

printer who was doing our report was in Brisbane. He was also responsible for doing a number of other urgent jobs and a bottleneck occurred in that way. When I was speaking to the Director-General earlier this afternoon he asked me to assure the Committee that we would be without blemish in the future and, in particular, that the annual report would certainly be available in time for consideration when the Senate Estimates Committee considers the votes of the Department.

Mr Lleonart—In fairness to our printer of last year I do not think the actual printer delays were our problem. Certainly we take full cognisance of the directive to get our report out as soon as possible but there is a problem in a department such as ours in getting the statistics. Our report has to rely heavily on statistics and we have to get many of those statistics from a regional office to a State office to the central office, and then do all the adjusting and such like, depending on when the Budget is. The primary aim as far as we are concerned is to get our report in before the estimates debates begin. But it has to be a tight run thing. We can write much of the material early but then we have to wait for the statistics. Then we have a lead time in terms of printing, with most of the departments trying to print at the same time. It can be done and it should be done but sometimes it is a close run thing.

Mr FitzPATRICK—In the early 1970s your report had 150 pages in it. Now it has been reduced to 100 pages. How was this achieved and were any sections on social security benefits eliminated?

Mr Wryell—No. I think it has come about through tighter writing generally. I think in one report a couple of years ago we had a section in which there were separate reports on the activities of the Department in each State. That has been eliminated but other than that there has been no curtailment of items or headings relating to the specific benefits.

Mr Lleonart—We have maintained our statistical presentation but we have probably reduced the number of photographs used. We have come to think that if we are going to illustrate the material it should be based on the solid core of statistics, so we are certainly using fewer photographs. The best way to illustrate our kind of report is through graphs and that kind of illustration.

Mr Wryell—We also feel that the use of graphs breaks up a solid mass of text and makes it a little more interesting or attractive to the reader.

ACTING CHAIRMAN—I think most people can work out things from graphs that they may not bother to pick up in a few pages of lightly written text.

Senator ELSTOB—From 1973 to 1976 your reports were tabled in August or September but every year since then they have been getting later. We received the reports for 1977 and 1978 in October and November respectively. Why is this happening and will it continue?

Mr Wryell—As I mentioned a moment ago there are particular factors associated with the late presentation of our report last year but the Director-General has asked me to assure you that there will be no grounds for complaint in the future. As Mr Lleonart indicated, it is a very tight situation and we have to wait for statistics to come in from the different States. You only need to be querying the figures for one State, maybe they do not get with the previous ones, but unfortunately you cannot finalise the whole section in the report until that very last query is resolved.

Senator ELSTOB—But are more figures now being used than in earlier years? You would have had the same difficulty in 1973.

Mr Wryell—We are getting more and better information now and it is being subjected to more analysis before it is incorporated in the report than was the case in the past. For example, in the last three or four years we have been able to include tables in the statistical section showing the characteristics of pensioners—age, sex, conjugal condition, income, whether they own their own home and so forth. Those details are of considerable interest to people in the field and it is one of the extra chores which has to be coped with when you are in the great last minute rush of trying to close down all the statistics at once. To assist us we normally start to write the text in about May based on the figures as they are starting to emerge. That reduces the last minute rush but the rush is inevitable when the final figures become due. We have considered in some respects closing down statistically at 31 May to enable us to have a better chance of meeting deadlines but that is not a workable proposition because the expenditure figures relate to the year ending 30 June. We feel the statistics and the expenditures should relate to the same period.

Senator ELSTOB—Do you work with the more sophisticated equipment such as computers?

Mr Wryell—Yes.

Senator ELSTOB—Does not that assistance give you better and quicker access to figures?

Mr Wryell—It does give quicker access to many figures. However it is important to remember that in a department such as ours although a large part of our operations are computerised, which gives access to more and more reliable information, the primary responsibility is to get pension cheques and other payments out on time. Inevitably the statistical side has to wait until the first priority job is off the plate.

ACTING CHAIRMAN—We know of one department which prints its report in two pieces—the text in one and the statistics in another. Would that work for you?

Mr Wryell—This is an answer off the top of the head because I have never heard of this proposition before. My immediate reaction is that this would defeat the real purpose of the report. Many of us in the Department use the annual report as a working tool and it is very handy to have all the information together. If people were interested in the text without the statistics perhaps it would be more economical to have two separate publications but in my experience our users want both together. From the point of view of people within the department, and I suspect from that of parliamentarians and so on, the omnibus job is much more useful than two separate publications.

ACTING CHAIRMAN—I gather you are satisfied at this stage with your publications form. Do you see a necessity for any changes at this stage?

Mr Wryell—A little more latitude in the use of colour would allow us considerably to enhance the graphical presentation. However, other than that I do not think we have any real complaint about the constraints.

ACTING CHAIRMAN—By graphical presentation do you mean being able to show more than just black and blue on one graph? You might be able to show yellow and red as well.

Mr Wryell—Yes, for different trends.

Mr Lleonart—We are certainly not interested in colour photographs or anything of that kind. If you look at page 21 where there is a bar graph you will see we have two colours there, the basic printing black and the blue. We get some other segments into it by using hatching colours and they are not too bad, but I do suggest—we do not want many more colours—that it might help if we could have one extra colour in there; we would be able then to get from that another form of hatching and you would not have the situation of the dots going into the straight lines which is on one half of the graph and which I think some

people may find a little hard to distinguish. I think just the possibility of using one extra colour would help there. This is not to say that we are tremendously unhappy with the constraints that you apply. We think that they are quite sensible but we have thought about perhaps one.

ACTING CHAIRMAN—I find it is nice to get a good simple graph. If you do not look out you will defeat the clarity that you now have by introducing too many colours.

Mr Lleonart—Yes, I acknowledged that.

ACTING CHAIRMAN—You must have seen some of these seven colour productions which tell you nothing.

Mr Lleonart—I think in cases like ours by judicious use of just the one extra colour in those graphs we could help a little.

ACTING CHAIRMAN—Do you list the other publications that you produce during the year?

Mr Lleonart—No, I am sorry, we do not have a list.

ACTING CHAIRMAN—Do you think that would be a worthwhile addition to your publications, so that at any stage people can see what you have produced during the year? You produce quite a lot of material and it would be handy to have it, I feel sure.

Mr Lleonart—Yes, we could certainly do that.

ACTING CHAIRMAN—I think your index is excellent. I think it is very substantial and comprehensive for anybody who needs to try to find something. People who are fairly busy do not wish to plough through 100 pages of something to see whether you have written a paragraph on a particular matter or not.

Mr FitzPATRICK—In a period where people are seeking social security benefits, how were you able to reduce your print run from 5,000 copies to 450 from 1975-76. Does this indicate some wastage before that period?

Mr Wryell—My colleagues may be able to be more specific but I think we have applied the criteria laid down in relation to the free issue of publications, and that has been a factor in the number that we require for distribution ourselves.

Mr Lleonart—I would like to make the point that this, of course, is not our only publication, and we give very great attention to getting out quite simple straightforward pamphlet material for all our counters in all our offices, so that people can have the material that they most need. I would suggest that most of our clients probably would not find this report of much use

in the immediate sense of knowing what they are entitled to in terms of a benefit. This primarily is designed as a report to Parliament and to the type of person who is interested in debating, if you like, our activities. We do concentrate on getting information to the vast bulk of our clients by different publications.

ACTING CHAIRMAN—Thank you very much, gentlemen, for your attendance here today.

Mr John Douglas LeGASSICK, First Assistant Secretary, Pipeline Authority, Akuna House, Canberra City, Australian Capital Territory, and

Mr Graeme John JONES, Acting Finance Manager, Pipeline Authority, Akuna House, Canberra City, Australian Capital Territory, were called and examined.

CHAIRMAN—Do you wish to make any statement further to that contained in the submission prior to the Committee directing questions to you?

Mr LeGassick—Yes, I would like to draw attention to our letter of 12 April 1979.

CHAIRMAN—It has just been distributed.

Mr LeGassick—I do not wish to add anything at this stage.

CHAIRMAN—Are members of the Committee agreeable to the incorporation of the submissions in the transcript of evidence? There being no objection, it is so ordered.

The documents read as follows—

76/185
12 April 1979

Mr B. Wright,
Clerk to the Committee,
Joint Committee on Publications,
Parliament House,
Canberra, ACT 2600.

Dear Mr Wright,

ANNUAL REPORTS INQUIRY

I refer again to your letter of 18 January 1979 and to my reply of 1 February 1979 providing further information in reply to the Committee's questionnaire.

On going through our papers again, I find that we were under a misapprehension concerning the standards contained in AGPS Circular 23 regarding photographs. Therefore, our answer to the first part of question 9 should be 'No' and our answer to the second part of question 9 and to question 10 should be modified by the following.

With regard to questions 9 and 10, I know that the Authority would not wish to depart from usual procedures other than in exceptional circumstances. However, in considering the need for photographs, there does appear to be room for a different approach to that envisaged by the AGPS which applies a common rule regardless of the different activities of different organisations.

For example, while I would not expect that the Reserve Bank would have much need of photographs in its report,

The Pipeline Authority, as a comparatively new organisation operating in an area of industry which is largely unknown to most people, has found it necessary to use colour photographs quite extensively in its reports, so far, as a supplement to the written account of its activities, particularly in relation to:

the activities of the men and machinery needed to build, operate and maintain the 1,300km Moomba/Sydney pipeline;
the associated problems of distance, isolation, dust and foods; and
the work of environmental preservation and restoration.

These matters could not have been recorded as effectively by other means.

It is expected that the need for photographs in the Authority's reports will decrease except in respect of new activities and special events.

Yours sincerely,
J. K. KAYE
for Secretary.

The Pipeline Authority
2nd Floor, Akuna House,
Akuna Street,
Canberra City, A.C.T.
Postal Address: P.O. Box 1950, Canberra City,
A.C.T. 2601
Telephone: 46 2211. Telegrams: Pipeline Canberra
Telex: 62508
In reply please quote: 76/185
1 February 1979

Mr B. Wright
Clerk to the Committee
Joint Committee on Publications,
Parliament House
Canberra, A.C.T. 2600

Dear Mr Wright,

ANNUAL REPORTS INQUIRY

The Chairman of the Authority has brought to notice your letter of 18 January 1979 inviting a further submission to supplement the information supplied with the Chairman's letter of 2 February 1977.

I have attached revised answers to your questionnaire.

Yours sincerely,
J. K. KAYE
for Secretary

JOINT COMMITTEE ON PUBLICATIONS.

Revised Answers to Questionnaire Relating to Annual Reports of Commonwealth Departments and Statutory Authorities

Question 1—

Is your Annual Report presented to Parliament pursuant to Statute? If so, when is it required to be presented. What have been the dates of presentation of your Annual Report for each of the past 5 years, or

If the Annual Report is not required to be presented to Parliament pursuant to Statute but is still presented, by what date or period do you attempt to table the Report. What have been the dates of presentation for each of the past 5 years.

Answer 1—

In accordance with section 45 (1) of the Pipeline Authority Act 1973, the Authority is required, as soon as practicable after each 30 June, to prepare and furnish to the Minister, for presentation to the Parliament, a report on its operations during the year ended on that date, together with

financial statements in respect of that year in such form as the Minister for Finance approves.

The dates of presentation of our annual reports for each of the past five years are as follows:

1st—13 November 1974 (the financial statements and the Auditor-General's report on those statements were presented to the Parliament on 8 April 1975).
2nd—24 February 1976
3rd—17 February 1977
4th—24 May 1978
5th—23 November 1978

Question 2—

What do you feel are the main reasons (other than a possible statutory obligation) for your Office preparing and tabling in Parliament an Annual Report.

Answer 2—
To provide information on the views, policies and progress of the Authority in relation to the performance of its statutory functions, duties and powers.

Question 3—

For the categories listed below, give a brief description of the information contained in the Annual Report of your Office:

- information required by Statute (if applicable).
- description of departmental activities.
- content which can be classed as being of a public relations nature; and
- any other content.

Answer 3—

In accordance with statutory requirements, the Authority's reports contain information on its operations during the year together with financial statements and the Auditor-General's report on those statements. The Authority's first report dealt with the establishment of the Authority, general information about natural gas and background information about construction of the Moomba/Sydney pipeline. Information and views have been provided concerning planning and research, natural gas utilisation and transportation, and energy conservation. The Authority's policies regarding staffing, environmental considerations, safety, purchasing and industrial relations have been discussed. Nothing has been included that could be regarded as being simply of a public relations nature.

Question 4—

Do you consider that, under certain circumstances, material of a public relations nature should be included in an Annual Report? If yes, what do you feel are appropriate circumstances. Your comments on the desirability of including photographs and/or biographical notes on senior personnel would be appreciated.

Answer 4—

Annual reports should be interesting and informative, not only to Ministers and Members of Parliament but to the public at large. This is of greater importance in the case of a new organisation with aims and activities which are not generally known and understood.

The inclusion of photographs and/or biographical notes on senior personnel is not favoured.

Question 5—

Has there been an increase in the size of your Annual Report over the past 5 years. If yes, what have been those increases and why is it felt that such increases have been necessary.

Is there a projected increase in size for future issues of your Annual Report? If yes, please give brief details on:

- reasons for anticipated increase; and

(b) expected percentage increase in the number of pages.

Answer 5—

There has been no increase in the size of our reports and no increase is projected for future years.

Question 6—

Was the production of the latest Annual Report of your Office arranged through the Australian Government Publishing Service? Please provide reasons if this procedure was not followed.

Answer 6—

No. The AGPS was consulted in the case of the first report but the Authority has found it quicker to deal with printers direct.

Question 7—

For the past two Annual Reports what production standards have been requested of the AGPS or printing contractor in relation to the following:

- type of paper (g.s.m. and quality).
- colour(s) of print, and
- photographs—
(i) what numbers have been included,
(ii) what percentage of space was occupied in each report, and
(iii) what has been the proportion of colour as compared to black and white?

Answer 7—

- Cover—238gm one sided art board (matt).
Text—85gm matt coated art.
- Colour of print—black.
- Photographs—
(i) 4th report 9.
5th report 7.
(ii) 4th report 40 per cent.
5th report 30 per cent.
(iii) 4th report—all colour.
5th report—4.5 pages of colour and 0.5 pages of black and white.

Question 8—

Is your Office satisfied with the arrangements made by the AGPS in the following areas dealing with the production of your Annual Report:

- arranging a timetable to cover the various production stages of the Annual Report.
- design.
- returning of proofs for correction.
- final delivery of report, and
- other areas in which you may wish to pass comment.

Answer 8—

See answer to 6.

Question 9—

Does your office, when producing its Annual Report, consistently comply with the standards contained in AGPS Circular 23?

If not, in which areas have deviations occurred and why do you feel that these deviations have been necessary.

Answer 9—

Yes.

Question 10—

Do you feel that the production standards used in preparing Annual Reports of Commonwealth Departments and

Statutory Authorities should conform with the guidelines laid down by AGPS Circular 23. If not, please provide reasons.

Answer 10—
Yes.

Question 11—

Do you consider it feasible and desirable to lay down a timetable for the initial advice, compilation, production, tabling and general distribution of Annual Reports. If yes, what do you feel are the main difficulties which will need to be overcome to ensure that such a timetable is effective. Do you have any suggestions as to what such a timetable should be.

Answer 11—

Yes. However, where there is a requirement for financial statements to be included in the annual report, for their form to be approved by the Minister for Finance and for the Auditor-General to report on them, any timetable would be dependent upon the Minister for Finance and the Auditor-General and would have to include provision for a reasonably balanced workload in those areas. This has been a particular difficulty in a new Authority in its formative stages as the form of the statements alone has been the subject of considerable discussion and negotiation each year due to the gradual evolution of our financial activities.

Question 12—

When arranging the printing of the departmental version of the Annual Report, are arrangements made to run off simultaneously sufficient copies for the Parliamentary Paper edition.

Answer 12—

Yes.

Question 13—

Are the financial statements included in the Annual Report of your Office audited by the Auditor-General. If yes, has experience shown that delays in tabling the Report in Parliament can occur as a result of the time involved in obtaining the Auditor-General's certificate.

Answer 13—

Yes; yes.

Question 14—

Has your Office had occasion to present an 'Interim' Annual Report to Parliament in the past 5 years. If so:

(a) Please provide reasons why on such occasions it was not possible to have the 'Final' Report available at the appropriate time.

(b) What were the dates of presentation of the 'Interim' and the 'Final' Reports.

Answer 14—

No. However, when the Authority's first annual report was submitted to the Minister for Minerals and Energy on 11 November 1974 the Minister was informed that the financial statements together with the Auditor-General's report would be submitted as soon as the form of the financial statements had been approved. The form of the Authority's financial statements was approved by the Treasurer on 26 January 1975. The Auditor-General's report on those statements was received on 19 March 1975. The financial statements and the Auditor-General's report together with a covering letter from the Authority were presented to the Parliament on 8 April 1975.

Question 15—

During the past three years, what has been the 'internal' distribution of your Annual Report for (a) official use, (b) free issue, and (c) other.

Answer 15—

In the case of each of the 4th and 5th reports 2,500 copies were printed for distribution to Senators and Members, the press, Australian and State departments and authorities, business undertakings, universities, libraries and other organisations.

Question 16—

Has your office (a) carried out a survey with, or (b) been contacted by, known users of your Annual Report in an attempt to encourage an improvement (from their point of view) in the content of the report. If so, what consideration has been given to such suggestions and have they been incorporated in the Annual Report.

Answer 16—

No.

Question 17—

Are financial statements included with your Annual Reports.

(a) If so, do they cover the same period as the Annual Report.

(b) If not, why is it felt that financial statements are not required.

Answer 17—

Yes; yes.

Question 18—

Over the past three years, what has been the cost, excluding departmental salaries, of producing your Annual Report. If other than basic production costs are included, i.e. consultant fees, please provide a listing of those items.

Answer 18—

3rd Report—\$4,009.

4th Report—\$5,146.

5th Report—\$3,733.

Question 19—

On how many occasions in the past two years have reports (not necessarily Annual Reports), emanating from your Office, been tabled in Parliament. On each occasion were the standard Parliamentary distribution effected (quantity presently required is 330). If not, for each occasion, what was the title of the report, why was it not possible to meet the full requirement, and how many copies were made available for distribution to Parliament.

Answer 19—

The Authority's annual reports have been tabled in the Parliament. There was the standard Parliamentary distribution on each occasion. As explained in answer to question 14, in the case of the first report the financial statements, together with the Auditor-General's report were tabled separately. It was considered that the financial statements were likely to be of relatively little interest to Senators and Members, and the press. Consequently there was only a limited distribution. Five copies were lent to the Department of the Prime Minister and Cabinet for tabling and record purposes and 20 copies were sent to the Parliament to be available in the Parliamentary Library and the Clerk of Papers office.

The Pipeline Authority
2nd Floor, Akuna House,
Akuna Street,
Canberra City, A.C.T.
Postal Address: P.O. Box 1950, Canberra City,
A.C.T. 2601
Telephone: 46 2211. Telegrams: Pipeline Canberra
Telex: 62908
In reply please quote: 76/185
2 February 1977

Mr. J. C. Hodges, M.P.,
Chairman,
Joint Committee on Publications,
Parliament House,
Canberra, A.C.T. 2600.

Dear Mr Hodges,

I refer to your letter of 9 December 1976 concerning the enquiry by the Parliamentary Joint Committee on Publications into matters associated with the preparation, printing, presentation and distribution of annual reports of departments and statutory authorities.

In accordance with your request, the attached answers have been prepared in response to the questionnaire which was forwarded with your letter.

I suggest that if direct contact with the Authority is necessary, the Secretary to the Committee might get in touch in the first place with Mr J. D. LeCassick, First Assistant Secretary (phone 462904).

Yours sincerely,
(J. D. NORGARD)
Chairman

**JOINT COMMITTEE ON PUBLICATIONS
ANSWERS TO QUESTIONNAIRE RELATING TO
ANNUAL REPORTS OF COMMONWEALTH
DEPARTMENTS AND STATUTORY AUTHORITIES**

1. In accordance with section 45 (1) of the Pipeline Authority Act 1973, the Authority is required, as soon as practicable after each 30 June, to prepare and furnish to the Minister, for presentation to the Parliament, a report on its operations during the year ending on that date, together with financial statements in respect of that year in such form as the Treasurer approves. The Authority's first annual report was presented to the Parliament on 13 November 1974 and the second report was presented on 24 February 1976.

2. To provide information on the views, policies and progress of the Authority in relation to the performance of its statutory functions, duties and powers.

3. In accordance with statutory requirements, the Authority's reports contain information on its operations during the year together with financial statements and the Auditor-General's report on those statements. Information and views have been provided concerning planning and research. The Authority's policies regarding staffing, environmental concerns have been discussed. The Authority's first report dealt with the establishment of the Authority, general information about natural gas and background information about construction of the Moomba/Sydney pipeline. Nothing was included that could be regarded as being simply of a public relations nature.

4. Although primarily designed to provide information to the Parliament, as annual reports become public documents they should be interesting and informative, not only to Members of Parliament but to the public at large because they are a means of providing information to and maintaining good relations with the public. This is of greater importance in the case of a new organisation with aims and activities which are not generally known and understood. The inclusion of photographs and/or biographical notes on senior personnel is not favoured.

5. No; No.

6. No. The AGPS was consulted in the case of the first report but the Authority found that it would be quicker to deal with the printers direct.

7. (a) Cover—238 gm one sided art board (matl).

Text—85 gm matt coated art.

(b) Colour of print—black.

(c) Photographs—

(i) second report 17.

Third report 13.

(ii) second report 40 per cent.

Third report 30 per cent.

(iii) second report 7.25 pages of colour.

Third report 3.75 pages of colour.

8. See answer to 6.

9. Yes.

10. Yes.

11. Yes. However, where there is a requirement for financial statements to be included in the annual report, for their form to be approved by the Treasurer and for the Auditor-General to report on them, any timetable would be dependent upon the Treasurer and the Auditor-General and would have to include provision for a reasonably balanced workload in those areas. This has been a particular difficulty in a new Authority in its formative stages as the form of the statements alone has been the subject of considerable discussion and negotiation each year due to the gradual evolution of our financial activities.

13. Yes; Yes.

14. No. However, when the Authority's first annual report was submitted to the Minister for Minerals and Energy on 11 November 1974 the Minister was informed that the financial statements together with the Auditor-General's report would be submitted as soon as the form of the financial statements had been approved. The form of the Authority's financial statements was approved by the Treasurer on 26 January 1975. The Auditor-General's report on those statements was received on 19 March 1975. The financial statements and the Auditor-General's report together with a covering letter from the Authority were presented to the Parliament on 8 April 1975.

15. In the case of each of the first and second reports 5,000 copies were printed for distribution to Senators and Members, the press, Australian and State departments and authorities, business undertakings, universities, libraries and other organisations. The order for the third report (at present with the printer) is for 2,500.

16. No.

17. Yes; Yes.

18. First Report—Printer \$5,540.

Art and design \$720.

Second Report—Printer \$5,561.

Art and design \$810.

Third Report—Printer \$4,009.

(There is no separate order for art and design work).

19. The Authority's first and second annual reports have been tabled in the Parliament. There was the standard Parliamentary distribution on each occasion. As explained in answer to question 14, in the case of the first report the financial statements, together with the Auditor-General's report were tabled separately. It was considered that the financial statements were likely to be of relatively little interest to Members and the press. Consequently there was only a limited distribution. Five copies were sent to the Department of the Prime Minister and Cabinet for tabling and record purposes and 20 copies were sent to the Parliament to be available in the Parliamentary Library and the Clerk of Papers office.

The Pipeline Authority
 Treasury House
 Hobart Place
 Canberra City, A.C.T.
 Postal Address: P.O. Box, 1950, Canberra City,
 A.C.T. 2601
 Telephone: 47 3744, Telegrams: Pipeline Canberra
 Telco: 624208
 In reply please quote: 74/71

Mr D. C. McKenzie, M.P.,
 Acting Chairman,
 Joint Committee on Publications,
 Parliament House,
 Canberra, A.C.T. 2600

Dear Mr McKenzie,

I refer to your letter of 15 July 1975 concerning the enquiry by the Parliamentary Joint Committee on Publications into matters associated with the preparation, printing, presentation and distribution of annual reports of departments and statutory authorities.

In accordance with your request, the attached answers have been prepared in response to the questionnaire which was forwarded with your letter.

Yours sincerely,
 (J. SCULLY)
 Acting Chairman

**JOINT COMMITTEE ON PUBLICATIONS
 ANSWERS TO QUESTIONNAIRE RELATING TO
 ANNUAL REPORTS ON AUSTRALIAN
 STATUTORY AUTHORITIES AND OTHER
 GOVERNMENTAL BODIES**

1. In accordance with Section 45 (1) of the Pipeline Authority Acts 1973, the Authority shall, as soon as practicable after each 30 June, prepare and furnish to the Minister for presentation to the Parliament, a report on its operations during the year ended on that date, together with financial statements in respect of that year in such form as the Treasurer approves. The Authority's first annual report was presented to the Parliament on 13 November 1974.

2. To provide information on the policies and progress of the Authority in performance of its functions, duties and powers.

3. (a) Information required by statute is prescribed in section 45 (1) of the Pipeline Authority Acts 1973 (see 1 above).

(b), (c) and (d) the Authority's first annual report dealt with: the establishment of the Authority; general information about natural gas, the national pipeline grid concept and environmental considerations; construction of the Moomba-Sydney pipeline including background information, basic agreements, the construction program, technical aspects and cost estimates; and future activities under consideration.

4. Annual reports should be interesting and informative, not only to Members of Parliament but to the public at large. Consequently they are a means of providing information to and maintaining good relations with the public. This is of greater importance in the case of a new organisation whose aims and activities are not generally known and understood. The inclusion of photographs and/or biographical notes on senior personnel is not favoured.

5. No; no.

6. No. The AGPS was consulted but the Authority feels that it would be quicker to deal with the printers direct.

7. A copy of the preliminary specification for the Authority's second annual report is attached.

8. See answer to 6.

9. Yes.

10. Yes.

11. Where there is a requirement for financial statements to be included in the annual report for presentation to the Parliament and for their form to be approved by the Treasurer and for the Auditor-General to report on them, any timetable in that regard would be dependent also upon the Treasurer and the Auditor-General.

12. Yes.

13. Yes. Delay can occur because financial statements cannot be prepared for submission to the Auditor-General until after 30 June and inevitably the Auditor-General's office must experience a peak work load early in the ensuing financial year.

14. No. However, when the Authority's first annual report was submitted to the Minister for Minerals and Energy on 11 November 1974 the Minister was informed that the financial statements together with the Auditor-General's report would be submitted as soon as the form of the financial statements had been approved. The form of the Authority's financial statements was approved by the Treasurer on 26 January 1975. The Auditor-General's report on those statements was received on 19 March 1975. The financial statements and the Auditor-General's report together with a covering letter from the Authority were presented to the Parliament on 8 April 1975.

15. Five thousand copies of the Authority's first report were printed for distribution to Senators and Members, the press, Australian and State department and authorities, business undertakings, universities, libraries and other organisations.

PIPELINE AUTHORITY ANNUAL REPORT

Preliminary Specification

1. Size BS International 176 mm x 250 mm;
2. Pages 32 (plus cover).
3. Stock Cover—238 gsm; one sided artboard (mat).
Text—85 gsm matt coated art.
Major Headings—28 pt. Helvetica Bold.
Sub-Headings—9 pt Helvetica Light Justified.
Columns—Set in 1 column of 12 picas (text).
Set in 1 column of 12 picas (sub-headings).
5. Colour Cover—Four colour process, supplied as artwork or transparency.
Text Pages—one colour black.
6. Half Tones Four Colour—approx. 6 full page bleed half tones.
approx. 6 quarter page half tones.
One Colour (black)—approx. 6 full page.
Saddle stitched.
7. Binding.

CHAIRMAN—Mr LeGassick, what do you see as the purpose of your annual report and to whom is it directed?

Mr LeGassick—It is directed principally to the Parliament, but it is also of interest to Commonwealth and State departments and instrumentalities, to local government organisations, to the gas and oil industry, and to some extent to the coal industry.

CHAIRMAN—Do you receive feedback from your report?

Mr LeGassick—I do not recall receiving anything of a formal nature but we do get regular informal feedback, which has generally been fairly favourable. The interest in our report fluctuates to some extent with the extent of our activities. We are at a fairly quiescent stage at this time and I do not think there is quite as much interest.

CHAIRMAN—You have explained that the first annual report was late in being tabled because of difficulties associated with obtaining the Auditor-General's agreement on the form of the accounts. Could you explain why the second, third and fourth reports were tabled in the following autumn sessions after the end of the financial years?

Mr LeGassick—I will make a few introductory remarks and I then ask Mr Jones to elaborate because they all involve our financial statements. Ours is a developing role. As you know we have been running for only a few years. First we were an establishing authority, then we were in effect a buying authority—we were getting equipment and things of that sort—and at the same time we were a developing and construction authority. Now of course we are an operating authority. Each phase has brought new situations as far as the financial situation is concerned which have involved us in quite extensive discussions with the Department of Finance as to the form of the accounts. It has also involved the Auditor-General and a few problems, as he saw them, which called for settlement. That for the most part has caused the delay.

Another consideration is that we are operating an accrual accounting system as against a simple cash accounting system; which again involves a little more time. Our last report, the fifth report, was tabled on 22 November, which was a considerable improvement on previous performance. I think as long as we remain in a fairly routine state we will be able to continue to achieve that sort of timing. But, if we move into another construction phase we will again have new developments on the financial side and the problems that go with them. I do not know whether my colleague wishes to add anything to that.

Mr Jones—No, I think Mr LeGassick has covered that point quite well. However, I would like to amplify one or two points. Our accounts are structured on an accrual accounting system and it is necessary for us to make sure that at the end of the financial year we do account for all our expenditure. We are not merely cash orientated. In the early stages of the Authority, when

we moved from the construction phase to the operation phase, which we are now in, certain accounting policies had to be established and agreed to, not only by the Department of Finance but also by the Auditor-General. These policies included depreciation and the determination of the profit and loss on the pipeline. The policies also had to take into account the specific provisions of the haulage agreement with the Australian Gas Light Company.

Senator SHEIL—Is that haulage for gas?

Mr LeGassick—Yes.

Senator MESSNER—You stated that the AGPS is not consulted, except for the first report, because it is quicker to deal directly with a private printer. Since your first report was published in November 1974—I think that excluded financial statements at that time—and privately printed reports were published later, how do you substantiate that point?

Mr LeGassick—The delay in our reports was not due to the printing side. It was entirely due to the financial problems that we have mentioned.

Senator MESSNER—I see. Colour photographs constitute a very high percentage of your report—40 per cent I notice in the fourth report, and 30 per cent in the fifth report. I guess that is calculated in accordance with area. We thought that was pretty high, particularly in view of the relatively short length of the reports. Why do you consider colour photographs to be so important to your report?

Mr LeGassick—As already explained in our letter, as a new organisation operating in an area which is not familiar to most people, we felt that in the early stages colour photographs would be a very useful supplement to the text. As also mentioned in the letter, we expect this to be considerably reduced in future years, unless we take on another new development where photographs would be a useful means of portraying just what we are doing.

Senator SHEIL—I can understand that, being a new authority, you could expect some problems with the Auditor-General with your first report. But then there have been subsequent reports; you say that not all of the delay has been due to printing, and that most of it has been due to financial problems. What kind of problems have you run into with the publication of your report?

Mr LeGassick—On the financial side?

Senator SHEIL—And with the Auditor-General.

Mr Jones—The first three reports of the Authority—that is for the years ended 30 June 1974, 30 June 1975 and 30 June 1976—all related to the construction phase of the Moomba-Sydney Pipeline Project. In December 1976 gas was first delivered to New South Wales. The 30 June 1977 report included six months when the Authority was in an operating phase, as well as the previous six months to 31 December, during the construction phase. As I mentioned earlier, we had to develop new accounting policies, and these had to be agreed upon with the Department of Finance and the Auditor-General. The fourth annual report as indicated was late in coming before the Parliament, because of the establishment of new accounting policies. We have improved the position of the last annual report by something like five months.

Senator SHEIL—So you will be able to bring them out on time from now on?

Mr Jones—We are hoping to better the target that we had last year, because we still had a few leftover accounting problems from the construction phase last year. We will try to better that target.

Mr FitzPATRICK—Your first and second reports had 5,000 copies. Subsequent reports had 2,500 copies. What are your distribution arrangements? Is the list being reviewed?

Mr LeGassick—The list is reviewed every year. The first annual report attracted a great deal of interest and in fact we had to have a supplementary number printed. That is natural enough for a new organisation which was, as you will probably remember, a fairly controversial one in its early days. But there was less demand for the second report so we reduced it to 2,500. We have found a continuing demand at that level although when checking back a few days ago I found that we still have quite a few copies of the fifth report left. We will certainly be considering a further reduction this year but we expect that when we do something new the demand will go up again.

Senator ARCHER—Who printed this report?

Mr LeGassick—Jackson and O'Sullivan Pty Ltd. It is a Brisbane firm.

Senator ARCHER—You do not deal with the AGPS, I understand, because you say that you can get the work done more quickly elsewhere.

Mr LeGassick—That statement sounds a little brutal. We were under some pressure to get our first annual report out as soon as we could. We went to AGPS to start with but we found that on the timetable to which they were tied, and we

could understand their problems, there was some risk that we might not have the report in time for the Budget sitting, so we tried some other printers. We found that not only could we get a quicker job from a private printer but we could also get it done more cheaply. On that basis and with the agreement of AGPS, we went off to a private printer and we have operated on that basis since.

Senator ARCHER—Have you tried them again?

Mr LeGassick—No.

Senator ARCHER—Does the Government Printer or the AGPS do any work for you at all?

Mr LeGassick—None that I can think of although we do work in co-operation with them. For example, when working on our annual report we always let them know who our printer is so that they can make arrangements for the printing of the parliamentary report and that sort of thing.

Senator ARCHER—You indicated that there is probably now some scope for some scaling down the presentation. Does the Authority see itself as a commercial entity, a service organisation, a government department or an instrumentality? How do you see yourselves?

Mr LeGassick—We have several hats. Principally we are a statutory authority but we are also operating all the time commercially with people who are used to certain standards. I have brought along a copy of the report by the Australian Gas Light Company, one of our contemporaries. You can see it is of much the same standard. This is the sort of standard they have in the industry and we would not want to fall too far behind, but at the same time we realise that we have been fairly generous in our photographic presentations up to now—necessarily so, we think. We expect some reduction from now on until we take on something new that needs to be presented with photographs.

Senator ARCHER—One of our witnesses this morning commented that he would rather have the money as dividend from some of the companies which put out those types of reports than reports of that value.

Mr LeGassick—True, but when you see the costs we list you will realise that they would not make a great deal of difference to the dividend.

Senator ELSTOB—Would you consider obtaining the views of users of your annual report in an attempt to determine whether user requirements are being met?

Mr LeGassick—We have not considered it so far. I must confess that my immediate reaction is to have some reservations. The Australian Gas Light Company, for example, produces its report as it thinks it should produce it. It does not test the water to find out other people's reactions to it. In the industrial area anyhow they might be a little surprised if we did. At the same time, as I mentioned, we do get a continual feedback on an informal basis. If people felt we should be pulling up our socks then I think they would soon let us know.

Senator ELSTOB—Who are the main recipients of your report?

Mr LeGassick—The industry. Local government authorities are also very interested in our activities and they usually get copies of the report. State government organisations with which we associate are also interested in our report, as are Commonwealth instrumentalities. Of course there is the usual interest from librarians and academic circles.

Senator ELSTOB—The 2,500 copies of the fourth annual report cost \$5,146 while the 2,500 copies of the fifth annual report cost \$3,733. Apart from the slightly smaller size, to which you refer on pages 16 and 17, what other factors contributed to the fall in cost?

Mr LeGassick—I can only account for it by market fluctuations. Our fifth report was pretty cheap. I think we got a good price. I would be very pleased if we could get it again next year.

We caught the printer when he was looking for work and we got a good price. As you say, there is not really a great deal of difference between them.

CHAIRMAN—Who printed your fourth annual report?

Mr LeGassick—The fourth annual report was printed by Prestige Publishers. It was a different firm but they quoted the lowest price. We usually call tenders from four or five reputable printers and we take the lowest tender.

Mr Jones—Earlier I mentioned that the Authority was endeavouring to improve its timetable for the production of the annual report. We have a timetable to work to at the moment. However, I would like to add one qualification; if we enter into a new project which may cost \$200m or \$10m then different accounting policies may have to be agreed upon and established, not only with the Department of Finance but with the Auditor-General. That is my only qualification. It may be necessary to spend time obtaining agreement from these two departments.

CHAIRMAN—Thank you both for coming and giving evidence.

Resolved (on motion by **Senator Messner**):

That pursuant to the power conferred by section 2 (2) of the Parliamentary Papers Act 1908-1974, this Committee authorises publication of the evidence given before it at public hearing this day.

Committee adjourned

CANBERRA

Friday, 4 May 1979

JOINT COMMITTEE ON PUBLICATIONS

(Inquiry into the Annual reports of Commonwealth Departments and Statutory Authorities)

Present:

Mr Gillard (Chairman)

Senator Archer
Senator Bonner
Senator Messner

Dr Blewett
Mr Howe

CHAIRMAN—I declare open this public meeting of the Joint Committee on Publications. We have apologies from Senators Elstob, Georges, McIntosh and Shell and from Messrs FitzPatrick, Goodluck, Hodges and Mr I. L. Robinson. We had a most informative session on Monday and today we are programmed to hear evidence from six statutory authorities and from Professor Olson. I repeat my remark of Monday that I hope that this inquiry will enable the Committee to bring forward a report which will provide guidelines so that the people charged with the responsibility of producing annual reports will know what the Parliament expects of them. Because of the requirements of Senate Estimates Committees which are meeting today it will be necessary today to form a Sub-Committee to hear certain of the evidence.

Resolved (on motion by Senator Archer):

That this Committee appoints a Sub-committee, consisting of not less than three members and that this Sub-committee be empowered to authorise the publication of evidence and documents presented to it.

That Mr Gillard be Chairman of the Sub-committee:

Mr Edward Arthur LANE, Director, Public Relations, Australian Atomic Energy Commission, 45 Beach Street, Coogee, New South Wales, was called and examined.

CHAIRMAN—Mr Lane, do you wish to make any statement further to that contained in the submission prior to the Sub-committee directing some questions to you?

Mr Lane—No, I cannot think of anything more I wish to add to that.

CHAIRMAN—It is therefore proposed to take your submissions as read and to incorporate them in the transcript of evidence. Are members of the Sub-committee agreeable to the incorporation of the submissions in the transcript of evidence? There being no objection, it is so ordered.

The documents read as follows—

Australian Atomic Energy Commission
Cliffbrook, 45 Beach Street, Coogee, NSW
Box 41, Post Office, Coogee, NSW, Australia 2034
Telephone 665-1221—Cables: ATOMCOM
Sydney—Telex: 20273
Our Reference: G71/3992
16 February 1979

Dear Mr Wright:

Thank you for your advice that the Joint Committee on Publications has decided to re-activate its inquiry relating to annual reports of Commonwealth Departments and Statutory Authorities.

As requested, the attached up-dates the Commission's response dated 15 February 1977 to the Joint Committee on Publications' letter of 9 December 1976.

Yours sincerely
E. A. LANE
for Secretary

Mr B. Wright
Joint Committee on Publications
Parliament House
Canberra, ACT 2600

ADDITIONS TO JOINT COMMITTEE ON PUBLICATIONS QUESTIONNAIRE RELATING TO ANNUAL REPORTS OF AUSTRALIAN STATUTORY AUTHORITIES AND OTHER GOVERNMENTAL BODIES

Question 1—

Report	Tabled	
	Senate	House of Representatives
1976-77 (25th)	1.3.78	1.3.78
1977-78 (26th)	24.11.78	24.11.78

Question 5—

25th Annual Report 1976-77—139 pages
26th Annual Report 1977-78—162 pages

Question 7—

25th Annual Report 1976-77:

- (b) cover 4—colour, contents 2—colour.
(c) (i) cover: 1 x 4 colour photograph, back cover: 1 x 4 colour photograph; Contents: 17 x 1 colour half-tone, 11 x 2 colour line, 2 x 1 colour line.
(ii) 1 and 2 colour illustrations 10 per cent of content.

26th Annual Report 1977-78:

- (b) cover 3—colour, contents 2—colour.
(c) (i) cover: 1 x 3—colour, back cover: 1 x 1—colour, contents: 20 x 1 colour half-tone, 13 x 2 colour line.
(ii) 1 and 2 colour illustrations 8.5 per cent of content.

Question 10—

Add: As the Commission's Annual Reports have a long 'shelf-life' as reference volumes because of the wide range of technical and statistical data, side stitching is preferred to Perfect binding because of its greater durability in use. Admittedly, for hard-cover rebinding, the need to remove stitches before processing presents a minor disadvantage.

Question 13—

Yes to both questions as evidenced, for example, by the late tabling of the 25th Annual Report 1976-77.

Question 15—

Distribution for Official use and free issue of the 25th Annual Report 1976-77 increased by some 10 per cent during the year mainly due to increased official and public interest in Australian uranium. This trend has continued with distribution of the 26th Annual Report 1977-78.

Question 18—

1976-77 Annual Report (25th) \$11,789; 1977-78 Annual Report (26th) \$12,401* (number of copies printed increased by 10 per cent)

* Note: An additional cost of \$848 was incurred in overtime and short runs to printing press to complete Report to enable tabling in November Parliamentary Session of 1978. Auditor-General's Report for inclusion in Report was not received until 20 November.

Question 19—

Nil other than the 25th and 26th Annual Reports. It should be noted that the Australian Safeguards Office Annual Report 1977-78 was tabled by the Minister for

National Development on 24 November 1978. Prior to this report, Safeguards Office information was included in AAEC Annual Reports.

Standard Parliamentary distribution was effected for all Annual Reports.

Australian Atomic Energy Commission
Cliffbrook, 45 Beach Street, Coogee, NSW
Box 41, Post Office, Coogee, NSW, Australia, 2034
Cables: ATOMCOM. Sydney—Telephone: 665-1221
Our Reference G.71/3592
16 February 1977

Dear Sir

Attached is the Commission's response to the Joint Committee on Publication's 'Questionnaire Relating to Annual Reports of Commonwealth Departments and Statutory Authorities', as required in your letter of 9 December 1976.

As requested in the second last paragraph of your letter, the Director of Information Services, Mr E. A. Lane, is suggested as contact officer between the Committee and the Commission.

Yours faithfully
A. D. THOMAS
Secretary

The Chairman,
Joint Committee on Publications,
Parliament House,
Canberra, A.C.T. 2600

JOINT COMMITTEE ON PUBLICATIONS
QUESTIONNAIRE RELATING TO ANNUAL
REPORTS OF COMMONWEALTH DEPARTMENTS
AND STATUTORY AUTHORITIES

Australian Atomic Energy Commission

Question 1—

Yes.

Section 31 (1) of the Atomic Energy Act 1953 provides that the Commission shall, as soon as practicable after the thirtieth day of June in each year, prepare and furnish to the Minister a report on the operations of the Commission during the year ended on that date, together with financial accounts in respect of that year.

Section 31 (3) of the Act provides that the report and financial accounts of the Commission, together with the report of the Auditor-General as to those accounts, shall be laid before each House of the Parliament within fifteen sitting days of that House after their receipt by the Minister.

The dates of presentation to Parliament of the past five Annual Reports of the Commission have been as follows:

Report	Tabled	
	Senate	House of Representatives
1971-72 (20th)	27.9.72	26.9.72
1972-73 (21st)	25.10.73	25.10.73
1973-74 (22nd)	17.10.74	17.10.74
1974-75 (23rd)	4.11.75	4.11.75
1975-76 (24th)	7.10.76	7.10.76

Question 2—

In addition to the statutory obligation, the Commission's Annual Report is the only concise, factual and up-to-date source of information on world-wide nuclear activities which is available to the Parliament and to the Australian public. The Report also provides a comprehensive, factual account of the Commission's activities in the year, of the Australian

uranium industry and of developments during the year related to uranium and atomic energy.

Question 3—

(i) (a) A report on the operations of the Commission during the past year.

(b) Financial accounts of the Commission.

(iii) Report of the Auditor-General on the Commission's financial statements.

(b) In the Commission's Report for 1975-76, major chapter headings included 'Uranium and the Nuclear Fuel Cycle', 'Australian Uranium', 'Regulatory, Safeguards, and Safety Aspects of Nuclear Energy', 'Radioisotopes and Radiation', 'Research Establishment Operations and Services', 'International Relations' and 'General Research'.
(c) The Annual Report is not construed as a public relations document.

(4) Recent reports have provided information on the world's nuclear power developments, the uranium mining industry and developments in the nuclear fuel cycle. This information is designed to put the Commission's work and the potential Australian uranium industry into an international perspective rather than to view it in the isolation of Australian requirements only. In turn, this material reports the results of work carried out by the various assessment and evaluation groups within the Commission.

The Commission's Annual Reports also contain a brief report on the activities for the past year of the Australian Institute of Nuclear Science and Engineering and of the Australian School of Nuclear Technology. An Appendix is included also listing AINSE grants for research and training during the year. The Commission is closely associated with both organisations, which have their headquarters at Lucas Heights adjacent to the Commission's Research Establishment, and which are substantially funded by the Commonwealth through the Commission.

Question 4—

The Commission believes that a well-presented and accurate Annual Report is in itself of substantial public relations value, rarely requiring the insertion of any material of a specific public relations nature.

An exception was the publication of a letter received by the Commission from a NSW High-school expressing concern over the possible effects on public health of nuclear power stations and the Commission's reply (Appendix H: Public Concern Over Radiation, AAEC 20th Annual Report, 1971-72, pp 151-155).

The Commission in its Annual Reports publishes a substantial range of photographs featuring work performed by the Commission, invariably these photographs include scientific or technical staff associated with the work. Occasionally a senior officer is shown carrying out a specific task on behalf of the Commission. Again, on rare occasions, a Report has included a group photograph of Members of the Commission following a year in which substantial changes in membership have occurred. The only use of very brief biographical notes has been on the appointment or death of a senior officer.

Question 5—

Page size, type size, and column widths have remained constant during the five Reports under consideration. The number of pages has varied slightly as follows:

20th Annual Report 1971-72—155 pages
21st Annual Report 1972-73—128 pages
22nd Annual Report 1973-74—116 pages
23rd Annual Report 1974-75—132 pages
24th Annual Report 1975-76—135 pages

It should be noted that these page numbers include a number of appendices, as follows:

- (a) Auditor-General's Report.
(b) Financial Accounts.
(c) Organisation of Commission.
(d) A summary of AAEC Research Programs.
(e) A listing of AAEC Research Contracts and Grants.
(f) A listing of Australian Institute of Nuclear Science and Engineering Grants for Research and Training, Studentships and Fellowships.
(g) A list of unclassified technical papers published by Commission staff during the period under review.
(h) A list of AAEC patent applications during the period.
(i) The 24th Annual Report 1975-76, these totalled 21 pages.

No projected increase.

Question 6—

No.

The Commission has arranged its own Annual Report commercial publishing requirements since the 6th Annual Report 1957-58, through the Editorial Section of its Information Services Department. The Department has expertise in all aspects of printing production ranging from copy and artwork preparations through mechanical requirements, typesetting, etc., to proof-reading and layout.

Because of the complexity of the content and its preparation, and the widely varying timetables attached to the various sectors of the content, together with continual updating of material concerning raw materials, uranium marketing, nuclear power reports, and so forth, a very high degree of personal contact with the printer is necessary to ensure accuracy and speed of production. It has been desirable, therefore, to keep the number of steps in the production schedule to a minimum and to deal exclusively with printers in the Sydney metropolitan area.

Question 7—

24th Annual Report 1975-76:

- (a) cover: 252 gsm one-sided Kromecote; contents: 113 gsm art
(b) cover: 4-colour; contents: 2-colour
(c) (i) cover: 1 x 4-colour photograph front cover, 2 x 4-colour photographs back cover; contents 25 x 1-colour photographs
(ii) black and white photographs 8 per cent of content
(iii) no 4-colour photographs in content of Report.

23rd Annual Report 1974-75:

- (a) cover: 252 gsm one-sided Kromecote; contents: 113 gsm art
(b) cover: 4-colour; contents: 2-colour
(c) (i) cover: 1 x 4-colour photograph front cover, 3 x 4-colour photographs back cover; contents: 28 x 1-colour photographs
(ii) black and white photographs 13 per cent of content
(iii) no 4-colour photographs in content of Report.

Question 8—

Not applicable.

Question 9—

Yes.

Question 10—

Yes.

Although paragraph (e) of C.23 states that 'side stitching should be avoided', side stitching and drawn on cover are used for Commission Reports as the most appropriate in

view of page numbers (usually some 120-148 pages) and for the more-compact result.

Question 11—

Yes.

Question 12—

Yes.

Question 13—

Yes.

Question 14—

No.

Question 15—

Internal distribution of Annual Reports over the past three years for each year has been approximately:

- (a) 400 for official use;
 (b) 400 for distribution to official visitors to establishments.

(c) 100 through Information Centre, Lucan Heights, in response to enquiries from visitors requiring information which could not be met by less extensive publications.

Question 16—

- (a) No.
 (b) No.

Question 17—

- (a) Yes.
 (b) Not Applicable.

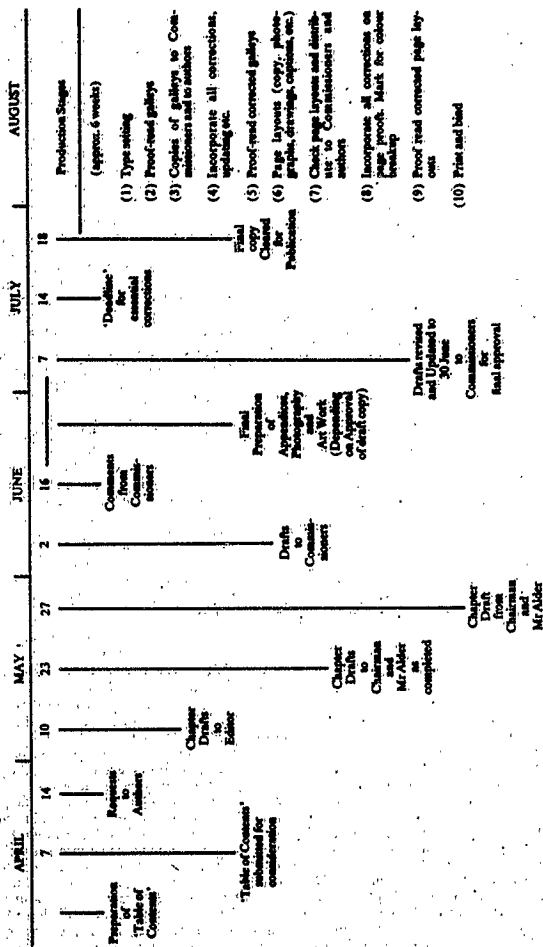
Question 18—

1973-74 Annual Report (22nd) \$8,500.
 1974-75 Annual Report (23rd) \$8,730.
 1975-76 Annual Report (24th) \$10,076 (total printed increased by 10 per cent).

Question 19—

Nil—other than the 24th and 23rd Annual Reports. Yes.

TWENTY-FIFTH ANNUAL REPORT 1976-77
 Copy Preparation and Production Timetable



CHAIRMAN—Mr Lane, could you outline for the Committee what you see as the main purpose of your annual report and could you tell us to whom it is directed?

Mr Lane—A year or so ago I prepared a very brief document for the Commission. They asked me to do so with a view to considering whether or not they should change the general style of the annual report. This was written for the Twenty-fifth Annual Report. I think it gives quite a reasonable précis of the general approach of the report over quite a few years and it shows the evolution of the report. It says:

The style and content of the annual report have followed an evolutionary pattern over the past 15 or so issues. Early reports concerned themselves with the setting up of the Commission to search for uranium during a period of need for military purposes by the United States of America and the United Kingdom, the development of uranium mining policy and the setting up of international agreements. The next several reports dealt almost exclusively with actual activities of the Commission with particular reference to the building up of research facilities at the research establishment.

That is Lucas Heights in Sydney.

As the novelty of Australia possessing an atomic energy organisation levelled off, and with the rapid expansion of research activities as against mining, brief sections were introduced on national nuclear power programs and the Western world's uranium industry. To place the expanding Commission research programs in perspective and also because the Commission supported substantial evaluation of overseas activities a fuller picture of world-wide operations was introduced into the report and Commission activities were shown against this background. When the Jervis Bay nuclear power station project was pending the emphasis was centred on that project and overseas content was reduced substantially.

The last few reports have provided information on the world's nuclear power, the uranium mining industry and developments in the nuclear fuel cycle. This has been done for two reasons: One is to put the Commission's work and the potential Australian uranium industry into an international perspective rather than to view it in the isolation of Australian requirements only. The second is to report the results of work carried out by the various assessment and evaluation groups within the Commission. From no other publication in Australia is this material available to the Parliament in such a concise and accurate form.

The Commission decided to continue the style of the report, certainly for the time being, and to place the overall picture within an international context, particularly the uranium mining industry. This industry is to a certain extent split between two Ministers at present—Mr Newman and Mr Anthony—so we do to a slight extent overlap with other departments. This arises from our attempt to give the whole broad picture of the uranium industry. You will notice that in our present report this comes into roughly the first three chapters. The first chapter is 'World Energy Review' which illustrates the developing situation overseas with brief reference to the Australian situation. The second is 'The World

Uranium Resources Situation' which naturally controls the overall picture for the possibilities for the Australian uranium industry. The third brings the Australian uranium industry within the international context. We follow that with sections on regulatory safeguards, and safety aspects of nuclear energy, which once again state the international position and Australia's part within the various aspects, collaborative studies and so forth. It is from that stage on that we then move into the pure Commission research and general activities such as research at Lucas Heights and the various programs—radioisotope production, radiation, the studies, developmental work, supply production features, the general operations of the establishment and our international relations section. In the new report this section will move into a combined chapter with the earlier work. At the end is the 'grab bag' under 'general', and a mass of appendices.

I think the main problem with the subject is that it is a difficult one to be understood by a lay person. From time to time I feel we need to put in what I refer to as small essays, to illustrate what a particular activity is. This is not the normal thing with annual reports admittedly; they are normally more concise than the Commission's report. Ours is one of the longer ones in terms of text, I would assume. But a lot of this is occasioned by the need to expand on the actual subject and then to fit the facts into this after you have given certain explanations of what is the nuclear fuel cycle or something like this. We do not tend to continue this year after year. We might do it for a short period and then drop it and assume the facts are known.

CHAIRMAN—Do you get any feedback from your report at all which might indicate whether you have prepared a successful report?

Mr Lane—Yes, we get a very large volume of correspondence and direct statement. As you know, we have people in many parts of the world on fairly regular occasions and they get a lot of feedback on our reports. Firstly, from overseas, the general impression is that we produce one of the most informative reports by any atomic energy organisation in the world. This does not mean that we are saying it is a magnificent report; but we do collect a lot of information and bring it down into a two or three chapters. This serves to produce an historical approach to some extent if you go back through our reports over the years. You can virtually follow the nuclear industry from over 25 years, with each report developing on the other. We have had a lot of feedback from Australia; it is a highly prized reference book and is used particularly by libraries

all over Australia. We get a continual demand particularly from libraries. This is not only for the current volumes but going back some considerable distance.

Senator BONNER—What generally is the source of your feedback? Is it from people interested in uranium for its various uses, from anti-uranium lobbies, or from conservationists and people like this? Do you get any feedback from them on your report?

Mr Lane—I have had feedback from general conversation with a number of parliamentarians, for instance, with academics and other people doing general research and with the media, who use it to a very large extent for researching background.

Senator BONNER—But you say you have had lots of letters coming in. From what type of people are these letters coming?

Mr Lane—These are the people I am referring to. Admittedly, most of the feedback from within Australia would be verbal, coming directly to myself or my staff, or to members of the Commission. Also the continuing demand for the report, both the current issue and back issues, is indicative of the need for the report.

Senator BONNER—Is there any increase in this feedback or these requests, particularly over the last two or three years of the uranium debate that is going on in the general community?

Mr Lane—It comes in waves. We meet a lot of the demand not so much by distributing reports, which are expensive to produce and often contain a lot of material they are not interested in, but doing a substantial range of reprints which you may be interested to see. I have brought one set. On this particular type of reprint, which is on the Ranger project, there may have been small changes, for instance to take out 'refer to page such and such'. There is a small reprint on the uranium industry, of three or four pages, one on the world energy situation, and others. As a normal thing in the course of a year we distribute many reprints such as these which are extracted from the annual report with only very minor alterations to make them self-contained. We would distribute at least 5,000 to 20,000 of these publications, all on request, or in answer to requests.

Senator BONNER—I have not yet had the opportunity of reading this particular report. Are you aiming through your report to educate the general community to the use of uranium in various ways or is it just a factual document on your research?

Mr Lane—It is a strictly factual document on activities during the 12 months under review. I have edited 17 reports now for the Commission. The criteria I have used and tried to impress on the original authors are whether the event or the research was significant, and whether it took place during the year under review, for example 1978-79. In all kinds of organisations it can happen that somebody will put one day's research into the middle of a report on ongoing research, and feel it has all got to be written up as though it happened today. I try very much to avoid this and that type of material is scrapped from the report; otherwise I would have a very thick volume. As it is this particular report is the largest one the Commission has produced. It usually runs to 120 or 130 pages or so. We try to cover not only the Commission's work but the overall scene in uranium.

We cover the international scene briefly but we treat Australia more fully because this is the only volume of its type which collects this information together. It is designed to be readily available not only for the Parliament according to our statutory requirement but also for the business and scientific world. Then there is the reprint form, as we had here, to cover the public as a whole, otherwise we would be printing 20,000 annual reports. We find that the person who writes in is particularly interested in the uranium industry or in the situation regarding nuclear power. We can give him various leaflets and include this as the latest information collected; so we get a double bonus from the report.

Dr BLEWETT—You mentioned that you felt the desirability of publishing laymen's essays in the sense of expanding things in essay form. What do you conceive as your audience for the report?

Mr Lane—The report is written, I would say, almost 100 per cent with the parliamentarian in mind.

Dr BLEWETT—The intelligent layman?

Mr Lane—In any scientific subject—and this is basically scientific and technological—no matter who the person is or what his expertise he is not necessarily an expert in atomic energy, in the various branches. It is often necessary to explain even to another scientist if he works in an entirely different field. So you tend to elaborate slightly on the terminology, without providing a glossary which would probably end up as big as the volume itself. In certain things such as the uranium mining you take it for granted you do not have to explain the mining terms; but when you get into more technical terms in the general

research chapters and so forth it is a matter of taking a view whether something is of sufficiently wide interest to require a certain amount of explanation. Sometimes, if it is highly technical, to explain is not going to prove of any greater value than just to give a few lines. The sort of essay I refer to might be about what the nuclear fuel cycle is, and would be written to explain a great deal of research that you have performed during the year in relation to the world nuclear fuel cycle situation. So you may tend to give half a page or a page pointing out the stages of the nuclear fuel cycle and then you report on your research after this. After you do it once you do not repeat it, or if you do you may give only a paragraph in a later report. For certain things such as radio-pharmaceuticals, you may find it necessary just to have a short introductory section to explain very briefly what nuclear medicine is. After that you assume that people have this knowledge.

Dr BLEWETT—Scientific workers regard the report as being really to alert them to the work that is being done rather than to provide them with substantive material about the research. Is that correct?

Mr Lane—It would vary. A certain scientific project may be in hand for, say, 12 years. Somebody gets the bright idea and there is a developmental period. Then there is the testing and perhaps industrial application. You have a changing attitude towards it all the time. When it is pure research it is written about entirely differently from once you obtain application. Once you have application, you tend to expand so that the industrial people reading it will also appreciate what is involved. Information about radioisotope on-stream analysis, for example, has changed in style in the reports over the years because it was once pure research, then it became applied research and now it is actually being used by industry—and the type of use is still expanding.

Dr BLEWETT—You said that you get quite a lot of letters of comment on the report. In the following year does the report consciously try to meet some of the comment or responses? Does the feedback play a role in the format or writing of the report in the following year?

Mr Lane—No, I would not think so. It certainly has not influenced me in any way. I have tailored the style of the report to the circumstances of the year. I put a submission to the Commission each year, up to roughly April-May, after discussions with various branch heads. I have set up a working party at our research establishment because there is such a wide field

there, and we thrash out the sort of things that should go in this year, how we should group them, and this type of thing. Then I prepare essentially a guide towards this in the shape of the report, and I provide a time-table and produce a preamble on it and a list of authors and so forth. We work to that and everything funnels through the editor. He then supplies material on several occasions to the Commission. We get feedback from the Commission on whether they like it, and what variations they want, and we slowly develop a report. With an organisation so complex in its work, it takes a great deal of effort to put this together, particularly as we start about May. Also, the overseas information for the last few months does not really start to percolate through until after your closing date; you are still getting material up to 30 June coming in as late as, say, August, so we have to do a lot of updating of the text as we go along. This creates a lot of problems from the editing point of view. But I think I have got used to this over several years.

Mr HOWE—In terms of the range of publications that you produce, are there any publications that do provide an opportunity for the Commission to comment on feedback or for people's views to be in fact expressed within Commission publications?

Mr Lane—Actually we publish very little on Ranger. The material in this one has been put together for the first time to show concisely the development of the Ranger project from the—

Mr HOWE—I did not ask about the Ranger project. Is there another publication that performs the role that Dr Blewett is getting at, in terms of providing opportunity for some dialogue or reaction to your report?

Mr Lane—This would probably appear mainly in our journal, *Atomic Energy in Australia*, which is a quarterly. If we find that there is a need or a request for a type of material, we will seek an article on this in more general terms to publish in the journal. Naturally we keep updating material as we go along. Ranger will be updated in the next report and the one after and so forth. As it expands it will have more devoted to it unless it produces its own report, which is a possibility also. But we have other publications with which we can respond to requirements. The philosophy we follow in all our publications is not to produce anything which could be classified as propaganda. Under the Atomic Energy Act we are instructed to collect and disseminate information on atomic energy, and we do this in as unbiased and balanced a form as we possibly can. This does not prevent

our being accused of leaning sideways. We may even go to extremes in trying to keep our material balanced and accurate, so that we can always fall back on other publications and so forth to keep our material unbiased. We do not use it in any way to push any particular facet of our work or even the particular drive of the Government at that time.

CHAIRMAN—In your latest report there were 21 black and white photographs. We have heard quite a number of opinions about photographs appearing in annual reports. Do you think they add anything to your report?

Mr Lane—Admittedly photographs to a certain extent have cosmetic value. There are some people who like to flip through and see photographs and then they will read; it is the magazine approach. I think, particularly in a report such as ours which is fairly lengthy, you do need illustrative matter. Our line drawings are always related to the text; they do not appear for any cosmetic purpose. The black and white photographs usually—I suppose 99 per cent of the time—illustrate something referred to in the text. We try not to repeat subjects *ad nauseam* and it is becoming increasingly difficult to find new photographs. I am inclined to think that this year there will be very few because there is very little new equipment and not a great deal of new activity which has not been covered pictorially before. I think most of the illustrations would be related to the uranium industry. But they have varied. Some years ago we did attempt to use coloured photographs. This was on the Jervis Bay occasion and the production problems exceeded, in my opinion, the value of attempting this type of material. We have also been inclined over, say, the last 10 years to give fairly small pictures. The trend in earlier reports were few but large pictures. We have done smaller pictures and a slightly larger number.

Dr BLEWETT—Could you enlarge on what you meant by production problems in relation to coloured photography?

Mr Lane—The main problem really is the initial problem which is the range of photographic excellence of the people producing the raw material. They tend to come from all over Australia, some are from the Northern Territory, some from Queensland and so forth, plus our own. There is the man at the bench who takes a photograph which cannot be repeated. So you get a wide range of illustrative material of which very little is really ideal. This is exaggerated when dealing with coloured material. You are

trying to get a balance of colour on the page unless you are just using one photograph to the page. Large reproduction pictures are quite expensive so you tend to cut your costs by putting a number on the page where you have the single four-colour run. So it is difficult to get an even balance of colour and you get horrible results turning up in the proof. Then you end up by having to rework certain blocks and so on. We print the whole of the body by letterpress; the cover has been printed in the last few years by offset. The reason for letterpress is to allow us to take in much more simply the continuing range of corrections which keep coming through with material being updated to 30 June. Frequently statistics will need analyses or something like this and although the work is finished by 30 June the evaluation may not be completed until, say, the end of July. Then we find the figure put down may not have been quite right and it has to be modified or we suddenly discover that in the number of power reactors there are two we had not taken into account and we change from 200 to 202. So to make simpler this updating process we have kept to letterpress. To give an idea of what can happen, on one occasion we had quite a few galleys which were rendered obsolete by the evaluations of the work, and they all had to be thrown back into the melting pot. If we had been working offset on this virtually nothing could have been salvaged, it would have been a reset. Admittedly with the computerised setting these days you can improve this somewhat.

CHAIRMAN—Why do you select your own printer rather than go through the AGPS?

Mr Lane—There are probably two reasons. One is that we have selected our own printer now for 25 years. The main reason is that we are situated entirely in Sydney; the main centre for the Australian Government Publishing Service is Canberra. It is very difficult for us to produce a definitive outline for quotation purposes. At the time you are normally seeking your quotations you are uncertain of the actual size or number of tables, half tones and so forth of the volume. The AGPS technique appears to be to spread the quotations to the widest possible extent. For example, I understand last year that one authority, say, situated in Melbourne could be printing in Brisbane. It is possible under the government system to find that our report is printed in Perth. This would produce, in my opinion, very substantial difficulties in finalising the report—keeping our flow of updates and corrections going and getting the report finished and available in time to meet the obligation to table within the current year. We have met this requirement

on every occasion except two; on both occasions this was because of delay of the Auditor-General's report, and on one occasion because of the approval of the form of our accounts for publication. It is essentially for convenience and tightening up of the production time-table to allow greater flexibility in the content. This becomes greater, of course, the larger the report. The longer the report the more this applies. I think with a shorter report it would not be quite so sensitive. It also gives us the opportunity, if anything alters at the last moment, of sending a person directly to the printer to correct on the stone if necessary. We have done this on many occasions—actually made the corrections and checked them on the stone while the machine is waiting for the next form.

Senator ARCHER—Looking at those first three or four paragraphs, how much of that do you believe ought to be reproduced in the 1978-79 annual report? How much of that has changed and how much of it is still the same?

Mr Lane—There are a number of things that could affect it. There is the INFCE study which could affect, and is likely to affect, the world recycling situation in the nuclear industry; there are the various results from the Carter policy, which reflect backwards and forwards particularly on the Western world energy situation; there is the strong thrust of Russia and the Eastern countries towards nuclear energy and the increasing difficulties in oil through OPEC and Iran, for instance. Most of these—certainly Iran—did not come into this report. It is a little difficult for me to make a definitive statement on this because we have an evaluation group at our research establishment whose main task is assessing the world situation. You need to know the world situation to be able to make any sort of reasonable assessment of potential market. This is looking forward over several years for uranium and the likelihood of growth or otherwise of nuclear power. The instruction I put out to the authors is to keep the material as concise as possible and not to repeat unless it is absolutely essential. My desire with the next report is to bring the size down by about 30-odd pages and to tighten up the whole thing.

Senator ARCHER—What staff do you have in the editorial division to look after this and other publications?

Mr Lane—First of all the types of publication we produce are the annual report, the quarterly journal and quite a substantial mass of general

information—once again under that atomic energy function to collect and disseminate information. So we would have a large range of titles operating which cover from the technical level down to, say, early high school level. The staff, as far as the publications side is concerned, is myself, an A grade, B grade and C grade journalist and the graphic designer, who used to be known as a creative artist in journalist terms. That is the full staff from the publications point of view. The research establishment also covers the pure technical publications—this is the technical report and so on which is mostly unreadable.

Senator ARCHER—That is straight scientific stuff?

Mr Lane—Yes. It is the straight scientific or straight technological report. They deal directly with the world technical journals; the trade journals and similar journals come into my field. They would have a scientific editor and an assistant scientific editor and then the normal clerical staff plus a small offset printery which produces all their material. That is more or less the split in the setup. As far as the public relations department is concerned, we also have two exhibitions officers and a clerical assistant. We are responsible of course for exhibition programs and general public relations activities which at present is essentially the answering of questions from the media and other places.

Senator ARCHER—Your offset arrangements would not be good enough to produce an annual report?

Mr Lane—They would be good enough given the time. They have a Heidelberg two-colour machine and automatic plate making equipment. It is very nicely equipped. It is what is normally referred to in the trade as a small printery and it operates with two senior technical people and a small number of assistants. They have a very big volume of printing to produce. They also cover all of the Commission's stationery and similar requirements. They do not have any typesetting facilities, incidentally, apart from the typewriter setting or the headline type photocopying and this type of thing. They could produce a report like this but they would need a long time to do it because all setting would have to go outside. You would not really save in cost very much at all.

Senator ARCHER—So you have a total editorial and printery staff of about 10?

Mr Lane—It is of this order and covers, I suppose, a couple of hundred publications: a year plus a great mass of oddments. We do use our research establishment a great deal for reprinting.

This keeps our costing down to an absolute minimum.

Senator ARCHER—In other words when you get your annual report out, you would take your offset photos from that and do these reprints?

Mr Lane—For example *The Ranger Uranium Project* reprint from AAEC's Twenty-sixth Annual Report was printed by the original publisher. We kept the two colour because of the two-colour breakup on the map. But others would have been printed by our own research establishment. We just do paste-ups for them.

Senator ARCHER—In your information you have mentioned that there are 400 copies for the in-house area and 400 for distribution somewhere else and 100 for somewhere else. That is only 900. How many do you print all together?

Mr Lane—I have a breakup on that for the Twenty-sixth Annual Report. We actually printed 3,377 copies; the order was 3,300. For commercial printing you have this plus or minus factor for overprints or underprints—it is invariably overprints, of course. The number distributed to date is 2,857, so we have approximately 500 left. That has to carry us through to approximately the time of the next report, say, September-October. Then we have to archive a certain number for library requests. We keep a permanent stock of say 50 copies or so and we can supply back issues then for several years. We keep getting requests even right back to Volume 1.

Senator ARCHER—Do you have copies of this available for purchase through the bookshops and other places?

Mr Lane—We negotiated at considerable length with the AGPS for them to distribute some of our publications, but from their point of view demand was too small. For instance the demand for our journal is too low for them to carry it unless we increase the price considerably.

Senator ARCHER—What about the annual report?

Mr Lane—This is provided free. We do not charge for it. We have never charged for an annual report.

Senator ARCHER—You mentioned in your submission that you have trouble obtaining audit certificates. What is the problem with this? Is this problem of any particular nature?

Mr Lane—It is not a publication function; this is purely a certain disagreement between the Department of Finance and the Commission perhaps in the presentation of its report and, on certain occasions, disagreement between the

Auditor-General and the Department of Finance. It is a triangle of three people.

Senator ARCHER—It is not the sort of argument you can win though, is it?

Mr Lane—I am afraid not. On roughly three occasions, for instance, I had the complete financial report set and the alterations were so significant that it was better to throw it away and start again. If you try to get in too early with this sort of statement this is where you get errors; sometimes certain material can accidentally be carried over into the current material and it can prove very embarrassing. As an example, last year we had our annual report completed in ample time to table in early October. We did not receive the Auditor-General's report in the finished form until 20 October. To meet the rising of the House, which only gave us two or three days, we were forced to print a very short run. We needed approximately 350 for parliamentary requirements. At least 50 per cent of the material was already printed, folded and waiting. We had to complete printing in about three working days by running 500 only, so that we could supply the report. We tabled on the last day of Parliament and then we had to turn around and re-run for the remaining stocks.

Senator ARCHER—How long had your books been with the Auditor-General?

Mr Lane—I have no idea. They were bouncing backwards and forwards fairly frequently.

Senator ARCHER—On 31 October 1978 your books went to the Auditor?

Mr Lane—The Auditor is the last man in the chain, of course. I think the interaction was essentially between the Commission's finance section and the Department of Finance. Of course the Auditor is making his comments from the side too, as I understand it. You are trying to meet the potential requirements of the Auditor-General.

Senator ARCHER—As I said facetiously a while ago, I say seriously now: it is the sort of argument you cannot win.

Mr Lane—This year we have been informed that the form has been agreed for our accounts. This has been a fairly long process. The Commission has changed to a certain extent in its functions. We have a semi-commercial function at the moment with part ownership of Mary Kathleen, involvement with Ranger, involvement with the consortium for the Ngalla Basin exploration program and a few things like this which were entered into in the time of an earlier government. It means that there is a lot of

clarification in terms of notes and so forth for expansion. The general functions of the Commission have been varied to some extent also.

Dr BLEWETT—Was there any problem in the previous year when the report did not come out until the autumn session of Parliament?

Mr Lane—I do not think we got the Auditor-General's report until well after the House had risen. The Auditor-General's report was actually dated 9 February 1978. We have adopted the practice since the beginning of dating the Commission's report, which is normally the letter to the Minister, with the same date as the date of the Auditor-General's report. We may have actually had our report available for completion, say, in October but we would still date our report the date of the Auditor-General's report. So in terms of printing it means you have to hold a small number of pages at the beginning—this year it was about eight pages—because you need to hold the contents and then because the Auditor-General's report is always near the back we have to hold everything from the finance report, which is the last item of the general chapter, to the end of the report. So those sections are held and the first eight pages are held. We can paginate right through to 'Finance' but it is very difficult to paginate after that and to print the middle section. This is because of uncertainty as to the actual length of the Auditor-General's report and whether it may spill over to a second page. This is what we normally do: We print the whole body of the report, including the cover, and we hold the front and back. This is why we can normally come in quite rapidly—about a week—after we receive the Auditor-General's report. On two occasions we have completely missed a session, and gone over to the next year. Both occasions have been because of delays with the Auditor-General's report, irrespective of what the reasons were, of course.

CHAIRMAN—Is there anything further you would like to add at this stage?

Mr Lane—We have tried to maintain a continuity of content of the report. To reiterate, the prime function of it has been to produce a single volume, in the form of an annual report for Parliament, that could be a reference volume together with the report, and to place the whole of the industry on a balanced footing. My own opinion is that this has tended to be successful. The feedback question is a difficult one to answer because so much of it involves personal communication. In the past we have had a number of letters, from people such as representatives of the United States Atomic Energy Commission which

is no longer with us, who have stated that it was a fine report. Mostly they are comments which come in letters to the General Manager or to the Chairman. I remember on one occasion there was a letter from the South African Atomic Energy Commission which stated that this was a particularly good method of presenting the general information, particularly on the uranium industry, to place it in the world context and not in isolation. We have tended over recent years to follow this policy. With the growing of the Ranger uranium project, for the sake of argument, I feel there would be a tendency now to swing back more towards Australian industry and to downgrade the international situation to some extent; particularly if the Commission is not the responsible authority for the marketing of uranium.

Dr BLEWETT—That reminds me of another question. Do you have a standard overseas distribution?

Mr Lane—Yes. It goes first of all to all the atomic energy organisations and similar organisations and to some of the major libraries—those which have requested it. It goes to our atomic energy counsellors, who in turn have their own distribution. This may not be huge, say up to about 50 copies. It is distributed widely to the various embassies, consulates, high commissions, trade commissions and so forth. This is done in part by ourselves and in part by the Australian Information Services. Our normal immediate distribution would be about 2,000, which includes Australia. The parliamentary-type distribution in Australia is the standard parliamentary distribution for the Senate and the House of Representatives, and we send it to the Ministers and heads of departments in the State Parliaments. We deal with most of the public response to it through the reprints, although if a person is doing a research project or needs the complete report then we send him a complete report. But we have tended to operate essentially through that requirement of our function that we disseminate the information, and we use this as one of our information documents.

CHAIRMAN—Thank you for appearing before the Sub-committee this morning, Mr Lane. It is very much appreciated.

Short adjournment

Mr William James RUSHTON, Administrative Services Officer, Snowy Mountains Engineering Corporation, Cooma, New South Wales, and.

Mr John Cyril WOOD, Head, Technical Services, Snowy Mountains Engineering Corporation, Cooma, New South Wales, were called and examined.

CHAIRMAN—In what capacity do you appear before the Sub-committee today?

Mr Rushton—One of my tasks is to collate the annual report, to get all the information into it and, in conjunction with Mr Wood, to publish it.

Mr Wood—I am the head of technical services, which involves publication activities and editorial activities. The annual report is one of the tasks in which I help Mr Rushton, as is general liaison with the printing side of procedures.

CHAIRMAN—Does either of you wish to make any statement further to that contained in the submission prior to the Sub-committee directing some questions to you?

Mr Rushton—No, we believe our statement covers the position fairly well. The only point I would like to make is that we were perhaps a little heavy on the Auditor-General, where we said he kept us waiting for his certificate, and we would like to say that we get great co-operation from him. It is a fact of life that he has a lot of work to do and we do not always get there on time.

CHAIRMAN—It is therefore proposed to take your submissions as read and to incorporate them in the transcript of evidence. Are members of the Sub-committee agreeable to the incorporation of the submissions? There being no objection, it is so ordered.

The documents read as follows—

Snowy Mountains Engineering Corporation
Engineering Consultants
Monaro Highway, Cooma, NSW
P.O. Box 356, Cooma North, NSW, 2630 Australia
Telex: AA 61025
Cables: SNOWYCORP Cooma
Telephone: (0648) 21777
19 February 1979

Mr B. Wright,
Clerk to the Joint Committee
on Publications,
Parliament House,
Canberra, ACT 2600

Dear Mr Wright,

Subject: Annual Reports Investigation.

I am pleased to provide the updated information on the preparation, printing, presentation to Parliament and distribution of the Corporation's Annual Reports covering the last five years.

Yours sincerely
D. G. PRICE
Director

SNOWY MOUNTAINS ENGINEERING CORPORATION

Answers to Questions raised relating to Annual Reports of Commonwealth Departments and Statutory Authorities

1. (a) The Annual Report is presented to Parliament pursuant to Statute but no date of presentation is specified. The Act reads:

The Corporation shall as soon as practicable after each thirtieth day of June . . . furnish to the Minister a report of its operations during the year . . . together with financial statements . . . The Minister shall lay the report and financial statements . . . before each House of Parliament with fifteen sitting days . . . after their receipt by the Minister.

(b) The dates of presentation of the Annual Reports for each of the last five years are:

1973-74—19 September 1974
1974-75—Interim—1 October 1975; Final—21 October 1975

1975-76—21 September 1976
1976-77—1 November 1977
1977-78—12 October 1978.

2. The main reason (apart from the Statutory obligation) for the Corporation's preparing and tabling an Annual Report in Parliament is to make information available about the work done by the Corporation both in developing countries overseas and for Government and semi-Government Bodies in Australia. It is hoped that in this way more use may be made of the Corporation's resources and skills by other Government Bodies as well as private enterprise.

3. A brief description is given below of the information contained in the Annual Report:

- (a) **Statutory Requirements**—
Letter of transmittal from Director to Minister
Resume of year's activities in Australia and overseas
Auditor-General's certificate
Balance Sheet and Profit and Loss Account
Resume of staff and administrative development in year
- (b) **Description of Activities**—
Brief covers of the reason for our existence
Outline of year's trends in the field of practice
Description of the larger assignments in consultative engineering undertaken during the year specifying clients and particular aspects of the work
Map showing countries in which work has been carried out and the type of engineering undertaken
Outline of new developments in procedures, staffing policy and facilities
- (c) **Content of Public Relations Nature**—
The report contains photographs and sometimes biographical information which could be considered to be of a public relations nature.
- (d) **Any Other Content**—
Certain items recorded are written with not only the Parliament and the general public in mind, but also the staff of the Corporation to indicate the trends and policies of the organisation in matters affecting their interests.

4. It is considered that material of a public relations nature should be included in our Annual Report because the Corporation is a Government organisation competing with private enterprise and the inclusion of biographical references to senior personnel together with their photographs is a necessary tool for the development of client/Corporation relationships in the consultative field. For example, a stereotype approach where all communication is initially made by

clients addressing 'XYZ Department' and being shunted through switchboards rather than being allowed immediate access to 'Chief Engineer Ralph Jones' lends nothing to the establishment of personal contact so essential in fostering reliance in the availability of experts willing to give advice. If it were not permissible to include some material of a public relations nature, it would be necessary for the Corporation to prepare a separate publication to include this material at a much greater overall cost.

5. The size of the report has increased from 30 pages in 1970-1971 to 66 pages in 1977-1978. The growth in size has been due to the increase in volume and scope of activities since the Corporation was established eight years ago. In addition the Corporation has become more aware of the requirement to inform all sectors of the community of the role invested in the organisation by Parliament. Further increases in the size of the report are not considered likely.

6. The production of our recent Annual Reports have not been arranged through the AGPS in the terms of the question. Through past experience in working with the AGPS we have established a procedure in line with the policies of the AGPS and indeed, we seek their advice in:

- the latest Government requirements/restrictions on the use of Annual Reports;
- the competent printers available for quotation;
- the scheduling of the printing program.

We have found in the past that Cooma's remoteness from the printing centres and from Canberra, coupled with the short time between completion of information required for the report and tabling the report during the 'Estimates Debate', precludes any arrangements but direct access to the printing establishment chosen for the particular report. The AGPS has been more than helpful and, were the time limits less restrictive, we should be more than happy to arrange with AGPS for their complete supervision of all the printing requirements. The AGPS reviewed our 1976-1977 report with a view to redesigning the layout of considered necessary and suggested areas which might be improved by a slightly different treatment. This liaison with the Australian Government Publishing Service will be constantly maintained.

7. Production standards requested for last two Annual Reports include:

- Type of paper—Cover: 250 gsm one-sided 'Kromecote'; Text: 141 gsm white art; Finance: 1976-77 Report: 'Beckett Cambrie'; 1977-78 Report: 141 gsm white art.
- Colours of print:
 - 1976-77 Report—General text: black; Headings: PMS 150; Artwork: PMS 150 + black.
 - 1977-78 Report—General text: black; Headings: PMS 300; Artwork: PMS 300 + black.
- Photographs—black and white and 4-colour:
 - 1976-77 Report—Black and white (24): 5.2 pages of the 10.6 pages allowed; 4-colour (30): 5.4 pages of the 5.4 pages allowed out of 64 pages in book.
 - 1977-78 Report—Black and white (18): 2.6 pages of the 11.3 pages allowed; 4-colour (24): 6.5 pages of the 5.7 pages allowed out of 68 pages in book.

8. The present arrangements with the AGPS concern competence of printers and assistance with style. It is considered that our remoteness from Canberra and from Sydney and Melbourne, and the shortness of time between preparation of final copy and date of tabling in Parliament, do not allow the AGPS to act in the link between the Corporation and the printer. The present design of the Annual Report was created by the AGPS and has been updated slightly by the AGPS recently.

9. Yes, the Corporation complies with the Treasury Circular G4 except in paper weight where the style of the report does not always suit the weights specified.

10. Yes, the production standards of the proposed new circular are acceptable except in the matter of item 24 which deals with biographical details, as explained in answer to Question 4 above.

11. The preparation of a timetable for all dates in the production of a report in the present time allowable is not possible because of variables beyond the control of the publications team. For example, the financial statements of the Corporation cannot be completed until all overseas banking and project accounts are finalised. Financial matters are referred to in other sections of the report as well as in the 'finance' section; this prevents the printing of any section of the report until the Auditor-General's approval has been obtained. To edit out all finance references in other areas of the text would destroy the coherence of the report. The timetable suggested by the Controller, AGPS, on page 8 of his submission of August 1974 is therefore impracticable. If the report were to be tabled in late September, then a workable timetable could be prepared and probably achieved. The tabling of an annual report 6 weeks after the close of the financial year is just not possible.

12. Arrangements are made upon placing the printing contract with a printer for direct liaison between the AGPS and the printer for the provisions of the Parliamentary Paper edition.

13. The financial statements are audited by the Auditor-General. Delays in tabling the reports in Parliament have occurred as a result of the time involved in:

- Finalising the financial statements—not possible until early August.
 - Completion of auditing the statements by officers of the Auditor-General's Department on our premises—not possible until mid-August.
 - Completion of the review by the Auditor-General—not possible until early September.
 - Completion of printing of the final copy—not possible until mid-September at earliest.
14. Yes—it was necessary for the Corporation to present an 'Interim' Annual Report to Parliament on one occasion during the last five years.

- It is considered that the reason why it was not possible to produce the 'Final' Report at the appropriate time was because the Auditor-General was not able to issue his Certificate in what we considered was a reasonable time.
- Interim Report presented on 1 October 1975 and Final Report on 21 October 1975.

15. The 'internal' distribution of the Annual Report is:

- Official Use 850—includes requirements of Parliament and distribution to staff.
- Free Issue 1,000—includes Commonwealth and State Government Departments and firms for which the Corporation has worked or has prospects of work. It includes 1,000—up to 6 copies of the Annual Report are included with each proposal submitted by the Corporation in a bid to win new work and copies are also included in our 'letters Interest' 'Interests' to firms and organisations.

16. The Corporation has not carried out a survey with known users of our Annual Report nor has it received any suggestions to improve the content of the Report; however, most of the text relating to a particular project is cleared with the client concerned prior to publication. In addition, we have had many congratulatory remarks on the Report from clients and others and received commendations from the Australian Institute of Management.

17. Financial statements are included in our Annual Report and do cover the same period as the Report.

18. The cost (excluding Corporation salaries) of producing the Annual Reports for the last three years as follows:

1975-76—\$7,854
1976-77—\$6,265
1977-78—\$14,834

It should be noted that the costs incurred in producing the Corporation's Report are recouped by professional fees charged to clients for its services. They are not a charge against Australian Government's Budget.

19. The only reports emanating from the Corporation in the last two years which have been tabled in Parliament have been our Annual Reports. On each occasion sufficient copies to effect the standard Parliamentary distribution were provided.

Snowy Mountains Engineering Corporation
Cooma North, NSW 2630
9 January 1977

The Chairman
Joint Committee on Publications
Parliament House
Canberra, ACT 2600

Dear Sir

As promised in my letter of 22 December 1976 I attach answers to the questionnaire relating to Annual Reports of Commonwealth Departments and Statutory Authorities.

Yours faithfully
D. G. PRICE
Director

SNOWY MOUNTAINS ENGINEERING CORPORATION

Answers to Questionnaire relating to Annual Reports of Commonwealth Departments and Statutory Authorities

1. (a) The Annual Report is presented to Parliament pursuant to Statute but no date of presentation is specified. The Act reads:

The Corporation shall as soon as practicable after each thirtieth day of June . . . furnish to the Minister a report of its operations during the year . . . together with financial statements . . . The Minister shall lay the report and financial statements . . . before each House of Parliament with fifteen sitting days . . . after their receipt by the Minister.

(b) The dates of presentation of the Annual Reports for each of the last five years are:

1971-1972—19 September 1972
1972-1973—25 September 1973
1973-1974—19 September 1974
1974-1975—Interim—1 October 1975. Final—21 October 1975.
1975-1976—21 September 1976.

2. The main reason (apart from the Statutory obligation) for the Corporation's preparing and tabling an Annual Report in Parliament is to make information available about the work done by the Corporation both in developing countries overseas and for Government and Semi-Government Bodies in Australia. It is hoped that in this way more use may be made of the Corporation's resources and skills by other Government Bodies as well as private enterprise.

3. A brief description is given below of the information contained in the Annual Report:

- Statutory Requirements—
Letter of transmittal from Director to Minister.
Resume of year's activities in Australia and overseas.

Auditor-General's certificate.

Balance Sheet and Profit and Loss Account.

Resume of staff and administrative development in year.

- Description of Activities—
Brief coverage of the reason for our existence.
Outline of year's trends in the field of practice.
Description of the larger assignments in consultative engineering undertaken during the year specifying clients and particular aspects of the work.
Map showing countries in which work has been carried out and the type of engineering undertaken.
Outline of new developments in procedures, staffing policy and facilities.

(c) Content of Public Relations Nature—
The report contains photographs and sometimes biographical information which could be considered to be of a public relations nature.

- Any Other Content—
Certain items recorded are written with not only the Parliament and the general public in mind, but also the staff of the Corporation to indicate the trends and policies of the organisation in matters affecting their interests.

4. It is considered that material of a public relations nature should be included in our Annual Report because the Corporation is a Governmental organisation competing with private enterprise and the inclusion of biographical references to senior personnel together with their photographs is a necessary tool for the development of client/Corporation relationships in the consultative field. For example, a stereotype approach where all communication is initially made by clients addressing 'XYZ Department' and being shunted through switchboards rather than being allowed immediate access to 'Chief Engineer Ralph Jones' lends nothing to the establishment of personal contact so essential in fostering reliance in the availability of experts willing to give advice. If it were not permissible to include some material of a public relations nature, it would be necessary for the Corporation to prepare a separate publication to include this material at a much greater overall cost.

5. The size of the report has increased from 30 pages in 1970-1971 to 58 pages in 1975-1976. The growth in size has been due to the increase in volume and scope of activities since the Corporation was established six years ago. In addition the Corporation has become more aware of the requirement to inform all sectors of the community of the role invested in the organisation by Parliament. Further increases in the size of the report are not considered likely.

6. The production of the last Annual Report has not been arranged through the AGPS in the terms of the question. Through past experience in working with the AGPS we have established a procedure in line with the policies of the AGPS and indeed, we seek their advice in:

- the latest Government requirements/restrictions on the use of Annual Reports;
- the competent printers available for quotation;
- the scheduling of the printing program.

We have found in the past that Cooma's remoteness from the printing centres and from Canberra, coupled with the short time between completion of information required for the report and tabling the report during the 'Estimates Debate', precludes any arrangement but direct access to the printing establishment chosen for the particular report. The AGPS has been more than helpful and, were the time limits less restrictive, we should be more than happy to arrange with AGPS for their complete supervision of all the printing requirements. It is hoped that the AGPS will be available later this year to review our 1975-1976 report with a view to

redesigning the layout if considered necessary and suggesting areas which might be improved by a different treatment.

7. Production standards requested for last two Annual Reports include:

(a) type of paper cover—250 gsm single side 'Kromecote', text—135 gsm white matt, finance—124 gsm 'Glastonbury Antique'.

(b) colour(s) of print:
1974-75 Report—General text: black; headings: PMS 549; art: PMS 549 + black.

1975-76 Report—General text: black; headings: PMS 577; art: PMS 577 + black.

(c) photo—black and 4-colour:

1974-75 Report—black and white: 20—4.5 pages/of 8.1 pages allowed; 4-colour: 23—5.5 pages/of 5.4 pages allowed out of 54 pages in book.

1975-76 Report—black and white: 17—4.5 pages/of 8.7 pages allowed; 4-colour: 26—5.5 pages/of 5.8 pages allowed out of 58 pages in book.

8. The present arrangements with the AGPS concern competence of printers and assistance with style. It is considered that our remoteness from Canberra and from Sydney and Melbourne, and the shortness of time between preparation of final copy and date of tabling in Parliament, do not allow the AGPS to act in the link between the Corporation and the printer. The present design of the Annual Report was created by the AGPS. It is considered that this could be changed and advice will be sought on this matter later this year.

9. Yes, the Corporation complies with the Treasury Circular G4 except in page weight which the style of the report does not always suit the weights specified.

10. Yes, the production standards of the proposed new circular are acceptable except in the matter of item 24 which deals with biographical detail, as explained in answer to Question 4 above.

11. The preparation of a timetable for all dates in the production of a report in the present time allowable is not possible because of variables beyond the control of the publications team. For example, the financial statements of the Corporation cannot be completed until all overseas banking and project accounts are finalised. Financial matters are referred to in other sections of the report as well as in the 'finance' section; this prevents the printing of any section of the report until the Auditor-General's approval has been obtained. To edit out all finance references in other areas of the text would destroy the coherence of the report. The timetable suggested by the Controller, AGPS, on page 8 of his submission of August 1974 is therefore impracticable. If the report were to be tabled in late September, then a workable timetable could be prepared and adhered to. But the tabling of an annual report 6 weeks after the close of the financial year is just not possible.

12. Arrangements are made upon placing the printing contract with a printer for direct liaison between the AGPS and the printer for the provisions of the Parliamentary Paper edition.

13. The financial statements are audited by the Auditor-General. Delays in tabling the reports in Parliament have occurred as a result of the time involved in:

(a) Finalising the financial statements—not possible until early August.

(b) Completion of auditing the statements by officers of the Auditor-General's Department on our premises—not possible until mid-August.

(c) Completion of the review by the Auditor-General—not possible until early September.

(d) Completion of printing of the final copy—not possible until mid-September at earliest.

14. Yes—it was necessary for the Corporation to present an 'Interim' Annual Report to Parliament on one occasion during the last five years.

(a) It is considered that the reason why it was not possible to produce the 'Final' Report at the appropriate time was because the Auditor-General was not able to issue his Certificate in what we considered was a reasonable time.

(b) Interim Report presented on 1 October 1975 and Final Report on 21 October 1975.

15. The 'internal' distribution of the Annual Report is:

(a) Official Use 750—includes requirements of Parliament and distribution to staff.

(b) Free Issue 600—includes Commonwealth and State Government Departments and firms for which the Corporation has worked or has prospects of work.

(c) Other 500—up to 6 copies of the Annual Report are included with all proposals submitted by the Corporation for new projects.

16. The Corporation has not carried out a survey with known users of our Annual Report nor has it received any suggestions to improve the content of the Report; however, most of the text relating to a particular project is cleared with the client concerned prior to publication.

17. Financial statements are included in our Annual Report and do cover the same period as the Report.

18. The cost (excluding Corporation salaries) of producing the Annual Reports for the last three years are as follows:

1973-74—\$9,755

1975-76—\$9,295

1975-76—\$7,854

It should be noted that the costs incurred in producing the Corporation's Report are recouped by professional fees charges to clients for its services. They are not a charge against Australian Government's Budget.

19. The only reports emanating from the Corporation in the last two years which have been tabled in Parliament have been our Annual Reports. On each occasion sufficient copies to effect the standard Parliamentary distribution were provided.

CHAIRMAN—What do you see as the purpose of your annual report, and to whom is your report directed?

Mr Rushton—The report is mainly to inform our Minister of our work throughout the year, and through him the Parliament. We also write it directed towards our staff. We are the same as any engineering corporation; all we sell is staff expertise. We have nothing else to sell, so we like to keep our staff on side and let them know what is going on and how the Corporation is faring. We are one of those lucky organisations which go out of existence if we do not make a profit. So we have to make a profit, and everything is directed towards that, including trying to get our staff on side. The main thing is to inform our clients of what type of work we do. As you know, we work in all fields in engineering and in all countries of the world—mainly in South-East Asia, but we will go anywhere. And it is most important to inform our prospective clients of our ability to carry out certain tasks. The report contains most of our projects, large ones and small

ones; we pay particular attention to the small ones because our clients like us to keep them in there, and also we like to let them know that we are interested in small jobs as well as large ones.

CHAIRMAN—In your submission you indicated that you feel public relations-type material is justifiable. Will you elaborate on this and also tell us if you get any feedback which indicates its value as a public relations document?

Mr Rushton—We feel it is vital, our very life blood, to get jobs overseas. As you know, we are in a very competitive marketplace. We compete with not only Australian engineering consultants but engineering consultants worldwide. There may be 30 people showing interest in every job we put in for overseas. Of these, perhaps seven people are invited, and once you get invited you have one in four or five chances of getting selected. So we have to have a good document to cover our proposal and the report is directed towards that. It is a fairly pretty publication, if you like, with lots of colour photographs; we consider this vital. And on the public relations side, you will notice, we have photographs of our Director and the two Assistant Directors. We also feel this is necessary because when the Director goes overseas he is immediately known by this. They may have to do a lot of carpetbagging to get work for this type of corporation, and we find it very necessary for them to do that. We get a lot of feedback when people write back and say what an excellent report it is. Before we include work on a particular project we check with the clients to make sure they are happy with our approach, and invariably they are; they appreciate being asked and they like to see the work included. The Director was telling me yesterday that when he was in Nepal last week the chairman of one of the electricity corporations over there congratulated him on the report and told him how well it was done. We do get a lot of comments like this.

CHAIRMAN—Do you print any other public relations documents at all?

Mr Rushton—We do put out one other brochure. We have been in existence now for nearly 10 years and we put out a brochure when we first started. We intend to update that brochure about every four or five years. We have had only two; we put the second one out last year. But we have the report for our yearly work; if we had to update the brochure every year to keep up with trends it would be a very costly hobby.

CHAIRMAN—Do you have a copy of this other document?

Mr Rushton—I do, yes.

Senator ARCHER—Do you have a copy of this other document?

Mr Rushton—I do, yes.

Senator ARCHER—It is a basic public relations document, I presume.

Mr Rushton—Yes, you might call it a public relations document; it does show all our fields of expertise. It also has photographs and shows how many dams we build, how many tunnels, how many pipelines, how many roads overseas, and this type of thing.

Senator ARCHER—Considering that you have a document of that sort, do you believe that the annual report should be, I suppose you would say, sufficiently complementary as to be fairly similar in many respects?

Mr Rushton—These publications are very dear to put out, as you are well aware. As I said, that is the second in 10 years; we would not like to have to do that every year. The trends in engineering change so greatly that we have to report on our up to date work.

Senator ARCHER—Could you produce a much larger number of those and cut your annual report down to a purely informational document to comply with the statutory requirements, in, as you might say, minimum form? The statutory requirements are of little consequence to people in Nepal or Thailand.

Mr Rushton—That is certainly true, but we do not feel that is the right way to go about it because the one document can do the two sides of the work.

Senator ARCHER—Why do you want that one, then?

Mr Rushton—That goes back over the years, over a lot of the Snowy Mountains Authority work, showing how we built the dams many years ago. The current one shows the current work we are on.

Mr Wood—The other point is that the items in here are all factual; it is not for public relations and to sell a point. They are all actual items covered in that particular year and they do range through very minor items which will attract work, whereas the brochure can only be general to, say, our fields of practice. These reports show the actual applications of those activities in various countries of the world and various types of engineering construction. From that point of view it becomes nothing more than a factual account of the year's activities.

Senator ARCHER—What happened between 1976-77 and 1977-78 that put the cost of it up from \$6,265 to \$14,834?

Mr Wood—The earlier one, the relatively cheap one at \$6,000, was quoted originally at

\$4,000 and we jumped at that. We sought information from the Australian Government Publishing Service as to the merits of the printing firm which was offering this price but AGPS had no information on this particular firm. They suggested we go down and see the firm and bring back samples of their work; this we did. They said they could not see anything wrong with the firm but they had never used them before, so there was some doubt. They advised us to go ahead and see what resulted, saying that they were rather interested in the outcome. So we went ahead. Half way through the preparation of the report we found the firm had misquoted; they had forgotten to put in all the colour work. That pleased us in one way, but we were already into the job and could not turn around and change what we were doing. We then put pressure on them to charge the increase virtually at cost only, and they did so. They were not a very reliable firm and we would never go back to them. Not only was their price cheaper but the time they took was long. Thirty-five days elapsed between the go-ahead and tabling in Parliament, mainly because of errors in their production and also because they were feeding false information to us.

Dr BLEWETT—Would these expenses lead you to work with AGPS rather than with such a firm?

Mr Wood—I normally communicate with AGPS first of all, and find out whether our list of reputable firms still holds good. They will tell me that a firm has come off or another firm has come on. Then I write to our supply area and ask that the quotations be called for. The only reason that other firm was considered is that unfortunately the supply people were a bit enthusiastic and went wider than I had suggested; because these other people had written to the Corporation seeking work they were placed on the same list of tenders, that is of prospective printers. So tenders were received from them; normally we would not go to a fly-by-night firm. Generally we are guided by AGPS, and in future we certainly will be, after that experience.

Senator ARCHER—How many did you get printed in this last 1977-78 run?

Mr Wood—We increased it on the previous figure, which would make a slight difference to the colour work.

Mr Rushton—We probably had about 3,000 done.

Senator ARCHER—Does that include the ones for AGPS use?

Mr Wood—No, they would be on top of that. **Senator ARCHER**—Do you know how many?

Mr Wood—They had a very small number.

Mr Rushton—I think it was something like 500.

Mr Wood—It was probably even fewer than that.

Senator ARCHER—And that is just done as a straight run-on from your own requirements?

Mr Wood—The AGPS requirements now for run-on copies are easier for the printer, in that all AGPS is doing is putting a wrapper round it. They used to strip off the cover. The previous requirements in the specification, about having information on the cover, will not necessarily apply if they are going to do this with all reports. You were not in the past allowed to have information on the cover which you could refer to in the reports. Now perhaps you will be able to.

Mr Rushton—We work very closely with the AGPS, even though we do not work directly with them. We go to them each year to see if our style is all right and they say it is; we go to them to get the printers and then we call our own quotations.

Senator ARCHER—Do you find that their service is good and their information is desirable and all those sorts of things?

Mr Rushton—As we use them it is very good. It is a good relationship.

Senator ARCHER—Do you pay them for that?

Mr Rushton—No.

Mr Wood—The brochure was also arranged entirely through AGPS. We went to them for the quotations. They put out the specification for the design of the brochure, and then they gave us the designer, arranged for interviews, and arranged the letting of the contract. Then they left it with the designer, who had the whole of the printing arrangement anyway. So that brochure went entirely through them. We would prefer to do that.

Senator ARCHER—Do you believe that the AGPS should be able to provide that sort of service for all departments and all instrumentalities?

Mr Wood—Able, yes, certainly.

Senator ARCHER—Do you feel from your own experience that it would be desirable as well?

Mr Wood—Except as far as timing. The Snowy Mountains Engineering Corporation developed from the Snowy Mountains Authority

and we were also involved with the Snowy Mountains Authority. In the past the AGPS did produce our documents. Gradually the timing became more difficult until they themselves allowed us to go directly with the printer for proofing purposes and such like. So we gradually moved away from the control of the AGPS with the printer because of the difficulties. We are in Cooma; we are not in Canberra or in Melbourne or Sydney. So we need direct access with the printer to keep the work on schedule. We do feel our timing is probably as good as that of any other government department as far as tabling is concerned. We have no full records but we do believe we are in time for the Budget session and that is pretty hard to maintain.

Mr HOWE—Where are these firms that you are talking about to be located?

Mr Wood—What I think you must look at is the air transport facility. If we had airlines running to Melbourne or Sydney it would be ideal. At present we do not have direct contact by air with Melbourne so we would prefer Sydney if at all possible, or Canberra.

Mr HOWE—What was the location of the firm that produced that report?

Mr Wood—The last one was in Melbourne.

Mr Rushton—It was printed in Maryborough but the office is in Melbourne.

Mr HOWE—I cannot quite follow that. I cannot see why, if you are located in Cooma which is not a long way from Canberra, and the facilities are here in Canberra, you would go and deal with a private organisation that has its head office in Melbourne and is actually printing in Maryborough.

Mr Wood—I do not think the AGPS has one of its recommended firms in Canberra. I think all their firms are in Sydney or Melbourne or Maryborough. The reason we find it time consuming is because the material would have to come to Canberra through that intermediate party before it got to Cooma and we have no direct access with air flights from Melbourne to Canberra to Cooma.

Mr Rushton—We can get the material from Sydney or Melbourne directly to us. We work on it overnight sometimes until 3 or 4 o'clock in the morning—I know parliamentarians also work all night—to get this turnaround at this critical period before it comes to the Parliament. You have to get this back to them within 24 hours. That is the only way you can do it. If it came from the printer to the AGPS to us, then back to the AGPS and back to the printer we would not get

the turnaround that we do now. We have tried it before but we cannot do it.

Senator ARCHER—We have one submission that has argued for much greater financial and administrative detail to be included in reports—for example cost benefits analyses of programs, comments on industrial relations, efficiency and resource allocations, et cetera. Would authorities such as yours be able to provide these details? Should they have to and how long would it take?

Mr Rushton—That is a good question. That submission is no doubt from the Australian Institute of Management, I would be surprised if it is not. We have been very close to the AIM with their annual report award for many years. We have won awards before and obtained honourable mentions. We believe the only reason that we do not obtain a better award each year is because our financial details are not as great as they would like. The reason they are not as great as they would like is that the Treasurer and the Department of Finance are quite happy with this. We are not particularly keen on telling our competitors exactly the make-up of our profit and loss as would be necessary if we were a public company because, as we are in the market place in direct competition, we do not want to go into much more detail with our finance.

Senator ARCHER—I understand.

Mr Rushton—There is one thing I would like to put to you: There is no way in the world that we can get the report in before mid-September with the present system closing at the end of June. We have some 60 bank accounts throughout the world and we have to get statements from these. They are all in isolated little spots; they are in Borneo and Thailand and such places and we cannot get these back much before the end of July. We finish our accounts at the end of July and hand them to the Auditor-General's staff. They spend about a fortnight on them. After they work out how much profit we have made for the year, we then have to go to our Minister who goes to the Treasurer to see how much money we pay the Government as a dividend from our successful year. We never get that back before August at the very earliest. After that we then present our accounts to the Auditor-General for signing and he takes about a fortnight or three weeks for them. We could not possibly get it out before the middle of September, and that is really too late for the Budget estimates.

Senator ARCHER—Yes. We noticed that the Auditor-General had received your accounts on 5 September 1978.

Mr Rushton—That would be true. We wrote to our Minister on 8 August to say that our accounts were ready and he wrote to the Minister for Finance. We did not get back from him until 29 August how much dividend there would be. It is only then that we can finalise our accounts properly. So we got it to the Auditor-General within five days.

Senator ARCHER—I personally am not terribly critical about the fact that you are able to get them out only when you did. I do concede that you have a lot more difficulties because of the operation firstly in getting your figures in and, secondly, in having them consolidated and approved by Treasury than many other departments and/or instrumentalities.

CHAIRMAN—Thank you, gentlemen for appearing before the Committee.

Professor Rex Charles OLSSON, President-elect, Board of Directors of the Australian Institute of Management (NSW Division), was called and examined.

CHAIRMAN—Would you please state the capacity in which you appear before this Sub-committee?

Prof. Olsson—I should comment as follows: The original written submission which forms the basis of my evidence was made at the request of the Board of Directors of the Australian Institute of Management, New South Wales division. I should like it to be noted that the Australian Institute of Management is primarily an educational institution and has no provision in its constitution for its executives to make representations on behalf of its diverse membership. However the views I hold concerning annual reports are in keeping with those of the Board of Directors of which I am president-elect and with those of the members of the AIM's annual report award committee of which I have been a chairman and member over the past 10 years.

CHAIRMAN—Do you wish to make any statement further to that contained in the submission prior to the Sub-committee directing questions towards you?

Prof. Olsson—Not at this stage.

CHAIRMAN—It is therefore proposed to take your submission as read and to incorporate it into the transcript of evidence. Are members of the Sub-committee agreeable to the incorporation of the submissions into the transcript of evidence? There being no objection it is so ordered.

The document read as follows—

JOINT PUBLICATIONS COMMITTEE

Enquiry into Annual Reports of Australian Government Departments and Authorities

Submission by Professor R. C. Olsson
The University of New South Wales

Introduction

Australian government departments and authorities, marshal and deploy vast resources on behalf of the people of Australia or particular groups. These resources include public funds, materials and people who work for them, and deep and responsible levels of accountability are to be expected in each of these areas. There is a further reason for expecting high reporting standards—many of the public entities are in a monopoly position, and comparison with similar or competitive organisations being lacking, the public are entitled to detailed and meaningful reports.

The standards of annual reporting of Public authorities vary considerably and depend on the appropriate statutory requirements and/or informational needs of the relevant minister or other initiating authority.

It is unrealistic, however, to expect that the statutory and other regulatory requirements can provide for all of the informational needs of the diversity of public entities. It is suggested, therefore, that the informational content of annual reports may often exceed the formal statutory requirements. The extent of this additional information would necessarily depend on the nature and function of a particular organisation.

What Should be the Aim of an Annual Report?

An annual report should be one of the most effective means of communication between the public authority and the public. It should be designed to provide information about the organisation, what it does, how it functions, the constraints under which it operates, how it serves the community and how it meets its public responsibilities. Above all it should provide sufficient qualitative and quantitative information to enable a reader to form a reasonable opinion about the organisation's performance and future prospects.

What Should the Annual Report Contain?

The following check-list is suggested as a basis on which the informational content of a particular public entity may be developed. It is obvious that not all of these items of information will be appropriate in every case. However this check-list may provide a general guide.

Check-list for Informational Content of Annual Reports of Departments and Statutory Authorities

1. Objectives and Basis of Authority

- 1.1 Brief details of the statutory or other authority for entity's establishment.
- 1.2 Description of the aims and objectives of the entity together with a statement of the specific services provided.
- 1.3 Classification of operations with respect to geographical location, sectors of the community served, and other relevant matters.

2. Organisation and Policy

- 2.1 Description of operating or administrative structure, including names of board and committee members, and key personnel together with their areas of responsibility, and/or organisational chart.
- 2.2 Adequate comment on policy and policy changes, present or proposed, together with a statement of the bases upon which policy decisions have been made, such as:
 - 2.2.1—cost-benefit analysis
 - 2.2.2—other economic justification
 - 2.2.3—non-quantifiable anticipated benefits

Joint Committee on Publications

2.2.4—political decisions

2.2.5—social equity considerations

2.2.6—environmental considerations.

2.3 Details of research and development activities being undertaken and description of future actions or planned projects.

2.4 Explanation of bases of, and methods used in setting prices charged for goods and services.

or
An appropriate measure of budget allocation to services provided, or functions performed, e.g. tourist \$'s to population.

2.5 Description of marketing or promotional activities.

2.6 Comment on employee and trade union relations.

2.7 Description of staff training and development programmes and other means to ensure continuity of management.

3. Operating and Financial Information

3.1 Narrative review of operations including the effects: on operations—of external, economic or other events, changes in practice or policy; on commencement—development or progress of new and existing projects.

3.2 Provision of adequate financial statements and notes thereto in a form appropriate to the type of the entity, including comparative figures for the previous period.

3.3 Discussion of receipts and payments, or income and expenditure, showing major sources of funds and their application.

3.4 Description and classification of assets and liabilities.

3.5 Adequate explanatory notes accompanying the financial statements including a statement of significant financial and accounting policies.

3.6 Auditors Report.

or

Statement of Initial Budget allocation compared with actual disbursement and explanation if there is a difference.

3.7 Statistical summary, including both financial and non-financial information covering at least the last five years.

3.8 Provision of other quantitative data of a non-financial nature pertaining to the entity's operations.

4. Format and communication of the Annual Report.

4.1 Provision of appropriate highlight section emphasizing the major events affecting the achievement of objectives such as legislative changes, major policy changes, key financial and non-financial data, and major new projects planned or undertaken.

4.2 Adequate general design of report, including use of appropriate and clear graphs, charts and illustrations, good typography, clear text and logical order of contents.

4.3 Availability within six months after the close of the financial year.

4.4 A clear identification of the entity on front cover, and period to which it relates.

4.5 Innovations

Current Standards of Annual Reporting

For some years now the Australian Institute of Management (N.S.W. Division) has been carrying out an annual competition among listed public companies and public authorities to encourage better annual reporting.

In commenting on the quality of annual reporting of public authorities this year the adjudicators reported as follows:

Remarks in General

Too many reports unfortunately took the narrow view. Their pages represented a chronicle of projects, departmental activities and personnel movements, but the reader sometimes felt these were mere shadows, hiding the real substance of the group's activities. There was too little 'why' things were done—too much 'what'. Particularly, a

marked avoidance of how prices were set for services and commodities, perhaps a justification on an incremental basis at most. At a time of massive inflation, few if any authorities really conveyed the effect of managing national resources under unique conditions of cost escalation.

Scant reference was made, overall, to the 'people' factor. Many organisations did not report on industrial conditions, although they are known to have been affected by disputes and disruptions. Staff training frequently was limited to lists of appointments and paid scholarships. Rarely did an organisation's philosophy of human relations emerge—questions of motivation, fulfilment and creativity were not discussed, although some of the newer authorities implied from their reports and the manner of their presentation that motivation is high and creative ideas are welcomed.

The level of financial disclosure varied widely. Many Australian government departments and instrumentalities clearly pursued report policies of minimum requirement disclosure. Scanty figures in key operational areas were cloaked with masses of interesting but irrelevant description of past activities, with no attempt to quantify cost or benefit. These organisations give the appearance of playing a hide-and-seek game with the Parliament and the Australian public, putting a gloss on activities for which there is not the data to measure, compare and judge.

Some organisations so obviously exist in a cocoon of isolationism and complacency they do not consider it necessary to explain the authority for their existence, and the statutory range and limit of their activities. To a reader from a distant area, their reports were all but meaningless. If the annual report is one of the shop windows for the organisation, it should be at least so that it is well dressed and well lit.

What is needed to improve annual reports in this division

Summary—more dissection of expenditures required by department or activity; more justification of operations and innovations on either cost/benefit or cost/effective bases; more frank discussions of the real issues confronting the organisation and its managers; more impression of the dynamic nature of organisations and authorities, responding to and coping with current pressures; a clearer picture of management's grasp of its functions, duties and problems; a better view of the organisation's year as but a part of its life cycle; finally more explicit recognition that an organisation's staff is its most precious as well as its most costly resource, and that organisation structure is responding to satisfying their range of needs.

In conclusion

Whilst appreciating that the form and content of government and semi-government organisations may be in conformity with the Act or regulations under which the entity exists, it is believed that the majority of reports of public authorities fall short as a means of effective communication.

21 October, 1975

CHAIRMAN—Your submission is of particular interest to the Committee because of what it says and also because of your qualifications in the field. Could you tell us how long you have been looking critically at annual reports and in what capacity?

Prof. Olsson—Perhaps I should say first that my qualifications have included accountant's qualifications since about 1950. In addition, and more specifically in relation to annual report

evaluation, I have been a member of the annual report award committee of the Australian Institute of Management for some 10 years. During this time we have as a committee evaluated annually in the order of 500 or 600 annual reports from all sectors.

CHAIRMAN—In your 1975 submission, you were critical of many reports for a variety of reasons. Can you give the Committee now an indication what the position is at this moment and what are your main criticisms of annual reports?

Prof. Olsson—Would you like me to confine my remarks to government reports or to comment generally?

CHAIRMAN—Reports in general.

Prof. Olsson—The state of annual reporting generally has not altered very much in the last couple of years. Occasional sectional reports—that is in manufacturing or retailing or banking or some other area—have shown improvement in one year or another, but basically the content of annual reports has not altered very much over the last two or three years.

CHAIRMAN—Would you comment now on government reports in particular?

Prof. Olsson—I must make it clear that the number of government reports that exist are much greater, of course, than the ones we evaluate. Evaluation is by request and of course a lot of people do not elect to do this. Of those that we examine—this is in the order of 50 to 60 a year and about 10 per cent of those would be Commonwealth reports—my main criticism I think goes beyond the individual institutions or organisations themselves. It seems to me that nowhere have we ever attempted to lay down what it is that we should expect of an annual report, insofar as the information or contents is concerned. We talk vaguely about reporting to Parliament and about financial accounts and the operations of the firm, but specifically there is no indication to departments or entities just precisely what information it is that the report is intended to convey. I think that this is the greatest criticism of annual reporting generally in Australia, particularly in relation to government entities. Until we are able to determine what it is that we expect of an annual report, I think we will have quite serious divergencies in the types of things that are reported.

I suppose that reports could probably be divided into rough classifications, such as those with information content, those with a public relations focus and those which are historical documents which would be very useful for library use, and

so on. I am not being critical when I say this. There is another group of reports that are directed mainly to their own employees and their own areas of activity. There is a small number of reports that attempt to meet what I believe to be the proper objectives of an annual report, that is to convey sufficient information for the public, meaning the public's representatives through Parliament, to be able to properly evaluate what they do, how they are doing it and what their future prospects are.

CHAIRMAN—Are there any government reports that you have looked at and that you believe fit the description of what an annual report should be?

Prof. Olsson—Unfortunately I think I might have to rely on a State government report rather than a Commonwealth one. The annual report of the State Electricity Commission of Victoria meets most of the requirements of a good annual report. I have prepared a list of criteria for government reporting and I have enough copies here for every member.

CHAIRMAN—It is proposed to incorporate this document in the transcript of evidence. There being no objection, it is so ordered.

The document read as follows—

A.I.M. ANNUAL REPORT AWARDS 1979

Suggested criteria for Division B—Public Administration and Public Authorities

Note: Some of the particular criteria set out may not be applicable to all organisations in any given year. Account is taken of this by the adjudicators and appropriate adjustments made in the judging process.

SECTION 1: GOVERNMENT BUSINESS ENTERPRISES

General and specific criteria:

1. Objectives and basis of authority:

- Brief details of the statutory or other authority for the entity's establishment.
- Description of the aims and objectives of the entity together with a statement of the specific services provided.
- Classification of operations with respect to geographical location, sectors of the community served, and other relevant matters.

2. Organisation and policy:

- Description of operating or administrative structure, including names of board and committee members, and key personnel together with their areas of responsibility, and/or an organisational chart. List briefly the qualifications and experience of each board and committee member.
- Narrative review of operations, including adequate comment on policy and policy changes, present or proposed, together with a statement of the bases upon which policy decisions have been made, for

example: cost-benefit analysis, other economic justification, non-quantifiable anticipated benefits, political decisions, society equity considerations, environmental considerations.

- Details of research and development activities being undertaken and description of future actions or planned projects.
 - Explanation of bases of, and methods used, in setting prices charged for goods and services.
 - Comment on employee and trade union relations.
 - Description of staff training and development programs and other means to ensure continuity of management.
 - Description of marketing or promotional activities, where appropriate.
3. Operating and financial information:
- Dissection of receipts and payments, or income and expenditure; showing major sources of funds and their application, by activity or function, as appropriate.
 - Description and classification of assets and liabilities.
 - Adequate explanatory notes accompanying the financial statements including a statement of significant financial and accounting policies in compliance with accounting standards issued by the professional accounting bodies.
 - Include comment concerning the effect of inflation on financial results and on activities generally.
 - Statistical summary, including both financial and non-financial information covering at least the last five years.
 - Provision of other quantitative data of a non-financial nature pertaining to the entity's operations.

(g) Auditors' report.

4. Format and communication of the annual report:

- Provision of appropriate highlights section emphasising the major events affecting the achievement of objectives such as legislative changes, major policy changes, key financial and non-financial data, and key new projects planned or undertaken.
- Adequate general design of report, including use of appropriate and clear graphs, charts and illustrations, good typography, clear text and logical order of contents.
- A clear identification of the entity on front cover, (including actual name and not merely initials or logo), and of the period to which the annual report relates.

Evaluation:

Weighting—

	percent
Section 1	10
Section 2	30
Section 3	40
Section 4	20
	100

SECTION 2: PUBLIC ADMINISTRATIVE UNITS

and

SECTION 3: GOVERNMENT SERVICES AND EDUCATION

General and specific criteria.

1. Objectives and basis of authority:

- Brief details of the statutory or other authority for the entity's establishment.
- Description of the aims and objectives of the entity together with a statement of the specific services provided.
- Classification of operations with respect to geographical location, sectors of the community served and other relevant matters.

2. Organisation and policy:

- Description of operating or administrative structure, including names of board and committee members, and key personnel together with their areas of responsibility, and/or an organisational chart explaining the particular functions carried out or services provided by each section of the organisation. List briefly the qualifications and experience of each board and committee member.
- Narrative review of operations, including adequate comment on policy and policy changes, present or proposed, together with a statement of the bases upon which policy decisions have been made, for example cost-benefit analysis, other economic justification, non-quantifiable anticipated benefits, political decisions, society equity considerations, environmental considerations.
- Indication of extent of achievement of objectives, in terms of efficiency and effectiveness, with quantitative measures where possible.
- Details of research and development activities being undertaken and description of future actions or planned projects.
- Details of any major legislative changes affecting the organisation (in terms of its objectives, structure, funding, or other relevant attributes).
- Comment on employee and trade union relations, and on staff training and development programmes and other means to ensure continuity of management.

(g) Description of any steps taken to develop an awareness by the general public, and by any groups specially affected, of the organisation's activities.

3. Operating and financial information:

- Financial statements in appropriate format and detail, clearly showing:
 - All major sources of revenue.
 - All major ends to which expenditure was directed, including expenditure on specific projects and also administrative expenses of the organisation itself.

Provide adequate details of any trading activities undertaken.

Include comment concerning the effect of inflation on financial position and on activities generally.

- Adequate details of any separate funds administered by the organisation (e.g. trust fund, investment fund, administrative fund), including movements in, balance of and justification for each fund.
- Adequate and understandable notes to the financial statements, including explanations where appropriate and a statement of significant financial and accounting policies.
- Provision of other quantitative data of a non-financial nature pertaining to the entity's operations, arranged so that key items are readily discernible and clearly expressed, even though a large amount of highly detailed information may also be presented.

Provision of statistical summaries of both financial and non-financial information, usually covering at least the last five years, also arranged so that key items can be easily picked out from amongst the total amount of detail given.

- (c) Auditors' report, or comment in respect of audit performed by Auditor-General or other authority.
4. Format and communication of the annual report:
- (a) Provision of appropriate highlights section emphasising the major events affecting the achievement of objectives such as legislative changes, major policy changes, key financial and non-financial data, and major new projects planned or undertaken.
- (b) Adequate general design of report, including use of appropriate and clear graphs, charts and illustrations, good typography, clear text and logical order of contents. Appropriate length and detail of narrative comments so that significant major items are not obscured in a large amount of detailed matter.
- (c) A clear identification of the entity on front cover (including actual name and not merely initials or logo), and of the period to which the annual report relates.

Evaluation:

Weighting:

	per cent
Section 1	15
Section 2	45
Section 3	20
Section 4	20
	100

Prof. Olsson—You will notice that these conform fairly closely to the criteria that I listed in my original submission. These have been updated a little and are currently used by the AIM in their annual report evaluations. You will notice that there are two sections here. Section 1 deals with government business enterprises. In section 2 on page 3 we have grouped public administrative units and government services and education. We have separated these two types of activities to enable us to develop criteria which are more appropriate to the operations of those types of entities. Possibly there should be a greater number of sections. Perhaps criteria should be developed for a number of different types of organisations. We have lumped section 2 and section 3 together. Government services and education are discussed together with public administrative units. I do not doubt for one moment that if we cared to sit down and think about this, appropriate criteria could be developed for each of those two sections and probably additional ones. On the basis of those criteria we judge whether a report is good or bad. We use these as a basis. I do not think anybody would pretend that the SEC of Victoria report is an ideal report and first class in every respect but it does meet most of the criteria that we established. The features in it roughly follow the criteria we established.

I do not want to make odious comparisons with other reports because I do not think this is my job. I see my responsibility in relation to these criteria to assist people to prepare reports that meet the requirements that they are designed to meet. The Australian Atomic Energy Commission put out a most interesting and informative document as their annual report. Anybody who reads this will be extremely interested in it. But one might well ask whether this conforms to the requirements of Parliament in terms of an annual report.

It has 162 pages and nine chapters. The first four chapters deal with a world energy review, uranium, Australian uranium and so on. It is an extraordinarily interesting, and an extraordinarily important subject at this time but whether that should necessarily be put into an annual report I am not sure. Maybe that sort of content should be put in a separate report.

Senator ARCHER—Do you believe there should be two documents, one giving information and one conforming to the statutory requirements?

Prof. Olsson—To be quite honest I think it depends on the sort of responsibility of those who have to evaluate them. If I were a member of Parliament and received 300 or 400 annual reports I would want to get rid of a lot of this material and have the annual report concern itself only with the things on which I had to make decisions. I would leave this material, important as it is, in another volume, as a separate report. Not all of my committee agree with this. This is why I made that statement earlier. Some people feel that such background would be necessary to an understanding of the work of the Commission. It depends on philosophy and on what you are looking for. I am suggesting that the annual report should deal with what this Commission does, what resources have been made available to them, how they operate, where they operate and some measure of their performance. Maybe that is not the focus you want to use. That is the focus I am suggesting. I suggest this at least as a means of evaluating the sort of requirements that you need. Do you want that or do you want something else? From a parliamentary point of view that seems to me the sort of information you need. You want it presented succinctly, something that is readable and contains sufficient data to enable you to make judgments and decisions.

Senator ARCHER—Is that equally applicable to the Snowy Mountains Authority on the one hand and to the Parliament House Construction Authority on the other?

Prof. Olsson—Yes. I have listened to the Snowy Mountains Authority evidence and in the last couple of days I have listened to the discussions in the Senate. I heard the discussion on the annual report of the Department of Foreign Affairs. It brought home to me the fact that there is a need to concern yourself simply with what you expect to get from a report. Maybe the reports might vary for different reasons. The Snowy Mountains Authority is really a consultative business, if I am not mistaken. Therefore it is important to have information about this. Like the Atomic Energy Commission and the CSIRO it is involved in research activities. When you start to talk about research activities there may be different sorts of things you want to know about these.

Dr BLEWETT—This is a problem we face. The institutions we look at seem to have very different functions. I notice that you have made one major functional distinction in this document. You have given us evaluating criteria for government business enterprises and for your other category of public administrative units and government services and education. What effect does that functional distinction have on the evaluative criteria you use? In section 1 you deal with government business enterprises and a set of criteria for judging the quality of their reports. You have a second division based clearly on a functional distinction. You put together public administrative units and government services and education and you have a set of criteria for those. Broadly, what effect has that functional distinction on the criteria?

Prof. Olsson—Government business enterprises would attract the sort of criteria that would be applicable to private enterprise, very largely. You will notice that on the bottom of page 2 I have a heading entitled 'Evaluation'. This might give you an indication of the sort of importance we place on each of the sections, if you can judge it in that way. You will notice under the heading 'Operating and financial information' in section 3 that we consider that 40 per cent of the content of a document ought to concern itself with that. However, in the section on 'Public Administrative Units' you will find that this section covers only 20 per cent because we believe that public administrative units and service units of any sort will probably be important in a non-monetary area, describing what functions are being performed.

Dr BLEWETT—So that is roughly the same evaluative criteria but they are given different weighting?

Prof. Olsson—That is right.

Senator ARCHER—Have you seen the report from the Sydney Cove Redevelopment Authority?

Prof. Olsson—No. I have not.

Senator ARCHER—Just have a quick glance at it. Is that a good basic standard?

Prof. Olsson—My immediate observation is that as an annual report it has some deficiencies. What one would like to see immediately on opening the report is the authority under which it has been established and secondly its purpose. This should be quite clearly spelt out. It should show where it operates and what it is required to do. I see that it has set out its objectives here but it does not really give much indication of them. One has to give some indication so people can get an idea of just what area is being serviced and what section of the population is being serviced. That is important. The history is very interesting but one wonders whether the history could not appear somewhere else. If you use this document to evaluate its performance, if you ask about the resources available to it, how it has performed and who is benefiting then I think you would have to wade through a lot of information here to find out. They seem to have a good financial section but without looking at it carefully I am not sure how valuable it is. They do tell you such important things as what funds were employed and how these funds were represented. But it does not seem to have many notes to the balance sheet and these may be necessary to interpret some of the figures there. By and large it would not meet the major sets of requirements of a good annual report.

Senator ARCHER—What virtue do you place on economies? Do you think it is desirable to have a report that is obviously very expensive? Do you think that makes it more readable?

Prof. Olsson—This is a matter for argument, is it not? I believe that it should be economical in its presentation but not to the extent that it becomes unreadable. It has to be readable but when you ask what is readable you might decide that a black and white publication with a few graphs and so on is more readable than a highly glossy report with a lot of pictures. The first requirements is that it be readable. Here again you have to ask yourself the purpose of the report. If the purpose of the report is to be laid on the table of Parliament or in the hands of representatives for evaluation then I do not think anyone would want glossy covers. On the contrary, a standard form would be adequate. One has to be careful not to be too restrictive. In these reports we have

to think of economy in a wider sense. There might be other uses for the report. There may be some value, especially when we operate overseas, in having a report that can be reasonably attractive overseas. This is a matter for debate.

Dr BLEWETT—Do you think that annual reports should have a public relations function? We have had this used as a justification of some of the more elaborate reports we are presented with. That is particularly true of business enterprises.

Prof. Olsson—A report ought to be the most important means of communication between the organisation and the public or the public's representatives. I believe that taxpayers have a right to read these reports so in that sense I think the report has a public relations focus but the extent of this is a matter for debate.

Dr BLEWETT—We had a justification here this morning to the effect that the role of one particular annual report was to help it sell its offerings overseas.

Prof. Olsson—This needs discussion and careful thought. An organisation such as the one we are talking about has a particular role to play and that is important to it. Maybe under those circumstances public relations ought to enter into it quite clearly. But generally we are looking for a report which shows people the objectives we are setting. This does not necessarily include public relations. In the case of the previous witness it may be that a public relations document especially designed for that purpose would be more appropriate. I would not like to enter that debate but I think it is something which should be discussed.

I take it that this is a public relations document. In that case this could be used for the role for which it is intended, leaving the annual report to fill a different role. This is one of the difficulties about the whole thing. Somebody—and I suppose it has to be Parliament as far as public reports are concerned—has to decide what it is that you expect from an annual report; what it is designed to do. These things must be clearly laid down.

Mr HOWE—In paragraph 2, Organisation and policy, in your section on government business enterprises, looking particularly at subparagraphs (b) and (c), I am not really clear what detail you would expect a public authority to provide under the headings of policy and of research and development activities.

Prof. Olsson—These criteria are set as an ideal standard and we would like to see reports approach as closely as they can to this, taking into account the nature of their activities and so on. Perhaps you are referring specifically to:

(b) Narrative review of operations, including adequate comment on policy and policy changes

It is important for the responsible person in a department or an organisation to be able to include in his review of operations some frank remarks about how government or other sorts of policies have an effect on what he is doing, especially any changes of government policy. There is no reason why this should be left out of a report. For instance, he should mention legislation that has been enacted or is proposed to be enacted, and give an indication from his point of view of what effect this is likely to have on the operations of his organisation. I know this could be a touchy area and that as soon as we start talking about politics people throw their arms up, but the sort of things I would expect to see would be things that are publicly known and ought to be publicly known.

Mr HOWE—You say the State Electricity Commission produces a good report. Just looking quickly through that document I did not see where, in its discussion of major projects, some of which have been highly controversial in political terms in Victoria, there is any suggestion of cost-benefit analysis, other economic justification, anticipated benefits, or considerations of environmental factors, all of which your submission recommends.

Prof. Olsson—I was asked what was a reasonably good report. I gave that as an example, as meeting most of the requirements that we see as basic.

Mr HOWE—Do you know of a public company in the private sector that would in fact provide in its annual report the detailed information that you are suggesting a model report ought to provide?

Prof. Olsson—The answer is quite definitely no, but is that any reason why that should continue?

Mr HOWE—No, but you may have a double standard involved in that particular case. There may be other ways in which private companies report, just as there may be other ways in which public authorities report. Nevertheless, if private companies, perhaps for reasons of competition, are not in fact providing their shareholders with such detailed information in the annual report it would place a public organisation which was in

competition with them at a considerable disadvantage, to provide that kind of detailed information.

Prof. Olsson—I really do understand and appreciate the point you are making, but I honestly think that in this country both public and private enterprises have been too restrictive in releasing information. I think we are misled in this. I often hear statements that companies do not want to let their competitors know this, that or the other about them. It is an interesting thing that the very people who do know about your business are your competitors, because it is their business to find out. So who are we hiding it from? If you look at the standard of our annual reporting—and I include business reports—compared with the better reports of the United States companies and some in Europe and so on, ours are absolutely appalling. They tell you nothing. I will leave out the better ones, but the majority of them provide completely inadequate information on which to make a useful judgment. They become just documents that look interesting and have some interesting bits of information, but one cannot make a realistic evaluation from them.

Some of the critics might say you cannot hope to put everything in an annual report, and I am the first to admit that. The other point they make is that if you want to evaluate a company you go and talk to the managing director, or you make your inquiries separately from this. Why do we confine ourselves so much to the information that we think we ought to be making public? There is just no good reason. I am absolutely certain our competitors know more than we do about our operations. Of course I am not talking about secret information—copyrights and things that form the basis of one's business—I am talking about the normal business operations.

Senator MESSNER—I shall attempt to summarise what you have been saying, from a lay point of view. It seems to me that you require a basic, cheap presentation in the form of an annual report which incorporates the financial information, the operational information, but does not extend into the public relations areas and in particular to the sort of public relations item that we have from the Snowy Mountains Engineering Corporation. Have you read the Senate Finance and Government Operations Committee report on statutory authorities?

Prof. Olsson—No.

Senator MESSNER—We did refer in that report to the establishment of an annual reports Act. The main thrust of that was to establish a

standardised form of reporting as far as possible within statutory authorities. Do you think that would be feasible? Would it be a suitable way of getting around the problem if the Parliament enacted a law to stipulate a standardised form, perhaps incorporating the references that you have made in specific terms as well?

Prof. Olsson—Your summation of what I am saying is basically correct, provided we first determine what it is that we expect of an annual report. I think that is terribly important. Concerning whether it is feasible to have a standard sort of requirement to meet in all government reports and so on, I am of the opinion that we ought to be working towards that. It is not a thing that you can do in the short term because it requires two things. It requires careful discussion with the organisations that we are concerned about to determine the feasibility of bringing out these sorts of information and determining what problems we have. It also requires an educational program, on behalf of somebody that wants to sponsor this sort of idea, amongst the heads of the different departments and so on.

We have to come to grips with the point and to educate them into why this sort of information is required. We have too many diverse views about this. For something to be enacted in a reasonably short time would involve an enormous amount of trouble.

Senator MESSNER—Will you describe the steps which would be needed?

Prof. Olsson—The first step would be to establish a small working committee to explore the idea of establishing criteria for various groups of reports. That could be done reasonably quickly. The criteria having been explored, the second step would be to provide an opportunity for the various organisations to discuss them, look at them, clarify them and so on. After that a working document would be prepared. At the same time as this was going on there ought to be a program of education designed to inform people who are required to submit annual reports what requirements are seen to be needed, and to get their co-operation. I really do not know whether an Act of Parliament is useful. Frankly, I think encouragement would be a better thing. Strong direction and encouragement is better, in my opinion, than an Act of Parliament. This is an area where you would be more experienced than I am. Perhaps you could see a way of doing it but I would really have to think about that.

Senator MESSNER—Would it be a good idea for a discussion paper on this to be drawn up and circulated amongst authorities and departments?

Prof. Olsson—Yes, but it would have to be well documented.

Dr BLEWETT—You said that the first step would involve a number of groupings. That seems to me to be a fairly critical point. Have you any idea about the groupings across the public sector apart from the three divisions you have suggested here?

Prof. Olsson—No, I have not really given much thought to it. Tourist areas might need special considerations—we will count them as service areas, perhaps. Without much thought, there would probably be transport areas, service areas, and overseas policy areas, such as Foreign Affairs. Areas that operate in overseas policy and such might need a special set of criteria. We are getting on to difficult areas here and I think fair consideration must be given to those. That is the sort of thing I am thinking of.

Senator ARCHER—How much do you accept this idea of commercial or semi-commercial authorities not including figures on the basis that it may prejudice their position with their competitors?

Prof. Olsson—I do not really believe this. I do not think that this is a valid statement, to be quite honest. If somebody put this forward strongly it would be fair enough to listen to his point of view. He would have to demonstrate it fairly clearly for me to be able to accept it, however. We have all been brought up along this line in this country. I think it is the general attitude.

Senator ARCHER—You think we have been educated by the public companies that you do not tell your shareholders any more than you have to?

Prof. Olsson—I believe so. I am also aware that life is difficult in running these sorts of organisations and reporting on them. It is so easy to set down criteria asking people to develop answers to these sorts of things specifically. There could be some areas that are rather difficult, and they are the areas we have to come to grips with. I do not think that we should expect to extract more from an annual report than is possible under normal circumstances.

Senator ARCHER—This Committee over the last few years has encouraged all the departments and instrumentalities to standardise as to size: Do you believe that detracts from the annual report, as far as the committee of which

you are a member would judge this type of thing?

Prof. Olsson—No. The size is irrelevant in the considerations although I think as a matter of convenience it is very nice to have reports all of the same size. They are easier to stack and so on and I think this would be a nice requirement if you could work towards it. I do not think it would be terribly pertinent although I cannot see why they could not have a standard size, frankly. Perhaps there are some examples where it might have to be different. When you say size, you are talking about the length and breadth of the report?

Senator ARCHER—Yes.

Prof. Olsson—In terms of volume and page numbers, there ought to be, as we have in the university, an expected limit of so many words—10,000 words or whatever it might be—as an indication of the size that we expect. I do not think that you could be absolutely rigid on this.

Senator ARCHER—The report of the Public Service Board, 1977-78 has been commended to us as being a well presented, easy to read, easily documented and well-indexed publication. It has very good marginal markings; it has a good bibliography and so on. They were the criteria on which it was recommended to us. Would you believe that this style of presentation is adequate for reporting by government departments and bodies such as this?

Prof. Olsson—Again it depends on who has to read it and their requirements in reading it. The format looks very nice to me but if you had 400 of these to read maybe it would be too much. Perhaps there ought to be some graphs and diagrams and so on that would give you some visual aid. I notice there is no visual aid in this as far as I can see. I am not suggesting that they are absolutely essential but it comes back to what is a readable document. Can you assimilate this quickly? Can a politician assimilate it quickly? A quick observation of the degree and presentation of statistics is that they can fit you in the eye immediately. Whether they are essential or not, one would have to determine later. This appeals to me as more readable. That is just a personal view; there are diagrams there. We have to be careful with diagrams of course. They can cover a multitude of sins. They should not be a substitute for the exact data that is necessary to be provided but it does give a nice easy reference. No, the answer is that I think the requirement is that it must be readable, and what the requirements of readability are needs some discussion.

Senator MESSNER—I believe in the case of the Public Service Board's report that there is a companion volume that sets out statistics separately. Perhaps it incorporates graphs and diagrams as well. So therefore we may be misjudging it a little there. Its role is probably unique, anyway.

Prof. Olsson—It is a big department and it has a wide range of activities. It may be that in this particular department we have to be very careful about the criteria we establish. It may be that it is not a document that you want to flick through very quickly. It may need more attention because of its importance. I think these are the factors that we ought to be discussing with each department in establishing criteria. Incidentally, it is interesting that these reports neglect one of the most important things I believe. It is all right for people who know what the Department of Social Security does, for example, but for the reader who is not familiar with that department or moves from another department, where is it clearly stated what is the responsibility of this department? How do you find what area it services and what functions it performs? I think that is one of the biggest criticisms that I have of most departmental reports. Probably they assume that the Minister knows all about it and everyone else knows all about it and they do not put it in.

Senator ARCHER—Do you think that departmental reports should start off with the name of the Minister and the Director-General?

Prof. Olsson—I do not necessarily think so. That is a matter of the requirement of the Minister. I think what is important is a very clear statement very early in the piece of what is the purpose of that organisation or for what purposes was it established.

Senator ARCHER—I think you will find it in the back of most of these if you hunt for it.

Prof. Olsson—It is obvious when you read most government departments reports many of them do not have it at all.

Senator ARCHER—The Department of Health publication is a far bigger document which is full of photographs. I would like your opinion as to whether they are either necessary or desirable.

Prof. Olsson—My immediate reaction, in the context of my philosophy of an annual report, is that these photos are unnecessary for my purpose in this respect. They may be important for some other purpose. But unless it helps me to understand the material I do not think it is really necessary, informative and all as it may be. Here

again I hope that I am not seen to be making a criticism of this organisation. I think this has been the trouble about all reports—and that nobody really knows what it is that they are required to do. I think that this is the thing that we have to come to grips with. It includes a lot of material here that could probably be in another document.

Senator MESSNER—I want to return to the question of statutory authorities in particular to take up Senator Archer's point concerning the disclosure of information and the fact that there are competitive influences which may impose a restraint upon the operations of the authority in presenting information. What is your view on this statement? Perhaps a lot of vital competitive information is not really available in the Companies Act's disclosure requirements at present. But if the Companies Act requires public companies—and private ones for that matter—to disclose information concerning their affairs, is it not reasonable, to return to our question of the annual reports Act, that the public, the voter, the taxpayer and the Parliament should have a comprehensive list of requirements? The public should know that these are available, or should be available, in the case of every statutory authority. Then if more information is sought the amendment to that annual reports Act would be a basis for demanding further information.

Prof. Olsson—I think the answer is yes. The Companies Act covers private operating companies, does it not? Also there are other Acts, like the co-operative Acts and so on. I am not sure whether you could put into one Act and one set of requirements the minimum informational needs that would cover all types of organisations encompassed by the Public Service. But ideally the answer is yes; I would like to see at least the minimum requirements stated. Whilst we have Companies Acts and so on nobody for one moment believes that there is adequate information. As an aside on this, some years ago when I was trying to develop criteria for the Australian Institute of Management with the assistance of a couple of research assistants I inspected practically every listed public company's balance sheet. This was about 1,400 out of the 1,500 available and of that—this is going back a couple of years—I was appalled to find that only about 4 per cent of them that would be worth looking at from an evaluative point of view. That goes back five years or so. Since that time with the changes in the Companies Act additional information is now required and that is appearing and there is no doubt that there has been an improvement. In answer to your question really I am saying that I

do believe that enactments in relation to requirements do have a beneficial effect if you can be careful to select requirements that are capable of being accorded to.

Senator MESSNER—Another important factor too from the point of view of the Parliament is the timing of reports. As you probably know there have been very considerable delays with reports of some statutory authorities particularly, and maybe of some departments as well, over the years. This obviously restricts the ability of Parliament to supervise and scrutinise the operations of government. What would your view be as to the requirement in such an annual reports Act—since you do agree with the general principle—to stipulate a definite time? You could have a saving provision that if that provision cannot be met at that time leave could be sought from the Parliament for an extension or something of that sort. The object of such an exercise would be to try to tighten up the whole scrutiny procedure. Would you agree with that?

Prof. Olsson—Yes, I would agree with it because there is more or less a requirement of this nature on the private sector; they have to comply. There are some breaches of course but the majority do comply. If you have a requirement date some way has to be found to get the report out on time. I appreciate of course that one of the problems with public accounts are the Auditor's requirements. I am very conscious of that. Maybe some action has to be taken to get around that particular problem.

Senator MESSNER—Stock exchange rules of course allow the provision of unaudited accounts in the case of public companies, do they not? Something along those lines could well be considered.

Prof. Olsson—As private companies seem to meet the requirements there is no reason why public bodies cannot do the same in the majority of cases.

Senator MESSNER—We have found in a lot of cases statutory authorities have said that there were delays with auditing or delays in actually establishing or agreeing the form of the financial statements between the various departments involved. These things have rolled on for years. It is no exaggeration to say that it is years—many years in some cases. It seems to us that these various bodies should report at least that this is the situation and obtain leave for an extension to provide more detail.

Prof. Olsson—I would agree entirely.

Senator ARCHER—We have spoken about the cost effectiveness of programs and things like

that. What about reports? Does the Institute consider cost of production, both direct and indirect, in its award or do you judge them purely and simply on the finished article?

Prof. Olsson—We do not have sufficient information available to be able to determine the cost of the reports but we can form an opinion. An expensive report would lose marks in the evaluation of an annual report, other things being equal. The AIM's attitude is that there ought to be economy exercised in the production of the annual report. It is possible, for instance, if the report is appropriate and has the informational content desired, for it to be just a duplicated report. It would be quite possible for that to win an award.

Senator ARCHER—Does the Institute consider the departmental reports in its evaluations?

Prof. Olsson—Yes.

Senator ARCHER—Have any ever won an award?

Prof. Olsson—Yes. I think you will find some in the new awards that are about to be announced in June. There is a whole section on public reports and there will be some awards in that area.

Dr BLEWETT—I am not sure whether you can answer this at the moment but you may be able to supply the information later: Are there countries overseas in which, in general, the annual government reports approach the standards you are suggesting?

Prof. Olsson—I am not really sure but I think some reports of the United States Government would be appropriate. I would be happy to follow that up for you.

Dr BLEWETT—We would be grateful for it.

Mr HOWE—Reference is made to the so-called people factor. I think basically you are directing that towards industrial relations. Do you take it any further than that? I know the Snowy Mountains Authority, for example, said that the second main group that they had in mind in their production of the report were the people who worked for the Authority. What kind of information have you got in mind? Is it information which directly impinges on the welfare of employees through wage determinations and conflict?

Prof. Olsson—Wage conflict of course is important. This was originally developed when we were looking at private enterprise. Of course it was important in the evaluation of a company to determine what degree of instability or stability existed in the employment area and the human

resources involved because this has an important bearing on the possible future profitability of the firm. This was extended into the government sector though with less emphasis. There is no reason why that could not be explored a bit further to see what impact unemployment, union strikes and so on have on the efficiency of the operation. What we are looking at is not only the stability of the work force and the problems that cause instability but, from an AIM point of view, the opportunities for the development of human resources as a means of establishing stability in the organisation.

Mr HOWE—Could you take it further than that? Would people who work for the organisation be in a position to make an assessment in some of the policy areas you mention in section 2 of your check list? Could they say, for example, that these are likely to be the employment implications of that investment decision as opposed to another investment decision?

Prof. Olsson—We believe that ought to be stated. It is important. It would be nice to think that we were altruistic and concerned about people and I suppose we should be directly concerned about people but my focus has been to look at people from the point of view of the contribution they make to the continuation and successful operation of the entity. To be honest, I am concerned about any aspects of the human resource that might impinge on the ability of that organisation to carry out the function for which it was established. We should probably explore that a little further. I do not really know how to value human relationships. It is very difficult.

Mr HOWE—Presumably the commitment of employers to particular organisations is going to be influenced by the extent to which they can evaluate information and to make their own judgments.

Senator MESSNER—I would like to take Mr Howe's point a little further. You are probably aware of the growing trend amongst private business to provide a special report to employees which is quite separate from the annual reports given to shareholders. These usually take a different form. As much financial information is disclosed although it is presented in a way which is more relevant to the employees. Are you saying that it would be better to incorporate this in a separate statement to employees?

Prof. Olsson—On the contrary. I cannot base this on any satisfactory scientific study or any satisfactory valid sample but I talk to managing directors quite extensively and I think a lot of managing directors who are advocating employee

reports, would be surprised to find that the employees resent this. They would rather see the full annual report. They feel that they are only being given the little snippets of information that the management wants them to see. Before we rush into reports specially designed for employees I think it needs a great deal more thought. I do not believe that you can carve up a report and give one section to the employees.

Mr HOWE—Has any research been done on the attitudes of employees to reporting by companies? Has the union movement argued for different kinds of annual reports?

Prof. Olsson—Not to my knowledge. Research or inquiry into the nature and content of annual reports is only beginning to arrive on the academic scene. Most of that follows the sort of thing we have been doing for years in the AIM and in fact quotes it, so there is not really much doing there. But there is quite a lot of activity on the behavioural aspects of employees in relation to company management, of which you are probably well aware. That has not developed into considerations of what ought to be reported, as far as I am aware.

CHAIRMAN—Thank you very much for appearing before this Committee today. You can be assured that it is very much appreciated.

Mr Arthur Raymond Robert LUMSDEN, Director, Services Branch, Prices Justification Tribunal, 10 Queens Road, Melbourne, Victoria, was called and examined.

CHAIRMAN—Do you wish to make any statement further to that contained in the submission before the Sub-committee questions you?

Mr Lumsden—No.

CHAIRMAN—It is proposed to take your submission as read and to incorporate it in the transcript of evidence. Are members of the Sub-committee agreeable to the incorporation of the submission in the transcript of evidence? There being no objection, it is so ordered.

The document read as follows—

Prices Justification Tribunal
Central Office: 10 Queens Road,
Melbourne, Victoria 3004.
Tel. 267 3700 Telex: AA32504
Sydney Office: 100 William Street,
Potts Point, NSW 2011,
Tel. 358 2666 Telex: AA26349
Telegrams: 'PTJ Melbourne'
Our Ref.: G75/355
Melbourne
25 January 1979

The Secretary
Joint Committee on Publications
Parliament House
Canberra, ACT 2600
Dear Sir

PRICES JUSTIFICATION TRIBUNAL

Following the receipt of your letter of 18 January 1979, a review of our previous response in March 1977 has been carried out and I would be pleased if the Committee would update that earlier information as follows.

Response to:

Q.2 1976-77 Report—tabled 1.11.77
1977-78 Report—tabled 21.11.78

Q.5 The Tribunal's Report for 1976-77 contained 138 pages and that of 1977-78, 131 pages.

Q.8 The turnaround dates for 1977 and 1978 were as follows:

	1977	1978
Preliminary advice to AGPS on Form CPI	19.10.77	6.10.78
Final copy of report to AGPS	19.10.77	17.11.78
Order placed by AGPS	7.12.77	8.1.79
First Proof	23.12.77	24.1.79
Second Proof	15.1.77	Not yet received
Report Delivered	9.2.78	Not yet received

Q.15 Details for the 1977 and 1978 reports were as follows:

	1977	1978
Official use	60	60
Free issue	70	70
Other	Nil	Nil

Q.18 The costs of the reports for 1976-77 and estimated for 1977-78 are set out below:
1976-77—\$3,000
1977-78—\$2,796

I would be pleased to supply any other information to your Committee on request.

Yours faithfully,
N. F. BROWN
Registrar

Prices Justification Tribunal
Central Office: 10 Queens Road,
Melbourne, Victoria 3004.
Tel. 267 3700 Telex: AA32204
Sydney Office: 100 William Street,
Potts Point, N.S.W. 2011.
Tel. 358 2666 Telex: AA26349
Telegrams: 'PTJ' Melbourne
Our Ref: G75/355
Melbourne
2 March 1977

Dear Sir,

PRICES JUSTIFICATION TRIBUNAL

The Chairman of the Tribunal requested me to respond to the questionnaire which accompanied your Chairman's letter dated 9 December 1976. The completed questionnaire is enclosed.

I should be grateful if any further inquiries could be directed through me in the first instance.

Yours faithfully,
N. F. BROWN
Registrar

The Secretary
Joint Committee on Publications
Parliament House
Canberra, ACT 2600

PRICES JUSTIFICATION TRIBUNAL

Responses to the Questionnaire of the Joint Committee on Publications

Q.1 Pursuant to Section 35 of the Prices Justification Act 1973,

35 (1) 'The Tribunal shall, as soon as practicable after each 30 June, prepare and furnish to the Minister a report with respect to the operations of the Tribunal during the year ended on that date.'

35 (2) 'The Minister shall cause the report to be laid before each House of the Parliament within 15 sitting days of that House after the report is received by date.'

Since the inception of the Prices Justification Tribunal on 1 August 1973, three annual reports have been prepared, furnished to the Minister and laid before each House on the following dates:

1973-74 Report—tabled 19 September 1974
1974-75 Report—tabled 30 September 1975
1975-76 Report—tabled 5 October 1976

Q.2 As stated in response to Q.1 above, the Tribunal's Annual Report is prepared in accordance with a statutory requirement.

Without presuming on the ultimate value that Parliament derives from the Tribunal's annual reports there would be a body of opinion which would hold that a Statutory Agency, such as the Prices Justification Tribunal, should provide Parliament with a report on its activities and operations at least once in every year.

Q.3 There has been no statutory or standard prescription to be observed by the Tribunal in the preparation of its Annual Report and in the three which have been issued thus far there has been a degree of flexibility exercised in chapter headings and, therefore, in the scope and nature of the information provided. To give the Committee an idea of the Tribunal's approach the chapter headings for the 1974, 1975 and 1976 reports have been set out at Appendix A. Copies of the 3 reports are also enclosed.

Q.4 Sometimes there may be a marginal distinction between what one party may regard as a public relations exercise and another as the proper furtherance of an understanding about the role of a particular Agency.

In the case of the Tribunal, its 3 reports have attempted to explain and elaborate and, if considered important enough, to clarify any public or business misconceptions about its role (see Chapter 7 of the 1974-75 Annual Report).

Further, we see no requirement to go beyond the situation described above and we would not like to think that any material contained in a Tribunal Annual Report could in any way be regarded as being solely in the interests of public relations.

On the other hand we would consider that a short biographical note about, say, a retired or a deceased Tribunal Member is often a very appropriate way of expressing a form of appreciation for services rendered to the Agency. However, we see no need for the inclusion of photographs.

Q.5 On average the Tribunal's three Annual Reports have contained about 76 pages. However, we expect that the 1977 report and subsequent annual reports could contain upwards of 160 pages to accommodate a half-yearly report to the Minister and Parliament dealing with significant price increases and the reasons for them. The half-yearly report is a new Statutory requirement which is explained in more detail in response to Q.14.

By combining the June half-year report with the Annual Report we expect to reduce costs below the level that would occur if separate reports were to be produced.

Q.6 Yes.

Q.7 For all reports:

(a) In accordance with AGPS Circular No. 23 of 3 July 1975—Class II documents.

(b) Black.

(c) Nil.

Q.8 (a) Whilst timetables are arranged, the meeting of deadlines is most unsatisfactory.

(b) Yes.

(c), (d) and (e) The arrangements for and the actual printing of the Tribunal's 1975 and 1976 reports occurred over several months as shown below. Some way of improving the turnaround seems to be necessary.

	1975	1976
Preliminary advice to AGPS on Form CPI	19.8.75	8.7.76
Final copy of report to AGPS	19.9.75	21.9.76
Order placed by AGPS	2.10.75	8.10.76
First proof	28.10.75	29.10.76
Second proof	13.11.75	12.11.76
Report delivered	28.11.75	22.12.76

Because of the delays in obtaining copies of the Reports through AGPS, the Office of the PTJ has had to produce about 400 copies of the report each year for distribution in Parliament and to other interested parties. These copies were compiled in the Melbourne Office of the Tribunal using a small reproduction unit.

Q.9 Yes.

Q.10 We have no quarrel with the production standards as far as they relate to the Tribunal's reports.

Q.11 Whilst we consider it to be desirable to make plans and develop a timetable leading up to the anticipated date for distribution of reports, we fully appreciate that strict adherence to a timetable may sometimes attract high costs. To avoid this we believe the emphasis should be on the development of a balanced program; one that has some flexibility and yet does not produce delays of the nature experienced by the Tribunal over the last two years. Peak printing loads may also be avoided if fewer Agencies were required to produce reports as soon as possible after 30 June each year.

Q.12 No. We understand that AGPS make separate arrangements for the printing of the Parliamentary Paper edition—albeit with the same printer.

Q.13 Not applicable in regard to the Tribunal's report.

Q.14 No. However, we would draw the Committee's attention to Section 35A of the Prices Justification Act 1973 (incorporated by the Prices Justification Amendment Act 1976) whereby the Tribunal is now required by Statute to prepare half-yearly reports in addition to its annual report. Section 35A reads as follows:

'35A. (1) The Tribunal shall, as soon as practicable after each 30 June and 31 December, prepare and furnish to the Minister a report setting out, in relation to each industry—

(a) particulars of the most significant increases in prices that occurred during the period of 6 months that ended on that 30 June or 31 December, as the case may be, being increases in relation to which notices were given to the Tribunal, or the Tribunal held inquiries, under this Act; and

(b) the principal matters that in the opinion of the Tribunal justified those increases.

(2) The Minister shall cause the report to be laid before each House of Parliament within 15 sitting days of that House after the report is received by him.'

The Tribunal's first half-yearly report will cover the six months ended 31 December 1976.

Q.15—

	1974	1975	1976
(a) Official use	60	60	60
(b) Free issue	115	70	70
(c) Other	nil	nil	nil

Q.16 We know of no survey carried out in respect of the Tribunal's report and most comments we have heard about the reports have not been critical in any way.

Q.17 No. Financial statements are not applicable to Tribunal reports.

Q.18—

	1973-74	1974-75	1975-76
		\$	\$
	3,653	2,034	3,000 (estimate)

Q.19 Apart from Annual Reports no other reports from the Prices Justification Tribunal have been tabled over the past two years. Between August 1973 and August 1974, it was the practice of the then Prime Minister to table the Tribunal's public inquiry reports. That practice changed following an amendment to the Prices Justification Act, in August 1974, which dealt with the distribution of public inquiry reports.

In 1975 and again in 1976 we did not meet the full requirement of Annual Reports for Parliament. As indicated earlier the copies that were made available to Parliament in these years were produced internally. About 250 to 280 copies were made available on both occasions.

Contents of Annual Reports

Chapter	1974
1.	The Prices Justification Act 1973.
2.	Development of the Tribunal
3.	Notices of Proposed Prices and Applications for Exemption Under section 18
4.	Public Inquiries
5.	Guidelines and Criteria
6.	Distributive Trades
7.	The Prices Justification Tribunal: Past and Future
8.	Amendments to the Act
9.	Organisation and Staff
10.	Acknowledgements

Appendices

1.	Copper prices
2.	Notices under section 18
3.	Notices under section 18: Classification by industry
4.	Exemptions granted under section 18: Classification according to category
5.	Results of public inquiries
6.	Exemption: Myer Emporium Ltd
7.	Consumer Price Index and average weekly earnings 1966-67 to 1973-74
8.	Office of the Tribunal: Organisational control
9.	Office of the Tribunal: Classification of position
10.	Circular Memorandum No. 1
11.	Circular Memorandum No. 2
	1975
Chapter	
1.	Prices Justification Act 1973-1974
2.	Retail Industry and Section 16 Inquiries

Chapter	1975
3.	Development of Criteria
4.	Profitability
5.	The Effects of Inflation on Companies' Profits
6.	Wage Indexation
7.	Comments on the Tribunal
8.	Industry Aspects— Petroleum Industry Motor Vehicle Industry Colour Television Food Industry Fertilisers
9.	The Economic Situation and Operations of the Tribunal in 1974-75
10.	Submissions from the Australian Government
11.	Public Inquiries
12.	Organisation and Staff
13.	Acknowledgements
Appendix	
1.	Number of Notices of Proposed Prices and Applications for Exemption Processed during 1974-75 under Section 18 of the Prices Justification Act
2.	Notices of Proposed Prices During 1974-75 Classified According to Industry
3.	Circular Memorandum No. 3 dated 26 August 1974
4.	Exemption—Grace Bros. Pty. Limited
5.	Retail Industry Branch—Inquiries under Section 16 of the Prices Justification Act
6.	Retail Industry Branch—Details of Inquiries/Complaints Received—1.10.74 to 30.6.75
7.	Minister for Science—Media Release dated 10 January 1975—Retailers Agree on Pricing Code
8.	Registrations of New Motor Cars and Station Wagons: Monthly Totals Seasonally Adjusted and Percentage Change from Same Month of Preceding Year: Australia
9.	Office of the Prices Justification Tribunal—Organisational Control
10.	Office of the Prices Justification Tribunal Classification by Functions
11.	Office of the Prices Justification Tribunal Classification of Positions
Chapter	1976
1.	Operations of the Tribunal
2.	Economic Situation
3.	Retail Industry and Section 16 Inquiries
4.	Other Industries— (a) Footwear (b) Tyres and Tubes (c) Motor Vehicles (d) Petroleum Products (e) Metal Trades and Timber Products (f) Newspapers (g) Container Handling (h) Food, Liquor, Fertilisers
5.	Public Inquiries
6.	Criteria
7.	Exemptions
8.	Procedural Changes
9.	Organisation
10.	The Future of the Tribunal
11.	Acknowledgements
Appendix	
1.	Office of the Prices Justification Tribunal—Classification by Functions as at 30 June 1976

Appendices

2.	Notices under section 18 (including Notices of Proposed Prices and Applications for Exemption) for 1975-76
3.	Notices of Proposed Prices During 1975-76 Classified According to Industry
4.	Statistical Summary of Prescribed Enterprises Classified by Principal Industrial Activity and by Level of Turnover
5.	Retail Sales, Australia, at Constant (Average 1968-69) Prices
6.	Retail Industry Branch—Inquiries under Section 16 of the Prices Justification Act commenced during 1975-76
7.	Retail Industry Branch—Inquiries/Complaints Received During 1975-76
8.	Exemptions granted under Section 18 (8) according to categories
9.	Office of the Prices Justification Tribunal—Organisation Chart
10.	Office of the Prices Justification Tribunal—Classification of Positions as at 30 June 1976

CHAIRMAN—What do you see as the objectives of your annual report and to whom do you direct your report?

Mr Lumsden—The report is directed to the Minister and he is required by the legislation to present it to Parliament. The object is a fairly simple one required under the Act. It is to report on the Tribunal's activities for the preceding year.

CHAIRMAN—Do you receive any feedback which might indicate to the Tribunal whether the report is successful or otherwise?

Mr Lumsden—Only by a fairly high demand for copies, which we do not issue anyway except to parliamentarians and universities and so on. We refer them to the AGPS. So it is fairly difficult to get any feedback. Some of our people who have been privileged to talk at seminars run by business houses or the equivalent have had references to it and I suppose this is primarily because the first couple of reports in particular contained details of how to lodge applications successfully.

CHAIRMAN—Is your report is handled by the AGPS in that form?

Mr Lumsden—No, that is a local production. The one which has just been tabled is a locally typed production which the AGPS in Melbourne produced for us in the photo-lithographic style. The final product is more like that. The chairman has always been keen to get his report presented to the Minister so we have produced it internally in the format you saw a moment ago. That has then been followed up by the AGPS with a printed copy from which the parliamentary papers are taken. The AGPS copy is for sale. It is produced at the same time.

CHAIRMAN—What are your internal processes in preparing this report? Do you have

people specially employed to prepare the report? When do you start to prepare it?

Mr Lumsden—Initially we produced them on two very small offset tabletop printers. They were typed and photo-mastered and produced by one or two people we had specifically for that purpose. In the last two reports we did not do that because we have diminished in size, our staff has dwindled and the machines, being fairly small and having been subjected to fairly solid work, need major overhauling. We have recently used a photocopying style. This is more expensive. You can take away the operator, which we have done, and call on Tom, Dick or Harry or whoever is available to produce the thing at the time. We have a number of photocopying processes and it is then referred to the AGPS for normal printing. By this means we can produce it within a few days. Authorship and editing are other questions of course.

Dr BLEWETT—In one of your earlier replies you indicated a demand for your document. From where does that mainly come?

Mr Lumsden—From business houses, educational institutions, libraries and other government departments

Dr BLEWETT—In your submission you show considerable unhappiness with the AGPS. Have you any idea why there was such a delay in placing the orders by the AGPS for the 1977 report?

Mr Lumsden—The Melbourne office is fairly small. They have a client liaison service but all the copy then comes to Canberra. The artwork and layout is done in Canberra and they call for tenders from Canberra. In that particular year the printer was located in Brisbane. I do not suppose it has any significance whether he is located in Brisbane or Perth but he was the successful tenderer. I think the delay probably occurs in the transmission to Canberra. The proofs come from Brisbane to Canberra and from Melbourne to us. We correct them and they go back through the same process and there is undoubtedly some delay in each of these steps.

Dr BLEWETT—Were there any problems with your copy that might explain the delay between the time it was put in and the time the order was made?

Mr Lumsden—Only in art work. We are not art work specialists and obviously there have been queries rather than problems. There have been suggestions to improve it and there was delay while they went through. There was no undue delay in correcting the proofs and that sort

of thing. We are a very small office. We have about 80 people. There are 70 in Melbourne and few of those do this process.

Dr BLEWETT—How quickly were you able to handle the proofs?

Mr Lumsden—In most cases within a few days, with the exception of this current year when there was a lapse of three or four weeks. Everyone has been at fault in the current year. We are at fault in getting the thing to the printer late, the AGPS was slow in getting the proofs back, we were slow in checking them and we are still waiting for printed copies. That means that the final stage will be slow too. We had a third review of the product because the printer made a bit of a mess of it by running pages on and chopping off new paragraphs and new pages and sections. We have not given any figures for this year.

Dr BLEWETT—Is the delay on your side? Delays on the PJT side arise from inadequate staff resources. Is this the problem?

Mr Lumsden—Yes. We just pull people from everywhere. Typing is a problem because we have only six stenographers and half a dozen other typists. This includes reception and the teleprinter et cetera so our typing resources are not great. The biggest problem is in authorship and editing. A lot of these sections start in the office and they are reviewed by the Tribunal and finished by the Tribunal. Obviously this happens less now but earlier there was a 21-day requirement to determine notification so that no matter what else took place that volume kept going and kept being handled and reports fitted in with the Tribunal's other activities such as notifications and public hearings.

CHAIRMAN—Has the 1978 report been tabled?

Mr Lumsden—It has been tabled but it has not been printed. We are still waiting for printed copies. That is the report on which there have been undue delays everywhere.

CHAIRMAN—That is duplicated but it has not been printed.

Mr Lumsden—No.

CHAIRMAN—I notice that you got the first proof on 21 January 1979 but had not received the second proof at the time of this letter and the report has still not been delivered. Where is the problem? Is it with the AGPS or with you?

Mr Lumsden—It is with both, I am afraid. The order was placed by AGPS on the 8th and the first proof received on the 24th. That was returned three or four weeks later so there was a delay

on our part because people were on leave and we have a small staff.

The second proof came in on 9 March and it was returned on 14 March. There was a further problem there. On the second proof the printer should have had his pages all worked out. In fact he did not; he ran chapters into one another, so there had to be a further revision. That was not finalised until about April and we should get them any time now.

Senator MESSNER—Do the reports that are now required to be submitted every six months put a strain on your resources?

Mr Lumsden—They are primarily statistical reports because they relate to specific price increases. They are not quite so bad. The report for the period that ended on 31 December 1978 has just been presented, and it has been up here while Parliament is in recess. That was a simple one mainly because we got virtually no notifications after some time in October, when the general exemptions were granted. It was much easier this time to have the statistics readily available in January and to get the report out. They were up here just before Parliament rose for the Easter break.

Senator MESSNER—What about your resources though? Does it put strains on you?

Mr Lumsden—While we were receiving notifications we had an automatic data processing system for information storage and retrieval, and we were able to get most of our statistics that way. With the discontinuation of the notifications there was no justification for an ADP system, so that has been closed down. Now we are doing them manually. At least the volume which occurred up to October was available in the print out for December.

Senator MESSNER—So that is not really a problem?

Mr Lumsden—No, it is not.

Senator MESSNER—Will the amendments that were recently proposed but have not yet been passed affect you in any way?

Mr Lumsden—I think they eliminate the need to report each six months, so there will not be much to report.

Dr BLEWETT—Will it be a smaller report next year?

Mr Lumsden—It will be interesting to see about the annual report. We have had about five public inquiries to date this year, whereas in the year before we had 11, in a couple of years we

had eight, and there were 33 in one year. Obviously there will be less to say, although this year we have had two quite big references apart from those arising under a notification, such as woolbroking and the oil industry. There has been one on beef marketing and one is currently proceeding on processed food. I am not quite sure how much they will feature, but oddly enough the size of the reports has not changed a great deal; the annual reports have been much the same over a period of years. It does tend to decrease but only fairly minutely.

CHAIRMAN—You were asked earlier about some problems you had with AGPS. Have you a better relationship with them now, or are there still strained relationships?

Mr Lumsden—Personally I do not think we have ever had a strained relationship. It is a question of what one considers reasonable. People who occupy positions such as that of chairman tend to think that with their task completed it should be produced immediately. This may be reasonable; any discontent might result from a lack of understanding of the actual physical processes involved, and that they take time.

Senator ARCHER—You listened to Professor Olsson, do you think that he would be happy with your report?

Mr Lumsden—I think he could have some observations about it.

Senator ARCHER—Would the things that he suggested be applicable or desirable for an organisation such as yours?

Mr Lumsden—Yes, there is always room for improvement, but statutory bodies sometimes have thoughts of their own on the way they want to present things, and then that is that. At least we have not gone to photographs; I agree with all the Professor had to say about photographs.

Senator ARCHER—Producing a duplicated version before a printed one must add to the overall expense of the publication quite a lot, does it not?

Mr Lumsden—Not really. Having presented it to Parliament we would run off enough duplicated copies when the Minister tables it. They suffice until the printed copies come. They use the printed copies for the Parliamentary Papers. They are all run off at the same time as the AGPS copies for sale. It does not increase the expense very much because there is no specific labour content in our product; we do not have people standing by, just doing duplicating. Certain jobs are shelved.

Senator ARCHER—If they were not just doing duplicating, they would probably be doing typing or something, would they?

Mr Lumsden—When things were busier we did have two people doing virtually nothing but duplicating. We went off the offset business and put in the Xerox machinery. The new process is not shown in that annual report but it is used in the 6-monthly report and in the beef report, which you may have seen. We type on an A3 size sheet and reduce it to A4, and then copy onto double sides. It is not such a bad product. I have one here which we did in that way and which AGPS subsequently printed and put up in that form; it is the same type of approach we used for the half-yearly report. For project reports that is probably the best way. It takes about a week to get that sort of product through the local AGPS office. It is purely a photolithography process where they take what we have set up. You do not have the better product such as you get with the printer's typesetting, but it is quick. It probably has an impact at the time it is presented, rather than going on for the sake of posterity—it needs to be read now and its value is now.

Senator ARCHER—One of the things we picked up in your letter which was signed by Mr Brown in January was that the preliminary advice to AGPS in 1977 was apparently omitted altogether, and that the first they knew about it was when the final copy turned up on 19 October. Did that one strain relations a bit?

Mr Lumsden—I think that is slightly in error. I think in fact it did go, but it was only a week or so beforehand. There was not enough time for them to have done much.

Senator ARCHER—These things are apt to happen occasionally and I think that everybody learns a little from them.

Mr Lumsden—In that particular year there were people on long leave who would normally have done the thing. It was just a question of being alert. With a small office it is not a question of a dozen people knowing what to do under certain circumstances. Perhaps it is one or two, and if they drop out then someone needs to pick up sooner or later what should have been done.

CHAIRMAN—Some authorities and departments start work on their report for the financial year as early as October. If your Tribunal started along those lines would it help you to have the report ready earlier?

Mr Lumsden—The people who are involved in writing the report are not under my control. In fact in most years it must have started about that

time because we actually got the copies down to AGPS in September in two years and October and November in the last two years. Last year's was undoubtedly a late one; we had a change of Chairman in midstream and whether that made it late I just do not know. There may be a problem with tribunal or statutory body members in getting total agreement.

Senator ARCHER—Do you have any other public relations publications, the sort of thing you can give to people who do not understand and do not particularly want to understand what the PTT is all about? This document is undoubtedly dual-purpose and makes a lot of pretty general comments, even throughout the actual reporting. If there were a general publication a lot of that would not be required here. Do you have one like that, or do you think there would be an advantage in having one?

Mr Lumsden—Yes. In the 1973-74 year two circular memoranda were produced by the Chairman and they were forwarded to all companies. In fact they were contained in the annual report for that year. A third one was issued and was contained in the report for the following year. Since then we have also developed a paper of questions and answers, which is sent to all companies registered more recently, and to anyone in fact who wants to know something about the Tribunal. This consists of questions we asked of ourselves in relation to our operations, provided with simple answers, and is designed for business houses, students and anyone else interested in the Tribunal. That is an in-house duplicated product.

Senator ARCHER—A lot of the comment in here seems to be of a very general nature. In view of the fact that you have general publications to work on, does it need to be added to what is a specific legal requirement?

Mr Lumsden—I would rather not comment on that.

CHAIRMAN—Thank you, Mr Lumsden, for appearing before the Committee.

Luncheon adjournment

Mr Anthony John Walker POWELL, Commissioner, National Capital Development Commission, Canberra, and

Mr Barry Gordon LAWS, Director, Public Information, National Capital Development Commission, Canberra,

were called and examined.

CHAIRMAN—Do you wish to make any statement further to that contained in your submission prior to the Sub-committee directing some questions to you?

Mr Powell—It might be helpful to the Committee if I make one or two introductory remarks to provide a context a little more than is contained in our submission.

CHAIRMAN—Before you proceed with your remarks is it the wish of the Sub-committee that the document be incorporated in the record of proceedings? There being no objection, it is so ordered.

The document read as follows—

National Capital Development Commission
220 Northbourne Ave, Canberra, ACT
P.O. Box 373 Canberra City 2601, Australia
Telephone: 46 821 1 Area Code: 062
Telegram: Comdev Canberra
Telex: 62673

All correspondence to be addressed to
The Secretary and Manager.

In reply please quote: 71/1485
—CJ:JP

Dear Mr Wright,

I refer to your letter of 18 January 1979 concerning your Committee's inquiry into annual reporting by departments and statutory authorities.

The Commission's 1977 submission has been updated as requested and is forwarded herewith.

Yours sincerely
K. J. CURTIS
Secretary and Manager

23 February 1979

End

Mr B. Wright
Clerk to the Joint Committee
on Publications
Parliament House
Canberra, ACT 2600

**NATIONAL CAPITAL DEVELOPMENT
COMMISSION**

Revised response to Questionnaire from the Joint
Parliamentary Committee on Publications inquiring into
matters associated with the production and distribution of
Annual Reports

Question 1

Section 24 (3) of the National Capital Development Commission Act 1957 requires that 'the Commission shall as soon as practicable after each thirtieth day of June furnish to the Minister for presentation to each House of the Parliament, a report of its operations during the year ended on that date, together with financial statements in respect of that year in such form as the Minister approves'.

The dates of presentation of the Commission's annual report to Parliament for the past five years have been:

17th 1973-74—3 October 1974
18th 1974-75—1 October 1975
19th 1975-76—21 October 1976
20th 1976-77—25 October 1977
21st 1977-78—26 September 1978

Question 2

Apart from statutory obligations, the Commission believes that the main reasons for preparing and tabling its annual report in Parliament are as follows:

- (a) The planning and development of the National Capital is of prime concern to Federal Parliament and the Australian public.
- (b) The Australian public is entitled to be kept informed of the development of their National Capital, and have the opportunity to make informed comment on the development. A comprehensive annual report provides an opportunity to do this. Public interest in the Commission's report, demonstrated by requests for copies and media reporting on tabling, substantiates this.
- (c) The main reason for establishing Canberra was to provide a Seat of Government for the Commonwealth. The recording of the Capital's development for posterity is enhanced by organisations and authorities closely connected with that development being required to produce annual reports.
- (d) The Commission uses the annual report to provide information to the Parliament on expenditure on capital works including significant variations in cost. The annual report is the only vehicle available for this advice. The Civil Works Programme tabled does not provide the information sought by Parliament and it has been included in the annual report following the Public Accounts Committee inquiry of 1966.
- (e) Other reasons for the Commission's annual reports are summed up in the following quotation by the Australian Institute of Management, 'The annual reports and awards for annual reports prepared by private enterprise and government authorities. The Institute's Adjudicators quite clearly identify the need for 'informative' reporting.'

1 Report of the Adjudicators—24th Award for Annual Reporting, Australian Institute of Management, NSW Division, 1975.

In the section dealing with Public Administration—Government Business Enterprises, they spell out the rationale behind the criteria used in judging the Award, stating:

'The public authorities in Division B marshal and deploy vast resources on behalf of the people of Australia or particular groups. These resources include public funds and the people who work for them, and deep and responsible levels of accountability are to be expected in both reporting standards—each of the authorities is in a monopoly position, and comparison with other similar and competitive organisations being lacking, the public is entitled to detailed and meaningful reports.'

With this in mind, the judging panel believes that the ideal report of the Public Authority should unfold the year's activities in the context of the economic, political and social environment within which it operates. It is expected these organisations would not place a narrow legalistic interpretation on the words 'annual report', confining their recital to a series of events in a 12-month period merely because of arbitrary legislative and accounting requirements, but would seize the opportunity to demonstrate operations as part of a continuum in the wider public interest.

The Commission has approached the preparation of its annual report over the years on such a basis.

Question 3

To meet its statutory requirement, the whole of the Commission's report is intended to be a clear and informative statement of the planning, development and construction of

Canberra as the National Capital during the past year. As required, the financial statements associated with this operation and the Auditor-General's report are included.

The sections in the Commission's 21st Annual Report covered the following subjects:

- Commissioner's report to the Minister.
- Development of a new managerial system within the Commission.
- National Capital planning and development.
- Development of a plans system to assist the community in being more effectively involved in the planning process.
- Inner Canberra—planning and development.
- Centres planning and development.
- Transportation.
- Environmental planning.
- Metropolitan open space system.
- Housing.
- Arterials.
- Public information.
- Stat.
- NDCD—Establishment and operational arrangements.
- National Capital Planning Committee.
- Financial statements.
- Statistical summary.
- List of NDCD publications.

In the main, the Commission confined its statements to reporting on the progress under construction or in design and on the planning of the city at both the metropolitan and neighbourhood scales. It takes the opportunity, however, through the Commissioner's letter, to draw to the attention of the Minister those significant issues which have had an influence on the Commission's operations during the year.

The Commission produces its report in an effort to relate its activities to the public generally and in particular to the people and organisations who have direct involvement with the Commission e.g. Parliament, client departments and the Canberra community.

As the Commission's operations in building a city have a direct bearing on the life styles of people, one of the prime purposes of its annual report and other publications produced by the Commission, is to inform and, where appropriate, to seek comment on plans and projects. The report is not a promotional vehicle for the Commission. There is evidence however to suggest that the report is used by entrepreneurs as an information document in considering investment in the city.

Question 4

The Commission views its annual report as one of the most important vehicles that it has in maintaining mutual understanding between it and Parliament, administrative departments, the Canberra community and the Australian people. In this sense its report might be interpreted as a means of promoting good public relations.

The Commission's objective is to produce a document which presents information in such a way that it not only encourages readership but, through the use of photographs, plans and diagrams, assist the reader in obtaining a clearer understanding of the text.

In pursuing these aims, the Commission has succeeded over the years, in winning a number of awards for its reports from the Australian Institute of Management, NSW Division, whose key objective is to encourage private and government organisations to produce more informative reports.

The Commission's view is that an informative and attractive annual report will more than suffice in presenting an organisation's corporate image without having to resort to including text that has the sole aim of 'promoting' that

organisation. This view is supported by numerous letters of appreciation the Commission has received over the years.

In some annual reports the Commission has listed its senior personnel but it has not done so every year. The recommendation of the first report of the Senate Standing Committee on Finance and Government Operations into Statutory Authorities of the Commonwealth concerning the contents of annual reports by statutory authorities has been noted.

Question 5

The Commission's last annual report was considerably reduced in size and the print run also reduced. (64 pages compared with 96 in the previous year and a print run of 8,000 copies compared with 10,000 copies previously.)

The number of pages for the past five reports are as follows:

17th 1973-74—96 pages
18th 1974-75—96 pages
19th 1975-76—88 pages
20th 1976-77—96 pages
21st 1977-78—64 pages

The reduced size reflects the general downturn in activity and a Commission policy decision to reduce the size of the report. Steps were taken to reduce the general mailing list to enable the print run to also be reduced.

Question 6

No. The Commission controlled all arrangements for the production of its latest annual report. In so doing, it carried out the requirements of Section 17 of the AGPS Circular No. 23 which provides for the AGPS to be notified of printing arrangements so that AGPS can order the required number of Parliamentary copies.

The Commission seeks advice where necessary from the AGPS and maintains a good working relationship with that organisation.

Question 7

Production standards specified for the past two annual reports were as follows:

20th Annual Report
(a) Stock: Cover: Wiggins Teape crystal coat 240 gm;
Pages: Wiggins Teape nu matte 115 gm;
(b) Print Colour: Text black and white, photographs and diagrams black and white with some in one colour and 5 diagrams in four-colour process.

(c) Photographs:

- (i) 38;
- (ii) Percentage of space occupied by photographs: 22.32 per cent;
- (iii) Proportion of colour as compared to black and white: 4.39 per cent to 17.93 per cent.

21st Annual Report

(a) Stock: Cover: B. J. Ball lines 2/5 225 gm; Pages: Tomasetti white A dull, 128 gm

(b) Print colour: Black and white and four-colour process.

(c) Photographs:

- (i) 14;
- (ii) Percentage of space occupied by photographs: 18.66 per cent;
- (iii) Proportion of colour as compared to black and white: 10.87 per cent to 7.81 per cent.

Note: The reduction in the number of photographs compared to the 20th Annual Report

reflects the greater use of photographs at a larger scale and reduction in size of the report.

Question 8

Not applicable—See answer to Question 6. The Commission has found over the past few years that it is more appropriate to make full use of its own specialised resources to produce its annual reports for the following reasons:

- Close liaison between the reports editor, designer, cartographers and other officers involved in the report greatly facilitates the production. Cartographers play a most important role in the Commission's reports because of the number of plans and diagrams required to describe its town planning, architectural and development operations. This close liaison with the designer allows for these plans to become an integral part of the design.
- Pre-production discussions are arranged between the Commission and the printer which ensures that both parties are aware of each others technical requirements. This greatly assists the design and production processes.
- Double handling of materials is avoided. This saves greatly on time and resources at a time when even a matter of hours can be crucial to achieve tight schedules.
- There have been distribution delays in the past through the AGPS because of the volume of the material the Service has had to handle. This has resulted in people on the Commission's mailing list not receiving their reports within a reasonable time and therefore making requests direct to the Commission.

The Commission now uses its own resources for distribution which generally enables the report to be available within a day or so of tabling, depending on delivery arrangements for the bulk supply.

Question 9

Yes. The Commission produces its report in accordance with the AGPS Class III standard set out in Circular 23.

The Commission's annual reports have normally adhered to the standards set. Greater use is sometimes made of colour diagrams to enhance the meaning of the text. Where colour is being used for diagrams throughout the report, this is taken advantage of by using colour photographs as well. This is because there is no additional printing requirement for a colour photograph if four-colour process is being used for a diagram in the same form.

Question 10

The Commission generally agrees with the guidelines of AGPS Circular No. 23. However, the required dimension of the report (B5) is considered to be restrictive from a design point of view particularly when maps and diagrams are required. The bulk of the Commission's publications are A4 size. From a planning point of view, Commission photographs give the text more meaning and an increase in the amount of colour which could be used in special cases would assist. For plans and maps to be effective, colour is preferable.

Question 11

The Commission prepares its annual reports in accordance with a production schedule and ensures, as far as possible, through appropriate skilled resources and direct control, that the schedule is maintained. The only matters beyond its direct control are the clearance of financial accounts by the Auditor-General which is required before the report can be printed and any industrial dispute which could delay production.

Joint Committee on Publications

The Commission's experience, however, is that the request circulated by the Prime Minister's Department for annual reports to be tabled before the end of August, is not feasible, particularly if the Auditor-General's certificate is to be included.

Question 12

In calling tenders, the Commission obtains prices for the Parliamentary run-on copies. It then notifies the AGPS of the successful printer and the AGPS makes the necessary arrangements with the printer independently of the Commission.

Question 13

The financial statements included in the Commission's annual report are audited by the Auditor-General. It has been the Commission's experience that the time involved in obtaining the Auditor-General's Certificate has not generally led to significant delay in tabling of the report in Parliament.

Question 14

The Commission has never had occasion to table an 'interim' annual report.

Question 15

Apart from the statutory Parliamentary requirements (332 and 5), approximately 1,000 copies of the Commission's annual reports have been initially distributed to other legislative bodies, administrative departments and authorities and Commission staff. The Commission's current mailing list totals approximately 1,000 persons or organisations covering professional institutes and organisations, commercial organisations, State and Commonwealth departments and authorities, local government bodies, libraries, academic institutions, religious organisations e.g. Catholic Education Office, and individuals.

The Commission's annual report is available free of charge on request.

Question 16

The Commission has not carried out a direct survey of the attitude of people to its annual report, but it receives feedback from a number of sources which are generally commendatory. It receives many letters in this vein during the year from those who have read the report.

Presentation to Parliament of the Commission's annual report is a significant media event in Canberra and the report invariably receives wide coverage. The contents are analysed and a medium such as 'The Canberra Times' devotes space in subsequent issues to report and comment on the information in the report. Feedback is thus considerable and a great stress is placed on the importance of the report being comprehensive and accurate.

In addition, as pointed out earlier, the Commission participates in the Australian Institute of Management NSW Division's Annual Reports Awards and takes due note of the comments and criticisms made.

Question 17

Financial statements are included in the annual report and cover the same period as the report.

Question 18

Costs for the past three years have been as follows:

Joint Committee on Publications

Report	Number printed	Printing cost	Typesetting cost	Total
		\$	\$	\$
19th	10,000	10,749	1,760	12,509
20th	10,000	19,932	2,527	22,459
21st	8,000	19,383	1,736	21,119

Question 19

The Annual Report has been the only Commission publication tabled in Parliament over the past two years.

February 1979
National Capital Development Commission

National Capital Development Commission
220 Northbourne Avenue, Canberra, ACT 2601
P.O. Box 373 Canberra City 2601
Telephone: 46 111 Area Code 062
Telegram: Comdev Canberra

Telex: 62673

All correspondence to be addressed

to the Secretary and Manager.
In reply please quote: 71/1485 MM: LW

Dear Sir,

In a letter dated 9 December 1976 the Joint Parliamentary Committee on Publications wrote to the National Capital Development Commission requesting it to complete a questionnaire relating to annual reports and the tabling of reports in Parliament.

The Commission's response to the questionnaire is attached. The Commission would be pleased to make officers available as necessary to attend hearings to answer questions arising from the Submission. Mr Mayo is the Commission's contact officer on this matter (Telephone 468320).

Yours faithfully,

J. CURTIS
Secretary and Manager

24 February 1977

Mr T. H. Wharton
Secretary to the Joint Committee
on Publications
Parliament House
Canberra ACT 2600

NATIONAL CAPITAL DEVELOPMENT COMMISSION

Response to Questionnaire from the Joint Parliamentary Committee on Publications Relating to matters associated with the production and distribution of Annual Reports

Question 1

Section 24 (3) of the National Capital Development Commission Act 1957 requires that 'the Commission shall as soon as practicable after each thirtieth day of June furnish to the Minister for presentation to each House of the Parliament, a report of its operations during the year ended on that date, together with financial statements in respect of that year in such form as the Minister approves'.

The dates of presentation of the Commission's annual report to Parliament for the past five years have been:

19th 1975-76—21 October 1976
18th 1974-75—1 October 1975
17th 1973-74—3 October 1974
16th 1972-73—16 October 1973
15th 1971-72—14 September 1972

Question 2

Apart from statutory obligations, the Commission believes that the main reasons for preparing and tabling its annual report in Parliament are as follows:

- The planning and development of the National Capital is of prime concern to Federal Parliament and the Australian public.
- The Australian public should be kept informed of the development of their National Capital, and have the opportunity to make informed comments on the development. A comprehensive annual report provides an opportunity to do this. Public interest in the Commission's report, demonstrated by requests for copies and media reporting on tabling, substantiates this.
- The main reason for establishing Canberra was to provide a Seat of Government for the Commonwealth. The recording of the Capital's development for posterity is enhanced by organisations and authorities closely connected with that development being required to produce annual reports.
- The Commission uses the Annual Report to provide information to the Parliament on expenditure on capital works including significant variations in cost—the Annual Report is the only vehicle available for this advice. The Civil Works Program tabled does not provide the information sought by Parliament and it has been included in the Annual Report following the Public Accounts Committee inquiry of 1966.
- Other reasons for the Commission's annual reports are summed up in the following quotation by the Australian Institute of Management, which quite trenchantly identifies the need for 'informative' reporting:

1 Report of the Adjudicators—24th Award for Annual Reporting, Australian Institute of Management, NSW Division, 1975.

In the section dealing with Public Administration—Government Business Enterprises, the Adjudicators spell out the Rationale behind the criteria used in judging the Award, stating:

'The public authorities in Division B marshal and deploy vast resources on behalf of the people of Australia or particular groups. These resources include public funds and the people are to work for them, and deep and responsible level of accountability are to be expected in both these areas. There is a further reason for expecting high reporting standards—each of the authorities is in a monopoly position, and comparison with other similar and competitive organisations being lacking, the public is entitled to detailed and meaningful reports.'

With this in mind, the judging panel believes that the ideal report of the Public Authority should unfold the year's activities in the context of the economic, political and social environment within which it operates. It is expected these organisations would not place a narrow legalistic interpretation on the words 'annual report', confining their record to a series of events in a 12 month period merely because of arbitrary legislative and accounting requirements, but would seize the opportunity to demonstrate operations as part of a continuum in the wider public interests.

The Commission has approached the preparation of its annual report over the years on such a basis.

Question 3

To meet its statutory requirement, the whole of the Commission's report is intended to be a clear and informative statement of the planning, development and construction of

Canberra as the National Capital during the past year. As required, the financial statements associated with this operation and the Auditor-General's reports are included.

The sections in the Commission's 19th Annual Report (which was typical) covered the following subjects:

- Commissioner's report to the Minister
- General review—introductory remarks
- National Capital planning and development
- New towns—planning and development
- Inner Canberra—planning and development
- Housing and land development
- Community facilities
- Transportation
- The Environment
- Staff
- National Capital Planning Committee
- Financial statements

List of NCDP publications

In the main, the Commission confines its statements to reporting on the projects under construction or its design and on the planning of the city at both the metropolitan and neighbourhood scales. It takes the opportunity, however, through the Commissioner's letter, to draw to the attention of the Minister those significant issues which have had an influence on the Commission's operations during the year.

The Commission's report is produced in an effort to relate its activities to the public generally and in particular to the people and organisations who have direct involvement with the Commission e.g. Parliament, client departments and the Canberra community.

As the Commission's operations in building a city have a direct bearing on the life styles of people, one of the prime purposes of its annual report and other publications produced by the Commission, is to inform and, where appropriate, to seek comment on plans and projects. The report is not a promotional vehicle for the Commission. However, there is evidence to suggest that the report is used by entrepreneurs as an information document in considering investment in the city.

Question 4

The Commission views its annual report as one of the most important vehicles that it has in maintaining mutual understanding between it and Parliament, administrative departments, the Canberra community and the Australian people. In this sense its report might be interpreted as a means of promoting good public relations.

The Commission's objective is to produce a document which presents information in such a way that it not only encourages readership but, through the use of photographs, plans and diagrams, assists the reader in obtaining a clearer understanding of the text.

In pursuing these aims, the Commission has succeeded over the years, in winning a number of awards for its reports from the Australian Institute of Management, NSW Division, whose key objective is to encourage private and government organisations to produce more informative reports.

The Commission's view is that an informative and attractive annual report will more than suffice in presenting an organisation's corporate image without having to resort to including text that has the sole aim of 'promoting' that organisation. This view is supported by numerous letters of appreciation the Commission has received over the years.

The Commission includes notes in its annual report on senior personnel only where their activity warrants this or it could be of public interest. Senior personnel and their positions are listed for public information. The Commission considers this a desirable way for it to deal with this issue.

Question 5

From 1972-75 the Commission's annual report increased in size (80 to 96 pages).

In the 1975-76 report the Commission reduced the print run and the size of the publication to 81 pages in order to facilitate production and also to reduce expenditure in compliance with Government policy.

The number of pages for the past five reports are as follows:

- 15th—80 pages
- 16th—92 pages
- 17th—96 pages
- 18th—96 pages
- 19th—83 pages

The increase in size in the 16th, 17th and 18th annual reports reflected two things:

Firstly, the decision by the Commission to explain in greater detail than usual the ideas, principles and methods it uses in carrying out its functions. The reports were therefore more than simply a statement of the 'bricks and mortar operation' of the Commission during the year but were also an attempt to explain the process and reasoning behind the end product.

Secondly, the Commission's operations had greatly increased. For example, its construction program in 1970-71 was \$55,778,802. In 1974-75 expenditure for the construction program was \$147,494,361.

Reduction in activity in the development field during 1975-76 made it possible for the Commission to reduce the size of its report. The Commission is looking to hold its report at the present number of pages.

Question 6

No. The Commission controlled all arrangements for the production of its latest annual report. In so doing, it carried out the requirements of Section 17 of the AGPS Circular No. 23 which provides for the AGPS to be notified of printing arrangements.

The Commission seeks advice where necessary from the AGPS and maintains a good working relationship with that organisation.

Question 7

Production standards specified for the past two annual reports were as follows:

18th Annual Report

- (a) Stock: Cover: Wiggins Teape 175 gm
Pages: Dalgons Spectromat 117 gm.
- (b) Print Colour: Text black and white, photographs and diagrams black and white, four colour process.
- (c) Photographs:
 - (i) 62 published
 - (ii) Percentage of space occupied by photographs: 21 per cent
 - (iii) Proportion of colour as compared to black and white 19.30 per cent to 4.69 per cent.

19th Annual Report

- (a) Stock: Cover: Andorra White 216 gm
Pages: White A Ebsmel 115 gm
- (b) Print colour: All black and white except for colour plan of Canberra.
- (c) Photographs:
 - (i) 39 photographs—all black and white
 - (ii) Percentage of space occupied by photographs 22.94 per cent.

Note: The reduction in the number of photographs compared to the 18th Annual Report reflects the use of photographs at a larger scale.

Question 8

Not applicable—See answer to Question 6. The Commission has found over the past few years that it is more appropriate to make full use of its own specialised resources to produce its annual reports for the following reasons:

- (a) Close liaison between the reports editor, designer, cartographers and other officers involved in the report greatly facilitates the production. Cartographers play a most important role in the Commission's reports because of the number of plans and diagrams required to describe its town planning, architectural and development operations. This close liaison with the designer allows for these plans to become an integral part of the design.
- (b) Pre-production discussions are arranged between the Commission and the printer which ensures that both parties are aware of each others' technical requirements. This greatly assists the design and production processes.
- (c) Double handling of materials is avoided. This saves greatly on time and resources at a time when even a matter of hours can be crucial to achieve tight schedules.
- (d) There have been distribution delays in the past through the AGPS because of the volume of the material the Service has had to handle. This has resulted in people on the Commission's mailing list not receiving their reports within a reasonable time and therefore making further requests to the Commission.

The Commission now uses its own resources for distribution which generally enables the report to be available within a day or so of tabling, depending on delivery arrangements for the bulk supply.

Question 9

Yes. The Commission produces its report in accordance with the AGPS Class III standard set out in Circular 23.

The Commission's annual reports have normally adhered to the standards set. In its 18th Annual Report greater use was made of colour diagrams to enhance the meaning of the text. As colour was being used for diagrams throughout the report this was taken advantage of by using more colour photographs (56 colour photographs to six black and white). The amount of space occupied by photographs however was only 21 per cent compared to the 25 per cent maximum allowed.

Question 10

The Commission generally agrees with the guidelines of AGPS Circular No. 23. One issue it would like examined is the question of the required dimension of the report (B5). It finds this size restrictive from a design point of view, particularly when maps and diagrams are required. The bulk of the Commission's publications are A4 size. From a plainness point of view, Commission photographs give the text more meaning and an increase in the amount of colour which could be used in special cases would assist. For plans and maps to be effective colour is preferable.

Question 11

The Commission prepares its annual reports in accordance with a production schedule and ensures, through appropriate skilled resources and direct control, that the schedule is

maintained. The only matter beyond its direct control is the clearance of financial accounts by the Auditor-General which is required before the report can be printed.

The Commission's experience, however, is that the request circulated by the Prime Minister's Department for annual reports to be tabled before the end of August is not feasible, particularly if the Auditor-General certification is to be included.

Question 12

In calling tenders, the Commission obtains prices for the Parliamentary run-off copies. It then notifies the AGPS of the successful printer and the AGPS makes the necessary arrangements with the printer independently of the Commission.

Question 13

The financial statements included in the Commission's annual report are audited by the Auditor-General. It has been the Commission's experience that the time involved in obtaining the Auditor-General's Certificate has not led to significant delay in tabling of the report in Parliament.

Question 14

The Commission has never had occasion to table an 'interim' annual report.

Question 15

Apart from the statutory Parliamentary requirements (330 and 5), approximately 1,000 copies of the Commission's annual reports have been initially distributed to other legislative bodies, administrative departments and authorities and Commission staff. The Commission's current mailing list totals 1,638 persons or organisations covering professional institutions and organisations, commercial organisations, State and Commonwealth departments and authorities, local government bodies, libraries, academic institutions, religious organisations e.g. Catholic Education Office, and individuals.

The Commission's annual report is available free of charge on request.

Question 16

The Commission has not carried out a direct survey of the attitude of people to its annual report, but it receives feedback from a number of sources which are generally commendatory. It receives many letters in this vein during the year from those who have read the report.

Presentation to Parliament of the Commission's annual report is a significant media event in Canberra and the report invariably receives wide coverage. The contents are analysed and a medium such as 'The Canberra Times' devotes space in subsequent issues to report and comment on the information in the report. Feedback is thus considerable and a great stress is placed on the importance of the report being comprehensive and accurate.

In addition, as pointed out earlier, the Commission participates, in the Australian Institute of Management NSW Division's Annual Reports Awards and takes due note of the comments and criticisms made.

Question 17

The financial statements are included in the annual report and cover the same period as the report.

Question 18

Costs for the past three years have been as follows:

Report	Number printed	Printing cost	Typesetting cost	Special photographic assignments	Design	Total
		\$	\$	\$	\$	\$
19th	10,000	10,759	1,760	691	In house	13,260
18th	12,000	23,771	2,281	1,388	4,547	31,987
17th	12,000	20,302	2,505	905	3,220	26,937

Question 19

Only the Annual Report has been tabled in Parliament over the past two years.

National Capital Development Commission

February 1977

CHAIRMAN—Will you please proceed with your remarks.

Mr Powell—The Commission, by virtue of the fact that it exists in the community for which it works, has a particular need to establish contact and provide information to that community. That is the 213,000 people who live in Canberra. Therefore we do face a dilemma in that under our Act we are required to report to Parliament on what we have done in the preceding year. At the same time the annual report is used by us, and we believe is expected to be used, as a vehicle for providing information of the same kind to the wider Canberra community. Therefore the dilemma we face is how far should we go in meeting the information needs of the Canberra community in our annual report. In essence we assume that the ability of members of Parliament and the degree of interest is not dissimilar to that of the local community. Therefore we are producing a document that should convey effective information to members of Parliament but also to the Canberra community. Against that background we therefore involve a very considerable number of our staff in the writing and preparation of the annual report. In other words it is a major logistical exercise within the Commission and involves a large number of our staff. It is not a job that is given to one or to a small number of individuals. Everybody feels responsible for disseminating effective information about what we have done in the preceding year.

A lot of thought goes into the design and presentation of the report. This is simply firstly to motivate the people to pick it up and read it and secondly, when they do, to have a format which enables people to look at it at different levels. In other words, there are people who will simply scan the document and look at the pictures. So the design of the report is carefully structured to enable people to get a fairly good impression of what we do simply by looking at the pictures and perhaps reading the captions underneath. Then

the text is written for the next level of appreciation of people who might read at least some parts of the text because they have an interest in schools or health or town planning. Then the third level is to provide detailed statistics about finance, about the complete works program of the Commission or about staff, again for those people who want to use the annual report to carry out some degree of analysis of our activities. So I just wanted to put before you what I believe is a very comprehensive approach to the preparation of the report and to indicate to you the kind of motivation that lies behind the production of it.

CHAIRMAN—Thank you. Do you run any sort of a survey as to how your report is received? Do you give people the opportunity to complete a questionnaire on how they see it?

Mr Powell—No, we do not carry out formal or scientific evaluation surveys of that kind. We really rely on two sorts of judgments: One is that we are guided very strongly by the criteria established by the Australian Institute of Management. We do submit our report for consideration by that professional body as part of their annual awards program, so we do get some feedback as to whether or not we are conforming to that criteria. In five of the last six years we have won a bronze award for our annual report, so we conclude from that that we are meeting in a very considerable degree the criteria of that body. Secondly, we receive a very considerable amount of mail—not only asking for copies of our annual report—from widely throughout Australia and from a considerable number of people overseas. We do look at that correspondence each year prior to preparing our next annual report, so that we can pick up some guide. That correspondence does tell us a lot about the information that the local community wants. We do not get a lot of correspondence from members of Parliament. Probably the most explicit comment we get would be from people overseas who, apart from making quite a lot of complimentary remarks, also tend to follow up with requests for further information.

CHAIRMAN—Do you get a considerable volume of mail in this respect?

Mr Powell—Yes.

CHAIRMAN—And how many copies would you send out in answer to these requests?

Mr Powell—Each year we produce between 8,000 and 10,000 copies of the report. The report is given away free on request. A major outlet, for example, is the Regatta Point exhibition and copies of the annual report can be obtained by people visiting that exhibition. It is not available on the counter; in other words, somebody has to ask for it and our staff are instructed to make some attempt to satisfy themselves that the person wanting it has a need or a particular interest in having the document. Usually we find that about 95 per cent of that production run is allocated over a period of about three years. In the current year we would probably get rid of about 6,000 to 7,000 copies. Usually by three years' time we are down to the last 100 or 200 copies. From that point on we then keep those very strictly in reserve and give them out only when there is clearly somebody who has a particular purpose in asking for it.

Dr BLEWETT—Could you say something about what sort of people they are? Are they mainly Canberra people who take that bulk, apart from the ones you have on your distribution lists?

Mr Powell—No, I will give you the breakdown: As a matter of policy every member of Parliament gets a copy of the report. This distribution is fairly normal; that is specified. Secondly, we give every member of our staff a copy of the annual report; we feel it is important that they have it.

CHAIRMAN—How many?

Mr Powell—There are 360 people on the Commission staff and they all get a copy. Probably one-third of those people would have had some involvement in the preparation of the document. Then we would distribute copies to all of the significant libraries throughout Australia—that is State libraries—and all of the academic institutions and a number of public libraries. We have a list of both libraries and related institutions. That is a list that we usually review about once every three years to see that it is current and up to date.

CHAIRMAN—How many are on the total list?

Mr Laws—At the moment the listing is 1,800—individuals and organisations.

Mr Powell—The individuals would tend to be professional people. In other words, they will be

from consulting firms; they will be from professional institutes; in some cases there will be lay people who for some reason have a particular interest in either Canberra or town planning or whatever. The pattern of overseas users is much the same. In other words, these are academic organisations and counterpart organisations similar to the NCDC. Then a fair proportion of reports always go to students who are doing projects or to schools or groups which visit Canberra in an organised way. We give them an annual report as part of a whole pattern of documentation.

Mr Laws—On that I would like to make one point. We also send a copy of the annual report to the members' electoral offices because members of Parliament are quite often involved in arranging for school groups to visit Canberra. Last year we brought that into operation, so each electoral office would have a copy of our annual report.

CHAIRMAN—So do I understand that 1,800 is the total?

Mr Laws—That is on the mailing list. The members' electoral offices are included in that 1,800. The staff and parliamentary distribution are additional.

CHAIRMAN—In other words it is about 2,500 copies that are allocated before you start?

Mr Powell—Yes, that is before requests.

CHAIRMAN—That means that another 3,500 are going to be distributed in various ways over the next 12 months?

Mr Powell—Yes.

CHAIRMAN—So 6,000 go in the first year, made up of the 2,500 plus the 3,500. You would undoubtedly be aware of the comments that were passed in the Senate Standing Committee on Science and the Environment concerning the prestige documents:

The Committee has a number of reservations concerning the Commission's annual report for 1977-78 which to some extent resembles an expensively produced 'prestige' document rather than a report to inform Parliament. The Committee is of the opinion that the primary function of a statutory authority's annual report is to inform Parliament as to how it is carrying out its functions as required by law. In this context the Committee regards the use of expensive colour plates for mere decorative effect as unnecessary. The Committee understands that this view is consistent with Government policy as well as with the views of the Prime Minister expressed in a letter dated 12 July 1976 to all Ministers.

I presume somebody would have drawn your attention to those comments.

Mr Powell—Yes.

CHAIRMAN—What would you like to say in answer to that?

Mr Powell—Let me say firstly as Commissioner my reaction to that report was one of very great disappointment. But just taking at face value what the Committee has said, it follows from my opening remarks that there is a great problem in disseminating information about the work of the Commission. It is a difficult exercise and we believe that there is no point in producing an annual report if built into the design of it you have not incorporated some device that encourages people to pick it up and look at it. So in that sense our problem is not any different from that of somebody engaged in commercial advertising. It is a factor that we could ignore; we could produce a report that is strictly in accordance with a legislative requirement.

CHAIRMAN—Have you considered that?

Mr Powell—Yes, we have considered that and we have tried it. What we do each year is to try to produce an annual report that has a theme. The theme is an information theme and it is a design theme so that the document does not always look the same each year and so it does not appear to have a routine character. We also try to adapt it to what we judge to be the current interests of members of Parliament and of the Canberra community, being our two most important clients. So you will find that in some cases our annual reports might have a fairly large proportion of colour or of illustrations but in other years it might have very little. You will also find that the typography changes and the cover changes.

In one year we tried to produce a purely black and white document, relying for impact on the quality of the photographs and of the illustrations so that document has no colour in it. It uses photographs and drawings to convey information. It uses a particular setout.

CHAIRMAN—Did you get a lot of adverse comment about that?

Mr Powell—No. In fact, quite interestingly, we got a lot of favourable comment. It won a bronze award from the Institute of Management. We did not get any letters from anybody saying that it was a pity the report did not have any colour in it. This report (the 21st) has been the subject of criticism. I believe the Committee in its comments was referring, for example, to a photograph such as that (page 4) and saying that it is simply for display. All the photographs have to be seen in relation to the text and we try to ensure that the illustrations are placed next to the text rather than, say, grouping photographs whether

coloured or not, in the centre of the document. As I said before, we are producing a document which we believe some people will look at from one level of appreciation. They will just look at the pictures as though they were in a magazine. Others will read the text. We design it so that if you just look at the pictures and read the captions underneath you will still get a pretty good idea of the Commission's work.

That picture (page 30) tries to illustrate or to encapsulate the notion that in the development of Canberra's open spaces we provide for cyclists, pedestrians and equestrians. Canberra is the only place in Australia which is developing a cycle network on a metropolitan scale. In other words it will have a complete cyclepath network that covers the whole of the metropolitan area. In the same way, and over a longer period, we will have an equestrian network that will link every part of the large scale open space system. That photograph is designed to make that point and to emphasise how the equestrian system is complemented and supplemented by the landscape treatment. The picture reinforces the words in the report.

CHAIRMAN—As a matter of interest, who criticised these?

Mr Powell—I am referring to the criticism that you raised with me.

CHAIRMAN—I did not nominate the pictures for discussion. Who has raised these objections with you?

Mr Powell—The Committee in its report made specific reference to that photograph at the time.

CHAIRMAN—Did it?

Mr Powell—Yes. That photograph is included because that is the first stadium that has been built in Australia for Olympic class athletics. We used to produce pictures like that or pictures like that which had no people in them. They were, an architectural approach to illustration. The whole question of social impact and the involvement of the community in our work and in the use of our facilities became more and more important so we decided, as a matter of policy, to have many more pictures showing the facility being used. We could have chosen an illustration of the National Stadium without any people in it. That would have been an architectural type of illustration which probably would not have drawn flak. But this picture conveys to anybody who is interested the advanced engineering design involved in that stadium—the problem of getting a column-free space. It is a significant work because it was built at very low cost and completed

in 11 months. It indicates it is possible to build an Olympic class stadium in a particular way.

The illustration is pertinent to the information contained in the text and yet if you do not read the text you will still know that Canberra has recently completed an Olympic class stadium. That is my response to what I think was uninformed criticism by that Committee, with respect.

Dr BLEWETT—In that defence you suggested that there is a problem in that the report is read at two levels.

Mr Powell—Yes.

Dr BLEWETT—As I understand the Senate's report their reply to that would be that it would be better if one's publications were specifically directed at one level, and if the annual report concentrated in a rather limited way on what an annual report should do for that level. They also suggested the use of distinctive public relations material. What is your opinion of trying to divide these functions more clearly?

Mr Powell—The first problem is to decide whether the audience is confined to members of Parliament or not.

Dr BLEWETT—They referred to intelligent laymen generally this morning.

Mr Powell—All right, but let us take a specific case. If we are reporting only to members of Parliament as required by statute then it is still true in my view that some members of Parliament will only look at the report in the same way as they would look at a magazine. They will scan it quickly and try to identify those parts of it which may be of interest to them or may have some relevance to their electoral situation. Therefore it is still true that the document has to contain illustrations. Some of those illustrations might require colour; for example it might be necessary in photographs of medium density housing in order to distinguish between one townhouse and another. That is still the best way of conveying that information to a member of Parliament. I do not believe the format of the report should alter. I do not think you can make a distinction between information to Parliament and public relations. The report has no public relations function. Its purpose is to convey information to members of Parliament and to the Canberra community and we do not distinguish between them. In this day and age it is unrealistic, despite what the statute might say, for any authority to think that all it has to do is to report to members of Parliament because members of Parliament see themselves in relation to a wider community

and we have to see the NCDC as inextricably involved with the 200,000 people who live here.

The Commission's report, unlike most annual reports, is a significant event in Canberra. When the report is produced it does not go unnoticed. It does not lie on the table of the House. It is a major event for the local media. It gets extensive reporting. It is awaited by the business community, particularly the construction industry, and by trade union groups. If we tried to limit to the needs of members of Parliament it would be criticised as deficient in relation to the needs of the other people who are bound to use it. I do not believe that in practical terms we can make a distinction of the kind the Committee is suggesting, namely to distinguish a kind of public relations component and deal with it separately.

CHAIRMAN—You say there is no public relations component in this?

Mr Powell—That is what I am saying. Its purpose is to inform in a frank manner and in a manner that will meet the needs of the people who are going to use it. We want the document to be used as information and not just received as information.

Dr BLEWETT—I would have thought that a lot of public relations men would see their prime task as providing information, but that is an aside. The implication of the argument you have just presented is that to the annual report of the NCDC we should not apply the same evaluative criteria as we should perhaps apply to other reports, for instance the reports of departments.

CHAIRMAN—For example, the report of the Department of the Capital Territory.

Mr Powell—Many of the criteria I am advocating would also apply to the DCT because they have a related function to ours in the same community. The duties they carry out have a clear impact on social and community welfare and on the physical environment of Canberra et cetera. So I think the DCT's report should be similar to ours. The difference is that they, in their report, are dealing with what is essentially a landlord or administrative role. They do not need to explain to people the subtle differences between building detached housing, which might be government housing, and medium density housing, which implies a closer social knit and which therefore requires different elements in design and planning. In order to get the community to understand the essential differences in design and planning between one class of housing and another we are required to use many more illustrations than DCT might use in their report.

The particular nature of our work is of increasing interest to the wider community. The community generally is becoming increasingly interested in urban planning. The public generally, because most of them are house owners, are interested in aspects of architectural design and landscape design et cetera. So there is an innate interest in our report and in the work we do that would not be shown to most public authority reports. The wider community, generally speaking, is not interested in economic, administrative or trade matters. I believe that different criteria apply to the acceptance of our report, to the things that it needs to do and to the degree of interest that it is likely to attract. Of course there are a lot of common criteria. In the jargon we believe that it is a category III document rather than a category II document.

Mr HOWE—Another committee with which I am concerned is worried about the cost of reports produced on environmental impact statements. Very often they are very expensively produced. This report reflects the planning interest of the Commission. It is presented in a highly physical manner and the photographs are integrated with the text. The text very often refers to the physical characteristics of, say, a set of buildings. You were just talking about medium density housing. As an average member of Parliament I am interested enough in the question of housing.

You talked about relating things back to our electorates. I have an interest in medium density housing in my electorate but there is not in that section very much social information, for example, that would be important to enable me to identify the need for medium density housing in other cities. I would want to know who the housing is being built for and how the land was acquired. There are critical questions if you are not simply doing a promotional job. This is the only section in the report that deals with housing. It is on pages 32 and 33. It deals with an example of what presumably the Commission regards as some pretty good housing that it has recently constructed. I cannot see how you are really informing the Parliament or the public generally about the stage which your housing program has reached, how this fits into the overall program and what emerging needs you are seeking to meet.

Mr Powell—I have two responses to that. Firstly, last year's report tells you something about housing—at least it tells you that we are engaged in the field of medium density housing. If you wanted to know more about how we did it we hope you would write to us. There is a list in

the back of the report that tells you about publications we have produced on housing, so if you wanted more information you could look through the list and you would see three or four technical publications there.

Mr HOWE—As a planning authority you presumably have a task when you report annually to the Parliament to convey information about housing generally, because it is a major dimension of your overall planning process. You should convey where you are at in respect of that particular task. What you have conveyed to us is where you are at in respect of a particular sort of development in purely physical terms.

Mr Powell—I had not quite finished answering the question. I am not being defensive about this, but the answer to the question you are posing is that you will get a full appreciation of both the social and physical aspects of our housing work only by progressive reading of our reports. This report does not say anything much about social impact of housing, but the 1976-77 report says quite a lot about it and in particular it says a lot about the Causeway development, which has a very strong social and welfare component to it. That housing was constructed in a particular way with a strong emphasis on the needs of the people who were there and how they might be relocated or rehoused. Some reports would have a strong emphasis on social aspects of housing. The full answer is gained only by somebody who either looks back at previous reports or reads these reports each year and therefore sees a continuum regarding how the Commission handles housing. There is also a practical difficulty; if you like a kind of bureaucratic difficulty, in regard to any social aspects of our work. In the sharing of responsibility for housing in the Australian Capital Territory the social or welfare side of it is the responsibility of the Department of the Capital Territory. So we do have to be careful about what we say in our annual report about the social and welfare aspects of housing, because we expect that they will report on that, and they would be justifiably upset if we said too much about what was clearly their jurisdiction. We try to achieve a balance. I certainly acknowledge the physical emphasis to which you are pointing in this report, but this is not always so. In the case of the Causeway, public participation was important, so we made that a feature of the 1976-77 annual report.

CHAIRMAN—The Department of Social Security also has a fairly substantial grip on the community as far as social impact and various

other things that you mentioned as being important are concerned. Do you think that Department's report is of little value because it does not have colour photographs?

Mr Powell—I do.

CHAIRMAN—You think it would be better if it had coloured pictures?

Mr Powell—I think that report is a very difficult document for the intelligent layman to read. For the less intelligent individual it is even more difficult, because there is nothing in the document to relieve it in terms of the psychology of how people look at documents.

CHAIRMAN—The gentleman who judges these things said that was a very good document. He also said of course that there are no marks for colour or cost. I do not know by what standards you judge these.

Mr Powell—In our submission we said that by and large we have adopted fairly precisely the whole range of criteria set down by the Australian Institute of Management. If you were able to say to me that this report had received a bronze award of the Australian Institute of Management, then I think that would be persuasive. But when you say to me that someone has judged it as a good report, then I have to say: 'Who was that?' We have adopted the approach of trying to get into the hands of Parliament or the local community information about what we do. On that criterion I think this is a very difficult document to read.

I am not saying it is difficult for people who are really interested in the subject, but I think it is difficult for people who have only a passing interest or who may read it simply because it comes into their hands. I am not saying it is not a well designed document, but there must be some aspects of the work of the Department of Social Security that are visual in their nature, and therefore are best shown visually.

CHAIRMAN—The Department of Health has some black and white photographs in its report. Do you think that is an improvement?

Mr Powell—You can do it all in black and white, and we have produced a report that is all in black and white. I am not saying that colour is essential in all cases, but a reasonable use of colour is helpful. In this day and age people are conventionally used to colour because of colour television, because they read colour magazines, and because of the use of colour in newspapers. There is now a conventional appreciation of colour as a way of conveying information. But I

am not saying it is essential; you can do without it.

CHAIRMAN—I think every other witness whom we have interviewed this week has said that he felt that a reduction in presentation from the expensive glossy material was reasonable. I gather that you do not believe that that is necessarily so. Does this not apply to the NCDC?

Mr Powell—On the one hand we think the specifications for the use of colour as set out in category III are reasonable. We conform to that category, and I am not arguing for a greater use of colour than is provided for in that specification. On the other hand you could not argue that every year the Commission should produce an annual report without colour, because if we had to do that there would be some aspects of our work that we could not effectively illustrate or disseminate.

CHAIRMAN—A letter from the Prime Minister, dated 12 July 1976, also made comment about these things. You believe apparently that this does not apply to the NCDC. The letter says:

In general, I believe that annual reports should not be regarded as promotional or publicity documents but that their content should be limited to material relevant to their purpose.

Mr Powell—I agree with that.

CHAIRMAN—The letter continues:

I am therefore writing to ask you to have departments and authorities under your control examine the production costs of any annual reports of their activities, with a view to making economies wherever possible, and to ensuring that the reports come within the approved standards without reducing the informational value of the reports themselves.

Do you comply with that?

Mr Powell—Absolutely.

Mr Laws—May I just make one point which I think is very pertinent to the case here. This report, our tenth annual report, was printed 12 years ago, in 1966-67. It was fully controlled by the Australian Government Publishing Service, both in design and in production.

CHAIRMAN—How long ago?

Mr Laws—Twelve years ago. A lot is being made of colour being used now, whereas this report of 12 years ago had colour diagrams throughout, including colour overlays for headings which we no longer use, and that was done through the Australian Government Publishing Service.

CHAIRMAN—Did the AGPS exist 12 years ago?

Mr Laws—Yes; the Government Printing Office is known as the AGPS but it is still the government printing set-up.

Mr Powell—In other words, we are saying that we have always used colour.

Mr Laws—It was accepted that this report be done in that way because Canberra is the national capital—not because it is the report of the NCDC, but because we are reporting on the national capital of Australia. Under those guidelines the use of colour was accepted as being reasonable in an annual report.

CHAIRMAN—I find it quite difficult to relate these two things. The more witnesses we interview, the more it becomes apparent that there are two purposes being served.

One is to provide the information that is required and the other is a means of justifying the organisation in some way, a public relations service to a variety of outside people. Various of the States and/or cities provide their own picture books which demonstrate what their cities have and what they are doing. There is quite a range of these but they are entirely different from a public relations exercise. They are commercial ventures. This is getting very close to a commercial venture. A picture book is being produced which is very good but which is available gratis. A publication of this nature must surely be good enough to stand on its own feet as a fully commercial venture. I do not see why it is necessary to provide this gratis to everybody when the NCDC is totally a service organisation.

Mr Powell—We would welcome a policy which required us to sell that report. Prior to a decision of the Government that all publications should be sold we gave them away. We found that in the first year after we were required to sell them the demand tripled. I have no doubt that we would probably sell 50 per cent more annual reports if we were required to sell them but the policy at the moment is that annual reports be given away.

CHAIRMAN—Whose policy? Is this government policy?

Mr Powell—Yes. It is government policy as I understand it.

Mr Laws—They are sold through the AGPS.

CHAIRMAN—Should the inquiries you receive be directed to the AGPS? I realise that this token on the back is only a token, but should it be so?

Mr Laws—The AGPS has only a run-off number of copies. It is about 1,500.

Mr Powell—It could not be handled in that way because we usually receive requests for our annual report as a supplement to other information. Usually what goes out to somebody is a letter that conveys the information they have asked for plus the annual report, which goes as supporting documentation to that. Very rarely someone writes only for a copy of the annual report except in some cases in which people ask for two or three copies for a class of town planners. From the Commission's point of view there would be no objection to selling at least a proportion of our annual reports. We still believe that a significant number would need to be given away.

CHAIRMAN—Have you asked the Government whether it believes that a public relations document should be separated from the statutory requirements or not?

Mr Powell—I have not but let me come back to the point that I do not believe that this is a public relations document. The technical papers and pamphlets the Commission produces which are clearly public relations documents are another part of our program. We treat that as public relations.

CHAIRMAN—Do you sell them?

Mr Powell—No, we do not sell all of them. We produce quite a number of pamphlets, for example, which we do not sell but which we make available at our Regatta Point exhibition or at the Commission offices. They tend to be folded sheets discussing housing, solar heating or energy conservation and so on.

CHAIRMAN—Are they included in this list?

Mr Powell—They are not listed there. The technical paper series is a series of documents which is sold and which is explicitly written for the purpose. These documents are usually extracted from work we have done or work in progress which we believe would be useful technical information Australia wide. We see that as part of our function as a national capital organisation.

CHAIRMAN—Who prints this document for you?

Mr Powell—It is printed by private contractors after tender. The whole process of publication and letting of tenders is accompanied by consultation with AGPS. The AGPS gives us recommended firms to whom we then offer tenders.

CHAIRMAN—Do they assist you with the layout and production?

Mr Powell—They do not assist us with the layout and production. Again, the Commission is

unusual in that it has a large number of cartographers and draftsmen. It has its own graphic designer and artists whom it uses for its own work. Therefore we have internally all the resources needed to put this document together. We consult AGPS on the general layout of the document, the proportion of photographs, the proportion of colour, the logistics of printing et cetera. There is consultation in that sense but we do not draw on them for the use of any of their publishing or design resources. Again, we are unusual in this regard.

CHAIRMAN—Can you give us a rundown on your specialist staff? Can you tell us how many specialists of each type you employ?

Mr Powell—Yes, it is in the annual report.

CHAIRMAN—Where?

Mr Powell—On page 37. We could give you a more detailed breakdown. We have one graphic designer. We could tell you what other people we have if you want a more detailed breakdown. Of course these are not people employed to produce only our annual report. They are usually employed for architectural and town planning design: work, for publications, the drawing of maps and that sort of thing.

CHAIRMAN—I do not see anyone there who appears to be tied up with this. What section are they in?

Mr Powell—They are technical draftsmen. There are 45 such people. They are in the cartographic office. There are three journalists. Those are the two most important groups. There are some people in management personnel. For instance, Mr Laws is in management personnel. If you wish we could give you a detailed breakdown. For example, I have here a breakdown of all the work that goes into preparing the annual report. It is broken down in terms of cost and describes each of the functions to be carried out. That would indicate the kind of people who are needed.

CHAIRMAN—You have 120 people on your staff who make some input into this annual report.

Mr Powell—That is a guess. A lot of the writing of the text; for example, would initially be done by some of the town planners and the architects and the engineers. They produce the first draft of the copy. I feel that I am not convincing you when I say that I do not believe this is a public relations document.

On page 5 of our most recent annual report I explained in my letter to the Minister that the report attempts to summarise for the information

of the Parliament the more important aspects of Canberra's planning and development, highlighting both problems and successes so as to give a reasonably clear indication of the Commission's effectiveness or otherwise in the conduct of its statutory duties. In other words, this report tries to convey what we set out to do, where we think we achieved it and where we think that we did not. It is not just a report telling all about our success; it is also tries to bring to the attention of Parliament cases in which we have either made mistakes or have failed to meet our own performance standards. It is a frank report of what we do.

CHAIRMAN—Can you give us one example?

Mr Powell—Almost certainly there will be some instances under the heading 'public participation'. On page 15 we discuss the Canberra inflill program. If you read that it will indicate where we have had great difficulty in achieving effective communication with the public and satisfying their demands.

CHAIRMAN—You were going to start to demonstrate these internal costs.

Mr Powell—Last year's report cost \$15,520.

CHAIRMAN—What does that cost include?

Mr Powell—It includes the time spent by the Commissioners and the Secretary-Manager in writing part of the text and carrying out part of the editing of the document. It includes the time of Mr Laws, as the Director of Public Information, on the general oversighting of the document and its production. It includes the time of project officers throughout the organisation who prepared texts or provided diagrammatic information and also the specific involvement of the division heads in clearing texts and editing information; the time of journalists; the time of the graphic designer; the time of the drafting office in preparing diagrams suitable for transmission to the Printer and the cost of photography, some of which is done by an outside agent. A lot of it is taken from the normal photographic record of the Commission. We take a lot of photographs of our work. In some years we have run an internal photographic competition to try to motivate staff to take pictures and then have the satisfaction of having them appear in the annual report. It includes the cost of typing, the cost of the work of the photographic librarian in compiling photographs for selection and the cost of the printing and preparation of labels, envelopes, paper and postage.

CHAIRMAN—Does that include, for instance, a proportion of the cost of the equipment

or the rent for the space it stands in or the holiday pay, sick pay, long service leave, insurance, superannuation or any of those components of employees' salaries?

Mr Powell—No.

CHAIRMAN—So if we added another 50 per cent I suppose that would be getting close to enough to cover the overheads and on-costs?

Mr Powell—I really do not know. I would think less, but I really do not know.

CHAIRMAN—There is a proportion for power, phone, heating and biscuits and so on.

Mr Laws—I think 50 per cent is rather high.

CHAIRMAN—Would it be 40 per cent?

Mr Powell—we do not know. We would have to take it on notice.

CHAIRMAN—I think if we are going to assess a cost we need to include the factors of the cost. For instance, if you got some little printer in Belconnen to print it for you he would have to do exactly these things.

Mr Powell—Yes. I am not sure what comparison that allows you to make.

CHAIRMAN—It does demonstrate that there is no such thing as a free lunch, as I heard one man say once. You say that the publication cost \$21,119 but in fact that is considerably less than half of what it cost. If it was estimated at \$2.60 per copy it means that in fact it was \$5.00 per copy.

Mr Laws—we were only asked the printing and typesetting costs.

CHAIRMAN—Yes, but I am trying to assess what they are costing.

Mr Laws—That is the information we tried to assess. Of course all of those staff members are employed by the Commission to carry out normal operations. They are not employed especially to produce the annual report.

Mr Powell—There is no problem. If you wanted us to add on all of the overheads—the continuing cost—then that is a calculation we could make.

CHAIRMAN—I do not think it is so important. I think we can make a reasonable assessment of what other people would believe these costs to be normally. If we need it we can certainly ask for it.

Mr Powell—I suggest the percentage is probably somewhere between 25 and 30 per cent, on the rationalisation that normally if you are selling a document the selling price is three times the production cost. That is broken up into one-third

profit, one-third overhead and one-third literal cost. I think your figure is probably somewhere between 25 and 30 per cent on that \$15,000 that I am quoting to you. I do not think it is as high as 40 per cent.

Dr BLEWETT—This touches on the same problem. As I understand your submission, the 1977-78 report represents a considerable cutback in length, number of photographs and proportion of photographs to space. What were the reasons for that?

Mr Powell—Firstly the physical works program in that year was less, so there was literally less to report on. Also on the issue side of the report, such as public participation and environmental assessment, there were two or three major events in that year. So, in short, I think the scope for content was less. My belief is that this year because we have had a large number of issues the report will probably lengthen again and we will have to make choices about whether we have less colour in order to provide for the longer length. That is the main reason. Perhaps to be frank, there are occasions when people who might contribute to the report are not available and therefore we cannot get copy or we cannot get the text in relation to our deadline. Sometimes things are chopped off because we cannot get it on time. But I would not like to admit that too freely.

Dr BLEWETT—Nevertheless even this year the cut in the number of photographs is proportionately much greater than the cut in length. There seems to have been some reduction although on the other hand, you had a greater proportion of colour so that may balance out.

Mr Powell—Yes. I think that really is the choice we made. We said: 'Let us cut back the number of photographs and let us use more colour so that each photograph is more telling'. We are human and as a result of an inquiry of this kind or a criticism from a parliamentary committee, we will be a bit more cautious about using colour this year, I suppose. In other words we will be more motivated to look for other ways of getting information across because we feel this is now the climate of opinion. That might have been in favour of dissemination to a wide audience two years ago but it is not the same mood now. We will respond. That is not a survival instinct; that is a reading of the environment.

Mr HOWE—In the event of a major cutback in the report so that perhaps you are producing a

report that is almost strictly to meet the requirements for the Parliament, would you have to produce then something else that you are not currently producing through the Information Service?

Mr Powell—The answer is definitely yes. We would be very strongly motivated then to turn round and produce in parallel a separate document that incorporates almost all of the information about the works program, the finances et cetera but with a greater character that relates to a lay community. We now have a market or if you like, an expectation for our annual report that has built up over 20 years.

CHAIRMAN—Provided it is free?

Mr Powell—I assure you that if we sell it we will dispose of more of them. I have no doubt about that.

CHAIRMAN—I would extol you.

Mr Laws—Our sales of publications last year totalled close to \$40,000 so we know about selling publications.

CHAIRMAN—If they cost \$5-odd we are going to need to get close to \$1.50 for them.

Mr HOWE—If you sell something as opposed to distributing it, does that mean the same people get it?

Mr Powell—No. There are some elements in the community that do not get it for various reasons—either they cannot afford it—

Mr HOWE—Such as the school kids for projects?

Mr Powell—That is right. It is more difficult for them to get it.

Mr Laws—Actually our report is only going to the school libraries; it is not handed out to school children.

Mr Powell—Except when we have visiting groups of teachers and that sort of thing.

Mr Laws—That is for one group.

Mr Powell—We might give them a number of annual reports. The whole thing is that it is a double-edged sword in a sense that as a town planning agency, and as a development authority, we have unique information; it is strongly sought after by consultants, by community groups and by government agencies. We find with our technical papers, for example, that we can sell those very well indeed, but if we are too successful then AGPS or other elements of the public service say: 'What is the Commission doing running a successful publishing company?' So there is a balance to be drawn between what

you give away or what you sell at a low price. You can be too successful.

CHAIRMAN—Have you been accused of being too successful? I have never heard of anybody who has been rubbish because he was successful?

Mr Powell—No one expects the NCDC to have income so if each year something appears in our accounts that the NCDC made \$20,000 this year and next year it is \$40,000 and the next year it is \$60,000, someone says: 'The NCDC is beginning to develop a publishing empire; it is making money. It is not meant to make money; it is meant to spend it'. So there has to be a balance. No one is going to worry too much if we are getting \$50,000 for our publications and we are covering our costs. To you as a committee motivated to recover costs for publications, that is fine. But we cannot go as far as a committee like this might like us to go; it is a question always of balance and of what is expected of us. The main purpose in selling my technical papers is to put unique technical information into a lot of hands throughout Australia. I sell them to do so. I do not want to be so successful that someone says: 'They should not be in the business of making money selling technical papers, let technical publishing companies do that'. That might be chopped on the head and I think it is a very important service for the Commission to render, even though there is nothing in our Act that says we have to share any of our information whatsoever. So it is a question of balance.

CHAIRMAN—Yes, I guess it is a question of balance. I find it is a very interesting proposition and I will have great pleasure in reading the *Hansard* to follow this through. Can you tell us what particular specialist equipment you have for doing these various jobs? Have you a lot of equipment or a little equipment?

Mr Powell—Mr Laws can answer that, but all the equipment we have is for other purposes. It just so happens that we can use it for our annual report. But we do not print our annual report; it is printed outside.

Mr Laws—The main printing equipment is one small one-colour Heidelberg Press which is mainly used for small-run material that is needed quickly. This excludes the annual report for the simple reason that last year we printed 8,000 copies. The volume just excludes the annual report from printing within the Commission. We are not in the business of publishing as such. That is there to satisfy low volume material. If you try to have low volume material printed outside, the unit cost rises dramatically. Then if you

need only 500 copies you are in the position of deciding whether—to get a reasonable unit price—you print 1,000 or 1,500 copies. If it is a financial flop and you are left with 1,000 copies on the shelf, you are not really saving money in the long run anyhow. So with the in-house printing equipment that we have, we are able to print only 500 copies of our technical reports as a rule and get rid of them. If we find we need more we can reprint at no cost penalty so we are saving in that way.

Mr Powell—The press we have is really to produce colour maps and things like that. That is its main purpose.

Mr Laws—It is only a one-colour run so naturally a page may have to go through four times.

CHAIRMAN—What size is this page?

Mr Laws—It can go up to A3; that is double the A4 size page.

CHAIRMAN—You do not think there is any risk in your type of operation, seeing that you have various efficient and competent staff for this sort of thing, that you can wind up trying to find work for them or that they create jobs for themselves? You are not worried about this becoming a work creating group?

Mr Powell—We always maintain a position of undercapacity so that there is always a proportion of our own work—plan printing, or the preparation of pamphlets—that has to be done outside each year. For the foreseeable future because of the work related to Parliament House we will not have sufficient capacity to handle the printing work involved for all the maps and plans. So we have never been in a situation where we have had surplus capacity for our equipment or, more importantly, for our staff. Staff ceilings now determine that we have less staff than we really need to do the work.

CHAIRMAN—In the 1977 submission you included a figure of \$1,388 for what it would cost for photographic assignments for the eighteenth report. Can you tell us what it cost for photographic assignments for the twentieth and twenty-first reports?

Mr Laws—Yes.

CHAIRMAN—Was this contract photography?

Mr Laws—Yes. It is very difficult to split up in some ways because a lot of the photography has multiple uses. We conduct quite a comprehensive planning exhibition at Regatta Point, for example, and the photography that is carried out for that is used there. The same applies in the audio-visual production. We have a theatre

there as well and we sell audio-visual kits on planning and development information on Canberra. This is made available. In other words there are multiple uses. You cannot say that we employ a photographer and he goes out for X number of days specifically for the annual report because what he takes is used in a whole variety of ways.

CHAIRMAN—In your 1977 submission you said that that figure amounted exactly to \$1,388; I am just wondering what it was in the following two years. Exactly the same criteria will suffice.

Mr Laws—In this current annual report I have estimated that we have allowed four days specifically for annual report photography. In other words this report motivated us to use a photographer an additional four days to get special photography done.

Mr Powell—That is \$1,150.

Mr Laws—Yes. That includes also costing for processing and film. To hire a photographer per day, for a good standard photographer, you are looking at anything from \$200 to \$250 a day.

Mr Powell—That was for last year's report. For the previous year we would have to take the question on notice.

CHAIRMAN—Do you cost your own work? Do you just go ahead and print if you want it, or do you assess it before you start and compare it with other things?

Mr Laws—We have to consider the cost. We have to form estimates showing so many reports et cetera. It forms part of our estimates drawn up in December of each year for the next financial year.

CHAIRMAN—Do you check your estimates against, say, those of AGPS or anybody else?

Mr Laws—Yes. We seek advice from AGPS on the printers that they believe would have sufficient skill to produce a publication of this nature. We invite public tenders, but at the same time we write to the printers nominated by AGPS to make them aware of the tender. If we have any difficulties in assessing the tender we go to AGPS and they are quite willing to give us advice. We have close liaison with AGPS. If we believe there is some difficulty over a price, AGPS are very good in assisting us. We have retained our close liaison with AGPS except recently on the designing point of view. We have to incorporate plans, diagrams et cetera in liaison with a designer, but there is a very practical problem in going from 220 Northbourne Avenue, Braddon across to Kingston to have consultations with a designer within a very tight time.

schedule. There is a requirement for reports to be finished by 31 August; this generally proves impracticable, usually because of the financial accounts. Quite often the Auditor-General's letter is not signed until the middle of August, and from a printing point of view delivery is generally about three weeks after that.

CHAIRMAN—How much work does AGPS actually do for you?

Mr Powell—On our annual report?

CHAIRMAN—No, throughout the year.

Mr Laws—They do not work producing our reports, but they are acting as our agents to sell our publications, and doing quite well.

Mr Powell—AGPS does no publishing work for us.

Mr Laws—They are selling our publications on the usual commercial basis of 40 per cent off the recommended retail price.

CHAIRMAN—Do they make any charge on you for advice, assistance and so on?

Mr Powell—No, because we do not really get advice and assistance; we consult with them. I suppose there is an advice component in it.

CHAIRMAN—There is a time component in it.

Mr Laws—It is fairly minimal though, the amount of their time that is needed.

CHAIRMAN—Thank you very much, gentlemen.

Mr Peter John JUDGE, Officer-in-Charge, Central Information, Library and Editorial Section, Commonwealth Scientific and Industrial Research Organisation, Canberra, Australian Capital Territory, and

Mr Samuel LATTIMORE, Director, Bureau of Scientific Services, Commonwealth Scientific and Industrial Research Organisation, Canberra, Australian Capital Territory, were called and examined.

CHAIRMAN—Welcome to the Committee, gentlemen. We have your submission. Is it the wish of the Sub-committee that the submission be incorporated in the transcript of evidence? There being no objection, it is so ordered.

The document read as follows—

CSIRO
Limestone Ave, Canberra
P.O. Box 225, DICKSON, ACT 2602
Tel. 48 4211
Telegrams: Coresearch Canberra
HMR:LMF
8 February 1979

Mr. B. Wright
Clerk to the Committee
Parliament of Australia Joint Committee on Publications
Parliament House
Canberra, ACT 2600

Dear Mr. Wright,

Annual Reports Inquiry

In response to your letter of 18 January, I am enclosing an updated version of CSIRO's previous submission on annual reports to the Joint Committee on Publications.

I would be pleased to supply any further information that you might require.

Yours sincerely
S. LATTIMORE
Director Bureau of Scientific Services

JOINT COMMITTEE ON PUBLICATIONS
Questionnaire relating to Annual Reports of Australian
Statutory Authorities and other Governmental bodies.

The Annual Report of the Commonwealth Scientific and Industrial Research Organisation is presented to Parliament pursuant to Section 57 of the Science and Industry Research Amendment Bill 1978, which reads:

'57. (1) The Executive shall, as soon as practicable after each 30 June, prepare and furnish to the Minister, for presentation to the Parliament, a report of the operations of the Organization during the year ended on that date, together with—

(a) financial statements in respect of that year in such form as the Minister for Finance approves; and

(b) copies of—

(i) all determinations of the Minister made under sub-paragraph 9 (a) (iv);

(ii) all directions of the Minister given under section 13; and

(iii) all advice furnished by the Advisory Council under section 34,

during that year.

'(2) The report shall set out—

(a) a statement of the policies of the Organization in relation to the carrying out of the scientific research of the Organization that were current at the beginning of the relevant year, together with a description of any developments in those policies that occurred during that year; and

(b) comments of the Executive on advice furnished to it by the Advisory Council during that year.

'(3) Before furnishing financial statements to the Minister, the Executive shall submit them to the Auditor-General, who shall report to the Minister—

(a) whether the statements are based on proper accounts and records;

(b) whether the statements are in agreement with the accounts and records;

(c) whether the receipt, expenditure and investment of moneys, and the acquisition and disposal of assets, by the Organization during the year have been in accordance with this Act; and

(d) as to such other matters arising out of the statements as the Auditor-General considers should be reported to the Minister.

'(4) The Minister shall cause a copy of the report and the other documents referred to in sub-section (1), together with a copy of the report of the Auditor-General,

to be laid before each House of the Parliament within 15 sitting days of that House after their receipt by the Minister.

The updated answers to the questions in the Joint Committee's questionnaire are as follows:

Question 1

Is your Annual Report presented to Parliament pursuant to Statute; if so, when is it required to be presented?

	1974	1975	1976	1977	1978
House of Representatives	18 Sept.	6 Nov.	13 Oct.	3 Nov.	21 Sept.
Senate	19 Sept.	6 Nov.	12 Oct.	3 Nov.	20 Sept.

Question 2

What do you feel are the main reasons (other than a possible statutory obligation) for your Office preparing and tabling in Parliament an Annual Report?

The Annual Report is a convenient means of keeping various bodies in Australia and overseas in touch with what is happening in CSIRO. The Organization prints some 8000 copies of the Annual Report, most of which are distributed in Australia and overseas. (See reply to Question 15 for 'internal' distribution.)

Question 3

For the categories listed below, give a brief description of the information contained in the Annual Report of your Office:

- (a) information required by Statute—Pursuant to Section 57 (1) and (2) of the Amendment Bill—

The Executive shall, as soon as practicable after each 30 June, prepare and furnish to the Minister, for presentation to the Parliament, a report of the operations of the Organization during the year ended on that date, together with—

- (a) financial statements in respect of that year in such form as the Minister of Finance approves; and
(b) copies of—
(i) all determinations of the Minister made under sub-paragraph 9 (a) (iv);
(ii) all directions of the Minister given under section 13; and
(iii) all advice furnished by the Advisory Council under section 34,

during that year.

The report shall set out—

- (a) a statement of the policies of the Organization in relation to the carrying out of the scientific research of the Organization that were current at the beginning of the relevant year, together with a description of any developments in those policies that occurred during that year; and
(b) comments of the Executive on advice furnished to it by the Advisory Council during that year.

- (b) description of departmental activities

The introduction to the Annual Report by the Chairman of the Organization, comments on significant developments and overall policies in management.

Yes, pursuant to Section 57 (1) of the Science and Industry Research Amendment Bill 1978 (see above).

It is required to be presented before each House of the Parliament within fifteen sitting days of that House after receipt by the Minister. In practice, this has been in the Budget Session.

What have been the dates of presentation of your Annual Report for each of the past 5 years?

The general section of the report outlines developments, other than research, in the year under review, e.g.

summary of sources of CSIRO funds and categories of expenditure (in addition to the financial statements required by statute);

progress in the building program—financial provisions for major new buildings, major projects completed, changes in the planned program;

organisational changes, senior appointments and retirement;

major new research projects.

The research section reports on selected activities of the research Divisions and is designed to show something of the wide range of research undertaken. It is not possible to include in the Annual Report a full account of all the Organization's current investigations. A fuller account of current investigations is contained in the separate annual reports published by Division. These Divisional reports are not laid before Parliament.

A list of the research Divisions, indicating their fields of research, and location of their field stations and laboratories, is included in the CSIRO Annual Report.

- (c) content which can be classed as being of a public relations nature

The style and format of the Annual Report is such as to be suitable for the general reader and thus of interest to a fairly wide audience.

- (d) other content

A list of prominent and senior staff of the Organization, and of members of statutory committees (the Advisory Council and the State Committees) was included in Annual Reports up to 1973-74.

The staff list is now published separately.

Question 4

Do you consider that, under certain circumstances, material of a public relations nature should be included in an Annual Report? If yes, why do you feel are appropriate circumstances? Your comments on the desirability of including photographs and/or biographical notes on senior personnel would be appreciated.

We do not consider that the Annual Report should be made freely available as a public relations document per se. However, as indicated in the reply to Question 3 (c), it has a public relations value in that it is of interest to a number of people other than Members of Parliament.

We do include brief biographical notes on people newly appointed to the most senior positions, and occasionally

an obituary of a senior officer who dies while still in office. In recent years, photographs have not been included.

Question 5

Has there been an increase in the size of your Annual Report over the past five years?

No, over the last 5 years the total number of pages in the Annual Report have totalled: 102 (1973-74); 75 (1974-75); 75 (1975-76); 106 (1976-77); 106 (1977-78).

Is there a projected increase in size for future issues of your Annual Report?

No.

Question 6

Was the production of the latest Annual Report of your Office arranged through the Australian Government Publishing Service? Please provide reasons if this procedure was not followed.

CSIRO does not depend on AGPS for its printing: 80 per cent is done in its own primary; the rest is contracted out when it is cheaper to do so. Within this framework, the Annual Report is produced by the CSIRO Editorial and Publications Service in discussion with the AGPS to ensure conformity with AGPS guidelines.

Question 7

For the past two Annual Reports what production standards have been requested of the AGPS or printing contractors in relation to the following:

- (a) type of paper (gsm and quality):
Australian S/Fine Art 38 gsm (1976-77)
Cresville, 115 gsm (1977-78)
- (b) colour(s) of print:
1976-77 3 pages of 4 colour; 2.5 pages of 2 colour
1977-78 6 pages of 4 colour; 11.5 pages of 2 colour
- (c) photographs
see (b)
Over the past two years, photographs included in Annual Reports have been:
(i) 1976-77 19 (including cover)
1977-78 21 (including cover)
(ii) 1976-77 8 per cent (including cover)
1977-78 8 per cent (including cover)
(iii) 1976-77 5 colour (including cover); 14 black and white;
1977-78 6 colour (including cover); 15 black and white

Question 8

Is your Office satisfied with the arrangements made by the AGPS?

Not applicable.

Question 9

Does your Office, when producing its Annual Report, consistently comply with the standards contained in AGPS Circular 237?

Yes—Class III publication.

Question 10

Do you feel that the production standards used in preparing Annual Reports of Commonwealth Departments and Statutory Authorities should conform with the guidelines laid down by AGPS Circular 237? If not, please provide reasons.

Yes.

Question 11

Do you consider it feasible and desirable to lay down a timetable for the initial advice, compilation, production, tabling and general distribution of Annual Reports?

Our experience is that it is difficult to adhere to a rigid timetable although it is useful as a target.

Question 12

When arranging for the printing of the departmental version of the Annual Report, are arrangements made to run off simultaneously sufficient copies for the Parliamentary Paper edition?

Yes, up to 1976-77. The AGPS requested that this procedure was not followed for the 1977-78 issue.

Question 13

Are the financial statements included in the Annual Report of your Office audited by the Auditor-General?

Yes.

If yes, has experience shown that delays in tabling the Report in Parliament can occur as a result of the time involved in obtaining the Auditor-General's Certificate?

No.

Question 14

Has your Office had occasion to present an 'Interim' Annual Report to Parliament in the past 5 years?

No.

Question 15

During the past three years, what has been the 'internal' distribution of your Annual Report for (a) official use, (b) free issue, and (c) other?

Of the 8,060 copies of the 1977-78 Annual Report printed, the initial distribution was to—

Parliament					332
CSIRO Head Office plus Regional Administrative Offices					601
Australian mailing lists—					
bulk	3,563				
single	1,183	4,746			
Overseas mailing lists—					
bulk	270				
single	1,233	1,503	6,249		
Reserve				878	
					8,060

The Australian mailing list includes the CSIRO distribution outside of Head Office—e.g. to Divisions, members of Advisory Council and State Committees.

The Annual Report is available on request to senior personnel. Outside requests are dealt with 'on their merits'. A limited number are sold to the general public through the AGPS.

Question 16

Has your Office (a) carried out a survey with, or (b) been contacted by, known users of your Annual Report in an attempt to encourage an improvement (from their point of view) in the content of the report?

- (a) No.
(b) Yes—taken into consideration when preparing next issue.

Question 17

Are financial statements included with your Annual Reports?

- (a) Yes they are included and cover the same period as the Annual Report.

Joint Committee on Publications

Question 18

Over the past three years, what has been the cost, excluding departmental salaries, of producing your Annual Report? If other than basic production costs are included, e.g. consultant fees, please provide a listing of those items.

Only basic production costs are involved.
For the past three years these have been—

1975-76—\$7,657
1976-77—\$14,120
1977-78—\$16,479

Question 19

On how many occasions in the past two years have reports (not necessarily Annual Reports), emanating from your Office, been tabled in Parliament?

Only Annual Reports have been tabled during the past two years.

CSIRO
P.O. Box 225, Dickson, ACT 2602
Telephone 48 4621
The Chairman
30 January 1979

Mr B. Wright
Clerk to the Minister
Parliament of Australia Joint Committee
on Publications
Parliament House
Canberra, ACT 2600

Dear Mr Wright:

ANNUAL REPORTS INQUIRY

Thank you for your letter of 18 January inviting CSIRO to update its submission on annual reports to the Joint Committee on Publications. I have asked Mr S. Latimore, the Director of our Bureau of Scientific Services to prepare a new submission and he will be forwarding this to you shortly.

Yours sincerely
J. P. WILD

CSIRO
Limestone Ave, Canberra
P.O. Box 225, Dickson, ACT 2602
Tel. 48 4211
Telegrams: CORESEARCH Canberra
2 March 1977

Mr T. H. Wharton
Secretary
Joint Committee on Publications
Parliament House
Canberra, ACT

Dear Mr Wharton

I refer to the letter of the Chairman of the Joint Committee on Publications addressed to the Chairman of CSIRO on 9 December 1976, requesting information relating to the production of annual reports of departments and statutory authorities.

	1972	1973	1974	1975	1976
House of Representatives	28 Sept.	27 Sept.	18 Sept.	6 Nov.	13 Oct.
Senate	10 Oct.	27 Sept.	19 Sept.	6 Nov.	12 Oct.

I enclose a reply to your questionnaire in so far as it applies to the CSIRO Annual Report.

I would be pleased to act as contact officer between CSIRO and your committee.

Yours sincerely
G. R. WILLIAMS
Manager
Central Communication Unit

JOINT COMMITTEE ON PUBLICATIONS

Questionnaire relating to Annual Reports of Australian Statutory Authorities and other Governmental bodies

The Annual Report of the Commonwealth Scientific and Industrial Research Organization is presented to Parliament pursuant to Section 30 of the Science and Industry Research Act 1949, which reads:

30.—(1) The Executive shall, as soon as practicable after each thirtieth day of June, prepare and furnish to the Minister a report of the operations of the Organization during the year ended on that date, together with financial statements in respect of that year in such form as the Treasurer approves.

(2) Before furnishing the financial statements to the Minister, the Executive shall submit them to the Auditor-General, who shall report to the Minister—

- whether the statements are based on accounts and financial records kept in accordance with this Act;
- whether the statements are in agreement with the accounts and financial records and show fairly the financial operations of the Organization;
- whether the receipts, expenditure and investment of moneys, and the acquisition and disposal of other property, by the Organization during the year have been in accordance with this Act; and
- as to such other matters arising out of the statements as the Auditor-General considers should be reported to the Minister.

(3) The Minister shall cause the report and financial statements referred to in sub-section (1) of this section, together with the report of the Auditor-General, to be laid before each House of the Parliament within fifteen sitting days of that House after their receipt by the Minister.

The answers to the questions in this questionnaire are as follows:

Question 1

Is your Annual Report presented to Parliament pursuant to Statute; if so, when is it required to be presented?

Yes, pursuant to Section 30 (3) of the Science and Industry Research Act 1949 (see above).

It is required to be presented before each House of the Parliament within fifteen sitting days of that House after receipt by the Minister. In practice, this has been in the Budget Session.

What have been the dates of presentation of your Annual Report for each of the past 5 years?

Joint Committee on Publications

Question 2

What do you feel are the main reasons (other than a possible statutory obligation) for your Office preparing and tabling in Parliament an Annual Report?

The Annual Report is a convenient means of keeping various bodies in Australia and overseas in touch with what is happening in CSIRO. The Organization distributes some 7,335 copies of the Annual Report in Australia and overseas. (See reply to Question 15 for "internal" distribution.)

Question 3

For the categories listed below, give a brief description of the information contained in the Annual Report of your Office:

(a) information required by Statute

Pursuant to Section 30(1) of the Act—

A report of the operations of the Organization during the year ended each 30 June, together with financial statements in respect of that year in such form as the Treasurer approves.

Prior to submission to the Minister, the financial statements are submitted to the Auditor-General, whose report to the Minister on these statements is also laid before each House of Parliament (Sections 30 (2) and 30 (3) of the Act).

(b) description of departmental activities

The introduction to the Annual Report by the Chairman of the Organization, comments on significant developments and overall policies in management.

The general section of the report outlines development, other than research, in the year under review, e.g.

summary of sources of CSIRO funds and categories of expenditure (in addition to the financial statements required by statute);

progress in the building program—financial provisions for major new buildings, major projects completed, changes in the planned program;

organisational changes, senior appointments and retirements;

major new research projects.

The research section reports on selected activities of the research Divisions and is designed to show something of the wide range of research undertaken. It is not possible to include in the Annual Report a full account of all the Organization's current investigations. A fuller account of current investigations is contained in the separate annual reports published by Divisions. These Divisional reports are not laid before Parliament.

A list of the research Divisions, indicating their fields of research, and location of their field stations and laboratories, is included in the CSIRO Annual Report.

(c) content which can be classed as being of a public relations nature

The style and format of the Annual Report is such as to be suitable for the general reader and thus of interest to a fairly wide audience.

(d) other content

A list of professional and senior staff of the Organization, and of members of statutory committees (the Advisory Council and the State Committees) was included in Annual Reports up to 1973-7.

The staff list is now published separately.

Question 4

Do you consider that, under certain circumstances, material of a public relations nature should be included in an Annual Report? If yes, what do you feel are appropriate circumstances? Your comments on the desirability of including photographs and/or biographical notes on senior personnel would be appreciated.

We do not consider that the Annual Report should be made freely available as a public relations document per se. However, as indicated in the reply to question 3 (c), it has a public relations value in that it is of interest to a number of people other than Members of Parliament.

We do include brief biographical notes on people newly appointed to the most senior positions, and occasionally an obituary of a senior officer who dies while still in office. In recent years, photographs have not been included.

Question 5

Has there been an increase in the size of your Annual Report over the past 5 years?

No—over the last 5 years the total number of pages in the Annual Report have totalled 76 (1971-72); 99 (1972-73); 102 (1973-74); 75 (1974-75); 75 (1975-76)

Is there a projected increase in size for future issues of your Annual Report?

No.

Question 6

Was the production of the latest Annual Report of your Office arranged through the Australian Government Publishing Service? Please provide reasons if this procedure was not followed.

The CSIRO Annual Report is printed in the Organization's own Printing Unit. The Unit provides copies for tabling in Parliament and copies for sale by the AGPS.

(a) Reports for Tabling—350 copies sent to the Parliamentary Liaison Officer, Department of the Prime Minister, C/o Bills and Papers Office, House of Representatives.

(b) Reports for Sale by AGPS—by arrangement with the Assistant Director, Client Service and Print Procurement, AGPS, Kingston, ACT.

Question 7

For the past two Annual Reports what production standards have been requested of the AGPS or printing contractor in relation to the following:

- type of paper (gram and quality)
Australian 5/ Fine Art 98 gsm (1974-75 and 1975-76 Annual Reports)
- colour(s) of print
3 full pages of 4 colour (photographs) (1974-75)
2 full pages of 4 colour (photographs) (1975-76)
- photographs
see (b)

Over the past two years, photographs included in Annual Reports have been:

- 1974-75 10 (including cover)
1975-76 14 (including 2 covers)

- (ii) 1974-75 10 per cent of total space
1975-76 10 per cent of total space
- (iii) 1974-75 4 colour (including cover); 6 black and white
1975-76 4 colour (including 2 covers); 10 black and white

Question 8

Is your Office satisfied with the arrangements made by the AGPS.

Not applicable

Question 9

Does your office, when producing its Annual Report, consistently comply with the standards contained in AGPS Circular 237?

Yes—Class III publication.

Question 10

Do you feel that the production standards used in preparing Annual Reports of Commonwealth Departments and Statutory Authorities should conform with the guidelines laid down by AGPS Circular 237? If not, please provide reasons.

Yes.

Question 11

Do you consider it feasible and desirable to lay down a timetable for the initial advice, compilation, production, tabling and general distribution of Annual Reports.

Our experience is that it is difficult to adhere to a rigid timetable although it is useful as a target.

Question 12

When arranging the printing of the departmental version of the Annual Report, are arrangements made to run off simultaneously sufficient copies for the Parliamentary Paper edition?

Yes.

Question 13

Are the financial statements included in the Annual Report of your Office audited by the Auditor-General?

Yes.

If yes, has experience shown that delays in tabling the Report in Parliament can occur as a result of the time involved in obtaining the Auditor-General's Certificate?

No.

Question 14

Has your Office had occasion to present an 'Interim' Annual Report to Parliament in the past 5 years?

No.

Question 15

During the past three years, what has been the 'internal' distribution of your Annual Report for (a) official use, (b) free issue, and (c) other.

Of the 8,000 copies of the 1975-76 Annual Report printed, the initial distribution was to—

Parliament				
CSIRO Head Office plus Regional Administrative Offices				330
Australian mailing lists				436
bulk	3,567			
single	1,271	4,838		
Overseas mailing lists—				
bulk		270		
single		1,211	1,481	6,319
AGPS Sales and distribution				100
Reserve				815
				8,000

The Australian mailing list includes the CSIRO distribution outside of Head Office—e.g. to Divisions, members of Advisory Council and State Committees.

The Annual Report is available on request to senior personnel. Outside requests are dealt with 'on their merits'. A limited number are sold to the general public through the AGPS.

Question 16

Has your Office (a) carried out a survey with, or (b) been contacted by, known users of your Annual Report in an attempt to encourage an improvement (from their point of view) in the content of the report.

(a) No.

(b) Yes—taken into consideration when preparing next issue.

Question 17

Are financial statements included with your Annual Report?

(a) Yes they are included and cover the same period as the Annual Report.

Question 18

Over the past three years, what has been the cost, excluding departmental salaries, of producing your Annual Report? If other than basic production costs are included, e.g. consultant fees, please provide a listing of those items.

Only basic production costs are involved;

For the past three years these have been—

1973-74—\$7,422

1974-75—\$6,600

1975-76—\$7,637

Question 19

On how many occasions in the past two years have reports (not necessarily Annual Reports), emanating from your Office, been tabled in Parliament?

Only Annual Reports have been tabled during the past two years.

CHAIRMAN—Do you wish to make any statement further to that contained in the submission prior to the Sub-committee directing some questions to you?

Mr Lattimore—Yes. You will be aware that CSIRO has been under review over the past two or three years by an external committee of inquiry set up by the Government, and that this review culminated towards the end of last year in a new Science and Industry Research Act governing CSIRO. That new Act calls for a change in the content of the annual report. The report of

the external review also suggested changes in the way in which CSIRO reports on its activities.

So one could say we are in an interim state at the moment. We are changing from the previously established format of the annual reports to another format which will have very much less detail of the actual research being carried out but will have very much more detail of the policies which are controlling the organisation. There will be very much more emphasis on the management issues and on accountability, in the sense that there will be attempts to identify expenditures with sectors of the community, and to show how these have changed over the years. This is quite a major undertaking and we would not expect to see the change occur suddenly from the last report to the next one; but just the same there will be a marked change in the next year. There will be no research section, there will be much more emphasis on policies and we will be attempting to put much more emphasis on accountability.

CHAIRMAN—The CSIRO report which is produced as part of a statutory requirement must have a fairly substantial circulation. To whom do you send it?

Mr Judge—A statement on the distribution appears in our answer to your question 15. In Australia the bulk mailing goes of course to Federal and State Government departments and bodies of this kind. The individual mailing goes mainly to a variety of libraries, in some cases for information but in many cases also in exchange for publications. It is a feature of the entire CSIRO publishing program that we use all our publications as currency for obtaining materials which we need for our own research libraries across Australia. We estimate the value to us of exchanging our publications—not just the annual report—to be in excess of \$1m a year. This is a very large activity, in which the annual report plays its small part.

CHAIRMAN—Do you get much feedback on how people see your annual report? Is it well received or do they not tell you?

Mr Lattimore—We get very little direct feedback. People do not generally write and say what a magnificent report it was. But we do get a fair amount of indirect feedback, in that people respond to things which are in the report in ways which show that they read about them in the report. So we believe that the report is a significant CSIRO document. Certainly it is one which is taken extremely seriously by CSIRO itself. There is a lot of effort put into the content of the report, the format, and the way it is presented.

CHAIRMAN—CSIRO would see itself very much, I presume, as a commercial organisation in a variety of ways. Is that correct? Or does it see it as a service organisation, if that is the alternative?

Mr Lattimore—We would see ourselves as a service organisation. We are serving the Australian community.

CHAIRMAN—With some commercial connotations?

Mr Lattimore—There are commercial connotations. When we can sell something we try to sell it. If we come up with a device or the result of a piece of research which is patentable or can be protected in other ways, in general we get that protection. Then we try to use the property that we now own to obtain the best return to Australia, which means we try to sell it. The best return to Australia is not necessarily the sort of monetary return that one can get from royalties or some other fee for using the invention.

For example, a great deal of effort in CSIRO over recent years has related to improving the properties of wool or generally reducing the cost of producing wool. This has resulted in patentable inventions relating to spinning, a permanent crease, and various other things as you know. The CSIRO attitude there is to patent these and to license people. The purpose of the licence in this case is to keep control over the process so that if it is misused—if, for example, the permanent crease is not done properly—we can remove the licence so that we do not get the method into disrepute, and hence wool into disrepute. The main purpose of the exercise is to sell wool.

CHAIRMAN—Do you get an income from this?

Mr Lattimore—We get a small income from royalties and licences. At the moment it is very small because the purpose of licensing is largely to keep control rather than to make an income.

CHAIRMAN—Is the circulation of your annual report advantageous to your business pursuits?

Mr Lattimore—There is no question. Our business pursuits are only a sideline for CSIRO; we are a research organisation and generally the results of our research are published and are available to everybody, in the same way as other research organisations' results are available. But it is terribly important that people in Australian industry, in other government departments, or in any position to use our research or to have an input into the direction in which the research should be going, should know what we are doing

and know how to communicate with us. For this reason we have a whole host of different reporting techniques, some on paper and others by personal visits, by committees and so on. All these are absolutely essential to the operation of CSIRO; unless CSIRO gets inputs and outputs it may as well pack it in.

CHAIRMAN—Do you see this as a public relations document?

Mr Lattimore—I am always puzzled as to what is meant by that question in respect of any publication. The publication has to be adequate for the purpose for which it is produced. In this case it goes to all parliamentarians, it goes to senior people in industry, and it goes to overseas embassies, and to trade commissioners and so on. They pick it up and look at it, and from the moment it is picked up they are beginning to assess the value of the organisation which it is describing.

CHAIRMAN—So the answer is yes.

Mr Lattimore—It has to be yes, but that is not the prime purpose.

CHAIRMAN—With your commercial connotations do you have a different set of requirements from those for, say, a purely departmental operation required just to report to Parliament, or do you think that it is the same for everybody?

Mr Lattimore—No. Our requirements are very different, and that is why I say that our annual report is only one part of the reporting program. I should perhaps have mentioned earlier that one of the major changes in the organisation of CSIRO itself is the creation of five institutes and a bureau, each with a director and each with well defined objectives and functions. The Executive has in fact decided that as well as the change in the annual report which I forecast at the beginning of my evidence, there must be changes in other reports and in particular there must be other reports. Indeed the external inquiry has said that the institutes and bureaus must also produce annual reports. Policy in the Organisation will be covered in the Organisation's annual report. The institutes' reports will deal with the programs of research, the objectives of the research, how far they have gone towards meeting those objectives, whom they are collaborating with, who is working on it, and how to get in touch with people. The information will be at a fairly senior management level again. Those reports will still be aimed at the people who make decisions because they are often the people to whom we have to talk and who have to talk to us. It is no use for us just to talk to them;

they have to tell us what their problems are before we know what research we should be doing. CSIRO has quite a different responsibility in its reporting. Reporting is just part of the total management of the Organisation.

Dr BLEWETT—Could you explain the proposed organisational changes? In some ways it may be more useful to talk about those. Do I understand from what you have just said that the structure of the reports will be the same for the overall organisation as they will be for the six sections?

Mr Lattimore—No. They will be complimentary. We are still in the process of formulating the details but the annual report will have an introduction by the Chairman. This will be a general overview of the activities of the past year but it will include references to policy issues which have cropped up or developed during the year, important management matters, and changes in the direction of research which have come about because of external stimuli. Then there will be a general section which will enlarge upon policies. We now have a statutory requirement to report on policies. We have never had to do this before so there will be much more in the report on CSIRO policies and a lot of these have to be developed. A lot have never, in fact, ever been stated explicitly. They are implicit in the way in which we work but no one has actually written down what they are. A fair amount of work is required to develop these into a form which can be used.

CHAIRMAN—You know about them but you have to make sure other people do?

Mr Lattimore—Yes. I do not think anybody has said that the work of CSIRO will be carried out by research scientists employed by the organisation. This is implicit in the way we work. We have merit promotion. This is not readily available as a policy statement. It is written in the terms and conditions. These are all policy statements which at some time or other have been agreed and there are a whole host of others. We own our own buildings. We do not in general contract out. Some of these policies might have to change because of other pressures on us. These are policies which we have been working to but they have never really been written down so there is a fair amount of work to do on this. Policy statements will be made. There will be a policy statement next year on energy, for example, and on health research within CSIRO. Those are just two examples and there will be

many more. A section will talk about management changes and developments in management.

We will talk about sources of funds. We get money not only from appropriation funds but from industry, from the rural industry research funds and from other governments on occasion. We will have categories showing how the money is spent. There will be details which are already in the current report on building programs, their expected costs and the provisions made for new buildings. We will discuss organisational changes and senior appointments. The research section, which forms the bulk of this report, will disappear and we are not very clear about the precise form in which it will reappear. We are attempting to identify sectors in the community interest such as manufacturing industry, the environment perhaps and rural industry.

It is very difficult to identify these in a meaningful way and to show how our total expenditure relates to these areas and how it has been changing over the years so that people can see the directions in which CSIRO is working. It all sounds very easy but in fact it is terribly difficult to make these breakdowns. It involves a great deal of 'guesstimating'. You also have the problem of deciding whether or not to allow double counting of finance because a piece of work can have implications for secondary industry and it can also have implications for pollution. Should you therefore count it in both sections? I think you should. When you added it all up it would come to a lot more than CSIRO got but this would demonstrate that we are using our money very well because we are getting returns in separate groups. These are the sorts of things which have to be thrashed out.

Dr BLEWETT—Right. You have decided to have two types of report, an annual report and a research report.

Mr Lattimore—The Institute reports will list the research programs. For years all allocations of money within CSIRO have been made to programs, not just to divisions but to programs in a division. A division gets the total sum allocated to its programs. The Institute reports will group these programs. They will indicate the scale of the effort and give some information about the person who is running it so that if you are interested in getting some work done you know who to talk to. They will list the staff involved, the publications produced during the year, the progress which is being made in those programs and probably the people with whom we are

collaborating. The details are not yet fixed but they are being worked out.

Dr BLEWETT—You are making a distinction between the annual report and a research report as well as this other set of reports. Would you want to your annual report as a class III production or, having decided to orient it to the needs of Parliament, reporting on management accountability and policy, do you think that a class II standard would be adequate?

Mr Lattimore—The annual report, as I mentioned earlier, is regarded as a very important document by the CSIRO. The executive is personally involved in the planning and even the execution of parts of the report.

Mr Judge—Even to the choice of the cover.

Mr Lattimore—In a sense the glossiness of the paper and so on reflect the importance which is placed on it by the Organisation. I am not familiar with the change which would be involved if we went from a class III to a class II document but I think that the executive would be very concerned if there was a change in presentation which suggested in any way that they did not regard this as a most important document.

Dr BLEWETT—Do they regard it as a most important document because above all it is a document which provides a summary of the research being done by the CSIRO?

Mr Lattimore—In the past that has been so. The executive has now accepted, especially because of the comments, for example, of the Standing Committee on Science and the Environment, that they have to change the direction but I do not think they would put any less importance on it as a result of that. In fact I think it will be more important. It will be a more important document for the people for whom it is primarily designed, that is politicians and people who make political decisions and people who in the end control the vote to CSIRO.

Dr BLEWETT—Would you say that the kind of annual report put out by the Australian Atomic Energy Commission would be roughly equivalent to that which you would expect from the CSIRO? They are similar types of organisations in some ways.

Mr Lattimore—Initially I expect them to be comparable but the CSIRO has a wider audience than does the Atomic Energy Commission at present. Whenever you are preparing a report you should make sure that you can use it for its maximum benefit. So if we are preparing a report which is primarily for Parliament, to explain our accounting for the year, and we can see a way of

improving its usefulness then we should take advantage of it because a lot of the cost will have to be borne anyway. We have a much wider audience than the Atomic Energy Commission. I can imagine differences. On the whole I think they would be comparable but I really do not know whether they are. Theirs is thicker than ours.

DR BLEWETT—I noticed that most of the high class colour photography here, which is something brought in particularly under class III, relates to the research work.

MR LATTIMORE—Yes. I expect there will be less of it in the future. That will be done in the Institute reports which will also have different presentations from this. They will be more related to broad areas.

CHAIRMAN—You give us the impression that the printing is going to increase quite substantially as a result.

MR LATTIMORE—That is quite true. We have been instructed to do various things and there is no doubt that it will involve further printing.

CHAIRMAN—The instructions you have received and your own requirements are likely to cause conflict.

MR LATTIMORE—We do have some options, although I do not know how open these are. We produce a whole host of reports because unless we get the message across about what we are doing and the results of what we are doing then we are not serving any purpose at all. At the moment we have the annual report and we also have divisional reports. One of the instructions we have as a result of the external inquiry is that divisions should continue to produce reports annually as at present. One problem is that they do not produce reports annually at present at all; some of them do and others produce them every three years and so on. We can interpret that as meaning we should continue to produce annual reports rather than as meaning we should produce reports annually. This means that we can make use of the Institute reports to alter the form of the divisional reports and perhaps therefore change their audience. But overall I really cannot be sure at this stage whether this would result in a general increase in publications. We are also told, quite properly, that we have got to become more involved and to put more effort into the transfer of our results to the community, be it industry or whatever. That almost certainly will involve more reports of one sort or another.

MR JUDGE—Mr Lattimore has made a point that I should have made, that is to point out the

introduction of two new aspects to CSIRO's task, firstly some responsibilities for seeing the implementation of the results of our work and secondly an interpretative role instead of a merely disseminating role for information. These imply almost certainly that we shall be putting out more words on more paper than we have before to a wider audience, and hopefully with greater profit to Australia.

CHAIRMAN—Do you believe that the remarks passed by the Senate Standing Committee on Science and the Environment are made by ill-informed people or do you think that what they say has some justification?

MR LATTIMORE—The executive intends to change the form of the annual report because of the comments made by the Standing Committee.

CHAIRMAN—Can you tell us a little about your printing operation? How extensive is this?

MR JUDGE—It is now quite extensive. We are responsible for a major part of our own printing. We print about 80 per cent of all the material printed for CSIRO but almost half of it consists of the production of the nine journals of Australian scientific research, which we publish jointly with the Academy of Science. These journals are produced for Australia rather than simply for ourselves. We are producing altogether 17 periodical publications. These include scientific journals of various kinds, numbers of monographs, reports and so on. I have brought with me a copy of our salable publications price list but there are of course consumer pamphlets and material of this kind which does not appear there because it is not priced. We have both letterpress and lithographic presses in our printery in Melbourne. We employ about 30 printers and some apprentices and numbers of people concerned with distribution. Even when we are putting fair costing on this we are still providing these publications to CSIRO and hence the Government for less than we could do if we put it out for tender. A case in point is the annual report. For reasons beyond our control, strikes and the nature of the report, the annual reports for the last two years have not been printed by CSIRO and the printing costs, as you will see on the last page of our submission, are in fact roughly double in those two years what they were for the previous year. Obviously there is an inflationary factor, which is quite considerable in the printing business, but even so my claim would be that probably, quality for quality, it is about 30 per cent cheaper for us to do it than it is to have the material done outside.

CHAIRMAN—Is that including all the on-costs?

MR JUDGE—Yes. Our present printing manager has come to us recently from industry and applies the same criteria in assessing his costings as he used when he was in a full-profit organisation.

CHAIRMAN—Yes. I am a little conscious of the fact that it is easy to miss out little things like long service leave, holiday pay and superannuation, insurance, rent, light and power.

MR JUDGE—Curiously enough I was having a rather similar discussion with Mr Commissioner Boyer in the IAC's examination of the publishing industry not very long ago. One of the things which is difficult to identify is the proportion of the total cost of the organisation which lies in the writing and the preparatory work for a document like the annual report. The whole of CSIRO's output, with the exception of its patents and licences, is in the production of reports, scientific papers or documents of one kind or another.

The means to provide the knowledge which goes into the reports is of course scientific research but nevertheless the output of CSIRO is reports on paper. So from this point of view you can say that almost the entire budget of the organisation is committed to producing reports. The annual report is a digest of everything that has gone into the previous 12 months.

CHAIRMAN—Do you use the AGPS at all?

MR JUDGE—No.

CHAIRMAN—You do not call on them for advice or information?

MR JUDGE—I think the balance of experience is such that we call on each other mutually for advice in certain cases. The one thing we are most scrupulous about is complying with the guidelines which they supply from time to time, both with regard to quality standards and with regard also to such things as the way in which one should set the prices of salable publications and the way in which you should set criteria for the distribution of free copies.

CHAIRMAN—Do you agree with those?

MR JUDGE—Yes. Indeed one of the first things that I was pleased to be responsible for when I joined CSIRO nearly five years ago was the establishing of a much stiffer salable publications policy. This was on what seemed to be the excellent grounds that if you have only a free mailing list somebody who cannot qualify for that mailing list is debarré from obtaining the information. If you make it freely available for sale then anybody who is prepared to pay his few

dollars can have access to it and so you get an additional distribution above and beyond the free distribution. This is the policy we have pursued ever since.

CHAIRMAN—Do you think that \$2.45 is a reasonable price to put on it?

MR JUDGE—In accordance with the criteria laid down by the AGPS, yes. I am aware that you believe the true cost of this in terms of total production would probably be less, but bear in mind that there is a requirement to produce a document like that for tabling in Parliament. Once the machines are set up and running then it is probably quite reasonable that the run on of the copies that were actually selling would indeed be only of the order of 60c or 70c each. In that case the AGPS formula of three times the run-on cost plus an allowance for postage and handling is not unreasonable.

CHAIRMAN—Yes. I am not sure that under this system we do not hope that they do not sell.

MR JUDGE—It is certainly true that in accordance with our statutory obligations and as part of our exchange relations with other departments we give away more than we sell. Let me say that if the AGPS decided that as a matter of government policy we should change the criteria for setting prices then we should very happily comply with those.

CHAIRMAN—Do you not think that if you are going to give them away that you ought to stamp them with the price of \$15 because it may be more impressive to the people to whom you give them?

MR JUDGE—One of the exceptions that the AGPS makes for selling publications is, and I quote from their document 'in pursuit of specific policy objectives'. One of the policy objectives as laid down by law is that CSIRO should disseminate information about its activities. So if we set the price so high that no one would in fact buy one I think we would be defeating those objectives and not pursuing them.

CHAIRMAN—Have you given any thought yet as to what distribution these six divisional reports will have? This is going to be difficult to determine.

MR LATTIMORE—It is intended that they will be complimentary volumes and that all parliamentarians, for example, would get a copy of each. They would go together as a set eventually although they would not all be produced at the same time. So there would be some common distribution list. But, for example, we have an Institute of Earth Resources and a great many of its

programs relate to mining so there will be a much greater emphasis in the distribution list for that report to industry to people who are interested in mining. Similarly the others can be pointed in the right direction also. So there will be some common distribution and there will be some which is specific to each institute.

Mr Judge—It may be relevant to mention that at the present time looking across the board at the publications of the central part of CSIRO and the research divisions, we are in fact operating some 100 different mailing lists covering in all about 100,000 addresses. So there is the practice and the means for providing this kind of discrimination.

CHAIRMAN—I have the opinion that you believe these latest directions may be somewhat counterproductive regarding the production of these six divisional reports.

Mr Lattimore—No, I think that we regard this as being a very good thing. I think that we would regard the change in the annual report particularly as being excellent. I should not say it but there has been pressure inside the organisation to do this for some time, to make it more a document of accountability. So, I think all of us involved in the production of these reports are in fact delighted at the way this is going. We think the documents will be more tailored to the purpose for which they are intended to be produced and that is good.

CHAIRMAN—Your distribution list is fairly large. Can you give us an idea of where this goes?

Mr Judge—What I would much rather do, is to not do have that information with me, is to take that on notice and let you have a full analysis of the distribution list.

CHAIRMAN—Thank you very much, gentlemen, for your attendance and your answers.

Mr John Terence O'KEEFE, Manager, Communications, Australian Wool Corporation, 369 Royal Parade, Parkville, Victoria, was called and examined.

CHAIRMAN—Do you wish to make any statement further to that outlined in the submission prior to the Sub-committee directing some questions to you?

Mr O'Keefe—No.

CHAIRMAN—It is proposed to take your submission as read and to incorporate it in the transcript of evidence. Are members of the Sub-committee agreeable to the incorporation of the submission in the transcript of evidence? There being no objection, it is so ordered.

The document read as follows—

Australian Wool Corporation
Wool House, 369 Royal Parade, Parkville, Victoria 3052
Tel. 341 9111, Cables AUSWOOLCOR Melbourne
Telex (general) AA30548 HWOOL
(sales trading) AA34128
HWOOL
All correspondence G.P.O. Box 4867 Melbourne 3001
4th April, 1979

Mr B. Wright
Clerk
Parliamentary Joint Committee
on Publications
Parliament House
Canberra, ACT 2600
Dear Mr Wright,

Thank you for your letter of January 18 last, inviting a further submission from the Corporation to the Joint Committee on Publications inquiry into annual reports.

Attached is an updating of the Corporation's response of March 4, 1977 to your Committee's questionnaire dated December 9, 1976.

Also, I would advise that the Corporation's Communications Manager, Mr T. O'Keefe, who is responsible for the presentation of our Annual Reports, will be available, as requested, to meet with the Committee.

Yours sincerely
A. C. B. MAIDEN
Chairman

AUSTRALIAN WOOL CORPORATION

April 4, 1979

Annual Reports of Statutory Authorities

The following comments update the Corporation's response of March 4, 1977 to the questionnaire of December 9, 1976 distributed by the Parliamentary Joint Committee on Publications. The answers are keyed to the Committee's original questions.

Question 1: Since March 4, 1977, annual reports have been presented to Parliament as follows:

1975-76—Final (i.e., audited) Report, tabled in both Houses on May 25, 1977.

1976-77—Interim (i.e., unaudited) Report, tabled in both Houses on September 21, 1977; Final tabled on September 19, 1978.

1977-78—Interim Report, tabled in both Houses on October 19, 1978.

Question 2: Original answer stands.

Question 3: To the original answer is added the comment that the 1977-78 report, for the first time in recent years, contained a summary of the main points of the report contents, for easier assimilation by readers.

Question 4: Original answer stands.

Question 5: The 1977-78 report was some six pages larger than the 1976-77 report (70 and 64 pages, respectively), to accommodate the summary referred to above, some explanatory graphs and some photographs to elucidate particular material.

Question 6: The Corporation produces its annual reports—and, indeed, almost all other reports—in its own Printing Department. Because of the existence of its own facilities, the Corporation takes advantage of the qualified permission to be exempted from necessity to use the Australian Government Publishing Service. The Printing Department observes all requirements of the AGPS, including close liaison and

supply of costing. (Refer AGPS Circular No. 23, July 3, 1975.)

Question 7: Original answer is amended as follows:

Some black and white photographs, as well as an illustrated cover were included in the 1977-78 annual report.

AGPS requirements are met, including—in 1977-78 for the first time—provision of the complete printed report with cover, untrimmed, for AGPS purposes.

Question 8: Original answer stands.

Question 9: Until the Corporation's 1977-78 annual report, interim reports were type-written, and the final (audited) versions were type-set to present an adequate product for widespread distribution. To avoid delays occurring in obtaining the Auditor-General's certification, the 1977-78 interim annual report was type-set by the Corporation's Printing Department and given widespread distribution. The final (audited) version will be principally for Parliamentary and Departmental distribution, unless some significant variation in financial statements justifies wider circulation.

Question 10: Original answer stands.

Question 11: Original answer stands.

Question 12: All AGPS requirements are met. Any other Government requirements are met by the Department of Primary Industry on behalf of the Corporation.

Question 13: See answer to Question 1. As previously stated, administrative overload has played a part in the delayed presentation of final reports in some years. On other occasions, delay has been due to the time involved in obtaining the Auditor-General's Certificate, but this does not necessarily imply fault on the part of the Corporation or the Auditor-General's Office; the financial responsibilities of the Corporation are complicated, a situation that has been compounded by the useful addition of explanatory notes to the financial statements, commencing in 1976-77, which notes form part of the material subject to audit.

Question 14: See original, and updated answers to Questions 1 and 13.

Question 15: Apart from the change of distribution as between interim and final reports, the original answer stands.

Question 16: The original answer stands, except that there has been considerable dialogue between the Corporation and Woolgrower organizations, resulting in the distribution to every member of every Australian woolgrower organization of a summary of the 1977-78 interim annual report with an invitation to obtain a copy of the complete report.

Question 17: Original answer stands.

Question 18: Original answer stands.

Question 19: Annual reports only have been tabled four times (refer Question 1).

Australian Wool Corporation
Wool House, 369 Royal Parade, Parkville, Victoria 3052
Tel. 341 9111, Cables Auswoolcor Melbourne
Telex (general) AA30548 Hwool
(sales trading) AA34128 Hwool
All correspondence G.P.O. Box 4867 Melbourne 3001
Ref: TOK/am
4 March 1977

Mr T. H. Wharton
Secretary
Joint Committee on Publications
Parliament House
Canberra, ACT 2600
Dear Mr. Wharton:

On behalf of the Chairman of the Corporation and in response to Mr Hodges' letter of 9 December, 1976, I enclose answers to the Committee's questionnaire concerning annual reports.

Yours Sincerely
T. O'KEEFE

Manager
Communications and Secretariat

AUSTRALIAN WOOL CORPORATION

4 March 1977

Response to Questionnaire from Joint Committee on Publications: Annual Reports of Statutory Bodies

Question 1: The Wool Industry Act requires the Australian Wool Corporation to provide the Minister for Primary Industry, as soon as practicable after the end of each year, with a report of its operations in the preceding year, together with financial statements.

The Act requires the Minister to present the report and financial statements, together with a report on the statements by the Auditor-General, to each House of Parliament within 15 sitting days after their receipt by the Minister.

In practice, the Corporation provides the Minister with an Interim Annual Report, containing unaudited financial statements, during the Budget Sitings of Parliament and before the Estimates Debate. When received, the report of the Auditor-General must be incorporated in the interim document, which then becomes the final version of the Annual Report, also to be tabled in Parliament.

Since the establishment of the Corporation in January 1973, reports have been presented to Parliament as follows:

January-June 1973—Interim, tabled in House of Representatives 12 March 1974 and in Senate 19 March 1974; Final, in both Houses 2 March 1976.

1973-74—Interim, tabled in both Houses 24 September 1974; Final, 25 March 1976.

1974-75—Interim, tabled in both Houses 2 March 1976; Final, 25 March 1976.

1975-76—Interim, tabled in both Houses 3 October 1976.

Question 2: Other than the statutory obligation, the Corporation is keenly aware of a responsibility to account for the expenditure of relatively large sums of money contributed or loaned by the Australian community (taxpayers) through the Australian Government, and wool producers for wool research and marketing activities in Australia and internationally.

Because the Corporation's responsibilities apply to almost every level of an extremely diverse and economically significant industry, the Corporation is also concerned that all opportunities should be taken to explain the progress and problems of that industry. Theoretically at least, annual reports present one such opportunity.

Question 3: The information to be contained in the annual report of the Corporation is not specified in the Act. However, the content chosen by the Corporation is confined to description of activities (i.e. category (b)). Briefly, the format is:

- (i) Membership of Corporation; listing of senior staff.
- (ii) World economic environment for wool; world wool production and consumption.
- (iii) Details of raw wool selling in Australia.
- (iv) Wool product marketing in Australia and abroad.
- (v) Wool research and development.
- (vi) Corporation property operations (storage).

- (vii) Australian Wool Testing Authority operations.
 (viii) Financial statements.

There is no 'public relations' content, apart from descriptive photographs used in some final versions of the report, although not in recent years.

Question 4: The Corporation sees its annual report as a source of reference and information for industries, organisations and individuals in Australia and abroad who are associated with wool.

This information role is separate from any need to 'promote' wool and the wool industry, as desirable features of the economy, by means of attractive, colourful literature. The latter function, in the case of wool, is much better served by publications which are not tied to rapidly changing situations such as are covered in Corporation annual reports. In general, 'public relations' literature for wool and the wool industry needs to have a longer time-span than a year to justify high and increasing costs of production.

The Corporation does not consider the listing of Members and senior management, and use of portrait photographs occasionally, as 'public relations'. This material serves a practical information purpose for the many recipients of the report with whom the Corporation conducts its business.

Question 5: There has been no increase in the size of the report nor is any increase projected.

Question 6: The production of the latest annual report was not arranged through the AGPS. It was handled by the Corporation's Printing Department which observes the requirements of AGPS including close liaison with and supply of costing to AGPS (ref. AGPS circular No. 23, 3 July 1975).

Question 7: Production standards:

(a) Australian-made paper (from APM) 85 gsm, is the standard stock for double-sided work: Run-on copies for AGPS have a special title page meeting fit requirements. Cover stock is always Burmese Blue La Trobe Stock, 136 gsm.

(b) Printing and any photographs are in black and white.
 (c) No photographs have been used in recent annual reports.

Question 8: Not applicable.

Question 9: Interim reports are type-written. Final reports are type-set and submitted to AGPS which then advises on numbers required by it and the associated re-setting of title and cover pages.

Question 10: In the Commonwealth Government Printing Office's August 1968 pamphlet 'International Paper Sizes for Australian Government Printing', it was stated that 'the A-series is used for printing and stationery'. The Corporation's Printing Department, a member of the Printing and Allied Trades Employees' Federation of Australia, is basically geared towards general printing and stationery and has used the A3 and A4 sizes for several years. The B-series (B5) is used only for annual reports.

Question 11: The present internal arrangements of the Corporation to produce annual reports, with the co-operation of the Department of Primary Industry regarding tabling arrangements and timing, appear adequate.

Question 12: Requirements such as this are met by the Department of Primary Industry.

Question 13: See answer to Question 1. The arrangement whereby unaudited financial statements are tabled in the Interim Annual Report circumvent delays due to auditing.

Question 14: See answers to Questions 1 and 13. The Auditor-General's certification of accounts for a year ended 30 June often may not be available until the first quarter of

the following calendar year. However, long delays in the Corporation's presentation of final reports for January-June 1973 and 1973-74 were due to administrative overload.

Question 15: Distribution of the Corporation's Interim Annual Report is:

370 copies—Parliamentary/departmental use.

630 copies—other (wool industry bodies, libraries, media, State Departments, embassies/consulates, individual requests, etc.).

Due to variation in inquiries from woolgrower organisations from year to year, there is no longer a standard distribution of the final report. The print run would vary between 2,000 and 5,000 copies.

Question 16: In the past two years; Corporation management have worked towards improving:

- the scope of the report, in terms of coverage of the Corporation's responsibilities
- clarity of expression of complex information and
- explanation of financial statements.

Progress has been made and should be evident in the 1976-77 report.

No comment has been sought from 'external' users.

Question 17: Financial statements always form part of the report and cover the same period as that applying to the remainder of the report.

Question 18: The cost of production of recent final versions of the annual report has varied between \$1,580 and \$1,600. This has included typesetting, platemaking and printing.

Question 19: Five times. The standard Parliamentary distribution was effected in all cases.

Australian Wool Corporation
 Wool House, 578 Bourke Street, Melbourne 3000
 Tel. 67 9261, 67 6891
 Cables AUSTWOOLCOR and AUSTWOOLFIBRE
 Telex 30548, HWOOL & 32765 SWOOL
 All correspondence G.P.O. Box 4867, Melbourne, 3001
 20 August 1975

Mr David McKenzie,
 Acting Chairman, Joint Committee on Publications
 Parliament House
 Canberra, ACT 2600.

Dear Mr McKenzie,

In response to your letter of 12 July 1975, I enclose answers to the questionnaire concerning annual reports of statutory authorities.

Yours sincerely
 A. C. B. MAIDEN
 Chairman

AUSTRALIAN WOOL CORPORATION
 15 August 1975

Response to Questionnaire from Joint Committee on Publications: Annual Reports of Statutory Bodies

Question 1: The Wool Industry Act 1972-1974 requires the Australian Wool Corporation to provide the Australian Minister for Agriculture, as soon as practicable after the end of June each year, with a report of its operations in the preceding year, together with financial statements.

The Act requires the Minister to present the report and financial statements, together with a report on the statements by the Auditor-General, to each House of Parliament within 15 sitting days after their receipt by the Minister.

In practice, the Corporation provides the Minister with an Interim Annual Report, containing unaudited financial statements, during the Budget Sittings of Parliament and before the Estimates Debate. When received, the report of the Auditor-General must be incorporated in the interim document, which then becomes the final version of the Annual Report, also to be tabled in Parliament.

Since the Corporation was established in January 1973, only one report covering a complete financial year (1973-74) has been presented to Parliament. Date of presentation of the Interim Annual Report for 1973-74 in both Houses was 24 September 1974. The interim report for the first six months of the Corporation (January-June 1973) was tabled in the House of Representatives on 12 March 1974, and in the Senate on 19 March 1974.

Question 2: Other than the statutory obligation, the Corporation is keenly aware of a responsibility to account for the expenditure of relatively large sums of money contributed by the Australian community (taxpayers through the Australian Government, and wool producers) for wool research and marketing activities in Australia and internationally.

Because the Corporation's responsibilities apply at almost every level of an extremely diverse and economically significant industry, the Corporation is also concerned that all opportunities should be taken to explain the reasons and problems of that industry. Theoretically at least, annual reports present one such opportunity.

Question 3: The information to be contained in the annual report of the Corporation is not specified in the Act. However, the content chosen by the Corporation is confined to description of activities (i.e. category (b)). Briefly, the format is:

- Membership of Corporation; listing of senior staff.
- World economic environment for wool; world wool production and consumption.
- Details of raw wool selling in Australia.
- Wool product marketing in Australia and abroad.
- Wool research and development.
- Corporation property operations (storage).
- Australian Wool Testing Authority operations.
- Financial statements.

There is no 'public relations' content, apart from descriptive photographs used in some final versions of the report.

Question 4: The Corporation uses the annual report as a source of reference and information for industries, organisations and individuals in Australia and abroad who are associated with wool.

This information role is seen as separate from any need to 'promote' wool and the wool industry as desirable features of the economy by means of attractive, colourful literature. The latter function, in the case of wool, is much better served by publications which are not tied to rapidly changing situations such as are covered in Corporation annual reports. In general, 'public relations' literature for wool and the wool industry needs to have a longer time-span than a year to justify high and increasing costs of production.

The Corporation does not consider the listing of Members and senior management, and use of portrait photographs occasionally, as 'public relations'. This material serves a practical information purpose for the many recipients of the report with whom the Corporation conducts its business.

Question 5: There has been no increase in the size of the report nor is any increase projected.

Question 6: The production of the latest annual report of the Corporation was not arranged through the Australian

Government Publishing Service. The interim reports for January-June 1973 and for 1973-74 were typewritten and offset—duplicated in the Corporation's own printshop.

Question 7: Not applicable.

Question 8: Not applicable.

Question 9: Interim Reports have been produced on A4 size paper which is larger than that prescribed in the standards of 1968. However, final versions of these reports will appear on the requisite B5.

The apparent reason for the variation in respect of page size of interim documents was the large stocks of A4 stationery held by the Corporation for its general requirements.

Question 10: The requirement to use paper size B5 is not considered particularly desirable, for reasons of economy, presentation (appearance) and availability of matching envelopes.

A larger size would seem to conform more with current trends in commerce and industry. Admittedly a larger size would be incompatible with technical requirements of Parliamentary Papers.

Question 11: The present internal arrangements of the Corporation to produce annual reports, with the co-operation of the Australian Department of Agriculture regarding tabling arrangements and timing, appear adequate.

Question 12: The Corporation will, in future, make the arrangements concerned.

Question 13: See answer to question 1. The arrangements whereby unaudited financial statements are tabled in the Interim Annual Report circumvent any delays due to auditing.

Question 14: See answers to questions 1 and 13. The Auditor-General's Certificate in respect of 1973-74 financial statements was made available in February 1975, but due to administrative overload within the Corporation, the 'final' versions of the reports for that year and for January-June* have not yet been provided to the Minister.

Question 15: Distribution of the Corporation's Interim Annual Report is:

370 copies—Parliamentary/departmental use.
 630 copies—other (wool industry bodies, libraries, media, State Departments, embassies/consulates, individual requests, etc.).

* 1973

CHAIRMAN—Mr O'Keefe, you are aware of the nature and style of various of these publications. We note that the Wool Corporation does not choose to produce the type of document as that from the previous witness. Instead you have one that is fairly basic and yet provides all the information in a very specific and clear form. I presume that you have worked out over a period what suits your requirements best.

Mr O'Keefe—Yes. The Corporation has a variety of functions, some of which are quite complicated. We have found that there is no simple way to dramatise the work of the Corporation on behalf of the wool industry and really no way to reduce the amount of description that we use in that annual report. So we tend to divide up the material in a very calculated way, and take the reader 'right' through the activities for which we are responsible.

CHAIRMAN—Who is your audience?

Mr O'Keefe—From the time the Corporation began administering reserve prices it became very busy indeed. It began to regard the annual report, at that point, as a statutory requirement and nothing else. It is really only in the last couple of years, and particularly in the most recent annual report—the interim report for 1977-78—that we have attempted to introduce even some photographs and some graphic material.

CHAIRMAN—What sort of feedback do you get from the people to whom you distribute it?

Mr O'Keefe—Very disappointing feedback indeed. On the day our annual report is tabled in Parliament it attracts some attention from the Press and some questions from members of Parliament, but apart from that it generally sinks without a trace. That is really the way it is. The annual report is intended of course not only to meet our statutory responsibility. We have in mind to inform the woolgrowers who contribute through their wool tax quite a lot of funds towards our activities. We have what may be an idealistic notion that they are very interested in the detail of what we do. In this interim annual report to which I just referred there is a summary of four pages, which we introduced as an innovation last year. We produced that summary separately as well, and we arranged for every woolgrower organisation in Australia to distribute a copy to each member. Something of the order of 70,000 woolgrowers received that document. It included a small rather sad request at the back that if they wanted copies of the full report they should write to us. We did not get a single request for the full report, not one.

CHAIRMAN—Not one out of 70,000?

Mr O'Keefe—No.

CHAIRMAN—I suppose you got 20,000 of these back through the dead letter office?

Mr O'Keefe—We did not, but the grower organisations may have.

CHAIRMAN—We have had substantial evidence from people to quote feedback which I honestly believe in some cases is what they would like it to be. I have reservations that some of them do get the sort of feedback that they may like to have. I believe that the main function of most of these documents can only be regarded as fulfilling the statutory requirements that the law lays down. Beyond that there is a certain amount of organisational aggrandisement, although I do

not say that in every case. I am somewhat disturbed to hear you talking about going into photography, because I think this inevitably will lead to better paper, colour pictures and colour diagrams. Do you really believe that is to your advantage?

Mr O'Keefe—We have been under great pressure in the last two years particularly to report to woolgrowers directly about what we are doing. We are currently looking at the possibility of mailing reports directly to every woolgrower in Australia—that figure of 70,000 which I mentioned—because that is the nature of the pressure we are under. At the same time we are aware that even if we do this in the most inexpensive way possible, and we do not know what that is at this stage, it will nevertheless be a token gesture because even the woolgrower leaders read the information contained in our annual report fairly selectively.

CHAIRMAN—Perhaps you should circularise the 70,000 members first and say: 'We are about to produce a document that will cost \$5 a copy. Would you rather have the \$5?' Would you get a better response then?

Mr O'Keefe—Yes.

Dr BLEWETT—Where is the pressure coming from for this kind of distribution of the report?

Mr O'Keefe—The pressure is coming from some State and some federal woolgrower organisations.

CHAIRMAN—From the leaders of some of them?

Mr O'Keefe—Yes, that is right. The pressure is coming from the leaders of the industry, not really from the grass roots. But the grass roots people clearly have said things that are reflected in what the woolgrower leaders say to us.

Dr BLEWETT—Are the leaders not aware of last year's effort?

Mr O'Keefe—Yes, they are. But it is just accepted that it is a good thing to do. They think 'thank you very much' and nothing more about it.

Dr BLEWETT—If you decided to meet those pressures and direct your publication to the great mass of woolgrowers, does that mean that you have to begin concentrating on public relations aspects of the presentation in a way that you have not done in the past?

Mr O'Keefe—No, I think the reverse would be true. If we were going to contact the woolgrowers directly we would probably not attempt to post

the annual report to 70,000 people. It would be a summary of activity, of a few pages.

Dr BLEWETT—Concerning another point in your submission, will you explain why the Corporation presents an interim report each year which is much the same as the final report? Does this duplication add significantly to costs?

Mr O'Keefe—No, it has not to date. What we normally do is to produce quite a small run of the annual report for the interim version—that is the unaudited version—which is normally tabled about September or October. That is to fulfil the statutory requirements here in Canberra. We have a token distribution to the Press, to the grower leaders and probably to some wool trade organisations. We might have a run of about 1,000 or 1,500 copies. Then when the Auditor-General's certificate is available we include that in the book, run on the material—we have the material in our print shop—and send that up for the statutory distribution. In this 1977-78 report, because of the quite long delays in obtaining the certificate of audit, we decided we would make a much wider distribution of the unaudited annual report, so we reversed the procedure in this last year. When we receive the Auditor-General's certificate for the 1977-78 accounts we will just make a statutory distribution in Parliament.

Mr HOWE—What priority does the report receive in the Corporation? Some of the other representatives of organisations said we are saying that it was one of the major emphases of the year, as it were.

Mr O'Keefe—Yes, I was interested to hear the comments I have heard today because I must say that we do not regard it in that way. I think, frankly, that is one of the reasons why the Chairman has made some kind remarks about the low key approach to the production of it. We do not really regard it as being of so much importance. We regard the information it contains as important. The document should be neat, but we are not concerned at all about the glossiness of it. We put that cover on last year with a computer thing showing Australian Wool Corporation Annual Report. That cost us a few hundred dollars, and we thought that was an extraordinarily courageous thing to do.

Mr HOWE—Is this because you are working within a certain climate? Are woolgrowers the sort of people who, if you sent them a glossy expensive-looking report, would ring up and give you a blast for wasting the Corporation's money on such trivia?

Mr O'Keefe—In years gone by our predecessor organisation, the Australian Wool Board,

used to put out quite glossy productions. I really do not think that is an important factor. It would not be very much in our minds. We issue a great deal of other information material and we are constantly reporting on the daily, weekly and monthly markets and the historical perspectives of the wool market. We put out also a lot of economic reports. We produce a lot of documents which are basically informative. It is not as if we are all waiting with baited breath once a year to produce a document. The annual report is just one of a great many things we do.

CHAIRMAN—Could this account for the slight delays in getting this printed and the production of an interim report? Is this because it does not have a high priority?

Mr O'Keefe—No. We normally have the unaudited version available for tabling in Parliament about September or October, after 30 June. Therefore the unaudited content is available fairly quickly. There have been delays in the audit in the last couple of years. One critical factor is that in the last 18 months or so we have been conducting a couple of exercises which have added to the complications of the audit. One of those is the limited offer to purchase scheme, a report on which was tabled in Parliament yesterday. It has particular audit requirements. Another is overseas borrowings which have involved rather complicated accounting. A third factor would be the notes forming part of the accounts at the end. There are about 33 explanatory notes at the end of the document which are also subject to audit. The unaudited material goes from the Wool Corporation in September or October and it can be quite a long time before discussion of this material by the departments concerned here in Canberra has finished.

CHAIRMAN—Would this give rise to a lot of complaint from the Auditor-General because that he did not receive your accounts for audit until 2 November 1978?

Mr O'Keefe—Yes. I wish I had our finance manager here. He could give you a proper answer. There is a bit of debate about that, frankly.

Dr BLEWETT—Is the interim report produced because there is a long delay in the audit?

Mr O'Keefe—Yes, that is right. We get the information out in some form.

Dr BLEWETT—What would happen if the audit were produced more quickly?

Mr O'Keefe—We would only do one report then. We are working towards that incidentally.

We think there is a possibility of working something out between ourselves, the Department of Finance, the Department of Primary Industry and the Auditor-General.

Mr HOWE—What is the overall budget for information services in your organisation?

Mr O'Keefe—That would take in a very wide sweep indeed and it would be hard to relate it to the annual report. I have a budget item each year for what we call corporate documents. The annual report costs about \$6,000 or \$7,000. That is a terribly imprecise figure. I would be very happy to get some detailed information for you. It is a very inexpensive document and forms a very small part of what we spend on information services.

Mr HOWE—I was trying to get some idea of the order of cost. The CSIRO spends about \$3.5m on information services. This is presumably related to distribution of a whole series of research publications. So their annual report accounts for a small amount within a very large budget devoted to getting their message across.

Mr O'Keefe—I could certainly get that for you.

Mr HOWE—I would be interested in seeing some figures.

CHAIRMAN—Do you not use the AGPS for any of your printing?

Mr O'Keefe—No, but we consult them and conform to their requirements very precisely.

CHAIRMAN—Do you pay them for the advice they give?

Mr O'Keefe—No.

CHAIRMAN—What reproduction equipment and staff do you have?

Mr O'Keefe—We have a small in-house print shop which is really a small offset printing operation. We have had a printing plant for approximately 10 years. The work is comparable to that of an instant print shop dealing with one-colour publications. We have three small offset machines, two Rank Xerox high speed copiers, a dark room, a small offset camera and a photo typesetter. That report has been set on our own typesetter.

CHAIRMAN—Did you print that yourself?

Mr O'Keefe—Yes. Eight people work in the print room. That production would be a very small part of their output.

CHAIRMAN—Do you work with the AGPS in deciding the numbers of run-on copies and so on?

Mr O'Keefe—Yes, that is right. We conform to their needs, whatever they are.

CHAIRMAN—Thank you very much for your attendance and the answers you have given us.

Resolved:

That the evidence as produced be published.

Committee adjourned

CANBERRA

Monday, 28 May 1979

JOINT COMMITTEE ON PUBLICATIONS

(Inquiry into the Annual reports of Commonwealth Departments and Statutory Authorities)

Present:

Mr Gillard (Chairman)

Senator Archer
Senator Bonner
Senator ElstonSenator McIntosh
Senator Messner
Senator Sheil

CHAIRMAN—I open this public hearing of the Joint Committee on Publications. So far in the hearings on the annual reports inquiry we have heard evidence from a representative group of departments and authorities. They have outlined the aims and purposes of their reports and have mentioned some of the practical problems involved. We have also heard from users of reports, such as librarians and from Professor Olsson of the Australian Institute of Management. Today we propose to talk to Australian Government Publishing Service officers and to representatives of the Auditor-General because of the very direct and important involvement they have in so many annual reports. We expect that these hearings will bring the inquiry to a close so that the Committee will be able to formulate a report which can serve as a guide for those charged with producing annual reports. I welcome Mr Nott, Mr Westaway, Mr Shurman and Mr Thompson, representing the Australian Government Publishing Service.

Mr Phillip Anthony NOTT, First Assistant Secretary, Department of Administrative Services, Canberra,

Mr Peter Edwin WESTAWAY, Assistant Secretary, Department of Administrative Services, Canberra,

Mr Bernard Phillip SHURMAN, Director, Publishing, Australian Government Publishing Service, Canberra, and

Mr Charles John THOMPSON, Government Printer, Canberra, were called and examined.

CHAIRMAN—Mr Nott, do you wish to make any statement further to that contained in the submission prior to the Committee directing some questions to you?

Mr Nott—Not at this stage.

CHAIRMAN—It is proposed to take your submissions as read and to incorporate them in the transcript of evidence. Are members of the Committee agreeable to the incorporation of the submissions in the transcript of evidence? There being no objection, it is so ordered.

The document read as follows—

Information Services Division
P.O. Box 84
Canberra, ACT 2600
6 April 1979

Mr B. C. Wright
Secretary
Joint Committee on Publications
Parliament House
Canberra, ACT 2600

Dear Mr Wright

In your letter of 18 January 1979 you indicated that the Committee had decided to reactivate its inquiry into the preparation, printing, presentation to Parliament and distribution of annual reports of departments and statutory authorities and invited AGPS to amend or add to the information it had previously supplied to the Committee.

You will be aware that AGPS forwarded submissions on this reference in August 1974, April 1975 and May 1977. The 1977 submission took account of developments in the matter of AGPS control over design and production standards for annual reports.

The submission also commented on the reductions in page content of annual reports apparently resulting from constraints in departmental expenditure together with the Prime Minister's July 1976 directive to Ministers that content should be limited to material relevant to budget debates or statutory requirements. A recent and more detailed comparison of the page content of a number of annual reports, provided in Attachment A to this letter, suggests that the significant decreases in page content achieved generally with respect to 1975-76 annual reports may not persist. Certainly some departments and authorities continue to exercise restraint in this regard, but there does appear to be a trend towards gradual increases in page content in the case of the 1976-77 and 1977-78 annual reports of a considerable number of other departments and authorities.

While the Publishing Service does not consider that it should be responsible for the content of annual reports, it would appear desirable that firm guidelines on the general question of content be drawn up. On this point, it is understood that the Interdepartmental Working Party established to examine Recommendation 24 of the Royal Commission on Australian Government Administration and related issues, has completed its task and reported recently to the Government.

The total number of annual reports presented to Parliament by departments and authorities has continued to increase steadily in recent years. In its first year of operation (1970-71) AGPS was required to produce 51 annual reports for tabling; in the current year some 140 reports are scheduled. The Government announced in June 1978 that all departments would in future be required to produce annual reports and at the same time the Prime Minister wrote to all other Ministers requesting that statutory reporting requirements be adhered to. The recent examination by the Senate Standing Committee on Finance and Government Operations of the degree of accountability of statutory authorities suggests that in future a considerable number of authorities which do not currently have an obligation to report to Parliament may be required to produce reports for tabling.

If all annual reports are required to be available either early in the Budget sittings or prior to the consideration of estimates for the particular department or authority, the continuing increase in the number of memoranda must give rise to significant pressure on Publishing Service capacity over the July-September period. The risk of unsatisfactory performance resulting from this peaking of AGPS workloads was referred to originally in the 1974 submission and again in the 1975 and 1977 submissions. Continuing increases in the numbers of reports required without reductions in size or

complexity of individual reports, together with constraints imposed on AGPS by staff ceilings, throws further doubt on the ability of the Publishing Service to meet the required publishing targets—especially if all or most departments and authorities improve their performance to the point where most manuscripts are passed to AGPS at about the same time.

It may therefore be necessary to consider a split timetable for presentation, which might for example, require all reports required by statute to be tabled during the Budget Session, the balance to be tabled in the Autumn Session. Such an approach would alleviate the pressure encountered by AGPS in the period mentioned above.

Alternatively, some exemption might be considered for appropriate organisations, a report could be required for a period of years rather than annually, or, further constraints in the design and physical characteristics of reports could be applied. For instance all annual reports might be printed in one colour to a simple common format.

The 1977 submission commented also that AGPS officers are involved in time-consuming special arrangements with regard to the publication of annual reports of statutory authorities. These bodies continue to operate independently of AGPS and as foreshadowed, AGPS Circular 26 has not greatly reduced the difficulties encountered in arranging for the simultaneous production of tabling, official use, sales and parliamentary paper versions of these annual reports.

Another aspect which noticeably affects the task of publishing some reports quickly is a high incidence of authors' corrections, made at the galley proof or page proof stages, which inevitably creates delays because printing schedules may not be readily re-established once interruptions occur. This may subsequently alter the production schedule for other reports being produced by the same printer. Where the preparation of manuscripts is rushed there is also a need for AGPS editors to examine them more carefully and this can prevent the timely publication of reports because of the need to consult with departmental authors.

Attachment A to the 1975 submission summarised the performance achieved in respect of selected reports tabled during the Budget Sittings of 1974. A similar table covering a selection of reports tabled during 1978 forms Attachment B to this memorandum. You will note that the two schedules are not directly comparable because of the extensive changes in Public Service structure which have occurred during the period.

P. A. NOTT
First Assistant Secretary

ATTACHMENT A

SELECTED ANNUAL REPORTS—PAGE CONTENT

Title	1972-3	1973-4	1974-5	1975-6	1976-7	1977-8
Director-General of Health	296	272	296	220	252	260
Public Service Board	204	256	272	160	162	148
Department of Social Security	156	166	160	144	120	104
Department of Transport	..	224	256	204	224	246
Department of Science	52(a)	136	156	136	136	120
Life Insurance Commissioner (b)	136	140	144	152	152	NYA
Department of the Capital Territory	100	100	104	114

Title	1972-3	1973-4	1974-5	1975-6	1976-7	1977-8
Department of Aboriginal Affairs	..	72(c)	68	76	64	72
Department of Education	156	108	104	64	96	92
Department of Foreign Affairs (b)	..	132	156	100	112	NYA
Defence	44	52	60	60	56	60
Industries Assistance Commission	..	204	224	208	232	212

- (a) Covers period 20 December 1972 to 30 June 1973.
- (b) Reports on a calendar year basis.
- (c) Covers period 20 December 1972 to 30 June 1973.

ATTACHMENT B

SELECTED ANNUAL REPORTS FOR TABLING 1978

Title	AGPS Ref.	CPI rec'd	Class	No. of pages	Official/quantity		Prep. Cost \$	Unit R/on cost
					Free	Sale		
Education Rept 1977	R77/996	27.2.78	II	89	1,624	110	2422	.93
Public Service Board A/R 1978	R77/985	17.2.78	II	148	4,787	165	13,400	1.06
Director-General of Health A/R 1977-78	R77/1594	9.6.78	II	260	2,530	Nil	6,150	2.30
Social Security A/R 1977-78	R77/922	6.2.78	II	104	3,530	150	5,250	.92
Industry and Commerce A/R 1977-78	R78/216	26.7.78	II	58	1,030	200	1,632	.56
Environment, Housing and Community Development A/R 1978	R77/1290	17.7.78	II	72	2,230	190	2,304	.66
Great Barrier Reef Marine Park Authority A/R 1977-78	R78/381	21.8.78	III	28	1,030	150	1,776	.67
Defence Report 1978	R77/1617	20.6.78	II	58	4,395	300	2,448	.67
Australian Transport 1977-78	R77/1554	26.5.78	II	246	2,830	250	12,802	1.70
Aboriginal Land Fund Commission A/R 1977-77	R78/375	18.8.78	II	28	925	100	1,053	.42
Trade Practices Commission A/R 1977-78	R78/415	29.8.78	I	104	630	750	2,205	.74
Business and Consumer Affairs A/R 1977-78	R77/937	10.2.78	II	88	1,070	150	3,091	1.00
Commonwealth Police A/R 1977-78	R77/1035	9.3.78	II	32	730	60	2,040	.27
Law Reform Commission A/R 1978	R78/20018	25.8.78	II	80	2,030	120	1,845	.74
Operations of the Registered Medical and Hospital Benefits Organizations 1976-77	R77/810	23.12.77	II	92	767	150	2,801	.90
Capital Territory A/R 1977-78	R77/1430	16.5.78	II	114	927	160	8,169	1.10

SELECTED ANNUAL REPORTS FOR TABLING—continued

Title	RRP scheduled	MS received	First MS received	Last MS received	Number of MS batches	Delivery date		
						Scheduled	Actual	Tabled
Education Rept 1977	3.10	15.3.78	13.6.78	16.6.78	3	10.5.78	12.9.78	12.9.78
Public Service Board A/R 1978	3.50	2.6.78	2.6.78	4.8.78	5	25.8.78	5.9.78	12.9.78
Director-General of Health A/R 1977-78	7.60	20.6.78	7.7.78	13.9.78	8	4.9.78	1.11.78	7.11.78
Social Security A/R 1977-78	3.00	3.7.78	11.7.78	20.11.78	7	25.8.78	15.12.78	*24.11.78
Industry and Commerce A/R 1977-78	1.85	16.8.78	22.9.78	20.11.78	4	16.11.78	11.12.78	*20.2.79
Environment, Housing and Community Development A/R 1978	2.20	14.7.78	8.8.78	17.10.78	4	12.9.78	23.11.78	24.11.78
Great Barrier Reef Marine Park Authority A/R 1977-78	2.00	15.9.78	18.9.78	..	1	13.11.78	8.12.78	*24.11.78
Defence Report 1978	2.20	7.8.78	5.10.78	..	1	12.9.78	22.11.78	24.11.78
Australian Transport 1977-78	5.60	4.8.78	7.9.78	5.12.78	3	24.11.78	19.1.79	20.2.79
Aboriginal Land Fund Commission A/R 1976-77	1.40	15.9.78	3.11.78	..	1	10.11.78	17.1.79	20.2.79
Trade Practices Commission A/R 1977-78	2.45	29.8.78	29.8.78	..	1	24.11.78	22.7.79	*19.9.78
Business and Consumer Affairs A/R 1977-78	3.30	6.78-7.78	12.6.78	..	1	14.8.78	22.9.78	29.7.78
Commonwealth Police A/R 1977-78	0.90	27.7.78	26.7.78	..	1	14.8.78	14.8.78	23.8.78

Title	MS		First MS received	Last MS received	Number of MS batches	Delivery date		
	RRP scheduled	Scheduled				Actual	Tabled	
Law Reform Commission A/R 1978 Operations of the Registered Medical and Hospital Benefits Organizations 1976-77	2.45	22.8.78	28.8.78	8.9.78	2	5.10.78	22.11.78	24.11.78
Capital Territory A/R 1977-78	3.00	7.6.78	7.6.78	9.8.78	1	17.8.78	25.8.78	19.9.78
	3.65	6.6.78	6.6.78		18	11.9.78	15.9.78	19.9.78

* photocopy of final proof tabled
 † distributed to Senators and Members during recess
 ‡ typewritten copy tabled.

Information Services Division
 P.O. Box 84
 Canberra ACT2600
 4 May 1977

Mr John Hodges, M.F.
 Chairman
 Joint Committee on Publications
 Parliament House
 Canberra ACT2600

Dear Mr Hodges

You wrote to me on 9 December concerning the revival of an inquiry into certain matters relating to the preparation, printing, presentation to Parliament, and distribution of annual reports of departments and statutory authorities. You asked whether there was any change in the views previously expressed by AGPS on these matters and whether Circular 26 was expected to alleviate any of the problems referred to in connection with the inquiry.

In 1974 when AGPS made its first submission to the inquiry, production standards for annual reports were still governed by Treasury Circular G4 of 1968. The up-dated AGPS Circular designed to replace it (No. 23) was still in draft form and was not issued until July 1975. For the most part it was well received and in our view it has been most effective.

Circular 23 was given added strength in July last year when the Prime Minister wrote to his Ministerial Colleagues endorsing the standards contained in the Circular but establishing a new principle, namely that the standards were in each case to be viewed as maxima not as the norm for each class of publication. The Prime Minister's letter, coupled with AGPS Circular No. 26 which brings into effect recent Government policy decisions, has had a significant effect in enabling AGPS to enforce design and production standards for annual reports (a copy is attached).

The 1974 submission also drew attention to the absence of appropriate guidelines on the content of annual reports and to the problems created for AGPS as a result. The submission remarked on the difficulties encountered in achieving satisfactory publishing targets because of the growing volume and sophistication of the contents of reports and went on to say that unless some limit were imposed, the needs of Parliament to have documents available at the appropriate time might not be capable of being met.

The Publishing Service still has no jurisdiction over the editorial content of departmental reports nor does it believe it should have. But as a result of the severe restrictions placed on departments since the end of 1975, and the Prime Minister's reminder to his Ministers that the content of annual reports should be limited to material relevant to budget debates or statutory requirements, there has been a marked decrease in page content as the following examples demonstrate.

	1972-73	1975-76
Dept Health	300	220
PSB	204	156
Dept Social Security	156	136

Because of this AGPS was able to meet almost all departmental requirements for the production of annual reports in 1976. It is to be expected that the constraints applied by departmental forward publishing programs, as described in Circular 26, will reinforce the ability of AGPS to meet all publishing deadlines.

Reports prepared by statutory authorities constitute a problem as these bodies continue to operate independently and involve AGPS officers in time-consuming special arrangements. It does not appear that Circular 26 will improve this situation.

The simultaneous production of departmental and Parliamentary Paper versions of annual reports continues to operate with reasonable success but the economics of the practice are open to question and whether it will remain unaltered is a matter before your Committee.

In its 1974 submission AGPS drew attention to the number of reports tabled in duplicated form and the expense subsequently entailed in having the reports printed in a typeset version. An AGPS Circular (No. 24) was issued in September 1975 laying down standards for the preparation of copy for photographic reproduction with the intention that properly-prepared photo-reduced copy could be included in the Parliamentary Paper series.

Following the issue of Circular 24, there was a large increase in the number of documents produced in departments for photographic reproduction. But not only has this method of production been found to be uneconomical owing to the increased cost of materials and printing, it has also by its rapid expansion been the subject of complaint by printing trade unions in that it has transferred work from skilled printing tradesmen to typists and others.

The following observations relate to Item 2 of the Committee's Terms of Inquiry:

- (a) When a document is tabled in Parliament 330 copies are ordered, and paid for, by the originating department for distribution to Members, Senators, the Parliamentary Library and so on.

Because of the wide variety of documents tabled it is not possible to establish a constant relationship between the overall cost of producing the departmental version of a document and the cost of producing the 330 tabling copies. But the following examples give a general indication of the relationship:

Department of Capital Territory
 Annual Report 1975-76

B5 publication containing 100 typeset pages perfect bound with covers drawn on:

Departmental requirement 1528 copies at a total production cost of	\$6,263.37
Sales and Distribution (sale copies) 150 copies at a total cost of	\$183.70
Recommended retail price \$3.90	
Parliamentary Paper copies 818 copies at a total cost of	\$273.30
Recommended retail price \$3.90	

Department of Foreign Affairs
 Annual Report 1974

B5 publication containing 132 typeset pages perfect bound with cover drawn on:

Departmental requirement 17,028 copies at a total cost of	\$21,192.58
No sale copies required	
Parliamentary Paper copies 868 copies at a total cost of	\$843.90
Recommended retail price \$1.50	

Department of Prime Minister and Cabinet
 Report of the Committee of Inquiry into Inflation and Taxation

B5 publication containing 780 pages produced from typewritten photographic copy supplied perfect bound with cover drawn on:

Departmental requirement 1228 copies at a total cost of	\$9,582.02
Sales and Distribution (sale copies) 600 copies at a total cost of	\$1,493.84
Recommended retail price \$11.20	
Parliamentary Paper copies 983 copies at a total cost of	\$2,410.99
Recommended retail price \$11.20	

Department of Education

B5 publication containing 24 pages plus cover saddle stapled:

Departmental requirement 2,078 copies at a total cost of	\$550.00
Sales and Distribution (sale copies) 5,000 copies at a total cost of	\$250.00
Recommended retail price 20 cents	
Parliamentary Paper copies 833 copies at a total cost of	\$140.00
Recommended retail price 20 cents	

The originating department or instrumentality pays for all preparation and make-up charges plus the cost of 330 tabling copies. The cost of all Parliamentary Paper copies is borne by Parliament, as is the total cost of Parliamentary Papers initiated within the Parliament.

- (b) Tabling copies are normally produced as part of the main print run when a document is printed and do not contribute to any delays when it is tabled. Production delays have occurred on occasions when departments have failed to submit copy on time; in these circumstances the entire job would be delayed including the tabling copies. But a reduction in the number of tabling copies would not have any significant effect on production time.
- (c) Under present arrangements, information that a document will be tabled is supplied to AGPS by the originating department. If it is to be tabled, the print order is increased by 330 copies to meet tabling requirements and extra copies are ordered for Parliamentary Paper purposes in accordance with information supplied by Parliamentary officers. The procedure for ordering a fixed number of copies for tabling has now become a well-established routine

and provision for the extra copies is made automatically when a printing order is prepared. This quantity can be reduced, or increased, without difficulty. On the other hand we would not welcome the introduction of an 'ad hoc' arrangement (whereby the quantity for tabling is decided separately for each individual document) as the likelihood of production delays would outweigh the cost benefit achieved by reducing the print run.

- (d) The present arrangements for producing copies of tabled documents enable Members and Senators to receive essential information with the minimum delay. We know that on occasions they receive more than one copy of the same publication, but since we are in no position to know who will send them additional copies of departmental publications we cannot prevent such duplication. The distribution of Parliamentary Papers to Members and Senators properly remains the responsibility of the Parliamentary Papers Office.

Yours sincerely
 P.A. NOTT
 First Assistant Secretary

CHAIRMAN—Of the many aspects of annual reports of concern to this Committee, one of the most important is the problem of having them available in time for the Budget debates. As you are well aware some of them miss out. If departments and authorities were able to improve their performance, and present material in an acceptable form earlier after the close of the financial year, would the Australian Government Publishing Service in its present form be able to process the increased work load in a short period?

Mr Nott—There are several things I should say in response to that question. The flow of annual reports is, as you know, increasing and this year we will probably process in the order of 140 individual reports. Not all of these are required to be tabled by statute but in any case they all tend to come into this same burst of activity at about the same time of the year. At the same time there has been recently a slight increase noted in the size of many, but not all, of the reports. They were at one stage tending to reduce in page content but we see now that quite a few of them are starting to increase once again. So the total amount of work to be done is on the increase. At the same time we are confronted with pressure to speed up the production stages. We would certainly like to be able to do that and to achieve the objective that you mentioned of having all reports available for tabling during the Estimates debate period. But the conflict between these two things—the constantly increasing load and a tightening of the deadlines—is going to make it very difficult for us. Taking into account what you said about departments perhaps improving their performance in compilation and provided we could be assured in AGPS that all departments would improve on

their delivery times for copy and give us better copy—and perhaps copy that is not quite so distributed over time in batches—at the present stage I think we could just about cope. Perhaps I should ask Mr Shurman to confirm this.

Mr Shurman—I agree with Mr Nott's comments except that, if you bring forward the final copy date, then you must also bring forward the design dates and the editing dates. I do not believe we have sufficient designers or editors to be able to cope with the coming work load under the circumstances you describe. I also feel that with the increase which we are getting at the moment—and we are going to see this year perhaps 150 annual reports all to be published in about six weeks—there is quite a chance that other work which we are publishing will suffer during that period because all of our resources in client service design and editing will be involved with that large number of reports to be published.

Senator SHEIL—In other words, what you are saying is that you get a glut of reports and the rest of the year you might be sporadically working at them. If you could smooth it out you would have a much better chance.

Mr Shurman—If there were some way of broadening the time spans in terms of when they were required, that would be of great assistance.

Senator SHEIL—So the glut is really the problem?

Mr Nott—Very much so. It is a very heavy concentration of work just in a period of a few weeks. If some method could be found by the Committee to introduce a form of staggering, it would be very helpful indeed. There are already one or two reports, as the Committee probably knows, which have financial years which do not correspond with the Government's fiscal year. Foreign Affairs is one and Education is another. They produce reports for calendar years. Perhaps some form of extension of that arrangement would assist.

CHAIRMAN—Mr Nott, it is noted that some government departments still do not submit a report. Are you aware of why that happens?

Mr Nott—No. I could only guess at their reasons. I think some of the policy departments perhaps find it more difficult than operating departments to put material together in a form that Parliament might want to see. It is very easy if you are running a car pool or large stores supply operation to give statistics and financial facts and figures in regard to those operations. But I imagine that the Department of the Prime Minister

and Cabinet, for example, or the Department of Finance or the Treasury, particularly as they have not in the past produced annual reports, might find it quite difficult to settle down to a format and to make decisions on the content that they could publish which would fit into the annual report context. But that is probably only one of a number of influencing factors. I am afraid I really could not answer for the departments at all on that.

CHAIRMAN—In your submission you referred specifically to AGPS officers being involved in, to use your words, 'time-consuming special arrangements' with regard to statutory authorities which make their own printing arrangements direct with printers rather than use AGPS. Do you feel they should work through AGPS, and if they did, would not this greatly increase your work load?

Mr Nott—We noted that factual position because we thought the Committee should be aware of it. I do not think when we made the comment we were necessarily indicating that we thought all statutory bodies should have their reports handled through AGPS. I can conceive many reasons why some of the larger business undertakings, which are statutory bodies, would prefer to make their own arrangements and they certainly do have power to do so under their present statutes. In earlier years we had quite a bit of trouble in making arrangements by which they would at least co-operate with us and advise us of names of their printers and other people involved in the report so that we could arrange for a run-on number of copies for subsequent use in the Parliamentary Papers series. But those difficulties have tended to be ironed out over the years that we have had contact with them. I think they are now more conscious of what they should be doing and they certainly are more helpful towards AGPS officers. I think there are a number of statutory bodies which are not classifiable as almost commercial operations or business undertakings. These might be encouraged to follow the normal procedure of other parts of the Australian Public Service. But certainly I imagine bodies such as the Reserve Bank, Qantas, TAA and other large commercial undertakings would be able to present a very strong case for handling the work themselves.

Senator MESSNER—Do you attempt to sell your services to the various statutory authorities?

Mr Nott—No, we have not really done that. We have made them available to these various bodies. Under the government directions that originally set up AGPS in 1969-70 it was made

quite clear that while statutory bodies might have recourse to AGPS services and facilities if they wished, there was no compulsion on them to do so. Because of that background, I suppose, as much as anything else we felt it to be perhaps not quite the right thing to do to go round hot gossiping about what AGPS could do for them. They are aware of what we can make available, but they choose not to use those services.

Senator MESSNER—What are the benefits of using AGPS?

Mr Nott—I suppose the most important benefit in the context that we are discussing now is the specialised knowledge that AGPS officers have of parliamentary needs and requirements, of the various standards that are being set, and of various requirements some of which originated in instructions and reports from this Committee and from other sources. We therefore can operate as an available reference point for these people if they want to check something or if they want to make sure that what they produce finally is in-line with the general requirements. I think that is probably the main thing.

Senator MESSNER—So as you see it, it would be of some advantage to all of these authorities, and probably would assist the Parliament and the general public, to have a standard form of annual reporting which was in fact set down and controlled by the AGPS?

Mr Nott—Yes, I believe that would be so. One has to remember though, of course, that some statutory bodies tend to regard their annual reports as rather more than just a report to Parliament. Some of them do introduce personalities and public relations devices and they tend to regard their annual reports very much as persuasive selling documents.

Senator MESSNER—Do you think that is a real view? Do you think those documents are persuasive?

Mr Nott—I think some of the larger commercial enterprise annual reports are quite good. Of course they are very much smaller in content; they are very much more selective than reports that we are used to handling. But I imagine that they make a reasonably good impression on the shareholder if they are appealing, particularly if a good dividend is being declared, of course, in that particular year.

Senator MESSNER—What would be the effect on the shareholder—that is the general public—if a statutory authority, for example TAA, presented a document like that?

Mr Nott—I should think it would be very small. It might even work in the other direction; people might be inclined to say that it was costly and wasteful because they had no direct financial interest in the concern. But I imagine people immediately interested in the profitability and general operations of a large business undertaking, be it commercial or government, are pretty interested in the outcome of last year's work.

Senator MESSNER—Yes, but to the extent that their reports would include lavish photographs and statistical tables that really do not tell you anything, do you consider it to be worth while? Would that be the sort of thing which AGPS might be able to standardise?

Mr Nott—I think we would have some difficulties. I am certainly not a public relations expert, but it may well be that such an expert would say that to be able to look at pictures of half a dozen very distinguished gentlemen in the early pages of a report gives confidence in the structure and soundness of the business and so on. I cannot evaluate that myself. I think of course for government reports that would be a ridiculous thing to try to do. But if we are talking now about TAA, Qantas, or the Overseas Telecommunications Commission, then I would not be able to give an expert evaluation on their needs in their reports.

Senator BONNER—If all the statutory bodies decided to use AGPS could you cope with that volume of work or would you need a great deal of extension?

Mr Nott—No, we certainly could not cope. It might lead to a doubling of the number of reports to be put through and if they were required in the same time scale we are talking about AGPS would need some additions to their resources.

Senator MESSNER—Is it feasible that AGPS could handle all these operations without some major change in the reporting requirements of statutory authorities as to timing and content?

Mr Nott—Anything is feasible given adequate resources.

Senator MESSNER—Is the very law of diminishing returns? That is what I mean.

Mr Nott—I see. It is very doubtful whether it would be a desirable way to move. I think it would probably prove uneconomic and a bit unsatisfactory. It might be asking too much of a fully centralised system.

Senator MCINTOSH—Is it because of the lack of equipment or staff ceilings?

Mr Nott—It is a bit of both. Certainly if we were to be told that as from next year we would

be required to accept this very significantly increased load we would have to look very closely at staff numbers in certain areas more than others and we would have to examine equipment too. We have a very wide range of equipment in the Government Printing Office and one would perhaps expect that this could be called on to a greater degree with some displacement of other work. I point out that the timing of these reports, when they are required by Parliament, tends to coincide with a fairly busy period at the Printing Office with Budget work floating through and various other urgent matters the Government and departments need. So whilst if we dropped everything or dropped a lot of other work we might be able to tackle somewhat more, we would need both some additional staff and perhaps some equipment.

Senator BONNER—Can I take it that you are not very happy with what is happening at the moment?

Mr Nott—I am not unhappy. It might be worth while asking one of the people who is a good deal closer to the work face though.

Mr Shurman—Over the last four years the gradual increase in the number of annual reports we are publishing is such that we have to turn almost all of the publishing staff onto the exclusive production of annual reports for two to two and a half months. This is unsatisfactory not perhaps so much in terms of the annual reports which in the main are produced to the periods of time they are required but in terms of displacement in other things we should be publishing during that same period. It is highly likely and it does occur that at the same time we are producing these documents there is a tendency for major reports of bodies of inquiry, royal commissions and other inquiring bodies to also be presenting their reports. So you are bound up in major annual report publishing programs, special publishing programs, and on top of that the normal departmental publishing programs which might comprise a whole variety of documents. There must be some displacement of those programs during that period. If we concentrate on annual reports and do more of them the displacement will grow greater. If we are to bring annual reports into this six-week period then we either agree to have a delay or ask for more resources to enable us to produce the other work at the same time.

Senator BONNER—Have you any other suggestions about how this work load can be spread over the full 12 months?

Mr Shurman—We did make one or two suggestions in our revision of the submission suggesting that annual reports required to be tabled by statute be presented during the Estimate session and that those not required by statute be presented during the autumn session. This would take away a percentage of the work load from that crucial period from the end of the financial year until the Estimates debates commence.

Mr Nott—There are a number of other suggestions we might make during the course of this meeting at a time appropriate to you. Should I carry on or would I be pre-empting matters still to come before the Committee?

CHAIRMAN—We have a number of questions to ask you and if it does not emerge during the questioning you will have the opportunity to raise the matter before we conclude.

Mr Nott—Thank you.

Senator MESSNER—How many shifts does the AGPS work?

Mr Shurman—In the publishing branch we work normal public service hours plus overtime. During the period of annual report publishing we work substantial periods of overtime every night and usually at weekends.

Senator MESSNER—What percentage of utilisation do you get from your equipment?

Mr Shurman—There is very little equipment as such in the publishing branch; it is a planning, designing, editing and controlling function rather than a production function.

Senator MESSNER—Yes, I see.

Mr Shurman—Mr Thompson might like to expand on this because the Government Printing Office does work shifts and he can give you some details.

Mr Thompson—We work varying shifts in different parts of the Office. Generally in the main printing production area we work an overlapping night shift which consists of four nights of 10 hours per shift and a day shift. So there are three shifts virtually supplying a 24 hour service. This varies during the year but is maintained specifically during parliamentary sessions.

Senator MESSNER—Yes. So you are operating close to 100 per cent efficiency?

Mr Thompson—We have 100 per cent efficiency on the work essential for Parliament including delivery times on those particular jobs. For instance if Bills are wanted tonight, they are produced tonight. If they are wanted the next morning they are produced next morning. The same applies to Hansard. There is the capacity in

such an environment to handle more work, but you are looking at other facilities. I have tried to explain this difficult subject to the Committee on a previous occasion.

Senator MESSNER—Would there be bottle necks?

Mr Thompson—No, there are not bottle necks. It is more the types of work we are required to do during our shift periods.

Senator MESSNER—Do you mean you have to set the machine down for a time to do another job?

Mr Thompson—No. If we look at our web offset printing machines, Hansard falls in the early hours of the morning, roughly from 4 a.m. till about 7 a.m. during that period, so we have at least one machine on standby for Hansard. Prior to that time we schedule different jobs. The Gazette is scheduled and produced usually before Hansard on the days it falls due. So we have different job schedules for different periods of time in our different processes of typesetting, printing and finishing.

Senator MESSNER—In respect of annual reports then there is a fair lack of utilisation?

Mr Thompson—Yes, you could say that. As far as the Printing Office is concerned, we receive and take on annual reports negotiated between the publishing branch and the Printing Office with the exception that we do, as a printer, on odd occasions produce work for a statutory authority. This does not necessarily go through the publishing branch—the statutory authority deals direct with us as a printer as they would with any other printer.

Senator MESSNER—They prepare the outline and design themselves?

Mr Thompson—That is correct. The Australian National Gallery would be an example. So we take on the work we can handle in the time period the work falls due. There are two types of work. One is typeset for which we need to engage our preparation typesetting facilities and the second is camera ready copy supplied to us for photolithography. The difficulty is the time span which comes at peak times. We have quite a few annual reports at the moment and have already rejected some because we know we cannot meet the required time commitments. Some are required by the end of this sitting.

Senator MESSNER—During this high period do you work three shifts?

Mr Thompson—Yes.

Senator MESSNER—For the rest of the year, in the low period, do you work three as well?

Mr Thompson—We work three and two. It is variable depending on work loads.

Senator MESSNER—I see.

Mr Thompson—We adjust our shifts downwards for practical reasons because we are paying 30 per cent loading on staffing the night shift. Naturally as soon as we see it is not necessary to keep people or a complete shift we start scaling them down. Our two basic permanent shifts are the 6 p.m. to 4 a.m. night shift and the day shift. The third shift is more or less a parliamentary shift.

Senator MESSNER—Talking about reports, you would be getting fairly close to 100 per cent utilisation of your equipment, would you not?

Mr Thompson—No. It comes back to capacity and there are several ingredients. One is staff and one is equipment. It would be possible to increase staff and produce a lot more output in the time span than we do already. If we had more people in our preparation and printing areas they could handle more work running over the three shifts.

Senator MESSNER—Would that be on the basis of your present equipment?

Mr Thompson—Yes. But to do that would mean an uneconomic situation aggravating one that already exists. We have a problem within the Printing Office of staffing to meet parliamentary peaks. Once that peak drops we have insufficient work to keep us fully occupied. So if we put on more staff to handle more of this work we would be causing difficulties in our slack periods.

Senator MESSNER—Are the people you would be employing on parliamentary work suitably trained to work in other areas?

Mr Thompson—Yes, within the confines of trade demarcations in the printing industry. You have virtually two groups—your trade skilled area and your semi-skilled area. The same equipment and the same staff could handle either Hansard or annual reports.

Senator MESSNER—Do you attempt at the beginning of any year to set down a production schedule for those reports you know you have to do? Do you for instance indicate to TAA or to the Department of Foreign Affairs that you expect to receive their copy by 15 October?

Mr Nott—We have to come back to the publishing side of the house where these requests are taken into the program. Yes, we do have a

program covering all these anticipated pieces of copy coming in for annual reports. Mr Shurman can probably show you a sample of this. We are from the beginning of each calendar year in close negotiation with the various departments to urge them to get copy in early. We discuss with them, if possible, awkward coincidences of arrival that may cause us trouble. We try to negotiate forward and backward a little to plan the total task to match available resources.

Senator MESSNER—Do you mean the resources in the Printing Office?

Mr Nott—Both for the Government Printing Office and commercial printers. Clearly the total of 140-odd reports cannot be pushed through the Printing Office in the time we have allowed so some of it at least has to go outside. That is a matter of judgment on the part of the client service officers and senior people in the publishing branch. Mr Shurman could take the story up from there.

Mr Shurman—In my table the scheduled date is 24 November 1978 which indicates the status of the annual reports which were tabled during that session. As a guide to the Committee as to how we proceed in scheduling all that work—

Senator MESSNER—Mr Thompson is handed that schedule as well I take it?

Mr Shurman—My officers discuss with Mr Thompson's office the ability of the Printing Office to take one or a series of reports or whatever the requirement might be. They indicate their acceptance or not of that particular work, depending upon their work loads and bearing in mind the pressures of the day to day commitments of the session.

Senator MESSNER—Mr Thompson might be the best one to answer this. No doubt Budgets vary from year to year according to size and so on. But so far as the Budget itself is a printing requirement I should not think it would vary a lot as to requirements for paper, printing time, publishing time and so on. Are not those things reasonably predictable from year to year?

Mr Thompson—Budget documents generally are handled directly through the Printing Office because of the security reasons of the Budget. Yes, they are predictable. We do have a preliminary meeting with the appropriate people involved in budgetary documents each year and we plan our time and everything. But they are entirely predictable so there is no problem as far as predicting. The only difficulty I guess is that you can always be sure that you will get the last copy almost 5 minutes before the Treasurer is

about to put down the Budget documents. That is not quite true but it is very tight at the end and it is very hard. I think all the people involved in budgetary documents have a lot of difficulty putting together different sets of statistics and different sets of information which they require. One point I will make, going back a little with regard to annual reports, is that there is negotiation between the publishing branch and the Printing Office on a job by job basis of annual reports. As they come up the Publishing Branch will discuss them with us. There is one exception and this is the Auditor-General's annual report which we class as a Budget document rather than an annual report as such. Although it does not come down at the same time, it is treated as part of the Budget document series, again because of confidentiality.

Senator MESSNER—I suppose even the annual reports themselves in a lot of ways probably do not vary very much from year to year in terms of size or as a project. From the printing aspect they tend to be substantially fairly repetitive in their general format.

Mr Shurman—I have not the figures here to indicate the extent of the changes but from year to year you could anticipate a change in size of about a third in the number of pages contained, I would imagine, depending on the year. It may be that a particular department has a particular subject it wishes to report extensively on.

Senator MESSNER—Then two-thirds are reasonably predictable and one-third unpredictable? How early does Mr Nott's department get advice from the departments as to what size the annual report will be so that planning can occur through to the printing organisation?

Mr Nott—That comes very late in the piece because departments themselves in the early stages are only setting out to write the stuff and to edit it into shape. It is not possible for them to give us any more than just the roughest estimate of the number of pages.

Senator MESSNER—Some departments have given evidence to us indicating that their work on reports starts as early as now or even October for the next year. It seems to me that they must be in a fairly strong position to tell you, say in May or June what the size and general contents of the report will be.

Mr Nott—We find they will give us some idea. They say: 'We think this year it will be about the same size as last year, say 150 pages'. But the hard fact of life is, I am afraid, that these things tend to be written not at one central point but around the periphery of each department. All the

pieces are then brought into the centre and married together and somebody says: 'We will not put that in; we will put more of this'. This, I think, is one of the problems in the annual report area. Quite often the compilation stage, up to the point where somebody can say that it is starting to take shape, just takes so long that we are well on towards the period when the printing operation should perhaps be starting before we really do know the shape of the job. It may not matter very much from the printing point of view if we are talking about 140 or 160 pages. A small difference is not going to have much effect. But of course if the differences that are coming in at these late stages involve extra half tones or some colour work being put in almost as an after thought, then that is a different thing altogether. That can complicate life beyond bearing.

Senator MESSNER—Do you think it is worth approaching it from the point of view of setting guidelines for the departments to follow?

Mr Nott—Yes, I do very much indeed. I think one of the things we are suffering from is the lack of a clear statement of purpose in annual reports and a clear statement of what the proper audience is—the readership of that report. From that should come some indication of what should be included and what should not. But as I think you know, there is an interdepartmental committee working on this subject of the content of reports, although the product of their labours has not come to light yet. It may be that they will, in part at least, meet this need.

Senator MESSNER—That would allow you to set some production schedules which are more meaningful right through the process.

Mr Nott—Yes, I think so, although it may be instructive to the Committee to have a look at what can actually happen and how this can affect the printing schedules—the production schedules. Mr Shurman can probably talk better to this than I. In essence if we take one particular report and compare programmed stages of the job as little bars on a chart with actually achieved time lapses for those same stages, it is very interesting to see how lags start to creep in with the best will in the world. Finally we reach the stage, uncomfortably, where the people in the departments and the authorities appear to be trying to make up lags which have occurred by short-cutting things at the printing end and that always leads to difficulty. That is further disruption as far as we are concerned. So really, although we program, we get to the stage in the peak of this period where we are completely retyping that

program once a week. The amount of variation in it is quite surprising.

Mr Shurman—These charts are not drawn perfectly so there may be slight aberrations in them. The elements that are shown in black are the proposed targets for publication of the document and the elements shown in red are the actual performances. Now you can see there is a wide disparity between the two elements. The most important thing to note about them is that from midway through the copy stage to when printing commences—the proofing stage—if you look at the period of time that is involved, shown by the pink line that runs across the centre of the sheet, you see quite vividly that the provision of the so-called final copy is really the commencement of another drafting stage of change before the job is ready to put in the hands of a printer in terms of production. I have two other schedules of the Department of the Capital Territory taken for 1975-76, 1976-77 and 1977-78. They all show the same pattern.

Mr Nott—I suppose this is telling tales out of school, but I have worked in departments other than this. As I said earlier I think there is a tendency for annual reports to be handled very much out at the periphery up to a certain point. Then they come into the central office and they start to be edited and compiled and put into shape. Then they go up a series of steps in the central office of the department. Sometimes they can take a complete about-turn at one of these very late points.

That is a problem. There would be a lot to be said in departments for concentrating report production in a cell in the information section of a department obviously working closely to the most senior officers in the department. But this has been one of our problems which leads to the lags in the program that tend to be shown up in the chart.

Senator SHEIL—I would like an explanation of your production status. Where there is a blank under 'printer' does that mean the AGPS is going to be doing that report?

Mr Shurman—No, not necessarily. It means that it has not been allocated to a particular printer at that time.

Senator SHEIL—On the question of standards and contents: Firstly on standards, you will be aware from reading a lot of the submissions that there has been criticism of what we have come to call the glossy expensive production. I understand you have a circular, AGPS 23, which deals with standards and it would seem to cover an adequate category. It seems that various author bodies are convinced that

they should be in a higher category than probably they should be. Can you tell us something about the problems which you have experienced with the administration of circular 23?

Mr Shurman—We have not had an enormous problem with departments as such. They generally conform to the standards as set out in the circular fairly well. I get occasional requests from departments for the inclusion of colour material for the anniversary year of the department and things of that nature. If we consider it a valid request then we approve. We are pretty tight in controlling this and do so on behalf of this Committee and the Parliament because our circular 23 was developed as the result of considerations of the Committee in years gone by. The particular circular 23 is an updating of the Treasury circular G4 of 1969. So it really is an expression of the decisions of this Committee as represented in Parliament. We have in collaboration drawn up the standards which have usually been approved by the Committee. We then try to implement those standards as closely as we can to the ideals set out in this document. So, in respect of departments we have not had a great many problems. In respect of statutory authorities, because they are independent of the Public Service generally they believe they should conform more with the aims of annual reporting of commercial enterprises. There is probably a very good case for trading organisations to maintain their reports at about the equivalent level of commercial establishments. Where they are not in competition with commercial establishments, the problem commences and we have no direct powers to prevent them from doing what they do because we are not aware of the details of the standard of the report until they advise us of where it is being printed so we can buy copies ourselves for the Parliamentary Papers series. To that extent we have no real executive powers over them. We do however write to all the authorities once a year pointing out the requirements of the Parliament in respect of annual reports and of their classification and standards. We have to use that as the instrument of discipline if that is the word for it.

Senator SHEIL—Can somebody granted a high classification be downgraded later?

Mr Shurman—With respect to departments, yes. If we have allowed them for a specific purpose to use, say, 4-colour work in a report for a given year, we will not give them that authority the following year. We will reduce it to the normal standard they should have.

Senator SHEIL—The Prime Minister wrote to departments in September 1976 urging moderate standards? Has that letter had any effect?

Mr Shurman—Yes, it has in some departments. There seems to be a desire to restrain expenditure and this has become more crucial since financial constraints were applied. Whether it has made a significant overall difference to the reports I doubt. I think they would mainly be at the level of two years ago. It is handy for us to be able to use as a measure of persuasion.

Senator SHEIL—Should circular 23 be redrafted perhaps as part of a consolidated guide for this Committee to recommend in its AGPS report of 1978?

Mr Shurman—I believe so. When the deliberations of this Committee finish and the report is out we will need to re-examine standards to cater for that aspect and perhaps to cater for other external aspects, such as the types of paper on the market and which should be used for reports.

CHAIRMAN—This question is evident from the graph you have put in front of me. I am certain now that problems are created by copy being submitted in several batches. We heard of one department submitting it in 18 batches and I notice this one: 'Copy supplied in 21 small batches'. What is a reasonable number?

Mr Shurman—I do not believe there is anything wrong with the provision of copy in batches as such. Preferably copy could be provided in fairly large batches but continuity of supply of copy is the problem—when there are gaps between the provisions of copy. In that particular instance there were large gaps. But I have editors whose job it is to render such documents in to acceptable Commonwealth style. They have to edit perhaps 12 or 15 times before manuscripts are acceptable for production. It only stands to reason that if you have 50 in that category the job of the editors becomes absolutely chaotic. So large batches of copy with some continuity in the supply is the best approach. Printers would find this the best way of receiving copy as well.

Senator SHEIL—Are you notifying the departments that this is how you want it?

Mr Shurman—There is a continuous dialogue between our officers and the departmental officers during this period.

CHAIRMAN—I notice on this graph the publication date requested is 11 September. You did plan it that way and you still completed it, irrespective of the small batches, on 14 September.

Mr Shurman—That was due to the good offices of the Government Printer who made sure everything was done that could be done to produce this report to a reasonable timescale. If you look at the two earlier reports and the time it took to clear proofs and change copy in that last element of producing an annual report, it occurred over something like eight to 10 weeks. That prevents us from completing a report in time for tabling at any time during the Budget session let alone during the Estimates.

Senator McINTOSH—Do you have any suggestions on being able to overcome the office corrections?

Mr Shurman—There are probably two major types of corrections in annual reports. When the report gets into proof stage and copies are shown to more senior officers of departments, the expression used may not conform with their ideas on how a particular piece of information should be expressed. So numbers of author corrections come from that. Then also because the statistics for the year can only be interpreted following the end of the financial year, statements prepared in early drafts of the report may need to be revised depending on the conclusions drawn from the statistics put out by the department. That is the other major area of change of reports. There is a third possibility that a department will have changes of ministerial or government policy which require alterations in the report. Perhaps by adopting Mr Nott's suggestion of having a single cell in a department to prepare manuscripts in a professional manner some corrections could be avoided. But I see no alternative in terms of the interpretative material being derived from statistics nor in terms of changes of government policy which may have to be expressed.

Senator McINTOSH—Is there any advantage then in making more use of the camera-ready copy?

Mr Shurman—Numbers of documents are now produced in camera-ready copy form. This is convenient in terms of time scales but it can defeat the purpose of publishing the document in the first place because if you are using a typewritten image then quite obviously you are using a far greater amount of space to express the same information so that you are printing twice as many sheets of paper and your book becomes at least twice as large. The cost of distributing it is increased proportionately and the cost to the consumer is at least doubled. So it is convenient and a little cheaper for a department to publish in that form but the consumer pays.

Senator McINTOSH—Would you save time in typesetting and proof reading this way?

Mr Shurman—We would, although the quality of the documents falls considerably as does their legibility. In the last 18 months to two years the latest generation of word processing units has been introduced. I am sure we have all heard of these in the media. These machines can be used as typewriters to provide the original draft of a document. That same machine can be used to update the draft so that you can produce from it a final clear hard-copy document. The latest idea is to attach to those machines a piece of equipment which will produce a magnetic tape or a floppy disc storage. It is then possible to obliterate the original typing commands from those two records and to use that product as copy to go directly into a photo-composing system controlled by a computer. We believe that this is the way in which it will develop and that the period of producing a very high volume of hard copy images is transitory. We believe that the bulk of documents will eventually come into typeset form through the use of a computer and word processing equipment. It will probably be three to four years before there will be general use of such technology. But there is another side to that of course. Compositors in the printing industry, who would normally use keyboard instruments to set the type, will become obsolete as a trade classification. So there are two aspects to look at. One is the employment of journeymen and the other is greater efficiency in generating information.

CHAIRMAN—Would you not agree that for small reports the camera-ready copy is quite sufficient. I have in front of me here the Australian Pig Industry Research Committee report. That report is quite readable. It has much darker print than the Norfolk Island report which is also there. In this there are photographs about which there has been a lot of criticism during this inquiry. But nevertheless to speed up the work do you not agree that it fulfils the need?

Mr Shurman—This is probably the most efficient way to produce small documents. Although the author department and ourselves agree that this is the way it is to be done, a considerable amount of money is spent in putting a glossy cover on that document so that the consumer sees an elaborate document but when he comes to read it, it is produced from typewritten material. This concerns me.

Mr Nott—And of course he is being asked to pay more money for it. We wear a number of hats in this discussion. We believe we have a

charter to feed information out to the public on government activities. These reports are one useful medium for that. We must make the information available at a reasonable standard and at a reasonable price so that the consumer is likely to buy it when he sees it in our shop. In this way we are getting a much wider readership and a much better informed population. They know what is happening in government and in the Public Service.

It will be obvious to you that if we go to common standards or black and white unrelieved and all are produced in large typeface with rather frightening thicknesses, then some of these reports will become very heavy going indeed. It could turn out to be self-defeating in terms of public interest and public information. That is another aspect which has to be taken into account in achieving a final balance between speed of operation, acceptability to Parliament, adequacy of information in the report and some degree of incentive to the public to read it.

CHAIRMAN—What is the difference in cost if your Printing Office prints that document rather than having it prepared as it is now? Has anybody any idea?

Mr Thompson—It is significantly less than the cost of typesetting. I could not give you a figure off the top of my head. But you have to be very careful, as Mr Shurman just explained. If you typeset it you would find that two of those pages make one typeset page. Therefore you have half the amount of printing and half the amount of paper and that makes a significant difference. That affects the postage and despatch of documents in particular.

Senator SHEIL—Would it be possible to sieve the reports so that only the small ones are done in camera setting and the bigger ones are printed?

Mr Shurman—There is another aspect that is not generally thought of and that is that for an author department to produce an original which is satisfactory for reproduction is a vastly different proposition than providing copy from which a printer can set. Instead of having one or two drafting stages it may have to be typed 10 times in the author department. That cost is not measured but it may be very close to the cost of typesetting.

Senator SHEIL—So you see printing as staying for three years and then being gradually superseded by automatic word processing?

Mr Shurman—This is the tendency now.

Senator SHEIL—Are you taking steps then to retrain the compositors in the AGPS?

Mr Thompson—There was some talk of redundancy a moment ago. I hope that does not come about because I think there is a different philosophy. I think part of this work we are talking about is taken on from a word processing machine and then the media transferred onto magnetic tape. We can at about five minutes a page transmit that page into a properly designed typographical page. An example of this was the last report by the Joint Parliamentary Committee into AGPS. Probably most members of the Committee would be aware that that was handled in that way. It was produced on a word processing machine and then the by-product of that word processing machine was handed within our office. The printing union is quite forward thinking. It is aware that there are changes in technology which are going to affect that industry. The main thing is that the printers must still have some kind of control and some kind of contribution in implanting the correct commands to provide the typographic image. There is going to be a change within the industry and a movement from hand compositors to machine compositors. It is an area of movement which is fairly hard to forecast right now. I think, like Mr Shurman, that this is probably the trend for the future and I think it will make a big difference to people handling parliamentary reports and other type of work.

CHAIRMAN—If the automatic word processors are tied in with the Government Printing Office your department will be the only one that could use them. Are smaller contractors purchasing this type of equipment?

Mr Thompson—What has happened at the moment is that all makes of word processors have their own inherent commands built in and they all talk in a different language and none are common. To take a product off a word processor and to translate it into an industry standard tape without any commands on, you virtually need a computer of the make of the word processor. For us to be able to provide this service we would be looking to put in a word processor and a computer for every make of machine which is on the market which is completely impractical. So what has happened is that the Public Service Board has advised suppliers of word processors that they must provide a bureau service taking the product of their floppy disc or whatever it is off the word processor and having the means to translate that into an industry standard nine track magnetic tape. Any firm with phototypesetting facilities should be able to take that magnetic tape and put their command structure in and produce a typeset job. So they would be

on the same level as the Government Printing Office would be.

Senator SHEIL—Some of us have thought that it would be a help to have paragraphs in reports numbered. How would you feel about doing a job like that?

Mr Nott—There are practical problems there—particularly if the copy is going to come in dribs and drabs—in maintaining sequences and in altering, particularly when alterations start to arrive in the late stages. A minor alteration to an early section of a report involving splitting a paragraph, for example, is going to mess up a whole lot of paragraph numbers later on in the report. It is at times done. A number of reports that we turn out have decimal indicators against the paragraph numbers. They are a little more flexible than a straight numerical sequence of course.

Mr Shurman—It is an editorial style that is used quite extensively, but as Mr Nott says, there could be complications at that final stage when corrections are being made. That is the big difficulty as I see it. Whether it would add to the referencing to material in the report would really depend on whether there is time for a department to construct an index to go into a report. I think in most cases they are not indexed so there would not be any point in putting in numbered paragraphs unless they were to be of some use.

Senator SHEIL—Other witnesses would like to see an index in every report.

Mr Shurman—I think everybody would.

Mr Nott—It is a lot of work and cost and time. I think our views on these sorts of questions are greatly influenced by our overall view of annual reports as being slightly ephemeral in their interest, because they are repeated annually, except for a very limited group or set of groups in the community—principally academic research groups I suppose—who may want to look back on earlier reports. For reference purposes, yes, it is very helpful to have both an index and paragraph numbers, but we do not tend to regard these annual reports as being primarily reference documents.

PRICES JUSTIFICATION TRIBUNAL: ANNUAL REPORTS 1974-75 to 1976-77

	1974-75 (RM 75/30101)	1975-76 (RM 76/30011)	1976-77 (RM 77/30086)
Printed by	Brown, Prior and Anderson	Brown, Prior and Anderson	Watson Ferguson
CPI received	20.8.75	9.7.76	19.10.77
Delivery requested	Not specified	September 1976	December 1977
Copy promised	Not specified	Early August 1976	Early November 1977

Senator SHEIL—How would you react to the suggestion that all reports should contain a list of publications?

Mr Nott—My preference would be to put such a list into the Commonwealth Directory I think as they do in the United States. It cannot always be a full list but an abbreviated list of at least their major recurring publications does go into their magazine on organisation in the government.

Mr Shurman—We also publish an annual cumulative list of all publications. There is a monthly list and a weekly list.

Mr Nott—There are therefore other sources and I think we would tend to look at it as another fairly demanding, in the case of some departments, piece of information to be squeezed into this tight time frame we are talking about.

Senator SHEIL—Do you think more reports should be split up like the Public Service Board report to meet varying needs?

Mr Nott—I think it has to be a certain kind of report. The Board's one was a natural for a split because so much of it, roughly half or a third anyway, was statistical in character. It was convenient to group all those statistics together into one appendix in the earlier stages of the production of the report and more recently in a separate report altogether. I imagine there are other reports where it is more valuable to have the statistics interspersed throughout the text.

Senator SHEIL—Social Security for example.

Mr Nott—Yes, I would think so. I do not think I can reach a general rule on that.

Short adjournment

CHAIRMAN—I declare the inquiry resumed.

Mr Shurman—Further to those charts I showed you a few minutes ago I have typed schedules of Public Service Board annual reports 1976-77, 1977-78; Capital Territory annual reports 1974-75 to 1977-78 and the Prices Justification Tribunal annual reports 1974-75 to 1976-77.

CHAIRMAN—Is it the wish of the Committee that they be incorporated in the transcript of evidence? There being no objection, it is so ordered.

The documents read as follows—

	1974-75 (RM 75/30101)	1975-76 (RM 76/30011)	1976-77 (RM 77/30086)
Copy received	21,875 (Appendices 12.11.75)	21,976	8,117 (After Report was tabled)
Order placed	7.10.75	8.10.76 (Copy 11/10)	7.12.77
Galleys received	28.10.75	27.10.76	22.12.77
Pages received	14.11.75	11.11.76	
Delivered	27.11.75	20.12.76	9.2.76
Comments			Report was presented to Parliament on 1.11.77 having been produced within the Department.

PUBLIC SERVICE BOARD ANNUAL REPORTS 1976-77 and 1977-78

	1976-77 (R76/1338)	1977-78 (R77/895)																										
Printed by	Government Printer	Government Printer																										
CP I Received	1.4.77	17.2.78																										
Order placed	1.8.77	7.8.78																										
Copy Dates	<table border="0"> <tr> <td>Promised</td> <td>Actual</td> </tr> <tr> <td>Commence 3.6.77</td> <td>A1-29 3.6.77</td> </tr> <tr> <td>50% by 8.7.77</td> <td>B1-41 23.6.77</td> </tr> <tr> <td>Further 25% 22.7.77</td> <td>C1-127 8.7.77</td> </tr> <tr> <td>Balance 5.8.77</td> <td>D1-104 25.7.77</td> </tr> <tr> <td></td> <td>(75% of copy received)</td> </tr> <tr> <td></td> <td>E1-42 8.8.77</td> </tr> </table>	Promised	Actual	Commence 3.6.77	A1-29 3.6.77	50% by 8.7.77	B1-41 23.6.77	Further 25% 22.7.77	C1-127 8.7.77	Balance 5.8.77	D1-104 25.7.77		(75% of copy received)		E1-42 8.8.77	<table border="0"> <tr> <td>Promised</td> <td>Actual</td> </tr> <tr> <td>Commence 9.6.78</td> <td>A1-25 2.6.78</td> </tr> <tr> <td>50% by 9.7.78</td> <td>B1-76 5.7.78</td> </tr> <tr> <td>Further 25% 21.7.78</td> <td>C1-109 7.7.78</td> </tr> <tr> <td>Balance 4.8.78</td> <td>D1-82 21.7.78</td> </tr> <tr> <td></td> <td>E1-76 4.8.78</td> </tr> </table>	Promised	Actual	Commence 9.6.78	A1-25 2.6.78	50% by 9.7.78	B1-76 5.7.78	Further 25% 21.7.78	C1-109 7.7.78	Balance 4.8.78	D1-82 21.7.78		E1-76 4.8.78
Promised	Actual																											
Commence 3.6.77	A1-29 3.6.77																											
50% by 8.7.77	B1-41 23.6.77																											
Further 25% 22.7.77	C1-127 8.7.77																											
Balance 5.8.77	D1-104 25.7.77																											
	(75% of copy received)																											
	E1-42 8.8.77																											
Promised	Actual																											
Commence 9.6.78	A1-25 2.6.78																											
50% by 9.7.78	B1-76 5.7.78																											
Further 25% 21.7.78	C1-109 7.7.78																											
Balance 4.8.78	D1-82 21.7.78																											
	E1-76 4.8.78																											
Galleys	23.6.77 to 27.7.77. For copy batches A-C only; not supplied for later batches	26.6.78 to 31.7.78																										
Pages	4.7.77 to 18.8.77	1.8.78 to 18.8.78																										
Delivery dates	Contracted: 26.8.77 Actual: 1.9.77	Contracted: 24.8.78 Actual: 6.9.78																										
Comments	See attachments for notes on proofing procedures and extent of final corrections	Final revised pages sent direct GPO to PSB for checking over weekend. Final pagination by client at GPO at Printer's request. Final pages approved for printing 25.8.78 but index copy supplied on 25/8 has still to be set																										

DEPARTMENT OF THE CAPITAL TERRITORY: ANNUAL REPORTS 1974-75 to 1977-78

	1974-75 (R74/2628)	1975-76 (R75/1432)	1976-77 (R76/1560)	1977-78 (R77/1430)
Printed by	Kerton Bros (S.A.) P/L	Ambassador Press	Ambassador Press	Government Printer
CP I received	6.6.75	26.5.76	6.6.77	16.5.78
Delivery requested . .	'Budget Day' 1.9.76	1.9.76	4.10.77	11.9.78
Copy promised	Mid-July	Mid-July	1.8.77 (approx.)	6.6.78
Order placed	15.9.75 on typesetter 14.11.75 on printer for reproduction of camera-ready copy	22.7.76 for delivery on 1.8.76	27.7.77 with part copy	14.6.78
Copy supplied	In 5 batches between 4.9.75 and 12.11.75	In 5 batches between 16.7.76 and 22.9.76	In six batches between 26.7.77 and 22.9.77	In 21 small batches between 6.6.78 and 17.8.78
Approval for printing .	3.12.75 (cover artwork not supplied till late December)	7.10.76	Final proof received by printer 21.10.77	4.9.78
Delivered	6.1.76	16.11.76	8.11.77	15.9.78
Comments	Extensive proof movements led to delays and high cost of author's corrections (\$240). Due to poor packing most books returned to printer for rebinding in April 1976	Galleys commenced 20.8.76 Galleys, pages, dylines and extensive revisions necessitated 15 different proof movements from printer to client between 20/8 and 7.10.76	Progressive proofing between 23.8.77 and 13.10.77 resulted in high correction cost (\$558.60)	Because of small batch supply of copy, extensive proofing and heavy corrections, author's corrections totalled \$2,171.28 of the \$9,419.75 invoiced. (Job was 112 pages only)
Total cost	\$8,817.41	\$6,263.37	\$4,699.64	\$9,419.75
Authors corrections . .	\$540.00	\$165.30	\$558.60	\$2,171.28
Percentage of total . .	6%	2.6%	11.8%	23%

Senator ELSTOB—The Atomic Energy Commission produces very comprehensive reports and also they have a tendency to make calls for public relations work. What is your reaction to their demands on topical matters to publish them as pamphlets?

Mr Nott—I think that they are on the right track frankly. We have tended to say in the past to departments as well as to statutory bodies that there is a tendency to use the annual report too much as a multi-purpose vehicle, as an information document, as a publicity or public relations gimmick, as a report of stewardship and perhaps a number of other things—even for staff information. We find a number of these bodies wanting to give every member of their staff a copy of their annual report. So it is rather refreshing to us to see a body like the Atomic Energy Commission trying to limit the annual report proper to something that is feasible, although certainly their report is a more complex one than many others we have on our books. However more could be done along that line of taking offprints or reprints or in some way reproducing much of the same material in a different form to meet the needs of a different audience rather than trying to concentrate all resources into producing multi-purpose documents in a very, very tight time schedule.

Senator ELSTOB—So you would recommend this to others. Could you arrange it?

Mr Nott—Yes. We have in fact suggested it to some people. Sometimes the suggestion has been taken up but there is a great loyalty on the part of departments to their annual report. They like to regard it as a compendium of reference information and as lots of other things as well as the main purpose of the report. So it is a little bit hard to get them to accept the idea and in times of financial restraint they may well feel that it is cheaper to produce one compendious document than three or four separate ones.

Senator ELSTOB—We have had witnesses who have argued for greater use of graphs and papers et cetera. Do these present any difficulties in production?

Mr Shurman—It depends on the amount of artwork required in terms of the planning for production. Some people would wish to see charts and graphs produced in up to four or five colours. Usually this is not necessary to illuminate the material to be contained in those graphs. It is quite possible to use varying degrees of shading and combinations of colours which will give you a variety of colours or a variety of effects. The second effect of including large numbers of

colours is felt in the production cycle. There is more time and cost involved in producing a multi-coloured chart than there is in producing perhaps a two colour or single colour chart with shading in a graph of that nature. How many colours you need to use really depends on the point to which you have to be able to explain in the content of the charts or graphs. Then a proper analysis of the way in which that information is to be expressed determines the fashion in which you go about it. But generally speaking I would not believe there is a need to use more than three colours.

CHAIRMAN—One of our witnesses commented on the graphs in the Department of Social Security's annual report, 1977-78.

Mr Shurman—That is two-colour using shading and you can see the three effects from using two colours. It is possible to use, not an infinite variety of permutations, but a fairly large number which would indicate the different elements of information which you wish to extract from the chart.

Senator SHEEL—But generally that was thought a poor production. I remember it was said they would be better off with colours rather than using the shadings.

Senator McINTOSH—Going back to the annual reports do you see any advantage in splitting up reports such as the Public Service Board reports?

Mr Shurman—They break it down into different component parts. No, I believe that the greater the ability to keep a document complete then the better the chance of people in the community being able to gain access to that information. The more you split it and the more diverse it becomes then the more sources people have to track down to find things. Some elements will perhaps go out of stock and may never be reprinted. If it is all available in one document then obviously you can get all the information contained in the report.

Mr Nott—I would have to add a caveat about the extension of the time scale if the document becomes too compendious altogether.

Senator McINTOSH—What is the current Government's policy on the distribution of reports?

Mr Shurman—In terms of the quantity?

Senator McINTOSH—Yes.

Mr Shurman—A government decision of 1976 was concerned with the extravagant free distribution of material by Commonwealth departments and authorities. The Government placed

the responsibility for screening of the free issues which had been proposed on the AGPS. That has generally been effective in limiting the free issues while allowing the sale of documents to increase. I am not sure of the exact percentage reduction which has been achieved nor the relevance in terms of annual reports but I believe a reduction of between 7 per cent and 10 per cent occurred immediately following that government decision in 1976. In terms of production I do not believe it makes any difference at all. In terms of encouraging the tax payer or the consumer to buy, the principle that the consumer pays, I believe there has been some effect. People now tend to come and look for sale copies rather than writing for free copies. I believe also that this must be allied to the economic restraints proposed by the Government in that departments themselves realise that it is better to distribute through sale rather than through massive free issues.

Senator McIntosh—So you feel that the authors should reduce the free distribution further. Is there any idea of cost recovery?

Mr Shurman—Yes, although I believe you have to look at each document and see what it is intended to do and whether it would be attractive enough for people to buy it. We were talking earlier about using typewriter images. That sort of image is not attractive to readers who need to read many hundreds of pages of documents. But a document which is typeset may be cheaper and therefore more popular than a document produced from camera-ready copy.

Senator McIntosh—Is there a necessity to restrict the guidelines then?

Mr Shurman—We endeavour to maintain quite a close control on the extent of free issues, with the co-operation of departments. They have co-operated very well, with one or two exceptions which we have been able to overcome through negotiation.

Senator McIntosh—Cost recovery would require stricter guidelines about the type of information contained in reports.

Mr Shurman—Yes, the extent of the content and the method of reproduction both have a very large bearing on the cost. We operate as a book selling organisation as well as a publishing organisation and we are therefore extremely keen to see that the consumer pays as little as possible, though this must be consistent with maintenance of our economic viability to some degree.

Senator SHEIL—Do you feel that the author bodies should reduce free distribution of copies of the reports?

Mr Nott—Yes. We see some scope for further reduction in redistribution particularly in the sort of case I mentioned in which some authorities like to give every member of the staff a personal copy. I do not see much value in that. It is possible to circulate copies around or to give a group a copy that they can hand around themselves. There is still some room for reduction. The departments generally have been very good in following the request from the Prime Minister to restrict their official use and free distribution copies but I think there probably is still scope for further reductions.

Senator SHEIL—Is the concept of cost recovery a good one to bring in?

Mr Nott—Full cost recovery to the consumer?

Senator SHEIL—Yes.

Mr Nott—I think it should be brought in very gradually. I would not like to see us step from where we are to full cost recovery in a week. There is some room for us to increase our prices towards the standards of roughly similar commercial publications.

Senator SHEIL—One of the witnesses stated the AGPS did not have enough money to buy copies but could have sold them if they had had the money to buy them. What is the current situation?

Mr Nott—That was a sad fact of life last October–November when we had a small liquidity crisis and were experiencing difficulty in getting our bankers to come to our aid in the way of additional working capital. The bankers of course were the Department of Finance. However that has been overcome. It was unfortunate that we had to reduce the numbers of copies we were buying to put into sale through shops and through the mail order service and in one or two notable cases, one of which has come out in evidence, we had no money at all. We could not buy any copies, so that was unfortunate. It was a transient stage. It was certainly not what we wanted.

Senator SHEIL—Your credit was not good!

Mr Shurman—I might comment that some of the shortage of funds was really created by other recommendations of this Committee in terms of the production of legislation. We have published three of one form of volume of legislation and four of another since your report was brought down last year. In a normal year we would only have one and of course bound volumes of legislation are very expensive items to buy.

Senator SHEIL—There are fewer lawyers on the Committee now.

Mr Westaway—We are flush now.

CHAIRMAN—One of the witnesses said there was no AGPS approved contractor for the work you do in the Australian Capital Territory. Is this correct, and if so why is that?

Mr Shurman—There is an approved contractor for B-5 standard bookwork which is a general classification for this sort of work. That contractor is the cheapest commercial contractor.

CHAIRMAN—In Australia.

Mr Shurman—Yes.

Senator MESSNER—There was not one at the time.

Mr Shurman—This may have been a historical situation but currently there is a local contractor.

Mr Nott—The current contract was let I think last October. Prior to that he had not bid for the contract. Is that correct, Mr Shurman?

Mr Shurman—I am not aware of that. He may have bid.

Mr Westaway—He only bid for half a contract.

Senator ELSTOB—One of the people we interviewed said librarians are concerned that some copy should be on acid free paper for preservation in the long term.

Mr Nott—We can see their point of view but whether it would have complications at the production end I had better leave to Mr Thompson. I know what his answer will be.

Mr Thompson—We still have records of legislation printed on paper produced during the war which was shocking in quality. Sure it deteriorates and it probably will not last forever but with the modern facilities now available for microfilming and putting data onto fiche, records can be preserved for posterity. I do not see the value of using acid free paper. It would probably be dearer. We are looking at quantities on an average of about 2,000 for a report. That would probably include Parliamentary Paper copies. But if you start putting some on acid free paper and some on normal stocks you would be putting material on and off the machine and this would add to costs. It would either need to be a rule that all reports would be produced on acid free paper or not. That would then start typing reports down to specific types of paper which would also add to the cost. So whereas the thought might be attractive to a librarian I do not know that it is very practical.

Mr Nott—I would like to underline the point Mr Thompson made about the wider use of microfiche or some form of microfilm. Surely the time is coming when there will be an increased long term need for retrospective research into many official documents and it would be very comforting to know that in some repositories around Australia, microfilm versions were being preserved. At the moment it is quite possible if one is looking for a 15-year old report to have tremendous difficulty in locating a copy in whatever condition it may then be. It is a very interesting thought that some body in the Commonwealth ought to be empowered to maintain at least one complete set of the Commonwealth's output in a long lasting form such as microfiche.

Mr Thompson—That might be part of the Parliamentary Paper series production. The ideal situation would be to produce either all those reports in microfiche output or at least have them preserved for the future in microfiche.

Mr Shurman—You could get into a technical discussion on this matter. If cellulose, the basic component of paper, is becoming a scarcer and more expensive commodity, so also is the base stock of microfiche films which is a petroleum by-product. It may be that microfiche will never reach the potential you see now. Perhaps instead information should be stored in computer data banks and be retrieved electronically rather than maintained in micrographic condition. That is something only history will tell.

Senator ELSTOB—How long can you store modern microfilm successfully? Indefinitely?

Mr Shurman—The latest films are said to have a very long life. They have been tested under laboratory conditions but no one really knows whether the aging progress will occur in the same fashion as laboratory tests show it will. Of course that applies to papers as well as to films. One would expect that properly stored, a good quality microfiche material would last in excess of 50 years. But the same would be said of the normal standards of paper kept in proper storage. For instance, Mr Thompson pointed out the use of Lead Lease paper which possibly was used for Commonwealth material during the war. The paper used now is of better quality than this material and one would anticipate if has lasted the best part of 50 years, contemporary papers would last longer. So maybe you are talking about a shelf life for currently produced material in an ideal storage environment, which one would expect in a library of a century, provided it is not overexposed to light and things of this nature.

Senator ELSTOB—In your 1977 submissions you noted that the production of Parliamentary Paper copies when the original printing was done was of doubtful economic value. This was a little surprising. Surely it is more economic to have a first print run instead of two, especially when the standard blue cover is wrapped around the original stocks.

Mr Nott—Yes. I am not quite sure what the point of our comment was back in 1977. It may just have sprung from successive problems that have arisen—I was going to use the word disciplining, but that is probably a little strong—in arranging for people in statutory bodies particularly to keep in touch and to give us the opportunity to get run-on copies while they are making their first print. There have been some problems in that. Another area that has been of some concern to us has been the order of presentation. It is perhaps getting a little out of kilter. We are finding more and more that departments are producing the document—I am not necessarily limiting this now to annual reports—which subsequently happens to be tabled and then becomes a Parliamentary Paper. One does wonder at times whether the dual production effort in cases like that is really sensible or whether the rules ought to be changed so that only one run of any particular document is made. At the moment it is not always so. But certainly things have settled down a good deal in more recent years and as Mr Shurman said earlier, departments and instrumentalities appear to be following the arrangements more carefully. So I do not know that in 1979 we would make exactly the same statement we made in 1977.

Senator McIntosh—You referred to the easing of peak work load by either splitting the time when reports are required or by making some reports cover more than one year, not annual reports of course. Would you like to enlarge on this?

Mr Nott—I think these were just options that occurred to us as perhaps being worth thinking about. We would feel that the smaller the annual report could be, within the bounds of requirements of Parliament and other users, the better. So the idea of splitting had some natural attraction to it. But there are also problems with splitting and one or two of those have been mentioned.

Senator McIntosh—What about making some reports more than yearly?

Mr Nott—It is just faintly possible that some of the slimmer reports might be handled in that way, although three years does appear to me to

be rather a long time to wait to find out how an organisation is operating—successfully or otherwise. So maybe that is not a very reasonable option. We were not putting these forward as panaceas for our problems and for those of the departments. They were just concepts we thought might perhaps be looked at.

Mr Westaway—One possibility would be to have a 3-year report covering legislation, factual material, which tends to be repeated year after year after year and then have an annual report covering the material that does change annually. But again it would be difficult, you would need to examine each one individually to see whether it would work.

Mr Nott—You have triggered a thought in my mind. I notice that Professor Olsson made the comment that every report ought to contain details of the structure of the department and the authority for its operation, how it had been set up and so on. That comes clearly into this category of repetitive information if you are going to produce the thing every year. We would be inclined to think that it is already sufficiently well catered for in a volume such as the Commonwealth Directory. As you know in the front of each of the departments there is quite an extensive discussion on the aims and objects and policies being followed. The main structure can be deduced from the presentation of individual's names, the offices they hold and so on. So yes, a primary aim in any guidelines produced ought to be that annual reports should studiously avoid repeating the same information year after year.

Senator McIntosh—Reference has been made to the high costs incurred when using the Government Printer. Will this situation improve if he is able to make more efficient use of his resources?

Mr Nott—We do hope that the Government Printer will, in a relatively short period of time, be enabled to become more competitive. I think some of the work that is going on at the moment, including this Committee's sixth special report, should help to make that feasible. It will involve accounting and financial changes, and some changes perhaps in client behaviour towards the Government Printer, but overall, yes, it ought to bring down his cost for departmental work and work for instrumentalities. I will not guarantee that it will reduce the cost of parliamentary work however.

Mr Thompson—I think what Mr Nott has said is fairly factual. There is one other area that I am looking for a reduction in production costs. It is in the typesetting side where our costs have

been more expensive than I would have liked. This is mainly because we have set the phototypesetting system up for a particular purpose and we have now further developed software which should be finished in the latter part of this year. I am hoping this will help us be able to reduce our costs as a result of the change of technology in that area.

Senator MESSNER—Will this change of technology involve people moving from one area to another?

Mr Thompson—Yes.

Senator MESSNER—What about retraining? How are you going to cope with that?

Mr Thompson—We are looking at retraining and we are commencing discussions about retraining with the unions now. We already have a retraining program and in fact it has been an ongoing retraining program for quite a period of time.

Senator MESSNER—How many people would be involved?

Mr Thompson—In the typesetting area there are probably about 100 to 120 people.

Senator MESSNER—Are other parts of the organisation affected too?

Mr Thompson—Yes, because once you start using cold type and phototypesetting the traditional hot typesetting processes start to wane and that means a transfer from letterpress printing to offset printing.

Senator McIntosh—What would this mean in terms of redundancy?

Mr Thompson—I am hopeful that we will be able to retrain the people that we have without having any redundancy situation.

Senator ELSTOB—Do you think the transitional period will be satisfactory to both the Government Printer and the union? Do you think a sensible compromise can be worked out?

Mr Thompson—I think so. It is the early days of negotiation yet. In fact it has not reached a formal stage with the union. We transferred from hot metal processes in 1975 and since then it has been a continual ongoing situation. So it is not as if we are introducing new technology tomorrow or next month; it is an extension of what we have already been doing. In fact I am calling this a second phase of phototypesetting. We have had good relationships up to now and I am hopeful these will continue.

CHAIRMAN—The last item in the terms of reference of this inquiry refers to whether or not

it is always necessary to have 337 copies of reports available for Parliament, bearing in mind the cost. How great is this cost and what savings would be made in reducing this stock, say from 337 to 150? This is a hard question I know: Would it be feasible to try to predict what reports would be popular with senators and members and adjust the print run accordingly?

Mr Shurman—The quantity that is determined for a parliamentary tabling is, of course, outside our province. It is a matter which is determined, I believe, between the Department of the Prime Minister and Cabinet and the Parliament itself. There is probably scope, in terms of cost saving, to be able to reduce the numbers if the reduced number would be satisfactory for parliamentary purposes. I guess there would be a saving per copy amounting to between 25c and, say, 51c as the sort of parameters you are working within, depending on whose report it was. I would hope that there would be further accentuation on the sale of documents rather than the free issue of them. I presume that some of the 337 copies are given away to institutions which would normally need the information and therefore would be in a situation of having to purchase. The two effects that could come about are just that. As to which reports, the parliamentarians themselves are the only ones who could tell us that.

CHAIRMAN—Yes, I believe I could tell you.

Mr Westaway—You would need to very carefully consider the free issue as well if you start altering those numbers.

CHAIRMAN—Have you anything more to add?

Mr Nott—I do not think there is a great deal that has not been covered. It might just be worth while to reinforce a couple of points. The first one I would make is that the total time lapse in the compilation and production of a report can be, say, six months of which the greater part by far is taken up by compilation within the department. We would roughly break it up in this way: The compilation in a typical department might take between 12 and 15 weeks and production stages within the Publishing Service perhaps seven to eight weeks. Even those times are a little overstated because some of the activities tend to overlap and are done at the same time. We can, for example, do some design work while contract preparation is going on and orders are being raised to issue to printers and so on.

But if there are to be time savings in the production of these reports then the greatest contribution probably has to come from the compiling departments. Perhaps some shortcuts can be

made in the publishing and printing environment but it is very important that the Committee direct its attention quite extensively to matters that affect the compilation time.

We have already referred to the need to define clearly the purpose of an annual report. Most of the pieces of legislation in which one finds a requirement to table an annual report talk rather generally about the organisation reporting to its Minister on the operations of the undertaking of the commission or whatever it may be. I do not think anybody really knows just what that means in practical terms. It does lay the field open to people to write about all sorts of things. The readership for the report has to be clearly expressed. There is a tendency to confuse the importance of the needs of Parliament, the needs of future researchers, the needs of staff to be kept informed of what their own organisation is doing and the needs of the general public. It is very hard, as I said earlier, to define or to try to produce a multi-purpose document serving all of those readerships. Departments should be discouraged from producing compendiums of information.

Some positive guidance is needed by departments on what is regarded as most important. If you look at annual reports of companies it is quite apparent that companies tend to limit their annual reports to between 36 and 40 pages. These are the reports of big companies. They include the Bank of New South Wales and Hughes Brothers construction organisation which has a special one called *Twenty-One Years of Life*. Even BHP's report is small. Departments say they are very big and complex but surely if you can get over the story of BHP in 40 pages then we have something to aim at. It is a matter of being selective and concentrating on getting an important message across to the people who are going to use the report rather than trying to produce something that is all things to all people. H. C. Sleight's report is very slim, as is Repco's. They are all beautifully coloured of course. They are quite expensive but relatively short so production problems, apart from the colour separation work, would be reduced.

Senator MESSNER—You agreed that because the companies are governed by statute and their requirements are laid down in the various Acts of the States the size of their reports is reduced because they treat that as the maximum.

Mr Nott—That is so. I noticed that Professor Olsson had something to say along that line. But of course there is no reason why the requirements of the Act should not be brought in line if it is felt

that insufficient information is being given. The present instructions in the Act do give a strong guide. There is usually a statement from the chairman, reports of financial outcome and the auditor's certificate and so on and a few statistics. But one does not feel overpowered. This is a weekend's reading to take home. If you look at typical annual reports of departments I do not think you get quite the same impression. Staggering of reports has been touched on. It has some possibilities if Parliament finds it feasible to accept that not all reports would come in at the same time. The question of audit delays obviously will be dealt with by the Committee in another session. Perhaps the statutes should be amended to take account of the fact that the Auditor cannot really be expected to produce certificates on all of these accounts at the same time. At the moment because of the way the statutes are worded, departments do not have much option; they have to wait until they get a fully prepared certificate.

I do not think many of these other points need be carried any further. Generally, I imagine, there could be some further simplification of presentation and style if the Committee is prepared to accept some of the limitations and cross-effects which that would have on the general public and on the general appearance of the material that is being turned out. But if the emphasis is on speed of production, as it seems to be at the moment, then I think some sacrifices may be made in terms of both content and presentation.

CHAIRMAN—If when you read the transcript of this morning's evidence there is anything that you would like to correct, please feel free to do so. Thank you gentlemen.

Mr Alan Armstrong TAYLOR, First Assistant Auditor-General, Auditor-General's Office, Canberra, and

Mr John Edmund McMAHON, Acting Assistant Auditor-General, Auditor-General's Office, Canberra,

were called and examined.

CHAIRMAN—Do you wish to make any statements further to that contained in the submission prior to the Committee directing some questions to you?

Mr Taylor—No thank you.

CHAIRMAN—It is therefore proposed to take your submissions as read and to incorporate them in the transcript of evidence. Are members of the Committee agreeable to the incorporation of the submission into the transcript of evidence? There being no objection, it is so ordered.

The document read as follows—

Auditor-General's Office
Canberra House, Marcus Clarke St.,
Canberra City, ACT 2601
P.O. Box 707—Telephone 48 47 11
Telegrams 'Comaudit'
Please Quote: 77/951
Contact Officer: Mr B. Lane
Telephone: 48 47 16
30 January 1979

The Clerk to the Committee
Joint Parliamentary Committee on Publications
Parliament House
Canberra A.C.T. 2600

ANNUAL REPORTS INQUIRY

In response to your letter to the Auditor-General of 18 January 1979, the following is forwarded to supplement information provided in letter 76/988 of 8 February 1977.

2. With reference to paragraph 3 of our abovementioned letter concerning delays in the tabling of audited financial statements, the Auditor-General's Annual and Supplementary Reports will in future contain a schedule indicating dates of submission of Financial Statements in final form and corresponding audit report dates. The 1977-78 Supplementary Report contained such a schedule in Section 1. Financial Statements not formally submitted in final form and Statements under audit examination at the date of preparation of each Report will also be shown.

3. Members of the Committee will also be aware that the Audit Amendment Bill at present before the House of Representatives proposes substantial changes to the form of the Annual Statement of Receipts and Expenditure of the Minister for Finance and the Auditor-General's report thereon. These changes were described in detail by the Minister for Finance in his Second Reading Speech on the Audit Amendment Bill on 12 September 1978. Weekly Hansard, Vol. 14, 1978 page 826 refers.

4. Where mention is made to the Treasurer's Statement in this Office's original letter it should now be amended to read the Minister for Finance's Statement.

5. Other amendments to the attachment to our original letter are enclosed herewith and refer to the questionnaire forwarded with the Chairman's letter of 9 December 1976.

J. E. McMAHON
Acting Assistant Auditor-General

Question 1. Presentation dates—

Annual Reports	Supplementary Report
13 September 1977	24 November 1977
2 September 1978	23 November 1978

Question 15. Internal distribution—

	1976-77	1977-78
Annual Report—		
(a) official use	1,220	1,288
(b) free issue	112	112
	1,332	1,400
Supplementary Report—		
(a) official use	1,179	1,188
(b) free issue	96	112
	1,275	1,300

Combined edition no longer produced.

Question 18. Costs—

Year	Annual report	Supplementary report
1975-76	\$ 16,032	\$ 5,837
1976-77	21,468	7,859
1977-78	25,724	Est. 10,000

Auditor-General's General's Office
Canberra House, Marcus Clarke St.,
Canberra City, ACT 2601
P.O. Box 707—Telephone 49 1988
Telegrams 'Secaudit'
Please Quote: 76/988
8 November 1977

The Chairman
Joint Committee on Publications
Parliament House
Canberra ACT 2600

Dear Mr Hodges

I have noted the advice in your letter of 22 September that many respondents to the Committee's questionnaire are of the opinion that delays in tabling their reports in Parliament can be attributed to a delay in obtaining the Auditor-General's report; and the suggestion that the feasibility of tabling annual reports in Parliament early in the Budget Session is dependent upon the speedy production of the Auditor-General's report.

The above opinion and suggestion have been considered in the light of records maintained by my Office of the dates on which financial statements were received for audit and of the subsequent dates of reports thereon by the Auditor-General. It has been concluded that, in general, there have not been delays in obtaining the Auditor-General's report on financial statements. In instances where some delay has occurred in the issue of reports, this was generally due to deficiencies in the statements as initially presented by the department or authority for audit. Audit records also indicate that financial statements for years ended 30 June are not received by my Office in many instances until well after the end of August.

While I agree that the speedy production of the Auditor-General's report assists the early tabling in the Parliament of annual reports, including audited financial statements, a condition precedent is the early presentation of financial statements for audit in an acceptable form which facilitates prompt finalisation of the audit.

In the light of my comments the Committee may agree that it would assist in its inquiry if departments, authorities, and government-owned companies, subject to audit by my Office, were requested to inform the Committee of the date on which they formally presented to my Office the signed financial statements for the last financial year and to provide their reasons, where applicable, for delay beyond a specified time period of say one month after balance date. As report presentation is dependent also on printing schedules, the Committee might find it useful to ask the organisations concerned to indicate the time required for printing of their reports particularly the estimated elapsed time between the receipt of the audit report and submission of the reports to the responsible Minister for tabling.

Unless departments and authorities can materially reduce the time elapsed between the end of the financial year and the date of presentation of their financial statements for audit, it would not be feasible for many financial statements to be reported upon by the Auditor-General, incorporated in printed annual reports, submitted to the Minister and tabled

in the Parliament early in the Budget Session. The Committee will appreciate that the work required after the end of the financial year to finalise accounts and records and assemble all relevant data for inclusion in financial statements can be significant, especially for larger organisations and those whose statements are prepared on an accrual basis to show the financial operations and the state of affairs.

Paragraph 4.3 of the Auditor-General's Report dated 12 September 1977 referred to attention being given throughout the world to the development of standards and practices for the accounting profession and to action being taken by my Office with a view to ensuring that financial statements prepared by departments and authorities conform to, among other things, applicable accounting standards issued by professional accounting bodies in Australia. Some delays have occurred where the form and content of financial statements, including accompanying notes, do not conform to accounting standards or principles inherent in Companies legislation. Processing delays also occur where financial statements submitted for audit include defects requiring their return for correction.

The Committee will appreciate that the Auditor-General is obliged generally under various statutes to express an opinion whether the statements show fairly the financial operations for a year and the state of affairs at balance date and it is essential for financial statements to conform to an acceptable standard insofar as compliance with accounting standards, disclosure and accuracy of content are concerned.

If the Committee concludes that the tabling of financial statements early in the Budget Session is essential but is not practicable for a number of departments and authorities which presently operate to a financial year ending on 30 June, it is suggested that consideration might be given to the practicability of those bodies preparing financial statements for years ending on varying dates throughout the year. As you are aware, the financial years of certain Commonwealth bodies currently end on dates other than 30 June. For example, the Australian Dried Fruits Control Board year ends on 28 (29) February; Qantas Airways Limited and subsidiary companies and Overseas Telecommunication Commission (Australia) on 31 March; and The Australian National University, the Darwin Community College and the Australian Tobacco Board on 31 December. Any such changes in balance dates would generally necessitate an amendment to the reporting provisions of the relevant legislation although it would assist in spreading the workload of my Office and of the AGPS.

The following information is provided in relation to the 6 specific points raised in your letter:

Point 1: An audit of financial statements is carried out in association with the audit of the accounts, records etc. of the department or authority involved. It will be appreciated that the verification of the figures and other information included in the financial statements is the final step only in the audit. In the light of the Committee's request, however, for a small number of examples setting out the time schedule followed by my Office when undertaking a normal audit, the attachment hereto provides details of audits on which some financial statements were received, and of the Auditor-General's report thereon. Further similar information will appear in the Supplementary Report.

It is emphasized that the audit is performed throughout the year either on a continuing basis or at intervals depending on the extent and nature of the audit required for the particular body. The aim in each case is to have the audit of the accounts and records completed as far as practicable before receipt of the financial statements.

To facilitate the prompt processing of formal signed financial statements when received, it is a normal practice,

by arrangement with departments and authorities, for my Office to examine draft financial statements provided by those bodies prior to their formal submission.

Point 2: A recent survey by my Office disclosed that 81 of 95 organisations had not submitted their signed financial statements for audit within 2 months of the end of their financial year.

Normally, legislation governing the operations of a statutory authority includes a provision along the lines that the authority shall, as soon as practicable after each financial day of June, prepare and furnish to the Minister a report of its operations during the year ended on that date, together with financial statements in respect of that year in such form as the Treasurer provides.

Legislation normally also includes a provision to the effect that 'before furnishing the financial statements to the Minister, the authority shall submit them to the Auditor-General'.

Point 3: Given the receipt of signed financial statements and supporting data of an acceptable standard promptly after balance date, it should be feasible for my Office to complete the audit of financial statements in sufficient time to enable authorities to table their annual reports by the end of August. My only reservation is that if receipt of all statements for the year ending 30 June were to be concentrated in the period July/August, my Office might need some additional resources to enable the peak load to be expeditiously handled.

As indicated above, experience suggests that many bodies with financial years ending on 30 June would have difficulty in presenting their financial statements for Audit by a date which would allow for the audit to be completed, the Auditor-General's report provided and their reports and financial statements presented to the Minister on sufficient time to meet the tabling date envisaged.

My office has long supported the principle of early presentation to the Parliament of financial statements and reports of departments and authorities and considers it currently does all that is practicable to assist in achieving that end.

Point 4: Existing legislation normally requires that 'the Minister shall lay the report and financial statements of the Authority together with the report of the Auditor-General, before each House of the Parliament.....'

The proposal to table separately at a later stage a volume of all reports of the Auditor-General on departments and authorities would not meet legislative requirements. Additionally, I suggest it is appropriate and highly desirable for the Auditor-General's report to accompany formal financial statements submitted for the information of the Parliament. In my opinion, it would be a retrograde step if that practice was not followed.

Point 5: More common failures by departments or authorities to comply with statutory requirements or accounting standards which have resulted in the qualification of the Auditor-General's report include failure to provide for depreciation on assets or to obtain Ministerial approval (as required by legislation), for example, of estimates of expenditure or for investment of surplus money.

Point 6: Factors which have contributed on a number of occasions to delay in presentation of financial statements to the Parliament include failure by departments or authorities to seek timely approval of the Treasurer in the form of financial statements; the need to seek legal advice on aspects reflected in the financial statements; and particularly, the correction of deficiencies in financial statements, including departures from accounting standards; as a result of Audit representations. The policy of my Office is

to endeavour to resolve by mutual agreement matters which might otherwise result in a qualification of the Audit report.

My Office will be happy to provide any further information required by the Committee.

Yours sincerely
D. R. STEELE CRAIK
Auditor-General
Attachment

Name of authority or other body	Date on which financial year ended	Date of receipt by audit of draft financial statements	Date of receipt by audit of signed financial statements	Date of Auditor-General's Report
National Library of Australia	30 June 1977	Draft not received	28 July 1977	25 August 1977
Overseas Telecommunications Commission (Australia)	31 March 1977	4 July 1977	-29 July 1977	16 August 1977
Australian National Airlines Commission	30 June 1977	7 September 1977	6 October 1977	18 October 1977
Snowy Mountains Engineering Corporation	30 June 1977	17 August 1977	16 September 1977	27 September 1977
Director of National Parks and Wildlife	30 June 1977	22 July 1977	19 September 1977	28 September 1977
Canberra College of Advanced Education	31 December 1976	1 August 1977 6 June 1977	21 September 1977	27 September 1977 (financial statements and notes materially amended as a result of audit representations)

22 September 1977

Mr D. R. Steele Craik, OBE
Auditor-General
Auditor-General's Office
P.O. Box 707
Canberra City, ACT 2601

Dear Mr Craik

The Joint Committee on Publications has received a submission from your Office in respect of its Inquiry into Annual Reports of Commonwealth Departments and Statutory Authorities. This submission (copy attached) was made in response to a questionnaire distributed by the Committee to most departments and statutory authorities which present an annual report to Parliament.

The majority of replies to the questionnaire have now been received by the Committee. From these replies it appears that many respondents are of the opinion that delays in tabling their annual reports in Parliament can be attributed to a delay in obtaining the Auditor-General's certificate, where there is a statutory requirement for publishing audited financial statements with the report. Further, a number of submissions have suggested that the feasibility of working to a timetable aimed at the production of annual reports for tabling in Parliament early in the Budget Session (if the report is concerned with operations during a normal financial year) is dependent upon the speedy production of the Auditor-General's certificate.

In view of the emphasis placed on these factors by many of the submissions, it would be of considerable assistance to the Committee if you could expand on some of the comments which were made in the letter which accompanied the submission from your Office. In particular, the Committee seeks information on the following points:

- (1) Over what period is the audit of the financial statements of a department or statutory authority carried out, and when are such audits normally completed. Could you provide to the Committee a small number of examples which set out the time schedule followed by your Office when undertaking a normal audit.

(2) How frequent are the number of occasions on which departments or statutory authorities have not provided your Office with financial statements in final form, on schedule.

(3) Assuming that all departments and statutory authorities provide their financial statements to the Auditor-General's Office, on schedule, do you feel that it is feasible to expect your Office to complete the audit of the financial statements of all departments and statutory authorities in sufficient time to enable tabling by the end of the August immediately following the financial year.

(4) Would a preferable or feasible alternative to the present system of including the Auditor-General's Certificate in the annual report of the Department or statutory authority concerned be to table separately, at a later stage in the year, a volume which would be a compilation of all certificates for departments and statutory authorities.

(5) Could you provide the Committee with any statement, statistic or example of how departments or statutory authorities fail to comply with statutory requirements or accounting standards in the compilation of their financial statements.

(6) Are there any general comments you would be prepared to offer on the problems involved in the audit of the financial statements of departments or statutory authorities which might be contributing to delays in the presentation of their annual reports to Parliament.

Your early consideration of the Committee's requests would be greatly appreciated.

Yours sincerely,
JOHN HODGES
Chairman
Auditor-General's Office
Prudential Building, University Avenue,
Canberra City, ACT 2601
P.O. Box 707 - Telephone 49 1988
Telegrams 'Secaudit'
Please Quote: 76/988
8 February 1977

The Secretary
Joint Parliamentary Committee on Publications
Parliament House
Canberra, ACT

Dear Sir

Attached are answers to the questionnaire forwarded with the Chairman's letter of 9 December 1976.

In pursuance of sections 51 and 53 of the Audit Act, the Auditor-General transmits to Parliament an annual report on the Treasurer's Statement and may transmit supplementary and special reports. Unlike other governmental bodies the Auditor-General's Office does not present a separate report of its activities but includes such information in the above-mentioned annual report.

With reference to your questions 11 and 13 it is relevant to note that if organisations are to set realistic timetables for the tabling of annual reports with financial statements, sufficient allowance must be made to enable this Office to complete work necessary after the statements have been finalised. This Office provides audit certificates on financial statements promptly. Delay occurs, however, if the statements in final form are not available to this office on schedule or are not compiled in accordance with statutory requirements or accounting standards.

Mr D. Hume, Controller, is the officer to whom requests for further information should be made; telephone 49 1988 extension 295.

Yours faithfully
E. R. BOARDMAN
First Assistant Auditor-General
Attachment

Answers:

1. Yes. Audit Act 1901, as amended.

The Auditor-General is required to—

examine 'forthwith' the Treasurer's Statement which is required to be transmitted to Parliament 'as soon as practicable after the end of every financial year';

prepare and sign a report explaining such statement, etc; and

transmit a signed copy of the report to each House of the Parliament (or the Treasurer if Parliament is not in session within 14 days after the day he signed the report).

Presentation dates—

Annual Report	Supplementary Report
22 August 1972	25 October 1972
28 August 1973	29 November 1973
26 September 1974	28 November 1974
11 September 1975*	27 November 1975*
15 September 1976*	18 November 1976*

During the five year period a special report entitled 'Report of the Auditor-General upon the Department of Aboriginal Affairs' was presented, on 4 March 1974.

2. The statutory reports summarise the results and certain features of the audit of the accounts of departments and statutory bodies.

3. (a) Report on the Treasurer's Statement, Explanations of the Treasurer's Statement, Summaries of Audit Observations and Results of Audit Representations, General Observations, Statutory and Other Appendices.

(b) A separate annual report of the activities of the Auditor-General's Office is not presented. However, it has been usual to include in the abovementioned statutory reports appropriate references to matters of general interest in

relation to those activities. Some examples of their categories are—

Review of Audit Act;
Auditing Developments;
Joint Committee of Public Accounts;
House of Representatives Standing Committee on Expenditure;
Royal Commission on Australian Government Administration;
Automatic Data Processing;
Internal Audit;
Audit Staff;
Audits carried out in pursuance of the provision of other Acts, etc.

(c) Acknowledgements.

(d) In addition to the Parliament, the statutory reports are of interest to the public and academic institutions. The supplementary report generally relates to audits of statutory bodies and their financial statements.

4. Yes. It may be desirable and economical for the range of departmental goods and services to be marketed via the annual report in order to promote reader awareness and goodwill. The inclusion of photographs and/or biographical notes on senior personnel could contribute to such an approach. The matter is considered to be one of cost effectiveness.

5. No. Changes in approach and format in 1973-74 enabled us to contain and in fact reduce the size of our reports. Whilst we will endeavour to keep the size of our reports to an economical level, the size of future issues is, of course, dependent upon audit findings and a number of factors beyond our control such as an expanded role and available resources.

6. Yes.

7. (a) In accordance with AGPS Circular 1975/23.

(b) In accordance with AGPS Circular 1975/23.

(c) No photographs.

8. (a) Not applicable; with the approval of the AGPS arrangements are made direct between the Government Printer and this Office.

(b) Yes.

(c) Direct arrangements satisfactory.

(d) Direct arrangements satisfactory.

(e) Nil.

9. Yes.

10. Yes.

11. Yes. In view of the statutory tabling requirement, we prepare a timetable for the Government Printer to have our report ready as soon as practicable after the Treasurer's Statement. This arrangement is satisfactory.

In the pre-ordering period it is difficult to obtain from the AGPS a reliable estimate of cost.

Other organisations would be in the best position to offer suggestions regarding their timetables which would be planned to enable them to meet their statutory and other obligations.

12. Yes.

13. This Office does not prepare financial statements.

14. No.

15. Internal distribution—

	1973-74	1974-75	1975-76
Annual Report—			
(a) official use	1,282	1,140	1,235
(b) free issue	63	31	35
(c) other	137	152	68
	<u>1,482</u>	<u>1,323</u>	<u>1,338</u>
Supplementary Report—			
(a) official use	1,282	1,200	1,249
(b) free issue	63	9	36
(c) other	137	114	123
	<u>1,482</u>	<u>1,323</u>	<u>1,408</u>
Combined Edition (Annual and supplementary reports)—			
(a) official use	170	111	—
(b) free issue	18	77	—
(c) other	12	17	—
	<u>200</u>	<u>205</u>	<u>220</u>

* Not yet distributed.

16. (a) and (b). No, due to statutory obligations and the limited scope for variation of content.

17. (a) This Office does not prepare financial statements.

(b) The Treasurer's Statement contains adequate financial data on the activities of this Office.

18.

COSTS

Year	Annual report	Supplementary report
1973-74	\$ 10,409.46	\$ 4,776.32
1974-75	11,544.71	5,055.42
1975-76	16,032.20	Est. 7,500.00

19. Four (See answers to question 1, marked *). Yes.

CHAIRMAN—As the result of closer parliamentary scrutiny of annual reports of departments and authorities, has there been a noticeable improvement in the presentation of financial statements to you as Auditor-General?

Mr Taylor—I think there has, but I would not be able to put any quantification or degree on that.

Mr McMahon—A comment on that particular point is that the Auditor-General recognised a problem due to inconsistencies occurring in previous years and in 1975 circulated all statutory authorities indicating that he would expect the authorities to conform to accepted professional standards in the presentation of their reports.

CHAIRMAN—In your supplementary report presented on 23 November 1978 you indicated your awareness of the need for timely reporting and you started listing the relevant dates for receipt of final accounts, issue of your certificates et cetera. Has this had any effect on authorities and

will it help the slow departments to improve their performances?

Mr Taylor—The Auditor-General has drawn the attention of authorities to the need to work to a timetable, but it is not always possible to achieve that timetable because the type of financial statement submitted to the Auditor-General may not be in the proper form. Sometimes there is a need to discuss this with the Department of Finance to get the Minister's approval to the form and so on. Things like that can take time which are beyond the control of the Auditor-General and might throw out the timetable that has been agreed or proposed. I give this just as an example.

Senator SHEIL—It would appear that the authorities having the greatest difficulties are the newly created ones, or established authorities that are given a new function. Would you say that is a fair comment?

Mr Taylor—Yes, I think so. As I have just said, the form of the financial statement, as you are probably aware, has to be agreed by the authority with the Minister for Finance. When the form is changed, then that form has to be agreed again and that does have its effect. It also introduces a problem in that there are different things to be reported on and sometimes, especially I think with the smaller authorities, this causes them trouble in getting statements out in time.

Senator SHEIL—Can we expect that the errant authorities are likely to improve their performance in a couple of years?

Mr Taylor—I think the pattern of events is that it usually does tend to settle down once the form is accepted and they do not have any further changes. It settles down until the next change comes along.

Senator MESSNER—I wonder about the role of the Department of Finance here and also that of your own Department. In some cases in which I have been involved I have noticed that the degree of discussion and the length of time it takes in getting decisions, or agreements more particularly, between the department and your own Department is fairly vital. This has in fact, in cases I know, delayed things more than the original delay of the department itself or the authority itself. Is that a fair comment?

Mr Taylor—It is a fair comment I suppose but the Auditor-General is working towards developing a uniform set of standards for reporting and there is a committee on accounting standards in government operating between the

Auditor-General's Office and the Department of Finance to try to clear that up.

Senator MESSNER—How long has that been in operation?

Mr Taylor—I think it has been in operation about a year. It is certainly not finished yet.

Senator MESSNER—That is very encouraging. Would that apply to all authorities or would they be seeking to classify authorities because some are of a trading nature?

Mr Taylor—It is not so much the actual form itself which we are trying to standardise as the principles of accounting as a basis for accounting and presentation of statements.

Senator MESSNER—That is interesting.

Senator SHEIL—Would there be any justification for holding training seminars for all departments or is it better to deal with each department and its own problems?

Mr Taylor—I think it is probably better to deal with each department and its own problem and in any case I do not think we are at the stage where we could give them training sessions.

Senator SHEIL—Could you give us an idea of the contact you have on a continuous basis with departments? You said your auditing work goes on continuously throughout the year.

Mr Taylor—It does. In particular we may conduct an interim audit of accounts and records at convenient times during the year. We stand ready to co-operate with departments and authorities in assisting them at any time. The final audit of accounts and records, including balance day adjustments, closing entries, et cetera, is dealt with as soon as possible after the end of the financial year. This includes the progressive audit of documents which support entries in financial statements, for example, the depreciation schedules. From the Audit Office there can be informal comment on draft financial statements, prior to submission, to the board of the authority if the authority permits or requests it. Finally there is the formal submission of the financial statement for audit itself. Some authorities will co-operate and let us have a look at their interim report right from the beginning. In the case of some of the bigger ones, for example, we could not possibly do the audit nor could they provide us with the information unless we were continuously in contact with them through the year and Telecom is an example of that. The audit performance in some authorities, depending on their ability to provide details progressively, ranges from a full audit of accounts to merely a verification of the form and figures at

the end of the year. It depends on what sort of involvement we have had during the course of the year with them.

Senator SHEIL—The contact then is fairly extensive, is it not?

Mr Taylor—Yes.

Senator SHEIL—And it would be towards cutting down delays? You would be aware that the Committee has had evidence that the Auditor-General's Office holds up the production of reports but you strenuously deny that. Will these continuous contacts help you get rid of the delays?

Mr Taylor—It should help. Whilst we try to co-operate it is not necessarily the case that authorities or departments want to co-operate with us. We stand ready and if they are willing we will help them if we can.

Senator SHEIL—Can you handle the work load progressively through the year?

Mr Taylor—Yes. We get our peak of activity after the financial year, the normal 30 June financial year. We have taken out a short analysis of the processing of statements which I will read: Of 101 statutory authorities we find 32—and this is on the basis of last year's supplementary report—were processed from date of receipt of final statement to the granting of certificate within two weeks. A further 23 were processed in the subsequent two weeks. So by the end of the first four weeks we had 55 of 101 finished. After that there were 21 in the third fortnight. So we are getting up to 76 per cent at the end of six weeks. We are up to 93 per cent by the end of 10 weeks and 100 per cent by the end of 14 weeks. In other words, last year we did not have any financial statement hanging on longer than 14 weeks—and three-quarters of them were handled well within six weeks.

CHAIRMAN—From what date would the 14 weeks take effect? Would that be the end of June?

Mr Taylor—It would normally be, I suppose, about the middle to end of August, that is, from the date statements are received in final form, in each case.

Senator SHEIL—The dates you were able to give certificates may be significant because if these did not coincide with the time of printing, it could cause delay, could it not?

Mr Taylor—It could.

Senator SHEIL—Do you have any selectivity of reports you give certificates to? Are some more urgent than others?

Mr Taylor—We give top priority to all financial statements. If they come in six at a time, we will do six at a time. If they come in by themselves, we do them by themselves. We do not, as it were, differentiate between them.

Senator SHEIL—I grant you the urgency of all financial statements, but the urgency for which the report has to come down may be different again. If a department is expected to have a report in by a certain time and it is one of the ones on the 14-week roll, that could be a cause for delay.

Mr Taylor—Perhaps I gave you the wrong impression. Those figures were intended to convey the expedition with which statements are normally processed through the office. The 14 days should not be taken as an implication of delay caused by us except in the normal exercise of the Auditor-General's work of checking and if something is wrong, rejecting it or going back again.

Senator SHEIL—You mean the 14 weeks?

Mr Taylor—Yes.

Senator McINTOSH—In your earlier submission of 8 November 1977 you stated that:

... it should be feasible for my office to complete the audit of financial statements in sufficient time to enable authorities to table their annual reports by the end of August.

Has anything occurred since then which would cause you to change this opinion?

Mr Taylor—That opinion is based on the notion that given the authorities co-operate with us and we try to co-operate with them, and that their information as contained in their financial statement as presented in its final form is reasonable and can be worked with, then we can process the thing with alacrity. But should any of those things not happen, delays occur. The Auditor-General was saying as a matter of principle it can be done, but in practice it is not because other factors come in and upset it. That is basically it.

CHAIRMAN—That is contrary, is it not, to what you said to me before? You said it was 14 weeks from the end of August before you got the certificates out. That brings you up to about mid-September. But this says you would be able to do them to enable the authorities to table their annual reports by the end of August.

Mr Taylor—They have to submit to us their statement in its final approved form for a certificate to be issued. Until that statement is provided to us in that final form, there is no way the certificate can be issued. Those figures I was giving you were based on the timings, whenever

they might occur, of receipt of the final statement.

CHAIRMAN—I agree with that. But is it not fair to say that on those figures you gave us before, it would be impossible to get them out by the end of August, except perhaps for a few of them.

Mr Taylor—It would be possible for a lot of them. Some actually arrive before the middle of August and it is quite possible for those given the best circumstances, to be out during August.

Mr McMahon—If I may interpose a comment, that is on current performance, last year's performance, and the assumption presumably behind the statement in the original submission is that there is no need for protracted negotiations between ourselves, Finance, and the authority involved. Invariably when the time to produce the audit certificate is in excess of about four weeks it is common that such negotiations have been required.

Senator McINTOSH—If all reports were to be tabled by the end of August you state that you might need some additional resources to enable the peak load to be expeditiously handled. Can you quantify the amounts of additional resources?

Mr McMahon—It is virtually impossible at this stage because even though 80 per cent of the financial statements of authorities are as at the end of June in each calendar year, receipt of these statements varies very considerably from a few days after the completion of the financial year to several months after completion of the financial year. It is not constant from year to year. However certain authorities do maintain a certain pattern in presentation of their financial statements for audit. We would expect the larger ones, the ones more concerned with their image, to be very meticulous in the way they maintain adherence to timetables.

Senator McINTOSH—In an earlier hearing the Pipeline Authority stated that the reasons for tabling its annual report late each year were largely caused by problems with the Auditor-General. Specifically it stated that as the Authority developed and changed roles different accounting problems were encountered at each new stage. Could you comment on this?

Mr Taylor—We did note the comment by the Pipeline Authority particularly in reference to, I think, the 1974-75 financial report, the first one they submitted. We went to the trouble before coming this morning of checking up on that. We

find that from our records the first financial statement actually was for two financial years. The Authority actually submitted two financial statements at the one time and because there were some problems—in connection with assets and liabilities—negotiations were entered into by our Office, the Department of Finance and the Authority itself. The elapsed time was something like seven and a half weeks between January and March before the statement was finally signed and a certificate given. That is where the time went as far as we were concerned.

Mr McMahon—Again, the time taken for the Auditor-General's Office to conduct the final audit is not always equal to the time between receipt of the initial final statements and the date of the report because of the need for correspondence between ourselves and other organisations. Another delaying factor alluded to in *Hansard* in the case of the Pipeline Authority was the need for further negotiation whenever there is any difficulty with the application of accounting principles. This again tends to delay the process.

Senator MESSNER—It has been suggested that annual reports should, in order to meet the deadlines, be able to be tabled in interim or unaudited form. Final reports or even the collection of audit certificates could be laid on the table later. Are unaudited reports a reasonable way of handling the problem?

Mr Taylor—We sought the Auditor-General's opinion on this and he said he would prefer that this did not happen.

Senator MESSNER—What do you mean by prefer?

Mr Taylor—It tends to defeat the object of the exercise but if it would avoid otherwise unavoidable delays he would go along with it. He would however make one or two conditions. First that if a financial statement in draft or interim form was submitted with the annual report it should be made clearly known that it was an unaudited report. Further that it should be in the form approved by the Minister for that financial statement.

Further, at the time when the certificate was given to the final audited financial statement there should be a small supplementary report. This should be made when it is tabled in the House.

Senator MESSNER—That is fair enough. If there is conflict between your Department and the Department of Finance about the form of the accounts then there is a question about the form

in which the unaudited statements should be presented. Common sense would have to resolve that but in my experience common sense goes out the window in a lot of these cases and you end up in bureaucratic wrangles.

Mr Taylor—Our Office and the Department of Finance are in regular and close communication on things like this. We try to resolve them by mutual co-operation and agreement.

Senator MESSNER—The Capital Territory Health Commission and the Darwin Community College were classic examples of delays caused like that. But if you feel that that could be settled then in general terms we would have to agree with the conditions that the Auditor-General can lay down. Consequently there does not seem to be any reason why we could not recommend that.

CHAIRMAN—That is correct.

Senator SHEIL—You seem to be dealing largely with paper work. How do you verify fact? For example, if a department says it has three D9 tractors working at Quilpie, how do you know there are three and not two?

Mr McMahon—It is regarded as a material factor in the ability of the Auditor-General to sign the statements. We may go up there and sight them. However, it is more probable that the approach would be one which is now being adopted throughout the profession, that is system based auditing. Our office has embarked on a major program to introduce system based auditing throughout our operation. This approach would ensure that management has sufficient control systems available to it to ensure that the tractors do exist and are properly accounted for rather than requiring us to go out and sight the things themselves.

Senator SHEIL—Do you have a strong mechanism now for enabling that sort of thing to be checked?

Mr McMahon—We do, and in some cases there is a need to do it. If, for example, an examination of the accounting and control system showed that there was a weakness that could result in those devices being unaccounted for or not properly accounted for then we may need to go up there and see them.

Senator SHEIL—How would you know whether the Australian Government Printing Office used all the paper it bought?

Mr McMahon—Again, it is a matter of systems. Under previous methods used by the Auditor-General's Office and other sections of the profession there was an examination of the

vouchers to establish whether the receipts of paper had been properly accounted for. There was also some method of ensuring that the paper going out of those receipted stocks was in fact used for printing. Now with our different approach we concentrate more on examination of the systems involved as opposed to the actual handling of the assets we are referring to.

Senator SHEIL—How is that done now? Are you introducing the new systems?

Mr McMahon—Now we come to a very, very clear understanding of the way the management systems involved actually work. Then we establish whether in our opinion those systems are adequate to achieve the management's objectives, one of which is safeguarding assets and preventing waste. If there were any perceived weaknesses in those systems we would then conduct detailed tests to establish whether those weaknesses did in fact expose management to any of the risks that might be involved.

Senator ELSTOB—Will you have any spot checks done on that in the future?

Mr McMahon—In that particular case and similar situations we would certainly espouse the technique of sampling. It is all very well for us to say that if the system is sound the risk does not exist but that is not the case at all. We say that if the system is sound the probability is that the risk is not going to expose management to any danger. However, it is essential that we maintain

a degree of confidence in that opinion and to achieve confidence we may conduct samples. We will test, for example, a day's paper consumption as shown in the records was indeed consumed in the process of authorised printing. So sampling is a very widely used technique to back up the opinion on the quality of the accounting systems.

Senator McINTOSH—Do you set a date by which all reports should be tabled?

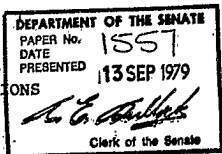
Mr McMahon—There is a difficulty from my viewpoint in a possible conflict between those dates and some dates which appear in the legislation concerning particular statutory authorities. These conflicts could no doubt be overcome by amending legislation. But we have maintained a low profile on this question in the hope that the current interdepartmental committee convened by the Department of the Prime Minister and Cabinet can produce some viable suggestions for overcoming this scheduling problem.

CHAIRMAN—Thank you for appearing before the inquiry this morning. I take this opportunity of conveying thanks to all our witnesses. It was certainly started a long while ago but we have now come to the conclusion of it. I would like to thank the members of the Committee for their attendance. We are hopeful that a report will be brought down as soon as Parliament returns for the Budget session.

Committee adjourned.



JOINT COMMITTEE ON PUBLICATIONS
31st PARLIAMENT



MINUTES OF PROCEEDINGS - NO. 16

CANBERRA, MONDAY 30 APRIL 1979

Present : Mr Gillard (Chairman) Senator Archer
 Mr FitzPatrick Senator Elstob
 Senator Messner
 Senator Sheil

Apologies : Dr Blewett, Senator Bonner, Senator Georges,
 Mr Goodluck, Mr Hodges, Mr Howe, Senator McIntosh,
 Mr I.L. Robinson

1. The Committee met at 10.30 a.m.
2. Press and public admitted.
3. Annual Reports Inquiry -
 - (a) The Chairman made a statement relating to the purpose and program for this inquiry.
 - (b) Mr Dietrich Hans Borchardt, 57 Aylmer St., North Balwyn, Vic. was called and examined.

Ordered - That the written submissions of Mr Borchardt, dated 18 September 1975 and 5 February 1979, be incorporated in the transcript of evidence.

Examination continued.

Ordered - That a table prepared by Mr Borchardt showing examples of annual reports be included in the Committee's records.

Examination continued.

The witness withdrew.

- (c) Mr William Darbyshire Thorn, Director Australian National Social Sciences Library, National Library, Canberra, was called and examined.

Ordered - That the written submissions of the National Library, dated 27 April 1979, 14 February 1977 and 29 September 1975, be incorporated in the transcript of evidence.

Examination continued.

The witness withdrew.

- (d) Mr Ronald Neville McLeod, Secretary, Public Service Board, Canberra and

Mr Patrick Dennis Gourley, Senior Inspector, Planning, Legislation and Projects Division, Public Service Board, Canberra

were called and examined.

Ordered - That the written submissions of the Public Service Board dated 26 January 1979, 1 February 1977 and 30 September 1975, be incorporated in the transcript of evidence.

Examination continued.

The witnesses withdrew.

- (e) Dr Cyril Evans, Acting Director-General, Department of Health, Canberra and

Mr Gordon Esmond Benjamin, Director of Public Relations, Department of Health, Canberra

were called and examined.

Ordered - That the written submissions of the Department of Health, dated 26 September 1975, 12 January 1977 and 13 March 1979, be incorporated in the transcript of evidence.

Examination continued.

The witnesses withdrew.

- (f) Mr Edmund Hudson McGrath, First Assistant Secretary, Management Services Division, Department of the Capital Territory, Canberra and

Mr Graeme Thomas Barrow, Publications Editor, Department of the Capital Territory, Canberra, were called and examined.

Ordered - That the written submissions of the Department of the Capital Territory, dated 12 February 1979 and 22 February 1977 be incorporated in the transcript of evidence.

Examination continued.

The witnesses withdrew.

- (g) Mr Leonard George Davis, Secretary, Australian National Line, 65-79 Riverside Ave., South Melbourne, Vic. was called and examined.

Ordered - That the written submissions of the Australian National Line dated 20 April 1979 and 3 February 1977 be incorporated in the transcript of evidence.

Examination continued.
The witnesses withdrew.

- (h) Mr Max Wryell, Deputy Director-General, Department of Social Security, Canberra,
Mr John Lleonart, Assistant Director-General (Special Projects) Department of Social Security and
Mr Hugh Armfield, Acting Director, Publicity, Department of Social Security, Canberra
were called and examined.

Ordered - That the written submissions of the Department of Social Security dated 9 February 1979, 24 January 1977 and 30 October 1975 be incorporated in the transcript of evidence.

Examination continued.
The witnesses withdrew.

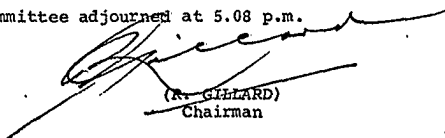
- (i) Mr John Douglas Le Gassick, First Assistant Secretary, Pipeline Authority, Canberra City and
Mr Graeme John Jones, Assistant Finance Manager, Pipeline Authority, Canberra City
were called and examined.

Ordered - That the written submissions of the Pipeline Authority dated 1 February 1979, 2 February 1977 and that written in 1975, be incorporated in the transcript of evidence.

Examination continued.
The witnesses withdrew.

4. Publication of evidence - Resolved (on the motion of Senator Archer) that, pursuant to sub-section 2(2) of the Parliamentary Papers Act 1908, this committee authorizes the publication of the evidence given before it at the public hearing this day.
5. Adjournment. The Committee adjourned at 5.08 p.m.

Confirmed.


(R. GILLARD)
Chairman

JOINT COMMITTEE ON PUBLICATIONS

31st PARLIAMENT

MINUTES OF PROCEEDINGS - NO. 17

CANBERRA, FRIDAY 4 MAY 1979

Present : Mr Gillard (Chairman Senator Archer
 Dr Blewett Senator Bonner
 Mr Howe Senator Messner

Apologies : Mr FitzPatrick, Mr Goodluck, Mr Hodges,
 Mr I.L. Robinson and Senators Elstob,
 McIntosh and Sheil.

1. The Committee met at 9.30 a.m.
2. ANNUAL REPORTS INQUIRY - PRESS AND PUBLIC ADMITTED.
3. APPOINTMENT OF SUB-COMMITTEE :

Resolved - On the motion of Senator Archer -
 That a sub-committee consisting of not
 less than 3 members be appointed and that this
 sub-committee be empowered to authorize the
 publication of evidence and documents presented
 to it.

Resolved - On the motion of Senator Archer -
 That Mr Gillard be Chairman of the sub-committee .

4. Adjournment - The Committee adjourned at 9.35 a.m.

Confirmed.


(R. GILLARD)
CHAIRMAN

JOINT COMMITTEE ON PUBLICATIONS

31ST PARLIAMENT

MINUTES OF PROCEEDINGS - NO. 19

CANBERRA, MONDAY, 28 MAY 1979

PRESENT: Mr Gillard (Chairman), Senators Archer, Bonner,
Elstob, McIntosh, Messner and Sheil.

1. The committee met at 10.23 a.m.
2. Press and public admitted.
3. Annual Reports Inquiry - Evidence:
 - (a) Australian Government Publishing Service -
Mr Philip Anthony Nott, First Assistant Secretary,
Mr Peter Edwin Westaway, Assistant Secretary,
Mr Bernard Phillip Shurman, Director (Publishing) and
Mr Charles John Thompson (Government Printer)
were called and examined.

Ordered - That the written submissions of the
A.G.P.S., dated 6 April 1979 and 4 May 1977, be
incorporated in the transcript of evidence.

Examination continued.

Mr Shurman submitted tables showing certain details
in relation to a group of annual reports.

Ordered - That the additional tables be incorporated
in the transcript of evidence.

Examination continued.

The witnesses withdrew.

(b) Auditor-General's Office -

Mr Alan Armstrong Taylor, First Assistant Auditor-General, and

Mr John Edmund McMahon, Assistant Auditor-General, were called and examined.

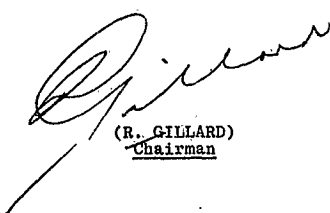
Ordered - That the written submissions of the Auditor-General's Office, dated 30 January 1979, 8 November and 8 February 1977, together with the former Chairman's letter of 22 September 1977, be incorporated in the transcript of evidence.

Examination continued.

The witnesses withdrew.

4. Resolved: (On the motion of Senator Elstob) - That the Committee, pursuant to sub-section 2(2) of the Parliamentary Papers Act, authorizes publication of the evidence received this day.
5. Adjournment - The committee adjourned at 12.54 p.m.

Confirmed.



(R. GILLARD)
Chairman



DEPARTMENT OF THE SENATE	
PAPER No.	1558
DATE	
PRESENTED	13 SEP 1979
<i>[Handwritten Signature]</i>	
Clerk of the Senate	

(INTERIM REPORT)

1978 - 1979

SIXTEENTH ANNUAL REPORT
OF THE
AUSTRALIAN HONEY BOARD

FOR THE YEAR ENDED

30th JUNE, 1979.

S I X T E E N T H A N N U A L R E P O R T

AUSTRALIAN HONEY BOARD,
647 George Street,
SYDNEY, NSW 2000.

(O2: 211-2411)
(Telex: 24085)

The Rt. Honourable the Minister for Primary Industry,
Canberra, A.C.T.

In accordance with the requirements of Section 30 of the Honey Industry Act 1962, the Australian Honey Board hereby submits its Sixteenth Annual Report covering operations and activities for the year ended 30th June 1979.

L E G I S L A T I O N

The Honey Industry Act, 1962 provides the authority for the establishment, control and administration of the Board.

The Honey Levy Act (No. 1) of 1962 provides for a levy on honey produced and sold in Australia.

The Honey Levy Act (No. 2) of 1962 provides for a levy on honey produced in Australia and used in the production of other goods.

The Honey Levy Collection Act 1962 relates to the machinery of collecting the Levy.

The Statute Law Revision (Decimal Currency) Act 1966 amended the principal Act No. 108 of 1962. A regulation, being Statutory Rule 1967, No. 5 dated 19th January, 1967, was made requiring any person who keeps bees, whether for commercial purposes or otherwise, to keep proper records of stocks, production, purchases and sales of honey.

The three Levy Acts are administered by the Minister for Primary Industry. The Board's general operations are financed by payments of amounts from the Consolidated Revenue Fund equal to the amounts of levy collected by the Australian Government.

The Honey Industry Act 1972 amended certain aspects of the Principal Act 1962.

The Honey Export Charge Act 1973 provides for a charge to be imposed on honey that is exported from Australia.

The Honey Export Charge Collection Act 1973 relates to the machinery for collecting the Honey Export Charge.

F U N C T I O N S

The Board's functions as defined in Section 16 of the Act are:-

- (a) to make recommendations to the Minister with respect to the rate of levy to be prescribed from time to time under the Honey Levy Acts Nos. 1 and 2 of 1962;
- (b) to make recommendations to the Minister with respect to the making of regulations under the Honey Industry Act 1962 or any other Act, for the purpose of controlling the export of honey from Australia;
- (c) to make reports and suggestions to, and to formulate plans for the consideration of, the Minister with respect to any matter affecting the Honey Industry, including any matter relating to the export of honey from Australia;
- (d) to promote the consumption and sale of honey, both in Australia and overseas;
- (e) to assist and encourage the improvement of the methods of production, storage and transport of honey; and
- (f) such functions in relation to the export, and the sale and distribution after export, of honey as are conferred by or under the Act.

Under para. (f) above, the Board operates Pools, sets minimum grade values for bulk honey exports and maintains high export standards. These subjects are detailed separately in this report.

C O M P O S I T I O N O F T H E B O A R D

The Honey Industry Act Provides under Section 7-(1) that the Board shall consist of :-

- (a) a member to represent the Australian Government, who shall be Chairman of the Board;

- (b) five members to represent honey producers; and
- (c) four members to represent honey packers.

At the end of the year under review, the composition of the Board was as follows :-

CHAIRMAN: Mr. T.N. Barton

DEPUTY CHAIRMAN: Mr. L.C. Stevens

REPRESENTATIVES OF PRODUCERS:

Queensland

Member : Mr. J.C. Smith, MBE

Deputy : Mr. K.C. Kelly

South Australia

Member : Mr. L.C. Stevens

Deputy : Mr. J.W. Milton

New South Wales

Member : Mr. T.H. Willcox

Deputy : Mr. R.V. McHugh

Western Australia

Member : Mr. A.J. Fewster

Deputy : Mr. C.H. Fewster

Victoria

Member : Mr. R.H. McDonald

Deputy : Mr. D.P. Nicel

REPRESENTATIVES OF PACKERS:

New South Wales

Member : Mr. C.R. Tummon

Deputy : Mr. F.A. Chaplin

Victoria

Member : Mr. E.J. Davy

Deputy : Mr. N.R. Gorman

South Australia

Member : Mr. R.K. Barker

Deputy : Mr. J. Kay

Western Australia

Member : Mr. B.D. Clifton

Deputy : Mr. A.G.M. Scott

EXECUTIVE COMMITTEE:

Section 12(1) of the Honey Industry Act provides that there shall be an Executive Committee of the Board consisting of :-

- (a) the Chairman of the Board; and
- (b) three other members of the Board elected by the members of the Board, of whom at least one shall be a member representing honey producers and at least one shall be a member representing honey packers.

Three other members as defined in (b) are as follows :-

Mr. B.D. Clifton - representing honey packers;
Mr. J.C. Smith, MEE - representing honey producers;
Mr. R.K. Barker - representing honey packers.

HONEY INDUSTRY RESEARCH ADVISORY COMMITTEE:

Board representatives :-

Mr. T.N. Barton (ex officio)
Mr. R.H. McDonald (elected by the Board)

EXECUTIVE OFFICERS OF THE BOARD

Manager/Secretary - Mr. K.A.H. Read: to 6th February 1979.
- Mr. M.L. Cutts: from 7th February 1979.

Assistant Manager/Secretary - Mr. M.L. Cutts: to 6th February 1979.

Assistant Secretary (Admin.) - Mr. J.B. Wells: from 22nd January 1979.

Accountant - Mr. A.C. McCorquodale: to 8th September 1978.
- Mr. R.B. Wilcher 9th September 1978
to 6th February 1979.

Assistant Secretary (Finance) - Mr. R.B. Wilcher: from 7th February 1979.

I N T R O D U C T I O N

The following General Board Meetings were held during the year in Sydney :-

51st Meeting - 20th September 1978
52nd Meeting - 21st February 1979
53rd Meeting - 31st May 1979.

No formal meetings of the Executive Committee took place; however, it should be noted that this Committee is consulted individually by telephone on all occasions of recommended variations in the minimum export price.

1978/79 was a year of abnormal production resulting in an unusual pattern of exports of honey. Exports during the first eight months of the year were exceptionally low. A good crop of white honey (largely Salvation Jane) in the Spring and early Summer with no darker honeys with which to blend it for export meant that overseas buyers found Australian prices for straight-line white honey too high at that time. This situation eased considerably when Argentine prices increased dramatically in February, coinciding with good flows of darker honey in Queensland and Northern New South Wales.

Exports picked up considerably in the last four months of the year - particularly to the U.K., traditionally Australia's best market, where Mexico had in the last two years superseded Australia as that country's main source of supply due to lack of supply of Australian honey.

Western Australia suffered again from very low production due to adverse weather conditions, and exports from this normally leading export State were minimal.

Bans on the inter-state movement of bees and honey imposed because of the incidence of European Brood Disease, continued throughout the year.

Prices of honey continued to rise to record levels due to firm world prices, and premiums of \$20-\$60 above the Board's minimum controlled export prices were obtained.

At the end of the year Light Amber grade honey was controlled at a minimum of \$830 per tonne FOB compared with \$760 a year earlier.

A proposal to control Paterson's Curse (or Salvation Jane) biologically was the cause of great concern to the beekeeping and honey industries during the year. The proposal was for the release by CSIRO of two insects, a leaf mining moth and a leaf eating flea beetle, to the States as required.

Salvation Jane is one of the best honey-producing plants available to the industry, and it also has the merit of being probably the best source of pollen for building up the strength of colonies prior to the main crop season.

The Standing Committee on Agriculture did not agree to the biological control programme in August 1978, but the Australian Agricultural Council, meeting in Christchurch, New Zealand, in January 1979 decided that the programme should go ahead. The Federal Council of Australian Apiarists' Associations and the Australian Honey Board, both of which had sent detailed submissions against the

biological control programme to the Agricultural Council, sent a deputation headed by the National President of the FCAAA and the Chairman of the Board to Canberra in March to put the two industries' case to the Minister for Primary Industry. The Minister agreed to suspend action on the programme until the various points outlined in the submission had been thoroughly investigated, and at the close of the year his decision following these investigations was awaited.

LE V Y

The new Commonwealth superannuation scheme placed a heavy burden on marketing Boards which have to pay the escalating costs from their own funds. On the initiative of this Board a meeting of all commodity Boards and Corporations with the Departments of Primary Industry and Finance was being sought to seek to reduce or rationalise this burden.

As a result mainly of these superannuation commitments the domestic levy rate was varied from 1st December 1978 from 1.5 cents per kg. to 1.8 cents per kg. and the export charge from 0.3 of a cent per kg. to 0.5 of a cent per kg.

EX P O R T S

The year under review was notable for the emergence of four new markets for Australian honey - all in Europe. Portugal took by far the largest quantity, and forward sales were being negotiated towards the end of the year with Greece, Italy and Spain. Although these sales were partly due to lack of supply in certain European countries it is encouraging that Australian honey is getting a foot in the door and the Board is appreciative of the efforts of its European Joint Agents who made the most of the opportunities offered.

Iran, which had developed so rapidly to become Australia's second best export market in 1977/78, started well in 1978/79 before the political troubles in that country temporarily stopped all imports of honey. By the end of the year shipments were being resumed and large quantities were exported to this promising market.

For the second successive year lack of suitable supply for Yugoslavia meant that Australia was unable to meet the demand which existed. It was hoped at the end of the year that this situation would be remedied early in 1979/80.

The volume of pre-pack sales continued to increase to a record level for the year. The main pre-pack markets were Iran, Malaysia, Singapore and the Persian Gulf. At its meeting in May 1979 the Board decided to extend the shipping time allowed for bulk shipments from 4 to 6 months from the date of the contract.

Export Authorities

The Board continued to exercise its control over exports through a system of licensing of exporters in accordance with the Honey Export control (Licences) Regulations operating under the Honey Industry Act. A total of 25 licences was recommended and issued for the year ending 30th June 1980.

Two officers are appointed as authorised persons in each State Office of the Department of Primary Industry, which Department acts as an agent for the Board in respect of the issue of a Certificate of Permission of Authority to Export Honey for each shipment by a Licensed exporter. This agency arrangement does not apply in NSW where the Board's office is located and authorised persons are appointed from the Board's staff.

European Joint Agents

The Board's Joint Agents for Europe, exclusive of West Germany and Austria - Kimpton Bros. Ltd. and Overseas Farmers' Co-Operative Federations Ltd. - had a difficult task in endeavouring to obtain supplies of Australian honey for the U.K. market to stem the rising tide of imports from Mexico resulting from the lack of Australian supply. The Board appreciates their valuable efforts on behalf of Australian honey, the market advice and also the advice and assistance they have continued to give as members of the Honey Publicity Committee in London.

U.K. Market

Australia's share of total imports of honey into the U.K. fell again to 12.5% in 1978, compared with 14.6% in 1977 and 35.9% in 1976. The U.K. still remains outstandingly Australia's best export market and judging from the exports made from March to June 1979 Australia should get at least some way towards regaining its former pre-eminence in the U.K. market by the end of 1979.

Two beneficial factors which affected Australian honey exporters towards the end of the year under review were the reduction of 10% in freight rates for honey from Australia to U.K. and Europe and the strengthening of sterling which had the effect of reducing the price of Australian honey to the U.K. buyer.

West Germany

The Board is appreciative of its joint agents, Tuchel & Sohn and E.A. Springer & Co., for the comprehensive reports of market conditions in West Germany. There was a continuing shortage of Light Amber, Pale Amber and Medium Amber Australian honey for most of the year under review, and the majority of the exports to the West German market were in the Extra Light Amber grade. This included a fair proportion of straightline Tasmanian Leatherwood honey.

North America

The Board records its appreciation to Croda Sunland Inc., its sole agent, for keeping it so fully informed of market conditions.

Sales to U.S.A. were again restricted, due in part to price and lack of supply early in the year. Most of the exports made later in the year were of white grade.

MOVEMENT OF MINIMUM GRADE EXPORT PRICES FOR BULK HONEY

(Previous year's prices at same date in brackets)

With effect from	<u>\$A per tonne FOB</u>			
	<u>IA</u>	<u>PA</u>	<u>MA</u>	<u>DA</u>
1/7/78	760 (660)	740 (650)	720 (640)	710 (630)
8/11/78	780 (690)	760 (680)	740 (660)	730 (650)
24/1/79	800 (690)	780 (680)	760 (660)	750 (650)
11/4/79	820 (740)	800 (720)	780 (700)	770 (690)
27/6/79	830 (760)	810 (740)	790 (720)	780 (710)

Australian Shippers' Council

The Board expresses its appreciation to Licensed Honey Exporters who contributed their proportional share of the cost of Board membership of the ASC.

The Board's European Joint Agents pointed out early in the year that the import duty on goods entering the United Kingdom was being charged not only on the CIF value of the goods but also on the landing costs in the U.K. This matter was taken up by the Board with the ASC with the result that a reduction in the amount of duty paid, not only on honey but on many other commodities, was achieved by the removal of this anomaly. As far as honey was concerned this meant a reduction of over \$A.20 per container in the duty paid.

Negotiations for a similar reduction for other EEC countries were still being negotiated at the end of the year.

Towards the end of the year the Australia to Europe Shipping Conference allowed a 10% reduction in freight rates for honey to the U.K. and Continental Europe. This reduction was widely appreciated in the honey industry.

Export Containers

The standard cost of 205 litre (300 kg) export drums continued to rise and during the year under review increased by \$1.20 per drum. This is an increase of 0.400 cents per kg. of honey compared with increases in previous years of 0.413 cents in 1977-8, 0.503 cents in 1976/7 and 0.615 cents in 1975/6. The cost of 20 litre (30 kg.) drums increased by 7 cents per drum. This is an increase of 0.257 cents per kg. of honey compared with 0.600 cents in 1977/8, no increase in 1976/7 and an increase of 0.955 cents in 1975/6.

Trade Enquiries

Licensed Honey Exporters were circularised with details of 46 export enquiries received during the year from 28 countries. In addition 7 visitors from overseas called at the Board's office, and 9 Australian Trade Commissioners returning from or proceeding to overseas posts called to report or be briefed on the honey situation in the markets covered by their posts. These visits are of mutual benefit.

OVERSEAS PROMOTION

Some 50-60 overseas and domestic enquiries were received by the Board's office concerning the organisation and operation of the Australian honey industry, and these were answered in writing or verbally.

United Kingdom

Promotional activity was minimal during the first half of the year, mainly due to the shortage of supplies of Australian honey and the general reluctance of the trade to arrange any promotions at that time of the year. Late summer is still regarded as holiday time, and once October is over the Christmas trade takes over. However, with the increase of supply in the New Year, the greater part of the programme was completed as arranged. It was particularly pleasing to fulfil the project with the Boots Company in conjunction with Manley Ratcliffe. This outlet has some 1800 stores throughout the U.K., and although their sales are particularly directed to products related to the chemist and toiletry trades, they are rapidly expanding into one of Britain's leading retail companies, both in quantity and quality.

During the year, promotions were held with the following store groups.....

The Boots Company Ltd.
Holland & Barrett Ltd.
House of Fraser Ltd.
Petty Wood & Co. Ltd.
Express Dairies Ltd.
Bishop's Stores Ltd.
Waitrose Ltd.

Individual promotions were arranged with a number of good class stores, principally in the London area. These included the Army and Navy Stores Ltd., Cranks Ltd., Robert Jackson Ltd., Southern Health Foods Ltd. and F.H. Rowse Ltd. Most of these used the Honey Bar.

Advantage was taken of an offer from the Agent General for Tasmania for the use of his office's window during the month of February for the display of Australian Honey. As his office faces one of London's busiest railway stations - Charing Cross - and is almost on the corner of the Strand and Trafalgar Square, he had a considerable number of enquiries for literature which was supplied by Australia House.

Exhibitions

The year's major activity was concentrated on the International Food Fair held at Olympia, London, in March. Although it was expensive, it was a successful effort, and was international in every sense as visitors came from all over Europe, and a number from the U.S.A. and the Middle East. Enquiries from U.K. customers were well above average for the type of exhibition.

Advertising

The Board took space in a number of up-market magazines during January, February and March. They included "Country Life" and county editions such as "Kent Life", "Essex Countryside" and "Hertfordshire Countryside". The advertisements included a coupon which could be sent to the Board at Australia House, asking for a copy of the recipe book and information about honey. The number of replies was surprising. Over 500 had been received by mid-July.

Information literature

A steady stream of enquiries for information was dealt with during the year by Australia House. These came mainly from schools, either from scholars doing projects or teachers needing more background facts. "The Wonderful Story of Australian Honey" was particularly useful in this respect.

Small supplies of literature were also sent to Beekeepers' Associations, Women's Institutes and similar organisations.

Films

The two films - "Honey - Nature's Liquid Gold" and "Bees and Honey - Nature's Science Team" were in constant demand, and it was anticipated that the newly arrived film, "Gentlemen - The Queen", would be fully used.

Malaysia

In April and May 1979 a very successful Malaysian Recipe Contest took place in Kuala Lumpur to promote the eight brands of Australian honey marketed in Malaysia. The Recipe Contest was launched through three leading women's magazines :-

Her World - for English language readers,
Funi - for Chinese language readers,
Jelita - for Malay language readers.

Each magazine announced the contest and store promotions timed to coincide with it in full colour, double-page spread advertisements in the magazine. Prizes for each magazine's contest were :-

- 1st prize - a de-luxe API kitchen (value \$3,000) donated by the manufacturer,
- 2nd prize - a patio/garden furniture setting,
- 4 consolation prizes - adjustable hanging lamps.

Each recipe submitted had to be accompanied by a contest coupon from one of the three magazines and a label from a jar of Australian honey. 5,000 attractive plastic mugs were distributed free to purchasers of Australian honey at major supermarkets in Kuala Lumpur and Petaling Jaya. Two of these outlets doubled their sales of Australian honey during the promotion, and another tripled them. The three magazines recorded a complete sell-out of their magazines for April which was quite unusual.

The judging of the Recipe Contest and prize-giving took place at the Equatorial Hotel in Kuala Lumpur on 23rd June.

The Board expresses its appreciation to the Office of the Australian Senior Trade Commissioner in Kuala Lumpur, to Eric White Associates Sdn. Bhd., to the three magazines involved, to Associated Plastics Industries who donated the kitchens, to the Equatorial Hotel and to the supermarkets - all of whom contributed to make this promotion such a success.

Singapore

It is now planned that Food Asia exhibitions will be held every two years and that the Board should normally participate. As this was not an exhibition year it was decided to concentrate on in-store promotions with other supporting advertising. The Board's P.R. consultants, Hill and Knowlton, in co-operation with the Australian Trade Commissioner, implemented the campaign.

Three major in-store promotions were conducted, in Yaohans during October and Cold Storage and Fitzpatrick's during November. Honey tasting bars were provided and one Australian packer provided free samples of individual serve packs. Copies of 'The Australian Honey Recipe Book' and the pamphlet 'Australia's Best - Honey' were handed out. Local importers of Australian honey assisted at the well-decorated displays.

During this period a colour feature on Australian honey was included in a leading Singapore magazine. Several new honey recipes were tested by the magazine staff and publicised.

Also during November a joint campaign with the Australian Meat and Livestock Corporation was arranged. A barbecue was held for members of the food trade and journalists. A honey marinade was used in the cooking and recipes for the marinade were issued to those invited.

For future promotions a supply of suitably inscribed T-shirts has been prepared.

Middle East

Plans for a promotional effort in Iran were abandoned owing to the political unrest in that country. The Board took advertising space in the first Arabic edition of the "Buyer's Guide to Australian Foods & Beverages", a publication backed by the Department of Trade & Resources which will be widely distributed through Trade Commissioners in all Arabic countries and Iran.

Japan

Promotion in Japan was limited during the year under review to the production of a full-colour poster as requested by two leading supermarket chains. A limited distribution of the poster was made to their stores, the bulk being reserved for distribution when supplies of Australian honey become more plentiful in Japan.

DOMESTIC PROMOTION

The Board re-appointed Talbot Evans Pty. Ltd. and Charles Barker Australia Pty. Ltd. as its advertising agents and PR consultants respectively. The following is a summary of the successful campaigns during 1978/79 :-

National Advertising

As in recent years the national advertising programme was concentrated in national women's magazines. The emphasis was on honey's place as a basic spread, as well as presenting honey as a vital ingredient over a wide range of cookery uses, and featuring its place in the dietary, health and beauty fields.

The "checkerboard" style of advertisement was used in all three magazines - "Family Circle", "Woman's Day" and "Woman's World". The advertisements appeared in two waves, August-November 1978 and March-May 1979. "Woman's World" also ran a successful editorially sponsored children's colouring competition over Easter (mid-April). Editorial support from all the magazines was once again at a very high level.

Response from all States to the coupons which were included in all advertisements was substantially better than the previous year. National totals were :-

	<u>Coupons</u>	<u>Value</u>
August - September 1978	1,729	\$ 737
April - June 1979	<u>1,827</u>	<u>775</u>
	<u>3,556</u>	<u>\$1,512</u>

National Public Relations

Excellent press coverage for honey continued throughout the year, and 16 interviews with the Manager/Secretary were recorded throughout the year for radio and newspapers. In addition an interview with Geoff Stone was recorded covering four topics of about four minutes each; these were sent to 37 radio stations throughout Australia, most of which used them in their rural programmes.

Charles Barker assisted with the planning of a new promotion booklet and a new poster which were scheduled to be produced and distributed in 1979/80.

Colour transparencies, negatives and prints from the Board's photographic library were lent regularly throughout the year to many organisations, several of which required illustrations of bees or honey flora or beekeeping scenes for forthcoming publications.

Films

The Board's film library lent films to 50 schools and other organisations with estimated viewing audiences totalling some 3,000 viewers. In addition prints of the Board's films held by the National Film Library, the Reserve Bank and the Rural Bank of N.S.W. Film Libraries were screened on several occasions.

Publications and Selling Aids

Distribution of Board literature and other promotional material was as follows :-

Recipe Book	- 12,500 (incl. 5,000 to U.K. and 1,000 to Singapore)
Wonderful Story of Australian Honey	- 8,200 (incl. 5,000 to U.K.)
Ultimate Honey Book	- 1,330
Australia's Best - Honey	- 75
Doing Something with Honey leaflets	- 4,500
Project sheet	- 584
Posters, wall charts	- 450
Paper Bees	- 110
Plastic Honey Dispensers	- 3,890

R E S E A R C H

The Honey Research Advisory Committee invites applications each year for grants to support research or associated activities aimed at the improvement of the honey industry.

A list of projects recommended by the Committee, together with advice of the funds required for each, is forwarded to the Minister for Primary Industry for approval. The financing is met from an appropriation by Parliament from a special research grant and an equal amount from the Board. In 1978/79 a combined total of \$13,000 was made available.

The Board was represented on the Committee by the Chairman, Mr. T.N. Barton, and producer member Mr. R.H. McDonald.

The following allocations were made during 1978/79 :-

New Projects :

Queensland Agricultural College : \$2000

"Evaluation of Strains of Honey Bees"

The object of this programme was

- (a) To formulate and standardise techniques for the evaluation of strains of honey bees for ;
 - (i) Honey production in specific environments;
 - (ii) Recognition of strains of bees that should be maintained for future breeding programmes;
- (b) To evaluate strains of honey bees to determine their suitability for specific production conditions.

University of Adelaide : \$4400

"Prevalence of Streptococcus Pluton in Honeybee Colonies in South Australia"

A survey was undertaken to determine the spread and distribution of the disease and whether infected colonies had become established in northern areas of the State. The survey involved the taking of at least 500 samples from apiaries mainly outside the proclaimed areas of South Australia.

Waite Agricultural Research Institute : \$1150

"Epizootiology and Management of European Foul Brood Disease of Honey Bees in Australia"

A supplementary grant was made during the year towards the cost of purchasing two items of research equipment for the development of new and more sensitive techniques for the detection and diagnosis of chronic and epidemic E.F.B.

Continuing Projects

Queensland Agricultural College : \$3600

- (a) "Nutritional Management of Colonies on the Basis of Body Protein of the Bee".
- (b) "The Incidence of Nosema Disease in Relation to the Overall Nutrition of the Bee".

This programme of research was expanded during 1978/79 to study the effect of various pollen supplements on the fluctuations in crude protein levels and establish the occurrence of Nosema disease. Such research enabled feed comparisons to be made with colony performance trends.

Department of Agriculture, Victoria : \$1550

"Pollination of Agricultural and Horticultural Crops"

To date the research work under this project has established the importance of adequate bee population requirements to economic crop production and whilst the programme had researched eleven crop varieties up to the end of 1977, further studies were undertaken during 1978/79 on both fruit and seed crops. Particular studies were made following the failure last year of the apricot and a satisfactory trial and field work was completed on this crop. A field trial was commenced on hybrid sunflowers in co-operation with CSIRO, Griffith.

University of Queensland and Q'land Department of Primary Industries: \$300

"Synthesis and Evaluation of Repellants to Reduce the Pesticide Hazards to Honey Bees"

As reported last year, honey bees being primary pollinators of agricultural crops are susceptible to industrial insecticides used to control crop pests. The research objective was directed to find a difunctional repellent and investigations through tests were conducted on various compounds for repellent properties. All compounds researched under this programme will be evaluated for gustatory and spatial activity.

BOARD'S HONEY POOLS

The Board's authority to conduct honey pooling operations is contained in Section 18 of the Honey Industry Act.

Honey may be voluntarily placed under the control of the Board with any of the agents appointed by the Board in all States. Loans are obtained from the Reserve Bank of Australia as provided under Section 23A of the Honey Industry Act, the Board being permitted to draw funds up to a certain limit for each pooling season. The interest rate at the close of 1978/79 on this finance was 9% per annum.

Normal Pools

No activity during the 1978/79 year. At the end of the year the Board decided to suspend the Normal Pools indefinitely, as these have not been used for some ten years.

Repossession Pools

Applications for finance were processed from State Agents on the basis of their stock holdings and advance rates previously approved for each grade of honey at the outset of the season.

Under the present agreement agents may pool up to 50% of their unencumbered stock holdings.

Initially the advance is for a 3 month period but may be extended on application for a further 4 months. The total limit of the advance is 7 months.

During the period under review two Pools operated - the first advance in Pool No. 16 was made on 28th October 1977 and for Pool No. 17 the 18th October 1978.

Details of the movements for each Pool are as follows :-

REPOSESSION POOL NO. 16: 1ST JULY TO 30TH SEPTEMBER 1978

Grades	Opening Stock		Pooled		Reposessed	
	Tonnes	Value \$	Tonnes	Value \$	Tonnes	Value \$
White	145	57,053	103	42,333	74	28,025
Extra Light Amber	627	241,076	30	11,800	332	123,334
Light Amber	507	187,391	25	9,865	358	129,006
Pale Amber	55	20,605	80	30,299	17	6,065
Medium Amber	44	15,045	53	19,094	44	15,045
Dark Amber	65	22,715	-	-	-	-
Total:	1,443	543,885	291	113,391	825	301,475

REPOSESSION POOL NO. 17: 1ST OCTOBER 1978 TO 30TH JUNE 1979

Grades	Pooled		Reposessed		Closing Stock	
	Tonnes	Value \$	Tonnes	Value \$	Tonnes	Value \$
White	915	411,930	-	-	915	411,930
Extra Light Amber	910	400,528	18	8,118	892	392,410
Light Amber	436	187,319	174	74,820	262	112,499
Medium Amber	25	9,700	6	2,280	19	7,420
Total:	2,286	1,009,477	198	85,218	2,088	924,259

Because of increases in the minimum export prices the Board set higher advance rates during the financial year in respect to Pool No. 17. The rates operating at 30th June 1979 were as follows :-

Colour Range	Range m.m.	Repossession Pool Cents/kg.
Extra. White	0-17	45
White	18-34	45
Extra Light Amber	35-50	44
Light Amber	51-65	43
Pale Amber	66-75	41
Medium Amber	76-90	40
Dark Amber	91-114	39

A repossession pools statement forming part of the Board's annual accounts for 1978/79 is presented in the finance section of this report.

A N N U A L A C C O U N T S

The Board's annual accounts are presented in the format approved by the Treasurer and furnished in accordance of the requirements of Section 30(1) of the Honey Industry Act.

The accounts are presented on a pre -audited basis and includes an estimation in respect to income arising from the Export Market Development Grant for 1978/79.

Income for the year is estimated to exceed expenditure by \$8,627.

As reported earlier new levy rates became operative from 1st December, 1978 and as a consequence our income from this source significantly increased by \$39,335 over 1977/78.

Expenditure was contained to a minimum during 1978/79 and because of the reduced provision for future superannuation commitments it is expected expenditure will fall by \$3,575 over 1977/78.

The actual result for the year will be reflected in the Board's published report after audit by the Auditor-General's Department.

H O N E Y L E V Y

The following tables show the amounts collected by Department of Primary Industry for Domestic Honey Levy and Export Charge and then remitted to the Board.

Up to June 1978 Domestic Levy Collections are shown on the basis of the point of collection. Rather than show a distorted picture in relation to Honey Sales it was decided to revert over in 1979 to the State generating the levy.

Domestic Levy

State of Collection	1972 \$	1973 \$	1974 \$	1975 ⁺ \$	1976 \$	1977 \$	1978 \$	1979 \$
N.S.W.	37,709	36,958	50,899	53,709	43,527	42,023	30,259	62,611
Vic.	31,796	28,731	18,412	19,074	16,211	18,000	16,494	62,137
Qld.	28,278	32,255	37,733	59,820	64,471	73,687	86,096	34,326
S.A.	12,723	11,498	10,748	11,902	11,874	9,851	10,279	11,943
W.A.	10,368	9,313	8,939	13,322	9,211	11,294	12,311	10,970
Tas.	1,188	1,435	1,524	3,320	2,101	3,249	2,648	4,205
A.G.T.	24	20	17	72	136	205	107	89
Totals:	122,086	120,210	128,272	162,219	147,531	158,309	158,194	186,281

+ Apportionments between States are approximate only.

Export Charge

State of Collection	1974 ⁺⁺ \$	1975 ⁺ \$	1976 \$	1977 \$	1978 \$	1979 \$
N.S.W.	121	4,573	5,801	2,207	2,177	5,896
Vic.	24	9,555	9,776	5,676	939	6,519
Qld.	655	3,941	5,065	2,404	3,104	4,395
S.A.	155	5,741	4,315	2,753	882	3,451
W.A.	605	4,142	7,598	7,706	4,840	2,233
Tas.	51	464	621	920	726	1,465
Totals:	1,611	28,416	33,176	21,666	12,668	23,959

++ Operative from 1st April, 1974

+ Apportionments between States are approximate only.

AUSTRALIAN HONEY BOARD

REPOSESSION HONEY POOLS STATEMENT
FOR YEAR ENDED 30th JUNE 1979

1978			1979	
\$	\$		\$	\$
		<u>Stock of Honey</u>		
433,067		Stock on hand 1 July 1978	543,885	
<u>686,669</u>	1,119,736	Advances	<u>1,122,868</u>	1,666,753
	<u>575,851</u>	less repossessions		<u>742,494</u>
	<u>543,885</u>	Stock on hand 30 June 1979		<u>924,259</u>
		<u>Expenses</u>		
	18,902	Recoverable expenses at 1 July 1978		21,978
30,532		Interest	51,688	
<u>1,892</u>		Insurance	<u>3,452</u>	
220	<u>32,644</u>	Administration	<u>240</u>	<u>55,380</u>
	51,546			77,358
	<u>29,568</u>	less expenses recouped on repossession		<u>42,321</u>
	<u>21,978</u>	Balance carried forward to be recovered		<u>35,037</u>

AUSTRALIAN HONEY BOARD

INCOME AND EXPENDITURE STATEMENT
for the Year Ended 30th June 1979

1978			1979	
\$	\$		\$	\$
<u>INCOME</u>				
Proceeds from levy collections:				
158,194		Domestic levy	186,281	
<u>12,711</u>	170,905	Export charge	<u>23,959</u>	210,240
	7,612	Sale of material		5,335
	23,976	Export market development grant 1978/79 (Est.)		21,897
	6,768	Overprice gains		8,171
	5,323	Interest - general		6,494
	<u>2,347</u>	Other income		<u>3,626</u>
	216,931	Total Income		(Est.) 255,763
<u>EXPENDITURE</u>				
Board Members:				
17,935		Remuneration and sitting fees	20,089	
4,387		Travelling and other expenses - in Australia	4,902	
<u>4,106</u>	26,428	Fares - in Australia	<u>6,442</u>	31,433
Staff:				
76,719		Salaries	74,134	
3,248		Travelling and other expenses	1,141	
<u>5,555</u>	85,522	Superannuation	<u>9,218</u>	84,493
Administration Expenses:				
700		Cartage, freight and packing	575	
258		Depreciation	391	
747		Insurance	807	
3,482		Payroll tax	2,732	
2,445		Postage, telegrams and cables	2,063	
2,040		Printing and stationery	1,860	
4,615		Rent, light and power	4,838	
233		Repairs and maintenance	222	
2,786		Subscriptions and publications	3,022	
3,376		Telephone	2,241	
<u>2,562</u>	23,244	Other expenses	<u>2,978</u>	21,729

1978		1979		
\$	\$	\$	\$	\$
		Promotion in Australia :		
32,990		Promotion	37,777	
17,320		Public Relations	18,883	
<u>5,406</u>	55,716	Apimondia Congress	-	56,660
		Promotion Overseas :		
8,799		United Kingdom	18,242	
145		Europe	395	
3,211		Japan	1,691	
604		Export film	-	
7,370		Other areas	9,971	
<u>5,270</u>	25,399	Overseas travel	-	30,299
		Research :		
	5,000	Grants for projects and travel		6,500
		Provisions :		
2,909		Provisions for staff furlough	2,663	
17,636		Provision for staff superannuation	3,000	
		Provision for promotion expenditure -		
2,646		Tasmania	4,207	
<u>6,211</u>	29,402	Provision for holiday pay	<u>6,152</u>	<u>16,022</u>
	<u>250,711</u>	Total Expenditure		<u>247,136</u>
	<u>(33,780)</u>	Excess (Deficiency) Income over Expenditure (Est.)		<u>8,627</u>

AUSTRALIAN HONEY BOARD

BALANCE SHEET AS AT 30th JUNE 1979

1978			1979	
\$	\$		\$	\$
		<u>ACCUMULATED FUNDS</u>		
		Balance at 1st July 1978	47,452	
		Excess of Income over Expenditure	8,627	
	<u>47,452</u>	Balance at 30th June 1979		<u>56,079</u>
		These funds represented by:		
		<u>CURRENT ASSETS</u>		
		Cash at bank and in hand	51,098	
		Prepayments	4,166	
		Accrued income	48,214	
		Debtors	3,204	
		Repossession pool debtors	35,037	
		Stocks of honey - repossession pool		
		(at cost)	924,259	
		Stocks of promotion material (at cost)	<u>18,045</u>	1,084,023
<u>20,374</u>	673,601			
		<u>LESS CURRENT LIABILITIES</u>		
		Bank Overdraft	952,014	
		Creditors and accrued liabilities	<u>27,224</u>	<u>979,238</u>
<u>565,863</u>	<u>575,769</u>			
	97,832	NET CURRENT ASSETS		104,785
		<u>FIXED ASSETS</u>		
		Office machines, furniture and fittings	4,194	
		(at cost)		
		Less provision for depreciation	<u>3,502</u>	<u>692</u>
<u>4,261</u>	<u>315</u>			105,477
	98,147			
		<u>LESS DEFERRED LIABILITIES</u>		
		Provision for furlough	11,387	
		Provision for superannuation	23,136	
		Provision for accrued promotion		
		expenditure - Tasmania	6,727	
		Provision for holiday pay	<u>8,248</u>	<u>49,398</u>
<u>15,833</u>	<u>50,695</u>			
<u>20,136</u>				
<u>5,482</u>				
<u>9,244</u>				
	<u>47,452</u>			<u>56,079</u>

A C K N O W L E D G M E N T S

The Board wishes to acknowledge its appreciation of the valuable service and assistance rendered to the Honey Industry by the Ministers and Officers of the Department of Primary Industry, the Department of Trade & Resources, the Trade Commissioner Service, the Bureau of Customs & Excise, the Australian Bureau of Statistics, the Reserve Bank of Australia, the State Agricultural Departments, State Beekeepers' Associations, the Honey Packers' Association of Australia, "The Australian", "The West Australian", the Australian Broadcasting Commission and 2GB Macquarie Broadcasting Service.



Austr



DEPARTMENT OF THE SENATE
PAPER No. 1559
DATE PRESENTED 13 SEP 1979
W. E. ...
of the Senate

WOOL CORPORATION

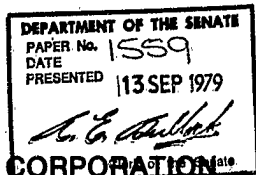




Australian Wool Corporation Interim Annual Report 1978/79

THE SENATE
13 SEP 1979
AWC
TABLED
PAPER





AUSTRALIAN WOOL CORPORATION

INTERIM ANNUAL REPORT 1978/79

COVER: The 150th anniversary this year of European settlement in Western Australia was a reminder of the harsh pioneering conditions in the remote north of the State. The cover picture depicts the ARABELLA loading wool from a bullock wagon on the sands of the extremely tidal northwest coast. Sailing ships anchored close to the coast at high tide and loaded from the exposed sand while they were temporarily stranded at low tide. Laden with wool, they then set sail for London and other ports - when the tide allowed.

OBJECTS

- to promote the export from Australia of wool and wool products and to protect the interests of the Australian wool industry in relation to that export;
 - to promote trade and commerce in wool and wool products among the States, between States and Territories and within the Territories and to protect the interests of the Australian wool industry in relation to that trade and commerce;
 - to encourage the production, and the use, of wool and wool products in the Territories;
- and
- to ensure the availability, when a state of war, or danger of war exists, of wool stores for use for the purposes of the defence of the Commonwealth.

...from the Wool Industry Act 1972

FUNCTIONS

- **Fibre marketing:** Operation of a floor and flexible reserve prices scheme for wool sold at auction and by tender; clip preparation; promotion of objective measurement in wool selling; lot building; programming of wool sales; storage of reserve price stocks in Australia and overseas; negotiation of overseas freight charges; research into wool marketing methods.
- **Product marketing (wool promotion) in Australia and overseas, in association with the International Wool Secretariat:** Consumer marketing research; programmes to promote the manufacture and distribution of wool merchandise and initiate new technical developments and marketing opportunities; advisory services to the wool textile and product manufacturing industries; conduct of Woolmark and Woolblendmark certification schemes.
- **Research and development:** Provision to the Minister for Primary Industry of advice on wool research proposed by the Commonwealth Scientific and Industrial Research Organisation and the Bureau of Agricultural Economics, and of recommendations on expenditure by other organisations from the Wool Research Trust Fund; participation in research, development and extension in wool specification (objective measurement), harvesting, packaging, distribution and transport, textile technology, and economics.
- **Property:** Management of wool stores and other property vested in the Corporation.
- **Wool fibre and product testing:** by the Australian Wool Testing Authority.

MEMBERS OF THE CORPORATION 1978/79

Chairman:

Mr. A.C.B. Maiden, C.B.E., B.A.*

Deputy Chairman:

Mr. D.J. Asimus, B.Ec. (re-appointed 1/1/77 for three years)*
Member representing woolgrowers

Other Members representing woolgrowers:

Mr. J.A. McGregor (re-appointed 1/1/78 for three years)

Mr. P.D. Moore (re-appointed 1/1/77 for three years)

Mr. J.S. Silcock, M.B.E. (re-appointed 1/1/78 for three years)

Members with special qualifications:

Mr. E.W. Barr, B.A. (re-appointed 1/1/78 for three years)
Area Director - Pacific, H.J. Heinz Co.

Mr. T.B.C. Bell, A.O. (appointed 1/1/77 for three years)
Former General Manager, National Bank of Australasia Ltd.

Mr. D.F. Jones (re-appointed 1/1/77 for three years)
Managing Director, Fletcher Jones & Staff Pty. Ltd.

Mr. B.N. Kelman, B.E. (appointed 23/2/78 for three years)
Deputy General Manager, CSR Ltd.

Member representing Commonwealth Government:

Mr. F.M. Collins, B.Agr. Sc., B.Ec. (re-appointed 1/1/78 for three years)
First Assistant Secretary, Wool Division,
Department of Primary Industry.

SENIOR MANAGEMENT:

Dr. A.J. Farnworth, M.B.E., M.Sc., Ph.D., A.G.Inst. Tech., A.R.A.C.I.
General Manager, Corporate Services and Research Division

Mr. M.L. Vawser, B.Ec.
General Manager, Marketing Division

Mr. D.J. Ward, B.Sc. (Hons.) M.A.I.A.S.
Director, Australian Wool Testing Authority

AUSTRALIAN WOOL CORPORATION

Head Office:

WOOL HOUSE,
369 Royal Parade, Parkville, 3052

State Offices:

VICTORIA:

Robertson Street, Kensington, 3031.

NEW SOUTH WALES:

Interocean House,
261 George Street, Sydney, 2000.
Sydney Wool Centre,
Dennistoun Avenue, Guildford, 2161

QUEENSLAND:

Wool Exchange Building (2nd Floor),
69 Eagle Street, Brisbane, 4000.

SOUTH AUSTRALIA:

Bedford Street, Gillman, 5013.

WESTERN AUSTRALIA:

T. & G. Building,
37 St. George's Terrace, Perth, 6000.
3 Norfolk Street, Fremantle, 6160.

And at Wool Stores in:

Footscray West, Victoria.
Botany, New South Wales.
Hendra, Queensland.
Port Adelaide, South Australia.
South Fremantle, Western Australia.

Overseas Offices:

11 Fraumunsterstrasse, ZURICH, 8022.
SWITZERLAND to September 3, 1979 and then
50, Pall Mall,
LONDON SW1Y 6LV, UK.

4th Floor, 605 Madison Avenue,
NEW YORK, N.Y., 10022, U.S.A.

11-46 Akasaka 1-Chome, Minato-ku,
TOKYO, 107 JAPAN.

*Mr. Maiden, who had been re-appointed Chairman on 30/7/78 for a second five-year term, died on 30/7/79, and Mr. Asimus was appointed Acting Chairman.

ACTING CHAIRMAN'S LETTER TO THE MINISTER

The Right Honourable the Minister for Primary Industry,
Parliament House,
Canberra, A.C.T., 2600.

Dear Sir,

I present an Interim report of the activities of the Australian Wool Corporation in the year ended June 30, 1979. A final report will be presented when, in accordance with the Wool Industry Act 1972, the Auditor-General has reported on the financial statements in respect of the period.

Yours faithfully,

D.J. ASIMUS,

Acting Chairman.

TABLE OF CONTENTS

ACTING CHAIRMAN'S REVIEW 1978/79	1
Section 1 - WORLD WOOL SUPPLY AND DEMAND	4
Section 2 - MARKETING OF AUSTRALIAN RAW WOOL	9
Section 3 - MARKETING OF WOOL PRODUCTS	19
Section 4 - PROPERTY	29
Section 5 - RESEARCH AND DEVELOPMENT	30
Section 6 - AUSTRALIAN WOOL TESTING AUTHORITY	43
Section 7 - MEETINGS, LEGISLATION	48
Section 8 - FINANCIAL STATEMENTS	49



ALFRED C.B. MAIDEN, CBE

"On July 30 1979, only one month after the end of the year which is the subject of this report, the Corporation's first full-time Chairman, Mr. A.C.B. Maiden, died suddenly at the age of 56.

My colleagues and I deeply regret that he did not live to sign this record of the most successful year of the organisation he had led with such distinction for all but the first six months of its existence.

Also since 1973, he had been Chairman of the International Wool Secretariat after four years as its Managing Director. Through all of these demanding roles, he had guided the co-ordination of wool marketing, research and promotion which he rightly saw as fundamental to the future of wool and the wool industry.

He brought to the task not only his qualities of high intelligence and perception, but also a wealth of experience gained as a result of his earlier career as a senior commercial diplomat for the Commonwealth in Australia and abroad.

We mourn the loss of a gifted colleague and servant of Australia and its wool industry, and extend to the Maiden family our heartfelt sympathy."

D.J. Asimus,
Acting Chairman

ACTING CHAIRMAN'S REVIEW 1978/79

At June 30 1979 the reserve price scheme completed its most financially successful year, establishing record results in terms of sales from Corporation stocks, gross profit and net operating profit. But even more significant has been the performance of the scheme over the period of almost five years since the floor price and the Market Support Fund were established. Through good seasons and bad, the scheme has progressively built up a climate of confidence and stability, previously unknown, which has been of remarkable benefit to wool producer and user alike, and has done that at modest cost.

In 1978/79, aided by a strong and sustained lift in the market, the Corporation reduced its stocks of wool from a peak of 1,011,917 bales in December to 353,797 at June 30. In so doing, it recorded a net operating profit of \$24.1 million, the first since the introduction of the floor price and the highest since Australian wool reserve prices commenced in 1970. It is notable that this large movement out of stocks was completed efficiently in a period of less than six months without disturbing the rise in market prices and while the world economy was in mild recession.

The \$23.9 million portion of the profit derived from trading in stocks bought since the floor price was established in September 1974 was credited to the Market Support Fund, together with \$63.7 million in growers' contributions and \$17.9 million in interest earned on use of the Fund. Thus, at June 30, the Fund achieved a credit balance of \$241.1 million, an increase of almost 80 per cent on the year-earlier figure, and was meeting all of the Corporation's reserve price financial needs.

As rewarding as these financial successes are to the industry, they still do not reflect the essential value of the reserve price scheme. In the past five years, the effectiveness of market support operations may well have peaked at, for example, the end of 1975 when their buffering effect was most marked - almost 2,000,000 bales were in stock, Corporation indebtedness to the Government alone exceeded \$280 million and the wool market was "flat." And yet the stabilising effect of the firm floor price was bolstering industry confidence.

The real importance of 1978/79 was that it completed a cycle of years that contained the best and the worst conditions typifying the performance of the wool market over time. Confidence is the objective of the reserve price scheme; while substantial profits can result in years like 1978/79, heavy costs must be accepted in others, such as 1975/76 when net costs exceeded \$44 million.

By June 30, all reserve price borrowings from the Government and banks, including overseas loans, were repaid. The Corporation's overseas borrowing programme which was authorised in 1977 has produced a gross saving in interest of almost \$2 million, offset by a foreign exchange loss of some \$900,000 due to the weakness of the Australian dollar. The programme has therefore proved well worthwhile, resulting in net savings of about \$1 million in interest payments which would otherwise have been borne by the Market Support Fund.

Last year, the Corporation expressed confidence that the financial performance of its Limited Offer to Purchase Scheme, which commenced in Melbourne in October 1977, would improve. Contrasting with the substantial loss recorded in the opening 1977/78 year, a net profit of \$20,039 was achieved in 1978/79. The scheme moved into a healthier position due to continuing grower support in the first two centres established, while the Brisbane operation which commenced in July 1978 recorded a loss. Useful progress was made towards the scheme's overriding objective of testing potential economies in wool handling and distribution, through various avenues including four farm-to-mill trials. Importantly, the scheme also provided for growers an additional choice of outlet.

The Corporation completed wool marketing studies requested by the Australian Wool Industry Conference, one a detailed review of the Corporation's recommendation of 1973 for an "export acquisition" system and the other an examination of various alternatives for exercising controls on the price and quality of wool for export. In summary, the Corporation confirmed its support for the principles underlying its 1973 report and put forward a modified version of the proposal, clarifying and stressing the important role of free enterprise embodied in it.

TABLE 4.
AUSTRALIAN SHORN WOOL PRODUCTION
1976/77 to 1978/79
(Million Kg. Greasy)

	1976/77	1977/78	1978/79
NEW SOUTH WALES	207.9	205.9	216.0
VICTORIA	97.1	103.3	116.4
QUEENSLAND	59.2	54.3	58.7
SOUTH AUSTRALIA	88.1	82.7	83.3
WESTERN AUSTRALIA	154.9	141.9	149.8
TASMANIA	16.2	17.0	17.5
ACT	0.5	0.5	0.5
TOTAL	623.9	605.6	642.2

Source: Australian Bureau of Statistics

TABLE 5.
DETERMINATION OF AUSTRALIAN
SHORN WOOL PRODUCTION
1976/77, 1977/78 and 1978/79

	1976/77	1977/78	1978/79 (provisional)
Opening Sheep numbers (March 31)	148.6 million	135.4 million	131.4 million
PLUS Lambs marked	38.4 m.	40.1 m.	42.8 m.
LESS Sheep slaughtered	33.6 m.	29.9 m.	26.6 m.
Deaths on farms	15.0 m.	10.0 m.	8.8 m.
Live exports	3.0 m.	4.2 m.	4.0 m.
Closing sheep numbers	135.4 m.	131.4 m.	134.8 m.
Number shorn	145.8 m.	143.5 m.	146.9 m.
Average fleece weight	4.28 kg.	4.22 kg.	4.37 kg.
Shorn wool production	623.9 m.kg.	605.6 m.kg.	642.2 m.kg.

The centrally planned economies of Eastern Europe and the USSR also generally suffered below-target rates of growth, partly due to harsh seasonal conditions and subdued demand for their exports.

The newly industrialised countries of Hong Kong, South Korea and Taiwan continued to achieve strong growth rates, although trade restrictions imposed against their exports and high domestic inflation, particularly in South Korea, caused actual growth to be below that of recent years.

Textile Activity

At the beginning of the season commercial stocks of greasy wool in the EEC and Japan, including those awaiting shipment in Australia, were at their lowest level for many seasons, though this was partly offset by higher than desired levels of top stocks in the EEC and yarn stocks in Japan. During the season there was some adjustment towards a more "balanced" stock situation, with top and yarn stocks declining and greasy commercial stocks increasing. Retail and intermediate stage ordering remained cautious, with short ordering becoming more apparent.



Newly industrialised countries such as South Korea continued to achieve strong economic growth rates, despite trade restriction and inflation. The picture shows stocks of Australian wool at the Dae Han Wool Textile Industrial Company Ltd.

The season was difficult for the synthetic fibre industry, which was beginning to emerge from four years of recession and large financial losses. When the 1979 oil crisis developed, the oil price increases produced a 60 to 80 percent increase in the price of naphtha, the basic raw material for most synthetic fibres. Continued intense competition in fibre markets restricted the extent to which these higher costs could be passed on and profit margins again came under threat, particularly in Europe.

The moderate price increases wool experienced during 1978/79 were part of an overall rise in world commodity prices. The Reuters Commodity Index fluctuated around a rising trend to record a 10 per cent increase over the 12 months, with bigger increases in the second half. Prices for Australian wool rose by 16 per cent between the opening and close of the season, but greater increases occurred in world metal prices, including those for gold (52 per cent) and copper (24 per cent).

Wool textile activity varied considerably between countries. In Japan, the effects of the worsted spinners' cartel (operative from April 1977 to January 1979) and conscious efforts to readjust stock levels at all stages of the pipeline resulted in a much improved supply/demand situation in the Japanese wool textile industry.

Section 1 - WORLD WOOL SUPPLY AND DEMAND

Supply

The major influence on world wool production was the improved situation in Australia, where following three generally adverse seasons pasture conditions were very favourable. In other major wool growing countries, reduced production in some was offset by higher production in those enjoying more favourable conditions.

As a result of the better Australian conditions, wool producers made every effort to rebuild drought depleted flocks, and the percentage of ewes mated rose sharply compared with previous seasons. At the same time, the turn-off for slaughter and live export fell. This factor, coupled with a low on-farm death rate and high lambing percentages, resulted in an increase in the number of sheep and lambs from 131.4 million at March 31, 1978 to 134.8 million at March 31, 1979.

The build-up in Australian numbers resulted in 147 million sheep and lambs being shorn. Although a high proportion of the wool growing period for spring shorn flocks occurred during the poor pasture conditions of the previous summer and autumn, fleece weights increased to an average 4.37 kg. to produce an estimated 642.2 million kg. of shorn wool.

The total wool availability situation was most affected by sharp reductions in stocks in wool producing countries. The Corporation stockpile was reduced from around 133.6 million kg. at July 1, 1978 to 54.5 million kg. at June 30, 1979. Saleable stocks held in Argentina fell to negligible quantities and sales by the New Zealand Wool Board reduced the carryover in that country from 29.9 million kg. at the beginning of the season to around 14 million kg. at the close.

Demand

Demand in the international marketplace for all fibres, including wool, is strongly influenced by the level of economic activity in major industrial countries. In terms of economic growth, 1978/79 in these countries was characterised by:

- Differences in performance among the major OECD economies; and
- The disruption caused by oil supply shortages and price increases during the second half.

Growth in domestic demand in the OECD area eased slightly during 1978/79, with a 3 per cent increase. Of the larger economies, Japan had the highest growth at around 7 per cent, while West Germany achieved 5 per cent and the United States only 2 per cent. During the second half, activity in the US economy, in particular, slowed markedly.

In most of the major economies, growth in retail sales during 1978/79 remained, at best, modest. The volume of retail sales of clothing and footwear in both France and West Germany fell, while in Italy they remained largely unchanged. There were moderate increases in both the UK and Japan and more substantial growth in the US, particularly from November to March.

Exchange rate changes again influenced the effective price of wool in the currencies of Australia's major wool customers. The value of the Australian dollar in the currencies of Europe and Japan continued to be strongly influenced by the strength of the US currency. Steady strengthening of the pound sterling over the period meant that the effective wool price to UK buyers fell slightly, despite the increase in wool prices in Australian dollar terms. Substantial variations between the value of the Australian dollar and Japanese yen meant that wool prices in yen were less stable throughout the season than at Australian auctions.

Movements in international trade and payments balances during the season were influenced by divergent rates of economic growth, exchange rate changes and the dependence of particular countries on imported energy supplies. The US achieved a substantial reduction in its current account deficit under the impact of a weaker dollar and slower import demand, while Japan's surplus almost disappeared in response to the high yen value early in the year.

The centrally planned economies of Eastern Europe and the USSR also generally suffered below-target rates of growth, partly due to harsh seasonal conditions and subdued demand for their exports.

The newly industrialised countries of Hong Kong, South Korea and Taiwan continued to achieve strong growth rates, although trade restrictions imposed against their exports and high domestic inflation, particularly in South Korea, caused actual growth to be below that of recent years.

Textile Activity

At the beginning of the season commercial stocks of greasy wool in the EEC and Japan, including those awaiting shipment in Australia, were at their lowest level for many seasons, though this was partly offset by higher than desired levels of top stocks in the EEC and yarn stocks in Japan. During the season there was some adjustment towards a more "balanced" stock situation, with top and yarn stocks declining and greasy commercial stocks increasing. Retail and intermediate stage ordering remained cautious, with short ordering becoming more apparent.



Newly industrialised countries such as South Korea continued to achieve strong economic growth rates, despite trade restriction and inflation. The picture shows stocks of Australian wool at the Dae Han Wool Textile Industrial Company Ltd.

The season was difficult for the synthetic fibre industry, which was beginning to emerge from four years of recession and large financial losses. When the 1979 oil crisis developed, the oil price increases produced a 60 to 80 percent increase in the price of naphtha, the basic raw material for most synthetic fibres. Continued intense competition in fibre markets restricted the extent to which these higher costs could be passed on and profit margins again came under threat, particularly in Europe.

The moderate price increases wool experienced during 1978/79 were part of an overall rise in world commodity prices. The Reuters Commodity Index fluctuated around a rising trend to record a 10 per cent increase over the 12 months, with bigger increases in the second half. Prices for Australian wool rose by 16 per cent between the opening and close of the season, but greater increases occurred in world metal prices, including those for gold (52 per cent) and copper (24 per cent).

Wool textile activity varied considerably between countries. In Japan, the effects of the worst spinners' cartel (operative from April 1977 to January 1979) and conscious efforts to readjust stock levels at all stages of the pipeline resulted in a much improved supply/demand situation in the Japanese wool textile industry.

Increased wool-textile production in *Australia* and strong export demand for semi-processed wool resulted in increased disposals of greasy wool to the local industry.

South Korean, Taiwan and Hong Kong activities remained relatively buoyant, but domestic economic problems and increased protection in major export markets led to a reduction in the competitiveness of exports from these three countries. The textile industries continued to improve the quality of their production to combat these difficulties.

In the *EEC*, mill production of wool top during 1978/79 was maintained near 1977/78 levels, although there was a marked shift in the location of production, to *Italy*. Production in the woollen sector increased slightly, in line with the continuing fashion for heavier garments.

The wool textile industry in *Italy* competed successfully in the *EEC* against local and non-EEC sources of wool fabric and garments, gaining an increased share of the total *EEC* market. *Italy* was the only *EEC* country where mill consumption of wool continued expanding during 1978/79, with production of wool top increasing by approximately 23 per cent.

Although high top stocks and depressed demand characterised the industry in *France* during the early part of the season, a sharp improvement in export orders early in 1979 induced a stock rundown to more normal levels by the end of the season. The higher value of the pound sterling combined with stagnant domestic economic conditions severely affected the *United Kingdom* wool textile industry during 1978/79. The *German* industry faced stiff competition from imports, especially for early stage products such as top and yarn, but apparel makers-up increased imports of fabrics to keep their final prices down and so managed reasonable levels of turnover.

In the absence of recent statistics for *Eastern Europe* and the *USSR* wool textile industries, examination of exports from the three major supplying countries, *Australia*, *Argentina* and *New Zealand*, shows there was no substantial change in quantities of raw wool imported. However the shortage of supplies from *Argentina* during 1978/79 resulted in a slight increase in *Australia's* share of these markets as a whole.

In the *USA*, mill consumption of apparel wool increased by 3 per cent in 1978/79 compared with 1977/78. Of particular importance to *Australia* was a 6 per cent increase in mill consumption on the worsted system, due to a swing back to more traditional styles of clothing, such as suits and jackets.

TABLE 1.
WORLD WOOL PRODUCTION
1974/75 - 1978/79
(Million Kg. Greasy)

	1974/75	1975/76	1976/77	1977/78	1978/79
AUSTRALIA	794	754	703	677	709
USSR	462	467	436	458	462
NEW ZEALAND	294	312	303	311	320
ARGENTINA	184	188	176	175	171
SOUTH AFRICA	115	114	111	113	109
UNITED STATES	65	59	53	51	46
URUGUAY	62	62	63	58	63
UNITED KINGDOM	50	49	48	47	49
OTHER	601	617	623	623	631
WORLD TOTAL	2,627	2,622	2,516	2,513	2,580

(The source of all tables in this Report is the Australian Wool Corporation, unless otherwise stated. Minor variations may arise through rounding of large amounts.)

TABLE 2.
JUNE 30 STOCKS OF SHORN WOOL IN
MAJOR EXPORTING COUNTRIES
(Million Kg. Greasy)

	1976	1977	1978	1979
AUSTRALIA	238.3	200.4	158.8	80.7
SOUTH AFRICA	16.2	11.2	6.5	*4.5
NEW ZEALAND	8.5	16.2	29.9	14.0
ARGENTINA	96.7	78.3	60.5	57.1
URUGUAY	NIL	NIL	NIL	NIL
TOTAL	359.7	306.1	255.7	156.3

* Excludes 5.2 million kg. of KARAKUL wool.

TABLE 3.
AUSTRALIAN EXPORTS OF GREASY WOOL
TO MAIN CONSUMING COUNTRIES

	July 1978- June 1979	% of Total	July 1977- June 1978	% of Total	% change 1978/79 over 1977/78
Million Kg.	Million Kg.				
Japan.	154,454	27.3	145,078	29.4	+6.5
U S S R	83,135	14.7	79,468	16.1	+4.8
Italy	48,093	8.5	33,629	6.8	+30.1
France	40,706	7.2	34,677	7.0	+17.4
Germany F R	40,572	7.2	34,955	7.1	+16.1
Korea, Rep.	24,128	4.3	17,159	3.5	+40.6
Poland	22,162	3.9	19,069	3.9	+16.2
Taiwan	20,967	3.7	10,979	2.2	+91.0
Belgium-Lux.	20,900	3.7	19,629	4.0	+6.5
Yugoslavia	19,574	3.4	16,273	3.3	+20.3
India	14,699	2.6	13,052	2.6	+12.6
U.K.	13,349	2.3	13,509	2.7	-1.2
Other	63,178	11.2	56,098	11.4	+12.6
TOTAL	565,917	100.0	493,575	100.0	+14.7

TABLE 4.
AUSTRALIAN SHORN WOOL PRODUCTION
1976/77 to 1978/79
(Million Kg. Greasy)

	1976/77	1977/78	1978/79
NEW SOUTH WALES	207.9	205.9	216.0
VICTORIA	97.1	103.3	116.4
QUEENSLAND	59.2	54.3	58.7
SOUTH AUSTRALIA	88.1	82.7	83.3
WESTERN AUSTRALIA	154.9	141.9	149.8
TASMANIA	16.2	17.0	17.5
ACT	0.5	0.5	0.5
TOTAL	623.9	605.6	642.2

Source: Australian Bureau of Statistics

TABLE 5.
DETERMINATION OF AUSTRALIAN
SHORN WOOL PRODUCTION
1976/77, 1977/78 and 1978/79

	1976/77	1977/78	1978/79 (provisional)
Opening Sheep numbers (March 31)	148.6 million	135.4 million	131.4 million
PLUS Lambs marked	38.4 m.	40.1 m.	42.8 m.
LESS Sheep slaughtered	33.6 m.	29.9 m.	26.6 m.
Deaths on farms	15.0 m.	10.0 m.	8.8 m.
Live exports	3.0 m.	4.2 m.	4.0 m.
Closing sheep numbers	135.4 m.	131.4 m.	134.8 m.
Number shorn	145.8 m.	143.5 m.	146.9 m.
Average fleece weight	4.28 kg.	4.22 kg.	4.37 kg.
Shorn wool production	623.9 m.kg.	605.6 m.kg.	642.2 m.kg.

Section 2 - MARKETING OF AUSTRALIAN RAW WOOL

THE RAW WOOL MARKET

The 1978/79 wool selling season opened on a relatively buoyant note, with the Market Indicator - largely influenced by movements in the 22/24 micron combing and both carding categories - improving by 6 cents to 316 cents from the close of the previous season. From this point until the Christmas recess the Market Indicator showed very little movement, with the relatively strong improvement in the coarser and carding sections of the clip being largely nullified by the almost static price for medium and fine Merinos. This was influential in the gradual increase in Corporation purchases which reached, at the end of October, a seasonal peak of 25 per cent.

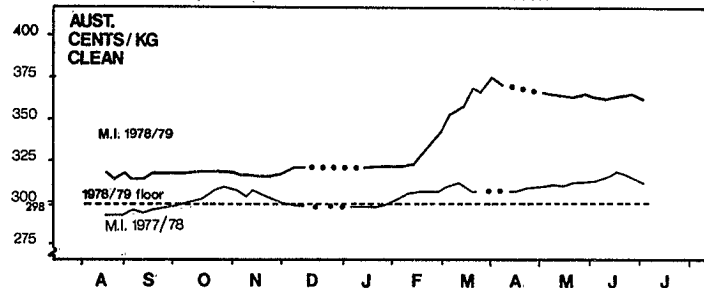
Better demand, although not accompanied by any major improvements in price, was forthcoming over the latter part of this period, with Corporation involvement dropping to under 10 per cent in the final week of sales prior to the Christmas recess.

From January to April the market, through greater interest from all sectors and in particular Japan, became progressively dearer, with seasonal highs for 23 micron and coarser categories being recorded in late March. The Market Indicator also reached the season's peak of 371 cents in the final week of March.

Following an initial slight reaction on the resumption after Easter, finer Merino fleece wools were the subject of continuous, and at times intense, buying pressure - mainly from Japanese interests, with substantial price increases being achieved for these descriptions. Conversely pre-Easter closing levels for broader combing and both carding categories were not sustained; being progressively reduced, apart from some minor fluctuations, until the season's close.

The Market Indicator at the close was 361 cents, representing an increase of 45 cents from the opening week of sales.

Movements in the A.W.C. Market Indicator.



RESERVE PRICE SCHEME - OPERATIONS

The price surge in the second half of the Australian wool selling season presented the Corporation not only with financial opportunities on behalf of growers, but with rigorous tests of its operation of the reserve price scheme. The pricing policy for stock disposal was aimed at steadying the buoyant market, without depressing it, by matching asking prices as closely as possible to those at auction on any given day.

The Corporation bid on 43 per cent of bales offered at auction and purchased 10 per cent. Turnover of Corporation stocks amounted to 1,233,562 bales. Although there

have been other years when turnover was of similar order, 1978/79 was distinguished by sharp peaks of activity. Peak monthly purchases in 1978/79, reached 115,000 bales (in November) compared with 89,000 bales in 1977/78 (December), and peak monthly sales reached 264,000 bales (March), against 130,000 bales in 1977/78 (June). Such high and unpredictable levels of activity test not only the Corporation's pricing policies, but the efficiency of its storage, handling and delivery, inventory recording, control and security.

Reduction in stock levels from 896,638 bales at July 1, 1978 to 353,757 at June 30, 1979 the lowest since 1973/74, also places some stress on the Corporation's ability to cushion sudden, short-term rises in the market, ease temporary tightness of supply and reliably supply from stocks all categories of wool. Strategies for working with smaller stocks are being closely examined, but at June 30 the Corporation's stocks contained a representative range of most Merino good top-making types.

The reduction in stocks assisted the Corporation to hold its storage and handling costs well below the rate of inflation and to vacate stores in Sydney, Melbourne and Adelaide. Dumping and utilising of stocks, at an increasing rate, assisted in the physical delivery of wool at times of peak flow, as well as containing the rate of cost increase.

The Corporation opened stores in Japan and Yugoslavia - at the ports of Yokkaichi and Bar - bringing the number of overseas storage countries to ten, compared with eight at the end of 1977/78. Wool held overseas or in transit at June 30 amounted to 199,303 bales, or 56 per cent of total stock, compared with 303,866 bales (34 per cent of stocks) a year earlier.

The Corporation applied a differential of 5 cents a kg. clean to all untested wool, other than superfine, offered at auction, reflecting market discrimination against wool not objectively measured. This compared with a differential of 2 cents in 1977/78. Corporation appraisal procedures were further reviewed during the year, to improve the accuracy of assessment of wool considered for price support and to improve standardisation between selling centres.

RESERVE PRICE SCHEME - FINANCIAL RESULTS

The financial outcome of the reserve price scheme in 1978/79 produced several record results:

- Value of sales from stock, \$343.8 million (previous high, \$232.5 million in 1977/78);
- Gross profit, \$66.6 million (previous high, \$38.7 million in 1977/78);
- Net operating profit, \$24.1 million (previous high, \$22.9 million in 1972/73).

The year was an outstandingly successful one for the Market Support Fund which has met reserve price operating costs since the introduction of the floor price in September 1974.

For the first time, gross profits earned on the sale of post-September 1974 stocks exceeded those costs which are debited against the Market Support Fund. The resulting credit of \$23.9 million was, thus, the first profit recorded since the introduction of the floor price. Its transfer to the Fund, together with grower contributions totalling \$63.7 million and interest earnings of \$17.9 million for the year, brought the credit balance of the Market Support Fund to \$241.1 million at June 30, an increase of \$105.6 million on the year-earlier figure.



Development of a "3-Bale Compactor" compressing three conventional bales of wool to give a 75 per cent increase in the payload of shipping containers helped in achieving new Australia-Europe rates for densely packed wool that will cut ocean freight costs. The picture (above) shows a Wooldumpers (Vic.) Ltd., hydraulic unitizer used in trials to help design the new machine. The machine pictured compresses groups of four or five "dumped" bales into banded units occupying 25 to 30 per cent less space than before unitising.

TABLE 6
FINANCIAL RESULTS
OF RESERVE PRICE SCHEME
(\$m.)

	1974/75	1975/76	1976/77	1977/78	1978/79
Costs					
Interest	20.1	42.23	33.16	36.11	26.88
Storage, etc.	8.13	14.36	12.64	12.54	13.60
TOTAL COSTS	28.14	56.59	45.80	43.66	42.48
Trading Results					
Sales proceeds	18.41	202.18	127.77	232.49	343.85
Cost of sales	17.39	190.13	102.25	193.77	277.28
GROSS TRADING SURPLUS	1.02	12.05	25.52	38.72	66.57
Net cost	27.12	44.54	20.28	9.94	24.09
Net profit					

TABLE 7.
FLOOR PRICE AND DETAILS

CATEGORY	1976/77	1976/77	1977/78	1978/79
	Before Devaluation	After Devaluation		
	Cents per kg. (clean)			
A.W.C. Market Indicator	234	284	284	298
19 micron	291	353	344	352
20	284	344	337	347
21	275	333	332	340
22	285	321	320	332
23	256	310	310	324
24	244	296	297	314
25	228	276	281	300
27	215	261	262	272
30	181	219	220	232
Carding:				
Merino	150	182	188	212
Xbred	124	150	157	180

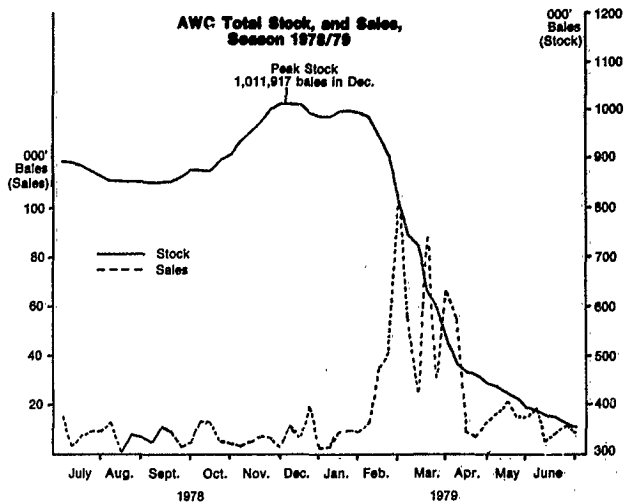
TABLE 8.
INVENTORY MOVEMENTS

	1977/78	1978/79
Opening stock, July 1 (bales)	1,094,056	896,638
First cost of opening stock (\$)	285.9 m.	258.9 m.
Purchases (bales)*	493,685	353,290
Sales (bales)	689,937	880,272
Transfers to processing, conversion loss, etc. (bales)	1,166	15,899
Total stock turnover (bales)	1,183,622	1,233,562
Closing stock, June 30 (bales)	886,638	353,757
First cost of closing stock (\$)	259.1m.	117.4m.
Estimated market value of closing stock (\$)	298 m.	147.4 m.

(* Bales are farm - bale equivalents. The 353,290 "bales" purchased in 1978/79 were 333,742 conventional and 6,516 Jumbo bales)

TABLE 9.
STORAGE OF STOCKS AT JUNE 30
(BALES)

	1978	1979
WITHIN AUSTRALIA		
Northern Region (NSW & QLD)	174,886	39,084
Southern Region (Vic, SA, Tas)	198,480	39,770
Western Region (WA)	219,406	75,600
	<u>592,772</u>	<u>154,454</u>
OVERSEAS		
Netherlands	82,555	42,427
W. Germany	50,854	32,161
France	2,393	-
Belgium	39,826	29,806
Italy	40,183	21,430
USA	37,739	6,764
UK	25,679	19,270
South Korea.	4,661	2,771
Japan	-	26,070
Yugoslavia	-	8,452
Israel	-	7,480
In transit	19,976	2,692
	<u>303,866</u>	<u>199,303</u>
TOTAL.	896,638	353,757



AWC Bidding and Purchases, Season 1978/79

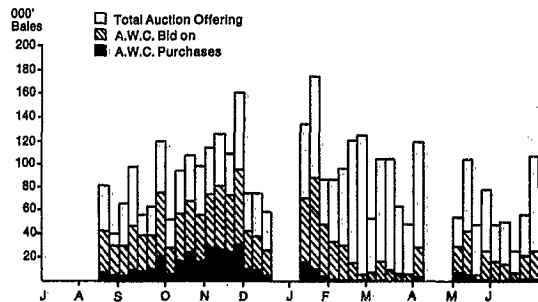


TABLE 10.
DISPOSAL OF STOCKS

	1977/78	1978/79
Reoffer at Auction	118,947 bales	97,385 bales
Private Treaty (Australia)	350,844 bales	464,215 bales
Private Treaty (Overseas)	222,146 bales	318,672 bales
	<u>689,937 bales</u>	<u>880,272 bales</u>

FIBRE PRESENTATION

The Corporation and other wool industry organisations progressed with techniques for Sale by Additional Measurement (SAM) to the stage where a commercial test was proposed for the 1979/80 season, in sales to be held at Adelaide. These techniques, when they have moved beyond the "pilot trial" stage, are expected to give advantages of economy, convenience and accurate prediction of processing performance over those already available. At present pre-sale testing is confined to yield, vegetable matter content and mean fibre diameter. The additional measurements - at varying degrees of development - proposed for commercial trial in Adelaide are of strength (including position of break), staple length, colour (including coloured fibre content) and variability of fibre diameter. All of these are regarded as characteristics of major importance in wool-textile processing. Techniques for length and colour measurement reached the stage of suitability for routine use.

The Corporation worked with its Advisory Committee on Objective Measurement in proceeding towards the proposed SAM trial, its partners including the University of New South Wales School of Wool and Pastoral Sciences, the CSIRO Division of Textile Physics, The National Council of Wool Selling Brokers of Australia, the Australian Council of Wool Buyers and the Australian Wool Testing Authority.

The Japanese industry has indicated its support, adding to the breadth of encouragement from the trade for the trial.

Sale by Sample with the established measurement techniques reached 86 per cent of wool sold at auction in 1978/79, compared with 77 per cent in 1977/78 and 62 per cent in 1976/77. Table 11 shows the rising percentage of wool sold by sample at the various auction centres between 1975/76 and 1978/79.

TABLE 11.
SALE BY SAMPLE: GROWTH BY SELLING CENTRE
(ALL TESTED WOOLS, INCLUDING SALE BY CERTIFICATE.)

CENTRE	1975/76	1976/77	1977/78	1978/79
	%	%	%	%
Brisbane	58	69	78	94
Sydney	45	52	64	74
Goulburn	43	43	52	65
Newcastle	38	41	52	67
Albury	49	62	90	93
Melbourne	47	50	75	85
Geelong	42	46	75	86
Portland	59	67	90	95
Adelaide	72	84	93	96
Launceston	13	25	50	56
Hobart	34	39	76	80
Fremantle	66	75	88	93
Albany	82	85	95	97
Canberra (EWP)	95	92	99	97
TOTAL	55%	62%	77%	86%

The programme to combat contamination of Australian wool by foreign matter produced several developments which, together, should substantially ease this problem. The system of mill reports on contamination which the Corporation introduced in 1977 has shown that the most frequently reported sources of contamination are bale caps in the pack, fibrous material from the pack and pack deterioration. The Corporation prepared new specifications for capless, stronger woolpacks and these were approved by the Commonwealth Government, which amended the standards and the regulations prohibiting import into Australia from a date to be fixed of packs not meeting the new standards. The new standards provide for elimination of the caps - except where specially required - and for their replacement by longer flaps; and more robust material giving a tare weight for synthetic packs increased by approximately 0.5 kg. to 2 kg. Jute packs, through increased in strength, will retain 4 kg. tare.

The stronger packs should be able to withstand better the pressure from heavier bale weights produced by power pressing. Where caps are required, standards have been prescribed for a nylon multifilament fabric or nylon and paper fibre material, since traces of nylon have been shown to have virtually no adverse effect on the processing of wool.

Standards have also been promulgated for nylon multifilament packs, but as these are more expensive than the jute and high density polyethylene used at present, it is expected that they will be used only where a premium is offered to offset the cost or where repeated use is possible. Investigation is continuing in collaboration with CSIRO into the suitability and feasibility of nylon and paper constructions.

The Corporation has continued its education campaign encouraging growers to avoid contamination of their wool by foreign matter - of which many kinds have been reported - and to avoid used woolpacks, and has continued to advise particular growers and others responsible of adverse reports on their wool from mills.

The Corporation also introduced new procedures designed to improve observance of clip preparation standards. The Corporation has continued to withdraw reserve price scheme protection from wool offered for sale which does not meet preparation standards, although the wool may go forward for sale. Lines from which the reserve price has been withdrawn are now identified as such on the show floor and buyers are advised in the sale room, while clip inspection reports are sent to growers, brokers and classifiers concerned. The Corporation also sends to processor and other relevant industry organisations a regular listing of sale lines not receiving reserve price protection, including brand description, number of bales, faults in preparation, selling centre and buyer. These procedures are a response to continuing criticism by users of the standard of clip preparation. The number of poorly prepared lots offered for sale appeared to decline following introduction of the new system, but it is possible that some of these lots are being sold through different avenues.

Presentation of clip inspection service reports was revised during the year, with provision for greater clarity. The Corporation continued its field days and other liaison with relevant industry sectors, while extension work continued with technical colleges and growers. Liaison was also maintained with breed societies and specialist groups and Corporation staff attended a number of wether production trials in woolgrowing districts.

LIMITED OFFER TO PURCHASE SCHEME

The Limited Offer to Purchase Scheme was profitable in 1978/79, its first full financial year of operation, largely as a result of the substantial increase in volume of wool traded. The profit on the Scheme amounted to \$20,000 compared to a net loss totalling \$165,943 in 1977/78, which included \$78,619 for establishing operations in each of the three centres involved. The Scheme operating from Brisbane recorded a loss in 1978/79, but those in Melbourne and Fremantle were both profitable.

This result was aided by introduction of regional receival depots, where growers' wool is stored and then delivered, direct for shipment after sale. The Corporation opened six such centres during the year, bringing the total number to seven. (The first, at Ararat, Victoria, was opened during 1977/78.) Centres opened in 1978/79 were at: Bendigo, Warracknabeal and Yarrawonga, in Victoria; Adelaide SA, Townsville Qld.; and Esperance WA. Use of receival depots offers savings in both cheaper storage and handling and some concessional freight rates for bulk volumes of wool.

In July 1978 the Corporation announced that commission paid by growers selling their wool through the Scheme would be on sale proceeds net of the 8 per cent Wool Tax levied on growers for market support, research and promotion. This decision recognised a recommendation to wool selling brokers arising from the 1978 Prices Justification Tribunal inquiry into woolbroking charges. Subsequently, the Corporation announced reorganisation of charges to growers, including a flat per bale rate to cover all handling and selling costs.

As well as the change to a flat per bale charge growers delivering larger lots of 20 bales or more receive a rebate of 75 cents a bale. The Corporation felt that the flat rate of charges presented growers with a more accurate view of their costs and was in line with the spirit of recommendations arising from the PJT inquiry.

These new charges were some 30 per cent lower than typical auction charges, with greater margins for growers using regional receival depots.

All suitable three-bale lots received by LOPS during the year were tested (the usual industry limitation for testing is four bales). Results of this approach were satisfactory and provided an alternative to interlotting for disposal of smaller lots.

The Scheme held four shed to mill trials during the year, involving purchase and movement of wool from growers' sheds to varying stages of disposal, including sale at auction, direct sale to overseas mill and processing overseas. The four growers who co-operated in the trials received assistance in setting out lines and all co-operated in making as few lines as possible. All wool was received into a regional depot, tested and moved directly for shipment and/or delivery after sale.

Highlights of the exercise were the considerable freight savings through compaction and significantly lower handling and delivery costs associated with receival in the regional depots. Costing of the exercise, however, included the handling in an optimum way of large lines only; it would be invalid to assume such savings would be available in all circumstances.

The shed to mill trials were within the charter of the Scheme to examine in practice, with ownership of wool, the existing selling system and its potential for improvement.

The Corporation introduced the Scheme to Melbourne in October 1977, Fremantle in March 1978 and Brisbane in July 1978, for a two-year trial at each centre, but early in 1979/80 the Minister for Primary Industry agreed to a common termination date of June 30, 1980 at all centres.

DISTRIBUTION AND TRANSPORT

The first full year of the Corporation's additional shipping function, granted under an amendment to the Wool Industry Act in September 1977, proved eventful. In particular, the Corporation and its negotiating partners achieved in June agreement on a formula which will recognise separate tariffs for more densely packed wool in Australia-Europe sea freight rates. The Corporation expects that the use of these rates will save the wool industry more than \$30 million over the next three years. There is also potential for reducing the cost of land transport and storage and handling charges through the efficient space usage allowed by dense packaging.

The new rates for the Australia-Europe trade, covering the 1979/80, 1980/81 and 1981/82 shipping seasons, have been struck for three separate tariff categories: normal/medium density dumped wool (up to 450 kg. per cubic metre); higher density (500-600 kg.) and "super packs", as yet available only in the Grazcos "Jumbo" format. The Corporation expects the last two categories to produce ultimately consistent container loads of 16,000 kg., more than 100 conventional bales, per container.

In a related move, the Corporation, on behalf of the industry, made arrangements with the Johns & Waygood Perry engineering group for manufacture of four "3-Bale Compactor" machines designed to compress three shed bales to a maximum finished weight of some 600 kg. in a module size. This would enable an increase of 75 per cent in payloads in containers, compared to conventional bales. The programme is for a prototype and three production models; the first machine is expected to be commissioned in the first half of 1980. The patent is shared by the Corporation and the manufacturer, and the machines have been developed for use by the commercial interests currently involved in wool distribution.

It is expected that the availability of utilisation-based shipping rates over a period of three years will see a marked swing towards dense packaging.

An increase of 3 per cent was negotiated during the year for the 1978/79 Japan/Korea shipping rate, compared with 7.25 per cent in 1977/78; and 3.5 per cent for East Coast USA, compared with 7.1 per cent in 1977/78. The European rate increases for 1978/79 and 1977/78 were, respectively, 4.2 and 10 per cent. In addition to the above, preferential rates were established for Jumbo packs in the Japan/Korea and East Asia trades.

Some 11,700 tonnes (78,000 bales) of Corporation stocks were shipped through a non-Conference carrier (ABC Line) at a "box" rate. Although the container payload was relatively low, at 10,000 kg. per 20 ft. general cargo container, the overall freight saving was still significant and the exercise proved to be of assistance to the Corporation and its partners in the Wool Commodity Group in preparing for future freight discussions.

Non-Conference operations were also used in the Japan and West Coast North American trades. Both provided savings and were influential in subsequent tariff negotiations.

In materials handling, work associated with the 3-Bale Compactor project assisted bale-strapping technology, with establishment of data for pressure and density relationships not previously known. This will be of immediate benefit in adapting existing presses for higher density work, as well as being valuable in designing future presses for the industry. Work has also started on such methods of lifting large masses of wool as in containers or USLM (United Sling Loading Method) blocks from ground level without expensive gantry cranes or large-capacity lift trucks, and on the use of air film devices for in-store movement of very dense and unitised packs.

A major study involving collection and consolidation of data on the physical flow and cost of wool movement from farm to shipside was completed during the year. This is the first such detailed examination on a national scale and the work will form the basis for future assessment of more efficient ways of transporting wool by land. The Corporation hopes, ultimately, to have a complete national analysis of all aspects of dumping, wharfage, clearing house operations, and transport.

Section 3 - MARKETING OF WOOL PRODUCTS

INTERNATIONAL WOOL SECRETARIAT

At the end of 1978/79, the International Wool Secretariat had branches and offices in 30 countries. The number has slowly increased over the years, with the growing importance of certain developing countries as processors and exporters of wool products.

Although patterns are slowly changing, most wool still finds its way ultimately to the developed, wealthier economies of the northern hemisphere. Japan, West Germany, the United States, the United Kingdom, Italy and France account for approximately 70 per cent of final wool consumption, outside the socialist countries. Most of the IWS budget continues to be spent in the "Big Six", for it is here that advertising to the consumer pays the greatest dividends.

THE ECONOMIC SITUATION

After a slow start to 1978/79 the world's wool textile industry picked up momentum during the second half of the year, only to show signs of faltering again towards the end.

In the early months activity was little better than sluggish, but in February a combination of several factors contributed to a surge in wool demand and prices which generally held up strongly until the end of the season.

Factors producing the sudden upturn included political and economic uncertainties surrounding Iran and its oil supplies and the China/Vietnam conflict, which tended to prompt a widespread move into commodities. Other factors were more directly related to textiles, such as increasing synthetic fibre prices and the relatively low stocks of wool in the major consuming countries.

Activity picked up considerably at the early processing stages, but it soon became clear that this was not likely to lead to a sustained recovery. The increasing wool prices were not matched by a proportionate improvement in demand right along the industry pipeline and business at the retail end generally remained quiet.

In the nine major consuming countries virgin wool consumption (at the carding stage) fell by about five per cent during the year - mostly due to decreased activity in Japan where, in an effort to reduce stocks of wool yarns, worsted yarn production was restricted under a cartel.

The oil crisis - focal point of all the uncertainties on the world economic front - did nothing to boost the textile industry's confidence during 1978/79. Synthetic fibre manufacturers were, perhaps, worst affected as oil prices and shortages pushed up the costs of much of their feedstock. IWS branches were quick to exploit the idea of wool as a warm fibre in the context of energy conservation.

END-PRODUCT ACTIVITIES

IWS branches concentrate their efforts in support of the major uses for wool - men's and women's outerwear, knitwear, carpets and 'special products,' a term covering several important outlets, including protective clothing, uniforms and blankets.

Promotional activities vary from country to country, reflecting local circumstances. However, all branches work to a corporate marketing brief and benefit from central fashion and marketing services.

Some of the important developments are summarised below:

Menwear:

In a highly competitive market area, in which jeans remained a major element, virgin wool usage declined slightly to 113 million kg. But at the same time the strength of IWS marketing policies was reflected in the increased volume of wool merchandise carrying the Woolmark label and in the expansion of the 'Man in Wool' promotion for formal clothing. 'Man in Wool' is now established in 23 countries.

An important initiative in November 1978 was the trade launch of a new campaign called 'Wool Club.' Designed to promote wool in the fast-growing market for sportswear and informal clothing, it was to be launched at consumer level in the major branches in autumn 1979.

Womenswear:

The first full year of a three-year programme aimed at revitalising the declining womenswear market for wool produced encouraging results. The decline was not only halted but virgin wool consumption, boosted by consumer enthusiasm for natural fibres, rose 9 million kg to 13 million kg.

For the first time since the early 1970s pure new wool products gained at the expense of both wool-rich and wool-poor blends - although blends still accounted for almost half of all the wool used in womenswear.

During the year the IWS set out to improve the variety of wool and wool blend fabrics to meet the growing demand from garment manufacturers.



IWS promotions often seek out special segments of the market. Working with leading manufacturers, the Wool Bureau (US branch of the IWS) has launched the "Career Collection" (left) to appeal to an estimated 2.8 million American women earning more than \$15,000 a year. The "Wool Club" campaign (right) is aimed at promoting wool in sportswear and informal clothing for men in major Northern Hemisphere markets.

The outcome was a marked increase in the number of fabrics shown at important international fairs such as Interstoff in Frankfurt (where in 1979 more than 6,000 new wool and wool blend cloths were exhibited) and the IWS fabric convention in Tokyo - now recognised as the key wool fabric centre in Asia.

Knitwear:

Wool increased its market share for the third successive year. While there was no increase in total fibre usage in knitwear, consumption of virgin wool rose 5 per cent to 87 million kg. Superwash knitwear production remained static. The hand-knitting yarn market continued to grow and virgin wool usage rose to 48 million kg.

With the Shetland boom past its peak, the IWS stepped up its work on the creation and development of new yarns.

It continued to encourage knitwear licensees in Hong Kong, South Korea and Taiwan to trade up and to produce the quality and range of merchandise required by the major importing countries. Utilising its extensive marketing services it launched a new promotion - 'Woolmark International 1979' - comprising almost 200 garments for display to industry and buyers from all over the world.

Outside Asia, the IWS broadened its involvement in international trade fairs for knitwear.

Carpets:

The overall market was generally depressed, but wool performed fairly well. In the major consuming countries, wool usage in woven carpets fell 2 per cent; in tufted it increased 10 per cent. The net effect was a consumption gain of about 2 million kg.

Wool stays firmly established at the top end of the market and it was noticeable during the year that manufacturers producing good quality wool carpets did better than those using cheaper fibres and concentrating solely on price.

At Helmtéxtil, the international carpet fair in Frankfurt, manufacturers introduced a large number of new Woolmark ranges, which drew encouraging business. The IWS stand at the fair took a new approach, displaying technical, design and colouration developments as an example of the way new ranges might suit the future development of the market.

The IWS carpet classification scheme - designed to give consumers an accurate indication as to how particular carpets perform - is now operating in 8 countries.

Special Products:

The IWS set up a special products group in 1977 to lift wool consumption in bedwear, furnishing fabrics, uniform and career apparel, protective clothing and unconventional products grouped together as 'new market outlets.'

IWS researchers have developed wool products offering protection against extreme heat and extreme cold, fire hazards and severe wear conditions, and in market sectors where such requirements are present there is considerable potential for wool.

In its efforts to promote wool usage in special products, the IWS relies heavily on a technical marketing approach - i.e. it has researchers constantly working to improve existing products, and marketing people taking new developments out to those specialised areas where they are likely to be of most benefit.

The European branches - particularly Germany - made considerable progress in lifting wool's status in the protective clothing and uniform markets. Trials with wool fabrics that protect against molten metal splash were started in a number of iron and steel works and initial results were encouraging.

In bedwear, wool continued to win popularity as a filling in quilts.

Woolmark

Woolmark, the world's best-known textile symbol, passed further milestones. The number of licensees moved beyond 14,000 and the number of countries where Woolmark is established rose to 51. Sales of Woolmark labels for all products increased 10 per cent to 384 million. The most notable growth was in menswear and knitwear. The influence that the Woolmark has with consumers was illustrated in Germany where market research indicated that consumers were willing to pay up to 20 per cent extra for wool products carrying the Woolmark.

In the UK consumers were asked to compare nine well-known trademarks and symbols. The Woolmark topped the consumer list for quality and was rated second as 'value for money.'

The Woolblendmark — sister symbol of the Woolmark and denoting that a product contains at least 60 per cent new wool — made progress in womenswear. The number of Woolblendmark licensees increased during the year to more than 3,100.

Merino Extrafine Wool

The special promotion for wools of 19.5 microns and finer, under the 'Merino Extrafine Wool' banner, was launched and initial work by the IWS centred on the development and introduction to industry of a host of new products such as blouse and shirt fabrics and knitwear. The campaign caught the imagination of the trade; stocks of very fine merino wools were substantially reduced during the year and prices steadily strengthened.

Wool and the Energy Crisis

As the oil situation worsened, major IWS branches were quick to point out to the retail trade, through advertising and public relations, that they would be wise to carry additional stocks of wool products in the northern winter of 1979/80. Retailers were reminded that one way in which consumers could conserve oil was to turn down the thermostat in centrally heated premises and wear more wool — the fibre most readily associated with warmth.

Research and Development

The bulk of IWS research and development work is carried out at its Technical Centre in Ilkley, Yorkshire. Pressure on facilities there eased considerably during the year with the opening of a 30,000 sq. ft. extension to the pilot plant.

But on a budget that was decreasing in real terms, operating economies had to be made and a number of sponsored research projects were curtailed.

Research and development work fell into three general categories:

- Developing new methods, or improving existing ones, for processing wool;
- Developing new products from wool; and
- Providing an on-going technical service for the wool-using industry.

Major projects during the year included further work on the Superwash treatment, flame-resist and mothproofing processes, scouring, dyestuffs, the development of yarns and fabrics from Merino extrafine wools, printing techniques, protective clothing, carpet yarns and wool-filled quilts and other bedwear.



The final test for most Australian wool is the overseas shop floor. Here, Woolmark and Superwash knitwear are on sale at a chain store in Seoul, South Korea. Although Korea exports most of the goods it makes from Australian wool, the domestic market has been growing rapidly.

PRODUCT MARKETING IN AUSTRALIA

Wool was able to hold its position in an Australian textile and clothing market once again characterised by a sluggish economy and strong competition from imports. The Woolmark continued to be the focal point of marketing strategy under the umbrella of a strong corporate advertising campaign stressing wool's superior quality, value, comfort and fashion aspects, while fashion trends continued to move slightly in favour of wool.

Recognition of the Woolmark in Australia is unusually high, achieved with promotional funds no greater in proportion to population than those in international Wool Secretariat branches. Surveys have shown 91 per cent of Australians recognise the Woolmark and 84 per cent understand it: comparable to the highest proportions attained within the IWS network.

Forecasts suggest that net Australian consumption of wool will, when final figures are available, be 28.1 million kg. in 1978/79, an increase of 3.8 per cent on the quantity consumed in 1977/78 and equal to that for 1976/77. (The amounts are equivalent to 285,000 and 280,000 bales, respectively). Wool was forecast to have increased its share of the menswear, womenswear, knitwear and blanket markets. The two sectors showing a decrease in the share held by wool, hand knitting yarn and carpets, were subject to strong import competition from synthetic products, carpets from the USA and hand knitting yarn from South Africa.

The Corporation's International Fabric Centre at Wool House was officially opened in December 1978. Samples of hundreds of fabrics as well as yarns and other textile information have been gathered at the centre from Germany, UK, Italy and Australia for use by Australian manufacturers and retailers in development of wool ranges.

The Corporation has co-ordinated a programme to expand the market for Australian-produced wool worsted fabrics through development of increased exports of men's fashion suits, jackets and trousers. This followed the Commonwealth Government's announcement in mid-1977 that import quotas for the textile and clothing industries would be provided for three years, during which time the industries were expected to make efforts to improve their organisation and efficiency.

The worsted weavers believed this would require them to expand into export markets. Together with several leading menswear manufacturers, they approached the Government for assistance with an export feasibility study. The Corporation, through its affiliation with the International Wool Secretariat, was able to provide details of colour, design, styling and making-up requirements for the markets surveyed. A pilot survey in 1978 indicated that Japan holds the best prospects for sale of Australian menswear and worsted fabrics. A mission will visit Tokyo in November 1979 for detailed assessment of the potential.

The fashion trend towards natural fibres has been of assistance to wool in the Australian garment market, especially as it is now encompassing worsted fabrics using finer wools, the main Australian wools. However, other fibres have been competing strongly to exploit this trend. Cotton, for example, has been popular in winter-type materials, such as velour, corduroy and brushed cotton fabrics and synthetics have sought a wool-like appearance with materials containing either minority proportions of wool or no wool at all.

Superwash, the programme guaranteeing that knitwear so labelled can be washed by machine without damage, has been an important success story, despite some temporary difficulty for manufacturers in obtaining the yarn. It is estimated that nearly half a million Superwash garments — more than two-thirds of them men's knitwear — were sold in Australia during 1978/79. This compares with sales of 322,000 garments in 1976/77 and 383,000 in 1977/78. Superwash provides an added dimension to the Woolmark programme at all price levels, although the marketing emphasis has been on the medium price section of the market. The broad marketing approach has been to maintain high performance standards for Superwash garments, where possible improving on existing technology and increasing consumer desire for this type of performance in pure wool garments.

The Corporation completed planning for introduction to Australia of the IWS Merino Extrafine Wool campaign to promote a superior range of products, especially knitwear. The main campaign will begin in the autumn/winter season of 1980,

although one major manufacturer-retailer had already introduced Merino Extrafine Wool products for autumn/winter 1979.

The Corporation continued its surveys of representative samples of the population of capital cities to evaluate the effectiveness of wool advertising, both by the Corporation and others. Surveys also examined the awareness of and attitudes to wool of ethnic communities.



Car seat covers are offering a useful new market to wool. The Merino ram - shown with optional extra wool blend seats from a new Ford XD Falcon - seems suitably impressed.

The Corporation published for the first time a *Buyers Guide* for womenswear, and for menswear, childrenswear and knitwear products. The guides, to be produced annually, give retailers a comprehensive account of new wool merchandise available from manufacturers, many of the garments originating from the Corporation's styling and design advisory services.

Use of wool as a major material for motor car upholstery increased rapidly and this promises to be an important market in the 1980s. Ford Motor Co. of Australian Ltd. introduced wool-rich blend seat covers as an optional extra for its 1979 models. Australian Motor Industries Ltd. has gradually introduced wool covers as a standard item for its Toyota range over the past four years and the company now produces more than 240 Toyota cars daily upholstered in wool. Another motor vehicle manufacturer using wool for upholstery is Kenworth Trucks Pty. Ltd. The swing towards wool-based seat covers for motor vehicles in helping offset in the furnishing market reduced opportunities in recent years due to stagnation in the building industry.

Other activity by the Corporation in product marketing within Australia included:

Childrenswear:

Childrenswear has been a difficult market for wool for many years, due to consumer reluctance to pay for a premium fibre when children soon grow out of garments. Superwash has been of some assistance in winning a growing, but still small, market share. There was an increase from 32 to 38 during 1978/79 in the number of Woolmark and Woolblendmark licensees for manufacture of childrenswear in Australia, the largest increase for some years. This followed increased Corporation activity through colour and design advice, including styling ideas based on an Italian collection received from the IWS. The Corporation showed the resulting ranges to the retail trade throughout Australia, using a "Kids in Wool" theme.



Home knitting, by both hand and machine, is a useful market for wool in Australia. The picture was taken at a parade of garments featured in "Handknitting With Wool '79", a pattern book the Corporation published commercially in association with manufacturers.

Handknitting:

The Corporation continued to encourage domestic as well as commercial knitting. A new approach adopted was publication in April of a *Hand Knitting With Wool '79* book. Yarn manufacturers supplied 28 knit and crochet patterns and all 50,000 copies of the book were sold within a few weeks, to commercial outlets. A knitting club news magazine, *Knit Knacks*, followed, giving patterns and tips for machine knitting and news from more than 30 knitting and machine knitting clubs around Australia.

Carpets:

The IWS Woolmark Carpet Classification Scheme became mandatory from December for Woolmark carpets on sale in Australia. Preliminary figures indicate an improvement in sales since. All major carpet manufacturers in Australia are taking part in the grading scheme, which classifies carpets according to their intended use into light, medium and heavy duty and decorative categories.

The Corporation continued to promote Berber carpets - those in natural wool tonings - as market leader in home textiles and they now account for the majority of sales of pure new wool carpet to the domestic market. The first felted-process carpets were introduced to the Australian market during the year, using a process developed by the IWS, and additional manufacturers were preparing to launch them in 1979/80. The felting process, which is possible only with wool, gives a bulkier, luxurious appearance which should assist the popularity of wool in lighter constructions, but also allow a wider range of constructions at the more expensive end of the market.

OVERSEAS MARKET DEVELOPMENT

Wool consumption in the USA has continued the improvement shown over recent years since the precipitous decline of the early 1970s and in 1978 passed the 100 million kg. mark for the first time since 1972 to reach 105.6 million kg. (clean), compared with 96 million in 1977 and 64.3 million in 1974. Approximately 93.5 million kg. of this wool was apparel type and 11.9 million for carpets. Imports of raw apparel wool amounted to 12.2 million kg., of which 9.6 million came from Australia. Though this figure is in keeping with the average volume of Australian raw wool exported over the past decade, the more important statistic was the estimated 26.3 million kg. of Australian wool content of imported textiles, compared with 23.3 million in 1977. This made a total net weight of Australian wool imported into the USA during 1978 of 35.9 million kg., compared with 33.6 million in 1977, the greatest quantity since at least 1971.*

The US wool processing mills use predominantly American-grown wool - 74 per cent in 1978. Australia must compete for the relatively small imported raw wool market with South American and other wools. American manufacturers look on Australian wool principally as a premium wool, especially for pastel shade fabrics, where its freedom from dark fibres is required.

Although the proportion of imported wool textiles has risen rapidly over the last few years, the trend now appears to have "peaked out", at least temporarily, in 1978/79, at around equal shares of the market for imports and American-made goods. This is largely because the US worsted industry has become more competitive and fashion conscious under the impact of intense competition from imports. The knitwear sector is, however, now predominantly supplied by imports.

Wool has had major setbacks in the men's trouser market in North America and the Corporation has taken a strong marketing initiative in an endeavour to restore wool in this end use. A sales support programme with major US makers-up will encourage 20 to 25 per cent wool usage in selected products, principally men's slacks. The phrase, "Fine Australian Merino Wool" will be used as point of sale identification. The garments were to go on sale at the end of the Northern summer.

Existence of the Corporation stock of raw wool in the US over the past four years has been of assistance to the domestic mills and the indications are that it has helped some firms to continue using wool, because of the guaranteed supply offered. Heavy sales from stocks in the early months of 1979 reduced the stockpile at the end of the financial year to the lowest point since its establishment.

Australia and the US Government reached agreement in principle in March, as a consequence of the GATT Multilateral Trade Negotiations, on trade agreements which included a 60 per cent reduction, spread over three years, in the US tariff of 25.5 cents a pound on raw wool of finer than 44s count (equivalent to about 30 micron). At June 30 this agreed reduction had still to be ratified by the Congress. Estimates based on current exports suggest that it could, when applied, increase Australian export income by between \$8 million and \$13 million annually.

Other Markets

A Corporation delegation led by the late Chairman visited the People's Republic of China in December, following a visit to Australia the previous year by the representatives of Chinatex, the Chinese Textile Import and Export Corporation. The Corporation's main role for the present will be to assist China to modernise its textile industry and become a larger customer for Australian wool. At this stage, the emphasis has been on providing skills and information designed to improve productivity and establish a realistic costing basis for the industry in its present form. Over the longer term, China plans to build a "model" mill and then re-equip existing mills as well as build new ones. Liaison is being maintained with the International Wool Secretariat to assess the best method of assisting the Chinese wool textile industry with marketing and technical services and provision of Woolmark for both domestic and re-export production.

* The quantities reported are from US Department of Agriculture statistics, except for those concerning Australian wool content of imported textiles, which are estimated by the Wool Bureau Inc., the US branch of the International Wool Secretariat.



Australian Wool Corporation and International Wool Secretariat delegations visited the People's Republic of China during 1978/79, endeavouring to stimulate the market for wool. The picture shows a wool sorter at a mill in Shanghai, the biggest textile centre.



Indonesia's traditional Batik wax-printing process is a likely market for Australian wool in a wool blend fabric. The photograph shows workers at an Indonesian factory dyeing the new fabric.

Several years of market development work have been behind development of a specification for Woolblend uniforms to be worn by Indonesian military forces. If the Corporation is able to secure the contract, the uniform fabrics, to be made by Indonesian textile mills, will comprise 45 per cent Australian wool and 55 per cent polyester. The initial order is expected to be around 600,000 metres of cloth. The Corporation and CSIRO Division of Textile Industry have worked with the Institute of Textile Technology, Bandung, in developing the fabrics on which the tender specification is based.

The Corporation has also assisted Indonesian mills, particularly with spinning and package yarn dyeing, in manufacture of menswear fabrics and a range was produced during the year for a large marketing trial. A third area of product development being pursued in Indonesia is that of wool/cotton blend fabric to be used as a base for the traditional batik wax-printing process. Corporation staff developed a new batik printing technology which was introduced early in 1978/79 by the largest Indonesian commercial batik manufacturer. A 55/45 wool/cotton blend fabric was also developed and wool-blend batik fabric shown to be a commercial proposition. Export to Europe is the main marketing avenue being considered, but domestic potential is also being evaluated.

In Iraq, the Corporation mounted a display at the Baghdad International Trade Fair in October and staff visited Iraqi mills as part of continuing discussions. Contact also continued with Algerian authorities, following an earlier visit. Both countries, if various technical problems can be overcome, have the potential to be bigger customers for Australian wool.

Section 4 - PROPERTY

The Corporation's gross income from its storage facilities in 1978/79 was \$8.7 million and stores operating expenditure amounted to \$2.3 million, leaving a surplus of \$6.4 million, which was allocated to general Corporation activities.

Capital expenditure on stores under Corporation control amounted to \$2.2 million during 1978/79, compared with \$1.6 million in 1977/78. This included developmental projects, the modernisation of several older stores and minor works.

The Corporation believes capital expenditure of this order on the stores is a valuable investment on behalf of the wool industry. Most stores controlled by the Corporation were built during World War II and the Corporation's responsibility is to administer them without cost to the Commonwealth Government, so that they are available for use again if ever war prevents export of the wool clip. The Corporation is able to lease them at a profitable rental, but only if they meet modern standards.

Most potential lessees will not accept stores that were built for the emergency conditions of wartime nearly 40 years ago and it is now proving difficult to let stores that have not been substantially modernised. Capital works to improve the stores have now been underway for some years, and the Corporation has introduced a long-term development plan which will result in a significant increase in rental. The plan has been designed to:

- Fulfill statutory requirements to ensure the availability of properly maintained wool stores for use during a national emergency.
- Provide modern storage facilities allowing the best use of material handling equipment, so as to reduce the cost of handling and storage of Reserve Price wool.
- To maintain the viability of commercial rental activities to ensure a continued income over the medium to long term when the need to support promotional funding may reach a peak.

Capital works completed in 1978/79 included doubling of floor area of Store "B" at Brooklyn in Victoria and extension of Store "A" at Port Adelaide. These are two of the Corporation's newest - and largest - storages. At Hendra, in Queensland, a new hardstand area and remodelling of three more stores have further improved that industrial estate, while extensive road works, re-cladding and electrical wiring of older stores - spread throughout all States - have continued the general programme of store improvement.

About a quarter of the storage space is used by the Corporation for storing wool purchased under the Reserve Price Scheme. The remaining storage space is available for rental by commercial clients, among them some of the largest companies in Australia.

The Corporation at present administers 282 stores with a floor area of 911,500 square metres, excluding the Sydney Wool Centre. This compares with an original area of 1.2 million square metres in 407 timber stores, constructed during World War II to stockpile eight million bales of wool. The total valuation on the stores is now more than \$50 million, plus another \$20 million for the Sydney Wool Centre.

The Sydney Wool Centre at Guldford (Yennora) comprises total storage space of 225,000 square metres and is operated and accounted for separately from the storage facilities described above. It includes an additional building of 9,100 square metres used by the Corporation to store wool bought under the Reserve Price Scheme and to house a research and development workshop; and the main Sydney Wool Centre, which is permanently leased to Sydney Woolbrokers Ltd., a consortium of brokers operating in Sydney, Wooldumpers (NSW) Ltd. and the Australian Wool Testing Authority. The Corporation operates the Centre on a no-profit/no-loss basis, as part of the arrangements agreed to in the early 1970s for establishing the Centre. The Minister for Primary Industry has appointed a committee of inquiry to examine the future of leasing arrangements at the Centre in view of changes, including the advent of Sale by Sample, since they were formulated.

Section 5 - RESEARCH AND DEVELOPMENT

Some \$12.02 million was dispersed through the Wool Research Trust Fund during 1978/79, of which approximately \$5.58 million went to organisations other than the CSIRO and Bureau of Agricultural Economics. The grower contribution to the Trust Fund in 1978/79 through the 3 per cent research and promotion component of the Wool Tax amounted to \$5.63 million, of which the Fund had received only \$1.93 million by June 30, 1978, with the balance to be credited early in 1979/80. The Commonwealth Government contributed some \$3.10 million with a further \$6.99 million coming from reserves and generated income. The arrangement that 80 per cent of CSIRO and BAE wool research be financed from the Commonwealth Treasury and 40 per cent from the Wool Research Trust Fund, as recommended by the Industries Assistance Commission, was fully implemented for the first time.

The Trust Fund complements other work by CSIRO, BAE, State Departments of Agriculture, universities and other research organisations by providing funds for priority areas of research and for innovation. The research categories considered to be of the highest priority are: wool harvesting (shearing), fertilizer usage, sheep blowfly control and new, denser ways of packing wool.

The Corporation recommends to the Minister for Primary Industry on allocation of money from the Trust Fund to organisations other than CSIRO and BAE and is required to comment, from the wool industry point of view, on CSIRO and BAE programmes. The Corporation also recommends grants to individuals and private and commercial companies. Each research category is supervised by a committee of the Corporation, with members, staff and outside experts represented and information on all Wool Research Trust Fund projects recommended by the Corporation is published separately each year. The amounts allocated to each research area within the categories and to each institution are listed in tables 13 and 14.



Alain de Cadanet, second in the 'World Manufacturers' Championship race at Silverstone, Britain, in May, wears flame-resist treated wool overalls and underwear for protection should he find himself in a hot spot.

The wool suit - textile research in action - consists of pure new wool Zirpro flame-resist underwear and an outer overall of 85 per cent Zirpro-treated wool/15 per cent glass fibre. A wearer exposed to flame and intense heat should have 25 seconds to escape before suffering second-degree burns.

Production Research

The total budget recommended by the Corporation for Production Research in 1978/79 amounted to approximately \$2.3 million, supporting some 120 projects in the research areas of interest to the wool industry, which include fertilizer usage, blowfly strike control, pasture management, reproduction, genetics, nutrition, disease control, farm management and provision of research facilities and training.

Superphosphate, important for maintenance of the improved pastures which support most Australian sheep, is derived from a diminishing resource and should be used as economically as possible. The Wool Research Trust Fund supports projects aimed at determining more exactly the fertilizer requirements and type of fertilizer to be used for different soil types and climatic conditions in a number of regions of Australia. The time of year that fertilizer is applied can influence the efficiency of its usage.

Work is underway on the use of sulphur or sulphur-rich fertilizers and to define more clearly the effect of trace elements on pasture and animal production. Deficiencies of key elements such as selenium seem to cause a substantial fall in productivity without any clinical signs of deficiency being present. The Corporation has established a register of fertilizer usage research to encourage co-ordination.

A project at the Department of Soil Science and Plant Nutrition at the University of Western Australia is working on techniques needed to produce mycorrhizal fungi which can assist pasture and crop plants to take up phosphorus and other elements from the soil. Inoculation of plants with particular strains of the fungi has allowed plants to grow normally in soil with only half the usual concentration of phosphorus needed for growth. The fungus apparently assists the plants to absorb nutrients from the soil by effectively increasing root area.

A National Symposium on Sheep Blowfly and Flystrike in Sheep was held in June by the Department of Agriculture, NSW, in association with the Corporation. Industry funds support work covering genetic control, chemical control and factors influencing the attractiveness of sheep to flystrike. Skin and fleece characteristics are being defined to enable breeders to select less susceptible sheep.

Increasing effort is being made to examine the biology and biochemistry of important internal parasites with a view to breaking their life cycle. Substantial losses in production can be sustained in some environments if parasites are not controlled adequately. Resistance to anthelmintics is occurring in internal parasites and, while control is not difficult at present, the research must proceed because present drenches may become less effective in time.

In another effort to provide research workers in the sheep and wool industry with up to date information in their field of research, CSIRO and the Corporation produced the Australian Sheep & Wool Information Service, a current awareness bulletin on biology and production. It reduces the time needed to search the voluminous literature in agricultural science in related fields for published research papers relevant to sheep and wool biology and production. The items are organised into groups representing the major research fields: sheep physiology; sheep nutrition; genetics, breeding and reproduction; disorders; production wool; production non-wool; economics; and Australian extension material.

Textile Research

The textile research programme is directed towards maintaining the competitive position of wool as a fibre in textile processing and product performance. Some important technical developments were:

Effluent Treatment

Development of an economical process for treatment of highly polluting wool scour effluent is an urgent requirement. Rapidly rising costs for effluent disposal, and even total prohibition on discharge of industrial effluent, have already resulted in closure or relocation of some overseas scouring mills.

Several alternative processes have been developed by Australian research teams. The CSIRO Lo-Flo process and the University of New South Wales Hot Acid Flocculation plant have both been installed in mills in Australia and the UK for industrial

evaluation, with encouraging performance. A biological treatment plant developed by the University of NSW has reached the industrial prototype stage and looks especially promising for treatment of highly concentrated effluent.

Fabric Printing

A jet printer developed by the CSIRO Division of Textile Physics is capable of very fine pattern definition and rapid changes in design and colour. This versatility makes it particularly suitable for printing wool fabrics, because of the large range of designs and relatively short production runs which characterise wool fabric manufacturing.

Considerable progress has also been made towards dry transfer-printing of wool fabrics. The large market for transfer-printed textile goods is currently dominated by polyester, as that fibre has a particular affinity for the disperse dyes used on printing papers. A collaborative research programme between CSIRO Division of Textile Industry and the International Wool Secretariat has resulted in development of a process which greatly enhances the quality of transfer printing on wool.

Rapid Wool Carbonising

The University of NSW has completed specifications of new wool carbonising machinery. The objectives in designing the plant were to ensure efficient carbonising of the burr, at a very high production rate, while minimising mechanical and chemical damage to the wool. As a first stage in the industrial evaluation of this process, a rapid acidizer has been built and is undergoing trials in a Melbourne mill.

Processing Wool on Short-staple Machinery

Increasing interest is being shown in wool processing by those Asian countries where there is a well-established textile industry, equipped with modern short staple (cotton) machinery, but with no history of worsted processing. Whilst machinery designed specifically for wool can readily be used to produce blends and synthetic products, the reverse situation does not apply. Given the lack of economic incentive for textile machinery manufacturers to develop wool-specific machinery, there is an urgent need to develop the technology for processing wool on the cheaper and more versatile cotton system, if wool is to retain its competitive position in the future textile fibre market. Significant progress has been made towards this objective at the CSIRO Division of Textile Industry.

Other Textile Research Projects

Several research projects are devoted to development of special treatments to impart new or improved performance characteristics to wool fabrics. Particular fabric properties under investigation are dimensional stability (shrinkproofing), wrinkling behaviour, flammability and mothproofing.

A University of NSW research team is studying the mechanical properties and tailoring capacity of fabrics, with a view to establishing objective specifications for fabrics, to meet particular end-use requirements.

Wool Harvesting Research

The Corporation was host to "AWHCON '79", the Australian Wool Harvesting Conference, in May, marking a milestone in the six-year-old programme of research centring on new methods of wool removal. The Conference brought together for the first time research workers from the many fields involved, as well as grower representatives, for a wide interchange of ideas and information.

It has become apparent during the six years of the research programme, however, that development of novel wool harvesting systems such as automated shearing or biological defleecing is extraordinarily difficult and of similar scientific and technological complexity to the development of major industrial processes rather than typical agricultural innovation.

The Corporation recommended approximately \$900,000 of Wool Research Trust Fund finance to wool harvesting research and development during 1978/79, and total expenditure, including CSIRO projects, was approximately \$1.25 million. Activity during the year in the various categories of research included:

Automated Mechanical Shearing

The Musheep project at Melbourne University began work during the year on sheep presentation equipment and wool removal devices and the University of Western Australia constructed a computer-controlled automated shearing rig and began simulation tests. CSIRO Division of Textile Industry, which had been working on automated shearing since 1975, completed trials on their second mechanical prototype in October. The importance of high speed close proximity sensing became evident during the year. The rig operates at present without forward sensing, severely limiting the speed of a shearing device.

Physical Wool Severance

Understanding of wear mechanisms in combs and cutters may lead to long-life combinations useful to automated as well as traditional shearing and help produce improved handpiece design. Experiments during the year covered this and the use of combs coated with polymer PTFE to reduce grease build-up during shearing. The Corporation has also commissioned manufacture of small, high-power electric motors for coupling direct to a conventional cutting head, as a possible way of improving handpiece manoeuvrability. Field trials indicate that sufficient power is available in these small, hand-held motors to shear sheep.

Biological and Chemical Defleecing

CSIRO is investigating a range of chemicals for use as defleecing agents. Possible techniques are based on complete cessation of follicle activity. Queensland Department of Primary Industries has been studying means of fibre loosening and removal. Both these techniques require the subsequent protection of nude animals against environmental stress. Alternative methods being pursued involve merely weakening the fibre so the fleece is retained on the animal until it is intentionally removed.

Among other projects, the Victorian Department of Agriculture is investigating wider application of the natural wool shedding of the Wiltshire Horn Sheep and its crosses; the Western Australian Department of Agriculture is investigating problems of implementing biological defleecing techniques and development of animal coatings suitable for south western WA; and Staybond Pty. Ltd. is developing protective coating for nude sheep.

Mechanical devices were successfully developed during the year to remove a variety of weakened fleeces. The most difficult problem, however, is to find a reliable non-toxic depilatory agent which can easily be administered to sheep and which satisfies Federal registration regulations.

The Queensland Department of Primary Industries is also investigating external application of chemicals to sever wool near skin level. A number of compounds have been evaluated. The main problem is to avoid general damage to wool fibre while it is being dissolved.

Other Developments

A novel mechanical restraint device has been developed which enables the sheep to be caught and positioned easily for shearing, with reduced physical effort. It has been designed for operation on the shearing board, using traditional methods of catching and releasing. A rotary sheep delivery platform, constructed and tested successfully, offers one sheep at a time to an operator, with a minimum of penning-up time. An inclined, circular dome wool rolling table, which has also reached the stage of successful trial, allows the fleece to be easily thrown and inspected and is designed for easy transport.

All State Departments of Agriculture are co-operating with the Corporation to produce a comprehensive manual of wool harvesting equipment, which should be available during 1980.

Distribution Research

Establishment of preferential freight rates for shipping wool from Australia in dense bales has encouraged research into high density wool pressing and cost saving ways of moving wool from the shearing shed to ship site. Trials with nylon packs show they can be re-used many times in conjunction with a Jumbo baling press

packaging the wool in final form. This combination is being claimed by a commercial operator to give complete freedom from pack contamination.

Progress continues with a "continuous press" capable of dense pressing at the shearing shed or a regional depot. Successful development of such a shed press will require a means for "grab sampling" full length wool for display from densely pressed bales. The Corporation is progressing towards achieving this.

Early studies indicated the savings to be obtained through growers leasing automatic self-pinning wool presses for conventional shed baling. The Corporation has embarked on a trial leasing programme with a selected commercial operator to test woolgrowers' reaction and determine, under practical conditions, the nature of savings that may exist.

Ground work for future wool sale with additional measurement was undertaken by the University of New South Wales, the Australian Wool Testing Authority and CSIRO. The Wool Research Trust Fund supported colour and length measurement developments to the stage where satisfactory techniques and equipment were developed for the commercial trials with the wool trade in 1979/80. There was also progress towards development of techniques for strength measurement.

ECONOMIC STUDIES

The Corporation has two economic research functions: economic analysis of both the raw wool and product markets and the economy generally for its own needs; and servicing research and development projects financed from the Wool Research Trust Fund. Individual Corporation economic research projects during 1978/79 included studies of:

- Financial implications of the 1973 marketing proposals. This work provided an assessment of the Corporation's possible working capital requirements and trading outcomes under the proposed export market scheme.
- Corporation wool marketing in the USA, including the likely benefits of reduction in the US tariff on raw wool. A substantial, though gradual increase in Australian wool exports should result from the tariff reduction.
- Live sheep and sheep meat exports. The rate of expansion of exports will be lower than in previous years and will depend on political factors, changes in consumer attitudes and improvements in distribution facilities in the importing countries, this study concluded. Given favourable seasonal conditions and prices, the Australian sheep industry has the capacity to supply a steadily expanding market in the long term and this trade should improve the viability of wool producers.
- The recently introduced Export Expansion Grants Scheme (EEGS), which seems likely to stimulate a slightly faster rate of expansion of early stage wool processing in Australia than would have occurred in its absence, with scouring in particular being encouraged. The main weakness of the EEGS in economic terms is that grants are based on export value rather than value-added.
- The impact of the Reserve Price Scheme, indicating the range of likely effects on revenue flows to woolgrowers and the extent to which it has resulted in stabilisation of wool prices.

Other studies were on wool marketing, including structural changes in wool broking, the impact of cost saving innovations in wool handling and measurement, international relocation of early stage processing and analysis of stock levels under the Reserve Price Scheme.

TABLE 13

WOOL RESEARCH TRUST FUND

Statement of Receipts and Expenditure
for the Wool Research Trust Fund for the period
July 1, 1978 to June 30, 1979

	\$	\$	\$
Research Section			
Balance as at July 1, 1978			14,972,967.91
RECEIPTS			
Industry Contribution - Wool Tax	1,931,894.64		
Commonwealth Contribution	3,100,000.00		
Interest on Investments	1,293,101.04		
Sale of Wool/Sheep	212,258.02		
Sale of Assets	53,405.89		
Repayments of Unexpended Grants	353,424.88		
Other Receipts	117,222.45		
			<u>7,061,306.92</u>
Total Receipts			22,034,274.83
EXPENDITURE			
Production Research			
CSIRO (See Footnote 1)	2,865,374.00		
State Departments	1,251,587.31		
Universities and Research Institutes	787,558.26		
Other Organisations (including Australian Wool Corporation)	29,588.00		
Studentships	172,857.11		
Advisory Committee/Expert panels	17,328.94		
			<u>5,130,586.72</u>
Total Production Research			5,130,586.72
Wool Harvesting Research			
State Departments	72,467.00		
Universities and Research Institutes	292,283.00		
Other Organisations (including Australian Wool Corporation)	351,934.00		
Studentships	5,200.00		
Advisory Committees	20,500.00		
			<u>742,384.00</u>
Total Wool Harvesting Research			742,384.00
Distribution Research			
Universities and Research Institutes	124,475.00		
Other Organisations (including Australian Wool Corporation)	472,957.00		
Studentships	23,580.00		
Advisory Committee	3,850.00		
			<u>624,862.00</u>
Total Distribution Research			624,862.00

1. Some Wool Harvesting Research was undertaken by the Division of Animal Production.

Textile Research		
CSIRO (See Footnote 2)	3,318,316.00	
Universities and Research Institutes	513,855.72	
Other Organisations (including Australian Wool Corporation)	281,110.00	
Studentships	37,947.00	
Advisory Committee	3,505.00	
Total Textile Research		4,134,733.72

Economic Research		
BAE	253,075.00	
Universities and Research Institutes	135,551.00	
Other Organisations (including Australian Wool Corporation)	61,497.00	
Advisory Committee	1,155.00	
Total Economic Research		451,278.00

Australian Wool Corporation Operating Expenses	\$	\$	\$
Research & Development Department	664,492.00		
Corporate Services	274,000.00	938,492.00	
Total Expenditure			12,022,336.44
Balance Research Section			10,011,938.39

FELLOWSHIP SECTION			
Balance at July 1, 1978	167,773.38		
Interest on Investment	8,696.92		
Balance Fellowship Section			176,470.30

BALANCE Wool Research Trust Fund as at June 30, 1979			10,188,408.69
---	--	--	---------------

TABLE 14

WOOL RESEARCH ALLOCATIONS - 1978/79

AUSTRALIAN WOOL CORPORATION	\$
Operating Expenses (Research and Development Department)	664,991
Contribution to Corporate Services, Chairman & Committees	274,000
TOTAL:	938,991

PRODUCTION RESEARCH PROGRAMME ALLOCATIONS - 1978/79

BY ORGANISATIONS

(i) STATE DEPARTMENTS	\$
New South Wales	402,273
Queensland	187,817
South Australia	178,810
South Australia (Institute of Medical & Veterinary Science)	19,870
Roseworthy Agricultural College	23,450
Tasmania	5,045
Victoria	160,508
Victorian Dept. of Crown Lands & Survey	32,304
Western Australia	188,410
Melbourne College of Textiles	2,000
(ii) UNIVERSITIES	
Adelaide	20,170
Australian National University	26,512
Flinders	10,149
James Cook	9,421
La Trobe	17,000
Melbourne	222,817
Murdoch	48,865
New England	131,242
New South Wales	66,804
Queensland	56,438
Sydney	55,138
Tasmania	3,500
Western Australia	117,378
(iii) OTHER ORGANISATIONS	
Australian Journal of Experimental Agriculture & Animal Husbandry (via Victorian Department of Agriculture)	5,000
CSIRO, Central Information Service	18,922

2. Some Wool Harvesting Research was undertaken by the Division of Textile Industry. Additionally, some Distribution Research was undertaken by the Divisions of Textile Physics and Textile Industry.

POSTGRADUATE SCHOLARSHIPS

(i) STATE DEPARTMENTS	
New South Wales	16,175
Queensland	7,400
South Australia	5,200
Victoria	21,418
(ii) UNIVERSITIES	
Adelaide	4,606
Australian National University	32,400
Melbourne	12,000
New England	5,200
Queensland	10,200
Sydney	10,350
Western Australia	8,000
SPECIAL ITEMS	
Advisory Committee/Expert Panels	16,250
Travel and Training	15,000
CONTINGENCIES	
Mandatory Salary Increases	126,000
General Purposes	15,000
Postgraduate Scholarships	38,500
TOTAL:	2,348,938

SUMMARY OF AREAS OF ACTIVITY OF RECOMMENDED SUPPORT 1978/79 PRODUCTION RESEARCH PROGRAMME

AREA OF ACTIVITY	ALLOCATIONS 1978/79
1. Improvement of Soil Fertility Plant Nutrition and Water Use	270,855
2. Improvement, Choice and Establishment of Pasture Species	238,124
3. Control of Weeds, Pasture Pests and Plant Diseases	12,074
4. The Effect of Nutrition of Production and the Use of Forage for Supplementary and Drought Feeding	285,841
5. The Choice and Genetic Improvement of Animals	97,619
6. Grazing Management	68,040
7. Reproduction and Husbandry of Breeding Flocks	422,518
8. Control of Diseases and Parasites	330,303
9. Control of Wild Life and Amelioration of the Environment	32,304
10. Farm Management	30,128
11. Extension	27,889
12. Research Facilities & Training	322,693

WOOL HARVESTING RESEARCH PROGRAMME ALLOCATIONS - 1978/79

BY ORGANISATIONS

(i) STATE DEPARTMENTS	\$
Queensland	33,380
Victoria	1,300
Western Australia	35,830
(ii) UNIVERSITIES	
Melbourne	193,494
New South Wales	16,923
Western Australia	59,700
(iii) OTHER ORGANISATIONS	
Australian Wool Corporation	319,610
Staybond Pty. Ltd.	8,260

POSTGRADUATE SCHOLARSHIPS

UNIVERSITIES	
Melbourne	5,200

SPECIAL ITEMS

Advisory Committees/Working Groups	20,500
------------------------------------	--------

CONTINGENCIES

Mandatory Salary Increases	25,000
General Purposes	26,000

TOTAL: 745,197

SUMMARY OF AREAS OF ACTIVITY OF RECOMMENDED SUPPORT 1978/79 WOOL HARVESTING RESEARCH PROGRAMME

AREA OF ACTIVITY	ALLOCATIONS 1978/79
1. Wool Severance	76,073
2. Shearing Systems Investigations and Development	204,911
3. Chemical Shearing	135,620
4. Sheds, yards, etc. (including MUSHEEP project)	111,583
5. Labour Relations	1,000
6. Shearer Training	79,800
7. Public Relations, Extension and Feedback	42,800
8. Studentships and Fellowships	21,910

**DISTRIBUTION RESEARCH PROGRAMME
ALLOCATIONS - 1978/79**

BY ORGANISATIONS

	\$
(i) UNIVERSITIES	
New South Wales	124,475
(ii) OTHER ORGANISATIONS	
Australian Wool Testing Authority	33,825
Australian Wool Corporation (Including Engineering Development Unit)	476,694
Elder Smith Goldsbrough Mort Ltd.	7,188

UNDERGRADUATE SCHOLARSHIPS

University of New South Wales	6,421
-------------------------------	-------

SPECIAL ITEMS

Advisory Committee	3,850
--------------------	-------

CONTINGENCIES

Mandatory Salary Increases	14,000
General Purposes	30,000

TOTAL: 696,453

**SUMMARY OF AREAS OF RECOMMENDED SUPPORT
1978/79 DISTRIBUTION RESEARCH PROGRAMME**

AREA OF ACTIVITY	ALLOCATIONS 1978/79
	\$
1. Specification	206,613
2. Preparation	106,818
3. Packaging	283,161

**TEXTILE RESEARCH PROGRAMME
ALLOCATIONS - 1978/79**

BY ORGANISATIONS

	\$
(i) UNIVERSITIES	
Deakin	12,523
Melbourne	3,300
Monash	24,565
New South Wales	411,605

(ii) OTHER ORGANISATIONS	
Australian Wool Corporation	217,350
Royal Children's Hospital, Melbourne	15,760

SCHOLARSHIPS

(i) POSTGRADUATE	
University of Melbourne	5,850

(ii) UNDERGRADUATE	
Deakin University	1,000
University of New South Wales	35,260

SPECIAL ITEMS

Advisory Committee	3,505
Strathfield Technical College (Prize)	50

CONTINGENCIES

Mandatory Salary Increases	40,000
General Purposes	45,000

TOTAL: 815,788

**SUMMARY OF AREAS OF ACTIVITY
OF RECOMMENDED SUPPORT
1978/79 TEXTILE RESEARCH PROGRAMME**

AREA OF ACTIVITY	ALLOCATIONS 1978/79
	\$
1. Yarn and Fabric Manufacture	108,554
2. Colouration	109,482
3. Improvements/Final Products	72,728
4. Environmental Impact Studies	82,000
5. Strategic Research	83,858
6. Training/Technical Services	60,860

**ECONOMIC RESEARCH PROGRAMME
ALLOCATIONS - 1978/79**

BY ORGANISATIONS

	\$
(i) UNIVERSITIES	
Adelaide	34,313
Melbourne	15,000
New England	54,103
Sydney	15,401

(ii) OTHER ORGANISATIONS	
Australian Wool Corporation	24,000
Caulfield Institute of Technology	6,000
Professor W. Dent	37,497

SPECIAL ITEMS

Advisory Committee	1,155
--------------------	-------

CONTINGENCIES

Mandatory Salary Increases	13,700
General Purposes	10,000

TOTAL: 211,169

**SUMMARY OF AREAS OF ACTIVITY
OF RECOMMENDED SUPPORT
1978/79 ECONOMIC RESEARCH PROGRAMME**

AREA OF ACTIVITY	ALLOCATIONS 1978/79
	\$
1. Demand and Supply Analysis	95,836
2. Adjustment Studies	17,365
3. Intersectorial Studies	15,000
4. Training Programmes	34,313
5. Evaluation of Priorities/Economic Analysis of Technical Developments	24,000

Section 6 - AUSTRALIAN WOOL TESTING AUTHORITY

Australian Wool Testing Authority (AWTA) Objectives

The AWTA's primary objectives are,

- To provide accurate, impartial and efficient testing services, as required by the wool industry and textile industry, at a minimum cost;
- To maximise net income to the Australian woolgrowing industry by encouraging the optimum application of objective measurement by woolgrowers, brokers, buyers and both local and overseas processors; and
- To maintain a national and international reputation for technical expertise and commercial independence.

These objectives are consistent with the objects of the Wool Industry Act 1972, the expressed policies of the Corporation and the views of wool industry sectors for whom services are provided.

Raw Wool Testing Activity

For the thirteenth consecutive year, the AWTA has exceeded the previous year's record total number of bales core-sampled for testing.

The new record achieved in 1978/79 was 3,655,883 bales, which represented an increase of 4.2 per cent over the previous year. Whilst shorn wool production increased by 6.0 per cent over 1977/78, the available market in bales did not increase to this extent, due to a 2.8 per cent increase in average bale weight. Within this overall growth trend, there were a number of significant compensating changes in the major individual areas of activity. In particular:

- Pre-sale Certificate sampling increased by 11.9 per cent to a record 3,065,183 bales;
- Post Sale Certificate sampling decreased by 37.5 per cent to 317,191 bales;
- Conditioning Certificate sampling increased by 12.0 per cent to 233,838 bales;
- Guidance Report sampling increased by 2.5 per cent to 13,478 bales;
- Futures Certificate sampling decreased by 38.0 per cent to 2,111 bales; and
- Sundry sampling, for a variety of special testing requirements, decreased by 34.2 per cent to 24,082 bales.

Without exception, the continued growth in pre-sale testing activity was the key factor affecting those service areas which recorded decreased activity.

Pre-Sale Testing

By far the largest and most significant service provided by the AWTA is the sampling and testing of wool prior to sale. The demand for this service reflects the widespread and increasing support, within the wool industry, for sale lots to be specified objectively at the earliest practical stage in the wool handling, distribution and marketing chain.

In particular, there is now clear evidence that substantial premiums are available for tested wools, as compared with prices paid for untested wools, even for most three-bale and some two-bale star lots. These price differentials more than offset the testing costs and, consequently, there is a growing trend for smaller lots to be tested individually.

There has been a rapid increase in the percentage of the clip sold on a tested basis. Associated with this increase has been a gradual decrease in the average tested lot size.

TABLE 15

SELLING SEASON	FIRST HAND AUCTION BALES PRE-SALE TESTED	AVERAGE PRE-SALE TEST LOT SIZE
1974/75	39 per cent	13.0 bales
1975/76	55 per cent	10.5 bales
1976/77	62 per cent	10.6 bales
1977/78	77 per cent	10.3 bales
1978/79	86 per cent	10.1 bales

In fact, the increase in Pre-sale Test Certificates issued during 1978/79 was 14.3 per cent, whereas the increase in bales was 11.9 per cent.

The major client group utilising the pre-sale testing service comprises wool-growers, although an increase in demand has been noted from private treaty wool merchants, who re-offer their purchases to the trade on a sale-by-sample basis.

Post Sale Testing for Wool Buyers and Merchant/Topmakers

The considerable increase in pre-sale testing for woolgrowers and, in particular during 1978/79 for private treaty merchants, has generated further substantial direct cost savings for woolbuyers, merchant/topmakers and processors.

Since the buyer is entitled to receive the Pre-sale Test Certificate when he purchases a tested sale lot, and since that certificate remains valid until such time as the composition of the lot is altered, the necessity to have wools tested after sale is limited to those bales originally purchased on an untested basis. During 1978/79 the average Post Sale Certificate test lot size fell to 34.5 bales from 36.6 bales in the previous year. The number of Post Sale Test Certificates issued fell by 33.7 per cent.

As reported last year, the decision by the Sydney Futures Exchange Limited to accept Pre-sale Test Certificates, rather than incur "duplicate" testing costs, has further eroded AWTA testing activity in this area. In 1978/79, only 103 tests were conducted for Futures trading, as against 20-25,000 tests regularly handled prior to this streamlining of procedures.

The other significant testing activity conducted after sale relates to Guidance Report testing. This service was used extensively by wool buyers, to "calibrate" their subjective appraisals, prior to large-scale implementation of Pre-sale testing. During 1978/79 the use of this service was expected to decline again. However, the effects of cyclone "Alby" in Western Australia, which deposited abnormal quantities of sand into woolled sheep, and increasing use of this service by private buyers in the eastern states, collectively maintained activity at approximately the 1977/78 level.

Testing for Local Processors

Testing of acoured and carbonised wools for regain/moisture content and the issue of Conditioning Certificates has remained an essential service for local processors since the AWTA was established in 1957. In fact, this was the primary service requirement which led to the Authority being established at that time.

Since December 1977, sampling and testing activity has recovered in line with the increased processing activity throughout Australia. The 233,838 bales certified during 1978/79 was the second highest total on record. A key factor in this recovery has been the trend towards scouring of wools in the country of origin, to avoid heavy pollution control costs and to reduce freight costs.

An interesting development during the year was application of the yield test procedure for testing these semi-processed wools, in lieu of the more traditional Conditioning test. This innovation establishes a more equitable and precise invoice weight and is expected to gain widespread acceptance in future years.

Textile Testing Activity

In recent years the AWTA Textile Testing Division has actively encouraged a more broadly based clientele to utilise its services, having been dependent upon the Corporation and its predecessor, the Australian Wool Board, for practically all of its business.

During 1978/79 industry testing clients included local manufacturers, importers, retailers, architects, public purchasing agencies, hospitals and other public institutions and companies associated with the building and allied industries. These clients accounted for 58 per cent of total revenue, the balance being Corporation accounts.

Testing for the Corporation includes the essential, routine quality control monitoring of the various trademark schemes, such as Woolmark and Woolblendmark and also the checking of imported wool-packs. In this latter activity, the AWTA services were utilised to detect and/or confirm the failure of a number of batches of packs, suspected as being faulty, to meet the standards approved by the Government on behalf of the wool industry.

Overall, the Textile Testing Division again provided a positive contribution to funds. Fees charged for services were held at the previous year's levels and the total number of tests conducted increased by 9.9 per cent. Awareness of the value of textile specification and quality assurance testing continued to increase throughout the year, in line with the increasing recognition of the need for consumer protection.

National and International Technical Status

The technical status of the AWTA continued to be ratified by independent, external authorities throughout the year under review. In particular, as a result of successful participation in inter-laboratory testing trials and/or rigorous inspection of facilities and procedures the AWTA continued to be:

- Listed as a Public Conditioning House, by the International Wool Textile Organisation (IWTO),
- A calibrated Member of the Core-Test, Airflow and Microprojection sections of the International Association of Wool Textile Laboratories (Interwoolabs),
- Registered for raw wool testing by the Australian Wool Measurement Standards Authority (AWMSA), which is controlled by the Department of Primary Industry,
- Registered for Physical and Chemical Testing of Textiles by the National Association of Testing Authorities (NATA).

During 1978/79, the Textile Testing Division successfully applied for registration, by NATA, for Heat and Temperature Measurement.

In addition, the Authority planned and has successfully implemented a new inter-laboratory testing and inspection scheme, involving the major, independent, commercial wool testing laboratories throughout the world. These trials represent an extension of the "Southern Hemisphere" trials, previously initiated by AWTA, through the inclusion of three additional laboratories and the introduction of regular inspections by AWMSA. This initiative was applauded by the IWTO Conference.

The AWTA Director, and Deputy Director actively participated in the annual and mid-year conference meetings of the IWTO and Interwoolabs, as members of the respective Australian delegations and representing the Authority itself on several technical committees.

Senior AWTA personnel are heavily involved in the activities of various raw wool and textile standards committees of the Standards Association of Australia, whose work is directly relevant to existing and prospective testing services.

Industrial Dispute

In early November 1978, the Authority received a comprehensive log of claims from the Federated Storemen and Packers' Union of Australia which, in effect, represented a complete revision of the Determination No. 11 of 1965, covering wages and conditions for all sampling and testing employees.

In accordance with Government policy, these claims were referred to the Coordinating Committee, established within the Department of Employment and Industrial Relations (now the Department of Industrial Relations). Following strike action, which took effect from November 23 to December 6 inclusive, it was agreed that the matters would be referred to the Public Service Arbitrator. Arising from a series of Statutory Conferences and private meetings, it was resolved that the wage claims would be tested under the work value clauses of the Wage Indexation Guidelines and that all other conditions items would be jointly drafted and agreed between the parties, the objective being to completely update the determination.