



Expenditure from
the Advance to the
Minister for Finance
(Appropriation Acts
1981-82)

Report

204

Joint Committee of
Public Accounts

DEPARTMENT OF THE SENATE	
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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

204TH REPORT

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

(APPROPRIATION ACTS 1981-82)

Australian Government Publishing Service
CANBERRA 1983

JOINT COMMITTEE OF PUBLIC ACCOUNTS

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DUTIES OF THE COMMITTEE

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

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;
- (aa) 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.

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PREFACE

The Advance to the Minister for Finance is a provision authorised by the annual Appropriation Acts and made available to the Minister for issue in accordance with the terms of the appropriations and Section 36A of the Audit Act 1991. In 1981/82 amounts of \$125 million and \$100 million respectively were provided for this purpose in Appropriation Acts Nos. 1 and 2.

The only amounts which should remain a charge to the appropriations for the Advance to the Minister for Finance at the end of the financial year are urgent and unforeseen expenditures which arise between the time of preparation of the additional Appropriation Bills Nos. 3 and 4 and the close of the financial year. The Minister for Finance is required under the terms of the appropriations to submit a statement of this expenditure to the Parliament after the end of the financial year. This statement is referred to the Joint Committee of Public Accounts for examination.

In its examination of expenditure from the Advance to the Minister for Finance the Committee seeks to ascertain whether or not expenditure from the Advance has been confined to urgent and unforeseeable requirements for which provision could not have been made in the original or Additional Estimates. The Committee also seeks to ascertain whether or not the departments concerned have maintained efficient administration in the expenditure of funds under the items examined.

The Committee has noted an improvement in the use by departments of the Advance to the Minister for Finance. The Committee is satisfied that in most cases expenditure from the Advance in 1981/82 was confined to urgent and unforeseeable requirements. The incidence of clerical errors, inefficient estimating and delays, which in previous years caused expenditure to be charged to the Advance, has fallen. The Committee considers that this improvement is due, in part, to the discipline imposed as a result of its scrutiny.

For and on behalf of the Committee,

Senator G. Georges
Chairman

M.J. Talberg
Secretary
Joint Committee of Public Accounts
Parliament House
CANBERRA ACT 2600
6 September 1983

CHAPTER 1

INTRODUCTION AND GENERAL CONCLUSIONS

1.1 A department requiring additional funds for existing services or newly approved services, for which the provisions in the Appropriation Acts (Nos. 1 and 2) were insufficient, or for which no provision was made, seeks approval from the Department of Finance for funds from the Advance. Funds are approved either by the Minister or his delegate. The Advance may be used to anticipate the passing of the Appropriation Bills Nos. 1 and 2 if it is necessary to make urgent payments.

1.2 In 1981/82, the date for acceptance of estimates for Appropriation Acts Nos. 1 and 2 was 4 May 1981. Changes to estimates bids were accepted up to the date of the final printing of the documents in the week prior to 18 August 1981, Budget Day.

1.3 The date for acceptance of additional estimates for Appropriation Acts Nos. 3 and 4 was 18 February 1982. Changes to Additional Estimates bids were accepted up to the week preceding 24 March 1982, the day the documents were presented to Parliament.

1.4 Provision was also made in Section 5 of the Appropriation Act (No. 1) 1981-82 for the appropriation of additional amounts to be determined by the Minister for Finance to cover the payments during the year of increases in salaries and wages and payments in the nature of salaries granted under any law, award or determination. Legal advice during 1981 was that determinations were not restricted to appropriations identified specifically for 'salaries and payments in the nature of salary': other appropriations (eg 'one-line' appropriations) that contain a provision for salaries and wages could be included. Expenditure charged under Section 5 was subsequently included under the respective departments in Appropriation Act No. 3.

1.5 In the case of Appropriation Act (No. 1) 1981-82 \$125 million was provided in Division 310 as follows:

To enable the Minister for Finance -

(a) to make advances that will be recovered during the financial year, in respect of expenditure that is expenditure for the ordinary annual services of the Government;

(b) to make moneys available for expenditure -

(1) that the Minister for Finance is satisfied is expenditure that is urgently required and that was unforeseen until after the last day on which it was practicable to include

appropriation for that expenditure in the Bill for this Act before the introduction of that Bill into the House of Representatives; and

- (ii) particulars of which will afterwards be submitted to the Parliament,

being expenditure for the ordinary annual services of the Government; and

- (c) to make moneys available for expenditure, being expenditure for the ordinary annual services of the Government, pending the issue of a warrant of the Governor-General specifically applicable to the expenditure.

1.6 In the case of Appropriation Act No. 2, \$100 million was provided in Division 868 as follows:

To enable the Minister for Finance -

- (a) to make advances that will be recovered during the financial year;

- (b) to make moneys available for expenditure -

- (i) that the Minister for Finance is satisfied is expenditure that is urgently required and that was unforeseen until after the last day on which it was practicable to include appropriation for that expenditure in the Bill for this Act before the introduction of that Bill into the House of Representatives; and

- (ii) particulars of which will afterwards be submitted to the Parliament,

including payments by way of financial assistance to a State or the Northern Territory on such terms and conditions, if any, as the Minister for Finance determines; and

- (c) to make moneys available for expenditure pending the issue of a warrant of the Governor-General specifically applicable to the expenditure.

1.7 The first purpose of both Advances is to provide moneys that will be recovered during the financial year. Recoveries to the Advances may be from any source including recoveries from the Additional Estimates later in the year. It is not unusual for departments to require additional funds in any year to meet unforeseen changes in circumstances prior to the Additional Estimates and in such cases the Department of Finance will meet the requirement from the appropriate Advance 'pending Additional Estimates'. The department concerned is then required to seek the amount involved in the Additional Estimates and when the additional Appropriation Acts are passed the amount is credited back to the Advance to the Minister for Finance. The same principle of reimbursing the Advance to the Minister for Finance applies to amounts provided to departments 'pending the issue of Governor-General's Warrant'. In this way the Advances are used as sources of temporary finance.

1.8 The remaining purposes of both Advances are to meet commitments that could not have been foreseen in time for their inclusion in the Additional Estimates and particulars of which are later submitted to the Parliament. It is this category which interests the Committee on behalf of the Parliament.

1.9 The table below shows details of the use of the Advance to provide temporary finance (ie. moneys subsequently recouped through the Additional Estimates process or by issue of Governor-General's Warrant). The Committee does not normally concern itself with the use of the Advance in the context of temporary financing. It does, however, become concerned when a department has recourse to the Advance for temporary finance and then fails to seek adequate funds in the Additional Estimates to recoup them.

USE OF THE ADVANCE FOR TEMPORARY FINANCE (\$)

Year	Appropriation Act No. 1	Appropriation Act No. 2
1971-72	18 685 639	21 207 135
1972-73	43 573 425	28 519 724
1973-74	24 378 141	11 793 917
1974-75	17 131 645	15 045 879
1975-76	110 443 112	63 738 646
1976-77	86 585 112	60 816 652
1977-78	97 779 317	42 510 080
1978-79	54 452 373	24 356 655
1979-80	76 991 812	10 127 458
1980-81	111 270 438	97 130 563
1981-82	112 389 068	51 747 260

1.10 While the previous table showed use of the Advance for temporary finance the following table shows use of the Advance for unforeseen expenditure not recovered through Additional Estimates and therefore remaining a charge to the Advance at 30 June.

FINAL EXPENDITURE REMAINING AS A CHARGE TO THE ADVANCE AT 30 JUNE (\$)

Year	Appropriation Act No. 1	Appropriation Act No. 2
1971-72	10 529 309	430 068
1972-73	10 005 085	9 120 805
1973-74	20 068 993	42 341 308
1974-75	32 871 025	56 828 260
1975-76	56 700 475	12 376 749
1976-77	18 372 410	722 802
1977-78	21 477 733	28 612 004
1978-79	35 161 334	430 258
1979-80	26 249 499	7 516 461
1980-81	38 336 817	19 080 385
1981-82	41 705 404	6 624 278

1.11 In summary, in scrutinising expenditure from the Advance to the Minister for Finance, the Committee examines departments on the main question of whether or not expenditure charged to the Advance could have reasonably been foreseen in time for its inclusion in the Additional Estimates and conforms to the principles of estimation. As part of this approach, of course, the Committee examines the efficiency of departments' financial administration.

1.12 The Committee requires departments to submit explanations for all items of expenditure from the Advance as shown in the Minister's statement to the Parliament (see Appendix 1). Up to 1981/82 these explanations have been sought after the end of the financial year. As from 1982/83 revised arrangements apply whereby copies of all departmental applications for funds from the Advance which will remain a final charge to the Advance at 30 June are forwarded by the Department of Finance to the Committee as soon as possible after approval is granted (see Appendix 2). The Committee expects that this arrangement will result in a more timely report to the Parliament and will also foster the correct use of the Advance by departments.

1.13 For 1981/82 the Committee received 118 explanations for items included in the Minister's statement to the Parliament in August 1982. Supplementary written information was obtained in respect of eleven items of expenditure from the following seven departments.

- Department of Administrative Services: item 130/3/17 Government Printer - Loss on operations (for payment to the Government Printer Trust Account), item 813/0/22 Independent Inquiry into Government Laboratory Services and Facilities.
- Attorney-General's Department: item 175/2/06 Legal disbursements - Witness and other fees and expenses.
- Department of Aviation: item 655/1/01 Salaries and allowances, item 655/1/02 Overtime, item 655/3/07 Air services - Subsidy.
- Department of the Capital Territory: item 210/1/01 Salaries and allowances.
- Department of Education: item 270/3/15 Non-State Tertiary Institutions - Payment of tuition fees, item 270/4/06 Student Assistance Programs - Isolated children.
- Department of Social Security: item 590/2/05 Motor vehicles - Hire, maintenance and running expenses.
- Department of the Treasury: item 670/3/02 Loan management expenses.

1.14 One of the Department of Administrative Services' items (130/3/17 Government Printer - Loss on operations) was selected for public inquiry. The particulars of this inquiry are contained in Chapter 2 of this report. While the Committee accepted the supplementary information provided for the other expenditure items and did not proceed to public inquiry, it noted areas of concern in relation to the Departments of Education (item 270/4/06), Capital Territory (item 210/1/01) and Aviation (item 655/3/07). Particulars of these items are contained in Chapters 3, 4 and 5.

General Conclusions

1.15 As in previous years the Committee is concerned that it was found necessary to obtain supplementary information from departments in respect of items of

expenditure from the Advance to the Minister for Finance. For a number of items more background information on the policy and administrative aspects was required. In addition, for six items departments failed in their original submissions to explain a significant unspent balance of funds where extra funds had been provided from the Advance. Indeed, the additional explanation provided by the Department of Education in relation to the underspending for item 270/4/06 was not satisfactory and necessitated a further approach to the Department.

1.16 The Committee again reminds departments that it expects to receive comprehensive and accurate replies to requests for explanations.

1.17 Following an examination of the supplementary information the Committee is satisfied that in most cases the expenditure from the Advance to the Minister for Finance was confined to urgent and unforeseeable requirements for which provision could not have been made in the Appropriation Acts.

1.18 The Committee has noted a general improvement in departments' use of the Advance to the Minister for Finance. The incidence of clerical errors, inefficient estimating and delays, all of which may cause expenditure to be charged to the Advance, has fallen. The Committee considers that this improvement is due, in part, to the discipline imposed as a result of its scrutiny.

1.19 The Committee has also taken note of comments by the Auditor-General at paragraph 20.2 of his May 1983 Report. The Auditor-General points to the possibility that departments avoid recourse to the Advance by deferring payment of due amounts to the following financial year. The Committee would regard this action as totally unacceptable in that it could result in avoidance of proper Parliamentary scrutiny. The Committee would impress upon departments their obligation to use the Advance to the Minister for Finance should circumstances warrant it.

CHAPTER 2

DEPARTMENT OF ADMINISTRATIVE SERVICES

Division	130 - Administrative
Sub-Division	3 - Other Services
Item	17 - Government Printer - Loss on Operations (for payment to the Government Printer Trust Account)

FUNDS AVAILABLE (\$)

Source	1979/80	1980/81	1981/82
Appropriation Act No. 1	-	-	-
Appropriation Act No. 3	-	-	-
Advance to the Minister for Finance	-	-	313 000
TOTAL FUNDS AVAILABLE	-	-	313 000
TOTAL EXPENDITURE	-	-	312 989
UNSPENT FUNDS	-	-	11

2.1 The operations of the Government Printing Office are funded from the Government Printer Trust Account which falls within Group 2 of the classification of trust accounts comprising the Trust Fund, ie. working accounts of Commonwealth Government Factories and other quasi-commercial activities including printing, publications and certain stores and transport operations. The Government Printer Trust Account was established in 1927 under section 62A of the Audit Act 1901 for the purpose of, 'Payment for labour employed and material used in the Government Printing Office.'¹

1. Joint Committee of Public Accounts, Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1981-82), Minutes of Evidence, AGPS Canberra 1982, p. 23.

2.2 Under the present accounting arrangements used to oversight the Government Printer Trust Account, which have been agreed to by the Department of Finance, any profit made in a financial year is required to be repaid to the Consolidated Revenue Fund, and any loss incurred in a financial year is required to be recouped by appropriation from the Consolidated Revenue Fund in the financial year following that in which the loss was incurred. The purpose of this item in 1981/82 is, therefore, to provide for the recoupment of such losses for the financial year 1980/81.²

2.3 The Committee was advised that the profit and loss statement for the Government Printer Trust Account for the 1980/81 financial year was completed on 21 September 1981 and showed that a loss of \$312 989 had been incurred.³ This loss on operations represents 1.5% of the operating revenue earned during 1980/81.⁴

Advance to the Minister for Finance

2.4 An amount of \$313 000 was provided in Additional Estimates to cover the loss. The Item description however, was incorrect as it referred to 'Loss on Operations of the Publications Trust Account' instead of the 'Government Printer Trust Account'. (See item 130/3/15 in Appropriation Act No. 3). The error was not detected either by the Department of Administrative Services or the Department of Finance until after Appropriation Bill No. 3 had been printed. The funds in 130/3/15 remained unspent. As a result of this error an amount of \$313 000 had to be provided from the Advance to cover the loss.⁵
Operation of the Government Printing Office

2.5 In conducting this inquiry the Committee has taken into consideration previous inquiries relevant to Commonwealth printing and publishing; in particular the sixth special report of the Joint Committee on Publications.⁶ The Committee has limited its examination to those issues directly relevant to the loss on operations, forms of accounting and the quality of management.

2.6 An extract from a submission by the Department of Administrative Services outlining a brief history, accounting arrangements, pricing policies and special characteristics of the Government Printer's operations is contained at Appendix 3. The Government Printer is, first of all, a section of the Australian Government Publishing Service. AGPS is, in turn, part of the Information Services Division of the Department of

2. *ibid.*, p.23.
3. *ibid.*, p.23.
4. *ibid.*, p.30.
5. *ibid.*, p.30.
6. Joint Committee on Publications (Sixth Special Report), The Australian Government Publishing Service and its Role in Commonwealth Printing and Publishing 1964-1978, AGPS CANBERRA, 1978.

Administrative Services.⁷ In addition to being responsible to the Minister through the Permanent Head of the Department, the Government Printer is responsible to Parliament through the operation of various Acts, in particular the Publications Act.⁸

2.7 In view of the difficulties often associated with multiple lines of responsibility the Committee was concerned to learn that no formal written objectives were set down for the Government Printing Office.⁹ The Committee was informed¹⁰ that a new charter was being prepared by a standing interdepartmental committee set up following the Government's response to the recommendations of the report of the Joint Committee on Publications...

'Recommendation 92

That a Charter of Responsibilities be established by way of Cabinet decision to cover the responsibilities and functions of the Parliament (after consultation with the Presiding Officers), the AGPS, departments and statutory authorities in the printing and publishing of Commonwealth material.

Response

Accepted. An appropriate Charter will be prepared for approval by the Government, as a priority task of the Standing Interdepartmental Committee on Government Printing and Publishing....¹¹

2.8 After three years the priority task of this standing interdepartmental committee has not been completed. One of the reasons offered for this inordinate length of time was the re-examination required following the relevant decisions of the Review of Commonwealth Functions.¹² The plethora of inquiries affecting AGPS has also contributed to the delay.¹³ The Committee also understands that the appropriate reflection in the Charter of the responsibilities and functions of the Parliament has been an area of protracted negotiation.

2.9 The Committee trusts that the negotiations and considerations affecting the Charter of Responsibilities are close to finalisation and expects to be advised of the results in the Finance Minute forwarded in response to this Report.

7. *Minutes of Evidence, op. cit.*, P.35.

8. *ibid.*, p.34.

9. *ibid.*, p.36.

10. *ibid.*, p.37.

11. Australia, House of Representatives, *Debates*, 18 October 1979, p.2193.

12. *Minutes of Evidence, op. cit.*, p.38.

13. *ibid.*, p.39.

2.10 Similarly, the Committee was concerned to learn that the financial statements on the Government Printer's operations are not required to be published and are not subject to Commonwealth audit.¹⁴ In explanation, the Department of Finance noted that moves towards auditable accounts were in abeyance pending consideration of recommendations of the Review of Commonwealth Functions and finalisation of the structure of AGPS (see Appendix 4).

2.11 The Committee is not satisfied that the degree of uncertainty surrounding the role of AGPS should necessarily halt all progress towards the adoption of auditable accounts. The Committee is strongly of the view that the Government Printing Office should be considered as a Commonwealth departmental undertaking which is engaged in commercial activity and that accordingly, the Guidelines for the Form and Standard of Financial Statements of Commonwealth Undertakings promulgated by the Department of Finance in May 1983 should apply. The Committee therefore recommends that the financial statements on the Government Printer's operations be made subject to Commonwealth audit as a matter of urgency.

Loss on Operations 1980/81

2.12 The broad financial aim of the Government Printer is to achieve a break-even position by recovering all costs incurred through charges to Parliament, departments and authorities for finished work.¹⁵ For several reasons this aim was not achieved in 1980/81 and a loss on operations of \$312 989 was sustained:

- (i) Actual revenue earning hours worked during the financial year were 529 343 - ie. some 18 678 hours, or 3.4%, less than budgeted for and the equivalent of an approximately \$336 000 shortfall in budgetted revenue. The main reasons for this shortfall were:
 - (a) The reduction in Parliamentary work resulting from Parliament rising earlier than expected for the Federal Election;
 - (b) A loss of approximately 8000 hours because of industrial disputes.
- (ii) In order to secure work to keep men and machines utilised, the Printing Office found it necessary to quote for certain jobs at lower than established rates, resulting in a reduction of income of approximately \$626 000. (The net loss would have been greater had this action not been taken.)

- (iii) Three National Wage decisions were handed down during the course of the financial year instead of two as expected. The third decision, effective from 7 May 1981, involved additional expenditure of approximately \$73 000.

2.13 One reason for the loss on operations is the fact that insufficient work was directed to the Government Printer. As outlined in paragraphs 2.34-36 the Government Printer is not offered all the work he might be capable of performing and must compete with private contractors for much of this work. The possibility that the Government Printer is allocated work that is relatively unprofitable while private contractors gain the more profitable work is acknowledged. An additional and important factor limiting the amount of work made available to the Government Printer has been the growth in recent years in departments' capacity for in-house printing.¹⁶

Monitoring of Operations

2.14 The Committee was advised that the Government Printer experiences considerable difficulty in matching capacity with workloads because of¹⁷ :

- the need to maintain a capacity sufficient to respond at all times to the peak demands for Parliamentary work and the urgent and confidential requirements of Government, with the consequence that plant and staff are, from time to time, under-utilised;
- variations in the volume of work associated with the requirements of Parliament, Departments and Authorities;
- difficulties in obtaining suitable 'fill-in' work when Parliament is not in session.

2.15 Before each financial year a detailed budget is prepared by the Finance Section of the AGPS in conjunction with Printing Office management. This involves assessing projected workloads, costs, revenue, profits and working capital requirements.¹⁸ Costs are based on levels of expenditure projected from the previous year, with due allowance for inflation, current staffing and projected workload. Revenue expected is calculated bearing in mind any known changes of rates and workloads.

16. *ibid.*, p. 72.
17. *ibid.*, pp. 25-26.
18. *ibid.*, p. 25.

14. *ibid.*, p. 53

15. *ibid.*, p. 24

2.16 Financial reports are prepared each four weeks to review results. Two types of reports are provided to management:

- The first shows income, expenditure and profitability of every section for the four weeks and for the year to date. The actual result is compared with the budget.
- The second applies to those sections where productive hours directly affect profitability, and shows productive hours achieved against the hours budgetted to achieve break-even, for the four weeks and for the year to date.

2.17 In 1980/81 at the mid-year period, these reports made it apparent that an increase in rates was necessary to recover the effect of wage and salary increases coupled with reducing workloads. A management decision was taken to increase the rates charged for general printing work by 2.5% and this increase was effective from 11 February 1981. The increase resulted in an additional \$105 000 revenue being earned over and above the revenue which would have been earned had the increase not been applied.¹⁹ This increase was made notwithstanding the fact that the Government Printer was forced to quote for certain work at lower than established rates.

2.18 The view was put to the Committee that the financial management information systems are no longer adequate for current demands; they do not allow detailed investigations into the reasons for shortfalls in performance.²⁰ The Committee supports the undertaking by the Department to review these systems and recommends that the review be conducted urgently.

Competitiveness of the Government Printer

2.19 In its submission, the Department summarised some of the difficulties facing the Government Printer as follows:²¹

'On the one hand, the primary role of the Government Printing Office is to provide efficient services to Parliament, departments and authorities at prices which are competitive with those charged by commercial printing firms. On the other hand the Printing Office is unable to operate in the way a commercial printer would. It must provide better than commercial levels of security, responsiveness to urgent demands, accommodation for slow-paying clients etc. and is at the same time saddled with a number of major cost and operational disabilities which make it

19. *ibid.*, p. 95.
20. *ibid.*, pp. 64-65.
21. *ibid.*, p. 19.

impossible for it, under present accounting arrangements, to be cost competitive. There are also policy directives which require that there should be a balance between core work and fill-in work at the Printing Office and that as much work as possible be contracted out to private printers.'

2.20 The Committee was informed that in response to Recommendation 7 of the Joint Committee on Publications Sixth Special Report (1978), the Government directed that an independent review of the Commonwealth Government Printing Office be undertaken. The purpose of this review was to ensure that capital equipment employed by the Government Printer was not excessive and was basically directed towards meeting the printing needs of Parliament and the urgent and confidential needs of Government. Mr H.W. Paterson, a consultant with extensive commercial experience, was appointed in September 1980 to carry out this review and concluded that the current capacity of the Commonwealth Government Printing Office is essential to cope with peak requirements of Parliament and the urgent and confidential needs of Government as the needs are presently understood.²²

2.21 The Committee was advised that the Government has accepted this conclusion but indicated that there would be a review of the work loads of the Government Printer and of the consequential pricing policies.²³ A departmental working party has been established to carry out this review and it is proposed, as part of the review process, to examine various funding options, for example:²⁴

- (i) Provide the Government Printer Trust Account with a subsidy by appropriation to compensate for the higher-than-normal costs of 'core work'.
- (ii) Review the current nexus between differential charging rates as charged for core work jobs and normal rates as charged for fill-in jobs to ensure that it is a true reflection of current arrangements.
- (iii) Provide from an appropriation a compensating payment (to be credited to the Trust Account) so calculated as to offset the wide range of cost disabilities mentioned earlier (not just those of core work) eg.

22. *ibid.*, p. 19.
23. *ibid.*, p. 90.
24. *ibid.*, pp. 19-20.

- wages of redundant staff who cannot be retrenched because of Government policy;
 - amortisation charges for plant which cannot be adequately utilised because of changes in Government policy;
 - costs associated with interruptions to production, rescheduling etc. following changes in priority of jobs;
 - costs related to the unusually wide range of work which must be accepted and which diminishes scope for specialisation;
 - interest on working capital to the extent that it is higher than commercially normal, due to high levels of outstanding debts;
 - amortisation of capital investment for extraneous activities undertaken for particular clients or policy reasons.
- (iv) Identify those elements of accommodation, equipment, staff etc. which are surplus to normal requirements under existing Government policies and 'mothball' them i.e. isolate the costs associated with these elements and charge them to a 'reserve capacity' appropriation in somewhat the same way as has been done with Defence production factories.

2.22 These options are all directed at enabling the Government Printer to compete more effectively for fill-in, that is, non-Parliamentary work. Of these options two were examined in detail viz the high level of outstanding debt and the requirement for departments to use the Government Printer.

Late Payment of Debts

2.23 The Committee noted that the difficulties associated with carrying large debts were an oft-repeated feature of the Department's submissions (see, for example, Appendix 3, paragraphs 35(vi), 45). Some accounts rendered by the Government Printer on client departments remained unpaid for over twelve months.²⁵ At the time of the inquiry the total debt was \$3.4 million and it has approached \$6 million. This represents a debt level of over 10 per cent.²⁶

25. *ibid.*, p. 59.

26. *ibid.*, pp. 62-63.

2.24 The necessity to carry a high level of debt is accounted for through the working capital requirements in the budget prepared by AGPS and reflected in the charges imposed for printing.²⁷ The major effect from the Government Printer's viewpoint is the detrimental impact on his competitiveness.

2.25 The Committee's views on this matter were set out in its 151th Report 'Payment of Accounts' (1974). In particular:

The Committee endorses the view expressed by the Treasury during the inquiry that where charging departments operate through a Trust Account, it is not considered appropriate to increase the working capital advances to those Trust Accounts just because paying departments are slow in discharging their financial obligations.

The Committee would urge departments to make an effort to reduce the delays in the payment of accounts by reviewing their procedures and increasing the degree of supervision exercised in this area and to co-operate with the Treasury in an endeavour to have accounts paid promptly.

2.26 That this problem is still current is of added concern in view of the fact that it was addressed by the Joint Committee on Publications in its sixth special report in 1978. That Committee noted:²⁸

Present procedures for the payment of departmental accounts for printing services appear cumbersome and can lead to considerable delay in the payment of a printer's account. They require simplification and rationalisation. Currently, accounts are lodged by the printer with the AGPS for settlement. The AGPS verifies the account and then passes it on to the client department for direct settlement with the printer. The Committee received evidence that all too frequently departments did not settle their accounts within the time required by normal commercial practice (thirty days). Delays are extensive and have, on occasions, led to commercial firms being seriously embarrassed for funds. The Committee finds this unacceptable.

2.27 Unpaid accounts due to the Government Printer are pursued in the following manner.²⁹ In each four week period, reports showing each unpaid invoice for each debtor and an age analysis of the total debt, are printed by the automated debtor

27. *ibid.*, p. 61

28. *ibid.*, Joint Committee on Publications (Sixth Special Report), *op. cit.*, p. 56.

29. *Minutes of Evidence, op. cit.*, p. 95

system. Since October 1981, statements containing this information have been forwarded to each debtor at the end of each four week accounting period with a covering letter (circular). In addition, those paying authorities having invoices unpaid for more than sixty days are contacted by telephone, and those having invoices unpaid for more than ninety days are sent individual letters. The ineffectiveness of the procedure for following-up debtors is recognised by AGPS.³⁰

2.28 The Committee was informed that, as at 30 June 1982, the Attorney-General's Department, Telecom and Australia Post were some of the Government Printer's slowest payers and largest debtors.³¹ In reply to these allegations, the Attorney-General's Department, Telecom and Australia Post did not entirely agree with this assessment.³² In particular Australia Post stated that its debt to the Government Printer was small and had never been significant. Indeed, for the period July 1981 to December 1982 the total sum of accounts rendered to Australia Post was only of the order of \$70 000.

2.29 All three clients complained that delays were due in part to inadequacies in the billing procedures and cited examples as follows:

- sending copies of invoices rather than originals. (Telecom's Accounting Instructions preclude the payment of accounts on invoices other than originals.)
- difficulties in reconciling accounts and orders (insufficient or absent identifying information on claims)
- delays in submitting accounts (invoices dated December 1981 not received until April/May 1982).

2.30 Further evidence suggests that departments experience difficulty in estimating funds required for printing work performed by the Government Printer. In his explanatory statement on item 678/2/02 (Office requisites and equipment, stationery and printing) the Australian Statistician indicated that a very significant proportion of the additional funds required from the Advance by his office in 1981/82 arose from vast unanticipated increases in accounts from the Government Printer.³³ The statement was made that

30. *ibid.*, p. 59.

31. *ibid.*, p. 61.

32. Memoranda to Committee Secretariat, Committee file 1982/10.

33. *Minutes of Evidence, op. cit.*, pp. 31-33.

It is extremely difficult to forecast accurately the funds required to meet charges imposed by the Government Printer. Although prior quotes are provided on request the charges imposed vary unpredictably.

2.31 The evidence from Australia Post, Telecom and the Australian Bureau of Statistics also suggests that a considerable number of claims are subject to dispute.³⁴ A survey of the first 20 weeks in 1982/83 showed that, for work valued at \$9 235 227 issued to client departments during that period of time, queries which would lead to delays in payments or amended payments were received in relation to 86 invoices valued at \$166 893.12. Of the 86 invoices queried, 26 were subsequently paid in full, 22 were subsequently settled after the amount charged had been reduced, 6 were redirected, and 32 remained unpaid at the end of that 20 week period although only one of these remained unresolved as between the Printing Office and the client concerned.³⁵

2.32 The Committee again reminds all departments of their obligations as set out in Finance Regulations and Directions to pay accounts promptly.

2.33 However, the Committee is also satisfied that there is room for considerable improvement in the Government Printer's billing and accounts receivable systems. Indeed the replies from the Attorney-General's Department and Telecom to the allegations concerning their payments of accounts, refer to action recently undertaken to improve the situation. Accordingly the Committee recommends that the billing and accounts receivable systems operated by the Government Printer be urgently reviewed. In particular, there is need for agreement between the Government Printer and his customers as to the minimum details required in customers' invoices to facilitate claim identification and payment.

Required use of the Government Printer by Departments

2.34 The requirements and procedures to be followed by Commonwealth Departments in respect of the procurement of printed material are laid down in the AGPS Circulars, Commonwealth Purchasing Circulars and Finance Regulations. Specifically AGPS Circular No. 26 as amended relates to procurement of printing requirements (see Appendix 5).

2.35 Basically departments may make their own arrangements independently of AGPS for procurement of general or non-specialised printing items costing less than \$10 000. However, individual jobs costing between \$500 and \$10 000 should (sic) be offered in the first instance to an appropriate unit operated by the Government Printer. Contracts for specialised

34. Committee file 1982/10.

35. *Minutes of Evidence, op. cit.*, p. 105.

general printing irrespective of value are arranged by the AGPS. This may be carried out by the Government Printing Office or by outside contractors and is arranged by the AGPS through competitive quotations, period-contracts, etc. with printers known to be competent. In theory, the procedures ensure that the Government Printer is at least offered a significant proportion of the printing work required by Commonwealth departments in addition to the Parliamentary printing requirements.

2.36 The Committee was informed however, that AGPS cannot enforce compliance with these requirements. Although the Controller of AGPS has the power (under Finance Direction 25.27) to determine the manner in which all departments and those authorities related to departments should obtain their supplies of printed and published material, AGPS claims it does not have inspection mechanisms or knowledge of the amounts of money involved, owing to the structure of the items in the Appropriation Bills.³⁶ The Committee would add that the wording of the requirements ('should... be offered ... to ... the Commonwealth Government Printer') reflects a lack of resolve on the part of AGPS. It is evident to the Committee that insufficient management control has been exercised to provide a viable service to the Parliament and to departments. The procedures departments are to follow in procuring printing must be stated in unequivocal terms. Inspection mechanisms should also be in place to ensure that requirements are observed.

2.37 The Committee found that there is no reliable information on what proportion of general Government printing was done by the private sector or by the Government Printer.³⁷ The estimates provided (see Appendix 6) suggest that 22 per cent of printing is done by departments on their own in-house equipment, 33 per cent is carried out by the Government Printing Office and 46 per cent is carried out by private commercial printers. However, these estimates do not account for low price (less than \$1000) jobs allocated directly by departments to commercial printers. Furthermore, the estimate of departmental in-house printing is out-dated and the area is acknowledged as one of high growth.

2.38 The Committee recognises the fact that over recent years the Government's policy concerning the role of the Government Printing Office has been in a state of flux. In particular there have been considerable changes in relation to requirements for printing work to be directed to the private sector. The Committee is of the opinion that the monitoring of the effects of this policy will be enhanced if departments maintain standardised information on all their printing and publishing activities. Accordingly, the Committee recommends that administrative arrangements be drawn up and implemented requiring departments to maintain such information. The information collected should be broadly comparable to that

36. *ibid.*, pp. 66-67.
37. *ibid.*, pp. 69-72.

provided by departments in their Annual Publishing Program (see Appendix 5) but should cover actual costs and contract details.

2.39 The information collected should enable AGPS to make more soundly based management decisions on the volume and type of work directed to the Government Printing Office and add to their knowledge of commercial printers for tendering purposes. In addition, rather than cut across the responsibility of a departmental permanent head to obtain the best value for money for printing work, the routine collection of such information should aid departmental management achieve cost efficiency.

2.40 Furthermore, it is recognised that AGPS currently does not undertake sufficient liaison with departments to ensure that enough appropriate work is offered to the Government Printer.³⁸ The Paterson Report of the independent review of the capacity and equipment of the Government Printing Office (refer paragraph 2.20) suggested that a more positive approach to seeking work should be pursued.

2.41 The Committee was advised by the Department that:³⁹

AGPS management recognises that within existing capacity there are times when more Government printing work could be performed in the Printing Office, especially during periods when Parliament is in recess, that the performance of such work would enable current fixed costs to be spread over a greater workload and hence make the Printing Office operation more competitive and more attractive to client departments, and accepts Paterson's suggestion that a more positive attitude towards seeking work to utilise this capacity be adopted. Accordingly, AGPS management will seek to have the resources created for the purpose of servicing departments in this way, but will, at the same time ensure that Printing Office capacity is retained at a level required to meet Parliamentary work and the urgent and confidential needs of Government.

2.42 The Committee welcomes this development and takes particular note of the assurance that Printing Office capacity will be retained at a level to meet Parliamentary work.

38. *ibid.*, p. 72.
39. *ibid.*, p. 111.

Conclusions and Summary of Recommendations

2.43 The Committee has taken note of the delay in the finalisation of the Charter of Responsibilities in relation to the printing and publishing of Commonwealth material. The Committee reiterates that it would expect to be informed of the outcome of this Charter in the Finance Minute responding to this report (paragraph 2.9).

2.44 The major findings of the Committee relate to weakness in accountability and inefficient administration of the Government Printer's operations. Accordingly the Committee recommends that:

- (i) the financial statements on the Government Printer's operations be made subject to Commonwealth audit as a matter of urgency (paragraph 2.11);
- (ii) a review of the financial management information systems be conducted urgently (paragraph 2.18);
- (iii) an urgent review be undertaken of the Government Printer's billing and accounts receivable systems (paragraph 2.33); and
- (iv) the procedures departments must follow in procuring printing are to be stated in unequivocal terms. Inspection mechanisms should also be in place to ensure that the requirements are observed (paragraph 2.36).

2.45 The Committee notes with displeasure that delays in the payment of accounts by client departments contribute to the inefficiency of the Government Printer's operations. The Committee again reminds all departments of their obligations as set out in Finance Regulations and Directions to pay accounts promptly.

2.46 In addition, the Committee is concerned at the lack of reliable information on the totality of general Government printing activity, particularly as it affects the ability to monitor the effects of, and recommend changes to, policies determining the lodgement of printing work with the Government Printer or private printers. To overcome this deficiency the Committee recommends that

- (v) administrative arrangements be drawn up and implemented requiring departments to maintain standardised information on all their printing and publishing activities (paragraph 2.38).

2.47 Finally, in view of the important role played by the Government Printer in meeting the Parliament's printing requirements, it is imperative that the Government Printer's viability be assured. A permanent head is responsible for the efficient management of his department's resources and is therefore required to obtain the best value for money in meeting his printing requirements. The Committee supports the examination of the funding options outlined in paragraph 2.21 which aim to enhance the competitiveness of the Government Printer and thereby attract the necessary fill-in, non Parliamentary work.

CHAPTER 3
DEPARTMENT OF EDUCATION

Division 270 - Administrative
Sub-Division 4 - Student Assistance Programs
Item 06 - Isolated children

FUNDS AVAILABLE (\$)

Source	1979/80	1980/81	1981/82
Appropriation Act No. 1	12 530 000	14 315 000	16 729 000
Appropriation Act No. 3	-	1 485 000	532 300
Advance to the Minister for Finance	-	-	585 800
TOTAL FUNDS AVAILABLE	12 530 000	15 800 000	17 847 100
TOTAL EXPENDITURE	12 188 563	14 487 012	17 829 798
UNSPENT FUNDS	341 437	1 312 988	17 302

3.1 This item provides for assistance by way of allowances to parents of primary and secondary pupils who, because of the geographic isolation of their homes or a handicap, must either live away from home in order to attend school or study at home by correspondence. Assistance is provided in respect of calendar years. Prior to 1983 the closing date for applications for assistance was 31 December in the year of study. Parents could apply for benefits at any time during the calendar year and payments for that year could be made in the following calendar year. Payments could also be made in one financial year in respect of assistance for part of the previous financial year.

3.2 The Committee was advised that the Department sought additional funds in Appropriation Act No. 3 because, at that time, increased expenditure in July-December 1981 was expected to result in 1981/82 expenditure exceeding the original appropriation by \$532 250. The increased expenditure in the July-December 1981 period was brought about by:

- a larger than estimated number of children being assisted by December 1981 (19 544 compared with the estimate of 19 070)
- an increased proportion of boarders receiving the Special Supplementary Allowance (27% compared with the estimate of 24%).
- an increase in the number of children receiving Correspondence Allowance (3085 compared with the estimate of 2710).
- a change in the distribution of expenditure in the 1981 calendar year.

3.3 Because of the December closing date for the scheme it is possible for expenditure in each half of the calendar year to vary according to when applications are received and processed. Below are the percentages of expenditure in the January-June period of each calendar year for the period 1978-1982:

1978	1979	1980	1981	1982
57.7%	56.2%	55.0%	52.9%	53.2%

3.4 The Committee was advised that the change between 1980 and 1981 can be largely attributed to the introduction of a four term year in Queensland. Payments are made for most benefits at the beginning of each term. In the case of Queensland, this means two equal payments in each half year period. For the other States two payments are made in the January-June period and one in the July-December period. In addition, although the change between 1981 and 1982 seems small in percentage terms it reflects a movement of \$500 000 between two financial years.

3.5 By late April 1982 it was apparent that insufficient funds had been provided in the Additional Estimates; the shift in the financial year distribution of expenditure between the 1981 and 1982 calendar years was beginning to be felt. The Department sought \$592 200 to cover the estimated requirements for the remainder of the financial year. At that time Appropriation Act No. 3 had not been passed, and \$532 300 was approved from the Advance pending Additional Estimates.

Advance to the Minister for Finance

3.6 The Committee was informed that the Department reviewed its requirements after the major pay of 13 May 1982 for the item and it was estimated that an Advance of \$532 300 should be sufficient to meet requirements. This amount was authorised by the Department of Finance on 7 June 1982. On 28 June it became apparent that more applications had been processed for payment on payday 24 June than had originally been estimated and a second Advance of \$53 500 was sought and obtained.

3.7 In view of the fact that the second Advance for \$53 500 was sought at such a late stage on the basis of applications processed for payment, the Committee was concerned that \$17 302 remained unspent and sought further explanation.

3.8 The Department advised that the second advance of \$53 500 was issued to the NSW Office of the Department. This advance was required because of an underestimate of the funds required to meet authorised claims due to an inexperienced officer mis-reading a computer produced payment variation form. Apart from the underestimate of funds required this error resulted in the warrant authority, issued from the Central Office of the Department, being exceeded by the NSW Office and necessitating adjustment/withdrawal of warrant authority to other State Offices of the Department.

3.9 The Department reassured the Committee that in future, the program staff in the NSW Office will be well-schooled in the interpretation of computer-produced pay records. In addition the Department would advise State Offices that estimates of funding requirements for the final payday of the year must be double checked.

3.10 Of the \$17 302 unspent the Department specifically identified \$11 516 as repayment to the vote in the form of returned cheques or repayment of overpayment in cash. These repayments occurred late in June and could not be estimated for, or be considered available for, expenditure. The State breakdown of the total underspent and the amounts identified as late repayments to the vote are shown in the following table.

BREAKDOWN OF AMOUNT UNSPENT (\$)

State/ Territory	Amount Underspent	Repayments Identified	Remaining Unspent Balances
ACT	59	-	59
NSW	785	655	130
VIC	767	-	767
QLD	2 817	1 565	1 252
SA	1 077	-	1 077
WA	9 539	7 936	1 603
TAS	393	-	393
NT	1 865	1 360	505
TOTAL	17 302	11 516	5 786

3.11 The Department suggested that the remaining unspent balances represent 'normal' underspend due to minor underestimations, problems with final payment of claims processed and inability to finally process claims for payment until after the end of the financial year. While accepting this explanation the Committee notes that a proportion of the remaining underspend was caused by insufficient warrant authority resulting from the error in the NSW Office.

Conclusions

3.12 The Committee is satisfied that the use of the Advance to the Minister for Finance in this item was valid under the urgent and unforeseen criteria.

3.13 The Committee is nevertheless concerned at the reliance on inexperienced staff for estimates purposes. The Committee reminds all departments of the responsibility of senior managers for financial administration. The Committee expects the Department of Education to provide adequate training for staff involved in financial administration duties.

CHAPTER 4
DEPARTMENT OF THE CAPITAL TERRITORY

Division 210 - Administrative
Sub-Division 1 - Salaries and Payments in the nature of Salary
Item 01 - Salaries and allowances
FUNDS AVAILABLE (\$)

Source	1979/80	1980/81	1981/82
Appropriation Act No. 1	20 580 000	22 321 500	28 565 900
Appropriation Act No. 3	225 000	1 270 000	1 284 600
Advance to the Minister for Finance	-	97 000	260 000
TOTAL FUNDS AVAILABLE	20 805 000	23 688 500	30 110 500
TOTAL EXPENDITURE	20 638 146	23 675 500	30 043 223
UNSPENT FUNDS	166 854	13 000	67 277

4.1 This item provides for the salaries and allowances of both permanent and temporary officers of all branches of the Department except those officers whose salaries are paid from the ACT Forestry, Suspense and Transport Trust Accounts, and from the Special Appropriation - Remuneration Tribunals Act 1973. This item also does not cover expenditure on salaried staff of the ACT House of Assembly, the National Capital Development Commission, the Parliament House Construction Authority and the Canberra Development Board. Salaries for these staff are provided for under other appropriations.

4.2 An additional appropriation of \$1 284 600 was included in Appropriation Act No. 3 to cover salary increases of \$1 676 890 granted subsequent to the original appropriation less savings of \$392 270 due to delays in the recruitment of staff. This net additional requirement of \$1 284 620 was rounded to \$1 284 600.

Advance to the Minister for Finance

4.3 The Committee was advised that, subsequent to the Additional Estimates, additional funds were required as follows:

	\$
(i) Salary increases granted subsequent to the Additional Estimates	113 911
(ii) Increase in level of employment following increase in staff ceiling largely resulting from continuing departmental responsibility in relation to motor vehicle testing	86 239
(iii) Increase in actual employment against approved staff ceiling (partially offsetting the savings of \$392 270 identified in the Additional Estimates)	59 850
	260 000

4.4 In view of the significant level of unspent funds (\$67 277) in relation to the funds sought from the Advance, the Committee asked for an explanation of this underexpenditure.

4.5 The Committee was informed that the Department's bid for funds from the Advance to the Minister for Finance was made on 11 June 1982 to ensure that sufficient funds were held to cover charges in respect of salaries payable on payday 1 July 1982. The amount estimated for the payment of normal salaries (excluding overseas and industrial staff) on payday 1 July 1982 was approximately \$1 146 300 based on average costs over the previous three months. Due to fluctuations caused by the back-dating of various pay increases, the basis used for the calculation of payments for this payday was excessive. The actual charging for the last pay period for the year was \$1 119 982, which was \$26 313 or 2.3% less than expected.

4.6 Allocations of \$31 850 and \$28 000 were made in 1981/82 to cover salary payments to officers overseas and industrial employees temporarily occupying salaried positions. The actual expenditures against those allocations were \$27 698 and \$23 822 respectively. This accounts for a further underexpenditure of \$8330. The Committee was advised that the amount required for the payment of industrial employees is somewhat unpredictable because of the temporary nature of their employment against salaried

positions; these staff are normally paid from functional appropriations. In addition, the original estimate for the payment of officers overseas included allowances in respect of living expenses. In May 1982, however, it was decided that these allowances were more appropriately chargeable to item 210/2/01 (Travelling and subsistence). The transfer of these expenses to item 210/2/01 also contributed to the underexpenditure.

4.7 The Committee was also advised that, subsequent to the end of the financial year, the Department discovered that an amount of \$32 634 had been incorrectly posted to item 210/1/01 in May 1982 thus overstating the expenditure for 1981/82. Approval was obtained from the Department of Finance to adjust this incorrect posting after the end of the financial year. The Department was not aware of the incorrect posting at the time funds were sought from the Advance to the Minister for Finance and consequently, the adjustment increased the underexpenditure in this vote from \$34 643 to \$67 277.

Conclusions

4.8 With regard to the urgent and unforeseen nature of the Department's request for funds from the Advance to the Minister for Finance, the Committee is satisfied that these criteria were met.

4.9 However, the Committee is concerned that a coding error resulting in an incorrect posting of expenditure to this item significantly affected the underexpenditure for this item. The Department has assured the Committee that it has implemented revised procedures aimed at reducing the possibility of similar errors.

CHAPTER 5

DEPARTMENT OF AVIATION

Division 655 - Administrative
 Sub-Division 3 - Other Services
 Item 07 - Air Services - Subsidy

FUNDS AVAILABLE (\$)

Source	1979/80	1980/81	1981/82
Appropriation Act No. 1	504 000	232 000	342 000
Appropriation Act No. 3	-	95 000	170 000
Advance to the Minister for Finance	-	-	27 159
TOTAL FUNDS AVAILABLE	504 000	327 000	539 159
TOTAL EXPENDITURE	490 761	326 892	535 525
UNSPENT FUNDS	13 239	108	3 834

5.1 This item provides, in part, for the payment of subsidies to the operators of remote air services. Broadly, a service may be regarded as eligible for subsidy when it serves areas where other forms of transport are non-existent or clearly inadequate, and where the cost to the Commonwealth is commensurate with the benefit derived by the locality served and there is a positive contribution to national development. The item incorporates expenditure for the former Department of Transport prior to that Department's abolition on 7 May 1982.

5.2 The Committee was informed that a Government decision in June 1981 resulted in an amount of \$341 500 being included in this item for 1981/82. For Budget presentation purposes this was rounded to \$342 000.

5.3 In March 1982, the Government decided to join the Queensland Government in subsidising TAA's continuation of F27 services in Central and Western Queensland commencing from May 1982. A matching subsidy of up to \$1 million per annum is to be paid by the Commonwealth in 1982/83 and 1983/84, with the level of subsidy to be reviewed at the end of 1982/83.

5.4 An additional appropriation of \$170 000 was included in Appropriation Act No. 3 to cover the estimated pro-rata payments under this agreement for May and June 1982. However, a later refinement showed that the precise amount required was \$166 666 which is \$3334 less than the original estimate.

Advance to the Minister for Finance

APPENDIX 1

5.5 The Committee was advised that under current arrangements the actual subsidies to be paid to individual operators are subject to investigations by officers of the Department of Aviation, verifying the shortfall between justified costs and revenues for each operator. The amounts to be paid to individual operators are agreed between the Ministers for Aviation and Finance.

5.6 The 1981/82 subsidy investigations were undertaken in January/February 1982 and were based on actual operations to 31 December 1981, together with forecasts for the second half year. Final verification of the amount of subsidy required for each operator and the subsequent concurrence of the Minister for Finance could not be finalised in time for inclusion of additional funding in Appropriation Act No. 3.

5.7 The Department's investigations established that payments amounting to \$368 659 (excluding the amounts to be paid to TAA for operation of services in Central and Western Queensland, included in Appropriation Act No. 3) would be required to subsidise approved remote air services in 1981/82. However, in determining the amount required from the Advance to the Minister for Finance, the Department incorrectly compared this projected shortfall (\$368 659) with the amount flowing from the June 1981 Government decision (\$341 500). Payment of this additional subsidy and the allocation of payments between individual operators, was subsequently agreed between the Ministers for Aviation and Finance and the additional sum drawn from the Advance.

5.8 The Committee was informed that the \$500 related to rounding for budget presentation, and the \$3334 downward refinement of the Government's commitment for the subsidisation of TAA F27 services in Central and Western Queensland were both inadvertently overlooked when assessing the requirement of funds from the Advance. These two amounts comprise the unspent funds available.

Conclusions

5.9 The Committee is satisfied that the use of the Advance to the Minister for Finance in this item was valid under the urgent and unforeseen criteria.

5.10 The Committee is concerned at the carelessness surrounding the estimation of the funds required from the Advance and expects the Department to employ closer attention in estimating in the future.



ADVANCE TO THE MINISTER FOR FINANCE

Statement of Heads of Expenditure and the amounts charged thereto pursuant to section 36A of the Audit Act 1901

For the year ended 30 June 1982

COMMONWEALTH OF AUSTRALIA

COMMONWEALTH OF AUSTRALIA

ADVANCE TO THE MINISTER FOR FINANCE

Statement of Heads of Expenditure
and the amounts charged thereto
pursuant to section 36A of the
Audit Act 1901

Appropriation Act (No. 1) 1981-82
Division 310—\$125 000 000

Appropriation Act (No. 2) 1981-82
Division 868—\$100 000 000

THE COMMONWEALTH GOVERNMENT PRINTER
CANBERRA 1982

ABSTRACT

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

APPROPRIATION ACT (No. 1) 1981-82—\$41 705 404

DEPARTMENTS AND SERVICES

Page No.		Issues from the Advance to the Minister for Finance	
		Expenditure	\$
5	Parliament	491 181	488 242
6	Department of Aboriginal Affairs	5 360	5 351
6	Department of Administrative Services	4 734 470	4 679 588
7	Attorney-General's Department	226 500	220 969
8	Department of Aviation	8 231 333	8 291 525
8	Department of the Capital Territory	983 900	913 155
8	Department of Communications	2 846 120	2 843 058
9	Department of Defence	6 328 000	6 187 114
10	Department of Defence Support	696 000	525 690
10	Department of Education	1 132 895	1 095 078
11	Department of Employment and Industrial Relations	7 755 000	7 742 685
11	Department of Finance	60 611	60 575
12	Department of Foreign Affairs	252 510	177 616
12	Department of Health	18 000	9 254
12	Department of Home Affairs and Environment	485 400	480 158
13	Department of Immigration and Ethnic Affairs	372 200	350 697
14	Department of National Development and Energy	114 731	108 921
14	Department of Primary Industry	1 013 000	994 633
15	Department of the Prime Minister and Cabinet	281 043	276 617
15	Department of Science and Technology	342 009	337 114
16	Department of Social Security	624 000	375 328
16	Department of Trade and Resources	64 900	64 536
17	Department of Transport and Construction	430 457	285 138
17	Department of the Treasury	2 902 924	2 902 700
17	Department of Veterans' Affairs	2 378 000	2 287 575
18	Department of the Vice-President of the Executive Council	2 088	2 087

APPROPRIATION ACT (No. 2) 1981-82—\$6 624 278

DEPARTMENTS AND SERVICES

Page No.		Issues from the	
		Advance to the Minister for Finance	Expenditure
		\$	\$
19	Department of Aboriginal Affairs	140 000	140 000
19	Department of Administrative Services	40 894	36 032
19	Department of the Capital Territory	16 450	15 974
19	Department of Communications	6 000 000	6 000 000
20	Department of Home Affairs and Environment	10 000	10 000
20	Department of Trade and Resources	154 700	154 641
20	Department of Transport and Construction	270 000	267 631

I. CASTLES
Secretary to the Department of Finance
August 1982

MARGARET GUILFOYLE
Minister for Finance
August 1982

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

APPROPRIATION ACT (No. 1) 1981-82

DEPARTMENTS AND SERVICES

	Issues from the	
	Advance to the Minister for Finance	Expenditure
	\$	\$
PARLIAMENT		
DIVISION 101.—SENATE		
2.—Administrative Expenses—		
02. Standing and Select Committees—Expenses	4 738	4 550
03. Other administrative expenses	22 100	21 261
	<u>26 838</u>	<u>25 811</u>
3.—Other Services—		
01. Representation at Inter-Parliamentary Union Conference and visiting delegations	21 154	20 843
	<u>21 154</u>	<u>20 843</u>
	<i>Total: Division 101</i>	<i>47 992 46 654</i>
DIVISION 102.—HOUSE OF REPRESENTATIVES		
2.—Administrative Expenses—		
01. Printing, binding and distribution of papers	325 000	323 803
3.—Other Services—		
02. Payments pursuant to section 34A (1) of the <i>Audit Act</i> 1901	120	112
	<u>120</u>	<u>112</u>
	<i>Total: Division 102</i>	<i>325 120 323 915</i>
DIVISION 104.—PARLIAMENTARY LIBRARY		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	32 403	32 007
DIVISION 105.—JOINT HOUSE DEPARTMENT		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	85 666	85 666
Total: Parliament	491 181	488 242

	Issues from the Advance to the Minister for Finance	Expenditure
	5	5
DEPARTMENT OF ABORIGINAL AFFAIRS		
DIVISION 120.—ADMINISTRATIVE		
2.—Administrative Expenses—		
06. Freight and cartage	3 360	5 351
Total: Department of Aboriginal Affairs	5 360	5 351

DEPARTMENT OF ADMINISTRATIVE SERVICES		
DIVISION 130.—ADMINISTRATIVE		
3.—Other Services—		
17. Government Printer—Loss on operations (for payment to the Government Printer Trust Account)	313 000	312 989
5.—Australian Property Services—		
05. Fire protection—Commonwealth property	8 200	8 199
8.—Furniture Removals and Storage	1 000 000	996 714
<i>Total: Division 130</i>	1 321 200	1 317 902

DIVISION 138.—AUSTRALIAN FEDERAL POLICE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	511 500	487 974
2.—Administrative Expenses—		
09. Superannuation pensions	800	728
10. Incidental and other expenditure	468 500	448 466
	469 300	449 194
3.—Other Services—		
01. United Nations Peacekeeping Force in Cyprus—Australian Police Unit	45 045	44 977
<i>Total: Division 138</i>	1 025 845	982 145

DIVISION 140.—PARLIAMENTARY AND MINISTERIAL STAFF AND SERVICES		
2.—Administrative Expenses—		
01. Travelling and subsistence—Within Australia	245 620	241 717

	Issues from the Advance to the Minister for Finance	Expenditure
	5	5
<i>Department of Administrative Services—continued</i>		
3.—Conveyance of Members of Parliament and Others		
	1 012 900	1 012 579
4.—Visits Abroad of Ministers (including personal staff) and Others		
	287 513	283 854
<i>Total: Division 140</i>	1 546 033	1 538 150

DIVISION 155.—COMMONWEALTH ACCOMMODATION AND CATERING SERVICES LIMITED		
01. Advance of contribution to operating expenses—		
Migrant centres	834 000	834 000

DIVISION 160.—GRANTS COMMISSION		
2.—Administrative Expenses—		
04. Consultants—Fees	1 033	1 032
06. Incidental and other expenditure	6 359	6 359
<i>Total: Division 160</i>	7 392	7 391
Total: Department of Administrative Services	4 734 470	4 679 588

ATTORNEY-GENERAL'S DEPARTMENT		
DIVISION 170.—COURTS AND TRIBUNALS ADMINISTRATION		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	135 500	133 529

DIVISION 175.—AUSTRALIAN LEGAL AID OFFICE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	45 000	43 857
2.—Administrative Expenses—		
06. Legal disbursements—Witness and other fees and expenses	19 000	18 685
<i>Total: Division 175</i>	64 000	62 542

DIVISION 180.—INSTITUTE OF FAMILY STUDIES		
1.—Salaries and Payments in the nature of Salary		
	27 000	24 898
Total: Attorney-General's Department	226 500	220 969

	Issues from the Advance to the Minister for Finance		Expenditure
	\$	\$	\$
DEPARTMENT OF AVIATION:			
DIVISION 655.—ADMINISTRATIVE			
1.—Salaries and Payments in the nature of Salary—			
01. Salaries and allowances	7 900 000	7 832 117	
02. Overtime	54 000	42 506	
	<u>7 954 000</u>	<u>7 874 623</u>	
2.—Administrative Expenses—			
20. Compensation payments including payments under the <i>Compensation (Commonwealth Government Employees) Act 1971</i>	250 174	393 577	
3.—Other Services—			
07. Air services—Subsidy	27 159	23 325	
Total: Department of Aviation	8 231 333	8 291 525	

DEPARTMENT OF THE CAPITAL TERRITORY

DIVISION 210.—ADMINISTRATIVE			
1.—Salaries and Payments in the nature of Salary—			
01. Salaries and allowances	260 000	192 723	
2.—Administrative Expenses—			
09. Incidental and other expenditure	130 200	129 627	
3.—Other Services—			
02. Rural lands—Amenities management, protection and fire control	132 700	131 945	
05. Social welfare (including payments to the Australian Capital Territory Transport Trust Account)	234 000	231 877	
08. A.C.T. Fire Brigade—Operating expenses	227 000	226 983	
	<u>593 700</u>	<u>590 805</u>	
Total: Department of the Capital Territory	983 900	913 155	

DEPARTMENT OF COMMUNICATIONS

DIVISION 220.—ADMINISTRATIVE			
1.—Salaries and Payments in the nature of Salary—			
01. Salaries and allowances	320 000	316 980	

	Issues from the Advance to the Minister for Finance		Expenditure
	\$	\$	\$
<i>Department of Communications—continued</i>			
2.—Administrative Expenses—			
08. Incidental and other expenditure	141 120	141 078	
Total: Division 220	461 120	458 058	

DIVISION 222.—NATIONAL BROADCASTING AND TELEVISION SERVICE

1.—For payment to the Australian Broadcasting Commission			
01. General activities	2 000 000	2 000 000	
2.—For payment to the Australian Telecommunications Commission in respect of technical services provided pursuant to sections 73 and 74 of the Broadcasting and Television Act 1942			
	385 000	385 000	
Total: Division 222	2 385 000	2 385 000	
Total: Department of Communications	2 846 120	2 843 058	

DEPARTMENT OF DEFENCE

DIVISION 230.—AUSTRALIAN DEFENCE FORCE

1.—Salaries and Payments in the nature of Salary—			
01. Permanent Naval Forces	2 800 000	2 688 975	
05. Citizen Military Forces and Cadets	600 000	268 885	
Total: Division 230	3 400 000	2 957 860	

DIVISION 232.—CIVIL PERSONNEL

1.—Salaries and Payments in the nature of Salary—			
01. Salaries and allowances	2 355 000	2 185 995	

DIVISION 233.—ADMINISTRATIVE AND OTHER EXPENDITURE

1.—Administrative Expenses—			
02. Office requisites and equipment, stationery and printing	300 000	220 385	

	Issues from the Advance to the Minister for Finance	
	Expenditure	Expenditure
	\$	\$
<i>Department of Defence—continued</i>		
DIVISION 238.—NATURAL DISASTERS AND CIVIL DEFENCE		
2.—Administrative Expenses—		
03. Postage, telegrams and telephone services	12 000	10 480
06. Incidental and other expenditure	2 000	1 585
	14 000	12 065
3.—Other Services—		
02. Reimbursement of salaries paid by the States to Civil Defence personnel	159 000	158 821
<i>Total: Division 238</i>	173 000	170 886
DIVISION 243.—FURNITURE AND FITTINGS	100 000	651 988
Total: Department of Defence	6 328 000	6 187 114

DEPARTMENT OF DEFENCE SUPPORT

DIVISION 241.—DEFENCE SCIENCE AND TECHNOLOGY		
2.—Administrative Expenses—		
04. Fuel, light, power, water supply and sanitation	46 000	
DIVISION 243.—FURNITURE AND FITTINGS	100 000	
DIVISION 380.—ADMINISTRATIVE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	550 000	525 690
Total: Department of Defence Support	696 000	525 690

DEPARTMENT OF EDUCATION

DIVISION 270.—ADMINISTRATIVE		
3.—Other Services—		
15. Non-State Tertiary Institutions—Payment of tuition fees	30 520	27 335
4.—Student Assistance Programs—		
03. Secondary students	94 450	77 810
06. Isolated children	585 800	568 498
	680 250	646 308

	Issues from the Advance to the Minister for Finance	
	Expenditure	Expenditure
	\$	\$
<i>Department of Education—continued</i>		
5.—Grants-in-Aid—		
07. Confederation of British Industries Scholarships	2 125	2 125
<i>Total: Division 270</i>	712 895	675 768
DIVISION 271.—EDUCATIONAL SERVICES— AUSTRALIAN CAPITAL TERRITORY		
1.—Australian Capital Territory Schools Authority—For expenditure under the Schools Authority Ordinance 1976	400 000	400 000
DIVISION 283.—COMMONWEALTH SCHOOLS COMMISSION		
2.—Administrative Expenses—		
05. Part-time members of committees—Fees	20 000	19 310
Total: Department of Education	1 132 895	1 095 078

DEPARTMENT OF EMPLOYMENT AND INDUSTRIAL RELATIONS

DIVISION 286.—ADMINISTRATIVE		
3.—Trade Training—		
01. Commonwealth Rebate for Apprentice Full-time Training	6 700 000	6 698 933
6.—Special Training—		
01. Training for Aboriginals	1 055 000	1 043 752
Total: Department of Employment and Industrial Relations	7 755 000	7 742 685

DEPARTMENT OF FINANCE

DIVISION 304.—ADMINISTRATIVE		
3.—Other Services—		
07. Payments pursuant to section 34A (1) of the Audit Act 1901	7 204	7 202
08. Commonwealth Employees' Furlough—Payments to Statutory Authorities in respect of transferred employees	3 866	3 865
<i>Total: Division 304</i>	11 070	11 067

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
<i>Department of Finance—continued</i>		
DIVISION 306.—AUSTRALIAN GOVERNMENT RETIREMENT BENEFITS OFFICE		
2.—Administrative Expenses—		
05. Incidental and other expenditure	12 000	11 968
DIVISION 308.—SUPERANNUATION FUND INVESTMENT TRUST		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	37 541	37 540
Total: Department of Finance	60 611	60 575

DEPARTMENT OF FOREIGN AFFAIRS

DIVISION 315.—ADMINISTRATIVE		
3.—Other Services—		
15. Payments pursuant to section 34A (1) of the <i>Audit Act</i> 1901	4 910	4 890
DIVISION 316.—OVERSEAS SERVICE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	247 600	172 726
Total: Department of Foreign Affairs	252 510	177 616

DEPARTMENT OF HEALTH

DIVISION 325.—ADMINISTRATIVE		
3.—Other Services—		
12. Payments pursuant to section 34A (1) of the <i>Audit Act</i> 1901	18 000	9 254
Total: Department of Health	18 000	9 254

DEPARTMENT OF HOME AFFAIRS AND ENVIRONMENT

DIVISION 330.—ADMINISTRATIVE		
2.—Administrative Expenses—		
06. Compensation, legal costs and damages and nominal defendant costs in the Northern Territory	210 000	208 887

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
<i>Department of Home Affairs and Environment—continued</i>		
3.—Other Services—		
21. Inquiry into long term future of Christmas Island	3 500	3 321
Total: Division 330	213 500	212 208

DIVISION 332.—AUSTRALIAN ARCHIVES

2.—Administrative Expenses—		
06. Incidental and other expenditure	165 000	163 515

DIVISION 335.—CHRISTMAS ISLAND

(Recoverable from Christmas Island Phosphate Commission and Internal Revenue except for direct costs of maintaining the Administrator and Government House staff on Christmas Island.)

1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	61 700	61 641
3.—Other Services—		
01. Hospitalization of Asian residents—Payment to Singapore Govern- ment	1 200	875
Total: Division 335	62 900	62 516

DIVISION 336.—COCOS (KEELING) ISLANDS

1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	44 000	41 919
Total: Department of Home Affairs and Environment	485 400	480 158

DEPARTMENT OF IMMIGRATION AND ETHNIC AFFAIRS

DIVISION 360.—ADMINISTRATIVE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	370 000	348 577
2.—Administrative Expenses—		
05. British Government—Payment for issue of Australian visas	2 200	2 120
Total: Department of Immigration and Ethnic Affairs	372 200	350 697

	Issues from the Advance to the Minister for Finance		Expenditure
	\$	\$	\$
DEPARTMENT OF NATIONAL DEVELOPMENT AND ENERGY			
DIVISION 430.—ADMINISTRATIVE			
1.—Salaries and Payments in the nature of Salary—			
01. Salaries and allowances	51 700	49 279	
2.—Administrative Expenses—			
05. Payments under the <i>Compensation (Commonwealth Government Employees) Act 1971</i>	9 000	8 992	
<i>Total: Division 430</i>	<u>60 700</u>	<u>58 271</u>	
DIVISION 431.—DIVISION OF NATIONAL MAPPING			
1.—Salaries and Payments in the nature of Salary—			
01. Salaries and allowances	44 000	41 090	
2.—Administrative Expenses—			
05. Motor vehicles—Hire, maintenance and running expenses	3 500	3 403	
<i>Total: Division 431</i>	<u>47 500</u>	<u>44 493</u>	
DIVISION 432.—BUREAU OF MINERAL RESOURCES, GEOLOGY AND GEOPHYSICS			
2.—Administrative Expenses—			
12. Computer services	6 531	6 157	
Total: Department of National Development and Energy	114 731	108 921	

DEPARTMENT OF PRIMARY INDUSTRY

DIVISION 494.—BUREAU OF ANIMAL HEALTH (INCLUDING EXPORT INSPECTION SERVICES—MEAT)			
1.—Salaries and Payments in the nature of Salary—			
02. Overtime	669 000	654 744	
2.—Administrative Expenses—			
01. Travelling and subsistence	344 000	339 889	
Total: Department of Primary Industry	1 013 000	994 633	

	Issues from the Advance to the Minister for Finance		Expenditure
	\$	\$	\$
DEPARTMENT OF THE PRIME MINISTER AND CABINET			
DIVISION 500.—ADMINISTRATIVE			
1.—Salaries and Payments in the nature of Salary—			
01. Salaries and allowances	21 705	21 355	
3.—Other Services—			
04. Official hospitality and special occasions	166 326	166 176	
<i>Total: Division 500</i>	<u>188 031</u>	<u>187 531</u>	
DIVISION 505.—OFFICIAL ESTABLISHMENTS			
2.—Administrative Expenses—			
01. Governor-General's establishments—Upkeep allowance	32 000	32 000	
02. Other than Governor-General's establishments— Wages of staff	12 000	8 225	
<i>Total: Division 505</i>	<u>44 000</u>	<u>40 225</u>	
DIVISION 506.—GOVERNOR-GENERAL'S OFFICE			
2.—Administrative Expenses—			
01. Travelling and subsistence	5 612	5 606	
DIVISION 511.—OFFICE OF NATIONAL ASSESSMENTS			
	30 000	29 898	
DIVISION 515.—AUDITOR-GENERAL'S OFFICE			
2.—Administrative Expenses—			
04. Computer services	13 400	13 357	
Total: Department of the Prime Minister and Cabinet	281 043	276 617	
DEPARTMENT OF SCIENCE AND TECHNOLOGY			
DIVISION 540.—ADMINISTRATIVE			
1.—Salaries and Payments in the nature of Salary—			
01. Salaries and allowances	300 000	295 232	

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
<i>Department of Science and Technology—continued</i>		
DIVISION 542.—ANALYTICAL SERVICES		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	42 000	41 875
02. Overtime	9	7
<i>Total: Division 542</i>	<u>42 009</u>	<u>41 882</u>
Total: Department of Science and Technology	342 009	337 114

DEPARTMENT OF SOCIAL SECURITY

DIVISION 590.—ADMINISTRATIVE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	600 000	355 890
2.—Administrative Expenses—		
05. Motor vehicles—Hire, maintenance and running expenses	14 000	9 515
11. Fees, allowances and other expenditure of Appeals Tribunals	10 000	9 833
	24 000	19 348
Total: Department of Social Security	624 000	375 328

DEPARTMENT OF TRADE AND RESOURCES

DIVISION 640.—ADMINISTRATIVE		
3.—Other Services—		
03. International organizations—Contributions	26 900	26 896
DIVISION 644.—EXPORT DEVELOPMENT GRANTS BOARD		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	27 000	26 651
2.—Administrative Expenses—		
01. Travelling and subsistence	11 000	10 989
<i>Total: Division 644</i>	<u>38 000</u>	<u>37 640</u>
Total: Department of Trade and Resources	64 900	64 536

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
DEPARTMENT OF TRANSPORT AND CONSTRUCTION		
DIVISION 655.—ADMINISTRATIVE		
2.—Administrative Expenses—		
20. Compensation payments including payments under the <i>Compensation (Commonwealth Government Employees) Act 1971</i>	145 157	..
21. Nomad aircraft—Hire for coastal surveillance	285 300	285 138
Total: Department of Transport and Construction	430 457	285 138

DEPARTMENT OF THE TREASURY

DIVISION 670.—ADMINISTRATIVE		
3.—Other Services—		
02. Loan management expenses	2 832 924	2 832 924
DIVISION 678.—AUSTRALIAN BUREAU OF STATISTICS		
2.—Administrative Expenses—		
02. Office requisites and equipment, stationery and printing	70 000	69 776
Total: Department of the Treasury	2 902 924	2 902 700

DEPARTMENT OF VETERANS' AFFAIRS

DIVISION 690.—ADMINISTRATIVE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	166 000	152 052
3.—Other Services—		
03. Payments pursuant to section 34A (1) of the <i>Audit Act 1901</i>	4 000	3 737
<i>Total: Division 690</i>	<u>170 000</u>	<u>155 789</u>

DIVISION 691.—REPATRIATION HOSPITALS AND OTHER INSTITUTIONS

2.—Administrative Expenses—		
02. Medical supplies	100 000	91 796
04. Visiting medical and para-medical specialists—Fees	39 000	37 105
08. Postage, telegrams and telephone services	45 000	39 286
10. Repairs and maintenance to specialized equipment	6 000	5 060
<i>Total: Division 691</i>	<u>190 000</u>	<u>173 247</u>

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
<i>Department of Veterans' Affairs—continued</i>		
DIVISION 692.—OTHER REPATRIATION BENEFITS		
01. Specialists, local medical officer and ancillary medical services	1 400 000	1 355 022
05. Expenses of travelling for medical treatment	532 000	531 459
07. Telephone rental concessions to pensioners (for payment to the Australian Telecommunications Commission)	86 000	72 058
<i>Total: Division 692.</i>	<u>2 018 000</u>	<u>1 958 539</u>
Total: Department of Veterans' Affairs	2 378 000	2 287 575

DEPARTMENT OF THE VICE-PRESIDENT OF THE EXECUTIVE COUNCIL

DIVISION 700.—ADMINISTRATIVE		
1.—Salaries and Payments in the nature of Salary	1 475	1 475
2.—Administrative Expenses	613	612
Total: Department of the Vice-President of the Executive Council	2 088	2 087

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

APPROPRIATION ACT (No. 2) 1981-82

DEPARTMENTS AND SERVICES

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
DEPARTMENT OF ABORIGINAL AFFAIRS		
DIVISION 805.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY		
2.—For the purpose of assistance to the Northern Territory—		
03. Aboriginal Sacred Sites Protection Authority	140 000	140 000
Total: Department of Aboriginal Affairs	140 000	140 000

DEPARTMENT OF ADMINISTRATIVE SERVICES

DIVISION 813.—OTHER SERVICES		
22. Independent Inquiry into Government Laboratory Services and Facilities	18 400	13 562
23. Review of the National Capital Development Commission	6 894	6 893
24. Review of Customs Administration and Procedures	15 600	15 577
Total: Department of Administrative Services	40 894	36 032

DEPARTMENT OF THE CAPITAL TERRITORY

DIVISION 834.—CAPITAL WORKS AND SERVICES		
1.—Buildings and Works—Australian Capital Territory—		
01. Purchase of improvements on withdrawn leases	16 450	15 974
Total: Department of the Capital Territory	16 450	15 974

DEPARTMENT OF COMMUNICATIONS

DIVISION 841.—CAPITAL WORKS AND SERVICES		
4.—Advances and Loans—		
02. AUSSAT Pty Ltd—Payment of Equity Capital	6 000 000	6 000 000
Total: Department of Communications	6 000 000	6 000 000

FINANCE
CIRCULARNo. 1982/33
Ref. 82/1988DEPARTMENT OF FINANCE
CANBERRA, A.C.T. 2600CIRCULAR MEMORANDUM
TO DEPARTMENTS

ADVANCE TO THE MINISTER FOR FINANCE

This circular advises of new procedures that are to be followed by Departments when seeking approval for funds from the Advance to the Minister for Finance (AMF) where those funds, if they are approved, will remain a final charge to the AMF at the close of the financial year.

The revised arrangements are being implemented following a request from the Joint Committee of Public Accounts (JCPA).

The Minister for Finance has agreed that copies of all departmental applications for funds from the AMF which will remain a final charge to the AMF at 30 June be sent to the JCPA as soon as possible after approval is granted to the use of funds from the AMF; "non-approved" applications will not be sent to the JCPA.

This arrangement will supersede the current "after the end of the financial year" procedure which requires departments to submit to the JCPA explanations in respect of each amount that remains a final charge to the AMF.

To assist the JCPA in its assessment of the need for recourse to the AMF, it will be necessary for departments to ensure that applications submitted to this Department for funds from the AMF which will remain a final charge to the AMF at 30 June contain or are supported by detail which will enable the JCPA to assess the requirement - Estimates Explanations relating to the appropriation item concerned that were submitted to the Parliament in the Budget and Additional Estimates contexts or, where a new item is concerned, similar background information, are suggested as possible supporting documents.

An unedited copy of 'approved' applications will be forwarded to the JCPA.

The applications should be submitted in triplicate and are to continue to justify the 'urgent and unforeseen' criteria as advised in Finance Circular 1981/8. Applications which do not address the criteria will not be approved.

R.G. Humphry
First Assistant Secretary
Accounting and Supply Division
20 November 1982

CONTENT INQUIRIES - Contact Inquiries: C.J. Louttit
DISTRIBUTION INQUIRIES -

63 3701

Tel. 63 3634

	Issues from the Advance to the Minister for Finance	
	Expenditure	
	\$	\$
DEPARTMENT OF HOME AFFAIRS AND ENVIRONMENT		
DIVISION 890.-OTHER SERVICES		
12. United Nations Association of Australia Year of the Tree-- Contribution	10 000	10 000
Total: Department of Home Affairs and Environment	10 000	10 000

DEPARTMENT OF TRADE AND RESOURCES		
DIVISION 963.--PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY		
01. Payment to the Northern Territory in lieu of uranium royalties	154 700	154 641
Total: Department of Trade and Resources	154 700	154 641

DEPARTMENT OF TRANSPORT AND CONSTRUCTION		
DIVISION 895.--CAPITAL WORKS AND SERVICES		
1.--Buildings and Works--Departmental--		
04. Attorney-General's Department	200 000	198 875
22. Department of Social Security	70 000	68 756
Total: Department of Transport and Construction	270 000	267 631

INQUIRY INTO THE DEPARTMENT OF ADMINISTRATIVE SERVICES SUBMISSION ON
GOVERNMENT PRINTER - LOSS ON OPERATIONS

A. Brief History Accounting Arrangements and Pricing Policies of the
Commonwealth Government Printing Office

Government Printing Office

1. The Commonwealth Government Printing Office commenced operations in a temporary building at Kingston, A.C.T. in June 1927. It moved to its present location in Wentworth Avenue Kingston in August 1963.
2. Prior to the establishment of the Australian Government Publishing Service in July 1970, some publishing, printing, sales and distribution functions in relation to Commonwealth Government Printing were performed by the Government Printing Office. Since that date the Government Printing Office has become the Printing Section of AGPS which was established to centralise responsibility for these functions within Government.
3. The Government Printing Office continues to deal direct with Parliament for the preparation and production of Parliamentary printing such as Hansards, Notice Papers, Journals, Bills, etc. Departments are required to offer all general printing jobs valued at between \$500 and \$10 000 to the Government Printing Office and other printing of an urgent and confidential nature is done at the Government Printing Office. The Publishing Section of AGPS calls public tenders for other categories of government printing.
4. Output of the Government Printing Office in the period under review consisted of letterpress and offset printing and binding, in addition to some plan printing and microfilm work. Production covers a wide variety of printing formats which includes all Parliamentary requirements, Hansards, Bills, Acts, Explanatory Memorandums, Statutory Rules, Ordinance, Regulations accountable forms, departure tax stamp, passports, maps, gazettes etc. in single and multicolour.
5. This output is produced at the request of Parliament, Commonwealth Government Departments, Statutory Authorities and Commissions such as Telecom and the Postal Commission. The Publishing Section of AGPS purchases a significant percentage of its stock from the Government Printer for sale to the public through its bookshops and mail order service.

Government Printing Office Accounting Arrangements

6. The Government Printing Office accounting system has been developed generally along commercial lines. Double entry accounts are kept on an accrual basis (instead of the cash basis normally adopted for departmental accounting) and trading and profit and loss statements and balance sheets are produced.
7. Operations are financed through the Government Printer Trust Account to which all non-capital payments are charged and receipts credited. The Trust Account is expected to be self-sustaining, any profits being returned to the Consolidated Revenue Fund and any losses being appropriated from that Fund.

Government Printer Trust Account

8. The Government Printer Trust Account was established in 1927 under section 62A of the Audit Act for the purpose of:

'Payment for labour employed and material used in the Government Printing Office'.

At that time the cost of printing done for Parliament was charged to an appropriate vote and printing done for departments was recovered to the Trust Account by means of bills rendered on those departments for the cost of the service provided.

9. In 1929, Treasury gave approval for procedural alterations to rationalise the operation and recording of the Trust Account. These alterations provided for all receipts and payments, including those connected with parliamentary printing, to be passed through the Trust Account.
 10. Until 1963-64 all profits and provisions for depreciation and interest on capital provided were retained within the Trust Account. Following recommendations of the Parliamentary Joint Committee of Public Accounts contained in the Report on the Trust Fund (Report No. 34), all accumulations of profit etc. were repaid to the Consolidated Revenue Fund, and this became a standard requirement.
- Source and Application of Funds
11. The funds provided for the operations of the Printing Office are required for expenditure in two categories, i.e. capital expenditure and operating expenses.
 12. Capital expenditure is financed by appropriations to cover specified expenditure within the following classifications;
 - Buildings
 - Machinery and Equipment
 - Furniture and Fitting
 - Working Capital.
 13. The working capital to finance the day to day operations is established in part therefore by appropriation from the Consolidated Revenue Fund and in part be retention of accumulations in the 'provision for furlough' account. The Department of Finance in 1976 directed that furlough provisions be used for working capital purposes.
 14. Claims are raised on each user for the cost of the service(s) provided and payment of those claims by the user is credited to the Trust Account. At the end of the 1980-81 financial year such amounts owed by clients and not paid amounted to \$3.451(m).

The 'User Pays' Principle

15. The Government has clearly established the grounds on which inter-departmental charges are to be made and there are two which are relevant to the operations of the Government Printing Office, viz

(i) where the results of an activity which is carried on by either department should be reported on a quasi-commercial basis; and

(ii) where the cost of services provided to the private sector are to be recovered from the private sector Government policy requires that everything be done to facilitate such recovery.

16. Government reiterated these requirements in relation to the activities of the Government Printing Office in its acceptance in 1979 of recommendation No. 5 of the Joint Committee on Publications Sixth Special Report.

17. Users of the services provided by the Government Printing Office may then be categorised as follows:

(i) Parliament and Departments.

(ii) Statutory Authorities and Commissions.

(iii) The Publishing Section of the Australian Government Publishing Service.

18. The requirement to charge Parliament and Departments for printing services provided by the Government Printing Office may be seen to be based on two factors, and these are:

(i) The quasi-commercial nature of the operations of the Government Printing Office and the quasi-commercial nature of the funding arrangement under which the Government Printing Office operates (see para. 15(i) above).

(ii) To some degree, the requirement that the Permanent Head of a department shall cause to be prepared a statement under the respective heads of expenditure of the amounts which will probably require to be expended on account of his Department (Finance Regulation No. 85).

19. The requirement to charge Statutory Authorities and Commissions for printing services provided by the Government Printing Office may be seen to be based on two factors, and these are:

(i) The quasi-commercial nature of the operations of the Government Printing Office and the quasi-commercial nature of the funding arrangements under which the Government Printing operates (see para. 15(i) above).

(ii) Those Statutory Authorities and Commissions which provide a service to the private sector are required to recover the total cost of the service provided from the user (see para. 15(ii) above).

20. The requirement to charge the Publishing Section of the Australian Government Publishing Service for the items which it obtains from the Government Printer are as set down at para. 19 above in relation to Statutory Authorities and Commissions.

What Does the User Pay?

21. Two pricing concepts apply and these are:

(i) Full proportionate cost.

(ii) Run-on cost.

22. Statutory Authorities and Commissions are charged the full proportionate cost, i.e. the total factory production cost of the printing run.

23. Where Parliament or Departments have a requirement for an item to be printed and the Publishing Section elects not to sell or is unable to sell the printed item, Parliament or the Department concerned bears the total factory production cost of the printing run.

24. Where Parliament or Departments have a requirement for an item to be printed and the Publishing Section elects to sell copies of the printed item, then:

(i) Parliament or the Department concerned will be charged all the typesetting and other basic setting in print costs (e.g. making printing plates from camera-ready copy) i.e. the preparation costs; and

(ii) the cost of printing and finishing i.e. the run-on cost is then split between the originating department and the Publishing Section in proportion to the number of copies printed for each.

25. The reasoning behind such an arrangement is explained by J.J. Cherns formerly an Assistant Controller, Her Majesty's Stationery Office, London as follows*:

'The common characteristic in government is that the 'programme' and authorship costs are borne within departmental budgets, and the common (though not universal) assumption is that the resulting publications would in any case be printed for administrative needs. This means that all costs up to setting in print and the production of officially-required copies, including the cost of copies for free distribution, are met from the finances of the originating departments, or the production and publishing department in those few countries where the finances of these operations or part of them are centralised, and are thus a charge on general taxation. It follows that the official sale publication organisation or the selling department should limit its recovery to the run-on or marginal costs of production and the costs of publishing and distribution if it is not to impose an element of double taxation on the purchasers of its output. That is, the purchaser should pay only what it costs to print his extra copy for sale and to get it to him, including the associated logistic and administrative expenses'.

* J.J. Cherns, *Official Publishing, An Overview*, Pergamon Press, London, 1979, pp. 426-7

How These Charges are Determined?

26. The output of the Government Printing Office may be categorised according to the processes used:

- (i) Conventional printing work or that work which passes through the three factory phases of preparation, printing and finishing.
 - . Preparation Sub-Sections consist of composing, imposition, camera and plate making sections. All typesetting done in the Government Printing Office is now carried out on computer assisted typesetting equipment with Mark-up and Reading sections being included in this group.
 - . Printing Sub-Sections incorporate the printing presses.
 - . Finishing Sub-Sections are Machine Bindery, Hand Bindery and Despatch.
- (ii) Other printing work which consists mainly of production of copies from paper masters and is carried out in self contained areas either in the main factory building or at areas remote from the building. This work is known by various terms: Document Reproduction, Plan Printing or Micrographics, depending on the type of output.
- (iii) Several long term arrangements exist whereby equipment and or staff are hired to departments to provide a small printing or bindery service on site.

27. The Conventional printing work, defined in para 29(i) above is done on a job cost basis. The cost of each job is established and invoices are rendered on the client(s) in accordance with the pricing concepts listed at paras. 22 to 24 above, except in those cases where firm quotations are provided, in which case the amount so set is claimed.

The following information is recorded in relation to each job:

- . Direct Labour - From the computer prepared tabulation of the hours worked based upon the hours charged to each job by the operators in all productive sections.
- . Direct Material - From Stores Issue Vouchers for material issued directly to a job less Stores Returned Vouchers. These vouchers show quantities and prices.
- . Direct Expenses - From the Work Ticket, for those expenses which can be directly related to a particular job, e.g. the cost of freighting the end product to its destination.

28. The job cost is calculated from this information in accordance with the following formula:

$$\text{Preparation Cost} = 1.2 [(P.L. \times R) + (PM + M.O.C.)] + \text{Direct Preparation Expenses}$$

where P.L. = Preparation Labour Hours
R = Predetermined Rate
PM = Direct Preparation Material Cost
M.O.C. = Material on-cost
1.2 = The recovery of 20% Administrative On-cost

$$\text{Run-On Cost} = 1.2 [(R.L. \times R) + (RM + N.O.C.)] + \text{Direct Run-On Expenses}$$

where R.L. = Run-On Labour
R = Predetermined Rate
RM = Direct Run-On Material Cost
M.O.C. = Material On-Cost
1.2 = The recovery of 20% Administration On-Cost

29. The predetermined rate mentioned in para. 28 is in fact a series of rates, an individual machine rate for each piece of equipment used in the preparation, printing and finishing areas and a standard hand rate for productive work which does not involve the use of a piece of equipment. These rates are reviewed at least annually and are designed to cover the following costs; as applicable:

- (i) The labour cost of the machine operator and the machine operator's assistant including shift and overtime penalties.
- (ii) Superannuation, furlough, leave provisions and other allowances for these employees.
- (iii) The labour cost of supervision plus associated superannuation, furlough, leave provisions and other allowances.
- (iv) Operating costs of the machine, e.g. power.
- (v) Factory expenses associated with the operation of the machine, e.g. lubricants, cleaning rags, repairs and maintenance.
- (vi) Depreciation on the capital cost of the machine.
- (viii) Occupancy costs of that part of the building occupied by the machine, e.g. depreciation costs on the building.

30. The Material on-cost mentioned in para 28 is at present 15% and is applied to cost of material issues to recover the cost of the service provided by the Stores section in purchasing, receiving, storing and issuing material to the factory.

31. The 20% Administrative On-cost mentioned in para 28 is applied to the total of the Direct Labour and Direct Material Costs as a means of recovering the overhead costs of operating the factory.

These overhead costs flow from:

- (i) the support sections and these are Executive, Assistant Government Printers, Production Control and Technical and their staffs, Accounts, Personnel Services, Registry, Typing Pool, A.D.P., and;
- (ii) from overhead costs directly attributable to the operations of the factory as a whole and examples of these are airconditioning, building maintenance, hire of machinery and consumable items such as inks, film, plates, glue and chemicals.

32. Document reproduction, plan printing and micrographics work is done on a job cost basis. The cost of each job is obtained by multiplying the number of units of production for each job by a predetermined rate. The cost obtained in this way is invoiced to the client.

33. The predetermined rates referred to in Para. 32 are reviewed at least annually for each of the three areas of document reproduction, micrographics, and plan printing, and are based on

- (i) the estimated period costs of operating each section (including the cost of services provided by support sections) and
- (ii) estimated workloads (units of production) over the same period.

34. For those hiring arrangements referred to in para 26 (iii) above, charges are rendered on the hiring department to cover the depreciation and interest charges on the item of equipment hired together with an amount to cover the cost of administration involved. Where the provision of staff is involved, the labour cost is recovered.

B. Operations Prior to and During the 1980-81 Financial Year

Special Characteristics of Government Printing Operations

35. There are certain disadvantages associated with the special relationship the Government Printing Office enjoys with its clients. Because of the nature of their activities these clients make demands upon the Printing Office which are not normally encountered in the commercial arena or not to as great an extent e.g.

- (i) Some work for Parliament (Hansard, Notice Papers, Bills etc.) is so vital to the conduct of daily business that it must always be accorded the highest priority. So that these documents can be available early each morning 2 night shifts are worked, each involving a 30% shift penalty. To minimise the risk of machine breakdowns affecting production, more back-up capacity is required in critical sections than would be normal in a commercial business.

- (ii) Some of the work flowing through the Printing Office is confidential and urgent (e.g. Budget Papers, passports, statutory reports embargoed against release before tabling, work of national security). The handling of such work through the factory from receipt of copy to final delivery involves special care and higher-than-normal costs.

- (iii) With changes in parliamentary and government work programs, priorities are constantly altering at short notice. Pre-planning of factory schedules is extremely difficult and extra costs are incurred as a result; e.g. when one job has to be taken off a machine to make way for another or when staff must work overtime or at the weekend so that a particular Bill or Report will be ready when the Government desires to introduce it. The intermittent nature of parliamentary work brings a need for 'fill-in' orders when the House is in recess, with associated problems of timing.

- (iv) The Government Printing Office building, staff facilities and conditions are generally of an equal standard to those provided by the most sophisticated commercial printing firms. Employees are paid according to a special agreement between the Public Service Board and the Union. Although the bulk of staff are employed under exemption, tenure is reasonably sure and many long-term employees contribute to the Superannuation Fund with amounts in lieu of employer contributions being paid from the trust account and charged as a cost to production.

- (v) Because of the convenient location of the Printing Office in Canberra and the limited range of commercial printing facilities in the area, departments tend to send numerous small orders - often urgently required - to the Printing Office. Many of these small jobs must

continue to be processed through the Printing Office, but a Printing Office covering a wide range of work types will never be competitive with one which specialises.

- (vi) Some of the departments using Printing Office services create special difficulties by:
- requiring work to be started before all copy has been prepared;
 - delaying the delivery of copy;
 - failing promptly to check and return proofs;
 - changing their minds about form and content of certain jobs;
 - making excessive corrections to printers' proofs as though they were typed drafts;
 - being slow to pay accounts, sometimes for months, particularly when they are short of funds.

Some of these problems result in additional charges to the client but this general approach adds to the difficulty of running an efficient, low-cost factory.

- (vii) Because of its location in Canberra away from paper supplier's warehouses, the Printing Office must hold extra quantities of paper at all times to ensure that it is able to fulfil the requirements of its special role as Government Printer. This increases inventory costs, the level of working capital required, and the interest cost that the trust account has to pay.

36. The combined effect of the cost disabilities outlined in the previous paragraph has been to make the Government Printing Office a relatively high-cost producer, and in attempting to avoid diseconomies due to under-utilisation of capacity, great care had to be exercised to ensure that any improvement in utilisation achieved was not more than counterbalanced by forcing departments to pay more for their work than the price for which it could be procured commercially and causing an overall increase in the charges to appropriations.

Effects of Changing Circumstances

37. There were a number of developments in the years prior to 1980/81 which exacerbated the conflict facing a Printing Office expected, as it was, to operate on a more or less commercial basis but required to submit to requirements and working conditions most of which no commercial printing firm would feel disposed to accept.

38. For many years levels of activity and capital investment in the Printing Office remained fairly static. Completion of a new and considerably larger Printing Office in 1963 opened the way to an enlargement of the scale of activities but the rate of annual investment in new equipment remained moderate for several years.

39. During the late sixties and early seventies the entire printing industry felt the impact of accelerated technological development. In addition, obsolete letterpress equipment at the Printing Office was not up to the task of producing parliamentary requirements and pressures were increasing for the provision of better and more extensive services for the Parliament and its committees. Following studies of worldwide trends, the Printing Office began a program of equipment modernisation which involved a substantial changeover from letterpress to photolithographic printing and the introduction of computerised typesetting systems and web-offset presses. The changeover from 'hot metal' to 'computerised' typesetting was completed during 1980/81 with its attendant problems of staff retraining.

40. These changes were expected to give faster production speeds with more automatic operation and less labour requirements. To some extent these expectations were realised but the phototypesetting system proved more complex than expected and gave rise to new problems of software generation, marking-up of copy before keyboarding and the processing of proof corrections. Purchase of the equipment required heavy capital investment involving substantial commitments for interest and depreciation which had to be covered in the machine/hour rates charged to clients, and it was found to be difficult to utilise the capacity fully when Parliament was in recess.

41. In short, the new and sophisticated equipment enabled the Printing Office to cope with the increasing demands of Parliament but it was in some ways unsuited to much of the short-run departmental jobbing work which makes up a large proportion of the total workload.

42. In addition to catering for the special needs of Parliament, the Printing Office was required to develop facilities which served a variety of policy objectives. For example:

- (i) For many years considerable effort was put into operating a government printing unit in Darwin and planning the construction and equipment of a new Printing Office in somewhat difficult conditions which caused a drain on the Government Printer's resources. Responsibility for that unit was handed over to the Northern Territory Public Service on 1 July 1978.
- (ii) At the request of the Public Service Board a Computer Output to Microfilm service bureau was added to other micrographic facilities at the Printing Office in 1975. Despite an investment of some \$700 000 in site preparation and plant, difficulty was experienced in ensuring that adequate use was made of the facility. CSIRO, Finance, Taxation, Health Insurance Commission and others were permitted to purchase their own CCM equipment and the service bureau initially ran at a loss which had to be borne by the Government Printer Trust Account. By 1980-81, however, that operation had become profitable and has remained so since.



DEPARTMENT OF FINANCE

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The Secretary
 Joint Committee of Public Accounts
 Parliament House
 CANBERRA ACT 2600

GOVERNMENT PRINTER - FINANCIAL STATEMENTS

At a hearing of the Committee on 9 November 1982, the question was asked of the Department of Finance representative why the financial statements of the Government Printer were not prescribed under S41D of the Audit Act 1901. The following response is provided.

Financial reporting requirements for the Australian Government Publishing Service (AGPS) have been the subject of discussions by officers of the Departments of Administrative Services and Finance and AGPS since 1978. Discussions concerned reporting the operations of the Government Printer Trust Account (GPTA) and the Publications Trust Account (PTA), and were held with a view to making a S41D determination on the financial statements.

The Government meanwhile, in its response to the Sixth Special Report of the Joint Committee on Publications, agreed to examine aspects of the AGPS's accounting arrangements, print procurement and basis of rates of charge. It was therefore decided to formalize the discussions which were taking place, and establish a Joint Working Party (JWP). The JWP first met on 30 May 1980. Owing to work pressures, staff were unable to be released on a full-time basis in order to devote themselves fully to the JWP. However, further discussions took place as staff resources permitted.

As a consequence of deliberations within the JWP, AGPS introduced differential charging from 1 July 1980 in an attempt to ensure that additional costs are borne by users for whom they are incurred. Previously, costs had been "averaged" over all users.

Further progress was made towards a proposed set of financial statements for AGPS. However, certain recommendations contained in the report on the Review of Commonwealth Functions would significantly affect the operation of the AGPS, and discussions were therefore suspended pending implementation of the decisions. Specifically, the RCF recommended that:

- (a) the capacity of the Government Printer be limited to that required for Parliament and the urgent and confidential needs of Government:

43. Major policy changes in relation to government printing have had considerable effect on Printing Office finances. From 1973 to mid-1975, departmental printing expenditures were rising and encouragement was given to an enlargement of government printing capacity. Towards the end of 1975, however, departments and authorities began to experience cuts in printing appropriations and it became difficult to utilise the capacity introduced in previous years. In addition strong policy emphasis began to be placed upon transferring work from the public to the private sector.

44. Despite the marked fall-off in available work, however, Government policy has favoured gradual staff reduction by natural wastage rather than retrenchment. In a normal Public Service department this policy may cause few problems but in an undertaking trying to operate on a commercial basis, there are cost penalties which have to be borne. In short, adjustments to the labour force are slower than in the private sector. The number of operatives whose salaries are charged to the Government Printer Trust Account declined steadily from 762 at 30 June 1976 to 667 at 30 June 1981.


45. The position was made worse by the fact that as departments experienced cuts in printing appropriations, they tended to be less prompt in settling their accounts with the Printing Office, perhaps regarding it as a useful source of temporary accommodation which would not take strong action against them. It was not unusual for the Printing Office to carry debts amounting to between \$4 million and \$5 million. Interest has to be paid on a large amount of funds tied up in this way, adding a further not inconsiderable cost element finally charged to departmental appropriations. Most importantly, many departments are becoming resentful at being asked to arrange printing needs through the Government Printing Office at higher costs than they can obtain commercially.

46. There has been increasing pressure by the Auditor-General's Office, Internal Auditors and other bodies which have examined and reported on Printing Office operations in recent years for greater precision in accounting systems, more detailed recording and controls, and more informative reporting to management. Since 1980, a commercial accounting system and the preparation of operating and financial budgets has been introduced.

- (b) the remaining work be transferred to the private sector;
- (c) AGPS Bookshops be transferred to the private sector;
- (d) AGPS amalgamate with the Defence Printing Establishment (DPE).

It has subsequently been decided not to pursue implementation of recommendations (a) and (b). However, the remaining recommendations are still being considered.

In these circumstances, discussions regarding a S4LD determination are currently in abeyance. They will resume once the revised structure of AGPS has been finalised.


R.G. Humphry
First Assistant Secretary
Accounting and Supply Division
24 November 1982



AUSTRALIAN GOVERNMENT PUBLISHING SERVICE

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78/220

To all departments

PROCUREMENT OF GENERAL PRINTING

In accordance with AGPS Circular No. 26, since 30 September 1976 departments have been allowed to make their own arrangements for the procurement of general printing items less than \$5000 in value.

2. It has been decided that, until further notice, a limitation of \$10 000 will apply to the value of non-specialised general printing that may be procured independently by departments. Individual jobs above \$500 in value should, however, continue to be offered first to an appropriate unit operated by the Commonwealth Government Printer.

3. Contracts for specialised general printing irrespective of value, will continue to be arranged by the Publishing Service, as well as various period contracts that can be used directly by departments ($\frac{1}{2}$ A4 folders, 'quick print' document reproduction, continuous stationery etc.).

4. Departments are reminded to follow the Government's policy regarding preference to Australian-made goods when considering paper requirements (see Commonwealth Purchasing Circulars). Inquiries about this and other matters relating to the preparation of technical specifications should be directed to the Senior Print Procurement Officer (Telephone 062/954712).

5. The relevant provisions of AGPS Circular No. 26 will be amended as soon as possible to reflect the change outlined in this memorandum.


(F. WESTAWAY)
Assistant Secretary

DEPARTMENT OF ADMINISTRATIVE SERVICES

CIRCULAR

AUSTRALIAN GOVERNMENT PUBLISHING SERVICE, P.O. BOX 84, CANBERRA, A.C.T. 2600

Inquiries to	Director (Publishing)	Circular No.	26
Telephone	952022	File No.	

Date 30 September 1976

PUBLISHING AND PRINTING SERVICES

This Circular outlines the publishing procedures which are to be followed in future and incorporates recent Government decisions which were referred to in the Prime Minister's letter to all Ministers dated 16 September 1976.

2. The Government has expressed concern at the high level of expenditure on publishing and printing. These procedures are designed to enable savings to be achieved and to ensure maximum return to the Commonwealth through sale of Government publications.

3. The general objectives of the changes are:

- to improve the forward planning of publishing requirements;
- to assist Ministers in keeping publishing expenditures under surveillance;
- to avoid wasteful expenditure by the application of appropriate standards to the production and distribution of publications.

Changes in responsibilities

4. In future departments are required to obtain specific ministerial approval to their annual publishing programs. Ministers have also been requested to ensure that the publishing programs of instrumentalities under their control receive adequate scrutiny and generally that due economy is exercised.

5. Before processing individual publications included in an approved program AGPS is required to consider standards of

quality, format, design, illustration, methods of production and distribution, extent of distribution (including free issues) and contractual arrangements. Procedures have been established for resolving any disagreement which may arise between client departments and AGPS.

Annual programs

6. Each department is to prepare a publishing program for each financial year, normally in April. These programs should cover all publishing projects upon which commitments or expenditure will be incurred during the ensuing financial year.

7. Programs for the year 1976/77 should be forwarded to AGPS no later than 22 October 1976 and should include items submitted individually since 1 July 1976. Where the publishing activities of several elements of a department are funded and/or staffed separately, individual programs may be prepared for each element.

8. In respect of each publication estimated to cost more than \$1000 the program should show details of purpose, target groups, cost, timing, distribution proposed and whether likely to be tabled in Parliament. Cost details are to include an estimate of all authorship and editorial costs connected with preparing and checking of manuscripts e.g. writing or compilation, typing, text editing, proof reading and correction. Expenditure on tasks not directly associated with the preparation of manuscripts e.g. background research, committee work etc. should not be included.

9. A bulk item should be added to cover the costs of all items under \$1000 and the total estimated expenditure on individual and bulk items should agree with provision for publications made in the department's estimates for the financial year. A specimen program is attached to this Circular. Supplies of the form to be used (Form CP3) will shortly be available from AGPS.

10. After receiving ministerial approval, departmental programs are to be forwarded to AGPS. Subsequent variations affecting the general nature and cost of publications over \$1000 should be notified to the Publishing Service as soon as they occur with an indication of ministerial agreement.

11. AGPS will arrange a conference with departmental officers as soon as possible after receipt of a program to discuss the implications of each project and to plan action to enable the program to be carried out efficiently and economically.

Requests for publication to proceed

12. Under the new arrangements AGPS will not normally be able to proceed with publishing action until it has been advised

of ministerial program approval and has full and up-to-date details of the proposed publication including funds available (requisition number and amount allocated) departmental authorisation and intended free distribution.

13. As soon as it is clear that a publication is to go ahead a Request for Publishing Services (Form CPl) should be completed and sent to AGPS.

14. On receipt of the Request a Client Service Officer will arrange discussion on details of the requirement with departmental contact officers, covering suitability of content for official publication, quality standards, format, design, illustration, method of production and distribution. At the same time proposals for official use and free issue copies will be examined against the demonstrated need, cost and effect on sales potential.

15. It is expected that in most cases agreement on these matters will quickly be reached and publishing action will proceed normally.

16. Should a significant disagreement arise on the work specification for a particular publication, AGPS is required to provide written comments for consideration by the Minister concerned. If as a result the point is not resolved the matter will be settled by consultation between the Minister sponsoring the publication, the Minister responsible for AGPS and the Treasurer.

Use of outside assistance

17. Departments are not to commission private authors, designers, publishers or distributors without AGPS agreement.

18. It is sometimes necessary to engage outside assistance when resources within the Commonwealth Service are insufficient to meet the immediate task. This would apply mainly to design and occasionally to distribution. In order to ensure that such matters as copyright, publication standards, costs and return from sales are adequately covered, all such arrangements will be made in future by or in conjunction with AGPS.

The publishing function

19. In carrying out its functions AGPS has the responsibility of ensuring that Commonwealth Government publications are produced to acceptable standards, that reasonable production schedules are maintained, that proper contractual arrangements are observed in accordance with Treasury Regulations, and that the legal requirements associated with Commonwealth Government publishing are complied with.

20. A publication is defined as a document intended for or likely to be made available for public consumption by free

issue or sale, such as:

Periodicals, books and booklets (monograph or series), departmental and all committee reports, discussion papers, manuals, maps etc., however printed or reprinted.

Other material classified as general printing includes:

Stationery, forms (whether bound, padded or loose), system cards etc, documents which are not publications as defined above, including leaflets, explanatory folders and material solely for internal use or which have a definite security classification.

Procurement

21. As stated earlier requests for all publications are to be lodged with the Publishing Branch on form CPl. Departments should send this form to the nearest Client Service office. In States where an office has not yet been established departments should forward their requests to the Canberra office.

22. Departments should note the following changes to the instructions relating to procurement of general printing. In future all general printing requirements likely to cost more than \$5000 are also to be obtained through the Publishing Branch of AGPS. In addition contracts for specialised general printing such as cheques and computer stationery will continue to be allocated by AGPS irrespective of value.

23. As well as the main printing plant in Canberra, the Government Printer operates small printing plants and document reproduction units in Melbourne, Darwin, Brisbane, Hobart and Canberra. These plants provide a common service handling work not conveniently or economically processed on reproduction units within departments and not suitable for letting out to commercial printers.

24. It would clearly be wasteful of resources not to utilise capacity available in these plants. AGPS is responsible for allocating sufficient suitable work to them from its intake of publications and from general printing jobs costing over \$5000, taking into account current government policies, efficient plant utilisation, estimated costs, delivery times and other relevant factors.

25. As many general printing jobs costing less than \$5000 will not be submitted through the Publishing Branch of AGPS, departments are required, in the case of all such jobs over \$500 in value, to establish whether they could be accepted by the appropriate Government Printing Unit before taking action to place them with private printers. Departments may place

jobs estimated to cost less than \$500 either with the Government Printer's plants or with commercial printers. In all cases where departments place general printing work directly with private printers, the relevant Treasury Regulations and Directions must be followed.

Allocation of work by the Publishing Branch

26. When details of the work have been settled and funds authorised, arrangements will be made for it to be carried out by the Government Printing Office or an outside contractor. Printing contracts will be arranged by the Publishing Branch through competitive quotations, period contracts etc., from printers known to be competent. A comprehensive register of printing contractors is maintained by AGPS which, in addition to considering prices, will as far as possible allocate work to printers with a known capacity to produce in the time required to an appropriate standard. Information on printers' performance on the contracts is recorded in the register.

27. Treasury Regulations require all purchases likely to cost in excess of \$5000 to be obtained by the calling of public tenders. Where this may be deemed impracticable or inexpedient AGPS will seek the issue of a Certificate of Inexpediency. Departments should note that Certificates of Inexpediency do not normally provide an exemption from the calling of at least check quotations by AGPS and care should be taken to ensure that delivery dates requested under such circumstances are realistic.

28. Following the allocation of a contract two copies of the purchase order (AGPS form CP7, an authorised variant of TF13) will be forwarded to the department. These copies will indicate the value of the contract, or part contract, comprising the order and should be retained by appropriate departmental officers as a record of committal. It is essential that one copy of the order be seen by Accounts Officers who are responsible for funding of procurement and prompt payment of accounts.

Achieving deadlines

29. Departments should ensure that adequate time is allowed for the proper processing of their requirements, including consultations, accurate determination of specification, inspection of copy, preparation of designs and arranging contracts so as to give sufficient time to process the work to acceptable standards of quality.

30. Delays in making copy available cause difficulty in achieving deadlines and may even make it necessary for the printer to re-schedule the work. On those occasions when departments are unable to provide final copy with particularly urgent requests, full details should be provided with the form CPL which will enable the Publishing Branch to specify the requirement (together with possible variations) and to undertake procurement action.

31. Critically urgent requirements will arise from time to time. In cases of extreme urgency arrangements may be made with the Director (Publishing) for specifications to be prepared immediately. Nevertheless it will be necessary to provide a properly authorised CPL indicating that the work has been fully funded and giving the requisition number before an order can be placed for printing. In all cases a target date must be given which allows sufficient time for the work to be produced. A request marked 'urgent' which does not indicate a target date has little meaning, nor does a target date which does not allow sufficient time for the work to be produced.

Preparation of copy

32. Copy for publications must be provided in typewritten form (double spaced). The printing process to be used will determine the method of typesetting required. For publications, client departments should not provide typeset copy. Supply the original typescript, not a duplicate, as copy for the printer. Allow a margin on all four sides of each page of copy. Badly prepared copy increases the cost of typesetting and may be rejected.

33. Type all the copy on sheets of the same size (preferably A4); number them consecutively and fasten them securely together. Avoid using proofs as draft material and making extensive alterations which may make resetting and the provision of revised proofs necessary, thus causing delays and adding to the cost of production.

34. More detailed instructions on copy preparation are given in the Australian Government Style Manual. For the benefit of departments an extract from the manual, Preparing Copy and Correcting Proofs, has been printed in booklet form. Copies are available, gratis, by application to the Library Officer, AGPS, P.O. Box 84, Canberra, A.C.T. 2600 (telephone 952022 ext. 281).

Publishing standards

35. The attention of departments is drawn to the following AGPS circulars on standards: No. 17 Australian Government Style Manual, No. 20 Expression of Numbers in Figures, No. 23 Printing Standards for Documents presented to Parliament. These standards are applicable to both publications and general printing and should be followed.

Design

36. Advice on general design matters and the preparation of artwork for publications requested on the form CPL is available from the AGPS Design Section, but the Section cannot undertake the preparation of designs and artwork for general printing.

Copyright

37. AGPS, as the publisher for the Commonwealth Government, must ensure that all legal requirements have been observed before a work is published. In appropriate cases, therefore, departments will be asked to submit information concerning authorship of the publication.

Proofs and progress of work

38. The Publishing Branch liaises with printers and departments regarding progress of work, the checking of proofs, etc. Where necessary, this liaison is carried out by an officer of AGPS in the region concerned.

39. Contracts are allocated to printers on the basis of an agreed time schedule for supply of proofs and final delivery of the work. The performance of the printer and author departments is checked and recorded against the schedule. Proofs are supplied from printers to AGPS for inspection before being passed to the department for approval and are transported by the quickest method appropriate to the requirement. In normal circumstances it should not be necessary for departmental officers to visit printers' premises.

40. The Publishing Branch must check proofs to ensure that standards are maintained, that the specifications established are complied with and that the conditions of the contract are observed. Departments should ensure that costs are not incurred unnecessarily by late return of proofs or extensive author's corrections. Manuscripts should always be approved before submitting to AGPS for typesetting. Departmental officers should refrain from making direct contact with printers working on AGPS contracts. Unauthorised contact and unilateral arrangements made by departmental officers with AGPS suppliers frequently cause contractual difficulties.

41. In order to maintain close personal supervision of work in progress the Publishing Service has specialist technical officers located in Canberra, Sydney, Melbourne and Brisbane. These officers investigate and supervise the performance of printers working on AGPS printing contracts.


42. Many AGPS contracts for printed matter contain provisions for variation to the specifications, cost of materials and labour charges. Most changes to specifications to meet departmental requirements or claims for variations by contractors are not known or made until the later stages of production. Wherever possible, the Publishing Branch advises departmental contact officers, at least verbally, of new financial commitments as they arise so that additional funding requisitions can be raised. Where that is not possible before the work is completed, a reconciliation will be provided on form CP49, which is forwarded to departments by AGPS with claims for payment of account.

43. To assist in the early clearance of printers' accounts AGPS will, in appropriate instances, include a special clause in contracts providing for part payment of accounts, e.g. on certification that paper stocks have been obtained, that final proofs have been cleared for press and the delivery of the completed work has been made ex contractor's premises. Individual accounts for part payment will be processed in accordance with the procedures outlined below and printers will be required to indemnify the Commonwealth for loss or damage to goods or services covered by any part payment.

44. On completion of the work allocated by AGPS, printers are required to forward approval copies and a claim for payment. These are inspected to ensure that the terms of the contract have been complied with and that the work has been produced to an acceptable standard. The claim is then forwarded to the department for payment. It is the responsibility of the department to ensure that the correct quantity of goods has been delivered in a satisfactory condition before authorising payment. Departments should bring to the urgent attention of AGPS any instance where it is held the quality of goods received is substandard.

45. Departments are requested to pass claims for payment as quickly as possible in accordance with Treasury Directions. Instances have occurred when printing contractors have been left without payment for long periods for work satisfactorily performed. Some printers have indicated reluctance to accept Commonwealth Government printing contracts for this reason.

46. This Circular supersedes Circular No. 25. Additional copies of this or any other AGPS circular may be obtained from the Senior Clerk, AGPS, P.O. Box 84, Canberra, A.C.T. 2600 (telephone 952022 ext. 214).



(P.A. NOTT)
Controller



AUSTRALIAN GOVERNMENT PUBLISHING SERVICE
PUBLISHING BRANCH 100 CAMERON AVE. GRIFFITH, A.C.T. 2603 P.O. BOX 384, KINGSTON, A.C.T. 2604

ANNUAL PUBLISHING PROGRAM

Sponsoring Department General Affairs
Capital Building
Surley Griffith Road
CANBERRA CITY A.C.T., 2601

Date: 1 April 1976

Forward program for the financial year ending 30 June 19 77

NOTE
The program includes a list of titles to be published during the financial year. It does not include titles to be published in subsequent years.

Estimated total cost publishing etc.
\$ 118 550

Estimated total cost production
\$ 72 400

Total \$ 190 950

Total value of funds for printing of publications available for the financial year
\$ 95 000

Program approved
Date: 14 April 1976
John Smith
Director

Title	Brief description	Pages and layout	Estimated quantity per unit	Estimated quantity per unit	Estimated cost of publishing etc.	Estimated cost of production	Date copy ready for printing	Presented by	U.S. dollar equivalent
Motor Vehicle Safety	240 pp. 35 size, typeset, including illustrations in black and white and one colour - Paperback	Investigation into developments in M.V.S. - Motor Vehicle Manufacturers, Medical Researchers, Motorist Organisations Insurance Companies	500	5 000	7 500	30,9,218*	1,2,76	Yes	
Tourist Guide	48 pp. 36 size, typeset, illustrated in full colour throughout, containing 2 x 2 pp. throughout maps in full colour - Paperback	Tourist information book - Tourists, Travel Agencies, Students	100 000	500	25 000	20,8,218*	2,7,76	Yes	
Immigration in the 80's	100 pp. 35 size, typeset, containing graphics and diagrams, black and white only - Paperback	Research into the impact of an increased immigration program - Statisticians, Employment Groups, Ethnic Groups, Immigration, Influence of Immigrant Education	250	500	3 000	8,11,76	13,8,76	Yes	
Health in Food	64 pp. 36 size, typeset, containing colour charts and illustrations with extensive tabular matter - Paperback	Analysis of eating habits and their effect upon general health - Doctors, Specialists, Medical Researchers, Universities, Food Manufacturers, etc. Also the development of the Meat Industry with special reference to exports - Graziers, Economists, Meat Industry, O'neal Importers	750	2 000	2 500	31,1,77	5,11,76	Yes	
Meat Production	132 pp. plus 8 pp. section of black and white photographs and illustrations containing diagrams and illustrations printed black and one colour, Class II - Paperback	Statistical analysis of all major reasons for meat production, cattle, sheep and goats - Statisticians, Cattle, Sheep and Goat Agencies	350	1 500	4 000	4,4,77*	10,1,76	Yes	
Major Crime Statistics	56 pp. 35 size, typeset, tabular setting throughout - Paperback	Research report on the diminishing kangaroo population - Conservationists, State Protection Agencies, Universities State Authorities	100	500	1 800	14,4,77	7,2,77	Yes	
Standing Committee Report on Mangrove Protection	64 pp. 35 size, typeset, text only	Research report on the economic consequences of Australian population policy	400	300	2 000	2,5,77*	1,3,77	Yes	
Population and economic growth	2 Volumes: Vol. 1 (Report) 240 pp. Vol. 2 (Appendix) 100 pp. - Typeset, 35 size - (Volumes 1 and 2 mainly text, approximately 50 photographs throughout) - Paperback setting only, Class II - Paperback		400 of each volume	6 000	15 000	26,5,77*	4,3,77	Yes	
TOTAL \$				16 300	60 800	The delivery instructions on this sheet should be followed.			

INSTRUCTIONS OVERLEAF

SHEET No. 1 of 2



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Total \$

Estimated total cost production
Total \$

Total value of funds for printing of publications available for the financial year

Program approved
Date:

Signature

(from CPMB-76)

Title	Pages and layout	Estimated quantity per unit	Estimated quantity per unit	Estimated cost of publishing etc.	Estimated cost of production	Date copy ready for printing	Presented by	U.S. dollar equivalent	
Customs Restrictions on Imported Goods	24 pp. 1/16 size, typeset, text only 2 colours throughout - self cover	10 000	200	2 000	15,2,77	3,5,77	Yes		
Introduction to the Public Service	16 pp. 45 size, typeset, containing some illustrations, 1 colour throughout	10 000	200	1 600	4,4,77	13,6,77	Yes		
Employment Prospects in Adult Areas	64 pp. 36 size, typeset, text only 1 colour throughout - self cover - Approximately 6 titles.	100	350	2 000	23,2,77	1,6,77	Yes		
TOTAL \$				18 550	72 400	Copy sheet should be followed on next sheet, if any.			

INSTRUCTIONS OVERLEAF

SHEET No. 2 of 2

Estimates of Value of Printing for Parliament, Departments,
Telecom and Australia Post during 1981-82 Financial Year

	\$ (M)	
1.	Printing work allocated during 1981-82 by the Australian Government Publishing Service totalled \$(M)19,879. Of this amount, \$(M)5,207 was allocated to the Government Printing Office and the following amount was allocated to commercial printers.	14,672
2.	Printing work allocated by departments to commercial printers without reference to AGPS (1981-1982) in range \$1000 and over per job.	3,916
3.	Printing work allocated by . Postal Commission . Telecom to commercial printers (1981-82)	8,409 3,546
4.	Printing work done by departments on own in-house printing equipment	14,688
5.	Printing work allocated by departments (1981-82) Australia wide under 'Quick-Print' contracts let by AGPS	.382
6.	Printing work carried out by Government Printing Office - 1981-82	21,994
	TOTAL	\$(M) 67,607

INSTRUCTION FOR COMPLETION.

In accordance with the Government's directive, outlined in AGPS Circular number 25, departments are required to provide information for the Government Printing Service. Programs are to have the approval of the responsible minister.

Title
It is realized that it may not be possible to provide a firm date in all instances. This given should however clearly identify the work.

Brief description
A brief description of the work to be printed should be submitted to enable the Publishing Service to categorise the publication for planning and estimating purposes.

Proposed print run
State the number for which the publication is being produced and any specific target audiences. The sponsoring department is to advise the Publishing Service of any special requirements in terms of reach. Details provided will assist AGPS in assessing the potential and distribution requirements.

Estimated quantity

This figure should indicate the number of copies required for official use within the department and copies requested for free distribution. The number of copies will be required on lodgement of individual forms GPM.

Estimated cost of authorship, etc.

This figure should be provided by the minister based on the guidelines given in AGPS Circular 26.

Estimated cost of production

In most cases departments will be able to estimate this figure by reference to similar publications. In some cases allowance will need to be made for changes in production costs.

Date complete copy available

The date given should be the estimated date upon which the department will provide final copy to AGPS.

Proposed delivery date

Where there is a set requirement the publishing date should be given and marked with an asterisk; otherwise show a date suitable to the department.

Will publications be tabled in Parliament?

Indicate whether in the light of information currently available the publication is likely to be tabled in Parliament.

Signature of a minor nature may be signed as a built item where the value of the work is less than \$1000. The total value of funds requested for printing of publications shown above the minister's signature should be total value of funds requested for this purpose in the estimate.

Note:

1. Items 1, 5 and 6 are provided from statistics maintained by AGPS.
2. Items 2 and 3 above have been provided by analysing listings of contracts in General Gazettes for the 1981-82 financial year.
3. Item 4 is based on departmental workloads analysed by the Printing Resources Rationalisation Group for the 1979 and 1980 years but updated to 1981-82 values.

DATE OF HEARING, LIST OF WITNESSES AND OBSERVERS

The item, 103/3/17 Government Printer - Loss on operations administered by the Department of Administrative Services was made the subject of a public inquiry at Parliament House, Canberra on 9 November 1982.

The following witnesses were sworn or made an affirmation and were examined by the Committee at the public hearing.

Australian Government Publishing Service

Mr D.A. Drew	Acting Director, Policy and Projects
Mr B.P. Shurman	Director, Publishing
Mr C.J. Thompson	Australian Government Printer

Department of Administrative Services

Mr J. Lleonart	First Assistant Secretary, Information Services Division
Mr S.A. Wenger	Assistant Secretary, Finance and General Services Branch

During the public inquiry the Committee was assisted by the following observers

Mr C.J. Louttit	Department of Finance
Mr C. Harding	Auditor-General's Office
Mr A. Cahill	Public Service Board