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Commonwealth of Australia

A YEAR'S EXPERIENCE

House of Representatives
Standing Committee on Expenditure

Report

October 1977

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MEMBERS OF THE COMMITTEE

Chairman: The Hon. K. M. Cairns, M.P.
Deputy Chairman: The Hon. F. E. Stewart, M.P.
Members: Mr K. J. Aldred, M.P.¹
Mr M. H. Bungey, M.P.²
Mr D. M. Connolly, M.P.³
The Hon. F. Crean, M.P.
Dr H. R. Edwards, M.P.⁴
Mr C. J. Hurford, M.P.
Dr H. A. Jenkins, M.P.
Mr S. A. Lusher, M.P.
Mr J. W. Sullivan, M.P.
Mr R. Willis, M.P.⁵

*Clerk to the
Committee:* Mr M. E. Aldons

1. Replaced the Hon. R. V. Garland, M.P. (resigned) on 13 September 1977.
2. Replaced the Hon. I. M. Macphee, M.P. (resigned) on 17 November 1976.
3. Chairman of the Joint Committee of Public Accounts who, in accordance with Clause (2) of the Resolution of Appointment, is a member of the Expenditure Committee.
4. Replaced the Hon. W. C. Fife (resigned) on 18 August 1977.
5. Replaced Mr R. Jacobi, M.P. (resigned) on 25 May 1976.

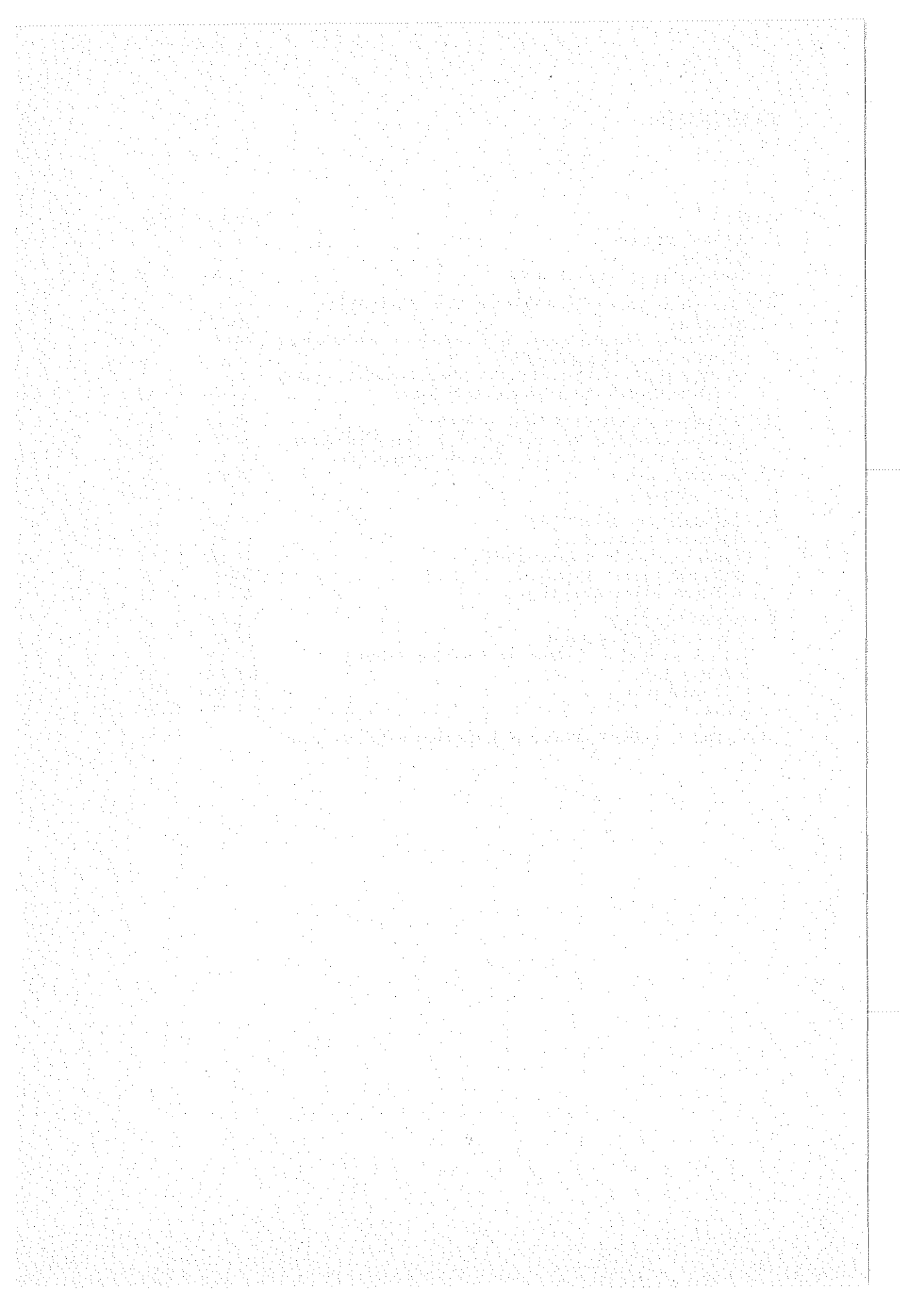
RESOLUTION OF APPOINTMENT

- (1) That a Standing Committee be appointed to:
 - (a) consider any papers on public expenditure presented to this House and such of the estimates as it sees fit to examine;
 - (b) consider how, if at all, policies implied in the figures of expenditure and in the estimates may be carried out more economically;
 - (c) examine the relationship between the costs and benefits of implementing government programs;
 - (d) inquire into and report on any question in connection with public expenditure which is referred to it by this House.
- (2) That the committee consist of 6 members to be nominated by the Prime Minister, 5 members to be nominated by the Leader of the Opposition, and the Chairman of the Joint Committee of Public Accounts or his nominee.
- (3) That every nomination of a member of the committee be forthwith notified in writing to the Speaker.
- (4) That the members of the committee hold office as a committee until the House of Representatives expires by dissolution or effluxion of time.
- (5) That the committee elect as Chairman of the committee one of the members nominated by the Prime Minister.
- (6) That the committee elect a Deputy Chairman who shall perform the duties of the Chairman of the committee at any time when the Chairman is not present at a meeting of the committee, and at any time when the Chairman and Deputy Chairman are not present at a meeting of the committee the members present shall elect another member to perform the duties of the Chairman at that meeting.
- (7) That the committee have power to appoint sub-committees consisting of five or more of its members, and shall appoint the Chairman of each sub-committee who shall have a casting vote only, and refer to any such sub-committee any matter which the committee is empowered to examine.
- (8) That a majority of the members of a sub-committee constitute a quorum of that sub-committee.
- (9) That members of the committee who are not members of a sub-committee may take part in the public proceedings of that sub-committee but shall not vote or move any motion or constitute a quorum.
- (10) That the committee or any sub-committee have power to send for persons, papers and records.
- (11) That the committee have power to move from place to place and to sit during any recess.
- (12) That any sub-committee have power to move from place to place, adjourn from time to time and to sit during any recess, sittings or adjournment.

- (13) That the committee or any sub-committee have power to authorise publication of any evidence given before it and any document presented to it.
- (14) That five members of the committee constitute a quorum of the committee.
- (15) That the committee be provided with necessary staff, facilities and resources.
- (16) That the committee in selecting particular matters for investigation take account of the investigations of other Parliamentary committees and avoid duplication.
- (17) That the committee have leave to report from time to time and that any member of the committee have power to add a protest or dissent to any report.
- (18) That the foregoing provisions of this resolution, so far as they are inconsistent with the standing orders, have effect notwithstanding anything contained in the standing orders.

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CHAPTER I

INTRODUCTION

Summary

This report describes and reviews the work of the Committee since its establishment on 29 April 1976. It describes work not covered in the two reports tabled in the House on 1 and 2 June 1977,¹ discusses the role and functions of the Committee, comments on major issues that have arisen in dealings with departments and organisations and details some important features of the Committee's operations. While the report contains recommendations these are not central to the report and consequently appear only in the body of it.

2. Considerable time has been spent on the selection of references including time the Committee has taken to inform itself on various subjects. For the Committee to have an impact, to perform a useful role in parliamentary scrutiny, it is necessary to select very carefully subjects for inquiry. Selection of references, however, has to be undertaken in the context of the role and functions of the Committee. After more than a year's experience it is possible to distinguish 3 broad types of functions, namely:

- examination and evaluation of the processes used in the planning, management and control of expenditure
- evaluation of programs to find out, among other things, whether there are alternative ways of attaining policy objectives more efficiently or at lower cost
- examination of programs and activities to find out if they are being administered with economy and efficiency.

3. The last 2 functions are not mutually exclusive and program evaluation and economy and efficiency aspects can be covered in one inquiry. At this stage of the Committee's evolution it is not possible to say which of these 3 functions will be more important—time and experience will disclose it. It does appear, however, that commencing with the Budget Estimates Inquiry the Committee could be placing greater emphasis on the first function.

4. While the Committee's broad role is to review economy and efficiency in the public sector and while recommendations that result from such reviews could lead to reduced expenditure, the Committee does not see itself merely as part of the process by which the size of the public sector is reduced. The size of the public sector is the subject of basic economic and political disputation.

5. It should also be emphasised that the Committee is one of parliamentarians—not of economists, accountants or public servants. And as such the Committee is particularly aware that its effectiveness derives in large measure from its ability to present arguments and recommendations which are persuasive, and capable of

1. *Accommodation for Married Servicemen and Australia's Overseas Representation*, Reports from the House of Representatives Standing Committee on Expenditure; Parliamentary Papers, 99 and 100, 1977 respectively.

being implemented by governments of the day. There is an advantage here that a group of parliamentarians may have, particularly in the context of a committee which contains a number of former Ministers, including a former Treasurer; they may often be in a better position than, for instance, an interdepartmental committee of public servants, to examine existing policies, the lack of policies or the attitudes of successive governments which impinge on the efficiency of public sector activity. Ultimately, what the Committee recommends is subject to public scrutiny because its reports are public documents.

6. When moving the motion to establish the Committee the Prime Minister said that 'Government responses will be tabled promptly by the responsible Ministers' (House of Representatives *Hansard*, 8 April 1976, p. 1498). The Committee must be confident that its reports are given serious consideration by government. It must be remembered that departmental advice may be given by the very officers who (if applicable) disagreed with the Committee's preliminary conclusions at the *in camera* hearings (see paragraphs 83 to 84). Thus it is most important that the Executive have a collective will to consider seriously Committee reports. The Committee is endeavouring, through its inquiries and reports, to release resources for more worthwhile uses.

Development of Committee Work

7. The Committee was appointed by Resolution of the House on 29 April 1976 to:

- (a) consider any papers on public expenditure presented to this House and such of the estimates as it sees fit to examine;
- (b) consider how, if at all, policies implied in the figures of expenditure and in the estimates may be carried out more economically;
- (c) examine the relationship between the costs and benefits of implementing government programs;
- (d) inquire into and report on any question in connection with public expenditure which is referred to it by this House.

8. In the months immediately following its establishment the Committee discussed the approach to its work and decided to canvass views on its role and functions. Senior officers from the 'central authorities' of the public service were invited to appear before the Committee at *in camera* hearings. Advice was also sought from tertiary institutions and management consultants.

9. In May and June 1976 evidence was taken at 5 *in camera* hearings from the Auditor-General (Mr D. R. Steele Craik), the Secretary to the Treasury (Sir Frederick Wheeler), the Chairman of the Royal Commission on Australian Government Administration (Dr H. C. Coombs), the Secretary of the Department of the Prime Minister and Cabinet (then Mr J. L. Menadue), and the Chairman of the Public Service Board (then Mr A. S. Cooley). The work of relevant organisations in public sector efficiency, interpretations of the Committee's terms of reference, the ways by which the Committee could select its references and other matters such as staffing needs were discussed at these hearings. Some detail of the content of these discussions is given in relevant sections of this report.

10. Information obtained from more than 30 tertiary institutions—mostly universities and colleges of advanced education—has been entered in a *Register of Expert Witnesses and Specialist Advisers* which is used as a means of obtaining specialist opinions. Replies received from management consultants were a useful addition to the *in camera* evidence. The Committee places on record its appreciation of the time and effort of these firms and experts.

11. Contacts were established with the United Kingdom House of Commons Expenditure Committee and the Comptroller-General of the United States General Accounting Office (GAO). In July 1976 the former Chairman wrote to his counterpart on the U.K. committee. The two committee chairmen discussed matters pertaining to public expenditure management and control when the Hon. R. V. Garland was in London on parliamentary business in January 1977. One long-term objective of this contact is (subject to Mr Speaker's approval) a staff exchange scheme as a means of profiting from the U.K. experience. The first 2 terms of reference of the Committee are identical with those of the U.K. committee.

12. Mr Elmer B. Staats has been Comptroller-General of the GAO since 1966 and is a world authority on efficiency audits. He was in Australia in February 1977 to participate in a series of seminars on efficiency audits sponsored by the Australian Society of Accountants. Mr Staats told the Committee at a private meeting of the need for organisations to have adequate internal systems for assessing efficiency and effectiveness. He said that the quantification of 'savings' was possible in investigations into economy and efficiency but was more difficult when evaluating programs. He also suggested some criteria that could be used in selecting references, e.g. cost escalation and the fact that programs had not been examined for a long time. The Committee expresses its appreciation for his valuable advice and for his speaking with the Committee at short notice.

13. In the months following its establishment considerable time was spent on the selection of references. The Committee decided that its initial inquiries would be into relatively small areas of expenditure, partly because this would speed up the process of learning from experience. In early July 1976 several areas of expenditure were examined and further information obtained from relevant departments on accommodation for married servicemen, overseas representation (initially from the Departments of Defence, Foreign Affairs, Immigration and Ethnic Affairs and Overseas Trade), the Pharmaceutical Benefits Scheme and quarantine. By September 1976, having received and analysed this information, the Committee formally resolved to conduct inquiries into Accommodation for Married Servicemen and Australia's Overseas Representation and appointed 2 sub-committees for these purposes under the chairmanship of the first chairman of the Committee, the Hon. R. V. Garland (see paragraphs 54 to 57).

14. These first 2 inquiries were foreshadowed in a statement to the House on 24 August 1976 by the first Chairman. The statement referred to 3 types of scrutiny, namely, program evaluation, the planning, management and control of public expenditure, and, minor scrutiny on economy and efficiency by a special sub-committee (sub-committee A).

15. Preliminary work on management scrutiny had already commenced when the 3 Commissioners of the Public Service Board were examined by the Committee on 2 and 3 August 1976. The Board was questioned on its role, duties and operations and on the regulatory mechanisms used to maximise efficiency and economy in the public service. As part of an on-going inquiry into these matters the Committee also sought a submission from the Treasury on the preparation of the estimates and the relevance of the forward estimates to this process. The submission was eventually prepared by the new Department of Finance in February 1977. In June 1977 the Committee resolved to inquire into the Budget Estimates. The inquiry is being undertaken by the full Committee. It will cover, among other things, the processes by which the estimates are formulated, including the roles of the Public Service and Cabinet, the role of forward estimates of expenditure in the process of formulating the estimates and the nature of the information provided in Budget documents. Hearings have already commenced and it is expected that a first report will be made to the House during the 1978 Autumn sittings.

16. The third type of scrutiny referred to in the 24 August 1976 statement was given effect to by the establishment of a special sub-committee in July 1976 (see paragraphs 58 to 65).

17. Even at this early stage of its existence the need for continuous work on the selection of new references was recognised. Thus, although the 2 major sub-committees were operational, evidence was taken on 14 October 1976 from Professor P. H. Karmel, Chairman of the Universities Commission on tertiary education institutions. The meeting with Professor Karmel was arranged before the Government announced a Committee of Inquiry into Education and Training. At the hearing the Committee expressed its concern and discussed the growing problem of unemployment falling heavily on the relatively unskilled young, the shortages of skilled tradesmen and the relationship between the education system, the labour market and society. This led to further discussion on the need to increase funds for TAFE (technical and further education) which raised the question of the allocation of resources in post-secondary education.

18. The discussion therefore centred on the need for rationalisation of universities and colleges of advanced education. There are 19 universities (some small) and 82 colleges, some 70 of which are very small. These smaller institutions require larger grants for each student to cover their overheads. Rationalisation so it was argued could therefore bring economies, for example, savings from amalgamating central administrations and central libraries. If effective, rationalisation could release scarce resources for use in technical and further education. This is, briefly, the way the Committee developed its thinking at this hearing.

19. Of its nature rationalisation raises problems. It is well known that the transfer or reduction of benefits which one section of the community receives is a political one. Although many States have commissioned studies on tertiary education the difficulty is to implement recommendations and a committee of parliamentarians could be better placed to undertake work in this area.

20. On 18 November 1976 the Committee discussed matters relating to tertiary education with Professor B. D. Williams, Vice-Chancellor of the University of Sydney and Chairman of the Committee of Inquiry on Education and Training appointed by the Government in September 1976. The discussion covered rationalisation of tertiary institutions and Professor Williams suggested that the Expenditure Committee defer a decision to inquire into tertiary education until after the Committee of Inquiry on Education and Training had reported—the end of June 1978. The Committee asked advisers to examine the evidence it collected (see paragraph 22) but has made no decision on whether or when it will inquire into any aspects of tertiary education.

21. In 2 similar contexts the Committee has been informed, by the former Australian Universities Commission and also by the Department of Education, that 'internal competition for resources' within universities is a major factor in ensuring efficient use. It is acknowledged that in times of financial stringency the more closely will an organisation look at its spending and the more closely could one section question another's use of funds. It is questionable whether what the Committee was told represents a principle, a mechanism for the efficient allocation of resources in universities. The Committee is not satisfied that the statement is a sufficient reason for the Committee not to examine the efficiency of the administration of tertiary institutions. It is asserted that where expenditures for tertiary institutions are met by the Commonwealth, the Committee has a right to obtain full information on the uses to which these moneys are put and that this need not affect the academic independence of these bodies.

22. By February 1977, that is six months after their appointment, the 2 major sub-committees were in the final stages of their respective inquiries and resources (both Members' time and staff) were being fully utilised for these purposes. The Committee therefore obtained with the approval of Mr Speaker specialist advice to assist in the selection of new references. The advisers (Mr C. Walsh and Mr R. Jay) were to advise the Committee on the feasibility of inquiries into tertiary education, the budget estimates and health programs. In March 1977 the Committee sought information through questionnaires on health programs from the Department of Health and collected information on the Defence Service Homes Scheme. In July 1977, after considering reports from its advisers and staff, the Committee decided to inquire into the Defence Service Homes Scheme (DSHS) and to continue its preliminary investigations into some of the programs administered by the Department of Health. The inquiry into the DSHS is being conducted by a sub-committee of 5 members—the Hon. K. M. Cairns (Chairman), Mr K. J. Aldred, Dr H. R. Edwards, the Hon. F. E. Stewart, and Mr J. W. Sullivan. The 5 members of the sub-committee inquiring into Health programs are Mr M. H. Bungey (Chairman), the Hon. K. M. Cairns, the Hon. F. Crean, Mr C. J. Hurford, Dr H. A. Jenkins, Mr S. A. Lusher, and Mr R. Willis.

23. The Committee's current inquiries are listed in the Notice Paper of the House of Representatives.

24. Following his appointment to the Ministry the Hon. R. V. Garland resigned from the Committee and the Hon. K. M. Cairns was elected Chairman.

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The Committee records its appreciation of the considerable time and effort its first chairman the Hon. R. V. Garland put into Committee work.² A sound foundation has been laid for the future.

2. On 14 September 1977 the following resolution was adopted by the Committee:
‘That the Chairman thank, on behalf of the Committee, the former Chairman, Mr Garland, for his contribution to the work of the Committee’.

CHAPTER II

THE ROLE AND FUNCTIONS OF THE COMMITTEE

Background

25. After more than 16 months of operation, it seems appropriate that the House should be informed of the Committee's views as to its role and functions.

26. The role and functions of the Committee are examined under 3 broad headings:

- the need for financial scrutiny by committees of the Parliament
- the objectives of financial scrutiny, and
- the relationship of the objectives of Expenditure Committee scrutiny to other financial committees of the Parliament.

The Need for Financial Scrutiny by Committees of the Parliament

27. The right of the Parliament to control expenditure, to protect the public purse, has a long history. The fundamental principle that the Crown has no power to tax save by grant of Parliament is to be found in Magna Carta (A.D. 1215), which is said to be declaratory of the common law. Taxation requires legislation. And taxation became the means for making grants of supply to the Crown. In accordance with practice begun in the reign of Charles II and developed under William and Mary, all funds which came into the Exchequer and which were not paid out under permanent legislation had to be granted to the King and at the same time appropriated by the Parliament for the specific purposes for which they were intended.³

28. Control of expenditure is Parliament's most fundamental power. In Australia this right is enshrined in the Constitution, which by section 83 provides that 'No money shall be drawn from the Treasury of the Commonwealth except under appropriation made by law'.

29. Parliament also has an obligation to exercise the most careful and effective scrutiny of public expenditure, an obligation which has become more important with the influence and growth of the public sector in both absolute and relative terms. As a measure of this growth the proportion of Commonwealth Budget outlays in the Gross Domestic Product rose from 24.5% in 1965-66 to 31.4% in 1975-76. This relative growth has taken place when the economy as a whole has been growing, so that the public sector has increased in absolute terms.

30. The very size of the public sector has made scrutiny something more than the counting of 'candle ends', as may have been the case in the 19th century. Today scrutiny should involve examination of expenditure to see whether money is being spent economically, efficiently and effectively. Since limited resources have alternative uses such work should include examination of expenditure priorities within the public sector.

3. Sir Ivor Jennings, *Parliament* (2nd edn, Cambridge University Press, 1957), pp. 283-285.

31. This work is undertaken continuously within the public service or by agencies specially appointed for the purpose. There are on-going expenditure reviews by departments and reviews of establishment numbers by the Public Service Board. The role of the Department of Finance is to review and evaluate expenditure proposals and programs, to collect and analyse forward estimates of expenditure and to administer the Public Account. The Department of the Prime Minister and Cabinet evaluates programs and policies in selected major areas of government interest while the traditional audit work is carried out by the Auditor-General whose role has been extended recently to encompass efficiency audits. In addition, there is the work of *ad hoc* task forces and review committees.

32. Most of this work is not published and Parliament is not able to judge its value or effectiveness. Thus the need for parliamentary scrutiny of expenditure remains. Parliamentary committees help the Parliament to perform this work. The Committee asserts that, because of the nature of this work, it can only be performed adequately by the Parliament through its committees.

33. It would be presumptuous for this report to define the roles and functions of all the financial committees of the Parliament. The role of the Expenditure Committee, as its Members see it, is to assist the House and the Parliament to:

- examine and evaluate the adequacy and effectiveness of the systems used in the planning, management and control of expenditure as a whole, and, on a departmental or functional basis
- review and evaluate expenditure programs and activities for economy, efficiency and effectiveness.

The Objectives of Financial Scrutiny

34. The possible functions of the Expenditure Committee, can be discussed under 4 separate inquiry categories, namely:

- scrutiny of compliance with the financial procedures relating to public accountability of funds used
- examination of economy and efficiency in the use of funds
- evaluation of program results and effectiveness
- examination and evaluation of processes used in the planning, management and control of public expenditure.

35. The first type of scrutiny would determine whether financial operations are properly conducted, whether the financial reports of an audited entity are presented fairly, and whether the entity has complied with the Constitution, Acts of Parliament and regulations.⁴ This type of scrutiny is outside the terms of reference of the Expenditure Committee. Suffice to say that with the increasing size of the public sector, this work is relatively less important than the other types referred to. Waste can occur while the rules are observed:

'The most wasteful, extravagant, foolish and ill-planned activities are frequently regular in a technical sense'.⁵

4. *Standards for Audit of Governmental Organisations, Programs, Activities and Functions* 1974 Reprint, (United States General Accounting Office), p. 3.

5. E. L. Normanton, *The Accountability and Audit of Governments* (Manchester University Press, 1966).

36. The second kind of scrutiny is of whether resources are being used economically and efficiently (efficiency audits). Such inquiries would determine whether the entity is managing or utilising its resources (personnel, property and so forth) in an economical and efficient manner and the causes of any inefficiencies or uneconomical practices, including inadequacies in management information systems, administrative procedures or organisational structure. Specifically such inquiries would include investigation into the need for the goods or services provided or procured, the reasonableness of costs incurred or expenditures made and the proper use of resources. Such matters are pursued primarily from the standpoint of improvements needed; usually by identifying avoidable costs or waste, possibilities for increased revenues and alternative procedures for producing similar results at lower costs or better results at the same or lower costs.⁶

37. Studies of efficiency require consideration of the resources used in achieving the purpose for which they are intended. Efficiency is therefore concerned with the relationship between resources used and results achieved: between inputs and outputs. As a former Chairman of the Public Service Board said in relation to staff inputs: ' . . . some people tend to do the job too elaborately'.⁷ The elimination of this elaborateness would increase efficiency. Similarly, Committee inquiries (see paragraphs 58 to 65) show that an amalgamation of pensioner cards could reduce costs by close to \$300 000 with no adverse results, while rationalisation of in-plant printing facilities of statutory bodies would lead to the same output being produced at lower cost.

38. Inquiries into the economy and efficiency with which resources are used fall within term of reference 1 (b) which asks the Committee to:

'consider how, if at all, policies implied in the figures of expenditure and in the estimates may be carried out more economically'.

This interpretation of term of reference 1 (b) is supported by the views of the Secretary to the Treasury, the then Chairman of the Public Service Board and the Auditor-General (*in camera* evidence of May-June 1976).

39. While writers on public administration, witnesses before the Committee and the great experience of overseas organisations stress the relationship between economy and efficiency, there is no mention of 'efficiency' in the Committee's terms of reference. The Committee has always treated the words as representing one and not two aims. Inquiries that deal with economy and efficiency encompass organisations, functions and activities. The most important Committee inquiry which embraced the concept of economy and efficiency was into Australia's Overseas Representation. Smaller inquiries of this type have been undertaken by sub-committee A (see paragraphs 58 to 65).

40. The third type of scrutiny can be termed evaluation of program results and effectiveness (program audit). It determines whether the desired results or benefits are being achieved, whether the objectives established by the legislature or other authorising bodies are being met, and whether the agency has considered

6. *The General Accounting Office. Answers to Frequently Asked Questions* (United States General Accounting Office, September 1976), pp. 14-15.

7. Sir Alan Cooley, Evidence p. 205, 3 August 1976.

alternatives which might yield desired results at a lower cost. It covers what has actually happened as a result of past or current policies and programs and what should be done in the future, including available options.

41. Program evaluation is related to the problem of choice. The demand for resources is much greater than the resources available so that decision makers must choose the alternative programs and policies capable of meeting the chosen objectives at desired and affordable levels of achievement. This leads to a need for use of evaluation and analysis in two resource allocation issues, namely choice within a major program area and choices among major program areas.

42. For choice within a program area the following matters require consideration:

- how successful is the program in accomplishing the intended results specified in legislation or government policy?
- have alternative programs or results been examined, or should they be examined, to see whether objectives can be achieved more economically?
- is the program producing benefits or detriments which were not expected when it commenced?
- does top management have the necessary information for exercising supervision and control and for ascertaining directions or trends?
- has management or government clearly defined and promulgated the objectives and goals of the program or activity?⁸

43. Of primary importance in this type of scrutiny is clarity of objectives. The objectives must be capable of expression in sufficient detail to permit a program of work not only for the department or agency but also for sections and units within it. Experience has shown this not to be the case in respect of married servicemen's accommodation or the Australian Information Service (overseas representation).

44. Program evaluation or program audit work falls within term of reference 1 (b) and 1 (c) which ask the Committee to:

'examine the relationship between the costs and benefits of implementing government programs'.

This interpretation of term of reference 1 (c), which includes examination of the efficient delivery of government services and alternative and less costly ways of achieving a particular policy goal or objective is supported by the views of the Secretary to the Treasury and the Department of the Prime Minister and Cabinet (*in camera* evidence of May-June 1976). The Committee has a unique opportunity among parliamentary committees to examine government expenditure.

45. These different types of scrutiny are not mutually exclusive. One can envisage an inquiry which covers the first 3 types. In the inquiry into Accommodation for Married Servicemen, for example, the Committee examined alternative ways (programs) of achieving the policy objectives (program audit) and more economical ways of providing housing (efficiency audit).

46. Finally there is the scrutiny of the planning, management and control of public expenditure. This is an important if not crucial function of the

8. *The General Accounting Office, Answers to Frequently Asked Questions, op. cit.*, pp. 14-15.

Expenditure Committee because it requires an examination of the processes by which expenditure decisions are made, including choice among major heads of expenditure. Traditional budgetary methods in the public sector, with their emphasis on the expenditure of organisations and the inputs used by them, do not provide information for Parliament to comment on the efficiency of resource allocation within the public sector. It seems true to say that while governments have been experimenting with and in some cases using new techniques to assist decision-making this has not affected greatly information available to Parliament on matters related to the allocation of government expenditure.

47. The inquiry into the compilation of the Budget Estimates is the first of a series of inquiries into the planning and control of expenditure. Without wishing to pre-judge the outcome of this inquiry it should provide the House at a minimum with helpful information on expenditure processes.

48. There is also the question of whether the House should have public expenditure plans with wider time horizons than at present because, after all, if the Parliament is to understand and influence the pattern of future public spending it needs an opportunity to consider expenditure plans either while options remain open or before expenditure is too firmly committed. It is noted that the U.K. Expenditure Committee—on which the Committee has been based—is asked to ‘consider any papers on public expenditure’ presented to the House of Commons and that these words were included in response to developments in the planning and presentation of public expenditure. This order of reference has enabled that committee to examine Public Expenditure White Papers and their macro-economic implications.

The Relationship of Objectives of Expenditure Committee Scrutiny to Other Financial Committees of the Parliament

49. The first scrutiny function—compliance with financial procedures relating to the public accountability of funds—is outside the terms of reference of the Committee. It is a function exclusive to the Joint Committee of Public Accounts (PAC). The second scrutiny function—examination of economy and efficiency—falls within term of reference 1 (b). Over the years and in pursuance of section 8 (b) of the Public Accounts Committee Act 1951 the PAC has inquired into the financial administration of departments and authorities. Senate Estimates Committees consider nominated Appropriation Bills and are required to report by specified dates.⁹ The Senate Standing Committee on Finance and Government Operations says its main role is the scrutiny of public expenditure by following up work of the Estimates Committees and maintaining a total and continuing examination of Commonwealth Government funded, owned or controlled bodies.¹⁰

50. The third scrutiny function—program audit—falls within terms of reference 1 (b) and 1 (c). The Committee is aware of other parliamentary committees doing work in this area and notes that the House of Representatives

9. Australia. Parliament, *A New Parliamentary Committee System, Report of the Joint Committee on the Parliamentary Committee System*, Parliamentary Paper 128, 1976, paragraph 178, p. 51.

10. Australia. Parliament, *Progress Report*, Senate Standing Committee on Finance and Government Operations, September 1977, p. 2.

Standing Committee on Aboriginal Affairs has received a reference from the House asking for examination of the effectiveness of existing health care programs, among other things. The fourth type of scrutiny—planning, management and control of public expenditure—also falls within the terms of reference 1 (b) of the Committee. There is further comment on other parliamentary committees in the section on 'Duplication of Other Parliamentary Committee Inquiries' (see paragraphs 96 to 100).

51. This description of the Committee's role and functions shows quite plainly that there is much more to financial scrutiny by parliamentary committees than efficiency in administration. Evaluation of programs and examination of expenditure plans could result in the questioning of expenditure priorities which should in turn make parliamentary scrutiny more effective.

52. Parliamentary committees are in an excellent position to collect information and this by itself, could promote the 'competition of ideas'. There are university studies being undertaken which will benefit from the evidence the Committee has collected on the inquiries on which the Committee has reported to the House.

53. The Parliament itself should periodically assess the work and worth of financial committees. What have they done, what have they accomplished? Between them, how much government expenditure have they covered? If the Parliament is interested in scrutinising the work of the Executive the Parliament must ask these questions regularly, not merely when it is fashionable to scrutinise expenditure.

CHAPTER III

THE WORK OF THE SUB-COMMITTEES

The Sub-committee on Accommodation for Married Servicemen

54. The Committee appointed this sub-committee (comprising the Hon. R. V. Garland (Chairman), the Hon. K. M. Cairns, the Hon. F. Crean, the Hon. W. C. Fife, Mr S. A. Lusher, the Hon. F. E. Stewart, and Mr J. W. Sullivan), on 23 September 1976 to inquire into and report to the Committee on Accommodation for Married Servicemen. The sub-committee reported to the Committee on 23 May 1977, its report was adopted without amendment and tabled in the House on 1 June 1977. The sub-committee held 2 public hearings, 3 *in camera* hearings (the evidence has been published) and 11 deliberative meetings.

55. For more than 25 years the Commonwealth has been 'providing' (i.e. buying, building or getting the States to build) housing for married servicemen. The rents on this housing stock are determined by rent formulae (based on historical costs) and result in rents below market levels. In short there is an implicit rent subsidy. The Committee could and would not object to servicemen receiving rent subsidies but considered that their form and level should be subject to more rational processes than what existed. It also concluded that housing is not being provided in the most economical ways and discussed the effect of this on rents to service personnel particularly on the 40% rent increase announced earlier this year. The Committee concluded that there was little to be gained from simply patching up the existing scheme. Its basic recommendations were aimed at:

- the discontinuation of most plans for the construction or acquisition of housing for use by married servicemen; and
- the introduction of explicit Rent Allowances on a permanent basis.

The Sub-committee on Australia's Overseas Representation

56. On 23 September 1976 the Committee also appointed a sub-committee (consisting of the Hon. R. V. Garland (Chairman), Mr I. M. Macphee—replaced by Mr M. H. Bungey—Mr C. J. Hurford, Dr H. A. Jenkins and Mr R. Willis) to inquire into and report to the Committee on Australia's Overseas Representation. The sub-committee reported to the Committee on 23 May 1977, its report was adopted without amendment and tabled in the House on 2 June 1977. The sub-committee held 5 public hearings, 4 *in camera* hearings (evidence of all but one of these hearings has been published) and 7 deliberative meetings.

57. The Committee recommended the reduction of locally-engaged staff in London by just over 100 and additional minimum net staff reductions of 19 Australia-based and 50 locally-engaged staff. The Committee proposed detailed examination of 33 additional Australia-based positions and expressed concern at the apparently disproportionate number of staff at the posts in Washington and

New York (excluding the United Nations). The major conclusion was the need for more effective on-going systems of control over Australia's representation at overseas posts. The Committee made proposals to improve such systems at both government and departmental levels.

Sub-committee A

58. On 6 July 1976 the Committee appointed sub-committee A to inquire into and, as appropriate, report to the Committee on suggestions made by the public on greater efficiency in Government expenditure. The sub-committee consisted of the Hon. R. V. Garland (Chairman), the Hon. W. C. Fife—replaced by Dr H. R. Edwards—Dr H. A. Jenkins, Mr S. A. Lusher, and the Hon. F. E. Stewart. Advertisements were placed in the major metropolitan newspapers asking the public to make suggestions relating to efficiency and copies of the relevant press release were sent to country newspapers.

59. Since then over 100 suggestions have been received. Many of these dealt with either policy matters or were outside the Committee's terms of reference. The other suggestions were followed up by seeking comment from the Permanent Head of the relevant department. The sub-committee did not divulge the name of the person making the suggestion. Some of these suggestions related to organisational matters and the sub-committee has decided to defer further consideration of these departmental submissions.

60. On the recommendation of the sub-committee the Committee now reports to the House the results of 2 investigations. The first was a public suggestion that the pensioner health benefits card and the transport concession card should be amalgamated. The Department of Social Security said it had been examining the feasibility of the amalgamation of 4 pensioner cards which would yield a cost saving of \$298 000 a year. The submission referred to factors which could prevent amalgamation, namely that the Australian Medical Association might not favour it and that the States could raise the question of the Commonwealth paying for the costs of transport concessions (the States raised this question in 1973). In the opinion of the Committee this is insufficient reason for delays. *The Committee therefore recommends that the Department of Social Security proceed with the amalgamation of pensioner benefit cards.*

61. The second investigation was into the efficiency of in-plant printing facilities of statutory bodies. The sub-committee was told that the proliferation of such facilities was having an adverse effect on employment opportunities in the printing industry. The sub-committee obtained information on the in-plant printing facilities of several statutory bodies including the Australian National University, the Canberra College of Advanced Education, the National Capital Development Commission and the Commonwealth Scientific and Industrial Research Organisation.

62. The Australian National University (A.N.U.) has 4 reproduction centres. It had purchased relatively expensive plate making equipment with the result that unit costs of plates are about 2½ times greater than necessary. Based on total usage figures, an extra \$10 000 year is thereby added to the costs of running the reproduction centres. There was also an uneconomical use of photocopying facilities in

the Centre for Continuing Education because this equipment is used for long production runs; conventional printing techniques should be used for such production runs because this equipment gives lower unit costs. Finally there appeared to be a lack of co-ordination between the units. One unit used commercial industry for its guillotining work even though a high capacity guillotine was available in another unit.

63. The Committee concluded that there was a reasonable case for the A.N.U. to review its in-plant printing facilities. The University has informed the Committee that its work was helpful to the University which has established an internal committee on printing and publishing in June 1977. As a result of a comment made by the Committee, the University is taking steps to co-ordinate the guillotining work of its reproduction units.

64. The National Capital Development Commission has installed a high capacity printing press to meet its domestic needs. The printing press is under-utilised at present. The Committee suggests that where such extra capacity exists in an organisation it be allowed to compete for the business of other public sector bodies who use the facilities of the Government Printer. There would be a need for certain ground rules to be established, e.g. pricing formula and this extra business should not be taken into account when proposals for expanding capacity are considered. The proposal would introduce some much needed competition in the public sector and this could increase efficiency.

65. The Committee will continue to use sub-committee A for minor inquiries. Reports will be made to the House as required.

Current Inquiries

66. The Committee is inquiring into the Budget Estimates and has taken evidence from the Departments of Finance (19 August 1977, *in camera* evidence subsequently authorised for publication), Treasury (16 September), Prime Minister and Cabinet (7 October) and the Public Service Board (7 October). The sub-committee inquiring into the Defence Service Homes Scheme (the Hon. K. M. Cairns (Chairman), Mr K. J. Aldred, Dr H. R. Edwards, the Hon. F. E. Stewart and Mr J. W. Sullivan) has held 3 public hearings (26 August, 6 and 13 September 1977) with the Department of Veterans' Affairs. The sub-committee inquiring into Health programs (Mr M. H. Bungey (Chairman), the Hon. K. M. Cairns, the Hon. F. Crean, Mr C. J. Hurford, Dr H. A. Jenkins, Mr S. A. Lusher, and Mr R. Willis) has held 2 public hearings (9 and 21 September 1977).

CHAPTER IV METHODS OF OPERATION

Selection of References

67. The Committee's terms of reference provide for inquiries to originate from the House or for the Committee itself to select subjects for inquiry. To date the Committee has not received any references from the House, and it is assumed that the task of selecting references will devolve largely on the Committee itself.

68. This raises the obvious question, namely that the selection of references should be related to the role and functions of the Committee. These have been discussed in Chapter II. Inquiries relating to the planning, management and control of public expenditure will be selected on the basis of criteria which are different to efficiency or program audit inquiries. It is with the latter that the remaining paragraphs of this section is concerned.

69. The factors the Committee takes into consideration when selecting references include:

- the importance of programs and activities judged by the amount of expenditure and public impact
- whether the programs or activities have been reviewed in recent years by other organisations
- the opportunity to make constructive contributions which would improve effectiveness or produce similar (and necessary) results at lower costs; and
- whether the programs or activities are being currently examined by another parliamentary committee.

70. The Committee has considered the relevance of executive inquiries to its selection process and has decided that such inquiries will be a factor that will be taken into consideration.

71. Of the factors described above, greatest weight is placed on the last 2. The fourth assumes some significance because of Clause 16 of the Committee's Resolution of Appointment which requires the Committee to avoid duplicating the inquiries of other parliamentary committees (see paragraphs 98 to 102).

72. The selection of references for inquiry can be divided into 3 stages. The first is the compilation of a list of possible references from suggestions made by Committee Members and other Members of Parliament, the general public or those with special knowledge.

73. The second stage is to eliminate, for the time being, those programs or activities that do not fit into the selection criteria described at paragraph 69. Published information, e.g. Budget papers, journal and newspaper articles, Ministerial press releases, annual reports, etc. are used at this stage.

74. When the Committee is satisfied that there are sufficient grounds for proceeding (i.e. after eliminating some programs) it will seek questionnaire

information from departments and on the basis of the answers to questions, decide whether to hold a formal inquiry (the third stage). It is hoped that over time this stage in the selection process can be developed sufficiently so as to give the Committee greater choice in programming its work.

Relationship with the Permanent Head

75. The first contact the Committee has with a department is usually when the Chairman conveys the Committee's request for questionnaire information to the Permanent Head. At the same time a copy of this letter is sent to the relevant Minister and the Prime Minister for information. Ministers are kept informed of Committee correspondence with departments but are not given copies of correspondence that deal with the Committee's emerging conclusions which are discussed at *in camera* hearings (see paragraph 83).

76. The practice of the Committee is to require Permanent Heads to be responsible for the preparation of submissions and to appear before the Committee. They have been invited to bring any officers they wish and in practice have answered most of the questions themselves. If departments are to be held accountable for efficient administration then it is the Permanent Head who is accountable. Sub-section 25 (2) of the Public Service Act 1922 states that:

'The Permanent Head of a Department shall be responsible for its general working and for all the business thereof, and shall advise the Minister in all matters relating to the Department'.

77. The Committee has read with interest comments that this power is not absolute and that it does not operate as a legal limitation on the Minister in the execution of his responsibility as Head of the Department.¹¹ Nevertheless in the opinion of the Committee it works that way in practice. This leads to comment on the relationship between administration and policy. The Royal Commission report says that the two are interwoven (paragraph 4.2.10) and Committee experience confirms this. In fact one Permanent Head advised of the 'inextricable intertwining of policy and technical considerations'. It has been reported that since some administrative decisions of departments result from Ministerial direction, departments could be unfairly criticised by investigatory bodies which consider these decisions to be incorrect. In passing it is noted that even here the lines may not be drawn clearly because Ministerial direction could result from departmental advice.

78. This is another reason for Permanent Heads to take a personal interest in the inquiries and to appear before the Committee. There will be opportunities for them to point out how policy and administration are interwoven or to indicate whether Ministers, past or present, have been involved in the administration processes so that the Committee can take these into consideration in the preparation of reports.

79. The Committee knows that Permanent Heads are busy people. Their organisations may have to brief them and other senior personnel who may not be fully conversant with the subject under discussion. All this has a cost. While

11. *Report of the Royal Commission into Australian Government Administration*, Parliamentary Paper 189, 1976, paras. 4.2.1. to 4.2.9.

Members of Parliament can switch their energies according to their own assessment of importance, departments have to consider 'opportunity costs' which will not follow the same sense of priorities. In a conceptual sense, one should weigh these costs with the benefits of better service from departments and increased effectiveness of the Committee from the involvement of the Permanent Head in Committee inquiries. Parliament has its duties to perform.

Public and In Camera Hearings

80. When the Committee has decided to inquire formally into a subject—this decision is taken invariably after analysis of information received from departments—the job is usually referred to a sub-committee appointed for that purpose. The sub-committee then programs the inquiry which usually commences with public hearings. The use of sub-committees allows the Committee to increase the number of inquiries undertaken.

81. As a general rule, these hearings are not advertised. The *Register of Expert Witnesses and Specialist Advisers* is used as a source for finding those persons who may have an interest in a particular inquiry.

82. The first public hearing (the first stage) or series of hearings are of necessity exploratory and mainly of a fact finding nature. The major witness is the Department whose program(s) is being examined. After sifting the information obtained at the first hearing the sub-committee may hold further hearings (the second stage) at which witnesses would be questioned on selected areas considered to be important. While the Department could still be the major witness the central authorities (for example, Department of Finance, Public Service Board) and other departments could also be represented. This type of hearing was used for the inquiry into Accommodation for Married Servicemen (transcript of evidence of 29 November 1976).

83. The final series of hearings (the third stage) are held *in camera* although the evidence is published after the Committee's report is tabled in the House. Prior to the hearing the Committee sends relevant departments a statement of preliminary conclusions. This statement is discussed at the hearing. There is great merit in this inquiry procedure. It gives the Permanent Head the opportunity to state any difficulties of distinguishing between policy and administration. It also gives departments the opportunity to respond to Committee views and the Committee the chance to assess these responses. It underlines the attitude of the Committee to reach conclusions and base recommendations after consultation, rather than the development of adversary positions of Committee and departments respectively. If it is found that things can be done more efficiently this does not mean that the organisation is inefficiently administered. There is always room for improvement, be it in the public or private sectors. In any inquiry the Committee wants to find out whether there are mechanisms to evaluate efficiency and effectiveness and how adequately they are operating.

84. The three stages of inquiry are not and will not be followed in all cases. It may be necessary sometimes to eliminate the middle stage of the inquiry procedure and go straight to the *in camera* (third) stage. Overall the intention is to

publish as much of the evidence as possible and experience has been that security matters or similar strong reasons are grounds for not publishing parts of the evidence.

Follow-up of Committee Reports

85. Clause 17 of the Resolution of Appointment gives the Committee the power to report from time to time, a procedure which is common to standing committees which issue many reports. In the opinion of the Committee its work on a particular inquiry is completed when it reports to the House. The next step is for the Government to respond to Committee reports. In the Operational Guidelines the Prime Minister said that Government responses will be tabled promptly by the responsible Ministers. To date there have been no Government responses.

86. The Committee is aware that its own effectiveness depends not only on its ability to provide useful information for the Parliament, but particularly on its ability to present arguments and recommendations that are influential in securing improvements in the effectiveness, organisation and administration of public sector programs. Consequently the Committee is anxious not only to receive government responses, but also to know why certain recommendations are rejected (if they are) and whether (and how) those recommendations which are accepted are implemented. In the light of experience it may prove desirable to seek to establish more formal procedures to ensure that the Committee is kept informed of developments occurring in the areas that have been the subject of its reports. And in some cases it could prove necessary for further evidence to be taken on those developments and for a subsequent report to be presented to the House.

CHAPTER V OTHER MATTERS

Issues Arising Out of Inquiries

87. In December 1976 the Chairman wrote to the Prime Minister and sought release, even on a confidential basis, of 2 reports which dealt with Australia's overseas representation—the 'Collings' report and the relevant parts of the 'Bland' (Administrative Review Committee) reports. The letter stated that the reports would help the Committee to determine where to concentrate its attention, and this in turn would enable the Committee to use its limited resources to greater advantage. In March 1977 the Prime Minister replied saying that the Public Service Board considered the 'Collings' report to be an internal working document. The Government took the same attitude to the 'Bland' report.

88. The Committee understands and accepts that reports prepared for governments are sometimes treated as confidential to a government. What should also be recognised is that parliamentary committees have slender resources. Therefore, unless some compromise is possible, for example a way for the House to receive collated factual material, it will be necessary for the Committee to request additional resources for its inquiries.

89. The view of the Public Service Board is that efficiency reviews and staff utilisation reviews should remain internal working documents.¹² Sub-committee A sought the release of the efficiency review of the Pharmaceutical Benefits Scheme (June 1975) because the Department of Health said that some of the recommendations in this report were not implemented, mainly because of staff ceilings and economy measures. Eventually the Sub-committee received a schedule on the action taken on the recommendations.

90. If these reports touch on policy as the Board says they do, this is not a sufficient reason for confidentiality; the 'offending' parts of the report can be taken out and separate advice given to the Minister concerned. The Board also says, in effect, that confidentiality results in better efficiency review reports. The contrary argument has greater force, namely, that confidentiality promotes compromise which could continue inefficiencies, this may be the least effective and least practical solution, and that parliamentary scrutiny or the constant possibility of such scrutiny should result in more effective reviews. The Royal Commission found the scope of these reviews to be 'extremely narrow'.¹³

91. The Committee urges the Public Service Board to reconsider its attitude on the release of efficiency review reports.

92. The Committee records its appreciation of the co-operation extended by many departments and organisations in the preparation of submissions, attendance at hearings and related matters. There is, however, one matter the Committee feels obliged to bring to the attention of the House.

12. Public Service Board, *Annual Report 1976*, Parliamentary Paper 250, 1976, pp. 18-19.

13. Report of the Royal Commission on Australian Government Administration, *op. cit.*, p. 47.

93. When inquiring into an activity of a particular statutory body Sub-committee A was told it had no jurisdiction because the Act that established this body gave its management entire control over its affairs and concerns. The letter was signed for and on behalf of the relevant Permanent Head. The Sub-committee referred this matter to the Committee which sought the advice of Mr Speaker on whether this investigation came within the Committee's terms of reference. Very shortly after this another letter was received signed by the Permanent Head asking the Committee to 'disregard' the earlier letter. Co-operation was promised and was forthcoming.

94. Because the matter has been settled to the satisfaction of the Committee, the department will not be identified. There is the similar experience of Senate Estimates Committee B in 1971 in respect of the Broadcasting Control Board and the Australian Broadcasting Commission. The opinion of that committee was that statutory corporations (bodies) may be called to account by Parliament itself at any time and that there are no areas of expenditure of public funds where these corporations (bodies) have a discretion to withhold details or explanations from Parliament or its committees unless the Parliament has expressly provided otherwise. The Senate, by resolution, confirmed this opinion during the consideration of the relevant appropriation bill.¹⁴

95. There is an important principle in this matter: the right of the Parliament to obtain information relating to expenditure Parliament has authorised. The Committee believes that Parliament has the power but is of the opinion that this power should be made more explicit in the following way: when bills to establish statutory bodies or to amend the functions of existing bodies are being drafted, the bill should have a clause which asks that body to furnish to either House of the Parliament, or a committee of either House or a joint committee any information concerning the performance of the functions of that body. The *Trade Practices Act* 1974 has such a clause—section 29 (3). There will then be no doubts about the investigatory powers of parliamentary committees in respect of statutory bodies. *The Committee recommends that bills that establish statutory bodies or amend the functions of existing bodies have a clause that requires that body to furnish information on the performance of that body to either House of the Parliament or to any parliamentary committee.*

Duplication of Other Parliamentary Committee Inquiries

96. Clause 16 of the Committee's Resolution of Appointment reads as follows:

'That the Committee in selecting particular matters for investigation take account of the investigations of other Parliamentary committees and avoid duplication'

97. There are no formal procedures in the Parliament for avoiding duplication. The Notice Papers of both Houses now list the current inquiries of the committees of that House and of joint committees. The Chairman of the Committee is by virtue of his position a member of the Joint Committee of Public Accounts and

14. J. R. Odgers, *Australian Senate Practice* (5th edition), p. 220.

the Chairman of that committee is, for the same reason, a member of the Expenditure Committee. But there are other parliamentary committees which could and do inquire into matters covered by the Committee's terms of reference (see paragraph 49). It is open to any subject matter committee of the Parliament to examine efficiency and effectiveness of programs that lie within their functional area. Now this may be only a passing phase, reflecting the current interest in public sector efficiency. But while it lasts the Committee has to pay particular attention to the work of other committees, particularly since parliamentary committees have or choose broad terms of reference—our own Budget Estimates inquiry is an example of this.

98. The Committee has taken appropriate measures to avoid duplication. It has drawn the attention of the Publications Committee to the need for an inquiry into certain aspects of the Australian Government Publishing Service (AGPS) including whether there is value for money in the publication centres. That committee is now inquiring into the AGPS. Informal consultations with the *Joint Committee of Public Accounts (PAC)* resulted in the Committee excluding the overseas property bureau from the overseas representation inquiry. It was also decided not to proceed with work on computers because the PAC had expressed an interest in this subject. The PAC is inquiring into the functions of the former Overseas Property Bureau (now called the Overseas Operations Branch of the Department of Administrative Services) and computers. The House of Representatives Standing Committee on Environment and Conservation has suggested that the Expenditure Committee examine certain alleged inefficiencies in the administration of forestry programs in the Northern Territory.

99. The Committee has not experienced difficulties in avoiding duplication—that is significant overlap. There is sufficient work in the area of financial scrutiny for several parliamentary committees. But to give effect to Clause 16 of the Resolution of Appointment it is necessary for the Committee to know of the work of other parliamentary committees, particularly when new references are being selected. The Clerk to the Committee will consult with his counterparts on other committees and advise the Committee accordingly. Where appropriate there could be consultation between chairmen of committees.

100. While these procedures should help to avoid duplication, they cannot prevent it. It must be remembered that the Houses are different—constitutionally, historically, and in practice. The Parliament is an entity; the two Houses complementary parts¹⁵. Thus, while the avoidance of duplication through liaison is a worthwhile objective which the Committee will attempt to achieve it points out that this may not stop a Senate or House committee from covering the same ground, if each committee felt compelled to on the grounds of public interest.

Efficiency Audits

101. The Government has accepted the recommendation of the Royal Commission on Australian Government Administration that the Auditor-General be responsible for auditing the efficiency of Commonwealth departments and

15. A New Parliamentary Committee System, *op. cit.*, p. 2.

authorities. Earlier this year the Prime Minister had sought the views of the first Chairman on the relationship between the efficiency audit authority and the Parliament. The Royal Commission recommended that efficiency audit reports be presented to the Parliament.

102. He informed the Prime Minister that the Committee wishes to examine these reports. It was stated that the question of whether other parliamentary committees should examine these reports is a matter for the Parliament to decide.

Staff and Advisers

103. Until very recently there were 4 staff, drawn from the Department of the House of Representatives, who assisted the Committee in its inquiries. Since July this year 2 additional staff have been obtained on short-term assignments—one from the Public Service Board under the Executive Development Scheme and the other from the Auditor-General's Office on secondment. These staff members work for the Committee in the period they are attached to the Committee Secretariat and have no official association with their departments in this period.

104. Secondments from departments which work in the field of public sector efficiency is one of the best ways of obtaining qualified staff. The Committee sees an urgent need for 5 Class 11 officers to work for the Committee for a minimum period of 1 or 2 years. The officers should have ability, potential, relevant experience and in some cases special expertise and should be drawn from the Auditor-General's Office, the Department of Finance, the Department of the Prime Minister and Cabinet and the Public Service Board. Committee work should provide a valuable experience for these officers.

105. Advisors would complement the contributions made by seconded officers and other staff. The Committee has used advisers in one inquiry—Accommodation for Married Servicemen—Mr C. Walsh, Senior Lecturer in Economics, Monash University, who has also been appointed a general adviser, and is also assisting the Committee in the Budget Estimates inquiry. Where knowledge or experience required for a particular inquiry is not available in the Committee or its staff, advisers will be appointed. The U.K. expenditure committee has 7 specialist advisers for its general sub-committee (2 inquiries) and 14 advisers for 6 sub-committees (8 inquiries).

106. The Committee records its appreciation for the courteous, constant and unstinted assistance received from staff and advisers. This assistance has been particularly valuable in the formative stages of the Committee's development.

Members

107. The members of the Committee have worked together in a bipartisan manner from its inception. There have been 27 meetings of the Committee and 40 meetings of sub-committees. On average over two-thirds of members attended each Committee meeting and the sub-committee meetings have been attended, on average, by over 80 per cent of the membership of the sub-committee. A schedule of meetings is at Appendix 1.

108. For Committee meetings, each attending member has spent, on average, over 65 hours while the figure for sub-committees is 93 hours, giving a

total of 158 hours or 4.30 working weeks. When to this is added the many hours spent by Committee members in studying evidence and in the preparation for meetings, the House would realise the time and effort put in by the Committee in discharging its functions.

K. M. CAIRNS
Chairman

18 October 1977

APPENDIX I. SCHEDULE OF MEETINGS OF THE EXPENDITURE COMMITTEE

| <i>Date</i> | <i>Committee/ Sub-committee</i> | <i>Type of meeting</i> | <i>Subject</i> | <i>Principal witnesses</i> |
|-------------|-------------------------------------|----------------------------|---|--|
| 6.5.76 | Committee | Private | .. | .. |
| 19.5.76 | Committee | Private | .. | .. |
| 27.5.76 | Committee | In Camera(a) | Terms of Reference | Mr Steele Craik, Auditor-General |
| 28.5.76 | Committee | In Camera(a) | Terms of Reference | Sir F. Wheeler, Secretary to the Treasury |
| 2.6.76 | Committee | In Camera(a) | Terms of Reference | Dr H. C. Coombs, Chairman, Royal Commission on Australian Government Administration |
| 4.6.76 | Committee | In Camera(a) | Terms of Reference | Mr J. L. Menadue, Secretary, Prime Minister and Cabinet Mr A. S. Cooley, Chairman, Public Service Board |
| 6.7.76 | Committee | Private | .. | .. |
| 7.7.76 | Committee | Private | .. | .. |
| 2.8.76 | Committee | Public | Role, functions and operations of P.S.B. | Sir A. S. Cooley, Chairman, Public Service Board |
| 3.8.76 | Committee | Public | Role, functions and operations of P.S.B. | Sir A. S. Cooley, Chairman, Public Service Board |
| 17.8.76 | Sub-committee | Private | Sub-committee A—Suggestions from the public for improving government efficiency (A) | .. |
| 19.8.76 | Committee | Private | .. | .. |
| 27.8.76 | Committee | Private | .. | .. |
| 10.9.76 | Committee | Private | .. | .. |
| 23.9.76 | Committee | Private | .. | .. |
| 6.10.76 | Sub-committee | Private | Australia's Overseas Representation (A.O.R.) | .. |
| 8.10.76 | Sub-committee | Public | Accommodation for Married Servicemen (A.M.S.) | Sir A. Tange, Secretary, Defence |
| 12.10.76 | Sub-committee | Private | A | .. |
| 14.10.76 | Committee | In-camera(b) | Tertiary Education | Emeritus Professor P. H. Karmel, Chairman, Universities Commission |
| 15.10.76 | Sub-committee | Public | A.M.S. | Sir A. Tange, Secretary, Defence |
| 19.10.76 | Sub-committee | Private | A | .. |
| 20.10.76 | Sub-committee | In camera(a) | A.O.R. | Mr J. C. Taylor, Commissioner, Public Service Board |
| 3.11.76 | Sub-committee | Public | A.O.R. | Mr D. H. McKay, Secretary, Overseas Trade |
| 4.11.76 | Committee | Private | .. | .. |
| 4.11.76 | Sub-committee | Private | A.M.S. | .. |
| 9.11.76 | Sub-committee | Private | A.M.S. | .. |
| 10.11.76 | Sub-committee | Public | A.O.R. | Mr L. F. Bott, Secretary, Immigration & Ethnic Affairs |

(a) Evidence not published

(b) Evidence subsequently published

APPENDIX 1—continued

| <i>Date</i> | <i>Committee/ Sub-committee</i> | <i>Type of meeting</i> | <i>Subject</i> | <i>Principal witnesses</i> |
|-------------|-------------------------------------|----------------------------|--------------------|--|
| 17.11.76 | Sub-committee | Public | A.O.R. | Mr E. Dwyer, Acting Secretary, Defence |
| 17.11.76 | Committee | Private | .. | .. |
| 18.11.76 | Committee | In camera(a) | Tertiary Education | Professor B. R. Williams, Chairman, Committee of Inquiry into Education and Training |
| 19.11.76 | Sub-committee | Public | A.O.R. | Mr P. G. Henderson, Acting Secretary, Foreign Affairs |
| 29.11.76 | Sub-committee | In camera(b) | A.M.S. | Mr M. W. Buckham, First Assistant Secretary, Defence Mr K. W. See, First Assistant Secretary, Treasury Mr E. Wigley, First Assistant Secretary, Administrative Services Mr A. J. Selleck, First Assistant Secretary, E.H.C.D. |
| 7.12.76 | Sub-committee | Private | A.M.S. | .. |
| 8.12.76 | Sub-committee | Private | A | .. |
| 17.2.77 | Sub-committee | Private | A | .. |
| 17.2.77 | Committee | Private | .. | .. |
| 21.2.77 | Committee | Private | .. | Discussion with Mr Elmer B. Staats, Comptroller-General, United States General Accounting Office |
| 21.2.77 | Sub-committee | Private | A.M.S. | .. |
| 23.2.77 | Sub-committee | Private | A.O.R. | .. |
| 24.2.77 | Committee | Private | .. | .. |
| 25.2.77 | Sub-committee | Public | A.O.R. | Mr J. C. Taylor, Commissioner, Public Service Board |
| 11.3.77 | Sub-committee | Private | A.M.S. | .. |
| 24.3.77 | Sub-committee | Private | A.O.R. | .. |
| 25.3.77 | Sub-committee | In camera(b) | A.O.R. | Mr N. F. Parkinson, Secretary, Foreign Affairs Mr S. Burton, Acting Secretary, Overseas Trade |
| 30.3.77 | Sub-committee | In camera(b) | A.O.R. | Mr L. F. Bott, Secretary, Immigration & Ethnic Affairs Mr P. Lawler, Secretary, Administrative Services |
| 31.3.77 | Committee | Private | .. | .. |
| 18.4.77 | Sub-committee | In camera(b) | A.M.S. | Sir A. Tange, Secretary, Defence Mr K. W. See, First Assistant Secretary, Finance Mr W. J. Harris, First Assistant Secretary, E.H.C.D. |

(a) Evidence not published

(b) Evidence subsequently published

APPENDIX 1—continued

| <i>Date</i> | <i>Committee/ Sub-committee</i> | <i>Type of meeting</i> | <i>Subject</i> | <i>Principal witnesses</i> |
|-------------|-------------------------------------|----------------------------|--|---|
| 21.4.77 | Sub-committee | In camera(b) | A.M.S. | Sir A. Tange, Secretary, Defence Mr K. W. See, First Assistant Secretary, Finance Mr W. J. Harris, First Assistant Secretary, E.H.C.D. |
| 27.4.77 | Sub-committee | Private | A.M.S. | .. |
| 28.4.77 | Sub-committee | Private | A.M.S. | .. |
| 28.4.77 | Sub-committee | In camera(b) | A.O.R. | Mr J. C. Taylor, Commissioner, Public Service Board Mr J. H. Garrett, Deputy Secretary, Finance Mr R. H. Robertson, First Assistant Secretary, Foreign Affairs Dr C. Evans, Acting Director- General, Health Mr C. W. Harders, Secretary, Attorney- General's Mr L. G. Wilson, Secretary, Administration, CSIRO Mr P. J. Lawler, Secretary, Administrative Services Mr L. J. Daniels, Director- General, Social Security Mr D. M. Morrison, Acting Deputy Secretary, Education |
| 3.5.77 | Sub-committee | Private | A.O.R. | .. |
| 4.5.77 | Sub-committee | Private | A.O.R. | .. |
| 4.5.77 | Sub-committee | Private | A.M.S. | Discussion with Professor R. L. Mathews, Australian National University |
| 18.5.77 | Sub-committee | Private | A.M.S. | .. |
| 23.5.77 | Committee | Private | .. | .. |
| 23.5.77 | Sub-committee | Private | A.O.R. | .. |
| 23.5.77 | Sub-committee | Private | A.M.S. | .. |
| 2.6.77 | Sub-committee | Private | A.O.R. | .. |
| 2.6.77 | Committee | Private | .. | .. |
| 2.6.77 | Sub-committee | Private | A.M.S. | .. |
| 19.7.77 | Committee | Private | .. | .. |
| 18.8.77 | Committee | Private | .. | .. |
| 19.8.77 | Committee | In Camera(b) | Budget Estimates | Mr R. W. Cole, Secretary, Finance |
| 24.8.77 | Sub-committee | Private | Health | .. |
| 25.8.77 | Committee | Private | .. | .. |
| 26.8.77 | Sub-committee | Public | Defence Service Homes Scheme (D.S.H.S.) | Mr R. Kingsland, Secretary Veterans' Affairs |
| 6.9.77 | Sub-committee | Public | D.S.H.S. | Mr R. G. Kelly, Acting Secre- tary, Veterans' Affairs |

(a) Evidence not published

(b) Evidence subsequently published

APPENDIX 1—continued

| <i>Date</i> | <i>Committee/ Sub-committee</i> | <i>Type of meeting</i> | <i>Subject</i> | <i>Principal witnesses</i> |
|-------------|-------------------------------------|----------------------------|------------------|--|
| 9.9.77 | Sub-committee | Public | Health | Dr G. Howells, Director-General, Health |
| 13.9.77 | Sub-committee | Public | D.S.H.S. | Mr A. J. Selleck, General Manager, Defence Service Homes Corporation |
| 16.9.77 | Sub-committee | Public | Budget Estimates | Sir F. Wheeler, Secretary to the Treasury |
| 20.9.77 | Sub-committee | Private | D.S.H.S. | .. |
| 21.9.77 | Sub-committee | Public | Health | Dr G. Howells, Director-General, Health Dr S. Sax, Chairman, Hospitals and Health Services Commission |
| 22.9.77 | Committee | Private | D.S.H.S. | .. |
| 7.10.77 | Committee | Public | Budget Estimates | Mr A. T. Carmody, Secretary Prime Minister and Cabinet |
| 7.10.77 | Committee | Public | Budget Estimates | Mr K. Shann, Chairman Public Service Board |