

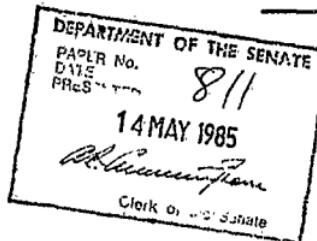


Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1982-83)

Report

228

Joint Committee of
Public Accounts



THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

REPORT 228

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE
(APPROPRIATION ACTS 1982-83)

Australian Government Publishing Service
CANBERRA 1985

c Commonwealth of Australia 1985

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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.

(iv)

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 1901. In 1982-83 amounts of \$125 million, \$100 million and \$50 million respectively were provided for this purpose in Appropriation Acts Nos. 1, 2 and 3.

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 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 final day for the submittal of Additional Estimates in 1982-83 was 26 April 1983. 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 1982-83 was confined to urgent and unforeseeable requirements. Nevertheless, the Committee is concerned that some departments still appear to possess inadequate expenditure control mechanisms.

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
17 April 1985

(v)

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CHAPTER 1

BACKGROUND AND GENERAL CONCLUSIONS

Background to AMF Facility

1.1 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 1901. In aggregate, expenditure from the Advance to the Minister for Finance under Appropriation Acts (Nos. 1 and 3) 1982-83 totalled \$53 881 967 and under Appropriation Act (No. 2) 1982-83 totalled \$3 338 409.

1.2 Guidelines for expenditure from the Advance permit use of the facility only if the Minister for Finance is satisfied that expenditure is urgently required and was unforeseen at the time of preparation of an Appropriation or Supply Bill, as appropriate, that is:

- 'Urgency' is taken to mean that circumstances exist under which funds are required immediately from the Advance eg accounts are on hand or are expected but there are insufficient funds to meet them; and
- 'Unforeseen' is taken to mean unforeseen either to amount or timing eg arising from an unforeseen price/cost increase subsequent to the settlement of amounts to be included in an Appropriation Bill, or where the price increase is foreseen but the magnitude is unknown at the time of preparation of an Appropriation Bill.

1.3 The first purpose of the Advance is to provide moneys which will be recovered during the financial year. Recoveries may be made 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.

1.4 The only amounts which should remain a charge to the appropriations for the Advance to the Minister for Finance (AMF) at the end of the financial year are urgent and unforeseen expenditures which arise between the time of preparation of the additional Appropriation Bills (usually Nos. 3 and 4) and the close of the financial year.

1.5 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	
	\$	\$	\$	\$
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	
1982-83	53 881 967(a)		3 338 409	

(a) Appropriation Acts Nos 1 and 3.

The Committee's Task

1.6 In its examination of expenditure from the Advance, 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.

1.7 1982-83 was the first year in which new AMF procedures applied. Under the new arrangements, all departmental applications for funds must be accompanied by adequate supporting detail. The Committee receives copies of all approved applications for funds from the Advance where they would remain a final charge to the AMF at the close of the financial year. The Committee does not receive copies of 'non approved' applications.

1.8 In 1982-83 a number of items reported were affected by the Administrative Arrangements Orders of 10 March 1983, in particular, appropriations in respect of which directions were made under section 35A of the Audit Act 1901 to transfer moneys between departments in accordance with the related transfers of functions (see Appendix 3). Full details of these instances are included in a letter from the Department of Finance to the Committee (Appendix 4).

1.9 The Department of Finance's instructions to departments affected by section 35A transfers were framed primarily in terms of 'Warrant Authority'. Such transfers included Warrant Authority issued to 'losing' departments (ie those losing functions to 'gaining' departments) from the AMF, pending Additional Estimates, prior to the revised Administrative Arrangements. In some cases moneys were expended against AMF Warrants by the 'losing' departments prior to 11 March (the date of effect), the unexpended portions were transferred under section 35A to the relevant 'gaining' departments.

1.10 The normal Additional Estimates procedures in respect of AMF issues were expected to have been applied by 'losing' and 'gaining' departments seeking Additional Estimates in respect of the AMF Warrant held. However, due to misunderstandings between the accounting officers involved and compounded by the fact that 'bids' for Additional Estimates had already been lodged, action to clear the outstanding warrants from the AMF in respect of these transferred functions was overlooked.

1.11 It should be noted that this was the first occasion on which the new section 35A had been used in the period leading up to Additional Estimates. The Department of Finance advised the Committee that while at the time of the change in Administrative Arrangements a need for special instructions on this process (ie seeking funds in Additional Estimates in respect of AMF issues) was not considered necessary, the experience indicated that instructions will in future be needed to cover such situations.

1.12 The Committee received statements relating to 111 items of expenditure remaining a final charge to the Advance in 1982-83 (see Appendix 5 for a summary). Supplementary material was obtained concerning 10 items. These items and the relevant departments are listed below. The submissions can be found in Appendix 6.

- Department of Administrative Services, Australian Electoral Office: item 161-2-06 - Conduct of Referendums, Elections and Industrial Ballots;
- Attorney-General's Department: item 165-2-06 - Legal Expenses;

- Department of Aviation: item 193-2-02 - Office Requisites;
- Department of Defence: item 230-1-05 - CMF and Cadets;
- Department of Defence Support: item 263-3-01 - Operational Expenses and Consumable Stores;
- Department of Education and Youth Affairs: item 270-4-02 - Tertiary Students;
- Department of Science and Technology: item 542-3-01 - Australian Baseline Air Pollution Monitoring Station - Operating Costs;
- Department of Transport: item 664-2-05 - Fuel, Light and Power; and
- Department of Veterans' Affairs: item 692-01 - Specialists, Local Medical Officers and Ancillary Medical Services; item 692-02 Pharmaceutical Services.

1.13 After consideration of the explanations offered, the Committee decided to examine three items further by public inquiry on 28 June 1984. The three items which were considered in this manner were:

- Department of Aviation 193-2-02 Office Requisites and Equipment;
- Department of Defence 230-1-05 CMF and Cadets; and
- Department of Transport 664-2-05 Fuel, Light and Power.

These items are dealt with in Chapters 2, 3 and 4 respectively.

General Conclusions

1.14 The new procedures require Departments whose applications, if accepted, would remain a charge on the Advance at the end of the financial year to provide sufficient supporting material to satisfy the Committee's requirements. Despite these clear instructions the Departments of Defence Support and Veterans' Affairs did not offer any explanation with their applications. The Committee would have expected the Department of Finance to have insisted upon sufficient documentary material for it to be satisfied that an urgent and unforeseeable requirement for funds from the Advance was warranted, prior to approval being finalised. It was necessary for the Committee to request additional information.

1.15 Notwithstanding this problem the Committee is generally satisfied with the manner in which the new procedures are operating. The Committee is also satisfied that in the majority of cases 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. The inquiry did, however, uncover disturbing information about the expenditure control mechanisms in some departments. The Committee trusts that remedial action will be effected promptly to remove the possibility of recurrence.

1.16 As well, the comments by the Department of Finance concerning the effects of changes in Administrative Arrangements were noted. This had been only the second occasion on which the new section 35A of the Audit Act 1901 had been used and it was its first use in a pre-Additional Estimates situation. The Department of Finance stated that the experience gained had highlighted the need for additional guidance being provided to all accounting officers on similar future occasions. The Committee agrees that it is highly desirable to take steps to ensure that departments do not inadvertently overlook outstanding advances due to procedural misunderstandings.

CHAPTER 2

DEPARTMENT OF AVIATION

Office Requisites and Equipment, Stationery and Printing
(Item 193-2-02)

2.1 This item provides for general office requisites and equipment, stationery for use internally and for issue to the industry, printing of Aeronautical Information manuals and charts, the issue of Air Navigation Regulations and other Departmental printing requirements.

FUNDS AVAILABLE

Source	1980-81	1981-82	1982-83
Appropriation Act No 1	\$ 3 525 000	\$ 4 040 000	\$ 3 380 000
Appropriation Act No 3	-	-	-
Appropriation Act No 5	-	-	100 000
Advance to the Minister for Finance	-	-	130 000
TOTAL FUNDS AVAILABLE	3 525 000	4 040 000	3 610 000
TOTAL EXPENDITURE	3 345 193	3 940 220	3 600 834
UNSPENT FUNDS	189 807	99 780	9 166

NOTE: Data given for 1980-81 and 1981-82 relates to the former Department of Transport from which the Department of Aviation separated as a result of amendments to the Administrative Arrangements in May 1982.

Explanation of requirements for additional funds in 1982-83

Appropriation Act No 5	\$
(a) Continuation of essential supplies and cost increases	50 000
(b) Additional aeronautical information publications in accordance with international obligations	50 000
	100 000

Advance to the Minister for Finance	
Early receipt of accounts (deliveries made in 1982-83 not 1983-84)	130 000

2.2 The Department had a forward obligation approval for this item of \$1m in 1982-83, to enable continuity into 1983-84 of supplies and the Department's printing program with the Australian Government Publishing Service. This forward obligation approval was used to enter into contracts with suppliers.

2.3 The requirement for additional funds of \$130 000 had arisen from the early receipt of accounts from suppliers for deliveries which were made in 1982-83 instead of 1983-84 as expected.

2.4 The Committee was advised by the Department of Finance that there are constraints within the Finance Ledger System, which is used by all departments, to prevent overexpending but that there is nothing within that system which will automatically prevent a department incurring obligations beyond the approved limit. The Department of Aviation stated that it maintained records of forward obligations in accordance with Finance directions. Prescribed officers had access to information on the availability of funds before approving expenditure proposals. If an approved contract required the use of forward obligation approval, the authorised officer was required to note the obligation in a manual forward obligation register.¹

2.5 In the case of the contracts in question, funds would have been available had deliveries been made on the date originally quoted by the supplier. The problem arose when deliveries were made in advance of that date and payment was required in the preceding funding period.

2.6 The Department agreed that its procurement system did not provide procedures to ensure the inclusion in contracts of conditions limiting delivery of goods in advance of the date on which funds would be available for their payment. The system had

¹ Joint Committee of Public Accounts, Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1982-83), Minutes of Evidence, Canberra 1984, p. 47.

been set up on the supposition that, more often than not, the only problem with delivery would be late delivery.²

2.7 The Department advised the Committee that the early payment of claims in 1982-83 had resulted in a reduced funding requirement in 1983-84. The appropriation for this item had therefore been reduced by an amount equal to the funds provided from the Advance to the Minister for Finance.³

Conclusion

2.8 While the Committee is concerned that the AMF was used here for payment of routine, planned expenditure items because of early delivery, it does commend the Department for its prompt payment of the accounts.

2.9 The Committee recognises that circumstances can arise when delivery of goods and services can be accelerated and are beyond the control of the ordering authorities. However, the Committee reminds departments and authorities that in accordance with its recommendations in Report 151 and Finance Regulation 55 and Directions 8/2, 8/6, 8/7 claims for payment shall be dealt with expeditiously. The Committee remains convinced that delays in payment of accounts could cause liquidity problems for creditors. If a claim is properly due and payable and there are insufficient funds available in the appropriation, then a request for funds from the Advance should be made. The Committee is pleased that the Department of Finance has reissued guidelines (Finance Circular 1985/2) on the prompt payment of accounts (see Appendix 7).

2.10 The Committee is satisfied that the use of the Advance by the Department of Aviation in this instance was appropriate.

CHAPTER 3

DEPARTMENT OF DEFENCE

Citizen Military Forces and Cadets (Item 230-1-05)

3.1 The item covers the payment to the Citizen Military Forces, Regular Army Emergency Reserve and Officers of Cadets of the Australian Cadet Corps for home training activities. Home training is the activity undertaken on a part-time basis at the relevant depot or base. It contrasts with continuous training which relates to training over four days as per camp exercises or attendance at courses. As at 31 May 1984 personnel strength stood at 30 058.¹

FUNDS AVAILABLE

Source	1980-81	1981-82	1982-83
Appropriation Act No. 1	\$ 33 014 000	\$ 37 649 000	\$ 49 079 000
Appropriation Act No. 3	-	\$ 6 394 000	-
Appropriation Act No. 5	-	-	\$ 419 000
Advance to the Minister for Finance	-	\$ 600 000	\$ 2 890 000
TOTAL FUNDS AVAILABLE	33 014 000	44 643 000	52 388 000
TOTAL EXPENDITURE	31 384 043	44 311 885	52 353 206
UNSPENT FUNDS	1 629 957	311 115	34 794

Explanation of requirements for additional funds in 1982-83

Appropriation Act No. 5 \$
Salary and allowance increases
for Medical/Dental consultants
and others in Army Reserve 419 000

Advance to the Minister for Finance \$
Underestimate of funds for man days
payable in 1982-83 2 890 000

¹ *ibid.*, p. 35.

² *ibid.*, p. 48.
³ *ibid.*, p. 49.

3.2 The Committee was concerned at the magnitude of the funding requirement from the AMF and accordingly sought a submission from the Department. The submission points out that in estimating requirements for this item, account must be taken of many factors such as:

- personnel strength;
- personnel turnover;
- numbers and allocation of training days between home and continuous training;
- per capita rates of training; and
- training days/expenditure carried over from the previous year.

3.3 The estimate for training cost payments in 1982-83 was calculated by applying the following formula:

Nos of training days to be granted	\times	Estimated cost per day	Carry over expenditure from 1981-82
------------------------------------	----------	------------------------	-------------------------------------

which must equal

Assumed personnel strength for personnel turnover	\times	Approved training allocation per person	Estimated cost per training per person day	Carry over expenditure from 1981-82
---	----------	---	--	-------------------------------------

3.4 The excessive number of training days undertaken was isolated by the Department as the prime reason for the over-expenditure in 1982-83.

3.5 The Department informed the Committee² that although the effective strength of the Army Reserve, ie those 'on the books', exceeded the estimated level, this was not the basic cause of the over-expenditure. Control measures should have ensured that increases in strength reduced the average number of training days available rather than resulting in additional training days.

3.6 The control problems which permitted the excessive use of training days arose from, and were aggravated by, the lack of adequate and timely information on expenditure trends. The

² *ibid.*, p. 11.

control deficiencies were highlighted by the fact that it took the Department of Defence five months to identify the reasons for the 1982-83 overrun.

3.7 The Department submitted that although the pay system had been computerised in 1981-82, this did not provide nor was it intended to provide extensive management information for estimating purposes. The system's objective was to facilitate prompt payment of amounts due to members of the Reserve. In fact it was its success in the form of a faster-than-expected rate of payment of reservists which necessitated recourse to the Advance to the Minister for Finance facility in 1981-82.

3.8 Over use of the training day allocation arose because responsible officers were not able to line up actual training days worked and payments made or due with the overall planned provision of training days and planned number of training days per head. The Department attributed the problems to cumulative human error in the keeping of manual records and a failure to follow procedures designed to record training day use. The impending expenditure overrun was not recognised until May 1983 - almost at the end of the financial year - and while some Army Reserve training was cancelled, it was impossible to avoid the cost overrun.

3.9 The Department's submission of 11 November 1983 pointed to errors in manual records and to a lack of familiarity at the unit level with revised procedures introduced in November 1982. Departmental representatives were asked about these revised procedures at the public hearing on 28 June 1984, particularly to establish why these revised procedures were introduced. The Committee was told that management reports used within the chain of command from the commanders down to unit level in sharing out the total pool of training days were improved in 1982-83 following the obtaining of funds from the Advance to the Minister for Finance.

3.10 Further to the management problems, the Committee was informed⁴ that a quarterly report was received by Army Office in February 1983 but it was only in May 1983 when there was a more critical reconciliation of the reports that a considerable overexpenditure was apparent. This revelation prompted an Australia-wide review of management procedures including an internal audit involving a sample of units. The test check found that the number of training days was being understated by approximately 12 per cent because of inadequate monitoring of the separate attendance and pay systems.⁵

3.11 Since that time measures have been taken to rectify the deficiencies in control. More detailed instruction has been given on the control and management of training days and a detailed instruction on the procedures to be used in reconciling the allocation of training days and money spent was issued in

³ *ibid.*, p. 12.

⁴ *ibid.*, p. 23.

⁵ *ibid.*, p. 24.

October 1983. In addition the Chief of the General Staff sent personal letters to commanders urging them to follow the instructions carefully. A very detailed management information report was introduced in January 1984 showing management training man days consumed, money consumed by formation and by command. The report also covers home training and continuous training.

3.12 During the course of the hearing, the Committee was informed of the difficulties involved in accurately estimating training requirements for the forthcoming period. The Committee was informed that one of the complicating factors is the variation in the strength of the Reserve. One Departmental witness described the Reserve as 'a group of volunteers, who are virtually casual labour, recruited in a very large number of centres all over Australia'.⁶ Swings in numbers of reservists have a multiplied effect on the number of training days used. In the period 1974 to 1983 the average wastage was 29 per cent or about 7 500 to 8 000 people.⁷ (See the formula outlined previously.) It was also admitted that 'the old procedures were just not up to the fine tuning that is now required of this budget item'.⁸

3.13 Despite the inherent estimating uncertainties, Departmental representatives reported that experience over the last couple of years had heightened their awareness of the need to be able to regulate this item and performance in this regard in 1983-84 was dramatically improved. The actual training day expenditure was expected to be very close to the allocation as result of very close monitoring and the introduction of monthly reconciliations and audits.⁹

Conclusions

3.14 The information provided to the Committee by way of submission and public hearing highlighted some disturbing deficiencies in the administration of this item particularly associated with the inability to match expenditure of a resource with the overall balance of the allocation. The Committee appreciates that budgetary systems are becoming more rigorous and requirements more stringent as pressure is exerted to increase financial controls generally and notes the efforts being undertaken by the Department of Finance and the Public Service Board in the promulgation of the Financial Management Improvement Program (see Appendix 8). The Committee also

appreciates that such changes evolve over time. However, it is concerned at the admission that procedures were disregarded and reforms to correct the problem took over a year to effect. The Committee was also concerned that the computerised pay system was not designed to provide management with information for estimating purposes.

3.15 The Committee is encouraged to hear of the Department's improved performance in managing this item. Together with the management improvements referred to earlier, there has been more dissection of the Reserve pay aggregate as a result of additional levels of detail provided by the Department of Finance ledger system. Notwithstanding, the Committee will look carefully at the progress of the Department in this matter particularly since it was given the assurance that the Department would closely monitor the effect of improvements and introduce further changes as required.

3.16 Further, the Committee is disturbed to note that the Department indicated that revised procedures introduced in November 1982 were not understood at the unit level. It remains unclear to the Committee how these modifications could both be responses to a recognised control problem and at the same time the unfamiliarity with them at the unit level be considered 'substantially' responsible for those deficiencies. It is quite apparent to the Committee that both the promulgation of procedures to unit level and the training of unit administrative cadres need to be improved.

⁶ *ibid.*, p. 27.

⁷ *ibid.*, p. 29.

⁸ *ibid.*, p. 35.

⁹ *ibid.*, p. 27.

CHAPTER 4
DEPARTMENT OF TRANSPORT

Fuel, Light and Power (Item 664-2-05)

4.1 This item provides for expenditure on fuel and lubricants for navigational aids, departmental vessels and ancillary equipment and for electricity and gas supplied by local government authorities to offices and buildings of the Department.

FUNDS AVAILABLE

Source	1980-81	1981-82	1982-83
Appropriation Act No 1	\$	\$	\$
Appropriation Act No 5			1 594 000
Advance to the Minister for Finance			150 000
			225 000
TOTAL FUNDS AVAILABLE			1 969 000
TOTAL EXPENDITURE			1 965 850
UNSPENT FUNDS			3 150

Explanation of requirements for additional funds in 1982-83

<u>Appropriation Act No 5</u>		\$
(a) Increase in electricity charges	50 000	
(b) Electricity costs for new Omega facility not provided for	100 000	
	150 000	
<u>Advance to the Minister for Finance</u>		
(a) Cost increases after additional estimates	10 000	
(b) Cost increases not provided for in additional estimates	65 000	
(c) Fuel usage not provided for in original or additional estimates	150 000	
	225 000	

1 Earlier year's expenditures for surface transport are not available as surface and air transport functions were combined until May 1982.

2 Department of Transport's share of Department of Transport and Construction's appropriation of \$1 846 000.

4.2 The Department explained that the requirement for funds from the Advance to the Minister for Finance comprised two elements:

- payments not foreseen at the time of preparation of Additional Estimates for fuel used in the operation of the Department's Cape Class vessels and navigational aids; and
- funds required to cover cost increases, some of which occurred subsequent to the preparation of Additional Estimates.

4.3 The Department advised that the need for extra funds arose from problems associated with changes to Administrative Arrangements between 7 May 1982 and 10 March 1983.

4.4 The 1982-83 estimate of expenditure for the item was prepared by the estimates area of what later became the Department of Aviation. Responsibility for estimates relating to surface transport was later transferred to the Department of Transport and Construction. Staff then responsible for the estimates were drawn mainly from the former Department of Housing and Construction and were unfamiliar with surface transport matters. Similar changes occurred at Regional Offices. Some transport requirements and cost increases were overlooked in estimating expenditure requirements. In particular, estimates were not included for the acquisition of fuel for Departmental vessels other than in their home base of Queensland, despite the practice of refuelling on an 'as required' basis elsewhere while servicing navigational aids around Australia. This accounted for \$150 000 of the item.

4.5 The requirements for additional funds also included cost increases after the Additional Estimates (\$10 000) and cost increases not covered in the Additional Estimates (\$65 000).

4.6 Problems arising from the administrative changes were compounded by the fact that one vessel was out of service in the first part of 1982-83 creating a distortion of fuel expenditure rates. A number of fuel invoices were for amounts in excess of the delegation of the Regional Director. Delays caused by the need to obtain payment approval from the Deputy Secretary of the Department again created a misleading impression of funds available.

4.7 The transfer of costing information to the Departmental Accounting Information System (DAIS) of the Department of Transport and Construction in late 1982 and the subsequent transfer from DAIS to the Department of Finance Ledger System in April 1983 resulted in there being no costing information available during either transition period. As a result, actual funds requirements were not known until May 1983, well after the finalisation of Additional Estimates.

4.8 The Department of Finance informed the Committee that administrative changes, like that experienced within the Department of Transport, do have an impact on the Department of Finance Ledger System hindering production of meaningful management reports (see also Chapter 1). Financial management and improvement programs and the development of a program approach to accounting were expected to ease future transfers of program elements between departments.

Conclusions

4.9 The Committee was satisfied with the Department of Transport's explanation for the unforeseen nature of the funds required in 1982-83. The Committee, however, was concerned at the lack of precision in the preparation of estimates which led to the underestimation of requirements for funds for this item in both the original and Additional Estimates.

4.10 The Committee is aware of the difficulties encountered by departments when experienced staff are lost and when accounting systems have to be split, due to the reorganisation of administrative responsibilities. The Committee also welcomes the assurances of the Department of Finance that the Financial Management Improvement Program and the development of a program approach to accounting were expected to ease future transfers of elements between organisations.

APPENDICES

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5.	Summary of Approvals for Funds to remain a Final Charge to the AMF 1982-83	52
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7.	Finance Circular 1985/2 - Payment of Accounts	119
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APPENDIX 1

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 1983

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) 1982-83
Division 310—\$125 000 000

Appropriation Act (No. 2) 1982-83
Division 868—\$100 000 000

Appropriation Act (No. 3) 1982-83
Division 310—\$50 000 000

**THE COMMONWEALTH GOVERNMENT PRINTER
CANBERRA 1983**

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

APPROPRIATION ACTS (NOS. 1 AND 3) 1982-83—\$53 881 967

DEPARTMENTS AND SERVICES

Page No.		Issues from the Advance to the Minister for Finance	Expenditure
			\$
5	Department of Aboriginal Affairs	171 100	170 881
5	Department of Administrative Services	12 175 948	12 175 948
6	Attorney-General's Department	430 000	423 246
6	Department of Aviation	897 000	787 524
6	Department of Communications	300 000	300 000
7	Department of Defence	26 205 765	24 960 854
8	Department of Defence Support	1 477 500	1 293 947
8	Department of Education and Youth Affairs	9 817 083	6 476 314
8	Department of Employment and Industrial Relations	1 224 753	1 122 927
9	Department of Finance	6 103	6 064
9	Department of Foreign Affairs	1 107 142	1 096 670
10	Department of Health	355 000	354 239
10	Department of Home Affairs and Environment	95 887	95 887
10	Department of Housing and Construction	15 000	12 997
11	Department of Industry and Commerce	6 899	6 899
11	Department of Primary Industry	50 000	49 882
11	Department of the Prime Minister and Cabinet	32 663	32 040
11	Department of Resources and Energy	32 908	32 532
12	Department of Science and Technology	137 129	135 007
12	Department of Social Security	1 590 000	1 541 288
12	Department of the Special Minister of State	199 371	189 937
13	Department of Territories and Local Government	934 500	925 862
13	Department of Trade	1 480	1 444
14	Department of Transport	318 776	315 620
14	Department of the Treasury	6 291	6 290
14	Department of Veterans' Affairs	1 765 000	1 367 668

NOTE. Cents have been omitted and each amount is shown to the nearer dollar.

APPROPRIATION ACT (NO. 2) 1982-83—\$3 338 409

DEPARTMENTS AND SERVICES

Page No.		Issues from the Advance to the Minister for Finance	Expenditure	
			\$	\$
15.	Department of Aboriginal Affairs	196 967	196 967	
15.	Department of Administrative Services	64 036	64 036	
15.	Department of Industry and Commerce	1 000 001	1 000 001	
16.	Department of Social Security	1 872 246	1 872 246	
16.	Department of the Special Minister of State	11 798	11 761	
16.	Department of the Treasury	194 009	193 398	

I CASTLES
Secretary to the Department of Finance
September 1983

J S DAWKINS
Minister for Finance
September 1983

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

APPROPRIATION ACTS (Nos. 1 AND 3) 1982-83

DEPARTMENTS AND SERVICES

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
DEPARTMENT OF ABORIGINAL AFFAIRS		
Division 120.—ADMINISTRATIVE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances	26 000	25 781
5.—National Aboriginal Conference—		
01. For payment to the Aboriginal Corporation of the National Aboriginal Conference	145 100	145 100
<i>Total: Department of Aboriginal Affairs</i>	<i>171 100</i>	<i>170 881</i>
DEPARTMENT OF ADMINISTRATIVE SERVICES		
Division 130.—ADMINISTRATIVE		
3.—Other Services—		
07. Royal Commission on the Activities of the Federated Ship Painters and Dockers Union	226 346	226 346
Division 134.—PETROLEUM PRODUCTS PRICING AUTHORITY		
2.—Administrative Expenses—		
01. Travelling and subsistence	996	996
Division 138.—AUSTRALIAN FEDERAL POLICE		
3.—Other Services—		
03. International Police Commission—Membership	2 633	2 633
Division 140.—PARLIAMENTARY AND MINISTERIAL STAFF AND SERVICES		
2.—Administrative Expenses—		
05. Incidental and other expenditure	41 080	41 080
Division 161.—AUSTRALIAN ELECTORAL OFFICE		
2.—Administrative Expenses—		
06. Conduct of Commonwealth elections, referendums and industrial ballots	11 886 541	11 886 541
09. Incidental and other expenditure	18 352	18 352
<i>Total: Division 161</i>	<i>11 904 893</i>	<i>11 904 893</i>
<i>Total: Department of Administrative Services</i>	<i>12 175 948</i>	<i>12 175 948</i>

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$

ATTORNEY-GENERAL'S DEPARTMENT

Division 165.—ADMINISTRATIVE

2.—Administrative Expenses—		
06. Legal expenses	300 000	297 888
11. Incidental and other expenditure	62 000	60 191
Total: Division 165	362 000	358 079

Division 178.—TRADE PRACTICES COMMISSION

2.—Administrative Expenses—		
01. Travelling and subsistence	8 000	7 997

Division 188.—AUSTRALIAN SECURITY INTELLIGENCE

ORGANIZATION	60 000	57 170
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Total: Attorney-General's Department	430 000	423 246
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DEPARTMENT OF AVIATION

Division 193.—ADMINISTRATIVE

2.—Administrative Expenses—		
02. Office requisites and equipment, stationery and printing	130 000	120 834
07. Freight, cartage and removal expenses	105 000	102 584
08. Staff training	75 000	69 352
11. Air transport movable plant maintenance—Materials and services	392 000	309 997
12. General stores	45 000	44 308
21. Incidental and other expenditure	30 000	27 288
	777 000	674 363

3.—Other Services—

07. Aerodrome Local Ownership Plan—Maintenance grant	120 000	113 161
Total: Department of Aviation	897 000	787 524

DEPARTMENT OF COMMUNICATIONS

Division 222.—BROADCASTING AND TELEVISION SERVICES

1.—For payment to the Australian Broadcasting Commission—		
01. General activities—Domestic services	300 000	300 000
Total: Department of Communications	300 000	300 000

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$

DEPARTMENT OF DEFENCE

Division 230.—AUSTRALIAN DEFENCE FORCE

1.—Salaries and Payments in the nature of Salary—

01. Permanent Naval Forces	2 500 000	2 471 470
02. Permanent Military Forces	6 340 000	5 675 469
03. Permanent Air Force	6 043 000	5 935 933
05. Citizen Military Forces and Cadets	2 890 000	2 855 206

Total: Division 230	17 773 000	16 938 078
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Division 232.—CIVIL PERSONNEL

1.—Salaries and Payments in the nature of Salary—

01. Salaries and Allowances	475 000	282 608
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Division 233.—ADMINISTRATIVE AND OTHER EXPENDITURE

1.—Administrative Expenses—

01. Travelling and subsistence	2 000 000	1 922 423
06. Medical and dental services	300 000	298 456
07. Payments under the <i>Compensation (Commonwealth Government Employees) Act 1971</i> and the <i>Defence Act 1903</i>	302 000	290 263

2 602 000	2 511 142
-----------	-----------

2.—Other Services—

04. Natural Disasters and Civil Defence Organisations—Assistance to the States	17 000	15 500
Total: Division 233	2 619 000	2 526 642

Division 234.—EQUIPMENT AND STORES

1.—New Equipment and Stores—

03. Armoured and combat vehicles, artillery and associated initial equipment and stores	263 000	257 510
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Division 236.—REPAIR AND MAINTENANCE OF BUILDINGS AND WORKS

	144 000	102 977
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Division 240.—DEFENCE CO-OPERATION

04. Singapore	7 250	7 155
	313 380	278 138

Division 245.—BUILDINGS AND WORKS

	4 000 000	3 991 032
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Division 263.—ADMINISTRATIVE

2.—Administrative Expenses—		
06. Fuel, light, power, water supply and sanitation	435 354	419 110
09. Consultants—Fees	25 107	8 394
12. Payments under the <i>Compensation (Commonwealth Government Employees) Act 1971</i>	148 495	147 949
15. Incidental and other expenditure	2 179	1 261

611 135	576 714
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Total: Department of Defence	26 205 765	24 960 854
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	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$

DEPARTMENT OF DEFENCE SUPPORT

Division 263.—ADMINISTRATIVE

1.—Salaries and Payments in the nature of Salary—	650 000	533 948
01. Salaries and allowances	650 000	533 948
2.—Administrative Expenses—		
12. Payments under the <i>Compensation (Commonwealth Government Employees) Act 1971</i>	67 500	..

Total: Division 263 717 500 533 948

Division 264.—DEFENCE INDUSTRIAL CAPACITY

1.—Maintenance of Production Capability—	760 000	759 999
02. Aircraft Industry	760 000	759 999
Total: Department of Defence Support	1 477 500	1 293 947

DEPARTMENT OF EDUCATION AND YOUTH AFFAIRS

Division 270.—ADMINISTRATIVE

4.—Student Assistance Programs—	7 045 883	4 886 211
02. Tertiary students	1 670 000	643 783
03. Secondary students	700 000	681 818
05. Aboriginal Study grants	400 000	263 502
06. Isolated children	..	..

Total: Division 270 9 815 883 6 475 314

Division 284.—COMMONWEALTH TERTIARY EDUCATION COMMISSION

2.—Administrative Expenses—	1 200	1 000
03. Postage, telegrams and telephone services	1 200	1 000
Total: Department of Education and Youth Affairs	9 817 083	6 476 314

DEPARTMENT OF EMPLOYMENT AND INDUSTRIAL RELATIONS

Division 287.—ADMINISTRATIVE

2.—Administrative Expenses—	24 390	24 390
12. Legal expenses	24 390	24 390
4.—Trade Training—		
02. Special apprentice training schemes	350 000	315 930

6.—Youth Training—
 01. School to work transition 650 000 613 034

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$

Department of Employment and Industrial Relations—continued

8.—Employment Services—	12 160	12 123
02. Fares Assistance Scheme	..	..
9.—Youth Affairs—		
02. Assistance for youth organisations	175 000	144 390

Total: Division 287 1 211 550 1 109 867

Division 291.—INDUSTRIAL RELATIONS BUREAU

2.—Administrative Expenses—	9 203	9 202
06. Legal expenses	4 000	3 858
08. Incidental and other expenditure	..	..

Total: Division 291 13 203 13 060

Total: Department of Employment and Industrial Relations 1 224 753 1 122 927

DEPARTMENT OF FINANCE

Division 306.—AUSTRALIAN GOVERNMENT RETIREMENT BENEFITS OFFICE

1.—Salaries and Payments in the nature of Salary—	103	102
02. Overtime	..	..
2.—Administrative Expenses—		
05. Incidental and other expenditure	6 000	5 962

Total: Department of Finance 6 103 6 064

DEPARTMENT OF FOREIGN AFFAIRS

Division 315.—ADMINISTRATIVE

2.—Administrative Expenses—	10 000	9 550
01. Travelling and subsistence	300 000	299 641
03. Postage, telegrams and telephone services	123 000	121 175
04. Representation at overseas conferences	270 000	269 489
05. Courier service	42 139	40 335
14. Incidental and other expenditure	..	..

3.—Other Services—	12 003	12 002
15. Payments pursuant to section 34A (1) of the <i>Audit Act 1901</i>	..	..
Total: Division 315	757 142	752 192

	Issues from the Advance to the Minister for Finance	Expenditure	
	\$	\$	
<i>Department of Foreign Affairs—continued</i>			
Division 316—OVERSEAS SERVICE			
2.—Administrative Expenses—			
01. Travelling and subsistence	350 000	344 478	
Total: Department of Foreign Affairs	1 107 142	1 096 670	

DEPARTMENT OF HEALTH

	Issues from the Advance to the Minister for Finance	Expenditure	
	\$	\$	
Division 325.—ADMINISTRATIVE			
1.—Salaries and Payments in the nature of Salary—			
02. Overtime	55 000	54 239	
3.—Other Services—			
07. Commonwealth Serum Laboratories Commission—Reimbursement of costs of operations under section 19 (1) (b) of the <i>Commonwealth Serum Laboratories Act 1961</i>	300 000	300 000	
Total: Department of Health	355 000	354 239	

DEPARTMENT OF HOME AFFAIRS AND ENVIRONMENT

	Issues from the Advance to the Minister for Finance	Expenditure	
	\$	\$	
Division 330.—ADMINISTRATIVE			
4.—Grants-in-Aid—			
16. Conservation organisations	10 000	10 000	
Division 336.—COCOS (KEELING) ISLANDS			
2.—Administrative Expenses—			
02. Messing subsidy	85 887	85 887	
Total: Department of Home Affairs and Environment	95 887	95 887	

DEPARTMENT OF HOUSING AND CONSTRUCTION

	Issues from the Advance to the Minister for Finance	Expenditure	
	\$	\$	
Division 590.—ADMINISTRATIVE			
1.—Salaries and Payments in the nature of Salary—			
02. Overtime	15 000	12 997	
Total: Department of Housing and Construction	15 000	12 997	

	Issues from the Advance to the Minister for Finance	Expenditure	
	\$	\$	
DEPARTMENT OF INDUSTRY AND COMMERCE			
Division 400. —ADMINISTRATIVE			
3.—Other Services—			
04. Diplomatic and Consular missions in Australia—Reimbursement of sales tax paid by manufacturers on motor vehicles			6 899
Total: Department of Industry and Commerce			6 899

DEPARTMENT OF PRIMARY INDUSTRY

	Issues from the Advance to the Minister for Finance	Expenditure	
	\$	\$	
Division 495.—EXPORT INSPECTION SERVICE			
2.—Administrative Expenses—			
06. Compensation			50 000
Total: Department of Primary Industry			50 000

DEPARTMENT OF THE PRIME MINISTER AND CABINET

	Issues from the Advance to the Minister for Finance	Expenditure	
	\$	\$	
Division 500.—ADMINISTRATIVE			
2.—Administrative Expenses—			
04. Computer Services			6 876
06. Incidental and other expenditure			12 487
Total: Division 500			19 363
Division 516.—PUBLIC SERVICE BOARD			
2.—Administrative Expenses—			
07. Medical examinations—New appointees			13 300
Total: Department of the Prime Minister and Cabinet			32 663

DEPARTMENT OF RESOURCES AND ENERGY

	Issues from the Advance to the Minister for Finance	Expenditure	
	\$	\$	
Division 430.—ADMINISTRATIVE—			
1.—Salaries and Payments in the nature of Salary—			
01. Salaries and Allowances			21 900
Total: Division 430			21 529
Division 431.—DIVISION OF NATIONAL MAPPING			
2.—Administrative Expenses—			
06. Aircraft operating expenses			11 008
Total: Department of Resources and Energy			32 908

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$

DEPARTMENT OF SCIENCE AND TECHNOLOGY

Division 542.—ANALYTICAL SERVICES

1.—Salaries and Payments in the nature of Salary—

01. Salaries and Allowances	30 000	29 312
3.—Other Services—		
01. Australian Baseline Air Pollution Monitoring Station—Operating Costs	7 000	6 215
	<i>Total: Division 542</i>	<i>37 000</i>

35 527

Division 544.—COMMONWEALTH BUREAU OF METEOROLOGY

1.—Salaries and Payments in the nature of Salary—

01. Salaries and Allowances	89 500	89 030
02. Overtime	10 629	10 450
	<i>Total: Division 544</i>	<i>100 129</i>

99 480

Total: Department of Science and Technology **137 129** **135 007**

DEPARTMENT OF SOCIAL SECURITY

Division 590.—ADMINISTRATIVE

2.—Administrative Expenses—

03. Postage, telegrams and telephone services	1 250 000	1 213 775
04. Office services	102 000	98 012
08. Medical examinations	15 000	14 278
11. Fees, allowances and other expenditure of Appeals Tribunals	22 000	18 810

3.—Other Services—

09. Payments pursuant to section 34A (1) of the <i>Audit Act</i> 1901	31 000	30 263
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4.—Grants-in-Aid—

04. Community welfare agencies	170 000	166 150
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Total: Department of Social Security **1 590 000** **1 541 288**

DEPARTMENT OF THE SPECIAL MINISTER OF STATE

Division 130.—ADMINISTRATIVE

1.—Salaries and Payments in the nature of Salary—

02. Overtime	18 100	18 100
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Division 139.—AUSTRALIAN BUREAU OF CRIMINAL INTELLIGENCE

2.—Administrative Expenses—

01. Travelling and subsistence	1 141	955
02. Services of seconded officers	7 487	7 116
	<i>Total: Division 139</i>	<i>8 628</i>

8 071

	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$

Department of the Special Minister of State—continued

Division 140.—PARLIAMENTARY AND MINISTERIAL STAFF AND SERVICES

1.—Salaries and Payments in the nature of Salary—

01. Salaries and allowances	106 200	101 558
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2.—Administrative Expenses—

02. Office requisites and equipment, stationery and printing	28 243	26 540
03. Postage, telegrams and telephone services	38 200	35 668
	<i>Total: Division 140</i>	<i>66 443</i>

62 208

172 643

163 766

Total: Department of the Special Minister of State **199 371** **189 937**

DEPARTMENT OF TERRITORIES AND LOCAL GOVERNMENT

Division 210.—ADMINISTRATIVE

1.—Salaries and Payments in the nature of Salary—

01. Salaries and Allowances	818 000	816 075
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3.—Other Services—

08. A.C.T. Fire Brigade—Operating expenses	116 300	109 668

934 300

925 743

Division 335.—CHRISTMAS ISLAND

3.—Other Services—

01. Hospitalization of Asian residents—Payment to Singapore Government	200	119
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Total: Department of Territories and Local Government **934 500** **925 862**

DEPARTMENT OF TRADE

Division 644.—EXPORT DEVELOPMENT GRANTS BOARD

1.—Salaries and Payments in the nature of Salary—

01. Salaries and Allowances	1 150	1 118
02. Overtime	330	326

1 480

1 444

		Issues from the Advance to the Minister for Finance	Expenditure
		\$	\$
DEPARTMENT OF TRANSPORT			
Division 664.—ADMINISTRATIVE			
1.—Salaries and Payments in the nature of Salary—			
02. Overtime	27 187	27 182	
2.—Administrative Expenses—			
05. Fuel, Light and Power	225 000	221 850	
3.—Other Services—			
04. Free or concessional railway fares and freights	66 589	66 588	
Total: Department of Transport	318 776	315 620	

DEPARTMENT OF THE TREASURY

		Issues from the Advance to the Minister for Finance	Expenditure
		\$	\$
Division 160.—GRANTS COMMISSION			
2.—Administrative Expenses—			
05. Computerservices	6 291	6 290	
Total: Department of the Treasury	6 291	6 290	

DEPARTMENT OF VETERANS' AFFAIRS

		Issues from the Advance to the Minister for Finance	Expenditure
		\$	\$
Division 692.—OTHER REPATRIATION BENEFITS			
01. Specialists, local medical officer and ancillary medical services			
01. Specialists, local medical officer and ancillary medical services	95 000	91 278	
02. Pharmaceutical services	1 200 000	822 371	
06. Soldiers' Children Education Scheme	127 000	114 365	
07. Telephone rental concessions to pensioners (for payment to the Australian Telecommunications Commission)	220 000	219 114	
09. Miscellaneous	123 000	120 540	
Total: Department of Veterans' Affairs	1 765 000	1 367 668	

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

APPROPRIATION ACT (No. 2) 1982-83

		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			
04. Health—Northern Territory			196 967
Total: Department of Aboriginal Affairs			196 967

DEPARTMENT OF ADMINISTRATIVE SERVICES

		Issues from the Advance to the Minister for Finance	Expenditure
		\$	\$
Division 813.—OTHER SERVICES			
20. Review of Commonwealth Administration			
22. Nineteenth International Federation of Automotive Engineering Societies Conference—Australia 1982			25 000
Total: Department of Administrative Services			64 036

DEPARTMENT OF INDUSTRY AND COMMERCE

		Issues from the Advance to the Minister for Finance	Expenditure
		\$	\$
Division 923.—OTHER SERVICES			
04. Publicity campaign, Housing and Industry initiatives			
Division 925.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY			
1.—For the purposes of the <i>Urban and Regional Development (Financial Assistance) Act 1974</i> —			
01. Urban expansion and redevelopment—Albury-Wodonga and Woolloomooloo			1 000 000
Total: Department of Industry and Commerce			1 000 001

Issues from the Advance to the Minister for Finance	Expenditure
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\$ \$

DEPARTMENT OF SOCIAL SECURITY

Division 956. PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY

03. States Grants (Home Care) Act 1969—Grants towards costs of home care services	1 872 246	1 872 246
Total: Department of Social Security	1 872 246	1 872 246

DEPARTMENT OF THE SPECIAL MINISTER OF STATE

Division 813.—OTHER SERVICES

33. Royal Commission into the Effects of Chemical Agents on Vietnam Veterans	2 804	2 803
34. Royal Commission into Australian Security Services	8 994	8 958
Total: Department of the Special Minister of State	11 798	11 761

DEPARTMENT OF THE TREASURY

Division 980. AUSTRALIAN BUREAU OF STATISTICS

1.—Capital Works and Services—		
01. Plant and equipment	194 009	193 398
Total: Department of the Treasury	194 009	193 398



APPENDIX 2

DEPARTMENT OF FINANCE

Newlands Street, Parkes, A.C.T. 2600
Telephone: Canberra 63 9111
Telex: 62639

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

ISSUES OF WARRANT AUTHORITY AS A FINAL CHARGE TO THE ADVANCE TO THE MINISTER FOR FINANCE

The items listed below will be reported in the 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 1983.

Each of these items was affected by the Administrative Arrangements Orders of 11 March 1983 and were the subject of a transfer of warrant under section 35A(1) of the Audit Act 1901. In each case the losing department had applied for funds from the Advance to the Minister for Finance pending Additional Estimates and had expended part of those funds prior to 11 March 1983. The balance of unexpended funds was transferred to the "new" department.

However, due to a misunderstanding, the "new" departments sought in the Additional Estimates the totals of the respective amounts issued from the Advance; the correct course would have been for the "old" departments to seek in Additional Estimates the amounts spent by them from the Advance prior to 11 March, with the "new" departments seeking only those amounts represented by the Warrants transferred to them. This has resulted in the "old" departments being left with charges against the Advance, and the corresponding "new" departments with excess funds which will not be expended.

This is the first occasion since the inclusion of the new section 35A provision in the Audit Act in 1979 that such a circumstance has arisen in which amounts issued from the Advance to the Minister for Finance pending Additional Estimates have had to be transferred to other departments pursuant to that section. No improper use of the Advance was involved. Instructions to Departments will in future, in similar circumstances, make clear what action is necessary, and by which departments, in the Additional Estimates.

DIVISION	DEPARTMENT	EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE
130-3-07	Administrative Services	226,346
134-2-01	Administrative Services	996
138-3-03	Administrative Services	2,633

DIVISION	DEPARTMENT	EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE
140-2-05	Administrative Services	41,080
161-2-06	Administrative Services	11,886,541
161-2-09	Administrative Services	18,352
813-0-20	Administrative Services	39,036
813-0-22	Administrative Services	25,000
263-2-06	Defence	150,756
263-2-15	Defence	1,261
287-9-02	Employment and Industrial Relations	
336-2-02	Home Affairs and Environment	144,390
923-0-04	Industry and Commerce	85,887
		1



Reference:
Contact Officer:
Telephone:

DEPARTMENT OF FINANCE

Newlands Street, Parkes, A.C.T. 2600
Telephone: Canberra 63 9111
Telex: 62639

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

ISSUES OF WARRANT AUTHORITY AS A FINAL CHARGE TO THE ADVANCE TO THE MINISTER FOR FINANCE (AMF)

I refer to your memorandum of 16 August 1983 which sought further information on the points made in my memorandum of 19 July regarding certain appropriations affected by the Administrative Arrangements Orders of 10 March 1983 and, in particular, appropriations in respect of which directions were made under section 35A of the Audit Act 1901 to transfer moneys between departments in accordance with the related transfers of functions.

2. Attached for your information is a copy of Department of Finance Estimates Memorandum 1983/4 of 14 March 1983 setting out the procedures to be followed by departments affected by the changed Administrative Arrangements.

3. You will note that the instructions to departments affected by section 35A transfers were framed primarily in terms of "Warrant Authority" (see paragraph 3 (V)). Such transfers included Warrant Authority issued to "losing" departments (ie those losing functions to "gaining" departments) from the AMF, pending Additional Estimates, prior to the revised Administrative Arrangements. In the cases cited in my memorandum of 19 July some moneys were expended against AMF Warrants by the "losing" departments prior to 11 March (the date of effect of the new Administrative Arrangements); the unexpended portions were transferred under section 35A to the relevant "gaining" departments.

4. The normal Additional Estimates procedures in respect of AMF issues were expected to have been applied by "losing" and "gaining" departments in respect of the AMF Warrants held by them, respectively, in the post-section 35A situation. This would have entailed both the "losing" and "gaining" departments seeking Additional Estimates in respect of the AMF Warrant held. Unfortunately due to misunderstandings between the accounting officers involved and compounded by the fact that "bids" for Additional Estimates had already been lodged, action to clear the outstanding warrants from the AMF in respect of these transferred functions was overlooked.

5. It should also be noted that this was also the first occasion on which the new section 35A had been used in the period leading up to Additional Estimates.

6. While at the time of the change in Administrative Arrangements a need for special instructions on this process (ie seeking funds in Additional Estimates in respect of AMF issues) was not considered necessary, the experience has indicated that instructions will in future be needed to cover such situations.

7. I also draw to your attention a somewhat similar situation in respect of Warrant transferred in accordance with section 35A for functions transferred from the Departments of Defence Support and National Development and Energy to the Departments of Defence and Industry and Commerce, respectively. The appropriation items concerned were:

ITEM	DESCRIPTION	AMOUNT (\$)
Department of Defence		
263-2-06	Fuel, light, power, water supply and sanitation	268,354
263-2-09	Consultants - Fees	25,107
263-2-12	Payments under the Compensation (Commonwealth Government Employees) Act 1971	145,995
Department of Industry and Commerce		
925-1-01	Urban expansion and redevelopment - Albury - Wodonga and Woolloomooloo	1,000,000

These amounts were covered by Warrant from AMF and are shown (in whole or in part) as a final charge to AMF in the Section 36A Statement in respect of the Departments of Defence and Industry and Commerce.

8. The Departments of Defence Support and Resources and Energy sought Additional Estimates to clear the AMF Warrant that had been issued to them. The Departments of Defence and Industry and Commerce, unaware that the amounts transferred were covered by Warrant from AMF, did not seek Additional Estimates. The AMF Warrant transferred to Defence and Industry and Commerce was thus not subsumed by Additional Estimates sought by these Departments and the expenditure against that Warrant became a final charge against AMF. This was once again caused by administrative misunderstanding between departments; there was no illegality involved.

9. I would emphasise that major changes to Administrative Arrangements involve difficult processes for the departments concerned. The 10 March changes involved only the second use of section 35A since its insertion into the Audit Act in 1979 and the first use in a pre-Additional Estimates situation. The experience gained has highlighted the need for additional guidance being provided to all accounting officers on similar future occasions.


 R.G. Humphry
 First Assistant Secretary
 Accounting and Supply Division
 September 1983



MINUTE PAPER

AS 1983/11
82/3261

The Secretary (for information)
Mr Carroll (for information)
Dr Keating (for information)
First Assistant Secretary
Defence and Government Division
General Expenditure Division
Social Security Division
Transport and Industry Division
Principal Adviser
Social Security Division
Transport and Industry Division
File

REVISED ADMINISTRATIVE ARRANGEMENTS

Attached is a copy of Estimates Memorandum 1983/4 dated 14 March 1983 which outlines financial reporting procedures to be adopted by departments following the changes in administrative arrangements announced on 10 March.

In reference to our minute of last Friday divisions should note that when calculating the balance of the appropriation available for the purpose of the S35A(1) direction, any previous reductions in Warrant Authority (resulting from offsets to additional obligations) should be taken into account. Reissues may, of course, in some cases, be the subject of a further S35A(1) direction.

R.G. Humphry
R.G. Humphry
First Assistant Secretary
Accounting and Supply Division
14 March 1983

Reference: 82/133
Contact Officer: P.A. Lyndon
Telephone: 633723



DEPARTMENT OF FINANCE
Newlands Street, Parkes, A.C.T. 2600
Telephone Canberra 63 9111
Tele. 62639

Estimates Memorandum 1983/4
To Departments

REVISED ADMINISTRATIVE ARRANGEMENTS

This advice is being circulated as an Estimates Memorandum and a Central Accounting Section Circular in identical terms.

As a result of the revised Administrative Arrangements which became effective on 11 March 1983 it is proposed that financial procedures, as detailed below, be adopted by departments affected to ensure the smooth implementation of those revised Administrative Arrangements. This memorandum is divided into 6 sections:

1. Availability of Appropriations
2. Central Ledger Reports
3. Payment of Accounts/Chart of Accounts/Warrant Authority
4. Payroll Processing - Transfer of Payees
5. Future Appropriation/Recording of Expenditure
6. Trust Funds/Trust Accounts

1. AVAILABILITY OF APPROPRIATIONS

The Appropriation Acts (Nos 1 and 2) 1982-83 appropriated certain sums to be applied for services administered under the headings of the then existing Departments of State. Various special appropriations were also the responsibility of departments pursuant to the Administrative Arrangements Order (AAO).

In the interim period, pending the re-allocations of appropriations referred to hereunder, departments may continue to process receipts and payments as normal: the procedures for recording transactions in the interim period are set out in section 3 below.

The changes to the AAO, including the creation of new departments to administer functions of departments abolished as from 11 March, make it necessary to ensure that existing appropriations continue to be available to the maximum extent possible for the services for which the Parliament voted them. There are two ways in which this is to be achieved:

- Firstly, the Governor-General has made an Order under section 19B of the Acts Interpretation Act 1901 directing that provisions in an Appropriation Act in which there is a reference to an abolished department shall have effect as if that reference had been to the department specified in Column 3 of the relevant schedule to the Order (copy of the schedule is attached); and
- second, by direction of the Minister for Finance pursuant to section 35A(1) of the Audit Act.

In respect of the abolished departments where the Governor-General has made an Order under section 19B of the Acts Interpretation Act, it will also be necessary in most cases for further directions to be made under section 35A(1) of the Audit Act to re-distribute appropriations to other departments which will have responsibility for carrying out services previously performed by the now abolished departments. For example, the section 19B Order makes available to the Department of Housing and Construction the appropriations contained in Appropriation Acts (Nos 1 and 2) 1982-83 under the heading of the former Department of Transport and Construction: it will thus be necessary to re-allocate under section 35A, as appropriate, certain "discrete" appropriations and portions of "non-discrete" appropriations to the new Department of Transport.

In the case of special appropriations affected by the changes in the AAO, administration of them will be assumed by the department responsible under the new AAO.

2. CENTRAL LEDGER REPORTS

To assist in carrying out the procedures, the following documents have been produced as at cob 10 March and will be distributed to departments during the week ending 18 March, for their use in the control of financial matters arising from the changes:

- a Central Ledger;
- Appropriation/Revenue Ledger;
- Outstanding Obligations prints;
- Cost Statements;
- Chart of Accounts (1982-83 and 1983-84); and
- MAG/MAE print (1982/83 and 1983/84).

On receipt of the ledger reports, departments are asked to examine them and advise via telex (AA62639) to LYNDON, PAS, FINANCE, CANBERRA, any substantial recording discrepancies which have occurred (eg \$100,000 or more).

3. PAYMENT OF ACCOUNTS/CHART OF ACCOUNTS/WARRANT AUTHORITY

The following accounting procedures should be adopted by departments losing and/or gaining functions:

- Receipts and payments may continue to be processed as normal by the losing (old) department for the interim.
- "Old" departments will be expected to maintain a record of Revenue, Refunds of Revenue and Expenditure processed on behalf of the gaining (new) department. This may be achieved either by the use of existing costing mechanisms or by retaining a manual record.
- New SRIF's will be established by the Department of Finance by cob 22 March 1983 and departments advised shortly thereafter.
- "New" departments should then establish Charts of Accounts structures - avoiding unnecessarily complex structures - to enable them to operate during the remaining part of this financial year. This may be done in either of two ways:
 - by distribution of charge codes to the "old" department's Authorizing Officer(s) for them to operate as agents; or
 - by distribution to its own Authorizing Officer ledgers.
- When Charts of Accounts have been established and codebooks distributed the following action is required; in respect of (iv) (a) above -
 - on an Authorizing Officer basis transfer accounts should be processed for all Revenues, Refunds of Revenue and Expenditure relating to the functions of the "new" department(s) transferring amounts between the "old" department's structure and the "new";
 - establish an outstanding obligations record in the "new" departmental structure;
 - warrant advice belonging to the "new" department's functions should be withdrawn by the "old" department.
 - MR A. CHAPMAN (PH (062) 633721) OF THIS DEPARTMENT IS TO BE ADVISED WHEN THE ABOVE IS COMPLETED;
 - The Department of Finance will then arrange for a transfer of Warrant Authority both formally and within the computerised Warrant control system; and

- on receipt of formal advice of Warrant Authority issue, the "new" department should immediately allocate warrant advice to Authorizing Officers as appropriate.

in respect of (iv)(b) above -

- the "old" department's Authorizing Officer(s) should advise their counterparts in the "new" department(s) of the details and amounts to be recouped for functions performed on behalf of the "new" department(s) since 10 March 1983;
- the Authorizing Officer in the "new" department should then arrange for a cheque - with supporting details attached - to be drawn reimbursing the "old" department; in addition details of the Revenue/Expenditure should be recorded in the "new" department's ledger;
- arrangements should then be made to withdraw from the "old" department warrant advice transferred to the "new" department(s);
- MR A. CHAPMAN (PH (062) 633721) OF THIS DEPARTMENT IS TO BE ADVISED WHEN THE ABOVE IS COMPLETED;
- The Department of Finance will then arrange for a transfer of Warrant Authority both formally and within the computerised Warrant control system; and
- on receipt of formal advice of Warrant Authority issue, the "new" department should immediately allocate warrant advice to Authorizing Officers as appropriate.

Departments should make every endeavour to ensure that the above action is in place as soon as possible but no later than mid-April 1983.

ENQUIRIES ON CHARTS OF ACCOUNTS SHOULD BE ADDRESSED TO
MR G. LOUGHMAN (PH (062) 632057).

4. PAYROLL PROCESSING - TRANSFER OF PAYEES

The necessary processing arrangements within the Finance Pay System for transfer of payees between "old" and "new" departments should BE DISCUSSED IN THE FIRST INSTANCE WITH MR R. MOSSOP, (PH (062) 633936) of this Department's Operations Management Section.

5. FUTURE APPROPRIATION/RECORDING OF EXPENDITURE

Appropriation Bills (Nos 3 and 4) 1982-83

Supplementary appropriations for "new" departments will be sought under "old" divisions, eg., the Department of Housing and Construction and the Department of Transport will share the "old" Department of Transport and Construction divisions.

The 1982-83 appropriations made by Acts (Nos 1 and 2) and expenditure figures shown in the supplementary bills should be split and recorded against gaining departments.

Further information will be provided shortly regarding the preparation of additional estimates and explanations.

Supply Bills and Appropriation Bills 1983-84

All appropriations for 1983-84 will be sought under new appropriation divisions where applicable. The reporting of 1982-83 appropriations and expenditures will be against these new divisions and should be comparable to the 1983-84 appropriation figures.

Statement under Section 50 of Audit Act

The year-to-date transactions reflected in the 10 March Central Ledger for all Revenue, Refunds of Revenue, Special Appropriation and Annual Appropriation items are to be used for reporting purposes in the statement to be prepared pursuant to section 50 of the Audit Act 1901.

The statement will be prepared in the same format as for last year. Receipts and expenditures and other relevant information for the period 1 July 1982 to 10 March 1983 for the abolished department listed in column 1 will be reported with the section 50 statement for the department listed in column 2 below.

COLUMN 1	COLUMN 2
Capital Territory	Territories and Local Government
Education	Education and Youth Affairs
National Development and Energy	Resources and Energy
Trade and Resources	Trade
Transport and Construction	Housing and Construction
Vice President of the Executive Council	Prime Minister and Cabinet

A memorandum similar to that issued on 13 July 1982 titled "Section 50 of the Audit Act: Information and Explanations from Permanent Heads", will provide further guidance to departments.

Details of the full year's expenditure for those departments falling within section 2AB of the Audit Act 1901 (eg Australian Taxation Office) which fell within the scope of an "old" department will be reported under the "new" Department, pursuant to the provisions of section 35A(3) of the Audit Act 1901.

6. TRUST FUNDS/TRUST ACCOUNTS

As in the past Trust Funds will be assumed "in toto" by the appropriate "new" Department and the statutory reporting for each Trust Account for the whole of the financial year will be the responsibility of the "new" Department.

We would suggest that "old" departments prepare section 50 statements at their earliest convenience given that the passage of time may make the task more difficult by August when, in the normal course, returns will be required.

ENQUIRIES REGARDING THE PROCEDURES OUTLINED IN THIS MEMORANDUM SHOULD BE ADDRESSED TO MS P. LYNDON (PH (062) 633723) OR MR A. CHAPMAN (PH (062) 633721).



R.G. Humphry
First Assistant Secretary
Accounting and Supply Division
14 March 1983

ATTACHMENT

Column 1 Item No.	Column 2 Former reference	Column 3 New reference
1.	Department of the Capital Territory	Department of Territories and Local Government
2.	Department of Education	Department of Education and Youth Affairs
3.	Department of National Development and Energy	Department of Resources and Energy
4.	Department of Trade and Resources	Department of Trade
5.	Department of Transport and Construction	Department of Housing and Construction
6.	Department of the Vice-President of the Executive Council	Department of the Prime Minister and Cabinet

AUDIT ACT 1901

35A. (1) Where the Minister is satisfied that it is necessary to do so in consequence of a function of a Department (in this sub-section referred to as the "original Department") having become, by virtue of an enactment or of an order made by the Governor-General, a function of another Department, whether upon the abolition of the original Department or otherwise, the Minister may, by writing under his hand, direct that all or any of the moneys appropriated by an Appropriation Act that could, if the change of function had not taken place, lawfully have been issued and applied for a particular purpose (in this sub-section referred to as the "original purpose"), being a purpose related to the performance by the original Department of that function, may be issued and applied for the corresponding purpose related to the performance by the other Department of that function and, where such a direction is given, the Appropriation Act has effect, in relation to the issue and application of moneys in accordance with the direction, as if it had appropriated those moneys for that corresponding purpose.

Transfer of functions between Departments inserted by No. 8, 1979, s. 27

(2) Sub-section (1) does not affect the operation of an Appropriation Act in accordance with an order made by the Governor-General under section 19B or 19BA of the *Acts Interpretation Act* 1901 except to the extent to which that operation would be inconsistent with a direction given under that sub-section, whether before or after the making of the order.

(3) An appropriation contained in an Appropriation Act under a heading referring to a Department, being an appropriation for a purpose that is so expressed as to be capable of being given effect to by another Department, continues to be available for that purpose, subject to any direction given under sub-section (1), notwithstanding the abolition of that Department or the transfer to another Department of a function of that first-mentioned Department to which that purpose is related.

(4) Where—

- (a) a function of a Department (in this sub-section referred to as the "original Department") becomes, by virtue of an enactment or of an order made by the Governor-General, a function of another Department, whether upon the abolition of the original Department or otherwise; and
- (b) immediately before the date on which that function becomes a function of that other Department, a power or function under this Act or under the regulations could, under an appointment made under this Act or under the regulations, have been exercised or performed with respect to the original Department by the person for the time being holding, or performing the duties of, an office in the original Department,

that power or function may, by virtue of this sub-section, be exercised or performed by that person, on and after that date, with respect to the other Department, and, if the original Department continues in existence but his office is abolished in consequence of the change in the functions of the original Department, also with respect to the original Department, until his authority to do so is terminated under sub-section (5).

(5) Where a person would, but for this sub-section, be authorized by sub-section (4) to exercise a power or perform a function under this Act or the regulations with respect to a Department, the person having power to appoint an officer in that Department to exercise that power or perform that function may, by writing under his hand delivered to the first-mentioned person, terminate the authority conferred on the first-mentioned person by sub-section (4).

- (6) Where the Minister gives a direction under sub-section (1)—
 - (a) he shall furnish a copy of the direction to the Auditor-General; and
 - (b) he shall include particulars of the direction in the statement prepared in accordance with sub-section 50 (1) for the year in relation to which the direction is given.

Reference: 81/3489
Contact Officer: J.P. Chandler
Telephone: 633668



APPENDIX 4

DEPARTMENT OF FINANCE

Newlands Street, Parkes, A.C.T. 2600
Telephone: Canberra 63 9111
Telex: 62639

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

DEPARTMENTAL OVER-EXPENDITURE

I am writing in accordance with arrangements established in 1971 which sought, annually, advice about those departments which expended funds beyond the limit of Warrant Authority in relation to any particular Head of Expenditure at the end of a financial year.

For the financial year ended 30 June 1983 there were no instances where expenditure recorded against a Head of Expenditure exceeded the total Warrant Authority available for that Head of Expenditure.

However, there were three items in respect of which moneys originally appropriated to the Department of Defence Support were, in part, subsequently transferred by direction under section 35A of the Audit Act to the Department of Defence, consequent upon the transfer of the Defence Science function to that Department on 11 March 1983 (the three appropriations affected were under the control of, and warrant authority issued to the Departments of Housing and Construction for Divisions 266 and 267 and Department of Administrative Services for Division 268.)

In each case expenditure in respect of the transferred function exceeded the moneys transferred to the Department of Defence but was within the total amount appropriated by the Parliament under the appropriation items concerned; viz

DIVISION 266

Warrant Authority	\$1,700,000.00
Expenditure	<u>2,513,784.00</u>

Overexpenditure	813,784.00
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DIVISION 267

Warrant Authority	\$ 700,000.00
Expenditure	<u>1,002,417.00</u>

Overexpenditure	302,417.00
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DIVISION 268

Warrant Authority	\$ 29,000.00
Expenditure	<u>44,946.00</u>

Overexpenditure	15,946.00
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2

In respect of each of the above items there was under-expenditure by the Department of Defence Support under the same heads of expenditure of at least the corresponding amounts.

A separate memorandum dealing with the matters raised in your memorandum of 16 August 1983 will follow shortly.

R.G. Humphry
First Assistant Secretary
Accounting and Supply Division
31. August 1983

APPENDIX 5

ADVANCE TO THE MINISTER FOR FINANCE (AMF) 1982-83

Approvals for Funds to Remain a Final Charge to the AMF

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION		
			1/3 \$	2/4 \$	5/6 \$
ABORIGINAL AFFAIRS					
120/1/01 Salaries and Allowances	Underestimation	26,000	12,745,000	1,455,000	
120/5/01 Payment to the Aboriginal Corporation of the National Aboriginal Conference	Unavoidable cost increases associated with development of facilities and resources	145,100	3,450,000	175,000	
TOTAL		171,100			
ADMINISTRATIVE SERVICES					
130-3-07 Moyer Commission on the Activities of Federated Ship Painters and Dockers Union	Misunderstanding in transfer out of functions to SMOS	226,346	810,800	1,065,000	
Petroleum Products Pricing Authority					
134-2-01 Travel and Subsistence	Misunderstanding in transfer out of functions to Treasury	996	11,500	4,200	
Australian Federal Police					
138-3-03 International Police Commission Membership	Misunderstanding in transfer out of functions to SMOS	2,633	190,100	270	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION		
			1/3 \$	2/4 \$	5/6 \$
Parliamentary and Ministerial Staff and Services					
140-2-05 Incidental	Misunderstanding in transfer out of functions to SMOS	41,080	119,600		151,500
Australian Electoral Office					
161-2-06 Conduct of Referendums	Misunderstanding in transfer out of functions to SMOS	11,886,541	955,000		
Elections and Industrial Ballots					
Australian Electoral Office					
161-2-09 Incidental and Other	Misunderstanding in transfer out of functions to SMOS	18,352	63,000		53,000
Review of Commonwealth Administration					
813-0-20 - now a function of SMOS	Misunderstanding in transfer of functions to SMOS	39,036	..		64,800
813-0-22 Nineteenth International Federation of Automotive Engineering Societies Conference - Australia 1982					
Nineteenth International Federation of Automotive Engineering Societies Conference - Australia 1982	Misunderstanding in transfer of functions to SMOS	25,000	..		25,000
DEPARTMENT TOTAL		12,239,984			
SPECIAL MINISTER OF STATE					
130/1/02 Overtime	Salaries over-spent in Canberra, Sydney, and Melbourne	3,913	81,600		6,300

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION		
			1/3 \$	2/4 \$	5/6 \$
	• Unforeseen and hitherto inestimable requirements for Royal Commissions	11,200			
	• " " 2,987	2,987			
Australian Bureau of Criminal Intelligence					
139/2/01 Travelling and Subsistence	• Unforeseen extensions in trips requiring increased expenditure	1,141	52,500	21,500	
139/2/02 Services of Seconded Officers	• Unforeseen removal expenses	7,487	111,300	20,000	
Parliamentary and Ministerial Staff and Services					
140/1/01 Salaries and Allowances	• Overspend due to unpredictable number of resignations in wake of change of Government	106,200	14,867,700	867,600	
140/2/02 Office Requisites and Equipment	• Unforeseen requirements for some parliamentarians post election and earlier than expected delivery of some items	28,243	760,000	24,800	
140/2/03 Postage, Telegrams and Telephone	• Unforeseen requirements due to election and increase in Telecom call charges	38,200	2,619,000	-	
	TOTAL	199,371			

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION		
			1/3 \$	2/4 \$	5/6 \$
THE TREASURY					
Grants Commission					
160/2/05 Computer Services	• States' recent agreement to maintenance of data base	6,291	94,700		
	TOTAL	6,291			
ATTORNEY-GENERAL'S					
165/2/06 Legal Expenses	• Counsel fees and witness expenses	300,000	2,197,000	250,000	
165/2/11 Commonwealth Reporting	• Unforeseen requirements for Service for NT and WA	62,000	844,000		
Trade Practices Commission					
178/2/01 Travelling and Subsistence	• Unexpected activity requiring travel and travelling allowance	8,000	157,000	16,000	
ASIO					
188	• Unexpected increase in staff numbers and salary costs	60,000	24,438,000	675,000	
	TOTAL	430,000			
AVIATION					
193/2/02 Office Requisites	• Requirement due to early receipt of accounts (separate oral advice from Finance)	130,000	3,380,000	100,000	
193/2/07 Freight, Cartage	• Inestimable requirements by transferees (separate oral advice from Finance)	105,000	1,065,000	140,000	

ITEM/ DESCRIPTION	REASON	AMOUNT	APPROPRIATION		
			1/3	2/4	5/6
193/2/08 Staff Training	Unexpected payments overseas	75,000	1,745,000	-	-
193/2/11 Moveable Plant Maintenance	392,000 (separate oral advice from Finance)	5,075,000	-	-	-
193/2/12 General Stores	Unexpected requirement due to early delivery of supplies (separate oral advice from Finance)	45,000	845,000	150,000	-
193/2/21 Incidentals and Other	Inestimable requirements by transferees (separate oral advice from Finance)	30,000	1,700,000	120,000	-
193/3/07 ALOP Maintenance	Unpredictable claims by Local Government Authorities (separate oral advice from Finance)	120,000	2,910,000	-	-
TOTAL		<u>897,000</u>			
TERRITORIES AND LOCAL GOVERNMENT					
210/1/01 Salaries and Allowances	Unexpected increases in number of lump sum payments, number of staff and average level of classification.	818,000	31,362,900	-	-
210/3/08 ACT Fire Brigade Operational Expenses	Unusually high expenditure on overtime	116,300	5,234,100	-	-
TOTAL		<u>934,300</u>			

ITEM/ DESCRIPTION	REASON	AMOUNT	APPROPRIATION		
			1/3	2/4	5/6
COMMUNICATIONS					
222/1/01 Broadcasting and Television Services - Payment to the ABC	Underadjustment for salary increases which affect Employers Superannuation Liability	300,000	227,889,000	17,533,000	-
TOTAL		<u>300,000</u>			
DEFENCE					
230/1/01 Salary-Permanent Naval Forces	Increased retention rates resulting in higher average salary in estimates and higher rental and accommodation allowances	2,500,000	370,528,000	49,780,000	-
230/1/02 Salary-Permanent Military Forces	" " " 6,340,000	675,655,000	18,850,000	-	-
230/1/03 Salary-Permanent Air Force	" " " 6,043,000	485,478,000	3,466,000	-	-
230/1/05 CHF Pay	Variation in per capita rates, number of training days and turnover rates of personnel in CHF Underestimation of previous request - urgent and unavoidable	2,690,000 200,000	49,079,000 " " "	419,000 " " "	-

ITEM/ DESCRIPTION	REASON	AMOUNT	APPROPRIATION		
			1/3	2/4	5/6
		\$	\$	\$	\$
232/1/01 Civilian Personnel - Salaries and Allowances	Underestimation of of Budget transfer between Defence Support and Defence and larger than expected payments of terminal benefits to locally engaged staff in South-East Asia	475,000	340,662,000	26,708,000	
233/1/01 Travel and Subsistence	Unexpected increases in requirements and costs and shortfall in savings anticipated to accrue from reduced postings. Accounts submitted earlier than expected	2,000,000	70,384,000	5,250,000	
233/1/06 Medical and Dental Services	Unexpected increases in charges and usage	300,000	12,276,000	2,246,000	
233/1/07 Compensation Payments	Unexpected increase in incidence of payments and rate of compensation	302,000	11,731,000	166,000	
233/2/04 Natural Disasters and Civil Defence Organisation-Assistance to States and NT	Retrospective price increases in Tasmania and NSW Emergency Services	17,000	3,002,000	243,000	
234/1/03 Armoured Vehicles	Earlier than expected completion of projects	263,000	16,075,000	3,354,000	

ITEM/ DESCRIPTION	REASON	AMOUNT	APPROPRIATION		
			1/3	2/4	5/6
		\$	\$	\$	\$
236/0/00 Repair and Maintenance	Urgent requirements as well as the presentation of bills more promptly than expected as contractors attempt to avoid liquidity problems	144,000	7,358,000	304,000	
240/04 Defence Cooperation Payments for Singapore	Overspend due to late and unexpected postings of expenditure	7,250	1,196,000	391,000	
242/0/00 Rent	Fluctuation in rental costs in Malaysia and shortfall in savings anticipated from withdrawal of RAAF administrative personnel	308,000	6,896,000	1,136,000	
	Overspend due to late posting of overseas expenditure	5,380			
263-2-06 Fuel Light Power Water Supply and Sanitation -previously a function of Defence Support	Misunderstanding in transfer out of function to Defence	150,756	2,874,000	914,000	
263-2-15 Incidental and Other -previously a function of Defence Support	Misunderstanding in transfer out of function to Defence	1,261	274,000	42,000	
	TOTAL	21,746,647			

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION				
			1/3 \$	2/4 \$	5/6 \$		
HOUSING AND CONSTRUCTION							
245 Buildings and Works							
	• Unforeseen requirements due to keen activity by contractors and construction industry	4,000,000	123,000,000	1,800,000			
	TOTAL	4,000,000					
DEFENCE SUPPORT							
263/1/01 Salaries and Allowances	• Unforeseen requirements stemming from increased rates - now a function of Defence	650,000	83,311,000	2,615,000			
263/2/12 Compensation Payments	• Unforeseen and urgent - now a function of Defence	2,500	978,000	1,843,000			
263/3/01 Operational Expenses and Consumable Stores	• Not explained - now a function of Defence	67,500	8,710,000	—			
264/01/02 Defence Industrial Capacity - Aircraft Industry - Maintenance of Production Capability	• Unforeseen shortfall in workload resulting in recovery rate for overheads not meeting actual apportionment rate	760,000	27,858,000	579,000			
	TOTAL	1,480,000					

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION				
			1/3 \$	2/4 \$	5/6 \$		
EDUCATION AND YOUTH AFFAIRS							
270/4/02 Tertiary Students							
	• Unexpected increases in number of students and average benefits		7,045,883	185,822,500	—		
270/4/03 Secondary Students	• Unexpected further increases in beneficiaries		1,670,000	29,171,000	—		
270/4/05 Aboriginal Study Grants	• Unexpected increase in number of grants and proportion of full-time awards		700,000	13,160,000	—		
270/4/06 Isolated Children	• Unexpected increases in number of recipients and proportion receiving additional allowances		400,000	19,590,500	909,600		
284/2/03 Commonwealth Tertiary Education Commission - Postage, Telegrams, & Telephone	• Unexpected receipt of account		1,200	77,600	—		
287/4/02 Special Apprentice Training Schemes	• Increased number of recipients and level of payment and earlier than expected presentation of claim		350,000	5,000,000	—		
287/8/02 Functions Previously Done by DEIR - Fares Assistance Scheme	• Increased usage and expenditure		12,160	350,000	—		
	TOTAL	10,179,243					

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION		
			1/3 \$	2/4 \$	5/6 \$
EMPLOYMENT AND INDUSTRIAL RELATIONS					
287/2/12					
Legal Expenses	. Higher than anticipated requirements for counsel in BLF Deregistration proceedings	24,390	487,000	68,000	
287/6/01					
School to Work Transition	. Higher than expected number of proposals and trainees	650,000	11,000,000	700,000	
287/9-02					
Assistance to Youth Organisations	. Misunderstanding in transfer out of function to -function now DEYA of DEYA	144,390	640,000	175,000	
Industrial Relations Bureau					
291/2/06					
Legal Expenses	. Urgent requirement resulting from counsel charges	9,203	20,000	-	
Industrial Relations Bureau					
291/2/08					
Incidental	. Urgent	4,000	38,900	6,800	
	TOTAL	831,983			
FINANCE:AGRBO					
306/1/02					
Overtime	. Overspend due to error in costing of overtime worked	103	73,000	-	
306/2/05					
Incidentals	. Supplementary material from Finance to be supplied	6,000	78,000	38,000	
	TOTAL	6,103			

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION		
			1/3 \$	2/4 \$	5/6 \$
FOREIGN AFFAIRS					
315/2/01					
Travelling and Subsistence	. Increased requirements for travel and higher airfare and TA costs	10,000 (Separate oral advice from Finance)	1,100,000	110,300	
315/2/03					
Postage, Telegrams, Telephones	. Unforeseen requirements and billing	300,000 (Separate oral advice from Finance)	1,700,000	174,000	
315/2/04					
Representation at Overseas Conferences	. More rapid billing than expected and higher charges for some items	123,000 (Separate oral advice from Finance)	1,490,000	95,200	
315/2/05					
Courier Service	. Increases in air fares	270,000 (Separate oral advice from Finance)	3,428,000	52,000	
315/2/14					
Legal Expenses	. Payment of QC	2,217	357,500	90,900	
Compensation Payments	. Payments to two employees	38,422	"	"	
Incidental and Other	. Engagement of Consultant - Australian Overseas Aid Review	1,500	"	"	
315/3/15					
Act of Grace	. To Miss T.J. Quinlan	12,003	7,000	-	

ITEM/ DESCRIPTION	REASON	AMOUNT	APPROPRIATION		
			1/3	2/4	5/6
316/2/01 Overseas Service Travelling and Subsistence	Increased amount of and fares for travel and effects of devaluation (Separate oral advice from Finance)	350,000	5,999,000	552,800	
TOTAL		<u>1,107,142</u>			

HEALTH					
325/1/02 Overtime	Salary increases unable to be absorbed due to work pressures in the Quarantine area	55,000	1,520,000	168,000	
325/3/07 Commonwealth Serum Lab. Commission	Continuation of program involving Interferon decided by Cabinet	300,000	4,834,000	1,200,000	
TOTAL		<u>355,000</u>			

TERRITORIES AND LOCAL GOVERNMENT					
335/3/01 Hospital- isation of Asian Residents - Payment to Singapore Government	Shortfall in customary quarterly instalment due to fluctuation in exchange rate	200	13,600	1,300	
TOTAL		<u>200</u>			

HOME AFFAIRS AND ENVIRONMENT					
330/4/16 Grant in Aid - Conservation Organisations	Urgent requirements to replace withdrawn Tasmanian support by bringing forward payment	10,000	350,000		

ITEM/ DESCRIPTION	REASON	AMOUNT	APPROPRIATION		
			1/3	2/4	5/6
336/2/02 Cocos Islands - Messing Subsidy -function now of T&LG	Misunderstanding in transfer out of functions to Territories and Local Government	85,887	262,000	642,000	
TOTAL		<u>95,887</u>			

IMMIGRATION AND ETHNIC AFFAIRS					
360/3/13 Act of Grace	To Mr J. Heussenstamm	60	..	12,300	
	Act of Grace payment met from provisions	(60)			
TOTAL		<u>0</u>			

INDUSTRY AND COMMERCE					
400/3/04 Reimburse- ment of Sales Tax	Unforeseen requirement to reimburse diplomatic and consular missions in Australia for sales tax paid on locally produced motor vehicles	2,998	45,000		
"	"	3,901			
TOTAL		<u>6,899</u>			

RESOURCES AND ENERGY					
430/1/01 Salaries and Allowances	Unexpected requirements for extra staff and advances of salaries and allowances not fully offset by savings elsewhere	21,900	10,225,100	651,000	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION		
			1/3 \$	2/4 \$	5/6 \$
431/2/06					
Division of National Mapping - Aircraft Operating Expenses	• Unforeseen and unavoidable requirements for repairs	11,008	125,000		-
	TOTAL	32,908			
PRIMARY INDUSTRY					
495/2/06					
EIS Compensation	• Over expenditure Urgent requirements	5,550	442,000	70,000	
	• Unforeseeable requirements due to higher rates of compensation and unpredictable incidence	44,450			
	TOTAL	50,000			
PRIME MINISTER AND CABINET					
500/2/04					
Computer Services	• Unexpected increase in usage and charges	6,876	40,000		-
500/2/06					
Incidentals	• Unexpected increases in requirements for hire of rooms, freight and consultants	12,487	180,000		-
Public Service Board					
516/2/07					
Medical Examinations	• Unexpected increase in number of medical examinations and specialist referrals	13,300	96,000		-
	TOTAL	32,663			

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION		
			1/3 \$	2/4 \$	5/6 \$
SCIENCE AND TECHNOLOGY					
542/1/01					
Analytical Services	• Payment of excess travel time entitlements to certain officers	30,000	4,885,000		328,000
Salaries and Allowances					
542/3/01					
Australian Air Pollution Monitoring Station	• Error in costing computer component	7,000	420,500		-
Commonwealth Bureau of Meteorology					
544/1/01					
Salaries and Allowances	• Shortfall due to lump sum payments for death and invalidity retirements	89,500	37,509,000		3,316,000
544/1/02					
Overtime	• Unforeseen requirements due to severe flooding and cyclones	10,629	608,000		15,000
	TOTAL	137,129			
HOUSING AND CONSTRUCTION					
590/1/02					
Overtime	• Increased workload and reduced staff	15,000	60,000		20,000
	TOTAL	15,000			
SOCIAL SECURITY					
590/2/03					
Postage, Telegrams and Telephone	• Increased number of unemployment beneficiaries causing rises in postage costs, unexpected increases due to relocation of offices and higher workload affecting telephone costs	1,250,000	34,850,000		5,250,000

ITEM/ DESCRIPTION	REASON	AMOUNT	APPROPRIATION		
			\$	1/3 \$	2/4 \$
590/2/04 Office Services	<ul style="list-style-type: none"> • Earlier than expected establishment of new offices • Unexpected presentation of bills 	74,000	1,720,000	400,000	
590/2/08 Administrative - Medical Examinations	<ul style="list-style-type: none"> • Increased rates payable to GPs and specialists 	15,000	2,120,000	-	
590/2/11 Fees, Allowances of Appeals Tribunals	<ul style="list-style-type: none"> • Unexpected increase in number of hearings 	22,000	730,000	270,000	
590/3/09 Payments Pursuant to Audit Act	<ul style="list-style-type: none"> • Act of grace payment approved after Additional Estimates completed 	31,000	214,000	4,000	
590/4/04 Community Welfare Agencies	<ul style="list-style-type: none"> • Special grant to assist a welfare body 	170,000	500,000	2,000,000	
	TOTAL	1,590,000			
<hr/>					
TRADE Export Development Grants Board					
644/1/01 Salaries and Allowances	<ul style="list-style-type: none"> • Shortfall due to pay increase 	1,150	2,280,000	133,000	
644/1/02 Overtime	<ul style="list-style-type: none"> • Increased requirement to process work 	330	13,000	2,000	
	TOTAL	1,480			

ITEM/ DESCRIPTION	REASON	AMOUNT	APPROPRIATION		
			\$	1/3 \$	2/4 \$
TRANSPORT 664/1/02 Overtime	<ul style="list-style-type: none"> • Unexpected requirements due to operational fluctuations • Unexpected and urgent 	4,187	684,000	21,000	
664/2/05 Administrative (Fuel, Light and Power)	<ul style="list-style-type: none"> • Unforeseen requirements mainly for fuel for Cape Class Vessels 	225,000	1,594,000	150,000	
664/3/04 Free or Concessional Railway Fares and Freights	<ul style="list-style-type: none"> • Unexpected increases in costs and categories of recipient 	66,589	2,200,000	200,000	
	TOTAL	318,776			
<hr/>					
VETERANS' AFFAIRS					
692/01 Other Repat	<ul style="list-style-type: none"> • (No explanation given VA) 	95,000	96,546,000	-	
Specialists, Local Medical Officer and Ancillary Medical Services					
692/02 Pharmaceutical Benefits	<ul style="list-style-type: none"> • Anticipated savings reduced by amendments to Scheme 	1,200,000	59,558,000	666,000	
692/06 Soldiers' Children Education Scheme	<ul style="list-style-type: none"> • Policy decision to alter timing of payments and increased beneficiaries 	127,000	2,323,000	121,000	

ITEM/ DESCRIPTION	REASON	AMOUNT	APPROPRIATION		
			\$	1/3 \$	2/4 \$	5/6 $
692/07 Telephone Rental Concessions to Pensioners	• Unexpected increase in number of beneficiaries due to recent legal decisions	220,000	4,407,000	575,000	
692/09 Other Repatriation Benefits - Miscellaneous	• Unforeseen increases in costs due to increases in the number and price of aids used	123,000	1,203,000	336,000	
TOTAL		<u>1,765,000</u>			

ABORIGINAL AFFAIRS					
805/2 Payments to N.T.- Health	• Magnitude of undertaking with respect to health grant only now apparent	196,967	2,625,000	-	
TOTAL		<u>196,967</u>			

SPECIAL MINISTER OF STATE					
813/0/33 Royal Commission into the Effects of Agent Orange	• TA and airfares	2,804	()	()	
813/0/34 Royal Commission into Australian Security Services	• TA and airfares	4,048	()	()	
	• TA and airfares	4,946	()	()	
TOTAL		<u>11,798</u>			

ITEM/ DESCRIPTION	REASON	AMOUNT	APPROPRIATION		
			\$	1/3 \$	2/4 \$	5/6 $
SOCIAL SECURITY					
956/03 Payments to NT - Towards Home Care Services	• Unexpected increase in claims as outlays of other levels of government fluctuate	1,872,246		15,825,000	-
TOTAL		<u>1,872,246</u>			
TREASURY					
Australian Bureau of Statistics					
980/1/01 Plant and Equipment	• Re-equipment cost increases due to exchange rate movements	89,862	6,686,000	78,000	
TOTAL		<u>198,009</u>			

APPENDIX 6

LIST OF ADDITIONAL SUBMISSIONS

DEPARTMENT	ITEM	PAGE
Department of Administrative Services	Australian Electoral Office 161-2-06	73
Attorney-General's Department	Legal Expenses 165-206	77
Department of Aviation	Administrative 193-2-02	81
Department of Defence	Australian Defence Forces 230-1-05	83
Department of Education	Administrative 270-4-02	94
Department of Science and Technology	Analytical Services 542-3-01	104
Department of Transport	Administrative 664-2-05	109
Department of Veterans' Affairs	Other Repatriation Benefits 692-00-01 692-00-02	113



DEPARTMENT OF ADMINISTRATIVE SERVICES

In reply please quote:

82/1111

PO Box 1920,
CANBERRA CITY ACT 2601

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

Expenditure from the Advance to the Minister for
Finance (AMF) 1982-83

I refer to your memorandum of 16 August 1983 concerning the above. You indicate that the Committee has requested further information on departments' misunderstanding of financial procedures in relation to items affected by the Administrative Arrangements Order of 11 March and that, to this end, the Committee seeks a memorandum on the matter from this Department.

2. A list of the items to which your memorandum refers is attached to this memorandum. The column of the attachment indicates the amounts spent by this Department from the AMF before responsibility for the items was transferred to other departments (Treasury in the case of item 134-2-01 and the then newly created Department of the Special Minister of State in each other case).

3. In accordance with the conditions laid down for resort to the AMF, in each case the expenditure was for the ordinary annual services of the Government, was urgently required and was unforeseen until after the last day on which it was practicable to include appropriation for that expenditure in the Appropriation Bills. In each case the provision was sought, and Warrant was issued, pending the availability of (at least) matching provisions in subsequent Appropriation Bills. (Such matching appropriations are, of course, designed to clear expenditures debited to the AMF.) Again, in each case, such provision was in fact included in a later Appropriation Bill in 1982-83.

4. The situation to which your memorandum refers arose because the totals, rather than only part, of the respective amounts issued from the AMF were sought by, and appropriated to, the "gaining" departments in subsequent Additional Estimates Appropriation Bills.

5. With the benefit of hindsight it is clear that the "gaining" departments should have sought only those amounts represented by the Warrants transferred to them, with this Department seeking the amounts spent from the AMF prior to 11 March 1983. This could have been realised at the relevant time.

6. It is the view of this Department that the situation arose because of an oversight on the part of the officers directly involved (officers in this Department, some of whom were at the time acting for the "gaining" Departments, and officers of the Department of Finance) rather than because of "confusion" or a "misunderstanding of financial procedures". There were, indeed, no established financial procedures to follow, although, had any of the officers in this Department or the Department of Finance followed the logic through, then doubtless the problem (if it had occurred at all) would have been resolved quickly.

7. It is scarcely possible now to establish a cause of the situation more precise than is represented by the word "oversight". Factors which might have contributed include the following:

- the set of circumstances was unusual and had not occurred previously in the experience of the relevant officers of this Department;
- the period during which Additional Estimates Appropriation Bills are finalised has always been particularly busy for the relevant officers of this Department;
- the event of the March 1983 Federal Elections introduced complexity as well as added to normal workload; this Department, through its Finance Branch, was involved in the usual financial activities (estimating, controlling expenditure, etc.) for the Department of the Special Minister of State as well as itself, and this entailed twin exercises on a range of matters; at the same time there were unusual extra tasks to undertake (transferring Warrant and dividing estimates, involving in some cases detailed dissection of items, identifying positions and staff for transfer to the Department of the Special Minister of State, etc.).
- in the case of the transfer of items from this Department to the Department of the Special Minister of State, the "losing" and the "gaining" departments were represented by the same officers: this meant that the different perspective which a "gaining" department might otherwise have brought to bear on the matter was lost.

.../3

8. In summary, this Department:

- notes that no improper use of the AMF was involved;
- notes that total expenditure of the departments involved was unaffected, in that at 30 June 1983 the "gaining" departments retained unspent appropriations in the relevant items at least equal to the relevant Warrants issued to this Department from the AMF; and
- undertakes to seek to prevent similar situations occurring in future.

G.A. Low
(G.A. Low)
Acting Deputy Secretary

1 September 1983

ATTACHMENT

Expenditure
from the AMF

\$

Division 130 - ADMINISTRATIVE

3. Other Services

07. Royal Commission on the Activities
of the Federated Ship Painters and
Dockers Union 226 346

Division 134 - PETROLEUM PRODUCTS PRICING
AUTHORITY

2. Administrative Expenses

01. Travelling and subsistence 996

Division 138 - AUSTRALIAN FEDERAL POLICE

3. Other Services

03. International Police Commission -
Membership 2 633

Division 140 - PARLIAMENTARY AND MINISTERIAL
STAFF AND SERVICES

2. Administrative Expenses

05. Incidental and other expenditure 41 080

Division 161 - AUSTRALIAN ELECTORAL OFFICE

2. Administrative Expenses

06. Conduct of Commonwealth elections,
referendums and industrial ballots 11 886 541
09. Incidentals and other expenditure 18 352

Division 813 - OTHER SERVICES

20. Review of Commonwealth Administration 39 036
22. Nineteenth International Federation
of Automotive Engineering Societies
Conference - Australia 1982 25 000



ATTORNEY-GENERAL'S DEPARTMENT

TEL: 71 9111

ROBERT GARRAN OFFICES
NATIONAL CIRCUIT
BARTON ACT 2600
PLEASE QUOTE.
YOUR REF

20 September 1983

The Secretary
Joint Parliamentary Committee
of Public Accounts

Expenditure from the Advance to the Minister for
Finance 1982-83

I refer to your minute dated 16 August 1983 requesting
additional explanations about expenditure from the Advance
to the Minister for Finance which remained a charge against
the Appropriation at the end of the financial year.

Details relating to Division 165-2-06, Legal Expenses,
are attached. As advised to Mr Talberg it has been the
policy of Government over the years not to provide
details on questions asked concerning the Australian
Security Intelligence Organisation.

Baskett
P. BASKETT
for Secretary

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1982/83 EXPLANATORY STATEMENT

ATTORNEY-GENERAL'S DEPARTMENT

DIVISION	165	Administrative
SUB-DIVISION	2	Administrative Expenses
ITEM	06	Legal Expenses

PURPOSE OF ITEM

This item provides for the cost of search, conveyancing, court and other fees incurred on behalf of Departments and Statutory

Authorities by the Crown Solicitor's Offices in all States, the Australian Capital Territory and the Northern Territory. It also provides for legal costs including Counsel fees arising from interventions by the Attorney-General and prosecutions under various Acts administered by the Department.

Funds Available	1980/81	1981/82	1982/83
	\$	\$	\$
Appropriation Act No. 1	1,550,000	1,880,000	2,197,000
Appropriation Act No. 3	330,000	250,000	-
Appropriation Act No. 5	-	-	250,000
Advance to the Minister for Finance	-	-	300,000
Transferred from Division 195*	-	10,600	-
Total Funds Available	1,880,000	2,140,600	2,747,000
Total Expenditure	1,876,216	2,128,725	2,774,888
	3,784	11,875	2,112

* Under Administrative Arrangements 8 May 1982 Bankruptcy Functions transferred to Attorney-General's Department.

.../2.

2.

Explanation of requirements for additional funds in 1982/83

Appropriation Act No. 5

The additional requirement of \$250,000 was due to added costs associated with the Social Security conspiracy case, and the commencement of committal proceedings in the meat conspiracy case. Although the Social Security case is running down, not all costs associated with the case had been paid.

Advance to the Minister for Finance

A review of expenditure on 8 June 1983 showed that \$2,414,975 had been expended against an Appropriation of \$2,447,000.

Enquiries indicated that funds to the order of \$300,000 would be required to meet outstanding claims on hand in various offices throughout Australia. The additional expenditure resulted from prosecutions for which provision was not previously made, the continuation of existing cases beyond their completion date, and increases in court and search fees in Lower and Superior Courts in most States.

Funds were principally sought to meet counsel fees and witness expenses for the following cases:

- (a) McMillan, Sullivan, Healy and Chowdury - drug case involving witnesses from America, Belgium and Thailand.
- (b) Ernst, Ernst and Ernst - drug case.
- (c) Collie and others - Sales Tax evasion.

.../3.

(d) Peille and Ors - drug case.
 (e) Operation Scroll - drug case.

In addition there were a number of small cases, payment of airline accounts for witnesses and reimbursements of the Deputy Crown Solicitors Trust accounts for which funds were required.

Forecasting of expenditure under this item is difficult, and varies depending on the nature, complexity and duration of a case, the number of witnesses called and the date of submissions of claims by counsel.

20 September 1983

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1982/83

EXPLANATORY STATEMENT

Department of Aviation

Division : Administrative
Sub-Division : Administrative Services
Item : Office Requisites and Equipment,
 Stationery and Printing

Purpose of Item :

This item provides for general office requisites and equipment such as office machines, including word processing equipment, drafting equipment, typewriters, and reference materials, stationery for use internally and for issue to the industry, operational and administrative photo-copy charges and the issue of Regulations under the Air Navigation Act.

It also provides for the printing of Aeronautical Information publications (manuals and charts), Air Navigation Orders and Airworthiness Directives, Airways Operational Instructions, pre-flight bulletins, pilots' logbooks, training handbooks and documents on maintenance and operational standards, aerodrome and building standards etc, and departmental reports.

Receipts from saleable documents funded through this item are credited to the revenue item "Miscellaneous".

<u>Funds Available</u>	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>
	\$	\$	\$
Appropriation Act 1	3,525,000	4,040,000	3,380,000
Appropriation Act 3	-	-	-
Appropriation Act 5	-	-	100,000
Advance to the Minister for Finance	-	-	130,000
Total Funds Available	3,525,000	4,040,000	3,610,000
Total Expenditure	3,345,193	3,940,220	3,600,834
Unexpended Funds Available	189,807	99,780	9,166

NOTE: Data given for 1980/81 and 1981/82 relates to the former Department of Transport from which the Department of Aviation separated as a result of amendments to the Administrative Arrangements in May 1982.

Explanation of Requirements for additional funds in 1982/83

Appropriation Act No. 5

An additional amount of \$50,000 was required to enable the continuation of supplies essential to Departmental operational requirements, and required to cover the effect of cost increases. A further \$50,000 was required for the issue of additional aeronautical information publications in accordance with the Department's international obligations.

Advance to the Minister for Finance

In 1982/83, the Department of Aviation had forward obligation approval for this item of \$1.0m. This level of forward obligation approval enabled the Department to place orders for the delivery of supplies and services expected to fall due for payment against the following year's appropriation.

The provision of a forward obligation in this item ensures a continuity of stocks of higher turnover consumable material items and enables a continuity to be maintained in the printing and publishing program with the A.G.P.S. to meet operational documentation requirements.

At no time during 1982/83 was this forward obligation limit exceeded. However, it is difficult to predict precisely when delivery of supplies and services covered by this item will occur. In 1982/83, several orders were delivered earlier than expected and, as a result, payments fell due earlier than had been anticipated.

The amount drawn from the Advance to the Minister for Finance in 1982/83 was used to meet claims received in respect of early deliveries by contractors against the approved forward obligation program.

Because the earlier than anticipated delivery of orders and payment of claims in 1982/83 resulted in a reduced funding requirement in 1983/84, the appropriation for this item in 1983/84 was reduced by the full extent of the funds provided from the advance to the Minister for Finance in 1982/83.

EXPENDITURE FROM THE ADVANCE TO THE
MINISTER FOR FINANCE 1982-83

Department of Defence

Division 230 - Australian Defence Force

Sub Division 1 - Salaries and payments in the nature of salary

Item 05 - Citizens Military Forces and Cadets

Purpose of Items: The item covers the payment to the Citizen Military Forces, Regular Army Emergency Reserve and Officers of Cadets of the Australian Cadet Corps.

<u>Funds Available</u>	<u>1980-81</u>	<u>1981-82</u>	<u>1982-83</u>
Appropriation Act No 1	33,014,000	37,649,000	49,079,000
Appropriation Act No 3	-	6,394,000	-
Appropriation Act No 5	-	-	419,000
Advance to the Minister for Finance		600,000	2,890,000
Total Funds Available	33,014,000	44,643,000	52,388,000
Total Expenditure	31,384,043	44,311,885	52,353,206
Unexpended Funds Available	1,629,957	331,115	34,794

0009K

EXPLANATION OF REQUIREMENTS FOR ADDITIONAL FUNDS 1982-83

Advance to the Minister for Finance 1981-82

1. Prior to 1981-82, Army Reserve members attending Home Training were paid biannually by cheque for Home Training activities using a manual process through the Defence Regional Finance Offices. Members were (and still are) paid for Continuous Training activities in cash at the end of training camps.
2. During 1981-82 a new tri-service computer-based pay system was introduced for Home Training payments which was designed primarily to pay Reserve personnel, reduce payment periods for Home Training from biannual to quarterly, and expedite payments. The underestimate in 1981-82 resulted from an underestimate of the amount required to cover the expedited timing of payments to personnel at the time of the systems change over.

Appropriation Act No 5 - 1982-83

3. The provision of additional funds sought under Appropriation Act No 5 was due to price increases resulting from the implementation of Committee of Reference (Fourth Report) recommendations, accepted by the Government, which

provided for salary increases for Medical/Dental consultants employed within the Army Reserve, plus provision for Higher Duties Allowance and other allowances applicable to certain members of the Army Reserve. Total amount obtained \$419,000.

Advance to the Minister for Finance 1982-83

4. The Advance was sought due to an underestimate of funds for man days payable in 1982-83.
5. When the underestimate became apparent, training activities were reduced to ensure that only unavoidable and essential training was undertaken, thus minimising the call on funds from the Advance.
6. The underestimate in 1982-83 was not clearly identifiable before the Additional Estimates closed because of a limited ability to effect a complete reconciliation between actual training days worked and payments made or due, and the overall planned provision of training days and average per capita on which the appropriation was based. The computer pay system was designed initially to facilitate the timely and accurate payment of reservists and gave only a limited range of management information for estimating purposes.

7. The estimates on which the appropriation was based reflect the combination of several factors including numbers of personnel; personnel turnover; numbers and allocation of training days between home and continuous training; per capita rates and training days/expenditure carried over from the previous year. Actions so far have not enabled a clear definition of the variation between actual and estimated factors which actually contributed to the underestimate. Further work on this aspect is being done as a matter of high priority.

8. In addition, other actions to address this problem include issue of a more detailed instruction on the control and management of training days. Also a detailed instruction on the procedures to be used in reconciling expenditure of training days and money will be issued shortly. In parallel, action is being taken to investigate the provision of additional management information to assist in reconciliations, including the carryover of training days/expenditure mentioned above.

9. Whilst this item will always be subject to estimating difficulties due to the voluntary nature of Reserve service, and some of the improvements introduced (as described above) will not apply for the whole of 1983-84, a significant improvement in financial management is expected. The effect of improvements introduced will be monitored closely during 1983-84 and further improvements will be introduced as required.

0009K

Unexpended Funds Available

10. Of the \$2,890,000 provided from the Advance to the Minister for Finance \$34.794 remained unspent.

11. The reason for this underspend was due to an overestimate of requirements.

	\$
Additional Expenditure	2,855,206
Unexpended Balance	34.794
Total from Advance to the Minister for Finance	<u>2,890,000</u>

0009K

ADDITIONAL INFORMATION
EXPENDITURE FROM THE ADVANCE TO THE
MINISTER FOR FINANCE 1982/83
APPROPRIATION ITEM 230-1-05: ARCS AND CADETS SALARIES
AND PAYMENTS IN THE NATURE OF SALARIES

GENERAL

1. This paper provides additional information to the Explanation of Requirements for Additional Funds 1982/83, forming part of the initial submission on expenditure drawn from the Advance to the Minister for Finance 1982/83 for Appropriation Item 230-1-05: Army Reserve and Cadets Salaries and Allowances. The initial submission stated that actions so far had not enabled a clear definition of the variation between actual and estimated factors which contributed to the underestimate. It also stated that further work on this aspect was being done as a matter of high priority. A review of the management procedures for the Appropriation Item was also instituted.
2. An examination of each of the following factors was conducted to determine the cause or causes of the over-expenditure on Army Reserve training:
 - a. number of training days
 - b. per capita rate
 - c. personnel strength
 - d. personnel turnover
 - e. carry-over of training days/expenditure from 1981/82.

- 2 -

3. The examination disclosed that the prime reason for the over-expenditure in 1982/83 related to the number of training days. This factor is discussed below as are for purposes of clarification, personnel strength and the per capita rate. Personnel turnover and the carry-over of training days, and therefore expenditure, from 1981/82 were not causes of the requirement for funds from the Advance.

Personnel Strength

4. The number of personnel in the Army Reserve in 1982/83 was based on a target strength of 30,000. The effective strength as at 30 June 1983 exceeded the target strength by 1,620 but this is not seen as the basic cause of the apparent underestimate. The 30,000 target strength remained the factor used for deriving the finite training day resource available and control measures should have ensured that increases in strength reduced the average number of training days available per soldier rather than requiring additional training days. Therefore while strength increases created pressures for an over-usage of the total training day allocation they were not of themselves the reason for the apparent underestimate. Nevertheless, action is in hand to eliminate these pressures by progressively reducing the effective strength of the Army Reserve to the target level of 30,000. This is being achieved through the application of ceilings to each Army Reserve unit in the force structure. The ceilings will be directly related to the assessed training strength required in a particular Army Reserve unit to meet its training objectives.

0041K

5. It is noteworthy that, because of personnel turnover, it is necessary to employ during a year a total of individual personnel in excess of 40,000 in order to maintain the approved strength of 30,000.

Number of Training Days

6. The control of usage of training days is the key factor in the management of Army Reserve pay. The training day resource for 1982/83 was derived by multiplying the target personnel strength (30,000) by the approved average training day allocation of 38.25 days which created a total resource pool of 1,147,500 training days. In the allocation of the resource to commands, military districts and units there is no division made between home and continuous training. The allocation is made in bulk for utilization at the commander's discretion to meet his training requirements.

7. An investigation of the procedures used to control the use of training day allocations, including an Internal Audit Review of selected Army Reserve units, was conducted. Training day usage in excess of 1982/83 allocations was indicated. This was attributed to cumulative human error in the keeping of manual records and a failure to follow procedures designed to record training day use. Deficiencies in control procedures are attributed substantially to a lack of familiarity at unit level with revised procedures introduced in Nov 82.

8. Managers controlling both financial and training day expenditure at higher levels were unaware of the control deficiencies. Inadequate and inaccurate management information

reports precluded a proper reconciliation of expenditure and training day usage. This in turn meant that an over-usage of training days was not evident until late in the financial year. By this time it was impractical to cease all Army Reserve training which would attract further expenditure in 1982/83, because soldiers had already arranged leave from civil employment and training was needed to meet specified minimum efficiency requirements. Cessation of discretionary training was made where possible. The management and control deficiencies which were not identified until early in 1983/84 were the cause of an over-usage of training days.

Per Capita Rate

9. The per capita rate used in the 1982/83 budget estimate was calculated by taking the strength of the CMF by rank and increment/pay level and calculating a weighted average daily rate of pay. Investigations have revealed that variation from the per capita rate used in budget was not a cause of the overexpenditure.

REMEDIAL ACTION

Issue of Orders and Instructions

10. Paragraph 8 of the Explanation of Requirements for Additional Funds 1982/83 stated that, in addition to the issue of a more detailed instruction on the control and management of training days, a detailed instruction on the procedures to be used in reconciling expenditure would be issued shortly. The instruction

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has been issued. Orders have also been issued to commanders to correct deficiencies in the recording of information and submission of reports at unit and formation level.

Review of Management Procedures

11. As a result of difficulties with control of the Appropriation Item a review of management procedures was initiated in conjunction with the investigation of the need to seek funds from the Advance to the Minister for Finance. The review of management procedures indicated that control arrangements detailed in the recently revised instructions are basically sound. However the need to enhance management reports and to improve the accuracy and currency of management information were identified. These enhancements and improvements will enable expenditure trends to be analysed more quickly. Action is being taken to implement recommendations made in the review of management procedures and whilst it is not possible to implement all of the recommendations during 1983/84, improved management of the Item resulting in the containment of expenditure within the sum appropriated is expected.

CONCLUSION

12. This is an Appropriation Item that provides salaries for what are essentially 40,000 casual workers. They are volunteers being paid varying pay rates and each attends for a variable number of days.

13. Given that Army Reserve personnel have other competing commitments such as civil employment and family and social demands, precise attendance patterns will continue to be difficult to forecast. However, with strict control of training days and adequate management information to enable reconciliation of usage of these days with expenditure, a potential cost overrun should be capable of identification and control as necessary.

Department of Defence
Canberra ACT
9 November 1983

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1982-83

Explanatory Statement

Department of Education

Division: 270 - Administrative

Sub-Division: 4 - Student Assistance Programs

Item: 02 - Tertiary Students

Purpose of Item:

To provide for expenditure on the Tertiary Education Assistance Scheme under which an income tested living allowance and other benefits are available on a non-competitive basis to students undertaking full-time study in approved courses at universities, colleges of advanced education, TAFE colleges and certain non-government institutions.

Funds Available:

	1980-81	1981-82	1982-83
	\$	\$	\$
Appropriation Act			
No: 1	162,800,000	171,015,000	179,311,500
Appropriation Act			
No: 3	-	-	6,511,000
Advance to the Minister for Finance	780,000	-	7,045,883
TOTAL FUNDS AVAILABLE	163,580,000	171,015,000	192,868,383
TOTAL EXPENDITURE	163,443,772	169,434,180	190,708,711
UNEXPENDED FUNDS	136,228	1,580,840	2,159,672

2.

Explanation of Requirement for Additional Funds in 1982-83

The Department's explanations to the Department of Finance when seeking additional funds were as follows:

1) Additional Estimates

"Expenditure is expected to exceed the Appropriation of \$179,311,500 by \$6,511,000 because -

- expenditure in the July-December 1982 period was about \$1.19 million more than expected. The increased expenditure has been brought about by a higher number of students than expected in 1982 (86,541 compared to the estimate of 86,200) and the average benefit per student being higher than expected (\$1063 compared to the estimate of \$1052).
- allowance levels were increased by 20% for 1983 and this was expected to result in an increase in the number of students assisted of about 3%, from 86,200 in 1982 to 88,700 in 1983. On the basis of applications actually received to date, the number of students to be assisted in 1983 is now expected to be about 92,000.
- expenditure in the January-June 1983 period so far indicates that the average benefit in this period will be higher than estimated, \$1,125 per student compared to \$1,115."

2) Request for additional funds from the Advance to the Minister for Finance - 6 June 1983.

"The main factors which have led to greater expenditure requirements than was known at the time of Additional Estimates include:

- more students being assisted in the January-June 1983 period than anticipated. Approximately 89,000 are expected to be assisted as against 87,500 as estimated at the time of the Additional Estimates.
- Higher average benefits in the January-June 1983 period than anticipated - \$1,135 compared to the estimate of \$1,125. This has occurred because of a higher proportion of independent students than was the case for the same period in 1982, and a higher level of benefit under the 'at home' and 'away' which are means tested on parental income. Further details are attached (Attachment A).
- Additional funds of \$7,045,883 (say \$7.046 million) will be required."

3. 1982-83 Original Bid

The levels of allowances and MAFI for the relevant period were:

Maximum Allowances:	1981	1982	1983
	\$	\$	\$
At home	1675	1675	2010
Away from home and			
Independent	2583	2563	3100
MAFI (level of combined parental income in the previous financial year minus approved deduction)	10312	11034	12248

4. Allowances remained static in 1982 whilst the MAFI was increased by 7% (Compared to 13.8% movement in AWE from December 1979 to December 1980 - the mid-points of the financial years on which allowances for 1981 and 1982 respectively are based). For 1983 allowances were increased by 20% whilst MAFI was increased by 11% (the relevant increase in AWE was expected to be 14%), it was actually 13.1%.

5. The effect of a MAFI increase equal to the relevant movement in AWE is to maintain the same or similar numbers of students on the scheme and to maintain the same number on maximum benefits. There is no actual cost to a MAFI increase unless the MAFI increase is greater than the AWE increase. For 1982 the MAFI increase was less than the expected AWE increase and as a result some students were expected not to qualify and others to qualify for less benefits because of the operation of the income test. The same situation was expected in 1983 where the MAFI increase was about 3 percentage points less than the expected AWE increase.

6. Allowances were increased for 1983 by 20% but it was not expected that expenditure in the January-June 1983 period would exceed expenditure in the same period in 1982 by 20%. This was due to two reasons: firstly the effect of not fully adjusting the MAFI would result in fewer students receiving maximum allowance (about 1,000); secondly, although the increase in allowances was expected to result in additional numbers (about 3500) being assisted due to the extended allowance taper, all of these additional students were expected to receive the minimum allowance or slightly above that level. The net result was estimated to be about 2500 more students to be assisted by 30 June 1983 than in 1982. The average benefit was not expected to increase by the same rate as the allowance increase.

7. Actual Expenditure compared with the Estimate 1982-83

Attached (Attachment B) is a table showing actual expenditure for 1981-82 and estimated and actual expenditure for 1982-83. The 1981-82 details are shown because they form the basis for the 1982-83 estimates. The estimates are prepared in half-yearly blocks because the estimates are required on a financial year basis whilst allowances are approved by the Government and relate to a particular calendar year.

8. From the table it will be seen that in the July-December 1982 period actual expenditure exceeded the estimate by \$1,190,215. This was mainly caused by the number of students assisted in that period being greater than estimated - 52242 compared with the estimate of 51901, and the overall average benefit for the period being \$10.11 more than expected.

9. In the January-June 1983 period actual expenditure exceeded the estimate by \$10,206,996. Basically the reasons were that 492 more students than expected were assisted in the period and the overall average benefit for the period was \$53.37 more than expected.

10. Reasons for Variation

Below are some comparisons between 1982 and 1983. The 1983 data are the 1983 preliminary statistics for students receiving benefits at 30 June.

a)	Numbers receiving each rate (%)			
	At home	Away	Independent	Total
1982	27821 (36.2)	20417 (26.6)	28557 (37.2)	76795
1983	30193 (35.8)	22560 (26.7)	31594 (37.5)	84347
1983*	34.2	25.3	40.5	

* Percentage at 27 April 1983 used to calculate AMF request of 6 June. See Attachment A.

b) Numbers receiving maximum rate (%)

	At home	Away	Independent	Total
1982	15444 (55.5)	10736 (52.6)	25226 (88.3)	51406 (66.9)
1983	16753 (55.5)	12152 (53.9)	27378 (86.7)	56283 (66.7)
1983*	57.1	55.4	88.3	

*percentage at 27 April 1983 used to calculate AMF request of 6 June. See Attachment A.

c) Number continuing at 30 June compared to number assisted by 30 June (%)

	Continuing	Assisted by 30 June
1982	76795 (94.7)	81094
1983	84347 (95.4)	88421

11. It had not been expected that enrolments would increase for 1983, accordingly the estimates for 1982-83 were based on a static enrolment. No enrolment data is available for 1983 and TAFE enrolment data is not yet available for 1982.

12. The number assisted in the January-June 1983 period has increased over 1982 by 9%, from 81094 to 88421. One factor in the increased expenditure is the increased percentage continuing to receive benefits at 30 June, up by 0.7% which represents about 4000 more students continuing in 1983 than would be expected from a projection of the 1982 situation.

13. The percentage receiving the 'at home' rate (\$2010) has declined by 0.4%. This is also a factor as the away and independent rates are 54.2% higher than the at-home rate.
14. It had been expected that the proportion receiving the maximum rate would decline as a result of the partial adjustment of the MAFI to about 65.5% compared to 66.9% in 1982. This has not been the case, the number receiving maximum rate at 30 June 1983 was 66.7%.
15. The only similar increase to that of 1983 was in 1977 when allowances were increased by 25% and the income MAFI by 7.9%. That increase resulted in a 4.5% increase in the number assisted by 30 June. This was at a time when tertiary enrolments were known to be increasing.
16. Reasons for underspend

On 2 June 1983 State offices were asked to provide expenditure requirements for the remainder of the financial year. As part of their estimated requirements for the full financial year, State Offices sought a total amount of \$193,481,700, in some cases the amount sought was considered too high in view of work on hand and processing rates and the total sought was reduced to \$192,868,323 (a reduction of \$613,317). Two States subsequently revised their estimate downwards but the advice was received to late to enable the AMF request to be amended. The request for an advance to the Minister for Finance of 6 June was made on the basis of this data.
17. Advice from State Offices on the way in which the estimates were calculated indicate that all States took a similar approach. Available data was projected using data for the same period in 1982. This method was also used by Central Office in arriving at an Australia-wide figure.
18. The overestimate appears to have been the result of a number of factors. These are outlined below.
19. Effect of industrial action in the Victorian State Office. The dispute related to the proposed move in Office accommodation from rented premises in St Kilda Road to Commonwealth owned premises in Hawthorn. The dispute led to bans being placed on all work affecting 1983 applications between 14 June and 1 July. The bid from Victoria exceeded expenditure by about \$824,500 caused by that Office not processing applications in the second half of June.
20. A misunderstanding in the ACT Office about the amount already expended in early June. It was assumed by that Office that the amount did not include expenditure for the pay of 9 June; however the amount had already been posted to the central ledger system in Finance. The amount, \$603,000, was therefore double counted in terms of expected expenditure.
21. Overestimation of the number of new applications to be received in June. It has been estimated, based on 1982 figures, that 1200 new applications would be received in June; however only 900 were in fact received.

22. Overestimation of the number of applications to be processed in June. It was expected that 5100 students would be processed to Payment in June when in fact only 4447 were processed.
23. Overestimation of the average amount of living allowance to be paid. The estimate had been based on data available for 27 April 1983 which showed a marked increase in both the percentages receiving the away from home and independent rate and the percentage receiving maximum rate of allowance. It will be seen from the tables in paragraph 10 that the situation changed markedly between 27 April and 30 June. It appears that a significant proportion of TEAS recipients processed in May and June were receiving less than the maximum. (Statistical details by payday were not available in previous years, no data was available to determine if the 1983 situation was normal.)
24. Some of the amount not expended in the 1982-83 is expected to be spent early in July 1983. An amount of \$1.29 million was included in the 1983-84 Appropriation as carried over from the previous financial year.
25. No estimate could be made for repayments. Firstly there is no guarantee that these will be received, secondly significant amounts can be posted after the last pay of the financial year has been finalised.
26. There has been a number of difficulties involved in calculating requirements for the final one or two paydays of the financial year. One such difficulty in 1983 was that the processing and application rate varied significantly from 1982. Another is that there are about 56 data items on processing statistics alone that need to be considered when calculating the requirements. It is proposed that a computer modelling program be introduced in the near future that will take account of all processing statistics, fortnightly expenditure and to extrapolate on the basis of data from the previous 3 years on a State basis. It is expected that such a program should be capable of at least highlighting potential erroneous bids from State Offices. If a suitable program can be developed it is proposed that expected expenditure be calculated in Central Office and referred to the State Offices for confirmation or comment.
27. In summary the underspend was caused by:-
 - Industrial action in the Victorian State Office - \$824,500
 - a double counting of the requirement of payday 9 June in the ACT Office - \$603,000.
 - the balance of \$732,172 was due to:
 - .. an overestimation of the number of new applications to be received in June 1983
 - .. an overestimation of the number of applications that could be processed in June
 - .. changes in the level and type of payments made subsequent to data relating to 27 April.

28. Of the underspend of \$2.16 million \$1.29 million has been carried forward for expenditure in the 1983-84 financial year.

29. The number of students assisted in each period in 1982 and 1983 are as follows:-

	By 30 June	Continuing At 30 June	Ever Assisted	Assisted in July-December
1982	81,094	76,795	86,541	82,242
1983	88,421*	84,347*	94,500**	90,426**

* preliminary
** estimated.

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ATTACHMENT A

Further details of request to Department of Finance for AMP 6 June 1983.

1. The most recent data indicates that the number to be assisted in 1983 could be much higher than the earlier estimate of 92,000. The number of applications received by the cut-off point for payday 26 May is 10% higher than in 1982, the number of students processed to pay at that stage was 7.4% higher than at the same time in 1982. The total number that could be expected in 1983 is uncertain because of the number of applications awaiting further information or not yet examined. For the cut-off point for payday 26 May 1983 (comparable 1982 figures in brackets) the figures are -

Awaiting further information	7,635 (6,412)
Not yet Examined	5,656 (2,379)

2. It is also difficult to predict the number of applications that will be received between the cut-off point for payday 26 May and the cut-off for the payday of 23 June or what proportion of those applications can be paid an allowance within the financial year. The numbers of applications received for recent paydays this year and in 1982 are shown below.

	1983	1982
14 April	13,592	7,624
28 April	1,439	4,854
12 May	609	795
26 May	583	266
9 June	-	758
23 June	-	437

3. In 1982 State Offices processed 3,472 students to pay between 27 May and 23 June from a population of 6,412 ("more information required"), 2,379 ("applications received but not yet examined") and 1,195 new applications, a total of 9,986, (35% of available applications were processed to payment). Given the rate of receipt of applications in April/May it must be assumed that at least 1,200 new applications will be received by 23 June. If 35% of applications on hand are processed to payment then about 5,100 students will receive first payment in June.

4. (a) For payday 26 May \$4,545,535 was expended on 5,537 students receiving their first payment, an average of \$820.94 per student.

(b) For the payday 12 May \$19,988,319 was expended on 76,190 students, an average of \$262.35. This would include some students receiving first payment. It is estimated that the average payment for students not receiving their first pay at present is \$230.

5. The following Table shows the proportion of students receiving each rate of TEAS allowance:

% of Students Receiving Each Rate

	<u>At Home</u>	<u>Away</u>	<u>Independent</u>
30 June 1982	36.2	26.6	37.2
27 April 1983	34.2	25.3	40.5

The significant feature here is that the at-home rate (\$2,010 p.a.) has decreased by 2.0%.

6. The proportion receiving maximum allowance has increased as shown below:

% of Students Receiving Maximum Rate of Allowance

	<u>At Home</u>	<u>Away</u>	<u>Independent</u>
30 June 1982	55.5	52.6	68.3
27 April 1983	57.1	55.4	68.3

The proportion of beneficiaries receiving maximum has increased in the at home and away categories.

ATTACHMENT B

Allowances	Actual Expenditure 1981-82	\$	TERTIARY EDUCATION ASSISTANCES SCHEME ESTIMATES AND EXPENDITURE 1981-82 and 1982-83		Actual Expenditure 1982-83	\$
			Estimated Expenditure 1982-83	\$		
A. - July-December						
Living & Dependents	83920 @ \$1069.86	89,782,668	81,901 @ \$1050.50	86,037,000	82242 @ \$1059.05	87,098,318
Incidentals	4445 @ \$76.47	339,915	5106 @ \$71.77	389,500	5447 @ \$67.43	367,282
Fares	83920 @ \$9.37	786,743	61901 @ \$5.37	337	82242 @ \$10.31	847,862
Pens		131				
Commonwealth Teaching						
Service Scholarships						
Less: Recoveries						
TOTAL July-December	83920 @ \$1071.10	89,886,647	81901 @ \$1052.43	86,195,000	82,242 @ \$1062.54	87,385,215
A. - January-June						
Living & Dependents	81094 @ \$909.18	73,728,954	83500 @ \$1043.00	87,089,500	88421 @ \$1096.03	96,911,880
Incidentals	81094 @ \$33.53	5,962,591	83500 @ \$73.53	6,139,500	88421 @ \$72.50	6,445,584
Fares	81094 @ \$10.63	861,665	835000 @ \$10.63	887,500	88421 @ \$11.20	990,346
Pens		321				
Commonwealth Teaching						
Service Scholarships						
Less Recoveries						
TOTAL January-June	81094 @ \$980.93	71,009.624	83500 @ \$1115.17	92,115.520	88421 @ \$1168.54	103,323,456
TOTAL		159,434,711		179,311,520		190,709,711

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1982/83

EXPLANATORY STATEMENT

DEPARTMENT OF SCIENCE AND TECHNOLOGY

DIVISION: Analytical Services

SUB-DIVISION: Other Services

ITEM: Australian Baseline Air Pollution Monitoring Station - Operating Costs.

PURPOSE OF ITEM:

This item provides for the operating costs of the Baseline Air Pollution Monitoring Station at Cape Grim, Tasmania.

Australia's Baseline Air Pollution Monitoring Station is part of a worldwide network monitoring levels of atmospheric constituents, particularly those affected by man, with the aim of determining any long term changes and predicting effects on the climate.

FUNDS AVAILABLE	1980-81	1981-82	1982-83
Appropriation Act No 1	221 000	207 000	420 500
Appropriation Act No 3	-	-	-
Advance to the Minister for Finance	-	-	7 000
 Total Funds Available	 221 000	 207 000	 427 500
Total Expenditure	158 155	206 613	426 715
 Unexpended Funds Available	 62 845	 387	 785

EXPLANATION OF REQUIREMENTS FOR ADDITIONAL FUNDS IN 1982-83

A major component of the Appropriation Act No 1 1982-83 for this item was the provision of \$200 000 for the estimated cost of a computer system designed to automate the collection and enable the assessment and validation of station data.

Acting on behalf of this Department, the Department of Administrative Services called public tenders for supply of the computer system. A Contract Acceptance and Purchase Order (CAPD) for \$204 386 was placed with the successful tenderer on 9 March 1983. A variation for \$6 432 for the inclusion of additional printing equipment was placed on 28 March 1983, bringing the total contract amount to \$210 818.

On 6 May 1983, telex advice was received from the Department of Administrative Services (copy at Attachment A) that the CAPD issued was in error. Page 6 of the CAPD (copy at Attachment B) showed the price of item R2 as quantity 3 for \$3 807, whereas the original tender document showed quantity 3 for \$3 807 each. The telex then stated that additional funds of \$4 980 were required. Following enquiries with the Department of Administrative Services concerning the total additional cost, advice was received on 18 May that the total additional cost was, in fact, \$6 624. This is calculated as follows:

(a) Original price of item R2 as per CAPD 3 for: less quantity buyers discount 13%	\$3 807 \$ 495
<hr/>	
(b) Correct price as per tender 3 at \$3 807 each less quantity buyers discount 13%	\$11 421 \$ 1 485
<hr/>	
	\$ 9 936
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Shortfall (a) - (b)	\$ 6 624
<hr/>	

An examination of expenditure and commitments showed that expenditure had been recorded or commitments incurred to the full extent of the appropriation, effectively preventing the redirection of funds to meet the contract shortfall. Accordingly an application for Warrant from the Advance to the Minister for Finance was made on 25 May 1983 (copy at Attachment C) and warrant was issued on 22 June 1983.

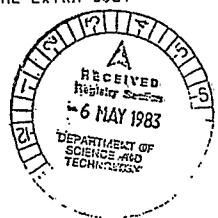
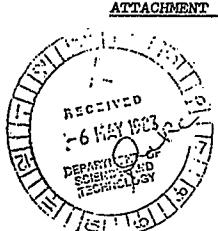
September 1983

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AUSTRALIA
SAFETY INFORMATION
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PR PAYOFF
PR PAYOFF 014 126015Z
TWS UU001
R 001207 MAY 83
FM PURVINDAS MELBOURN
TO AUSCI AAS2484

BT
UNCLAS
SIG ADA
M3510/10
FOR SEARSON FROM HILLING

13-08001J
REF YOUR 8/2/1462 AND OUR CAPO M640065 ON HEWLETT PACKARD FOR SUPPLY
AND INSTALLATION OF COMPUTER SYSTEM FOR BAPS. HP HAS DETECTED ERROR
IN OUR PRICING WHICH NECESSITATES INCREASE IN FUNDS. ITEM R2
IS 3807 DLS EACH. TOTAL PRICE FOR ITEM 1 OF DATA ACQUISITION
SYSTEM SHOULD BE 13002 DLS. A REDUCTION OF 462 DLS. WITH THESE
CHANGES CONTRACT VALUE BECOMES 216979 DLS 81 CENTS AND ADDITIONAL
FUNDS OF 4979 DLS 81 CENTS REQUIRED.
WE APOLOGIZE FOR THE ERROR, BUT AS GOODS HAVE BEEN ORDERED OVERSEAS
AND ARE REQUIRED WE ARE COMMITTED TO THE EXTRA COST
REPLY DIRECT 38118
BT

ເມືອງໄກເວັນດັບ



ATTACHMENT A

ATTACHMENT B

CONTRACT ACCEPTANCE AND PURCHASE ORDER N.640065

File No.: CP13/06001J
GH:TC(8825b)
Page No. 6

DETAILS OF A-ZOO BASED SYSTEM

<u>ITEM</u>		<u>MODEL NO./DESCRIPTION</u>		<u>DUTY FREE PRICE INCLUDING</u>
			<u>Unit</u>	<u>Total</u>
<u>PRINTERS/PLOTTERS</u>				
<u>PRINTER</u>				
P.2.1	1	HP2631G/017 180 CPS Graphics Printer	for	6,909
P.2.2	1	HP26097A Printer Stand and Paper Catcher	for	484
P.2.3	1	HP12009A/001 Printer Interface	for	1,580 8,973
<u>INTERFACES</u>				
R.1	1	HP12009A HP-IB Interface (IEEE-488)	for	1,530
R.2	3	HP12040B MUX, 8 Channel Serial with Panel	for	3,807
R.4	1	HP12005B/003 Modem Interface	for	1,191 6,528
<u>PROGRAMMING LANGUAGES</u>				
V.1	1	HP92836A/700/051 Fortran 77 Computer	for	6,345
V.4	1	HP92836B/700 Right-to-Copy Fortran 77	for	3,173 9,518
<u>OTHER SYSTEM SOFTWARE</u>				
U.1	1	HP2841A/700 DGL Graphics Package	for	2,820
<u>DATA ACQUISITION SYSTEM</u>				
1	1	HP3054C Automatic Data Acquisition/ Control System	13,464	13,464
1	1	#231 European Clock Format		No Charge

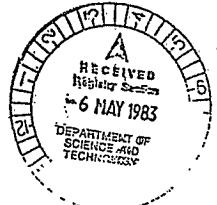
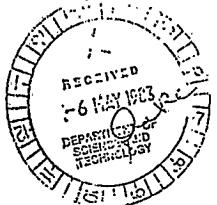
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 RE: PAYTTA 014 1260/51
 TEL UUJUJU
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 FM PURDHOVS MELBOURNE
 TO AUSCI AA62484
 BT

UNCLAS
 SIG ADA
 M3510/10
 FOR SEARSON FROM HILLING

13-05001J
 REF YOUR 82/1462 AND OUR CAPO M640065 ON HEWLETT PACKARD FOR SUPPLY
 AND INSTALLATION OF COMPUTER SYSTEM FOR BAPS. HP HAS DETECTED ERROR
 IN OUR PRICING WHICH NECESSITATES INCREASE IN FUNDS. ITEM R2
 IS 3807 DLS EACH, TOTAL PRICE FOR ITEM 1 OF DATA ACQUISITION
 SYSTEM SHOULD BE 13002 DLS. A REDUCTION OF 462 DLS. WITH THESE
 CHANGES CONTRACT VALUE BECOMES 216979 DLS 81 CENTS AND ADDITIONAL
 FUNDS OF 4979 DLS 81 CENTS REQUIRED.
 WE APOLOGISE FOR THE ERROR, BUT AS GOODS HAVE BEEN ORDERED OVERSEAS
 AND ARE REQUIRED WE ARE COMMITTED TO THE EXTRA COST
 REPLY DIRECT 38118
 BT

Reference
 AUSCI AAA2484

ATTACHMENT A



ATTACHMENT B

CONTRACT ACCEPTANCE AND PURCHASE ORDER N.640065

File No.: CP13/06001J
 GH:TC(8825b)
 Page No. 6

DETAILS OF A-700 BASED SYSTEM

ITEM	QTY.	MODEL NO./DESCRIPTION	DUTY FREE PRICE INCLUDING	
			Unit	Total
<u>PRINTERS/PLottERS</u>				
P.2.1	1	HP2631G/017 180 CPS Graphics Printer	for	6,909
P.2.2	1	HP26097A Printer Stand and Paper Catcher	for	484
P.2.3	1	HP12009A/001 Printer Interface	for	1,580 8,973
<u>INTERFACES</u>				
R.1	1	HP12009A HP-IB Interface (IEEE-488)	for	1,530
R.2	3	HP12040B MUX, 8 Channel Serial with Panel	for	3,807
R.4	1	HP12005B/003 Modem Interface	for	1,191 6,528
<u>PROGRAMMING LANGUAGES</u>				
V.1	1	HP92836A/700/051 Fortran 77 Computer	for	6,345
V.4	1	HP92836R/700 Right-to-Copy Fortran 77	for	3,173 9,518
<u>OTHER SYSTEM SOFTWARE</u>				
U.1	1	HP92841A/700 DGL Graphics Package	for	2,820
<u>DATA ACQUISITION SYSTEM</u>				
1	1	HP3054C Automatic Data Acquisition/ Control System	13,464	13,464
1.1	1	#231 European Clock Format		No Charge

ATTACHMENT C

82/1444
John Patrick
644191

25 MAY 1983

The Secretary
Attention Mr G Kazs
Department of Finance
Newlands Street
PAKES ACT 2600

ADVANCE TO THE MINISTER FOR FINANCE -
ITEM 542-3-01 - BASELINE AIR POLLUTION MONITORING STATION

Your approval is sought to additional warrant in 1982/83
for item 542-3-01 - Australian Baseline Air Pollution
Monitoring Station, to enable the completion of the contract
for a computer system for the station.

Acting on behalf of this department, the Department of
Administrative Services arranged a contract with
Hewlett-Packard for the supply and installation of a
computer system for DAPS at a total cost of \$205 000.
However, when the contract was drawn up an error was made
(by DAPS) on the costing of one of the components. This
error has resulted in an increase of \$7 000 being required
to cover the cost of these components.

The funds remaining in this item are required for the
day-to-day operations of the station and cannot be
redirected to the contract without severely disrupting the
operations of the station. Funds that have been advanced
to CSIRO have also been fully committed and cannot be
withdrawn.

Your approval is therefore sought to an advance of \$7 000
from the Advance to the Minister for Finance to enable the
contract to be completed this financial year.

John J. Tegart
for (W J McG Tegart)
Secretary

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1982-83

EXPLANATORY STATEMENT

Department of Transport

Division : Administrative

Sub-Division : Administrative Expenses

Item : Fuel, Light and Power

Purpose of Item:

This item provides for expenditure on fuel and lubricants
for navigational aids, departmental vessels and ancillary
equipment, for electricity and gas supplied by local government
authorities to offices and buildings of the Department.

Funds Available	1982-83
Appropriation Act No.1	1,594,000(*)
Appropriation Act No.5	150,000
Advance to the Minister for Finance	<u>225,000</u>
Total Funds Available	1,969,000
Total Expenditure	<u>1,965,850</u>
Unexpended Funds Available	3,150

(*) Department of Transport's share of Department of Transport
and Construction appropriation of \$1,846,000.

Earlier year's expenditures for surface transport are not
available as surface and air transport functions were combined
until May 1982.

EXPLANATION OF REQUIREMENTS FOR ADDITIONAL FUNDS IN 1982-83

Appropriation Act No.5

(a) Increase in electricity charges	50,000
(b) Electricity costs for new Omega facility not provided for	100,000

Advance to the Minister for Finance(*)

(a) Cost increases after additional estimates	10,000
(b) Cost increases not provided for in additional estimates	65,000
(c) Fuel usage not provided for in original or additional estimates	150,000

(*) Detailed explanation attached.

DETAILED EXPLANATION OF AMF REQUIREMENT

(1) The 1982/83 AMF requirement comprised two elements

- the payment of accounts on hand for fuel used in the operation of the Department's vessel and navigational aids. These amounts were not included in the 1982/83 Budget or in the additional estimates as a result of the difficulties associated with changes in administrative arrangements which occurred on 7 May 1982 and 10 March 1983, and
- to meet cost increases which were not provided for, some of which occurred subsequent to the preparation of additional estimates.

(2) The 1982/83 estimate was originally prepared by the estimates area of what later became the new Department of Aviation. Following the creation of that Department and the Department of Transport and Construction (DTC) estimates relating to surface transport were taken over by the appropriate area of the new Department for finalisation. This area was largely from the previous Department of Housing and Construction and was not familiar with the requirements of the surface transport area of DTC. Consequently inadvertent omissions were not readily detected.

(3) The same changes occurred in Regional Offices where some surface transport requirements and cost increases, mainly for fuel, light and power, were overlooked.

(4) In particular estimates were not made for the acquisition of fuel for departmental vessels other than in their home base of Queensland. These vessels refuel as necessary whilst operating around the Australia's coastline serving navigational aids. These purchases occur on an "as required" basis. The lack of provision was not readily evident from analysis of monthly expenditure rates.

(5) Two further factors compounded this problem. One vessel was out of service during the first part of 1982/83 thus producing a distortion of fuel expenditure rates. There were also two changes in the source of surface transport costing information during the year. This information was transferred to the Departmental Accounting Information System (DAIS) of DTC late in 1982 with the result that no costing information was available during the transition period in December 1982 and January 1983. A similar situation occurred in April 1983 when surface transport costing was transferred from DAIS to the Department of Finance IMS ledger system.

.../2

- 2 -

As a consequence of these factors information on actual funds requirements was not available until May 1983, well after the finalisation of the additional estimates.

(7) Attached are tables indicating the information that was available to the Department's Central Office during 1982/83. The table on monthly fuel, light and power expenditure highlights the irregularity in the volume of payments. The increased expenditure in the latter half of the year reflects some further complications with regard to the approval of payments. A number of fuel invoices were for amounts in excess of the Regional Director's financial delegation and therefore required approval of the Deputy Secretary. The delay in seeking this approval led to some large payments being held up, creating a false picture of the level of funds remaining available.

(8) The second table of navigational aids and vessel fuel costs also highlights the lack of information that occurred during the periods of changeover. Errors early in the financial year in allocation of accounts to this item also complicated the situation.

(9) Such problems are not expected to occur in 1983/84.

ATTACHMENT 1

IMS LEDGER RECORD OF MONTHLY EXPENDITURES ON
FUEL LIGHT AND POWER*

	\$
July 1982	65,866
August	77,683
September	104,727
October	53,254
November	236,895
December	163,012
January 1983	320,181
February	144,897
March	357,261
April	80,301
May	544,593
June	327,256

* Include Construction expenditures for period 1/7/82 to 10/3/83

NAVAIDS AND VESSEL FUEL AND POWER REQUIREMENTS AS RECORDED IN COSTING INFORMATION

	1981/82	1982/83*
	\$	\$
July	17,167	1,937
August	116,216	43,799
September	157,728	52,041
October	226,751	43,020
November	125,800	43,164
December	49,459	- } change to
January	173,613	- } DAIS System
February	82,130	626,511
March	199,873	376,518
April	58,977	- } change to IMS
May	173,236	315,357
June	171,525	355,524

* Includes Omega installation costs of \$100,000 for year

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1982-83
Explanatory Statement

Department: Veterans' Affairs
Division: 692 - Other Repatriation Benefits
Sub-Division: 00
Item: 01 - Specialists, Local Medical Officers and Ancillary Medical Services.

Purpose of Item:

To provide funds for the treatment expenses of eligible persons (including certain service pensioners) involving payment of fees to specialists and local medical officers, physiotherapists, chiropodists, visiting nurses, etc., the reimbursement of medical expenses privately incurred and the provision and maintenance of surgical aids, renal equipment and appliances (including spectacles) for eligible persons.

	Funds Available	1980-81	1981-82	1982-83
Appropriation Act No.1	\$ 65,745,000	\$ 77,498,000	\$ 87,839,000	
Appropriation Act No.3	3,850,000	6,753,000	8,707,000	
Advance to the Minister for Finance	-	1,400,000	95,000	
TOTAL FUNDS AVAILABLE	69,595,000	85,651,000	96,641,000	
TOTAL EXPENDITURE	69,588,641	85,606,022	96,637,278	
UNEXPENDED FUNDS AVAILABLE	6,359	44,978	3,722	

Explanation of requirements for additional funds in 1982-83Appropriation Act No.3

\$ \$

- (a) Fees payable to medical practitioners and visiting nurses were increased by between 9 and 11 per cent from 1 November 1982 at a cost to this Appropriation Item of + 4,950,000
- (b) The cost of surgical aids increased at rates of between 4 and 25 per cent from 1 July 1982 at a cost to this Appropriation Item of + 284,000
- (c) An increase in the number of beneficiaries, including a component due to the delay in reopening of five wards at Repatriation hospitals. + 3,930,500

(d) The above increases were partly offset by a change in the recording of certain expenditures that meant some costs were transferred to other Appropriation Items (\$292,500) and changed procedures for paying travelling allowance (\$165,000)

- 457,500 +8,707,000

Advance to the Minister for Finance

An amount of \$34,000 was sought from the Advance to the Minister for Finance by telex dated 28 June 1983. This amount was required to acquit an over expenditure against Authorizing Officer code 1572 (Department of Finance's Overseas Regional Office Authorizing Officer).

By way of background, the Department of Veterans' Affairs was not aware that the Australian Commission in Hong Kong had made a payment, on behalf of the Department, of \$53,000 on 14 June 1983. This was paid out of the Post's imprest advance. To enable the Hong Kong Post to be reimbursed a charge was raised on this Department by the Department of Finance. This led to the recording of an over-expenditure against A.O. Code 1572 on 27 June 1983.

The goods for which payment had been made were not all delivered and most of those that had been delivered were not of an acceptable standard. Accordingly, the Department of Veterans' Affairs did not anticipate a payment in 1982/83. The supplier has arranged for the balance of the order to be shipped from Japan and for the faulty units to be replaced.

+34,000

The second call for funds from the Advance to the Minister for Finance for \$61,000 was made by telex dated 29 June 1982.

The Queensland Branch Office of the Department had a large number of claims on hand towards the end of the financial year that were due for payment.

The time lag between claims being dispatched to the Regional Office of the Department of Finance and the processing of those claims (including posting to the ledgers) means that, for end of financial year accuracy,

Departments must maintain, on a manual basis, a shadow of the Department of Finance computerised ledger. A clerical error occurred in the Queensland Branch Office when an officer failed to record a batch of accounts in the shadow ledger. When the accounts were processed by the Department of Finance an over-expenditure was recorded. Consequently, additional funds had to be obtained from the Advance to the Minister for Finance.

As with most other Appropriation Items in Division 692, expenditure against 692/01 during a financial year is not limited solely to the cost of operating the particular benefit schemes for which funds are appropriated but is also subject to the rate and timing of claims and to the Department's ability to process those claims.

In this case, the Department was endeavouring to process as many due claims as possible at the end of the financial year and a clerical error occurred that led to an over-expenditure of the Appropriation available.

+61,000 +95,000

The Department has taken the following steps in the wake of this occurrence:

(a) an investigation Committee of Senior Officers was appointed to determine the cause of the error and reported to the Secretary on 25 July 1983.

(b) their report has resulted in the Department commencing, on 29 July 1983, a review of shadow ledger procedures and alternative methods for monitoring expenditure at the end of the financial year.

(c) the Department commenced a review of estimating techniques on 3 August 1983, for all items under Appropriation Division 692.

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1982-83
Explanatory Statement

Department: Veterans' Affairs
Division: 692 - Other Repatriation Benefits
Sub-Division: 00
Item: 02 - Pharmaceutical Services
Purpose of Item:

To provide funds to pay chemists for prescriptions dispensed to persons eligible under Repatriation legislation.

	1980-81	1981-82	1982-83
Appropriation Act No.1	\$ 42,689,000	\$ 51,636,000	\$ 59,558,000
Appropriation Act No.3/5	1,311,000	3,464,000	666,000
Advance to the Minister for Finance	<u>1,000,000</u>	<u>-</u>	<u>1,200,000</u>
TOTAL FUNDS AVAILABLE	45,000,000	55,100,000	61,424,000
TOTAL EXPENDITURE	44,926,413	54,862,360	61,046,371
UNEXPENDED FUNDS AVAILABLE	73,587	237,640	377,629

Explanation of requirements for additional funds in 1982-83

Appropriation Act No.5

	\$	\$
Initially the Government proposed that the Repatriation Pharmaceutical Benefits Scheme be amended from 1 January 1983. The date of implementation was deferred to 1 March 1983 because significant changes to the National Health Scheme were also proposed for introduction from 1 January. Previous experience has demonstrated that a considerable degree of confusion is generated for medical practitioners, pharmacists and patients when both schemes are amended from the same date.		
The original 1982-83 Budget Appropriation assumed a saving of \$2 million for six months' implementation of the new arrangements. The deferral to 1 March meant one-third of this saving could not be achieved.	+666,000	+666,000

Advance to the Minister for Finance

Repatriation Pharmaceutical Benefits Scheme payments are processed by the Department of Health along with claims against that Department for nursing home benefits and medical benefits, among others. The Department of Veterans' Affairs is dependent on the Department of Health for the rate at which accounts are processed and, consequently, the rate at which expenditure is brought to account.

Monitoring of expenditure by the Department of Veterans' Affairs disclosed that if the Department of Health continued its rate of processing that was current in mid June 1983, additional funds would be required.

Initial consultations with the Department of Health indicated that a figure of \$600,000 would be required. This amount was sought from the Advance to the Minister for Finance by memorandum dated 17 June 1983.

Further consultations with the Department of Health indicated an amount of \$1,200,000 would be required and the request for funds from the Advance to the Minister for Finance was amended by telephone on 21 June 1983.

In the long run payments from this Appropriation Item are related to the services provided under the Scheme. However, in the short run, expenditure in a particular financial year varies according to the rate at which Chemists lodge claims for payments.

A third factor affecting the rate of expenditure from this Appropriation Item was the changes to the Scheme announced by the Minister for Veterans' Affairs on 30 March 1983. The changes amount to a relaxation of the Scheme in that patients could continue to have prescribed medicines not on the list as at 1 March which the patient had been receiving prior to 1 March. The impact of this change could not be foreseen at the time Appropriation Bill No. 5, 1982-83 was finalised.

A further factor influencing the rate of expenditure is the fluctuation in the average cost of a prescription. The original Budget Estimates were based on an average cost of \$6.01 per prescription. The actual average cost was \$6.22 per prescription. The increase in average costs of 3.5 per cent was partly offset by a decrease in the number of prescriptions. These variations were also unforeseen at the time of finalising Appropriation Bill No. 5, 1982-83.

In summary, the costs of operating the Scheme were affected by the changes to the Scheme announced on 30 March 1983 and the unforeseen fluctuation in average cost per prescription.

Expenditure (as distinct from cost) in 1982-83 was affected by:

- changes to the Scheme announced on 30 March 1983;
- fluctuation in average cost per prescription item;
- the rate at which chemists lodged claims for payment; and
- the rate at which the Department of Health processed claims on behalf of the Department of Veterans' Affairs

+1,200,000 +1,200,000



APPENDIX 7

1985/2
78/1558

CIRCULAR MEMORANDUM
TO DEPARTMENTS

PAYMENT OF ACCOUNTS

Departments are requested to draw the contents of this Circular specifically to the attention of all Authorizing Officers, Certifying Officers and Examiners of Accounts.

Delays experienced by the Commonwealth's creditors in receiving payment of accounts have been brought to the attention of departments on a number of occasions. In December 1979 the Secretary to the Department of Finance wrote to all departments drawing attention to the 178th Report of the Joint Committee of Public Accounts which commented adversely on delays in payment of accounts. Departments were requested to take all necessary steps to avoid such delays and ensure that sufficient funds were available when accounts become due for payment. The Finance Regulations and Directions (see below) also impose responsibilities on Accounting Officers to ensure prompt settlement of accounts.

Despite the foregoing, complaints continue to be received from creditors concerning undue delays in payment of significant amounts by a wide range of departments. Moreover, creditors have advised that enquiries with the Departments concerned have met with a variety of excuses, including lack of funds, mail delays, personnel on leave and inexperienced staff. It will be evident that such excuses each invite an obvious response; more importantly, however, none will be of any persuasion to a creditor who has found it necessary to approach a department for payment for services rendered. Many creditors are small businessmen who rely on prompt payment to avoid liquidity problems.

It is, therefore, imperative that departments examine their accounting systems and take positive action to rectify any aspects which can cause delays. Accounting Officers are reminded that under Finance Regulation 55, which is expanded on by Finance Directions 8/2 and 8/6-7, they are obliged to assist claimants in preparing their accounts and to ensure that payment is promptly made. It is not unreasonable to expect that, except in exceptional circumstances, all accounts be paid within 30 days of receipt.

G. Ryle

632517

CONTENT INQUIRIES —
DISTRIBUTION INQUIRIES —

Tel. 7 3624

From the Commonwealth's point of view there are also significant savings or discounts that can be realised in the acquisition of certain goods or services if accounts are paid within the required time. Finance Direction 8/8 places an obligation on Certifying Officers to accord urgent attention to such accounts while indicating that it is improper to deduct a discount if payment cannot be effected within the required time.

As equity demands that all creditors be afforded equal treatment, this obligation for prompt payment extends equally to claims by Commonwealth bodies such as TAA, Qantas, Australia Post, Telecom, AGPS etc.



D.K. Wallace
A/g First Assistant Secretary
Financial Management and
Accounting Policy Division
// April 1985



FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM

OFFICE OF THE PUBLIC SERVICE BOARD

Maclellan Offices National Circuit, Canberra, A.C.T. 2600

Telephone (062) 773077

Reference:

DEPARTMENT OF FINANCE

Newlands Street Parkes, A.C.T. 2600

Telephone (062) 632628

UPGRADING ACCESS BETWEEN DEPARTMENT OF FINANCE DATA SYSTEMS AND AGENCY MANAGEMENT INFORMATION SYSTEMS

INTRODUCTION

The increasing emphasis being placed on effective and efficient management of government programs is leading to a demand by managers for more direct access to relevant and timely information. Improving access to management information is integral to the Financial Management Improvement Program (FMIP). However, the FMIP Management Information Systems (MIS) survey has revealed that, while much of the financial information departmental managers need is captured by the computer based ledger systems operated by the Department of Finance (DoF), departments cannot presently access it in the format which they require or at the times or with the frequency which is necessary for their effective management and control of projects and programs.

This circular outlines in broad terms the background to the DoF systems, their key function in providing financial information to Government for economic and budgetary decision making and for satisfying statutory reporting requirements, and the services that those systems provide to departments. The circular also outlines some enhancements to the DoF Systems that are being developed to enable departments to obtain more readily the data they require and in a form which permits its incorporation into departmental management information systems.

STATUTORY REQUIREMENTS

The Audit Act 1901 imposes particular responsibilities on the Minister for Finance in relation to the control and co-ordination of the Commonwealth's financial transactions. These responsibilities include:

- the keeping of proper accounts and records of receipts and payments of public moneys (section 40)
- the preparation of monthly statements of the Commonwealth's financial transactions (section 49), and
- the preparation of annual financial statements of the transactions of the Consolidated Revenue Fund, Loan Fund and Trust Fund (section 50).

The Administrative Arrangements Order places with the Department of Finance the responsibility for the examination, review, and evaluation of expenditure proposals and programs and the collection and analysis of forward estimates of expenditure including the staffing aspects of those proposals, programs and estimates.

DEPARTMENT OF FINANCE SYSTEMS

To assist the Minister and the Department in discharging these responsibilities and to provide an accounting service to departments, the Department of Finance maintains appropriation and ledger systems on behalf of most departments and certain statutory authorities and a Central Ledger which is, essentially, a consolidation and summary of the appropriation and revenue ledgers. Together with other systems which provide facilities to departments, such as the payroll system, and systems mainly for central agency use, such as the estimates systems, these ledgers are maintained under a single multi function, computer based system.

The DoF computer system is a sophisticated on-line network which links Canberra, the Australian capital cities, London and Washington and provides departments' central and regional offices with a direct link to the system. It enables departments to manage the appropriations, trust funds and revenue heads under their control, as well as to meet their basic financial management needs; it provides a processing service for other major functions such as economic planning, estimating and budgeting, management reporting and audit and control; and, in particular, provides an on-line aggregate reporting mechanism to Ministers and forms the basis for the formal accounting to Parliament for all moneys collected or expended during the financial year.

INFORMATION FOR MANAGEMENT

Information from the Department of Finance is currently available to departments mainly in the form of periodic hard copy and microfiche reports and in the case of the Finance Ledgers system from inquiry terminals that have been provided to departments. In addition payroll and ledger data can be made available on a periodic basis on magnetic tape.

Given that the statutory requirements have uniform application, the format of reports produced for compliance and audit purposes can have a relatively standardised format. On the other hand the information requirements of departmental managers vary considerably within a department and among departments due to factors such as the size and objectives of programs, level of responsibility of particular managers and their management style. As a result considerable flexibility in both the format and content of management reports is essential, as is the ready ability to integrate financial data with non-financial data. Although some flexibility exists in the reporting capabilities of the DoF systems, there are practical limits to the flexibility of such a generalised computer system which prevent it from meeting directly all agency management reporting requirements.

Accordingly, if effective use is to be made by departments of the extensive financial and payroll data holdings in the DoF systems, it is desirable that departmental systems can both access the data directly and integrate this data readily with data from other sources in a relevant and timely manner. To meet both this requirement and the reporting requirements of Cabinet and Parliament it is essential that systems operated by departments and the DoF systems are complementary and able to interchange information. In this way maximum benefits will be derived from the systems in terms of usefulness and quality of information available for decision making and resource allocation by Government and for program management and resource allocation and control by departmental managers. At the same time the need for costly duplication of systems will be avoided.

PROPOSED DEPARTMENT OF FINANCE SYSTEMS ENHANCEMENTS

The Department of Finance is taking a number of immediate and medium term enhancements to its systems to facilitate the interchange of information between the DoF systems and departmental management information systems. These include:

- (a) for access to data in DoF systems:
 - on line access to the DoF Computer Network for transfer of revenue and expenditure data from DoF systems;
 - more frequent transfer by magnetic tape of revenue and expenditure data from the Department of Finance systems;
 - improved Staff Monitoring System (SMS) reports and access to SMS data on-line;
- (b) for input of information to Department of Finance systems:
 - acceptance of input via magnetic tape; and
 - data entry via terminals located in departments.

Further details of these enhancements, including planned timing of implementation, are provided in Attachment A; specific technical guidelines will be issued to departments in due course.

In addition to these short term developments, a Budget Management System, which will replace the current Estimates System is being developed and is expected to include the data transfer mechanisms referred to above. These facilities will provide departments and central agencies with access to a common and consistent data base which is updated as decisions are made by Ministers during the Budget deliberations.

In implementing these enhancements the Department of Finance will continue to recognise that ownership of the departmental data in the various DOF systems remains with departments.

For further information on the facilities that the Department of Finance Systems offers or will offer please contact Mr C. Hughes on 63 2937. Other inquiries should be directed to Mr K. Linard on 63 2275.

ATTACHMENT A

PROPOSED SHORT TERM ENHANCEMENTS TO FINANCE SYSTEMS

At present much of the data flowing between the departmental and Finance systems is in hard copy form, ie on paper and microfiche. However certain facilities currently exist for magnetic tape transfer of data to departments:

- Finance PAY System - fortnightly transfer of payroll data.
- Finance Ledgers System - monthly transfer of data comprising
 - (i) transactions for the month
 - (ii) chart of accounts descriptions at all levels
 - (iii) ledger balances

It is intended progressively to upgrade these services and introduce new services, including:

- From March 1985

Finance Ledgers System:
Weekly magnetic tape transfer of data comprising

 - (i) chart of accounts descriptions at all levels
 - (ii) ledger balances
- From February 1985

Staff Monitoring System:
 Improved SMS reports.
- From First Quarter 1985/86:
 - Finance Ledgers System
 On-line access to data as described above.
 - Staff Monitoring System:
 - (i) Further improvements in SMS reports
 - (ii) On-line access to SMS data extracted from the PAY system.

In this context "on-line access" represents the situation where a departmental central office computer or micro-computer has facilities (acquired at that department's expense) which are capable of:-

- emulating an IBM 3270 type terminal;
- incorporating a controller to permit connection via a leased line to the Finance mainframe;
- using appropriate software in the Finance mainframe to select and extract the required information;
- storing the extracted information for further manipulation/analysis in an environment external to the Finance network.

The progressive implementation of the new Department of Finance Regional Office network will enable the Finance Ledgers and Pay Systems to accept input in more efficient ways than is currently possible. As the new network equipment installations become operational in Regional Offices commencing with Canberra in December 1985 and with the remaining Regional Offices through 1986 a range of facilities which departments could utilise to their benefit will become available. These capabilities include:

- acceptance of all PAY and ledgers (including cheque production) input via magnetic tape transfer.
- data entry of input on terminals located in selected departments.
- (at a later stage) acceptance of data via leased lines from devices located in departments. Such devices would also have the capability of interacting also with departments' own Management Information Systems.

DATE OF HEARING, LIST OF WITNESSES AND OBSERVERS

The item, 230-1-05 Australian Defence Force, Salaries and payments in the nature of salary, Citizen Military Forces and Cadets was made the subject of a public inquiry at Parliament House, Canberra, on 28 June 1984.

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

Department of Defence

Dr M.E.C. Biffin	Controller, Organisation and Manpower Resources
MAJGEN L.G. O'Donnell	Deputy Chief of the General Staff
MAJGEN K.R. Murray	Chief of the Army Reserve
Mr W.T.A. Murphy	Acting First Assistant Secretary, Financial Services and Internal Audit
Mr J.S. O'Neil	Assistant Secretary, Budgets and Estimates (General and Co-ordination)
Mr R.H. Englund	Assistant Secretary, Manpower Policy and Requirements
Mr R.W. Corey	Assistant Secretary, Resources Planning - Army
Mr P.J. Skinner	Acting Assistant Secretary, Service Personnel - Army

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

Mr D. Lennie	Australian Audit Office
Mr C.J. Louttit	Department of Finance
Mr G.D. Sobell	Public Service Board

The item, 193-2-02 Department of Aviation, Administrative Services, Office Requisites and Equipment, Stationery and Printing was made the subject of a public inquiry at Parliament House, Canberra, on 28 June 1984.

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

Department of Aviation

Mr K.H. Toakley	First Assistant Secretary, Resources Division
Mr E.P.R. Bowen	Assistant Secretary, Finance Branch
Mr G.H. Broomfield	Director, Budget Section, Resources Division
Mr A.B. Wright	Supply Officer, Class 8, Management Services Division

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

Mr D. Crombie	Australian Audit Office
Mr C.J. Louttit	Department of Finance
Mr G.D. Sobell	Public Service Board

The item, 664-2-05 Department of Transport, Administrative Expenses, Fuel, Light and Power was made the subject of a public inquiry at Parliament House, Canberra, on 28 June 1984.

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

Department of Transport

Mr G.C. Davidson	Acting First Assistant Secretary, Management and Co-ordination Division
Mr G.A. Hannink	Acting Assistant Secretary, Finance and Services Branch
Mr J.V. Milne	Regional Director, Queensland

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

Mr D. Crombie	Australian Audit Office
Mr C.J. Louttit	Department of Finance
Mr G.D. Sobell	Public Service Board