyond the control of the Department and the explanations are therefore accepted.

154. In this context, the Committee finds it difficult to understand why the circumstances surrounding the decision not to proceed with the purchase of the hotel for which a grant of \$1.5m. was to be made, was not featured in the original submission from the Department. Had it been included it is very likely that the Department would not have been asked to appear before the Committee to explain the underexpenditure.

CAPITAL PAYMENTS 1974/75

State or Territory	No. of Organ- isations	Building Projects	Rent of Premises	Furniture Equipment	Staff Salaries	Total
NEW SOUTH WALES	-	-	-	-	-	-
VICTORIA	1	-	12,834	227	15,130	28,191
QUEENSLAND	4	-	6,320	2,042	228	8,590
SOUTH AUSTRALIA	-	-	-	-	-	-
WESTERN AUSTRALIA	3	9,660	2,730	20,301	-	32,691
TASMANIA	1	-	147	-	-	147
AUSTRALIAN CAPITAL TERRITORY	-	-	-	-	-	-
NORTHERN TERRITORY	-	-	-	-	-	-
	9	9,660	22,031	22,570	15,358	69,619

CHAPTER 9

DEPARTMENT OF TOURISM AND RECREATION

(i) Division 555/2/04 - Administrative - Administrative Expenses - Consultant's Fees

<u>Funds Available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	\$	\$	\$
Appropriation Act No. 1	-	68,000	385,000
Appropriation Act No. 2	-	112,978	-
Appropriation Act No. 3	-	-	-
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	-	-
Appropriation Act No. 6	-	-	-
Advance to the Treasurer	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS AVAILABLE	-	180,978	385,000
TOTAL EXPENDITURE	-	44,297	249,914
	<hr/>	<hr/>	<hr/>
UNEXPENDED FUNDS AVAILABLE	-	136,681	135,086

155. This item provided for the payment of fees to consultants contracted to undertake studies in the fields of tourism and recreation. The Committee was informed that this was a new item and that provision for consultants in 1973-74 had been made in Items 555/2/04-Incidental and other Expenditure and 959/0/01 - Promotion and Development of Domestic Tourism.

Exhibit
160/A4 and
Qs. A238 and
A241 and
Committee
File 1975/2

156. The departmental witness explained that it was necessary to engage the services of consultants because tourism was a new field for the Australian Government and there were few officers of the Public Service with any real experience in the field. He also told the Committee that a number of studies required market research-type activity and was more efficiently carried out by firms which had a field force spread throughout Australia. Ultimately, it was

Qs. A257 and
A258

hoped that the Department would develop sufficient expertise to undertake a greater proportion of the work now performed by consultants.

157. The Committee was told that the Department maintained a list of consultants interested in performing work for the Department and consulted this list when mapping out a work program. The witness stated that the Department attempted to set up a steering committee for each of the studies being performed by consultants and the steering committees review progress and require regular reports from consultants. Payments for services rendered by consultants are generally made progressively throughout the conduct of a study.

Qs. A251,
A252 and
A253

158. It was explained that the Department's research program only Q. A243 became fully operational towards the end of 1973-74 and for this reason the Department felt justified in providing \$385,000 in the Original Estimates for 1974-75 even though the Department had considerably underspent its 1973-74 allocation for consultants.

159. Information provided to the Committee by the Department (see table below) revealed that \$183,340 was spent on consultant studies provided for at the time Original Estimates were prepared, while the balance of expenditure on the item \$66,574 was devoted to projects which were apparently included in the program subsequent to the preparation of the Original Estimates. Of thirteen projects provided for in the Original Estimates four, with a total anticipated expenditure of \$159,500, were expected to commence in March 1975 or later. Six of the nine projects added to the program commenced in March 1975 or later.

Qs. A244 and
A247 and
Committee
File 1975/2

CONSULTANCY STUDIES 1974-75

Project	Expected Date of Commence- ment	Anticipated		Actual
		Expenditure		Expenditure
		\$		\$
Research - Grants Scheme Projects	Apr. 75	50,000		16,000
Low Cost Accommodation	Mar. 75	50,000		31,500
Regional Studies				
1) Perth Metropolitan	May 75	25,000	20,575	
2) A.C.T.	Mar. 75	34,500	-	
3) Southern Tasmania	Feb. 75	60,500	51,000	
4) South Australia	Dec. 74	40,000	40,000	
		160,000		111,575
Survey of Domestic Tourism	Jan. 75	50,000		-
Survey of Attitudes to Travel	Jan. 75	2,000	1,929	
		18,000		1,929
Analysis of ASRB/IVS Statistics	Nov. 74	20,000		-
National Plan for Tourism Education	Oct. 74	10,000		-
Acrod Study	Jul. 74	10,000		5,000
Library Consultant	Aug. 74	3,000		-
Albury/Wodonga Main Study	Jan. 74	12,000		17,336
				183,340
Albury/Wodonga - Attitude Study	Mar. 74	-	12,000	8,691
Economic Effect of Con- centration of Holidays	Feb. 75	-		3,438
Equity Investigations	Jan. 75	-		2,000
Examination of Shares - Old Sydney Town	Apr. 75	-		4,332
Leisure Handbook	Apr. 75	-		4,250
Study of Children's Playgrounds	Apr. 75	-		5,000
Shopping Centres as Leisure Resources	Apr. 75	-		6,700
Technical Display Advice	Jul. 74	-		4,260
Participatory Planning Study	Feb. 75			21,579
Other - Amounts less than \$500	-	-		6,324
		<u>385,000</u>		<u>66,574</u>
				<u>249,914</u>

160. The departmental submission referred to a number of general factors which contributed to the Department's inability to complete its program. One of these factors was staff shortages and the inability to fill important vacant positions, while another general factor was the necessity to establish appropriate mechanisms for consultation and co-operation with State Governments and the tourist industry.

Exhibit
160/A4

161. In respect of staffing problems the departmental witness pointed out that there was a considerable amount of preparatory work necessary before consultants could be engaged. Vacancies in key positions, such as the Director of Research, meant that the Department did not have appropriate staff to design and administer the studies to be performed by consultants. The Committee was told that the Director of Research, although provisionally promoted to the position in February 1974 did not take up duty until 25 July 1974.

Qs. A252,
A255 and
A256

162. The Public Service Board Observer (Mr Mawer) informed the Committee that the Department's original 1974-75 staff ceiling of 76 was adjusted to 95 in October 1974 and lifted altogether in January 1975. He understood Departmental staff had increased to 104 by 30 June 1975, an increase of approximately 70 per cent for the year. In reply to this, the departmental witness indicated that the normal delay in filling vacancies meant that the lifting of staff ceilings would not benefit the Department significantly in 1974-75.

Qs. A253 and
A254

163. In relation to the establishment of mechanisms for consultation and co-operation with State Governments and the tourist industry, the Committee was told that apart from meetings between the Department and the Australian Tourist Commission, no mechanisms had been established in 1973-74. The witness explained that it had been his responsibility from the time of his appointment in March 1974 to establish mechanisms as part of the Department's research program.

Qs. A259 to
A261

164. The Committee learned that a Survey of Domestic Tourism had been commissioned by the Australian Travel Research Conference, which was a loosely formed body comprising representatives of

Exhibit
160/A4 and
Qs. A264,
A265, A267,
A299 and A300

State Departments of tourism and the Australian Tourist Commission, some eighteen months prior to the preparation of the Original Estimates for 1974-75. The Committee was told that it had been anticipated that this study would be completed in September 1974 and that the Department would be able to assess the results of this survey before commissioning a further year's study in early 1975. The witness for the Department stated that at the time the Original Estimates were being prepared the Department had no reason to believe that the September deadline would not be met. He pointed out that although the Department had sought to expedite the completion of the study by providing some technical advice, the fact that the study had originally been commissioned by the Australian Travel Research Conference meant the Department had little scope to hasten completion of the study.

165. The Committee was told that two further projects, a survey of attitudes to travel and a study of the economic importance of tourism¹, were dependent on the statistical information in the survey of Domestic Tourism. As a result of the delay only \$1,929 was spent on the former and nothing on the latter, causing underexpenditure of approximately \$38,000.

Exhibit
160/4,
Q. A266 and
Committee
File 1975/2

166. The departmental submission explained that underexpenditure of \$34,500 occurred in respect of the Regional Tourism Study of the Australian Capital Territory. The witness at the inquiry explained that provision had been made for the survey following a number of meetings between the National Capital Development Commission, the Department of the Capital Territory and the Department of Tourism and Recreation. When proposals were sought from consultants it was found that because of the varied needs of a survey of the A.C.T. it would not be possible for a single firm to complete the survey and so it would be necessary for the prime consultant to engage a sub-consultant. When the sub-consultant

Exhibit
160/A4, Qs.
A268 to A270,
A285, A286,
A288 and
A299 and
Committee
File 1975/2

1. See project entitled "Analysis of ASRB/IVS statistics" in Table above.

presented an outline of its methodology and sample design in April 1975, the Department's Steering Committee believed the approach would not provide the required data and requested a revision of the procedures. By June 1975 the sub-consultant had not improved its methodology adequately. On the recommendation of the Steering Committee, the prime consultant terminated the sub-consultant's services thus resulting in no expenditure being incurred on the project before the end of the financial year.

167. The Committee was informed that a project to examine the need for specialised tourism training courses was undertaken by the Department in conjunction with the Department of Labor and Immigration and with the assistance of the industry associations concerned. This resulted in a saving of the \$10,000 which had originally been allocated for the performance of this work by consultants.

Exhibit
160/A4

168. It was explained that the Department discovered that suitable consultants would not be available to carry out the study only after considerable work had been done in planning the project. The Committee was told that the Department had originally planned that the study would cover all aspects of the tourist industry but early in 1975 the Department decided to concentrate on particular sectors, such as the hotel and travel agency sectors. It was at that stage that the work of the Department of Labor and Immigration became more relevant and the Department realised that the study could be performed without resorting to the use of consultants.

Exhibit
160/A4 and
Qs. A289 to
A291

169. The Committee was given no information regarding the causes of underexpenditure on the following projects. Indeed, the Committee was not aware of these areas of underexpenditure until after it had received supplementary information requested at the public inquiry:

Committee
File 1975/2

<u>Project</u>	<u>Underexpenditure</u>
	\$
Research-Grants Scheme Projects	34,000
Low cost accommodation	18,500
Regional Studies	
Perth Metropolitan	4,425
Southern Tasmania	9,500
Acrod Study	5,000
Library Consultant	<u>3,000</u>
	<u>\$74,425</u>

170. In response to general questions regarding the approval of the use of consultants, the Public Service Board Observer (Mr Mawer) stated that it was normal for all consultancies to go to the Public Service Board for approval. He assumed that consultancies referred to in this item would have been referred to the Board although he pointed out that there had been a change in procedures in September 1974. All engagements of consultants after that time would have required Board approval. He explained that before approving the hiring of consultants the Board conducted certain tests to assess whether or not the work could be performed by the Department and whether the assignment would be successful and cost effective.

Qs. A292 to A295

Conclusions

171. The Committee is disturbed by a number of features associated with expenditure on this item. While it accepts the Department's explanations for the underexpenditure on the A.C.T. Regional Study and the Survey of Domestic Tourism and associated studies, the Committee is concerned that the National Plan for Tourism Education, for which provision was made in the Original Estimates, was ultimately undertaken by the Department in conjunction with the Department of Labor and Immigration.

Our concern stems not from the fact that the Department undertook the study but from the fact that the Department of Tourism and Recreation was apparently unaware that a satisfactory study could be undertaken departmentally until after it had discovered that no suitable consultant was available. The Committee is of the opinion that the engagement of outside consultants should only be contemplated after all possible avenues within the Department and the Australian Government Public Service generally have been carefully examined.

172. The second matter of concern to the Committee is the programming of consultancy studies. The Committee believes that the Department was unduly optimistic when preparing its original estimate for this item. The Department's experience with this type of expenditure in 1973-74, the embryonic state of the Department's research program, the dependence of three of the programmed studies on the completion of another and the fact that projects totalling \$159,500 were not expected to commence until March 1975 or later, should have been taken into consideration when estimates were being formulated. 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.

173. Thirdly, the Committee is disturbed by the fact that projects involving expenditure of \$66,574, (or 27 per cent of the total expenditure on the item) were commissioned during the year although, from the evidence, it would appear that no provision was made in the Original Estimates for these projects. As two-thirds of these projects were commenced in the last four months of the financial year it could be suggested that the Department was attempting to match expenditure with available funds. The Committee sincerely hopes that this was not the case and would remind the Department of the comment made at paragraph 316 of its One Hundred and Fifty-fourth Report which states:

"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."

174. Finally the Committee is disturbed by the failure of the Department to provide information in respect of underexpenditure totalling \$74,425. It is most unsatisfactory that knowledge of this expenditure was only gained fortuitously by the Committee when it sought supplementary information in respect of another matter. The Committee takes a serious view of the Department's failure to include details of these underexpenditures in its submission to the Committee and we would invite attention to Memorandum 66/385 of 16 October 1970 from the Secretary to the Treasury to all Permanent Heads which relates to the preparation of material and briefing of witnesses. This memorandum includes the following:

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

(ii) Division 555/3/06 - Administrative - Other Services -
National Survey of Recreation Needs -
Preliminary Study

<u>Funds Available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	\$	\$	\$
Appropriation Act No. 1	-	-	140,000
Appropriation Act No. 2	-	150,000	-
Appropriation Act No. 3	-	-	-
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	-	-
Appropriation Act No. 6	-	-	-
Advance to the Treasurer	-	-	-
TOTAL FUNDS AVAILABLE	-	150,000	140,000
TOTAL EXPENDITURE	-	9,481	26,844
UNEXPENDED FUNDS AVAILABLE	-	140,519	113,156

175. This item provided for the conduct of a national survey on recreational needs and facilities and the publication of the results of that survey, and was originally intended to comprise:

Exhibit
160/A5

- 1) a survey of present participation patterns
- 2) an inventory of existing recreation facilities; and
- 3) regional demand surveys

176. At the inquiry, the witness explained that the original departmental concept of the study had been rather simplistic in its approach. It was explained that the department had set up a task force of specialists in the field of recreation from various academic institutions, to examine techniques for making an inventory of recreation facilities and to evaluate the premises underlying the survey. The Department believed that the task force would undertake a number of studies to develop a simple system of assessing facilities, participation patterns and needs which would be applicable throughout Australia.

Exhibit
160/A5 and
Qs. A305,
A306 and
A312

177. The Committee received conflicting evidence relating to the decision to alter the concept of the study from one involving a national survey to one which would build up a national picture of resources through an emphasis on the study of regional leisure planning. The departmental submission stated: Exhibit 160/A5 and Qs. A313 and A329

"In association with the decision to absorb the inventory aspect of the Survey with the regional surveys the Department assembled a Task Force of experts from various academic institutions to assist in clarifying the procedures."

However, when asked when and why the Department decided to combine these two parts of the survey the witness stated:

"After the task force examined this problem it came to the conclusion that you can build up a national picture of existing resources by piecing together regional surveys...."

and, in response to an earlier question stated:

"In fact the task force suggested that our emphasis should not be on a national survey but on regional planning."

178. The Committee was informed that funds for the national survey of recreation needs were provided in Appropriation Act No. 2 in 1973-74 as the survey had been a new policy initiative in that year. It had been transferred to Appropriation Act No. 1 in 1974-75 in accordance with the report of the Committee on Appropriation Bills and ordinary annual services of Government (Clause 116 (8)), of 28 October 1964. Qs. A303 and A304 and Committee File 1975/2

179. The Committee was advised that, in preparing the Original Estimate, the Department had envisaged expenditure of \$50,000 on a regional leisure plan and \$30,000 for each of three studies to test inventory techniques and participation pattern although it was up to the Task Force to specify the precise nature of the studies to be done. The witness agreed that the Department had been too optimistic in its provision of \$150,000 for the item Qs. A307 to A313

in 1973-74 as the Task Force had been slower in reaching its conclusions than anticipated. However, the Department believed that if the survey had been carried out in 1974-75 on the basis originally envisaged by the Department, then the funds would have been needed.

180. The Department provided the Committee with the following information regarding the actual expenditure of funds on this item:

Qs. A336 and
A337 and
Committee
File 1975/2

Task Force		\$	\$
.. Sitting Fees	1,282		
.. Travelling Allowance	424		
.. Faree	3,638		5,344
Consultants			
.. Pilot Study - inventory of leisure facilities - 2 suburbs each in Mel- bourne and Perth	1,500		
.. Pilot Study - inventory of leisure facilities in the Geelong area	20,000	<u>21,500</u>	
			<u>\$26,844</u>

181. The witness for the Department was not able to explain why the part of this item which was to be spent on consultants was not included under Item 555/2/04. He stated that it depended how the term "consultant" was defined as the task force had the option of going to universities or to private individuals working in the field. He pointed out that some of the money would have been appropriated for expenditure associated with task force meetings but admitted that all the money appropriated under this item could have been spent on consultants.

Qs. A316 to
A319

182. The departmental submission mentioned that the expenditure charged against this item in 1974-75 would be of a preliminary nature. The Department had aimed at providing sufficient details of the requirements of a national survey into recreation needs to allow

Exhibit
160/A5 and
Qs. A314 and
A315

the Government to decide whether it wished to proceed. However, the pilot studies proposed by the Department were not considered satisfactory by the Task Force.

183. The Committee learned that some of the underexpenditure on this item resulted from an arrangement for the Australian Bureau of Statistics to undertake a nation-wide survey of participation patterns at no cost to the Department. This arrangement was in lieu of employing consultants. The witness explained that access to the Bureau's survey results had been considered at the time the Original Estimates were being prepared but no conclusion had been reached by the time the estimates were completed. Arrangements were not finalised until early 1975 and involved the addition of several questions relating to people's participation in leisure to a household survey performed by the Bureau.

Exhibit
160/A5 and
Qs. A320
and A323

184. The Committee was advised that, because recreation planning represented a new and undeveloped area of concern in Australia, the level of expertise available to undertake the inventory and regional surveys was poor and it had been necessary for the Department to enter into protracted discussions with consultants seeking to undertake the studies. The Department explained that it became aware of the meagre level of expertise in November 1974 when it first sought proposals for an inventory study of recreational resources in the Gippsland Lakes area.

Exhibit
160/A5,
Qs. A324 and
A327 and
Committee
File
1975/2

185. The Committee was informed that in addition to the problems created by the changed approach to the survey, the meagre level of expertise and the slow progress of the Task Force (which resulted from time constraints of the individual members and made it difficult to hold frequent meetings), the departmental officer responsible for the survey left the Department in February 1975 and at the time of the inquiry had not been replaced. The Committee was told that the Department had advertised and interviewed for the position and there was an officer acting in the position. The Task Force had continued to meet and had reached the point where it was possible for an inventory study of the Gippsland Lakes area and a regional leisure planning study of the Geelong area to be undertaken.

Exhibit
160/A5 and
Qs. A332 to
A334

186. The witness explained that the work undertaken in 1974-75 Q. A335 had been of benefit in that it resulted in clarification of some of the details of the various components of the leisure environment and had altered the Department's thinking from one involving a broad national approach to one of regional studies involving, in particular, those areas under pressure in terms of leisure demands.

Conclusions

187. From the evidence given to the Committee it would appear that, in spite of the fact that funds had first been made available for the National Survey of Recreation Needs in 1973-74, the Department had only vague plans for expenditure of the funds appropriated under this item in 1974-75. On the Department's own admission it would appear that the funds were allocated without any discussions taking place with appropriate consultants and before the Department had, through its task force, fully crystallized the aims and techniques for the study. The Committee would remind departments of the principles relating to estimating contained in Treasury Direction 16/9 and in particular:

"Estimates shall not include amounts in respect of proposals which are so far from firm that it is not possible to form any real estimate of what payments, if any, will be made."

188. The Committee also registers its surprise at the existence of this appropriation item at all. The Committee is of the opinion that the major part of the expenditure should have been appropriated under Item 555/2/04 - Consultant's Fees, while the balance (that devoted to expenditure associated with the Task Force) should have been appropriated under Item 555/2/05 - Incidental and other expenditure. In this respect we would remind departments of the existence of Treasury Estimates Memorandum 1974/21 of 7 August 1974 which created the separate item "Consultant's Fees".

189. Finally, the Committee expresses its dissatisfaction with the quality of the evidence presented for this item. In addition to the obvious discrepancy in the evidence referred to above, the Committee found that many answers to questions were vague and uninformative.

(iii) Division 959/0/07 - Other Services - Development of
Tourist Attractions and Facilities -
Grants

<u>Funds Available</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Appropriation Act No. 1	-	-	-
Appropriation Act No. 2	-	1,750,000	2,250,000
Appropriation Act No. 3	250,000	-	-
Appropriation Act No. 4	-	-	-
Appropriation Act No. 5	-	-	-
Appropriation Act No. 6	-	-	-
Advance to the Treasurer	-	-	-
TOTAL FUNDS AVAILABLE	<u>250,000</u>	<u>1,750,000</u>	<u>2,250,000</u>
TOTAL EXPENDITURE	<u>50,000</u>	<u>97,500</u>	<u>1,081,110</u>
UNEXPENDED FUNDS AVAILABLE	<u>200,000</u>	<u>1,652,500</u>	<u>1,168,890</u>

190. This item provided for assistance to tourism projects such as Australian or pioneer settlements, historic sites and buildings, fauna sanctuaries; tourism information and interpretative centres; marinas, jetties, aquariums; visitor facilities in National Parks and remote tourist destinations and other basic infrastructure necessary for the development of tourist attractions. We were told that the coverage and criteria for this item were the same as for item 958/0/01 on which the Committee reported in its One Hundred and Fifty-fourth Report (Paragraphs 221 to 233).

Exhibit
160/A6 and
Q. A339

191. Evidence given to the Committee revealed the following information relating to approval of grants and expenditure in the past three years:

Exhibit
160/A6 and
Qs. A343 and
A348 to A351
and Committee
File 1975/2

<u>Approvals</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>	<u>Carry-over</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
1972-73 - \$190,000	50,000	97,500	-	42,500
1973-74 - \$1,263,500	-	-	842,435	421,065
1974-75 - \$2,438,703	-	-	238,675	2,200,028
TOTALS	<u>50,000</u>	<u>97,500</u>	<u>1,081,110</u>	<u>2,663,593</u>

192. The Committee learnt that approvals in 1972-73 were \$190,000 and not \$217,500 as we were advised at the time we inquired into expenditure on this item in 1973-74. Supplementary information provided to the Committee explained that the 1972-73 figure had been overstated by \$27,500 due to the fact that a grant of \$65,000 to the Port Arthur project in Tasmania was reduced to \$37,500 and the \$27,500 was reallocated in 1973-74 as part of a grant of \$95,000. This information accounted for discrepancies between evidence received in 1973-74 and the departmental submission for 1974-75.

Exhibit
160/A6,
Q. A344,
Committee
File 1975/2
and Para.222
of the 154th
Report

193. The departmental submission explained that the department had expected that all of the 1973-74 carry-forward commitment of \$1,306,000 would have been claimed during 1974-75 and that 40 per cent of the grants approved in 1974-75 would actually be expended during the financial year. The expectation that all the 1973-74 commitments would be expended was, according to the witness, based on judgement and advice from the States. Consultation on likely expenditure in 1974-75 took place at a Standing Committee on Tourism, which is a committee of Commonwealth and State Permanent Heads, and with appropriate officials.

Exhibit
160/A6 and
Qs. A354,
A355 and
A361

194. The Department's expectation that 40 per cent of the 1974-75 approvals would be expended during the financial year was based on the belief that the Department would be able to approve the grants early in the financial year. However, supplementary information provided by the Department showed that essentially, as a result of staffing difficulties, only four of the 32 grants were approved during the first half of the financial year. Of the remaining grants twenty were not approved until the last quarter of the financial year.

Q. A356 and
Committee
File 1975/2

<u>Grants approved</u>		<u>Amount approved</u>	<u>Expenditure</u>
		\$	\$
First & Second Quarters	4	266,000	72,675
Third Quarter	8	928,000	54,000
Final Quarter	20	<u>1,244,703</u>	-
		\$2,438,703	<u>\$126,675</u>
Advance Payment			
		Tasmania	112,000
		W.A.	<u>46,000</u>
			284,675 ²

195. It was explained that experience had shown, a time lag of about twelve months between commitment and expenditure and, as a result of this experience, the Department had sought a 1975-76 appropriation of \$2.5m. against commitments existing at 30 June 1975 of approximately \$2.7m. The witness stated that the Department had approval to enter into further commitments to the extent of \$2m. By the end of the first quarter the Department's expenditure was in excess of \$600,000 which the witness considered to be a satisfactory rate of expenditure.

Qs. A354
and A365

196. The witness explained that the availability of the grants was notified at every appropriate opportunity through departmental publications, press releases, various travel industry publications and through pamphlets which were prepared by the Department and distributed to local government authorities. Although there had been no specific closing date, most applications had been received in the first half of the year. He pointed out that for 1975-76 the Department had specified a closing date - 31 October 1975.

Qs. A357
and A358

197. The Committee was advised that the Treasury had approved a system of advances which allows for a 25 per cent advance against anticipated expenditure over the ensuing three months.

Qs. A359
and A360

2. There is an unexplained discrepancy between this figure and the figure for total expenditure provided in the Department's original submission, viz. \$238,675.

The witness explained that Western Australia, Tasmania and Queensland took advantage of the availability of the advances but the other States chose to operate in different ways. The Treasury Observer, Mr Murden, stated that the Treasury was happy with the arrangement and expressed the opinion that it should remedy any complaints which the States may have had against the scheme.

198. In elaborating on the Department's staffing problem, the witness explained that one of the problems arose because the officer in charge of the Tourist Grant Scheme was required to assist in the assessment of applications for grants under the Regional Employment Development Scheme. He also explained that before the Public Service Board would approve additional staff for the Department, it insisted that the Department's structure should be examined. After agreeing on a revised structure, the Department then came forward with proposals for additional staff which were to be discussed with a senior officer of the Board. Q. A362

199. The Public Service Board Observer (Mr Mawer) explained that the Board had examined the total management systems of the Department in 1974-75 and had, in July, received a reorganisation proposal from the Department. The Board had offered a senior inspector for discussion on the proposal but the Department had not taken up the offer at the time of the inquiry. Q. A363

200. An additional cause of the delay in approving expenditure resulted from departmental concern about the viability of a number of historic village type proposals submitted to the Department. The Committee was told that consideration of these requests was deferred pending a report of a consultant and the States were asked to submit alternative projects. Exhibit 160/A6

Conclusions

201. The Committee is of the opinion that, in view of the previous record of underexpenditure on this item, the Department was unduly optimistic in preparing its Original Estimates for 1974-75.

We would, however, commend the Department on the apparent caution with which it has approached this item for 1975-76 and also for the resolution of the problems experienced by some States in respect of advances.

202. The Committee wishes to express its extreme dissatisfaction with the errors of fact presented to the Committee in relation to this item. In particular, the Committee was disturbed by the revelation in a supplementary submission that figures relating to approvals for 1972-73, which were presented to the Committee at a public inquiry in October 1974, were incorrect. While the extent of the discrepancy would have no bearing on conclusions reached following that public inquiry, the Committee is surprised that the discrepancy was apparently not discovered in preparing the submission in respect of the 1974-75 expenditure on the item.

203. Again, as with our conclusions on the previous item, we would draw the Department's attention to the need for adequacy and accuracy of detail included in submissions prepared for this Committee. While the need for accuracy applies to all material submitted to the Committee, we would suggest that accuracy is even more essential where submissions are requested for the same item in consecutive years and the first submission was the subject of public inquiry. It was obvious to the Committee during the course of the public inquiry that the Departmental witnesses were not aware of the contents of previous submissions on related items.

CHAPTER 10

GENERAL CONCLUSIONS

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

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

206. As this and previous Reports relating to expenditure from the Consolidated Revenue Fund show, there are some 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

performance that have resulted in shortfalls in expenditure. Attention has been drawn to these inadequacies where they have arisen.

207. The Committee has found it necessary to comment adversely on the quality of written submissions and the apparent inadequacy of briefing of some witnesses. As was the case with the Committee's 154th Report, there were several instances of inaccurate and inadequate submissions tendered to the Committee during this inquiry. There were also cases where witnesses were apparently unfamiliar with the material contained in departmental submissions. 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 relates to the preparation of material and the briefing of witnesses. The 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.

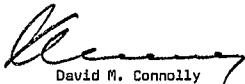
It would be appreciated if this circular could be brought to the attention of all officers of your Department who become concerned with the preparation of written material for the Committee or are required to attend in person at future hearings of the Committee and all Commonwealth authorities whose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

208. The Committee would also draw the attention of departments to Treasury Circular 1976/10 of 11 May 1976 which sets out the Committee's requirements with regard to the preparation of submissions, the quality of evidence and the briefing of witnesses.

For and on behalf of the Committee,



T. Devine
Secretary
Joint Committee of Public Accounts
Parliament House
CANBERRA
20 May 1976



David M. Connolly
Chairman