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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

195TH REPORT

FINANCE MINUTE ON THE COMMITTEE'S 172ND REPORT -
FINANCING AND ADMINISTRATION OF PROPERTY
OWNED OR LEASED BY THE COMMONWEALTH GOVERNMENT

Australian Government Publishing Service
CANBERRA 1982

JOINT COMMITTEE OF PUBLIC ACCOUNTS

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* Ex-officio member being Chairman,
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Committee on Expenditure.

DUTIES OF THE COMMITTEE

Section 8.(1) of the Public Accounts Committee Act 1951 reads as follows:

8.(1) Subject to sub-section (2), the duties of the Committee are:

- (a) to examine the accounts of the receipts and expenditure of the Commonwealth including the financial statements transmitted to the Auditor-General under sub-section (4) of section 50 of the Audit Act 1901;
- (as) to examine the financial affairs of authorities of the Commonwealth to which this Act applies and of intergovernmental bodies to which this Act applies;
- (ab) to examine all reports of the Auditor-General (including reports of the results of efficiency audits) copies of which have been laid before the Houses of the Parliament;
- (b) to report to both Houses of the Parliament, with such comment as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
- (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of the Parliament.

PREFACE

Arrangements to ensure that appropriate action is taken arising from comments contained in the Committee's Reports have been in operation since 1952 although reviewed periodically. These were known as Treasury Minute arrangements.

Following the creation of the Department of Finance on 7 December 1976 it was agreed that the arrangements should continue as before and should now be known as the Department of Finance Minute.

As they now stand the procedures are:

1. The Report of the Committee is tabled by the Chairman in the House of Representatives and by a Member of the Committee in the Senate. Motions are moved in both Houses of the Parliament that the Report be printed as a Parliamentary Paper.
2. The Chairman of the Committee thereafter forwards a copy of the Report to the Minister of the Departments affected and to the Minister for Finance with a request that he give the Report his consideration and inform the Chairman of the action taken to deal with the Committee's conclusions.
3. The reply received, in the form of a Department of Finance Minute, is then examined by the Committee and, together with the conclusions of the Report to which it relates, is submitted as soon as possible as a Report to the Parliament.
4. Should the Committee find during its examination of a Department of Finance Minute that certain recommendations are not fully dealt with or are subject to a further Minute, it holds an exploratory discussion with officers of the Department of Finance prior to the submission of the minute to the Parliament.
5. In reporting a Minute to the Parliament, the Committee, except in special cases does not usually make any comment other than to note recommendations not fully dealt with or subject to a further Minute.
6. When the Committee next examines the department concerned the Department of Finance Minute is considered by the Committee if applicable.

7. The Department of Finance furnishes the Committee with a half-yearly report on outstanding Minutes, indicating the progress made in dealing with the Committee's comments.

This Report concerns the Committee's inquiry into the financing and administration of property owned or leased overseas by the Commonwealth Government. The inquiry had been prompted by the circumstance of the reorganisation of the Overseas Property Bureau, which was abolished in 1976. The functions of the Bureau were absorbed by the Department of Administrative Services. The Committee then broadened the inquiry to include organisations representing officers and their families serving overseas.

The 172nd Report was tabled in 1978. The Department of Finance referred the Report to an interdepartmental committee consisting of representatives of the Departments of Administrative Services, Defence, Finance, Foreign Affairs, Housing and Construction, Immigration and Ethnic Affairs, Prime Minister & Cabinet, Primary Industry and the Public Service Board. The I.D.C. made a submission to the Government in June 1980 and subsequently the Minister for Administrative Services made a statement to the House of Representatives setting out the Government response. The Department of Finance Minute forwarded to the Committee was based on the Minister's statement.

After considering the Finance Minute the Committee decided that the response to certain recommendations was not adequate and that further information should be sought. These issues were discussed at subsequent meetings in August and October 1981 and the outcome is in Chapter 3 of this Report.

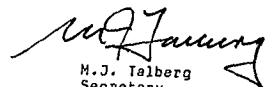
The excessive length of time taken to resolve this Finance Minute is not acceptable. Two years lapsed from tabling of the Report until receipt of a response. Then, certain aspects of the response required further follow up. The original response to many sections of the Report was generally obtuse and did not pay due regard to the requirements of the Committee.

The Committee believes timely, accurate and complete feedback is essential if the full effects of the Committee's Reports are to be realised and implemented as appropriately required. The conclusions and recommendations of the 172nd Report, which are reproduced in Chapter 2 together with the departmental responses, were designed to draw attention to instances of administrative inefficiency or procedural

weakness and consequently improve the quality of public administration, particularly in the areas examined at the Inquiries.

For and on behalf of the Committee.


David M. Connolly, M.P.,
Chairman


M.J. Talberg
Secretary
Joint Committee of Public Accounts
Parliament House
CANBERRA ACT 2600

23 February 1982

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CHAPTER 1

DEPARTMENT OF FINANCE MINUTE

1.1 Set out below are the Committee's Conclusions of the 172nd Report of 6 November 1979, with the responses from Departments in the form of Department of Finance Minute of 5 December 1980 and 23 July 1981.

1.2 Further responses, considered necessary by the Committee for recommendations 5, 11 and 12 are discussed in Chapter 2.

RECOMMENDATION 1

The function of administering overseas property should be under the control of the Minister for Foreign Affairs.

Response

1.3 Administrative Arrangements are reviewed from time to time and the Committee's views will be taken into account when such a review takes place.

Further Response

1.4 The Prime Minister, who is of course the arbiter of administrative arrangements, has, we understand, given close consideration to the wide range of views expressed and recommendations made on the portfolio location of the overseas property function. The Prime Minister, however, concluded that it would be preferable not to alter the present arrangements at this stage. It is understood that in reaching this decision the Prime Minister was mindful of the numerous changes in portfolio responsibility for this function over a period of years and the measures proposed to improve co-ordination between the Department of Administrative Services and the Departments with overseas operations.

1.5 In view of the Prime Minister's consideration of this matter, departments do not believe it proper to comment further on the administrative break-up of Commonwealth functions.

RECOMMENDATION 2

The Overseas Property Bureau be reconstituted in similar form to that operating prior to December 1976.

Response

1.6 The most suitable organisation for the performance of the overseas property function is presently being reviewed by the Public Service Board and the Department of Administrative Services in the light of this Recommendation and the organisational and establishment needs now perceived as necessary.

Further Response

1.7 The review of the Overseas Property Office function was undertaken in two stages: formulation of the Second Division structure and review of the Third Division structure.

1.8 The basis on which the review was conducted is set out in appendix A together with an organisational chart in Appendix B showing:-

(a) where the Overseas Property Office fits into the structure of the Department of Administrative Services

(b) the new Overseas Property Office structure.

1.9 Implementation of the Second Division review occurred on 23 March 1981. The Third Division has been restructured and is undergoing a trial period.

1.10 The concept is that the Overseas Property Office organisation now comprises two Branches, the Property Management Branch and the Projects and Services Branch, each administered by an Assistant Secretary (Level 1) responsible to the Senior Assistant Secretary (Level 2) in charge of the Office. The Senior Assistant Secretary (Level 2) position currently is occupied by an officer seconded from the Department of Foreign Affairs and one Assistant Secretary (Level 1) is occupied by an officer seconded from the Department of Trade and Resources.

1.11 The Property Management Branch will be responsible for efficient management of the overseas estate and will comprise three sections responsible for the lease and purchase of accommodation, furniture and fittings and motor vehicles overseas and the Estate Management and Policy Section responsible for policy development and investigation into property proposals and holdings to ensure cost effectiveness in the estate.

1.12 The Projects and Services Branch will comprise three sections - the Project Section responsible for the development and management of major projects; the Technical Services Section responsible for the provision of technical advice on all property matters and the Programming, Information and Purchasing Section which will undertake the development and administration of financial programming and the provision of information services and other administrative requirements for the Office.

RECOMMENDATION 3

A long term program of property acquisition be instituted aimed at reducing the burdens of continuing high rent paid for overseas property. Such a program should have a rolling funding arrangement based on a three to five year program, to provide a degree of autonomy not evident under the present arrangements.

Response

1.13 The Government supports, in principle, the need for a substantial proportion of its overseas property holdings to be owned, rather than leased and looks to the Minister for Administrative Services, following consideration by the Overseas Property Committee, to bring forward proposals for purchase or construction which are economically sound and reduce the continuing high expenditure on rent.

1.14 The Government is presently considering the development of a long-term program of overseas property acquisition and construction. Departments are presently reviewing the property need of all posts as a basis for such a program.

Further Response

1.15 The review of property needs overseas is undertaken continuously. This review is undertaken by the Overseas Property Office on a day-by-day basis and on a post-by-post situation in terms of the office's on-going responsibility. In addition, a priority review sub-committee of the Overseas Property Committee has been established to review the needs and priorities of both construction and acquisition at Posts. This sub-committee meets on a regular basis. Over the past twelve months the sub-committee has met on six occasions.

1.16 A priority list of construction and acquisition proposals has been developed by the Overseas Property Office and endorsed by the overseas Property Committee.

1.17 Funds for 1981/82 have been sought for design and construction in the Budget context in accordance with the established priorities.

RECOMMENDATION 4

As a matter of urgency the Overseas Property Committee meet with the Department of Finance to streamline the procedures for the review of expenditure overseas. New procedures should be introduced which will return the previously delegated authority over property administration to Heads of Mission.

Response

1.18 Heads of Mission hold a delegation from the Minister for Administrative Services to meet expenditure under all property votes up to the limit of funds available at each post in each vote. Areas of concern in property expenditure are rent, repairs and maintenance, and furniture and fittings.

1.19 At the time of the Committee's inquiry funds for repairs and maintenance and furniture and fittings were very limited and posts were required to refer all lease proposals to Canberra for approval. This reduced the effective authority of the Head of Mission to exercise his delegation.

1.20 The delegated authority of Heads of Mission to approve new leases and lease renewals within certain guidelines was restored in July 1978 and has since been further extended. Funds for repairs and maintenance and furniture and fittings have been increased.

RECOMMENDATION 5 (to be read in conjunction with Recommendation 11)

The Overseas Property Committee, in consultation with the Department of Finance and the Public Service Board, thoroughly review property administration processes with a view to delegating as much additional authority as practicable to Heads of Mission.

Response

1.21 An inter-departmental working group examined administrative processes with a view to delegating as much additional authority as practicable to Heads of Mission. As a result of this examination existing delegations have been extended, enabling Heads of Mission to approve leases for the occupants of positions transferred from other posts and to approve leases within rent ceilings involving additional expenditure on furniture, utilities and repairs and maintenance.

1.22 The possibility of further delegation of authority to Heads of Mission will be included in the fundamental review of the processes involved in the management and administration of leased residential accommodation which is being undertaken as a result of Recommendation 11 of the Committee's Report.

(Note: This matter is further discussed in Chapter 2 where details of the delegation are referenced.)

RECOMMENDATION 6

All Departments with substantial overseas representation designate a senior officer as Ombudsman to handle grievances of individuals arising from the administration of overseas property. Provision should be made for these Departmental Ombudsmen to have regular access to the Director of the Overseas Operations Branch.

Response

1.23 All Departments with substantial overseas representation have designated a senior officer as Ombudsman for this purpose.

1.24 Where complaints are not settled within Departments there are avenues through which officers can bring grievances to the notice of the Public Service Board. The Board has recently upgraded its arrangements in this regard with the establishment of a Grievance Appeals Bureau.

RECOMMENDATION 7

All posts establish representative property committees with property minutes being kept to ensure adequate staff involvement in property administration at their post.

Response

1.25 The Government is conscious of the value of adequate consultation with staff in all aspects of the operation of overseas posts and encourages the establishment of appropriate consultative arrangements at overseas posts for this purpose. However, the responsibility of the Head of Mission for the management of his post and the requirements of effective central management of the overseas estate are of prime importance.

1.26 Heads of Mission and other senior officers have been asked to engage in regular consultation with all staff at posts on administrative matters, including property management, either through the establishment of property committees or by other, appropriate, means.

RECOMMENDATION 8

There be an overall review of accommodation standards with a view to updating the data on which the base standard is set. Procedures should be developed which give Heads of Mission greater flexibility to interpret the standards in the light of local conditions.

Response

1.27 An overall review of accommodation standards has been undertaken and the standards of accommodation which currently apply have been confirmed. Under the delegations given to Heads of Mission posts enjoy flexibility to interpret the standards in the light of local conditions.

RECOMMENDATION 9

Wherever possible reciprocal land tenure be negotiated by the Government from those nations provided with sites in Canberra.

Response

1.28 The Government's policy and practice is in line with the Committee's Recommendation.

RECOMMENDATION 10

The system of private leasing of residential accommodation in North America and United Kingdom be phased out and leasing procedures standardised at all posts.

Response

1.29 The Government supports the phasing out of the current system of private leasing of residential accommodation in North America and the United Kingdom and its replacement at diplomatic/consular posts by a system of long-term, Government-leased, residential accommodation. The Government considers, however, that this changeover should be gradual. It will be subject to the availability of suitable long-term accommodation in local property markets and the capacity of posts to handle the associated administration.

RECOMMENDATION 11 (see recommendation 5)

The setting of rent ceilings be transferred from the Public Service Board to the organisation responsible for the overall administration of overseas property.

Response

1.30 As mentioned in the response to Recommendation 5 a fundamental review is being undertaken of the processes involved in the management and administration of leased residential accommodation. This review, inter alia, will embrace the continuing relevance of all existing control mechanisms, including that of rent ceilings and take account of the greater devolution of authority to Heads of Mission proposed in Recommendation 5.

Further Response

1.31 The administration of leased property overseas and the delegation to Heads of Mission was examined by an interdepartmental committee.

1.32 The delegation to Heads of Mission was increased to enable them to approve replacement leases for an increased staffing commitment emanating from the transfer of a position from another post provided sufficient funds are held at the post for the lessee, rental payments do not exceed rent ceilings, due consideration is given to area standards and the lease does not involve advance rental payments in excess of twelve months, dead rental or third country payments.

1.33 With regard to rental ceilings, arrangements are in progress to determine how the administration of these provisions might be improved. A number of papers have been prepared and distributed to departments and additional papers are currently in preparation to enable the review to consider:-

- (a) whether there is a need for rent ceilings at all; i.e. whether by the development of appropriate checks and balances ceilings might be abolished;
- (b) if there is a need for rent ceilings, whether it would be preferable for these ceilings to be administered by Heads of Mission.

1.34 This review is far reaching and it may take some time before the above questions can be satisfactorily resolved.

(Note: A further response was sought by the Committee - refer Chapter 2).

RECOMMENDATION 12

Australian-based officers occupying Government residential or leased accommodation overseas should be required to pay a bond refundable on leaving the premises in good condition.

Response

1.35 Whilst supporting the intention behind this Recommendation the Government has been advised by the relevant Departments, including the Public Service Board and the Department of Finance, that implementation of this Recommendation would be administratively onerous and provide little additional benefit over and above existing procedures. It should be emphasised that adequate recovery procedures already exist and are used in appropriate cases. Implementation of this Recommendation would also represent the introduction of a practice not followed by the Government in Australia.

Further Response

1.36 The procedures for recovery from occupants for damage to premises are set out in Appendix C.

1.37 To provide a comprehensive list of all recoveries undertaken throughout the overseas estate in the last five years would require the Overseas Property Office to review at least 1500 files and for all posts overseas to undertake a similar review of their documentation. For such a comprehensive review to be undertaken within the Overseas Property Office and at overseas posts, it would be necessary to forego a considerable amount of work connected with the administration of the overseas estate and other administrative consular tasks.

1.38 Departments believe a bond system would not be cost effective.

(Note: This further response was considered unsatisfactory by the Committee - refer Chapter 2).

RECOMMENDATION 13

Maintenance funds be increased immediately to enable regular maintenance inspections to be made and structural repairs to be carried out.

Response

1.39 The Government recognises the importance of adequate maintenance of its overseas assets. As in 1979/80 it has provided substantial and additional funds this financial year (1980/81) in support of the cyclical maintenance program.

However, the level of funds available in any one financial year for this purpose must always be subject to the government's overall budgetary strategies and priorities.

RECOMMENDATION 14

The Department of Finance divide the maintenance and utility vote into separate appropriations.

Response

1.40 The Government agrees with this Recommendation. It has been implemented in the 1980/81 financial year.

RECOMMENDATION 15

All vehicles acquired for overseas missions be purchased with criteria applicable to conditions at the post.

Response

1.41 Vehicles are supplied to overseas missions after assessing price (including freight), location, suitability for the purpose for which it is required, availability of spare parts, effective after-sale service and other relevant factors applying at particular posts. Australian-made vehicles are provided where it is reasonable to do so.

RECOMMENDATION 16

The private leasing of furniture for posts in North America be discontinued and that the furniture be provided as in other countries.

Response

1.42 The Government agrees that the present system of privately leasing furniture in North America should be replaced by a system of Government owned furniture where the Government leases residential accommodation for staff attached to missions. Departments are presently reviewing the question of government-owned furniture in private leases and this matter will be included in the review referred to in response to Recommendation 11. The workload and consequent staffing implications for North American posts will be taken into account.

RECOMMENDATION 17

Where possible Australian furniture and fabrics be used in reception and entertainment areas of Chanceries and Heads of Mission residences. Tendering specifications should be designed to give reasonable access to Australian manufacturers.

Response

1.43 This Recommendation is in line with current Government policy and is followed where the supply of Australian furniture and fabric is practicable and cost-effective. Most furniture and furnishings provided for the Bangkok and Kuala Lumpur Chanceries have come from Australian sources.

RECOMMENDATION 18

Inventories of works of art at posts should be established immediately and the policy of issuing such items to individuals should cease.

Response

1.44 Inventories of works of art are kept and a consolidated list is held by the Department of Home Affairs.

1.45 Under newly approved arrangements for the hiring of art works for display overseas the policy of issuing such items to individuals will cease in the near future. New administrative instructions are expected to be promulgated in the near future by the Department of Home Affairs, as the controller of the newly established 'Artbank'. The funding implications in these new arrangements will be examined in the budget context.

Further Response

1.46 The brochure from Artbank sets out the administrative arrangements as well as the objectives of the agency.

1.47 The Department of Foreign Affairs, in consultation with Artbank, established that there was a total of 863 Australian Works of Art located at overseas posts of which 383 were to be returned to the National Art Gallery. Ownership of the remaining 480 works was transferred to Artbank and they have been retained on hire by the Department of Foreign Affairs at an average annual rental of \$30 each. This token rental will apply to the 480 works until such time as they can be returned to Artbank on a rotation basis for restoration and valuation. Thereafter the annual rental of 12% will apply.

1.48 The works to be returned were required to reach Canberra between September 1980 and September 1981 under a planned program. To meet the substantial gaps left by the works returned to Canberra another program was initiated involving one for one replacement (the replacements being provided from Artbank at 12% of value). This program is in effect at the present time and is not expected to be completed for some months. Replacement works are selected either from a photographic catalogue which is in circulation to posts or individually by heads of mission during their leave and consultation in Australia or prior to their posting to a new mission.

RECOMMENDATION 19

The Overseas Works Branch of the Department of Construction be disbanded and its staff absorbed in the Department. When major overseas construction projects are being undertaken the professional staff of the Department should be made available to advise on technical matters.

Response

1.49 This Recommendation has been examined by the Public Service Board and the Department of Housing and Construction. No significant advantage is seen at this time in abolishing the Department's Overseas Works Branch. There is sufficient workload in the smaller overseas works, supplemented by domestic projects which are allocated to the Overseas Works Branch to the extent necessary, to ensure efficient use of its resources. Benefits are seen in retaining, as far as possible expertise relating to overseas construction projects in one organisational unit. The matter will be the subject of periodical review by the Board and the Department in the light of changing future workloads.

RECOMMENDATION 20

The Overseas Property Committee and the Department of Construction confer to rationalise the procedures relating to the engagement and management of professional consultants for overseas construction projects.

Response

1.50 The Department of Housing and Construction and the Department of Administrative Services have agreed that major overseas works will be carried out through the Department of Housing and Construction, using either its own resources or consultants. The Department of Administrative Services will arrange for all works costing \$200,000 or less and renovations, small alterations and additions, employing professional consultants where appropriate.

Further Response

1.51 The decision as to whether the design of projects is carried out by the Department of Housing and Construction in-house resources or those of private/consultants/or a combination of both is influenced by:

- the in-house capacity of the Department's resources, but bearing in mind the Government's present policy to let out at least 50% of the design workload to private consultants;
- more particularly - in the case of projects of a prestigious nature such as a major overseas chancery, the Department seeks to obtain the best talents the country has to offer. Significantly, it should be noted that almost all of the major chanceries in the past have been designed by private consultants and such an arrangement is expected to continue.

1.52 The steps involved in placing and administering contracts are

- selection
- engagement
- management and supervision.

1.53 For large (in excess of \$200,000) projects, and or sensitive projects a Selection Panel is constituted comprising senior representatives from the Department of Housing and Construction and the Overseas Property Office of Department of Administrative Services. This panel prepares a list of not less than three suitable firms taking into account the skills, experience and performance of suitable consultants. The reasons for selection of the firms for final consideration are documented. The Selection Panel then considers the firms in detail and assesses the most suitable for the particular needs of the subject project. These reasons are documented.

1.54 An assessment is made of an appropriate fee for the work and the negotiations are then entered into with the firm taking into account what personnel the firm would put on the job, the person to be job captain, the fee offered by the firm and the basis of other reimbursable expenses. If these negotiations produce a satisfactory offer, the Selection Panel then recommends that a contract be entered into with that firm. In this final selection process, the Department of Foreign Affairs will be consulted.

1.55 Where the funds are under the control of the Department of Housing and Construction, approval to the engagement is given by the appropriate delegated officer under the Minister's instrument of delegation. The resulting contract includes the Department of Housing and Construction's standard conditions for engagement of consultants.

1.56 A similar process is employed where the funds are under the control of Department of Administrative Services.

RECOMMENDATION 21

Where officers of the Department of Construction are being employed as consultants to the Overseas Operations Branch their travel proposals should not require authorisation by the Overseas Visits Committee.

Response

1.57 Successive Governments have confirmed that a tight central system of control of overseas travel of Public Service Officials should be maintained. No compelling reason is seen for exempting Department of Housing and Construction staff employed as consultants to Overseas Operations Branch on overseas projects. To give exemption from Overseas Visits Committee control to particular areas of Commonwealth activity would, of course, add to pressures to exempt others, and put at risk the operation of the central control system.

Further Response

1.58 The matter of exempting departmental officers engaged on project construction and management from Overseas Visits Committee authority was raised by the Minister for Housing and Construction and the Minister for Administrative Services with the Prime Minister in March 1979. The Prime Minister in his reply indicated that he preferred that all overseas travel be handled within OVC processes and wherever possible for departments to continue to work within their OVC objective.

RECOMMENDATION 22

The authority to approve extensions of settling-in allowances should be transferred from the Department of Trade and Resources to the Public Service Board in line with the practice throughout the Commonwealth Public Service. The Trade Commissioner Act should be amended accordingly.

Response

1.59 The Public Service Board and the Department of Trade and Resources have discussed this Recommendation and agree

that proposals for extensions to settling-in/out should be a matter for consultation with the Board as are other conditions of service. This does not necessitate an amendment to the Trade Commissioner Act.

RECOMMENDATION 23

Acquisition procedures be flexible enough to allow selection and purchase of property when such need can be anticipated.

Response

1.60 The Government agrees with this Recommendation, subject to normal budgetary considerations.

RECOMMENDATION 24

In selecting consultants at posts, the advice of the appropriate professional association should be sought to ensure that the most reputable consultant is chosen.

Response

1.61 In its Report to Parliament the Committee noted that procedures relating to the engagement of consultants had been improved since the particular incident about which it was concerned. These improved procedures include provisions for checking the competence of proposed consultants and, where appropriate and possible, seeking the advice of relevant professional bodies.

RECOMMENDATION 25

All purchase proposals be accompanied by a precise report on the legal status and the title of the property.

Response

1.62 Purchase procedures have been reviewed and posts are required to obtain a precise legal report on the status and title of property proposed for this purchase.

RECOMMENDATION 26

Priority should be given to the purchase of residential properties available for early occupation at minimum cost.

Response

1.63 This Recommendation is in line with current practice.

CHAPTER 2

DISCUSSION OF UNSATISFACTORY RESPONSES TO DEPARTMENT OF

FINANCE MINUTE

2.1 After consideration of the Finance Minute, the Committee decided that the response to certain recommendations was not adequate and that further information should be sought. Further information was received from the Department on 23 July 1981. At a meeting of the Committee in Melbourne on 3 August 1981, this response was considered. It was agreed at that meeting that the Department of Finance would withdraw the Minute previously submitted and prepare a fresh Department of Finance Minute incorporating revised responses on the recommendations under discussion. There were three responses with which the Committee was dissatisfied and the Department was asked to pursue them with the Department of Administrative Services before redrafting the Minute. It was also decided that discussions would be arranged between the Committee and the Departments of Administrative Services, Finance, Foreign Affairs and Trade and Resources to clarify any remaining outstanding issues.

2.2 The recommendations which still required further response from the Department of Finance were:

. Recommendation 5:

'The Overseas Property Committee, in consultation with the Department of Finance and the Public Service Board, thoroughly review property administration processes with a view to delegating as much additional authority as practicable to Heads of Mission.'

The Committee was advised that delegations to Heads of Mission had been extended and that a further review was in progress. A comparative statement was sought clearly identifying the delegation now, and at the time of the inquiry. This was provided. (Appendix D)

. Recommendation 11:

'The setting of rent ceilings be transferred from the Public Service Board to the organisation responsible for the overall administration of overseas property.'

The Committee was advised that a review was in progress which would consider:

- (a) whether there was a need for rent ceilings at all; i.e. whether by the development of appropriate checks and balances ceilings might be abolished;
- (b) if there was a need for rent ceilings, whether it would be preferable for these ceilings to be administered by Heads of Mission.

The Committee decided not to pursue this matter but consider the outcome of the review in due course. The Committee expects to be advised of the results of this review when completed, and expects this advice to be provided in progress reports at six monthly intervals from tabling this Report until resolution.

. Recommendation 12:

'Australian-based officers occupying Government residential or leased accommodation overseas should be required to pay a bond refundable on leaving the premises in good condition.'

In the Finance Minute the Committee was advised that implementation of this recommendation would be administratively onerous and provide little additional benefit over the existing procedure. It was stated that adequate recovery procedures existed, and were used in appropriate cases, where loss or damage in excess of fair wear and tear occurred and officers were held responsible.

The Committee did not accept this advice and asked to be given details of current recovery procedures together with details of cases over the last five years where recovery has been effected, the amounts recovered and cases where recovery was not pursued. However, the Department of Administrative Services claimed that to provide the latter information would be a difficult and time consuming exercise.

The current recovery procedures are set out in Appendix C. Departmental objections to a bond system are shown in Appendix E.

2.3 At the Melbourne meeting on 3 August 1981 it was accepted that a bond system may not necessarily be the best solution but that existing procedures were clearly inadequate and an alternative procedure was required to ensure that Commonwealth property was properly protected.

2.4 A further approach by the Department of Finance to the Department of Administrative Services had drawn the response that the Joint Management Review of Overseas Accounting Arrangements had a number of implications for the administration of property overseas including the transfer to the Heads of Mission of responsibility for the maintenance of

residential accommodation and the keeping of inventories. It did not make clear, however, who would be responsible for determining whether loss or damage to Commonwealth property had occurred in excess of fair wear and tear, how this loss would be assessed and how recovery would be effected.

2.5 The Department of Administrative Services was asked to prepare for a meeting on 22 October, and provide proposals as to how these actions were to be completed.

2.6 In attendance were representatives of the Department of Administrative Services, Department of Foreign Affairs and the Department of Trade and Resources with the usual Department of Finance, Public Service Board and Auditor-General's official observers.

2.7 In evidence,¹ the Department of Administrative Services indicated that under the proposed J.M.R. arrangements a series of checks would be instituted to ensure maintenance of Commonwealth property in good order. These are:-

- . A joint check of the inventory and the state of the accommodation by the officer concerned and the representative of the management of the overseas post at the time of moving in and moving out.
- . Standard checks re notification by management or the officer or his family when faults are detected throughout the period of residence.
- . Checks by officers of the Department of Administrative Services (or Foreign Affairs/Trade and Resources as appropriate) in the process of their normal overseas inspections of housing to check on the condition of residences and to talk to people in residences.

After a process of discussion between the landlord and tenant has assessed the degree of responsibility and damage, a normal assessment would be made on how much the outgoing resident would be billed for the damage and the normal processes of recovery would follow.

2.8 A number of difficulties in allocating responsibility for damage was highlighted by the Department of Foreign Affairs:²

- . Difficulties in maintaining updated and accurate inventories.

1 JCPA, Finance Minute on Report 172 - Financing and Administration of Property Owned or Leased by the Commonwealth Government, Minutes of Evidence, AGPS, Canberra, 1982, pp. 5-8.

2. Ibid., pp. 8-11.

- Many premises are not yet refurbished to an adequate standard.
- Responsibility for the maintenance of various items can vary significantly from country to country (especially in rented homes).
- Funds are often not immediately available to effect repairs when damage occurs.
- Occupants cannot always be held responsible for damage especially where officers are required to entertain within these dwellings as part of their responsibilities.

2.9 In regard for the Head of Mission's extended role in the assessment of damages etc., the Committee saw a need for a document (signed by the Head of Mission or his delegate) signifying his satisfaction as to property condition, and indicating his decisions in regard to further action, which may be needed when a lease has been completed.

3.10 All Departments again argued against the concept of a "bond" to cover damages or cleaning expenses. The following arguments were advanced:

- The Commonwealth/tenant relationship is a well established and secure one, the normal commercial landlord/tenant relationship is usually not.
- If a bond was initially required, officers would through their Staff Associations and in discussion with the Public Service Board, seek an allowance to cover this from the Commonwealth and nullify the effect of the bond.
- Should a dispute arise there would still be a need for legal procedures to recover damages, even though a bond system may have been applied i.e. there will be no reduction in legal costs.
- There are difficulties in determining the size of a bond and relating it to the contents of a house (eg. some overseas officers are housed in dwellings containing valuable assets such as artworks etc.).
- The concept of a bond puts the onus on the officer himself, but there is no reciprocal onus on the Commonwealth to maintain the dwelling in good order. When funds fluctuate, the standard of dwellings can vary, especially in times of financial restraint.

1 Minutes of Evidence, op. cit., p. 28.

- There would be a need for official procedures to allow the right of appeal against an administrative decision should a dispute arise over a bond.

2.11 The Committee pressed for supply of detail of cases over the past five years, where recovery has been effected (including the amounts recovered), and cases where recovery was not pursued. After the Inquiry, data relating to one year, 1980, was forwarded to the Committee. (Appendix F). Using this information, the Committee could not make a concrete judgement on the frequency of cases of recovery, however the inference to be drawn with only eight cases from three posts (out of eighty posts world wide) involving amounts of only hundreds of dollars, is that the overall number of cases do not appear to be significant.

2.12 In regard to the issue of the use of a "bond", the Committee does not wish to pursue this matter but expects to be advised after implementation of the recommendations of the J.M.R. on overseas accounting arrangements, of the annual incidence of cases of recovery and an assessment of the effectiveness of the revised procedures in maintaining the recovery system. This advice is required annually for two calendar years following tabling of this Report.

CHAPTER 3

SUMMARY OF FURTHER ACTION REQUIRED BY THE COMMITTEE

<u>Paragraph</u>	<u>Recommendation/Conclusion/Action Required</u>
2.2	The Committee expects to be advised of the results of the review of the setting of rent ceilings in progress reports at six monthly intervals from tabling this Report until resolution.
2.9	The Committee concluded that there was a need for a document signed by the head of Post or his delegate signifying his satisfaction as to property condition and indicating his decisions in regard to further action which may be required on completion of a lease.
2.12	The Committee expects to be further advised on the impact of the implementation of the J.M.R. on Overseas Accounting Recommendations on the incidence of cases of recovery and the effectiveness of the revised procedures in carrying out recovery. The Committee wishes to be advised of the incidence of cases for the two calendar years after tabling of this Report.

APPENDICES

<u>Appendix</u>	<u>Content</u>	<u>Reference</u>
A	Review of Organisation of <i>Overseas Property Function</i>	Recommendation 2
B	Overseas Property Control - organisational chart	Recommendation 2
C	Procedures for recovery from occupants for damages to premises	Recommendation 12
D	Head of Mission Delegation (current and at the time of the Inquiry)	Recommendation 5 (Chapter 2)
E	Departmental Views on a "Bond System"	Recommendation 12 (Chapter 2)
F	<i>Details of recovery in respect of Property Damage 1980</i>	Chapter 2

REVIEW OF ORGANISATION OF OVERSEAS PROPERTY FUNCTION

(Recommendation 2 refers)

1. The proposals for the review of the organisation of the overseas property function were developed against the background of the recommendations in the 172nd Report of the Joint Committee of Public Accounts.

2. Among the many aspects which were especially relevant in reconsidering overseas property arrangements were:

- (a) the need to better manage overseas property according to the standards and requirements appropriate to particular locations and with due economy;
- (b) the importance of providing adequately for the property needs of overseas posts - including by systematic forward planning and programming; and
- (c) the desirability of finding better means for arriving at considered and economically sound programs based on systematic identification of detailed user requirements.

All departments concerned had endorsed the need for greater devolution of authority to overseas posts consistent with the responsibilities of central managers.

3. The guidance of its views provided to the Public Service Board by the Department of Administrative Services in its report under section 29 of the Public Service Act, which sought an establishment increase, was summed up in this way:

'... the management capacity currently available under the existing organisation arrangements is insufficient to cope with

the major overseas issues. The increasing complexity of administration of domestic property has placed undue stress on existing resources and in so doing has exacerbated the problem of meeting the demands of Government for more economic and efficient management of Australia's overseas estate.'

4. After completing its examination of the several proposals (in relation to both overseas and domestic property arrangements) in accordance with the normal processes in exercise of its statutory responsibilities, the Public Service Board agreed that some strengthening of the management structures for both domestic and overseas property functions was required.

5. The Public Service Board particularly indicated that:

'The question of location of the overseas property function in your Department has been subject to examination following a recommendation from the Joint Committee of Public Accounts. If the function continues to be administered by your Department, we consider that it should be grouped with other property functions, and be made responsible to the Level 4 position.'
(i.e., the new position of Director of Property).

6. The Public Service Board was subsequently advised that while the Secretary of the Department of Administrative Services was willing to try out organisational arrangements that gave the Director of Property overall responsibility for overseas property along with his domestic property responsibilities, he did feel that an Overseas Property Office (OPO) should sit as part of the Property Directorate but should, to

a large extent, be self-contained and exercise delegations from the Minister and the Board.

7. As a result of further discussions, the Public Service Board agreed to the organisation outlined in the attached chart.

8. The Public Service Board also agreed that Mr J.C. Wollaston (who had been recruited from the private sector in 1978 for a period of two to three years) have his engagement extended for a further period of up to three years as Special Consultant on Commonwealth Property. In concentrating on his new advisory role, Mr Wollaston is to work alongside, but separate from, the Property Directorate, and have direct access to the Deputy Secretary responsible for domestic and overseas property activities.

9. In proposing these arrangements to the Public Service Board the Department of Administrative Services stressed the magnitude and complexity of the Commonwealth's property holdings, and its own view that the cost savings and improvements that can be achieved require that the Department continue to have access to the private sector insights and expertise which Mr Wollaston can contribute. In particular Mr Wollaston's role as Special Consultant was, in respect of Australian and overseas property, to encompass:

- (a) examination of major construction, purchase, lease/purchase, lease, refurbishing, fit-out, land use and disposal proposals, against a background of technical feasibility and cost effectiveness, with a view to achieving savings and improvements;
- (b) advice on particular aspects of property activities requiring specialised knowledge of commercial practices;

(c) participation in negotiations with private sector and governmental representatives on important aspects of (a) and (b); and

(d) specialised advice to staff engaged in -

- (i) day-to-day technical services functions; and
- (ii) particular projects included in the proposed short-term program of special property activities.

10. The Public Service Board agreed that the Senior Assistant Secretary, OPO, be supported in the management of the Office by two Assistant Secretaries, Level 1. With the agreement of the Board and the Permanent Heads of the Departments of Foreign Affairs and Trade and Resources, the three Second Division positions in OPO will be occupied by an officer from each of those Departments and an officer from the Department of Administrative Services. Mr A.A. Hillier of DAS was promoted as head of OPO - he is at present in the UK on duty with its property agency - and Mr Alan Fogg of the Department of Foreign Affairs (until recently Australian Ambassador to Peru) is acting as Senior Assistant Secretary, OPO. One of the Level 1 positions in the Office is filled by an Assistant Secretary seconded from the Department of Trade and Resources shortly after completing an overseas posting. The other is currently filled by a technically qualified Assistant Secretary transferred from domestic property work in the Department of Administrative Services.

11. Another development has been elevation of the levels of representation on the Overseas Property Committee. It is now chaired at Deputy Secretary level and has representatives at that level from several departments, notably the Departments of Foreign Affairs and Trade and Resources. This was designed to strengthen the existing consultative process and to provide regular review

of the key elements in programs, as well as a satisfactory means of coordination of views on particular or general issues relevant to overseas property.

12. The new arrangements were seen by the Department of Administrative Services as offering a constructive step towards meeting the challenges in the field of overseas property activities.

DEPARTMENT OF ADMINISTRATIVE SERVICES

OVERSEAS PROPERTY CONTROL

SECRETARY

DEPUTY SECRETARY
(created 30/10/79)

DIRECTOR OF PROPERTY ----- Special
Consultant
(created 5/3/81)

AUSTRALIAN PROPERTY

OVERSEAS PROPERTY OFFICE

Senior Assistant Secretary
(created 5/3/81)

ASSISTANT SECRETARY

Chief
Property Officer
(Major Projects)

Chief
Engineer
(Technical Services)

Chief
Programming
Officer
(Programming Purchasing)

ASSISTANT SECRETARY

Chief Property Officer No.1.
(Property Management)

Chief Property Officer No.2.
(Property Management)

Chief Property Officer No.3.
(Property Management)

Chief Executive Officer
(Estate and Management Policy)

Undertaking in respect of Residential
Accommodation overseas
(Recommendation 12 refers)

I,
.....
(full name, designation and department) accept the terms listed
below as they apply to Government owned/leased premises at.....
.....(full address) which
have been supplied for occupation by myself and my dependants.

1. I, on first occupying the premises (or upon signature
hereof) and upon vacating the premises, will sign and deliver to
the Head of Post or his delegate at
(post) an inventory of all furniture and equipment provided in
the premises, and note on that inventory the condition of that
furniture and equipment;

2. As indicated by the terms of the lease (as applicable), and
to the best of my ability, I will maintain the premises and
grounds, furniture and equipment in the same order and condition
as they were received, normal wear and tear excepted;

3. If the premises or any article of furniture and equipment
so received, or furniture and equipment subsequently received,
are damaged or lost during my occupancy I will submit to the
Head of Post a full report of circumstances in which the
damage or loss took place. Upon direction of the Head of
Post I will make good such proportion of the damage
or loss, however occasioned, which is beyond normal wear and
tear, and for which, in the opinion of the Head of Post, I am
responsible;

4. I understand that the premises I will occupy have been made available by the Australian Government for the period of my overseas duty with the Department of and I will vacate these premises promptly at the conclusion of my posting unless otherwise directed to earlier vacate them by the Head of Post;

5. During any absence from the post I will not permit the occupancy of the premises by any other person or family (other than my dependants) unless I have first received written permission from the Head of Post;

6. I will pay on the due date to the local authority all utility costs applicable at the post and not paid by the Australian Government which are consumed during my occupancy.

.....
Officer

.....
Designation

.....
Date..... Witness

RECOVERY PROCEDURES
(Recommendation 12 refers)

- Chief Accounting Officer is responsible for maintenance of inventories of furniture and equipment at Government owned and leased accommodation and for ensuring that condition of residences, contents and grounds are recorded when officers first occupy and finally vacate premises.
- Officer upon occupying residence signs undertaking (see Attachment A). Undertaking retained at post.
- When officer first occupies residence (and finally vacates) an inspection is to be made by the officer, the Senior Administrative Officer (or his delegate) and the agent (if applicable), and condition of residence, grounds and contents are to be noted on an Inspection Report (Attachemnt B).
- Any loss or damage to premises or contents is to be noted and reported to the Head of Post.
- Report indicates whether damage is due to 'fair wear and tear' and the officer is to provide Head of Post a full report on circumstances of damage or loss.
- Head of Post will advise the officer the portion of damage or loss he considers to be reasonably beyond fair wear and tear. In making the assessment of the amount to be recovered from the officer, the Head of Post would be guided by the actual damage, the cost of replacement, and the age of the damaged article.
- The Department administering the post will issue Debit Advice Note to officer and take follow up action to recover amount owing. If necessary officer's Department will be requested to assist in the recovery.

GOVERNMENT LEASE PROPOSALS - HEAD OF POST DELEGATION
(CURRENT DELEGATION)

Subject to the provisions of MOP 7.D.5., a head of post may approve and sign the lease of residential accommodation (including garage, staff quarters, etc) on behalf of the "Commonwealth of Australia" without reference to the overseas property office where:

- that lease replaces or renews an existing lease in respect of an existing staffing commitment at the post; or
- it is a lease in respect of an increased staffing commitment emanating from the transfer of an existing position from another post.

Provided that:

- (a) Additional commitments for rent, utilities, maintenance, furniture and fittings in relation to the position concerned can be met from within a post's approved programs after taking into consideration any funds which might attach to a transferred position. Upon advice of the loss of the position the losing post will advise the Overseas Property Office, and the gaining post, of the funds (i) programmed for the position and (ii) available for transfer. If the gaining post's funds including funds to be transferred, are sufficient to cover additional commitments the Overseas Property Office will transfer funds upon request. If the funds are insufficient the delegation cannot be exercised and funds and approval to enter into a lease must be sought from the Overseas Property Office;
- (b) Rental payments in respect of the lease do not exceed the rental ceilings set out in the appropriate Part 6 schedule of the determinations relating to overseas service;
- (c) Due consideration is given to the area standards for the appropriate accommodation grouping set out at MOP Annexure 8F;
- (d) The lease does not involve:
 - Advance rental payments in excess of 12 months;
 - Dead rent;
 - Third country payments.

APPENDIX D (continued)

GOVERNMENT LEASE PROPOSALS - HEAD OF POST DELEGATION

A head of Post may approve and sign the lease of residential accommodation (including garage, staff quarters etc.) on behalf of "The Commonwealth of Australia" where that lease replaces or renews an existing lease or is a lease in respect of an increased staffing commitment at the post provided:

- (a) rental payments in respect of the lease do not exceed the rental ceilings set out in the appropriate Part 6 schedule of the Determinations Relating to Overseas Service;
- (b) a rental commitment in relation to the position concerned was specifically nominated in the draft annual estimates provided to the Overseas Property Office;
- (c) due consideration is given to the area standards for the appropriate accommodation grouping set out at MOP Annexure 8F;
- (d) the lease does not involve any of the following:-
 - (i) advance rental payments in excess of 12 months; or
 - (ii) significant cost increases in payments for maintenance utilities or dead rent; or
 - (iii) any additional expenditure on furniture or fittings in the financial year in which the lease is signed or renewed.

AMPLIFICATION OF RESPONSE TO JOINT COMMITTEE
OF PARLIAMENTARY PUBLIC ACCOUNTS

BOND SYSTEM (Paragraph 18 of our OP78/59 of 15 July)

In concluding that a bond system would not be cost effective, Departments considered the implementation of such a system and its likely effectiveness against the current arrangements.

Commercial leasing practice often requires a security bond to be deposited with the landlord and it is usual for the amount of the bond to be equal to one month's rent. The similar bonding of officers, if related to the actual rental paid for the officer's accommodation, could involve security deposits ranging from a few hundred to several thousand dollars. An imputed rental value would need to be calculated for officers occupying Commonwealth owned residences.

Security bonds of differing amounts where officers are not in a position to choose their accommodation were considered to be inequitable. The average monthly rental to be paid in 1981/82 for leased residential accommodation overseas is about \$1150.

Departments believe that in an overseas service that requires that officers be available for postings and generally that the officer occupies the accommodation allocated to him, without choice, it would not be possible to obtain payment of security bonds of the magnitude of the average monthly rental without a compensating payment or allowance from the Commonwealth to the officer. Such a payment would appear to be self-defeating. It may be necessary for a trust fund to be created for the holding of security deposits.

The use of security bonds in commercial leasing practice is a reflection of a landlord's desire to recover the cost of damage quickly and without recourse to litigation. Officers posted overseas on the other hand are mostly Commonwealth Public Servants from whom the Commonwealth, as both landlord and employer, can recover money relatively simply e.g. through salary deduction. The recovery of the cost of damage is only effective if responsibility for the damage is established and in this regard a bond system has no advantages over the existing procedures.

Whilst a comprehensive list of all recoveries undertaken throughout the overseas estate in the last five years was not undertaken for the reasons provided in the response of 15 July, a number of cases which could be readily identified over the last 5 years was investigated. In seven cases the amounts involved ranged from \$30-\$308 - but were mostly under \$100. Given the relatively small amounts involved, and the administration required for a bond system, establishment of such a system was not considered to have any cost advantages.

Faced with existing procedures for recovery from occupants for damage to premises, it was believed that the establishment of a bond system would involve administrative costs to collect and maintain a sum out of proportion to the amounts that may need to be recovered and would not be cost effective.

APPENDIX F - Details of
recovery in respect of
property damage - 1980

OP78/59

West Block
CANBERRA. A.C.T. 2600

22 January 1982

The Secretary
Department of Finance
CANBERRA. A.C.T. 2600

Attention: Mr C.J. Louttit

Joint Committee of Public Accounts - 172nd Report -
Financing and Administration of Commonwealth Property
Overseas

I refer to the evidence given before the Joint Parliamentary Committee of Public Accounts on 22 October 1981, at which the Committee indicated that it still favoured a bond system in relation to the safeguard of the Commonwealth assets overseas and sought details of recoveries taken in respect of property damage.

2. All overseas posts were requested to provide the following details for the calendar year 1980 -

- (a) details of recoveries made at post;
- (b) details of recoveries instituted after an officer has departed the post.

3. The detail in each included -

- (i) brief details of damage incurred;
- (ii) amount of recovery made or sought.

4. Only three (3) overseas posts had the necessity to make recoveries from officers during 1980. The remaining posts advised that no recovery action was warranted or necessary at their posts during that period.

5. Details of the recoveries sought are shown in the attached.

(H.B. MacDonald)
Deputy Secretary

APPENDIX F - ATTACHMENT

<u>Post and Officer's Name and Department</u>	<u>Brief Details of Damage Incurred</u>	<u>Amount of Recovery</u>
<u>GENEVA</u>		
Officer 'A'	Damage to white carpet valued at Swiss Francs 2000 (approx. \$A413	The accommodation was leased furnished and the owners claimed full replacement cost. After discussions and correspondence between the post and the owner's solicitors, damage was settled at Swiss Francs 1630 (approx. \$A337). This amount was paid in full.
<u>PARIS</u>		
Officer 'B'	Laundry charges for mattress protector	\$A2.57 Recovered
Officer 'C'	Cleaning of apartment and curtains	\$A188.12 Recovered
Officer 'D'	Cost of replacement mattress	\$A241.36 Recovered
Officer 'E'	Cost of replacement tea trolley	\$A44.40 Recovered
Officer 'F'	Cost of papering main and children's bedrooms	\$A188.10 Recovered

None of the above recoveries (for Paris) were made at the post. Landlords obtain and present quotations for repairs and such advice is not available until well after the officer has departed the post. Recovery is made through this Department and when necessary the officer's own Department.

<u>BUENOS AIRES</u>		
Officer 'G'	Damage to walls requiring repair and repainting	\$282 Recovery action still in progress final accounting of security deposit not obtained until 8 months after expire of lease.
Officer 'F'	Damage to walls requiring repair and repainting	\$141 "

PROPOSAL NO. 1 OF 1982
BY
AUSTRALIAN BUREAU OF STATISTICS

1981-82 WHOLESALE TRADE SURVEY



DEPARTMENT OF THE SENATE	
PAPER No.	
DATE PRESENTED	702
	20 APR 1982
<i>Charles</i> Chief of the Senate	

During July to September 1982, the ABS proposes to conduct a survey of businesses engaged mainly in the wholesale trade industry in respect of the year ended 30 June 1982.

The survey is to be conducted to provide comprehensive and up-to-date information about the wholesale trade industry. This information is required primarily to update and extend a number of areas of the Australian national accounts. The national accounts, which are used extensively by Commonwealth and State governments, describe the level and composition of economic activity and provide a basis for the study of industry structure and performance. They also provide a comprehensive basis for the analysis of economic trends and the analysis of the effects of economic policies. The survey results will also be used by Commonwealth and State government departments, and private sector organisations which have a particular interest in the wholesale trade sector of the economy.

The wholesale trade industry is an important part of the total economy comprising approximately 8 per cent of gross domestic product. While a small survey of the industry was conducted in respect of 1977-78, it is 13 years since detailed information was compiled for this sector of the economy, and comprehensive and reliable information on the wholesale trade industry is now urgently required.

The survey will be conducted by mailing questionnaires to approximately 6750 businesses in July 1982. It will include the collection of information on employment, selected items of income and expenditure, and sales of individual commodities. About 2000 of these businesses will also be asked to provide additional details in respect of commodity purchases, and stocks at the beginning and end of the reference year. This methodology will enable reasonably detailed statistics to be compiled while minimising the overall burden on respondents.

The survey has been pilot tested to ensure that the questions can be satisfactorily answered. There was no significant adverse reaction from respondents in the test.

Staff resources required for the survey amount to 62 man years and have been included in ABS forward staffing estimates. The non-salary costs are estimated at \$113,000 and have been included in the financial estimates of the ABS. The major part of this expenditure is required to meet telephone, postage and travelling costs.

The ABS plans to publish the results of the survey in late 1983 and national accounts publications are expected to incorporate the information from mid 1984.

R.J. Cameron
AUSTRALIAN STATISTICIAN

April 1982