

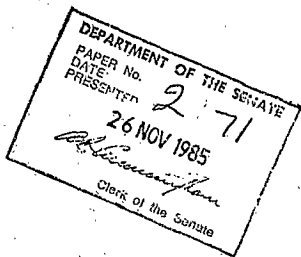


# Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1983-84)

Report

# 239

Joint Committee of  
Public Accounts



THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

REPORT 239

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE  
(APPROPRIATION ACTS 1983-84)

Australian Government Publishing Service  
CANBERRA 1985

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on Expenditure

(iii)

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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 1983-84 amounts of \$150 million and \$120 million were provided for this purpose in Appropriation Acts Nos. 1 and 2 respectively.

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 1983-84 was 22 March 1984. 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 is satisfied that in most cases expenditure from the Advance in 1983-84 was confined to urgent and unforeseeable requirements. Nevertheless, the Committee is concerned that some departments still appear to possess inadequate expenditure 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  
9 October 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 1991. In aggregate, expenditure from the Advance to the Minister for Finance under Appropriation Act (No 1) 1983-84 totalled \$141 785 221 and under Appropriation Act (No 2) 1983-84 totalled \$118 952 494.

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:

- 'Urgent' 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
1983-84	141 785 221	118 952 494

(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 In 1982-83 new AMF procedures were introduced. Under these 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 The Committee received statements relating to 112 items of expenditure remaining a final charge to the Advance in 1983-84 (see Appendix 4 for a summary). Supplementary material was obtained concerning 28 items. These items and the relevant departments are listed below, the submissions can be found in Appendix 5:

- Department of Aboriginal Affairs: item 120-3-09 - Payment to Aboriginal and Islander Housing Panel Incorporated for Outstanding Liability on Liquidation;
- Department of Administrative Services: item 130-3-03 - Reimbursement of Costs to ANL;
- Attorney-General's Department: item 180-2-00 - Institute of Family Studies, Administrative Expenses;
- Australian Development Assistance Bureau: item 318-9-00 - Emergency Humanitarian Assistance and Disaster Relief;
- Department of Defence: item 234-1-01 - Naval Construction; item 234-1-02 - Aircraft and Associated Equipment; item 255-1-01 - Salaries;
- Department of Education and Youth Affairs: item 270-4-08 - Adult Secondary Assistance Scheme; item 271-3-01 - Independent Schools - Grants, Subsidies and Allowances;
- Department of Employment and Industrial Relations: item 287-2-07 - Incidental and Other Expenditure; item 287-7-03 - Training for Special Needs clients;
- Department of Finance: item 866-0-03 - Compensation to Aboriginal and Torres Strait Islanders for Underpayment of WW 11 War Gratuities;
- Department of Foreign Affairs: item 315-2-06 - Security and Technical Services;
- Department of Health: item 882-08-00 - Health Insurance Act 1973, Medicare Grants;
- Department of Home Affairs and Environment: item 330-3-13 - Coastal Surveillance;
- Department of Science and Technology: item 540-3-13 - Australian Microwave Landing Systems, Commercial development; item 543-1-01 - Antarctic Division - Salaries; item 554-2-03 - Bureau of Meteorology, Postage, Telegrams and Telephone Services;

- . Department of Social Security: item 949-0-08 - Grant to Tasmanian Government Towards Cost of Constructing New Rehabilitation Centre;
- . Department of Special Minister of State: item 995-00-13 - Australian Telecommunications Law Enforcement Review;
- . Department of Territories and Local Government: item 620-1-01 - Salaries; item 620-2-03 - Postage, Telegrams and Telephone Services;
- . Department of Trade: item 640-3-08 - Export Finance and Insurance Corporation, National Interest Claim;
- . Department of Transport: item 668-1-00 - Australian National Railways Commission, Subsidy to Meet Anticipated Operating Costs; and
- . Department of Veterans' Affairs: item 692-0-02 - Pharmaceutical Benefits; item 692-0-05 - Expenses of Travelling for Medical Treatment; item 692-0-01 - Specialists, LMO's and Ancillary Services; item 692-0-03 - Maintenance of Patients in Non-Departmental Institutions.

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

- . Department of Defence: item 255-1-01 - Salaries;
- . Department of Education and Youth Affairs: item 271-3-01 - Independent Schools - Grants, Subsidies and Allowances; and
- . Department of Territories and Local Government: item 620-1-01 - Salaries.

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

#### General Conclusions

1.10 The procedures introduced in 1982-83 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 some departments still did not offer sufficient 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.

1.11 The Committee is concerned by the attitude of some departments which have received the Advance which implied that as long as offsetting savings were offered there should not be questions raised as to whether the application was 'urgent' and 'unforeseen'. With the Government policy on expenditure restraint, offsetting savings are being offered with many applications for the Advance (over 45 in 1983-84). The Committee would like to remind departments that the offering of offsetting savings does not replace the 'urgent' and 'unforeseen' requirements (see also Appendix 2).

1.12 Notwithstanding, the Committee is generally satisfied with the manner in which the procedures are now 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.

CHAPTER 2

DEPARTMENT OF DEFENCE SUPPORT<sup>1</sup>

Salaries and Payments in the Nature of Salary (Item 255-1-01)

2.1 This item provides for the payment of salaries, wages, higher duty, holiday pay and retirement/separation costs of permanent and temporary officers in the Central, regional and overseas offices and in the dockyards for staff engaged under the Public Service Act and under the Naval Defence Act. The item does not provide for munitions and aircraft factory personnel whose salaries and wages are paid from factory trust accounts.

FUNDS AVAILABLE

Source	1981-82	1982-83	1983-84
	\$	\$	\$
Appropriation Act No 1	1 164 933 (1)	82 337 000	97 688 000 (3)
Appropriation Act No 3	1 646 000	-	6 924 000
Appropriation Act No 5 (1982-83 only)		9 255 000	
Transferred to new Department of Industry and Commerce (1981-82 only)	1 179 000		
Previous Advance to the Minister for Finance	550 000	650 000	1 700 000
Additional Advance to the Minister for Finance	-	-	330 000
<b>TOTAL FUNDS AVAILABLE</b>	<b>2 181 933</b>	<b>92 242 000</b>	<b>106 642 000</b>
<b>TOTAL EXPENDITURE</b>	<b>2 157 623</b>	<b>92 125 948 (2)</b>	<b>106 555 780</b>
<b>UNSPENT FUNDS</b>	<b>24 310</b>	<b>116 052</b>	<b>86 220</b>

NOTES:

(1) This figure is based on an original appropriation of \$20 482 000 and excludes expenditure to 7 May 1982 by the then Department of Industry and Commerce.

<sup>1</sup> The Administrative Re-Arrangements abolishing the Department of Defence Support and re-establishing these offices in the Department of Defence were approved by the Governor-General on 13 December 1984.

(2) This figure does not include expenditure by the Department of Administrative Services on behalf of this Department for the Defence Purchasing Function from 1 July 1982 to 10 March 1983.

(3) This figure includes \$947 000 allocated from Section 5 of Appropriation Bill (No 1) 1983-84 for payment of salary and wage increases awarded as a result of the 4.1 per cent National Wage Case decision effective 19 April 1984.

Explanation of Requirements for Additional Funds in 1983-84

Appropriation Act No 3

	\$
(a) Price Increase	3 180 000
• Provision for National Wage Case 4.3 per cent increase payable from 6 October 1983	
(b) Real Increase	3 744 000
• Loss of productive work time at Williamstown Dockyard due to asbestos problems in HMAS YARRA and SWAN	\$300 000
• Lower incidence of unpaid absences at Williamstown Dockyard (Budget Estimate - 111 man years, Additional Estimate - 57 man years)	\$961 000
• Higher rates for payments in lieu of recreation and long service leave than estimated at Budget	\$1 303 000
• Increased levels of workers compensation payments	\$542 000
• Under recovery from Department of Defence arising from the cancellation and deferment from the December 1982 Navy repair and refit program of HMAS KIMBLA and VAMPIRE respectively	\$590 000
• The Department's estimates understated the Central Office requirement	\$600 000



- Lower than anticipated requirement for penalty payments - \$132 000
- Deletion of requirement for management initiatives included in the Budget - \$700 000

Advance to the Minister for Finance

- |  |           |
|--|-----------|
| (a) First Advance  | 1 700 000 |
| (b) Second Advance-Arrears of one month of Commissioner of Taxation claims were processed prior to the end of the financial year | 330 000   |

2.2 The Department advised the Committee that Garden Island Dockyard (GID) was transferred to the Department of Defence Support when that Department was created in 1982. Payroll continued to be administered by the Defence Regional Finance Office (DRFO) Sydney until staff allocations were agreed and the payroll transferred to GID. When the payroll was determined, DRFO forwarded certified claims to GID for payment of net wages. At a subsequent date the DRFO then processed relevant claims representing deductions from the total payroll - including Commissioner of Taxation deductions - and referred those claims to GID for payment.

2.3 At the beginning of 1983-84 there was a carry over of one month of Commissioner of Taxation claims. It was anticipated that the carry over would be cleared during the financial year. However, it was assessed late in the year that the carry over would not be eliminated due to a lack of resources.

2.4 The Department sought \$1.7 million on the 26 June 1984 from the Advance to the Minister for Finance to pay Departmental wage and salary payments for the remainder of the financial year. This amount was based on the cash required to pay accrued salary and wages liabilities and assumed the DRFO would not lodge claims for Commissioner of Taxation deductions.

2.5 Subsequent to the application to the Department of Finance for \$1.7 million, the DRFO was able to overcome its difficulties and claims for an additional \$330 000 were lodged with GID.

2.6 While the related claims were lodged for payment by DRFO on Friday, 22 June 1984 this information was not relayed to Central Office until after the application for \$1.7 million had been forwarded to the Department of Finance.

2.7 Given the nature of the deductions, and as the salaries and allowances appropriation item was fully committed, the Department sought additional funds from the Advance to the Minister for Finance.

2.8 The Department of Defence advised that it had been normal practice to let the taxation remittance slip by for approximately one month for a period of maybe 12 to 18 months.<sup>2</sup> The delay in meeting the group tax obligation was due to manpower problems in the Defence Regional Finance Office (DRFO). The Department of Defence acknowledged that, because of staffing difficulties, some of the support functions of managing the payroll, in particular, payment of taxation deductions to the Australian Taxation Office, fell into arrears. The Committee noted that the taxation deductions were the only ones that were allowed to slip even though all the deductions such as medical benefits and credit union deposits had similar work requirements. When these problems came to the notice of the Department of Defence, the Assistant Secretary Accounting Policy and Operations gave a clear direction on 20 September 1984 to the DRFO on the management requirements of handling the GID payroll. This, the Committee also noted, was after the Department of Defence Support had submitted its submission dated 3 September 1984 to the Committee. Payroll administration was transferred to GID on 5 November 1984. Shortly afterwards the Department of Defence Support was abolished. The payroll function is now totally carried out at GID.

2.9 There are further improvements planned at Garden Island Dockyard with the introduction of more commercial accounting arrangements. On 1 July 1986 a trust fund accounting arrangement will be introduced, similar to accounting arrangements introduced recently at the Williamstown Dockyard.

2.10 The Committee also asked why the significant delays involved did not appear to result in questions being raised by the Australian Taxation Office as to the delayed payment. The Department advised in correspondence to the Committee that there was no arrangement either in writing or orally that Defence would receive preferential treatment by the Australian Taxation Office.<sup>3</sup> This was confirmed in writing by the Department of Finance.<sup>4</sup>

Conclusions

2.11 The Committee is aware that the Department of Defence has taken remedial action and has directed that delays as had occurred are not to be permitted to recur. The Committee is very concerned that the delays in processing taxation deductions had

2 Joint Committee of Public Accounts, Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1982-84), Minutes of Evidence, Canberra, 1985, p. 11.

3 Letter from Mr F R Harvey, First Assistant Secretary, Financial Services and Internal Audit, Department of Defence, 27 May 1984.

4 Letter from Mr R G Humphry, First Assistant Secretary, Financial Management and Accounting Policy Division, Department of Finance, 24 May 1985.

been occurring for 12 to 18 months without senior management being aware until the Committee asked for a submission on the request for \$330 000 from the Advance. This request does not appear to satisfy the criteria of 'urgent' and 'unforeseen' except that the backlog of taxation deductions had been eliminated.

2.12 The Committee is also very concerned that a Commonwealth organisation was able to submit late Taxation returns for such a long period without it being brought to the attention of senior management in the Department or the Australian Taxation Office. The Committee concludes that this request for the Advance reflects badly on the financial management of the Department of Defence.

## CHAPTER 3

### DEPARTMENT OF EDUCATION

#### Independent Schools - Grants, Subsidies and Allowances (Item 271-3-01)

3.1 This item provides for payment of grants, subsidies and allowances to non-government schools in the Australian Capital Territory.

#### FUNDS AVAILABLE

Source	1981-82	1982-83	1983-84
	\$	\$	\$
Appropriation Act No 1	15 021 000	21 580 000	7 525 600
Appropriation Act No 3/5	NIL	NIL	194 700
Advance to the Minister for Finance	NIL	NIL	310 000
<b>TOTAL FUNDS AVAILABLE</b>	<b>15 021 000</b>	<b>21 580 000</b>	<b>8 310 000</b>
<b>TOTAL EXPENDITURE</b>	<b>14 176 828</b>	<b>20 710 695</b>	<b>8 029 000</b>
<b>UNSPENT FUNDS</b>	<b>844 172</b>	<b>869 305</b>	<b>1 300</b>

#### Explanation of requirements for additional funds in 1983-84

##### Appropriation Act No 3

\$

. Increased per capita grants	185 900
. Library Establishment grants	4 000
. Junior Secondary Bursaries	4 000
. Grants-in-aid-of-conveyance	800
	<u>194 700</u>

##### Advance to the Minister for Finance

. The additional requirement resulted from a re-calculation of schools' entitlements for Territorial per-capita recurrent grants based on rates set for 1984	310 000
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DEPARTMENT OF TERRITORIES AND LOCAL GOVERNMENT<sup>1</sup>

3.2 In previous years national statistical data from the States on education costs had become available earlier and increased funding requirements had been able to be included in Additional Estimates. In 1983-84 the information was unavailable until after the passing of Appropriation Act No 3, mainly because one State was late submitting data on which the national average running costs per pupil in government schools are calculated. This is the figure on which the 20 per cent grant is based. Funding under an Advance to the Minister for Finance was required in order to meet Ministerial approved arrangements for payments to which schools were entitled.

3.3 The Department advised the Committee that part of the reason for the State's late submission of data is the degree of effort involved in its compilation and because it is only used in the Australian Capital Territory. The decision to count enrolments in July as the most representative time for the whole year has been a decision of fairly long standing.

3.4 The Department advised that the basis of the scheme of Territorial recurrent grants to non-government schools was under review.<sup>2</sup> In subsequent advice to the Committee,<sup>3</sup> the Department noted that, following the review, the Minister for Education announced on 14 May that, from the beginning of 1986, grants under this Scheme will be needs-based and the twelve category system adopted in 1985 for the Commonwealth's national recurrent grants to non-government schools will be used. The grants for each of the twelve categories in the Territorial scheme will be set at half the national levels.

3.5 The Department expects that the adoption of this new scheme will minimise the need to draw on the Advance to the Minister for Finance in the future.

## Conclusions

3.6 The Committee is concerned that the Advance had to be used on this occasion mainly because one State was late in submitting data on which the Australian Capital Territory grants are based, thus making the requirement for the Advance urgent.

3.7 The Committee expects that the planned changes for 1986 will minimise the need to draw on the Advance to the Minister for Finance for this item.

<sup>1</sup> Joint Committee of Public Accounts, Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1983-84), Minutes of Evidence, Canberra, 1985, p. 33.

<sup>2</sup> Ibid, p. 35.

<sup>3</sup> Correspondence from J J Wilson, Special Advisor, Policy and Resource Planning Division, Department of Education, 27 May 1985.

## Salaries and Payments in the Nature of Salary (Item 620-1-01)

4.1 This item provides for the salaries and allowances of both permanent and temporary officers of the Department except those officers whose salaries are paid from the Island Territories, the ACT Forestry, Suspense and Transport Trust Accounts, the ACT House of Assembly, the National Capital Development Commission, the Parliament House Construction Authority and the Canberra Development Board - the salaries for which are provided for under other appropriation items.

## FUNDS AVAILABLE

Source	1981-82	1982-83	1983-84
	\$	\$	\$
Appropriation Act No 1	28 565 900	32 544 100	36 522 800
Appropriation Act No 3	1 284 600	1 525 000	2 887 600
Advance to the Minister for Finance	260 000	818 000	347 000
<b>TOTAL FUNDS AVAILABLE</b>	<b>30 110 500</b>	<b>34 887 100</b>	<b>39 757 400</b>
<b>TOTAL EXPENDITURE</b>	<b>30 043 223</b>	<b>34 875 531</b>	<b>39 751 096</b>
<b>UNSPENT FUNDS</b>	<b>67 277</b>	<b>11 569</b>	<b>6 304</b>

## Explanation of requirements for additional funds in 1983-84

Appropriation Act No 3	\$
(a) National Wage increase of 4.3 per cent to 1894 staff	1 118 000
(b) Restoration of staffing reductions under RCF (6 persons)	134 635
(c) Staff increases for New Policy Proposals (19 persons)	571 123
(d) Additional component of Average Staffing Level (30 persons)	658 792

<sup>1</sup> The Administrative Re-Arrangements abolishing the Department of Territories and Local Government and re-establishing these offices in the Department of Local Government and Administrative Services were approved by the Governor-General on 13 December 1984.

- (e) Increased number of officers entitled to lump sum payments in lieu of long service leave

405 050  
2 807 600

Advance to the Minister for Finance

(a) Backpayments to part-time officers at the Canberra Public Library Service	55 000
(b) Redeployment of typists due to RSI and employment of short-term typists	109 691
(c) Recovery of overdue rentals	31 057
(d) Staff to alleviate excess workloads in Building Section	31 847
(e) Staff to meet client demand at Motor Vehicle Registry	54 594
(f) Recruitment of graduate staff	7 857
(g) Staff to administer external territories and local government matters	27 392
(h) Employment of additional part-time social workers and additional casual staff for the National Sports Centre	<u>29 552</u>
	347 000

4.2 The Department provided the Committee with detailed explanations of the eight items for which funds were requested from the AMF by means of evidence given at a public hearing<sup>2</sup> and in written submissions.

- (a) Backpayments to library officers (\$55 000)

4.3 Following representations from the Australian Public Service Association (APSA) in early 1984, the Department reviewed the salary entitlements of part-time officers of the Canberra Public Library Service (CPLS). It was confirmed that appropriate loadings on penalty payments had not been paid; backpayments therefore had to be made. The earliest date for which the National Library (from whom the Department assumed responsibility for the CPLS on 1 July 1981) could provide pay records was 1980. Employees were compensated for underpayments made since that date.

<sup>2</sup> Joint Committee of Public Accounts, Expenditure from the Advance to the Minister for Finance (Appropriation Acts 1983-84), Minutes of Evidence, AGPS, Canberra 1985.

4.4 The Department advised that primary salaries documentation was prepared by a group of officers absorbed when the CPLS was taken over. The procedures had been incorrectly interpreted and applied for many years. The problem had been identified and would not recur.

4.5 The Department employed procedures involving the checking of personal details of employees against awards, rates of pay manuals, qualification handbooks and determinations when it engaged new staff or promoted existing staff. Because the library assistants were established employees whose status and conditions were not changing when they were transferred, these procedures had not been applied.

4.6 As the review of entitlements had not been completed until June 1984, the Department had sought funds from the Advance.

- (b) Redeployment and replacement of typists (\$109 691)

4.7 Of this item, an amount of \$40 100 was required for the redeployment of typists who had developed repetitive strain injury (RSI). Five cases of RSI had been reported prior to 1983-84, there were thirty three cases in 1983-84 and a further fifty five cases in the following year. The Department was not aware that RSI was becoming a major problem until late in the financial year. The Department's approach to RSI had concentrated on the introduction of preventative measures rather than estimation of the growth in the number of incidences or the salaries implications of redeployment.

4.8 A further amount of \$68 591 comprised payment to keyboard staff. Fifteen temporary keyboard staff were recruited in March for a period of three months. A further four temporary staff were recruited in May and four in June. In addition, permanent keyboard staff were engaged to replace staff on sick leave or maternity leave. One person was recruited in this category in March and two in April. The Department took delivery of forty four Burroughs B20 word processors in 1983-84, the first deliveries being in December 1983. A training program was conducted. Short-term word processing typists replaced existing departmental staff during their training program.

4.9 The Committee asked the Department to explain why the need for funds was unforeseen, as the requirement for the training program would have been apparent at the time the equipment was ordered. The Department stated that it had taken a long time for information on the extent of problems deriving from RSI to flow through the system, thereby delaying awareness of the need to employ additional staff when some Departmental operators were being trained in the use of the new equipment.

(c) Recovery of overdue rentals. (\$31 057)

4.10 At 31 March 1984, rentals overdue on the Department's welfare housing amounted to \$553 000. Repayment arrangements had been agreed with tenants on part of these arrears but \$451 541 required manual recovery. Senior management became aware at this time that arrears were growing. Adverse publicity and a review of procedures had indicated the need to take extraordinary action.<sup>3</sup> This necessitated 1.4 staff years to initiate additional recovery procedures to those normally performed.

4.11 The Department follows a staged recovery program. Bearing in mind the two aims of the housing scheme, viz to place needy people in houses and to recover moneys due to the Commonwealth, the Department attempts to obtain voluntary agreement to repay before taking court action against tenants in arrears.

4.12 Since 1980, the Housing Branch has had a computerised information system which provides fortnightly reports on arrears. These reports are now circulated to senior management on a monthly basis. In March/April 1985 arrears had increased to \$990 000 or about 3.48 per cent of gross rentals. Figures provided to the Committee by the Department indicate that this is relatively high when compared with similar ratios calculated for State housing schemes.

4.13 New rent recovery procedures were approved by the Minister and brought into operation on 13 November 1984.<sup>4</sup> They provide for a firm but sympathetic process of recovery of arrears. In the steps from the issuance of a first and final notice to the institution of legal proceedings for recovery, tenants are provided with several opportunities to negotiate voluntary agreements to repay. Similarly before the Department is able to take action to rehouse or evict a tenant the proposal must receive approval from the Housing Branch Advisory Committee and the Minister.

4.14 The level of recoverable arrears at 27 June 1985 was \$1 049 360.40 or approximately 3.7 per cent of the 1984-85 gross rental of \$28 million. Arrears at 21 August 1985 were \$992 739.69. These resulted from 1 865 cases of which 442 were at first and final notice stage, 533 on an agreement to pay and 304 where legal action had been taken. The remainder were at various stages of the recovery procedure. The Department advised that the only constraint on the application of recovery policy was the availability of staff time.

4.15 Further revised recovery procedures are expected to be introduced in October 1985.

<sup>3</sup> Ibid, p. 58.

<sup>4</sup> Appendix 5, Department of Territories.

(d) Additional Building Section staff (\$31 847)

4.16 Building activity increased in the ACT in 1984. The percentage of plans approved beyond the twenty day limit (ie approval within 20 working days of lodgment) increased from 12 per cent in March 1984 to 23 per cent in April 1984. The Department required an additional 2.1 staff years to handle the increased workload.

4.17 The Department claimed that staff ceiling constraints prevented it from increasing staff when applications increased despite the fact that it was providing a paid service. It was also submitted that the Department experienced difficulty in recruiting additional inspectors and plan examiners when the building industry was buoyant. The Department was at a disadvantage then because of the more attractive wages and conditions that were generally available to qualified and experienced people in the industry.

4.18 The Department could readily identify all revenue associated with Building Section activity. Direct costs and other costs of an overhead/corporate services nature such as costs of the Executive and Management Services functions could also be identified. The revenue was paid into the Consolidated Revenue Fund and was not available for expenditure on salaries. Nonetheless, the Department had presented cases for additional expenditure approval on the basis of generating offsetting revenue.

4.19 The Social and Economic Policy Branch, which became operational in May 1985, would include amongst its functions the task of forecasting building activity and hence the Building Section workload. Workload increases so identified would be handled by drawing upon any emergent underutilisation of staffing or funds in other areas. If this was not possible, the Department would approach the Government to either obtain additional resources or cut back ongoing activities.

4.20 However, the Department considered there was no ready solution to the problem of non-availability of sufficiently qualified recruits during times of high economic activity because the Department could not unilaterally adjust the terms of employment it offered to meet the market. If the Department were able to train its own staff, they would probably be attracted away to the private sector when market demand was high.

(e) Additional Motor Vehicle Registry staff (\$54 594)

4.21 The Department forecasts vehicle registrations and can readily predict renewals. New car registrations are influenced by a variety of factors some of which, such as dealer promotions, cannot be foreseen. In the final four months of 1983-84, new car registrations of 6 500 were recorded compared to 4 000 for the equivalent period of the previous year, an increase of 62 per cent.

(f) Funding of Assistant Research Officers (ARO's) (\$7 857)

4.22 Ten ARO's were appointed in 1984 and it had been anticipated that ceiling coverage and funds provision would be covered by normal staff wastage. This did not eventuate because the ten ARO's appointed in 1983 were still employed as such in December 1983 despite expectations that a number would have obtained Departmental positions or positions in other departments. In early 1984, there was no spare capacity due to delays that could occur between positions becoming vacant and being filled. Of the ten ARO's appointed in 1984, nine were still with the Department in June 1984 when the AMF request was made.

(g) Responsibilities for external territories and local government matters (\$27 392)

4.23 In 1983-84, the Department experienced its first full year of responsibility for external territories and commenced its oversight of local government matters throughout Australia. Additional staffing resources were required to cope with these responsibilities.

4.24 The Department was able to offer no explanation of its need to draw on the Advance for these items nor could it indicate why the amounts were unforeseen. It was not able to provide any detail of how this amount was allocated.

(h) Part-time, casual and relief staff (\$29 562)

4.25 The Department engaged staff additional to those provided under approved staff ceilings to meet what it described as inescapable workload increases. The main areas were relief and additional part-time social workers and additional casual staff for the National Sports Centre (NSC). An amount of \$19 492 was spent in Welfare Branch on welfare and occasional care workers while payments to additional part-time casual staff at the NSC absorbed \$3 197. The balance of \$6 873 was spent on employees in the Recreation Section, National Botanic Gardens, Canberra Public Library Service and the ACT Tourist Bureau.

4.26 The Department advised that bookings for concerts at the NSC were frequently made at short notice and staff were hired only as required to perform cleaning and other duties; the cost was more than compensated by the additional revenue.

4.27 The Department attributed the need for additional social worker staff to a growing welfare problem in the ACT. The Department supplied the Committee with statistics of active cases held and contacts for the years 1982-83 and 1983-84.<sup>5</sup> These did not indicate growth in that period. The Department observed, however, that the increase was mainly due to a substantial rise in juvenile criminality. Child maltreatment and adoption also contributed. There was an increase in specialist cases which were more time consuming than normal ones.

<sup>5</sup> Ibid.

4.28 The increasing problem was not known in advance due to the lack of complete and accurate information within Welfare Branch, and so the need for additional expenditure was unforeseen. The urgency of the expenditure resulted from the seriousness of the problems and the fact that the Department had statutory responsibilities arising from the Government's welfare policies.

4.29 The number of welfare workers required was determined by periodic reviews of staff utilisation by Management Consultancy Section. The last such review was in 1980 and another is in progress.

General

4.30 The Department acknowledged that there had been deficiencies in organisational arrangements, controls and procedures relating to salaries management.<sup>6</sup> These deficiencies resulted from:

- splitting of the staff management and control function from the budgeting and financial management function within the Department;
- lack of a comprehensive staff and expenditure monitoring system
- the Department was relying on aggregated expenditure information from the Department of Finance ledger system but has since implemented an internal system;
- inadequate management information systems; and
- high staff turnover in the staff planning area.

4.31 The Department stated that the following remedies had been applied:

- a resource management branch was created in February 1985 which is responsible for both financial and staff budgeting;
- since February 1984 monthly reports had been prepared for the Department's Senior Management Committee which reconciled and analysed trends in staff usage and expenditure;
- a budget committee, chaired by the Deputy Secretary, had been established in 1983. It monitored expenditure and staffing usage;

<sup>6</sup> Joint Committee of Public Accounts, op. cit., p. 48.

- a computer based reporting system had been instituted to provide more detailed and accurate information on staff usage and expenditure at divisional level
- the budget committee administered divisional staff and salary allocations. The allocations for 1985-86 had been endorsed by the Management Committee; and
- a Staff Usage Register was introduced in March 1985 comprising a register of temporary employment for full-time, part-time, seasonal and industrial staff and a register of promotions, transfers and appointments.

4.32 The Department had instituted an internal wages and salary monitoring system on 1 July 1985 which would enhance the amount of information available on expenditure including:

- monitoring of expenditure against individual positions;
- linkage with Average Operative Staffing Level (AOSL) usage; and
- provision of Division, Branch and Section breakdowns within band profiles.

4.33 Since February 1985 an intensive, on-the-job staff retraining program had been conducted for employees in the staff planning area. The consequent broadening of the knowledge and skill base of individual employees would avoid disruption to the continuity of critical tasks when staff changes occurred.

4.34 The functions of the Social and Economic Policy Branch were to monitor and analyse current and emerging social and economic data relevant to the Department's responsibilities so that the Department could adapt its program to the climate in which it must operate.

4.35 The Branch would, in consultation with operational Branches, determine relevant indicators. Initially forecasts for 12 months and 3 years would be provided. The Department expected these forecasts to assist in predicting changes in demand for public housing, public transport, land and building inspections.

4.36 Potential workload increases identified would be handled by re-allocation within the Department's existing resources where underutilisation of staff allowed.

#### Conclusions

4.37 The Committee is extremely concerned that the then Department of Territories and Local Government did not appear to have appropriate mechanisms for forecasting peak period workloads in sufficient time for the salaries of staff needed to perform routine Departmental functions to be included in the normal appropriations.

4.38 The Department believes that the organisational and procedural changes already foreshadowed and instituted promise to improve performance. The Committee is concerned, however, that many of the instances of funds requests included in the application indicate inadequate management of discernible personnel requirements. Items which should not have been unforeseen were those relating to the regular day-to-day functions of the Department, eg staff dealing with external territories, local government matters, welfare needs and rental collections (items (g), (h) and (c)).

4.39 The Committee urges departments which employ casual and part-time staff to be careful in interpreting awards to ensure that such staff receive their full entitlements. The errors in payments to library staff should not have occurred and it is disturbing that they were perpetuated for so many years (item (a)). The Committee is also disturbed that it required union intervention to alert the Department.

4.40 Similarly, the Committee is of the opinion that the management problems arising out of the increasing incidence of RSI among departmental staff represents an area which has relevance to all departments. The implications of RSI for staffing and salaries management should be recognised.

4.41 The Committee believes that the need to appoint temporary keyboard staff (item (b)) should have been foreseen at the time of the preparation of the Additional Estimates. The fact that recruitment action occurred in March suggests that planning must have preceded that date. The need for staff to be freed from their regular work to receive specialised training on the new equipment also should have been recognised.

4.42 The Committee is pleased to note the continuing development of procedures to recover arrears in public housing rentals and believes these provide sufficient opportunity for tenants' welfare to be protected. The Committee is concerned, though, that the level of arrears remains extremely high and urges the Department to ensure that recovery procedures are expedited (item (c)).

4.43 The Committee is of the view that, while the Department has taken appropriate action to improve its forecasting and management information systems in various areas influencing salaries administration, the information provided on the specific items covered in the Advance to the Minister for Finance does not provide sufficient evidence to conclude that similar problems will not occur in the future.

4.44 The Committee noted particularly that for certain items (part-time staff and external territories and local government administration) the Department was unable to provide a detailed breakdown of the use of the AMP funds. This calls into question the Department's original application.

4.45 The Advance is intended to be confined to expenditure of an urgent and unforeseen nature. Urgency was not demonstrable in all the items considered and, in the majority of instances, the unforeseen nature of the item resulted from administrative deficiencies in the Department rather than an inherent characteristic of the expenditure item itself.

4.46 The Committee notes that the Department did not need to draw on the Advance for this item in 1984-85.

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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 1984

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) 1983-84  
Division 310—\$150 000 000

Appropriation Act (No. 2) 1983-84  
Division 868—\$120 000 000

THE COMMONWEALTH GOVERNMENT PRINTER  
CANBERRA 1984

ABSTRACT

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

APPROPRIATION ACT (No. 1) 1983-84—\$141 785 221

DEPARTMENTS AND SERVICES

Page No.		Issues from the Advance to the Minister for Finance	
		Expenditure	\$
5	Department of Aboriginal Affairs . . . . .	123 850	93 211
5	Department of Administrative Services . . . . .	308 042	243 834
5	Attorney-General's Department . . . . .	46 996	46 654
6	Department of Communications . . . . .	120 000	115 283
6	Department of Defence . . . . .	102 560 374	102 300 640
7	Department of Defence Support . . . . .	2 370 000	2 269 250
7	Department of Education and Youth Affairs . . . . .	810 443	710 059
7	Department of Employment and Industrial Relations . . . . .	3 662 537	3 600 471
8	Department of Finance . . . . .	2 706	2 615
8	Department of Foreign Affairs . . . . .	11 378 600	11 165 279
9	Department of Health . . . . .	495 000	464 044
9	Department of Home Affairs and Environment . . . . .	197 400	188 061
10	Department of Housing and Construction . . . . .	100 000	99 972
10	Department of Industry and Commerce . . . . .	94 100	74 035
10	Department of Primary Industry . . . . .	33 900	33 891
10	Department of the Prime Minister and Cabinet . . . . .	37 822	35 789
11	Department of Resources and Energy . . . . .	56 000	54 756
11	Department of Science and Technology . . . . .	1 896 000	1 899 729
12	Department of Social Security . . . . .	405 000	286 324
12	Department of the Special Minister of State . . . . .	164 000	144 931
12	Department of Territories and Local Government . . . . .	509 877	501 591
12	Department of Trade . . . . .	9 067 811	7 188 421
13	Department of Transport . . . . .	5 341 400	5 340 147
13	Department of the Treasury . . . . .	2 155	2 154
13	Department of Veterans' Affairs . . . . .	5 759 000	4 934 080

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

APPROPRIATION ACT (No. 2) 1983-84—SI18 952 494

DEPARTMENTS AND SERVICES

Page No.		Issues from the Advance to the Minister for Finance	
		Expenditure	
		\$	\$
14	Department of Administrative Services . . . . .	5 440	5 434
14	Department of Education and Youth Affairs . . . . .	477 602	470 876
14	Department of Finance . . . . .	13 141 000	13 136 705
14	Department of Foreign Affairs . . . . .	460 000	430 001
15	Department of Health . . . . .	69 968 000	69 967 164
15	Department of Housing and Construction . . . . .	82 000	81 930
15	Department of the Prime Minister and Cabinet . . . . .	220 000	169 517
15	Department of Resources and Energy . . . . .	58 300	58 277
15	Department of Social Security . . . . .	781 835	777 762
16	Department of the Special Minister of State . . . . .	93 000	91 355
16	Department of Transport . . . . .	959 000	958 073
16	Department of the Treasury . . . . .	28 353 277	28 353 277
16	Department of Veterans' Affairs . . . . .	4 729 000	4 452 123

I CASTLES  
Secretary to the Department of Finance  
August 1984

J S DAWKINS  
Minister for Finance  
August 1984

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

APPROPRIATION ACT (No. 1) 1983-84

DEPARTMENTS AND SERVICES

	Issues from the Advance to the Minister for Finance	
	Expenditure	
	\$	\$
<b>DEPARTMENT OF ABORIGINAL AFFAIRS</b>		
Division 120.—ADMINISTRATIVE		
<b>1.—Salaries and Payments in the nature of Salary—</b>		
01. Salaries and allowances . . . . .	78 000	47 499
02. Overtime . . . . .	11 800	11 757
	89 800	59 256
<b>2.—Administrative Expenses—</b>		
06. Computer services . . . . .	1 900	1 885
<b>3.—Other Services—</b>		
08. National Aboriginal Conference—Election Expenses . . . . .	150	70
09. Payment to Aboriginal and Islander Housing Panel Incorporated for outstanding liability and liquidation . . . . .	32 000	32 000
	32 150	32 070
<b>Total: Department of Aboriginal Affairs . . . . .</b>	<b>123 850</b>	<b>93 211</b>

DEPARTMENT OF ADMINISTRATIVE SERVICES

Division 130.—ADMINISTRATIVE

<b>2.—Administrative Expenses—</b>		
08. Incidental and other expenditure . . . . .	167 000	131 426
<b>3.—Other Services—</b>		
03. Reimbursement of costs incurred by Australian National Line pending disposal of property at Mort Bay, N.S.W. . . . .	99 642	99 641
<b>4.—Australian Property Services—</b>		
02. Contract cleaning . . . . .	41 400	12 767
<b>Total: Department of Administrative Services . . . . .</b>	<b>308 042</b>	<b>243 834</b>

ATTORNEY-GENERAL'S DEPARTMENT

Division 178.—TRADE PRACTICES COMMISSION

<b>2.—Administrative Expenses—</b>		
02. Office requisites and equipment, stationery and printing . . . . .	8 000	7 989

	Issues from the Advance to the Minister for Finance	
	Expenditure	Expenditure
	\$	\$
<i>Attorney-General's Department—continued</i>		
Division 180.—INSTITUTE OF FAMILY STUDIES . . . . .		
2.—Administrative Expenses . . . . .	38 996	38 665
<b>Total: Attorney-General's Department . . . . .</b>	<b>46 996</b>	<b>46 654</b>

**DEPARTMENT OF COMMUNICATIONS**

Division 220.—ADMINISTRATIVE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances . . . . .	50 000	45 836
2. Administrative Expenses—		
03. Postage, telegrams and telephone services . . . . .	70 000	69 447
<b>Total: Department of Communications . . . . .</b>	<b>120 000</b>	<b>115 283</b>

**DEPARTMENT OF DEFENCE**

Division 233.—ADMINISTRATIVE AND OTHER EXPENDITURE		
1.—Administrative Expenses—		
07. Payments under the <i>Compensation (Commonwealth Government Employees) Act 1971</i> and the <i>Defence Act 1903</i> . . . . .	840 000	838 219
2.—Other Services—		
04. Natural Disasters and Civil Defence Organisations—Assistance to the States and the Northern Territory . . . . .	20 374	20 373
<b>Total: Division 233 . . . . .</b>	<b>860 374</b>	<b>858 592</b>
Division 234.—EQUIPMENT AND STORES		
1.—New Equipment and Stores—		
01. Naval Construction . . . . .	34 000 000	33 994 250
02. Aircraft and associated initial equipment and stores . . . . .	60 000 000	59 990 089
03. Armoured and combat vehicles, artillery and associated initial equipment and stores . . . . .	700 000	692 410
	94 700 000	94 676 749
2.—Replacement Equipment and Stores—		
04. Other equipment and stores, including hire . . . . .	7 000 000	6 765 299
<b>Total: Division 234 . . . . .</b>	<b>101 700 000</b>	<b>101 442 048</b>
<b>Total: Department of Defence . . . . .</b>	<b>102 568 374</b>	<b>102 300 640</b>

	Issues from the Advance to the Minister for Finance	
	Expenditure	Expenditure
	\$	\$
<b>DEPARTMENT OF DEFENCE SUPPORT</b>		
Division 255.—ADMINISTRATIVE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances . . . . .	2 030 000	1 943 781
2.—Administrative Expenses—		
11. Compensation payments including payments under the <i>Compensation (Commonwealth Government Employees) Act 1971</i> . . . . .	340 000	325 469
<b>Total: Department of Defence Support . . . . .</b>	<b>2 370 000</b>	<b>2 269 250</b>

**DEPARTMENT OF EDUCATION AND YOUTH AFFAIRS**

Division 270.—ADMINISTRATIVE		
3.—Other Services—		
12. Non-State Tertiary Institutions—Payment of tuition fees . . . . .	28 000	26 249
4.—Student Assistance Programs—		
01. Post-graduate students . . . . .	61 000	59 544
08. Adult secondary education . . . . .	291 443	195 566
	352 443	255 110
<b>Total: Division 270 . . . . .</b>	<b>380 443</b>	<b>281 359</b>
Division 271.—EDUCATIONAL SERVICES—AUSTRALIAN CAPITAL TERRITORY		
1.—Australian Capital Territory Schools Authority—For expenditure under the <i>Schools Authority Ordinance 1976</i> . . . . .		
	120 000	120 000
3.—Independent Schools—		
01. Grants, subsidies and allowances . . . . .	310 000	308 700
	430 000	428 700
<b>Total: Department of Education and Youth Affairs . . . . .</b>	<b>810 443</b>	<b>710 059</b>

**DEPARTMENT OF EMPLOYMENT AND INDUSTRIAL RELATIONS**

Division 287.—ADMINISTRATIVE		
2.—Administrative Expenses—		
07. Incidental and other expenditure . . . . .	332 000	328 874

	Issues from the Advance to the Minister for Finance		Expenditure
	\$	\$	
<i>Department of Employment and Industrial Relations—continued</i>			
<b>7.—Special Training—</b>			
01. Training for Aboriginals . . . . .	2 000 000	1 969 507	
02. Training for the disabled . . . . .	1 189 000	1 176 347	
03. Training for special needs clients . . . . .	100 000	88 301	
	<u>3 289 000</u>	<u>3 234 155</u>	
<b>8.—Employment Services—</b>			
02. Pares Assistance Scheme . . . . .	40 000	35 953	
<i>Total: Division 287</i>	<u>3 661 000</u>	<u>3 598 982</u>	
Division 288.—CONCILIATION AND ARBITRATION			
<b>1.—Salaries and Payments in the nature of Salary—</b>			
02. Overtime . . . . .	1 537	1 489	
<b>Total: Department of Employment and Industrial Relations</b>	<u>3 662 537</u>	<u>3 600 471</u>	

**DEPARTMENT OF FINANCE**

Division 304.—ADMINISTRATIVE

<b>1.—Salaries and Payments in the nature of Salary—</b>			
02. Overtime . . . . .	2 600	2 509	
<b>3.—Other Services—</b>			
04. Pensions to former officers or their dependants . . . . .	106	106	
<b>Total: Department of Finance</b>	<u>2 706</u>	<u>2 615</u>	

**DEPARTMENT OF FOREIGN AFFAIRS**

Division 315.—ADMINISTRATIVE

<b>1.—Salaries and Payments in the nature of Salary—</b>			
01. Salaries and allowances . . . . .	80 000	78 320	
<b>2.—Administrative Expenses—</b>			
06. Security and Technical Services . . . . .	50 500	50 269	
<i>Total: Division 315</i>	<u>130 500</u>	<u>128 589</u>	

	Issues from the Advance to the Minister for Finance		Expenditure
	\$	\$	
<i>Department of Foreign Affairs—continued</i>			
Division 318.—AUSTRALIAN DEVELOPMENT ASSISTANCE BUREAU			
<b>3.—Bilateral Aid—Papua New Guinea—</b>			
04. Private overseas students' visa-related charges . . . . .	1 800	1 800	
<b>5.—Bilateral Training (excluding Papua New Guinea)—</b>			
04. Private overseas students' visa-related charges—South Pacific . . . . .	28 300	28 275	
<b>9.—Emergency Humanitarian Assistance and Disaster Relief . . . . .</b>			
	11 218 000	11 006 615	
<i>Total: Division 318</i>	<u>11 248 100</u>	<u>11 036 690</u>	
<b>Total: Department of Foreign Affairs</b>	<u>11 378 600</u>	<u>11 165 279</u>	

**DEPARTMENT OF HEALTH**

Division 325.—ADMINISTRATIVE

<b>3.—Other Services—</b>			
14. Program of Aids for Disabled People—Administrative costs . . . . .	495 000	464 044	
<b>Total: Department of Health</b>	<u>495 000</u>	<u>464 044</u>	

**DEPARTMENT OF HOME AFFAIRS AND ENVIRONMENT**

Division 330.—ADMINISTRATIVE

<b>3.—Other Services—</b>			
13. Coastal surveillance—Expenses . . . . .	42 400	41 538	

Division 331.—NATIONAL FILM AND SOUND ARCHIVE

<b>1.—Salaries and Payments in the nature of Salary . . . . .</b>			
	45 000	44 292	
<b>2.—Administrative Expenses . . . . .</b>			
	8 000	4 534	
<b>3.—Other Services—</b>			
01. Acquisitions and preservation . . . . .	102 000	97 697	
<i>Total: Division 331</i>	<u>155 000</u>	<u>146 523</u>	
<b>Total: Department of Home Affairs and Environment</b>	<u>197 400</u>	<u>188 061</u>	

	Issues from the Advance to the Minister for Finance	
	Expenditure	
	\$	\$
<b>DEPARTMENT OF HOUSING AND CONSTRUCTION</b>		
Division 355.—HOMES SAVINGS GRANTS		
1.—For Expenditure under the <i>Homes Savings Grant Act 1976</i> . . . . .	100 000	99 972
<b>Total: Department of Housing and Construction</b> . . . . .	<b>100 000</b>	<b>99 972</b>

<b>DEPARTMENT OF INDUSTRY AND COMMERCE</b>		
Division 400.—ADMINISTRATIVE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances . . . . .	94 100	74 035
<b>Total: Department of Industry and Commerce</b> . . . . .	<b>94 100</b>	<b>74 035</b>

<b>DEPARTMENT OF PRIMARY INDUSTRY</b>		
Division 490.—ADMINISTRATIVE		
2.—Administrative Expenses—		
08. Payments under the <i>Compensation (Commonwealth Government Employees) Act 1971</i> . . . . .	33 900	33 891
<b>Total: Department of Primary Industry</b> . . . . .	<b>33 900</b>	<b>33 891</b>

<b>DEPARTMENT OF THE PRIME MINISTER AND CABINET</b>		
Division 505.—OFFICIAL ESTABLISHMENTS		
2.—Administrative Expenses—		
02. Other than Governor-General's establishments—Wages of staff . . . . .	33 622	33 621
Division 506.—GOVERNOR-GENERAL'S OFFICE		
2.—Administrative Expenses—		
01. Travelling and subsistence . . . . .	4 200	2 168
<b>Total: Department of the Prime Minister and Cabinet</b> . . . . .	<b>37 822</b>	<b>35 789</b>

	Issues from the Advance to the Minister for Finance	
	Expenditure	
	\$	\$
<b>DEPARTMENT OF RESOURCES AND ENERGY</b>		
Division 522.—BUREAU OF MINERAL RESOURCES, GEOLOGY AND GEOPHYSICS		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances . . . . .	56 000	54 756
<b>Total: Department of Resources and Energy</b> . . . . .	<b>56 000</b>	<b>54 756</b>

<b>DEPARTMENT OF SCIENCE AND TECHNOLOGY</b>		
Division 540.—ADMINISTRATIVE		
3.—Other Services—		
10. Australian microwave landing system—Commercial development . . . . .	680 000	677 729
Division 543.—ANTARCTIC DIVISION		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances . . . . .	198 000	194 034
Division 544.—COMMONWEALTH BUREAU OF METEOROLOGY		
2.—Administrative and Operational Expenses—		
03. Postage, telegrams and telephone services . . . . .	1 018 000	1 017 966
<b>Total: Department of Science and Technology</b> . . . . .	<b>1 896 000</b>	<b>1 889 729</b>

<b>DEPARTMENT OF SOCIAL SECURITY</b>		
Division 560.—ADMINISTRATIVE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances . . . . .	250 000	138 404
2.—Administrative Expenses—		
11. Freight and cartage . . . . .	110 000	109 317
13. Compensation payments including payments under the <i>Compensation (Commonwealth Government Employees) Act 1971</i> . . . . .	45 000	38 603
	155 000	147 920
<b>Total: Department of Social Security</b> . . . . .	<b>405 000</b>	<b>286 324</b>

	Issues from the Advance to the Minister for Finance	
	Expenditure	\$
<b>DEPARTMENT OF THE SPECIAL MINISTER OF STATE</b>		
Division 577.—AUSTRALIAN FEDERAL POLICE		
2.—Administrative Expenses—		
01. Travelling and subsistence . . . . .	147 000	128 090
Division 580.—AUSTRALIAN ELECTORAL COMMISSION		
2.—Administrative Expenses—		
05. Incidental and other expenditure . . . . .	17 000	16 841
<b>Total: Department of the Special Minister of State . . . . .</b>	<b>164 000.</b>	<b>144 931</b>

**DEPARTMENT OF TERRITORIES AND LOCAL GOVERNMENT**

Division 620.—ADMINISTRATIVE		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances . . . . .	347 000	340 696
02. Overtime . . . . .	51 300	50 327
	398 300	391 023
2.—Administrative Expenses—		
03. Postage, telegrams and telephone services . . . . .	87 100	86 092
3.—Other Services—		
24. Drought Relief Assistance in the Australian Capital Territory . . . . .	607	607
<i>Total: Division 620</i>	<i>486 007</i>	<i>477 722</i>
Division 626.—COCOS (KEELING) ISLANDS		
3.—Other Services—		
02. Payments for the operation of the shop, hostel and mess . . . . .	23 870	23 869
<b>Total: Department of Territories and Local Government . . . . .</b>	<b>509 877</b>	<b>501 591</b>

**DEPARTMENT OF TRADE**

Division 640.—ADMINISTRATIVE		
3.—Other Services—		
08. Export Finance and Insurance Corporation—National interest claims . . . . .	5 067 811	3 188 421
09. Fraser Island exports—Ex-gratia payment to DM Minerals . . . . .	4 000 000	4 000 000
<b>Total: Department of Trade . . . . .</b>	<b>9 067 811</b>	<b>7 188 421</b>

	Issues from the Advance to the Minister for Finance	
	Expenditure	\$
<b>DEPARTMENT OF TRANSPORT</b>		
Division 664.—ADMINISTRATIVE		
2.—Administrative Expenses—		
13. Search and rescue and accident investigation . . . . .	29 400	28 477
3.—Other Services—		
09. Coastal surveillance—Management and other expenses . . . . .	12 000	11 670
<i>Total: Division 664</i>	<i>41 400</i>	<i>40 147</i>
Division 668.—AUSTRALIAN NATIONAL RAILWAYS COMMISSION		
1.—Subsidy to meet anticipated operating losses . . . . .		
	5 300 000	5 300 000
<b>Total: Department of Transport . . . . .</b>	<b>5 341 400</b>	<b>5 340 147</b>

**DEPARTMENT OF THE TREASURY**

Division 671.—TAXATION BOARDS OF REVIEW		
1.—Salaries and Payments in the nature of Salary—		
01. Salaries and allowances . . . . .	2 155	2 154
<b>Total: Department of the Treasury . . . . .</b>	<b>2 155</b>	<b>2 154</b>

**DEPARTMENT OF VETERANS' AFFAIRS**

Division 690.—ADMINISTRATIVE		
2.—Administrative Expenses—		
05. Computer services . . . . .	858 000	856 790
Division 691.—REPATRIATION HOSPITALS AND OTHER INSTITUTIONS		
2.—Administrative Expenses—		
12. Incidental and other expenditure . . . . .	136 000	123 436
Division 692.—OTHER BENEFITS		
01. Specialists, local medical officer and ancillary medical services . . . . .	665 000	630 248
02. Pharmaceutical services . . . . .	1 600 000	855 986
03. Maintenance of patients in non-departmental institutions . . . . .	2 130 000	2 119 934
05. Expenses of travelling for medical treatment . . . . .	370 000	347 686
<i>Total: Division 692</i>	<i>4 765 000</i>	<i>3 953 854</i>
<b>Total: Department of Veterans' Affairs . . . . .</b>	<b>5 759 000</b>	<b>4 934 080</b>

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

APPROPRIATION ACT (No. 2) 1983-84

DEPARTMENTS AND SERVICES

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

DEPARTMENT OF ADMINISTRATIVE SERVICES

Division 811.—CAPITAL WORKS AND SERVICES

5.—Plant and Equipment—Departmental—

04. Australian Information Service . . . . . 5 440 5 434

Total: Department of Administrative Services . . . . . 5 440 5 434

DEPARTMENT OF EDUCATION AND YOUTH AFFAIRS

Division 848.—CAPITAL WORKS AND SERVICES

2.—Plant and Equipment—

06. Computer equipment . . . . . 477 602 470 876

Total: Department of Education and Youth Affairs . . . . . 477 602 470 876

DEPARTMENT OF FINANCE

Division 865.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY

02. Reimbursement to the Northern Territory of payments to former Commonwealth employees in lieu of recreation leave and furlough . . . . . 65 000 65 000

04. Payments to Tasmania in relation to the termination of the Gordon River Power Development Stage Two . . . . . 13 036 000 13 035 889

Total: Division 865 . . . . . 13 101 000 13 100 889

Division 866.—OTHER SERVICES

03. Aborigines and Torres Strait Islanders—War Gratuities . . . . . 40 000 35 816

Total: Department of Finance . . . . . 13 141 000 13 136 705

DEPARTMENT OF FOREIGN AFFAIRS

Division 876.—AUSTRALIAN DEVELOPMENT ASSISTANCE BUREAU

01. Assistance to Tuvalu to host the 1984 South Pacific Forum . . . . . 460 000 430 001

Total: Department of Foreign Affairs . . . . . 460 000 430 001

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

DEPARTMENT OF HEALTH

Division 882.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY

08. Health Insurance Act 1973—Medicare grants . . . . . 69 968 000 69 967 164

Total: Department of Health . . . . . 69 968 000 69 967 164

DEPARTMENT OF HOUSING AND CONSTRUCTION

Division 896.—CAPITAL WORKS AND SERVICES

1.—Buildings and Works—Departmental—

03. Attorney-General's Department . . . . . 82 000 81 930

Total: Department of Housing and Construction . . . . . 82 000 81 930

DEPARTMENT OF THE PRIME MINISTER AND CABINET

Division 937.—CAPITAL WORKS AND SERVICES

1.—Buildings, Works, Plant and Equipment—

02. Computer equipment . . . . . 220 000 169 517

Total: Department of the Prime Minister and Cabinet . . . . . 220 000 169 517

DEPARTMENT OF RESOURCES AND ENERGY

Division 943.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY

6.—Payment to the Northern Territory in lieu of uranium royalties . . . . . 55 300 55 277

Division 944.—OTHER SERVICES

02. Australian Geoscience Council Incorporated—Grant-in-aid . . . . . 3 000 3 000

Total: Department of Resources and Energy . . . . . 58 300 58 277

DEPARTMENT OF SOCIAL SECURITY

Division 949.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY

02. States Grants (Home Care) Act 1969—Grants towards salaries of welfare officers . . . . . 160 000 157 168

04. Grants for children's services . . . . . 570 000 568 760

08. Grant to Tasmanian Government towards cost of constructing new rehabilitation centre . . . . . 17 835 17 834

Total: Division 949 . . . . . 747 835 743 762



	Issues from the Advance to the Minister for Finance	Expenditure
	\$	\$
<i>Department of Social Security—continued</i>		
Division 950.—OTHER SERVICES		
01. Women's Emergency Services Program A.C.T. . . . .	34 000	34 000
<b>Total: Department of Social Security . . . . .</b>	<b>781 835</b>	<b>777 762</b>

## DEPARTMENT OF THE SPECIAL MINISTER OF STATE

Division 955.—OTHER SERVICES		
13. Review of Allegations against Telecom . . . . .	93 000	91 355
<b>Total: Department of the Special Minister of State . . . . .</b>	<b>93 000</b>	<b>91 355</b>

## DEPARTMENT OF TRANSPORT

Division 973.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY		
05. Grant to Tasmania in respect of Bass Strait Sea Passenger Service . . . . .	959 000	958 073
<b>Total: Department of Transport . . . . .</b>	<b>959 000</b>	<b>958 073</b>

## DEPARTMENT OF THE TREASURY

Division 977.—PAYMENTS TO OR FOR THE STATES AND THE NORTHERN TERRITORY		
01. Northern Territory—General purpose revenue assistance—Tax sharing grant . . . . .	353 277	353 277
08. Victoria—Special budgetary assistance in respect of repayments of pipe- line licence fees . . . . .	28 000 000	28 000 000
<b>Total: Department of the Treasury . . . . .</b>	<b>28 353 277</b>	<b>28 353 277</b>

## DEPARTMENT OF VETERANS' AFFAIRS

Division 984.—CAPITAL WORKS AND SERVICES		
2.—Plant and Equipment—		
01. Computer equipment . . . . .	4 729 000	4 452 123
<b>Total: Department of Veterans' Affairs . . . . .</b>	<b>4 729 000</b>	<b>4 452 123</b>

## DEPARTMENT OF FINANCE MEMORANDA

DATE	SUBJECT	PAGE
10 April 1984	Advance to the Minister for Finance (AMF) 1983-84 - Savings Document and Warrant Withdrawal	42
11 September 1984	Advance to the Minister for Finance (AMF) 1983-84 - Savings Document and Warrant Withdrawal	44
May 1985	FISC - a Financial Management Information Service Circular	46
24 August 1984	Use of the Advance to the Minister for Finance (AMF) 1983-84	54
24 August 1984	Departmental Over-Expenditure	55

MINUTE PAPER

AS 1984/24  
82/3261

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

SAVINGS DOCUMENT AND WARRANT WITHDRAWAL

The purpose of this circular is to clarify the procedures relating to the withdrawal of warrant authority in respect of savings which have been declared by departments and included in the information paper "Statement of Expected Savings in Annual Appropriations ....." - which was circulated to both Houses of Parliament at the time of introduction of the Additional Estimates Bills into the House of Representatives; similar procedures should also be applied to subsequent savings which have, or will, come to light.

As a general rule this Division only withdraws warrant authority from a department in respect of savings if specifically requested by the Supply Division concerned. This should always apply in cases where the Minister, or a delegate of the Minister, has been asked to approve an additional obligation subject to specific offsetting savings. For example, where - in the case of an application for funds from the Advance to the Minister for Finance - a department has identified offsetting savings in line with Government policy on expenditure restraint the responsible Division should recommend withdrawal of the appropriate amount of warrant authority and a reduction warrant will be issued accordingly.

When a department has otherwise identified expected savings in the annual appropriations for inclusion in the

Savings Document, warrant authority is, likewise, not withdrawn unless specifically requested by the relevant Supply Division. However, whether or not withdrawn, departments are expected to treat these declared savings as if warrant authority had been withdrawn and divisions are responsible for monitoring departmental expenditure to ensure the expected savings are realised. Such monitoring is, of course, simpler if withdrawal action is taken and it is suggested that this be the normally presumed course.

Where a Division considers it prudent to withdraw warrant authority they should, as a matter of course, consult with the Departments concerned and notify this Division to take the appropriate action. Details of items and amounts should be clearly set out. Care should be taken not to "double up" on savings already withdrawn.

If the situation should arise where a department requests a release of savings Divisions should scrutinize the request against the same criteria as requests for additional obligation. It should be remembered that the release of savings which have been taken into account in the recent revised Budget outcome figuring - unless offset by alternative sources of savings - would have the effect of increasing Budget deficit.

*P. Lynch*  
for R.G. Humphry  
First Assistant Secretary  
Accounting and Supply Division  
10 April 1984

The question of whether warrant is formally withdrawn in the case of "genuine" offsetting savings is essentially a matter for the judgement of the Finance Supply Division responsible for recommending the provision of additional funds. Supply Divisions individually monitor provisions offered as offsets and may decide that formal withdrawal of warrant is unnecessary or even undesirable in certain circumstances.

*R.G. Humphry*

R.G. Humphry  
 First Assistant Secretary  
 Financial Management and Accounting  
 Policy Division  
 11 September 1984

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

ADVANCE TO THE MINISTER FOR FINANCE (AMF) 1983-84

I refer to your memorandum 1984/5 of 24 August seeking advice of the circumstances under which offsetting reductions (offered against departmental requests for additional funds which will remain a final charge to the Advance to the Minister for Finance) are not taken up. You also sought supplementary information on AMF applications numbers 11 and 101.

The additional information on applications 11 and 101 is attached. That relating to number 11 includes a copy of the request, dated 26 March 1984, from the Department of the Special Minister of State for obligation approval of \$25,000 (under Finance Regulation 44A) with respect to the Australian Telecommunications Commission - Law Enforcement Review. Approval was granted on 29 March, too late for inclusion in Appropriation Bill (No 4) 1983-84. The issue of funds from AMF with respect to the obligation approval was deferred in accordance with the "urgency" criterion for such issues.

As regards the taking up of offsetting savings, the attached internal minute dated 10 April 1984 provided guidance to this Department's "Supply" Divisions on that subject. Essentially the requirement to provide savings to offset requests for additional funds for specific purposes is an executive/administrative one aimed at maintaining the integrity of the Budget estimates. Such offsets are normally taken up as a matter of course, provided the Department of Finance is satisfied that they are "genuine" (as distinct from fortuitous) savings. If fortuitous, the savings will not normally be acknowledged as offsets (as they would have been realised in any event). The Division will normally seek alternative, genuine, savings but to avoid causing delays in the payment of traders' accounts, may recommend the urgent issue of AMF and pursue the savings as a separate exercise. Action to withdraw the warrant in respect of the fortuitous savings may also be taken if it is considered that the fortuitous savings may otherwise be diverted to non-budgeted, albeit legal, expenditures; if such diversion is not considered feasible, warrant withdrawal may be regarded as unnecessary.

A FINANCIAL MANAGEMENT INFORMATION SERVICE  
CIRCULAR ISSUED BY THE DEPARTMENT OF FINANCE

Items in this issue

- . Liability of officers for loss/damage to public property  
Proclamation of Part XIIA of the Audit Act
- . Financial Impact Statements
- . Financial Administration Handbook
- . Financial Management Groups
- . Consolidated Administrative Appropriations - Devolution  
to Departments
- . On-line Facilities for Posting of Warrant Authority and  
Advice
- . Staff Budgeting Arrangements for 1985-86
- . The Trust Fund - A Reference Guide
- . Working Group on Project Evaluation
- . Addresses/Publications

FISC is issued periodically to inform departments and agencies about issues and developments in financial management, budgeting and accounting techniques and processes. For enquiries, suggestions for items for inclusion or contributions for future issues please contact John Heinemann of the Financial Management Improvement Branch, Department of Finance, CANBERRA ACT 2600 on (062) 63 3749.

LIABILITY OF OFFICERS FOR LOSSES/DAMAGE TO PUBLIC PROPERTY  
PROCLAMATION OF PART XIIA OF THE AUDIT ACT

Part XIIA of the Audit Act (currently referred to in Note 4 of that Act) will come into operation on 1 June 1985. Part XIIA will replace the existing "surcharge" provisions (section 42) in dealing with the liability of officers for losses or deficiencies in public moneys. The feature of this change will be in cementing into the legislation the principles of modern administrative law regarding officers' rights to review and appeal mechanisms.

Part XIIA of the Audit Act

Part XIIA prescribes the limited circumstances under which an officer will be liable to pay to the Commonwealth the value of a loss of or damage to Commonwealth property, or a loss of public moneys, that has been caused by his or her gross negligence or misconduct. The liability for loss and/or damage will also extend to property that has been delivered to the employee on the express condition that strict care of that property is to be taken, and to public moneys that have been advanced to or are under the control of an employee. Where the officer is not entirely responsible for the loss or damage, liability may be limited to a proportion based on the officer's share of the responsibility and/or may be reduced after mitigating circumstances are taken into account. The liability will be enforceable only by court action.

By requiring resort to court action to enforce its rights, the Commonwealth is placed on the same footing as any other employer seeking restitution from an employee. In this context, as a consequence of consultations with the ACTU the Department of Finance surveyed the loss/damage recovery practices of a number of Australian employers in both the private and public sectors. The survey clearly revealed that the Commonwealth's rights under Part XIIA will, in general, be more constrained than other employers' rights of recovery.

Finance Regulations

The Regulations made for the purposes of Part XIIA will be included as Part IIIA of the Finance Regulations and will also be operative from 1 June 1985. Details of their provisions are being advised by Finance Circular. The Regulations establish procedures under which:

- . the officer or officers allegedly responsible are informed of the loss or damage;
- . an investigation of the loss or damage is conducted, where necessary, either by an officer appointed for the purpose or, where the amount involved exceeds \$100, by an investigation committee of three persons appointed in accordance with the Regulations;
- . particulars of mitigating circumstances that may support a reduction in the liability of an officer are taken into account; and
- . the investigator or investigating committee reports to the Departmental Secretary.

Important elements of these regulations are the procedures designed to protect an employee's interests in the investigation of a loss or damage, including Union representation on committees of investigation and a right to

cross examine witnesses. It should also be noted that the processes set out in the Regulations are designed to produce only prima facie findings in relation to an officer's alleged liability; the actual liability, subject to appeal, is formally determined by the Departmental Secretary or the delegate under the Act.

#### Section 50 Statements

Departments should note that Section 50(3) (d) of the Audit Act requires that a statement of any Part XIIIA action taken should be advised to the Secretary to the Department of Finance for inclusion in the annual financial statements.

\*\*\* Further information: P.W. Thomas (062) 63 2513 \*\*\*

#### FINANCIAL IMPACT STATEMENTS

Earlier issues of FISC have referred to the requirement that Second Reading Speeches by Ministers introducing government legislation are to include a statement indicating the financial impact of that legislation on the government, industry and other sections of the community. Where the legislation has no financial impact that should be stated.

Departments' attention is drawn to the Treasurer's statement to the Parliament on 27 March 1985 (Hansard pages 896 to 998) in response to the House of Representatives Standing Committee on Expenditure Report on Taxation Expenditures. In that statement the Treasurer indicated the Government's agreement to recommendaion 8 of the Report, which was:

"Where the proposed financial impact statement to be included in a Minister's second reading speech to a Bill relates to taxation expenditures, the Government incorporate an explanation as to why the taxation system is preferred to direct outlays for giving assistance."

Departments are also reminded that a financial impact statement needs to be included in the general outline before a bill can be listed for consideration by the Legislation Committee of Cabinet. It may be useful for departments to seek advice from the Department of Finance on proposed contents of the financial impact statements in both second reading speeches and the general outlines of explanatory memoranda.

\*\*\* Further information: Gordon Balfour (062) 63 3746 \*\*\*

#### FINANCIAL ADMINISTRATION HANDBOOK

This handbook which was last published in 1981 has been revised and reissued by the Learning Resources Unit of the Public Service Board. The handbook is an introduction to the financial system and processes of the Commonwealth

Government. It is intended as a training manual for general use and provides an overview of the financial procedures of the Parliament, the budget process, accountability mechanisms, the roles and responsibilities of the Department of Finance, the Auditor-General, the Joint Committee of Public Accounts and the responsibilities of departmental accounting officers. It is not intended as a detailed reference manual for departmental officers; detailed references are to be found in the Finance Manual and departmental accounting manuals.

\*\*\* Further information: Public Service Board \*\*\*  
Regional Office in your region

#### FINANCIAL MANAGEMENT GROUPS

Previous issues of FISC have referred to the Financial Management Groups which had been established in South Australia, New South Wales and Western Australia. Similar Groups have now been established in Victoria and the Northern Territory. These Groups consist of representatives of Commonwealth departments, the Public Service Board and the Auditor-General's Office and the Department of Finance.

The Groups initially provided a forum where those participating discussed and exchanged information on accounting and financial management problems and developments such as technological change, systems improvements and training and development programs for regional office finance and accounting staff. With the advent of the Financial Management Improvement Program and program budgeting it was a natural progression for these to become topics of interest to these groups.

Staff of departments' regional offices are encouraged to participate in the activities of these groups.

\*\*\* Further information: Department of Finance \*\*\*  
Regional Office in your region

#### CONSOLIDATED ADMINISTRATIVE APPROPRIATIONS - DEVOLUTION TO DEPARTMENTS

Finance Circular 1985/7 informed departments of arrangements to apply to the allocation and reallocation of funds within the consolidated administrative appropriations (ie Salaries and Payments in the Nature of Salaries, Administrative Expenses and, where applicable, Operational Expenses) from 1 July 1985.

The Minister for Finance has agreed that powers currently delegated to officers within the Department of Finance under section 29 of the Audit Act 1901 will be revoked. Unless the Minister makes a direction under section 29, departments will be able to allocate and reallocate funds to meet changing priorities, up to the limit of each appropriation.

To facilitate funds control warrant authority and warrant advice will be posted by departments at the sub-item level in the Finance Ledgers System. To assist departments in the management of warrant authority and warrant advice issued to authorising officers certain additional facilities will be made available in the Finance Ledgers System from 1 July 1985. These facilities are described in the following paragraphs.

\*\*\* Further information: Rick Gowing (062) 63 3606 \*\*\*

#### ON LINE FACILITIES FOR POSTING OF WARRANT AUTHORITY AND ADVICE

In line with the move to devolve control over administrative expenditures to departments, the Department of Finance will be implementing in the near future, improved facilities to enable departments to control the availability of warrant authority and warrant advice. Each department (head office) will be able to enter transactions from one specific terminal to post warrant authority and advice to items under their control (eg to the existing notional items under the consolidated administrative appropriations, or to items or sub-items within other annual appropriations).

Several points should be noted about the new facilities, viz:

- These postings will be made in an "on line" environment, that is, within a few seconds of entering the transaction the posting will be made to the ledger and the results known to those concerned.
- Security procedures will be implemented to prevent unauthorised postings. Generally, departments will be able to post both warrant authority and advice to items under their control.
- Controls will be implemented to prevent over-issue.
- On successful posting of a transaction the new situation will be advised by terminal message to the affected parties.

The new on line posting facilities are expected to be available from 1 July 1985.

\*\*\* Further information: Les Moon (062) 63 3665 \*\*\*

#### STAFF BUDGETING ARRANGEMENTS FOR 1985-86

In summary form the staff budgeting arrangements that have been agreed by the Government for 1985-86 are:

- staff budgeting will continue to apply to all agencies covered in 1984-85,

- separate consideration will be given to arrangements applying to the Parliamentary Departments and the ABC,
- agencies and Finance are to ensure that agreement is reached immediately on the effective staff budgeting base to be used for 1985-86,
- direct staffing limits (AOSLs) are to be retained,
- a standard staffing profile structure of 3 bands, including a separate Senior Executive Service band, will generally be adopted,
- six sub-bands are to be retained for the SES with sub-band limits expressed to indicate the number of long-term established positions to be staffed at each level,
- separate AOSL cover and salary funding is to be provided for short-term supplementary SES staffing for relevant agencies,
- any increase in established SES staffing additional to that approved in the budget context will require the approval of Cabinet or the Minister for Finance, on the specific recommendation of the Minister in whose portfolio the additional SES staffing is intended,
- Ministers will settle staff budgets, including profiles, in the Budget processes,
- the Minister for Finance will issue guidelines to ensure that departments and relevant authorities do not enter into agreements with staff and staff associations which are likely to involve commitment to or expectations of staff budget increases without the prior approval of the Government,
- submissions and decisions on staff budget or with staff budget implications are to identify later year as well as first year effects, and only approved full-year effects are to be incorporated into later year estimates,
- longer-term staff savings options are to be pursued during consideration of staff estimates.

\*\*\* Further information: Bevan Green (062) 63 3055 \*\*\*

#### THE TRUST FUND - A REFERENCE GUIDE

The Department of Finance has published a booklet on the Trust Fund entitled "The Trust Fund - A Reference Guide". The Guide provides details on the history, nature and operations of the Trust Fund, explains differences between a head of Trust Fund and a trust account and details the factors which should be considered in the preparation of a

proposal for a head of the Trust Fund or a trust account. It is hoped that Guide will lead to a better understanding of the workings of the Trust Fund and its place in Commonwealth Government financial administration among departmental officers.

\*\*\* Further information: John Heinemann (062) 63 3749 \*\*\*

#### WORKING GROUP ON PROJECT EVALUATION

During the current budgetary processes, inconsistencies have become evident in the approaches by different portfolios to the economic and financial evaluation of project proposals. The Department of Finance has established a working group on project evaluation techniques with the intention of developing guidelines on methodology.

\*\*\* Further information: Bob Knapp (062) 63 2417 \*\*\*  
Keith Linard (062) 63 2275 .

#### ADDRESSES

The Public Sector Accounting Standards Board - The First Year and the Future - Paper presented at the Australian Society of Accountants' Third National Government Accounting Convention by Mr R.G. Humphry, First Assistant Secretary, Department of Finance and Chairman Public Sector Accounting Standards Board.

Public Service Reform - Progress Report - An address by Mr R.D. Beale, Commissioner, Public Service Board, to the RAIPA (ACT Division) Seminar "Strategic Leadership in Modern Government" 25 March 1985.

Budget Reforms - A Progress Report - An address by Mr R.G. Humphry, First Assistant Secretary, Department of Finance to the RAIPA (ACT Division) Seminar "Strategic Leadership in Modern Government" 25 March 1985.

Equity and Budgetary Constraint - An address by the Minister for Finance, Senator Peter Walsh at the AIESEC Conference Sydney 18 April 1985.

The Australian Public Sector Accounting Standards Board - the First Year and the Future - A paper prepared for the OECD Forum on harmonization of Accounting Standards held in Paris on 23-24 April 1985 by Mr R.G. Humphry, First Assistant Secretary, Department of Finance and Chairman, Public Sector Accounting Standards Board.

\*\*\* Further information: (062) 63 2505 \*\*\*

#### PUBLICATIONS

##### Finance Circulars

The following Finance Circulars have been issued since the last issue of FISC.

- 1985/1 Amendments to section 14 of the Finance Directions - Official Travel and Transport
- 1985/2 Payment of Accounts
- 1985/3 Supply of petroleum products to Australian Government departments
- 1985/4 Amendment of the Finance Manual (Finance Regulation GA, substitution of "Departmental Secretary" for "Permanent Head" in Finance Directions, payment of legal costs)
- 1985/5 Easter Pay Arrangements
- 1985/6 Cash Limited Appropriations - Treatment of Compensation Payments and Legal Expenses
- 1985/7 Consolidated Administrative Appropriations - Devolution to departments

##### Other

Report on the Forward Estimates of Budget Outlays and Staffing 1985-86, 1986-87 and 1987-88, Department of Finance, May 1985

1985-86 Budget Initial Expenditure Savings Measures May 1985 - Statement delivered on 14 May 1985 by the Honourable P.J. Keating, MP, Treasurer of the Commonwealth of Australia.



DEPARTMENT OF FINANCE

Northbourne Street, Parkville  
Telephone: Canberra 633666  
Telex: 4026

84/1242  
J. Fulop  
63 2515

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

ATTENTION Ms C. McDonald

USE OF THE ADVANCE TO THE MINISTER FOR FINANCE (AMF)  
1983-84

Following your request of 7 August 1984 we wish to advise you of the following details of use of AMF in 1983-84.

2. The following amounts were the maximum amounts of warrant authority on issue at any one point in time from AMF pending Additional Estimates and/or Governor-General's Warrant.

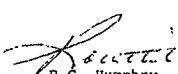
Appropriation Act (No 1) 1983-84 \$136,240,384  
Appropriation Act (No 2) 1983-84 \$ 43,687,000

3. The total expenditure remaining as a final charge against AMF at 30 June 1984 is -

Appropriation Act (No 1) 1983-84 \$141,785,221  
Appropriation Act (No 2) 1983-84 \$118,952,494

These amounts have been verified by audit.

4. The last day on which it was practicable to include appropriation for estimated expenditure in the Additional Estimates Bills for 1983-84 was 22 March 1984.

  
R.G. Humphry  
First Assistant Secretary  
Financial Management and  
Accounting Policy Division  
17 August 1984



DEPARTMENT OF FINANCE

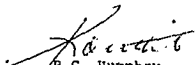
Reference: 81/3489  
Contact Officer: J. Fulop  
Telephone: 633666

The Secretary  
Joint Committee of Public  
Accounts  
CANBERRA ACT 2600

DEPARTMENTAL OVER-EXPENDITURE

I am writing in accordance with arrangements established in 1971 which sought annual advice of 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 1984 there were no instances where expenditure recorded against a Head of Expenditure exceeded the total Warrant Authority available for that Head of Expenditure.

  
R.G. Humphry  
First Assistant Secretary  
Financial Management and  
Accounting Policy Division  
17 August 1984



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  
issued by  
No. 8, 1979, L. 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.

APPENDIX 4

ADVANCE TO THE MINISTER FOR FINANCE (AMF) 1983-84

Approvals for Funds to Remain a Final Charge to the AMF

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
<b>ABORIGINAL AFFAIRS</b>				
120-3-09 (new item)	. Funding for Aboriginal & Torres Strait Islander Housing Panel, ceased from 15 Aug. 78 & known creditors paid out - but after liquidator's examination the Commonwealth has \$30 000 in further outstanding obligations	32 000		New item
	. Subject of offsetting reduction under Div.120-3-06	-32 000		
		<u>0</u>		
120-1-02 Administrative Expenses - Overtime	. Underestimate of amount of overtime required, especially for New Policy & Draft Estimates submissions Timetables	11 000	183 000	-
	. Offsetting reduction under Div 120-2-01	-17 000	1 391 000	
			<u>232 000</u>	
			1 623 000	
		<u>+6 000</u>		
120-1-01 Salaries	. Shortfall due to National Wage Case Decision 4.4.84 (should have been allowed for in additional Estimates)	78 000	14 687 000	680 000

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
120-2-06 Computer Services	. Increased service charges (by Dept. Health) and increased usage of new 4th generation language 'Focus' in Budget Development Applications	1 900		25 000
	. Offsetting reduction under 120-2-08	-1 900		22 000
	Total	<u>0</u>		
120-3-08 National Aboriginal Conference - Election Expenses	. Incorrect advice from Aust. Electoral office regarding outstanding accounts for by-election conducted in Qld	150		25 000
	. Offsetting reduction under 120-3-07	-150		4 000
	Total	<u>0</u>		29 000
120-0-02 Overtime	. Urgent overtime claims	800		183 000
	. Offsetting reduction under 120-1-01	-800		
	Total	<u>0</u>		
<b>ADMINISTRATIVE SERVICES</b>				
130-3-03 Reimbursement of Costs by ANL	. Completion of reimbursement to ANL of holding costs incurred as result of Govt. not proceeding with planned purchase of container terminal	99 642		-
130-4-02 Contract cleaning	. Effect of National Wage Case decision in April 1984	41 400		13 873 000
	. Offsetting reduction under 130-4-01	-41 400		500 000
	Total	<u>0</u>		14 373 000
130-2-08 Administrative Expenses - Incidental and Other	. ACT Supreme Court Judgement of compensation to employee - "absorbed to maximum extent"	167 000		2 817 900
				402 800
				3 220 700

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
811-5-04 Plant and Equipment - Australian Information Service	<ul style="list-style-type: none"> <li>Unexpected by early delivery of recording equipment</li> <li>Subject to reduction in 1984-85 estimates</li> </ul>	5 440		150 000
ATTORNEY-GENERAL'S 190-2-00 Institute of Family Studies Administrative Expenses	<ul style="list-style-type: none"> <li>Funds needed to make Payment to a number of researchers. Funds originally appropriated were used for unforeseen increases in rental and cleaning charges for Institute premises</li> </ul>	38 996	1 043 000	
AUSTRALIAN DEVELOPMENT ASSISTANCE BUREAU 876-0-01	<ul style="list-style-type: none"> <li>Assistance to Tuvalu in hosting the 1984 South Pacific Forum - also obligation in 1983-4</li> <li>under 876-0-01</li> <li>Offsetting reduction under 318-4-01</li> <li>Bilateral Projects</li> </ul>	100 000 460 000 -460 000 100 000		New item 142 701 000
318-9-00 Emergency Humanitarian Assistance and Disaster Relief	<ul style="list-style-type: none"> <li>Minister for Finance approved additional aid to cater for a number of appeals from UN agencies and international organisations for emergency relief</li> <li>-contribution to International Committee of Red Cross for Nicaragua &amp; El Salvadore</li> <li>-contributions to UN agencies &amp; international organisations</li> </ul>	150 000 9 265 000	6 400 000	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
	<ul style="list-style-type: none"> <li>Offsetting reductions under</li> </ul>			
	318-4-05	-8 350 000		10 000 000
	318-5-01	-1 306 000		24 665 000
	318-4-04	-124 000		13 060 000
	318-5-02	-100 000		1 385 000
				150 000
	Total	-465 000		
876-0-01	<ul style="list-style-type: none"> <li>As for same item number above (has already been offset)</li> </ul>	360 000		New item
318-3-04 Private overseas students' visa-related charges (PNG)	<ul style="list-style-type: none"> <li>Late advice from Dept. of Immigration of an additional 16 students to be paid</li> </ul>	1 800 28 300		25 000 15 500 40 500 615 000 51 600 666 000
Private overseas students' visa-related charges - South Pacific	<ul style="list-style-type: none"> <li>Offsetting reduction under</li> </ul>	-30 100		24 665 000
	Div 318-5-01			
	Total	0		
318-9-00 Emergency Humanitarian Assistance and Disaster Relief	<ul style="list-style-type: none"> <li>Minister for Finance approved \$1,803m of aid, on 26.6.84</li> <li>Offsetting reduction under Special Appropriation Asian Development Fund Act 1978</li> </ul>	1 803 000 -1 803 000		6 400 000
	Total	0		
AUSTRALIAN ELECTORAL COMMISSION 580-2-05 Incidental and other Expenditure	<ul style="list-style-type: none"> <li>Unforeseen compensation payment to a former employee</li> </ul>	17 000		302 000 70 000 372 000
COMMUNICATIONS 220-2-03 Postage, Telegrams and Telephone services	<ul style="list-style-type: none"> <li>Increased staff and functions, upgrading of telephone systems in Regional Offices, provision of services at new offices</li> <li>Offsetting reduction under Div 220-2-06</li> </ul>	70 000 -61 000 -9 000		1 130 000 60 000 800 000 2 120 000
	Total	0		

ITEM/ DESCRIPTION	REASON	AMOUNT	APPROPRIATION	
			1/3	2/4
		\$	\$	\$
220-1-01				
Salaries	• Unforeseen retirement payment; agreement with Finance to retain staff engaged for AMFAR Task Force	50 000	17 700 000	560 000
<hr/>				
DEFENCE				
234-1-03				
Armoured & combat vehicles, artillery and associated initial equipment & stores	• Unanticipated deliveries of documentation relating to medium tank project	14 000	9 251 000	
		136 000	<u>1 621 000</u>	
	• Offsetting reduction under 233-1-03	-150 000	32 130 000	10 872 000
			<u>1 359 000</u>	
			33 469 000	
	Total	<u>0</u>		
234-1-03				
Artillery & Armoured Vehicles	• Deliveries of documentation relating to medium tank project unforeseen at time Additional Estimates closed. Uncertain delivery date explained by the production practices of the supplier	564 000	9 251 000	
			<u>1 621 000</u>	
	• Subject to offset savings under Div 233-1-03	-564 000	32 130 000	10 872 000
			<u>1 359 000</u>	
			33 469 000	
	Total	<u>0</u>		
233-1-07				
Payments under the Compensation Act 1971 and the Defence Act 1903	• Receipts of unforeseen claims and unexpected increase in number & value of claims involving lump sum payments. Receipt of amount of claims uncertain since negotiated by court actions	630 000	15 283 000	
	• Subject to off-setting reduction under Div 233-1-05	-630 000	23 400 000	
	Total	<u>0</u>		

ITEM/ DESCRIPTION	REASON	AMOUNT	APPROPRIATION	
			1/3	2/4
		\$	\$	\$
234-1-01				
Naval Construction	• Needed to meet billings presented by US Authorities	34 000 000	223 761 000	
234-1-02				
Aircraft and associated equipment	• under Foreign Military Sales arrangements for payment by 15 June. Requirement not evident from pattern of forecasts made by US authorities	60 000 000	512 953 000	
			<u>16 303 000</u>	
			529 256 000	
<hr/>				
Note: offsetting savings of \$7m were made available but not taken up.				
234-2-04				
Replacement Equipment & Stores - Other	• Fluctuation in exchange rate, price increases, early receipt of claims expected in 1984-85	7 000 000	301 838 000	1 796 000
	• Offsetting reductions under Rations, 234-2-02	-3 000 000		
	Repair & O'haul	-4 000 000		
	235-0-00			
	Total	<u>0</u>		
233-2-04				
Natural Disasters and Civil Defence Organisation - Assistance to States and NT	• Failure by Qld National Disasters Staff to notify Salary & allowance increases	20 374	3 353 000	25 000
	• Offsetting reduction under 233-1-13	-20 374	3 378 000	
	Total	<u>0</u>		
233-1-07				
Payments under Compensation (Commonwealth Government Employees) Act 1971 and Defence Act 1903	• Unforeseen claims and unexpected increase in number and value of claims involving lump sum payments	170 000	13 906 000	<u>1 377 000</u>
	• Offsetting reduction under 233-1-03	-170 000	15 283 000	
	Total	<u>0</u>	32 130 000	<u>1 359 000</u>
			33 469 000	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
233-1-07 Payments under Compensation (Common- wealth Government Employees) Act 1971 and Defence Act 1903	. Claims received and awaiting payment were unforeseen; un- expected increase in number and value of claims involving lump sum payments	40 000	13 906 000 <u>1 377 000</u> 15 283 000	
	. Offsetting reduction under 233-1-16	-40 000		
	Total	0		
<b>DEFENCE SUPPORT</b>				
255-2-11 Payments under Compensation (Commonwealth Government Employees) Act 1971	. Determinations made since Additional Estimates formulated	340 000	2 571 000 1 219 000	
	. Offsetting reduction under 257-2-01	-340 000	60 137 000	
	Total	0		
255-1-01 Salaries	. Increase in number of employees on Compensation and increase in expend- iture on allowances; retiring/resigning employees have more recreation leave and furlough accrued than estimated (\$287 000); higher than estimated salary per capita rates	1 700 000	96 741 000 <u>6 924 000</u> 103 665 000	
	. Offsetting reductions under 255-2-02	-300 000		
	255-2-10	-260 000		
	255-3-02	-100 000		
	256-3-00	-70 000		
	256-1-01	-400 000		
	257-3-11	-450 000		
	261-0-00	-120 000		
	Total	0		
255-1-01 Salaries	. Needed to pay Commis- sioner of Taxation claims for Garden Is Dockyards for May 1984 which the Dept. was advised would not be prepared in 1983-84	330 000	97 688 000 <u>6 924 000</u> 1 700 000 (previous AMF)	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
<b>EDUCATION AND YOUTH AFFAIRS</b>				
271-3-01 Independent Schools - Grants Subsidies and Allowances	. 1984 rates of payment and enrolment numbers calculated after Additional Estimates	310 000	7 525 600 <u>194 700</u> 7 720 300	
271-1-00 ACT Schools Authority	. Unforeseen resign- ations requiring payments in lieu of furlough or recreation leave	120 000	108 299 000 <u>4 601 000</u> 112 900 000	
270-4-08 Student Assistance Schemes - ASEAS	. Increased number of students receiving benefits	123 000	6 940 000 -	
270-3-12 Non-State Tertiary Institutions - Payment of Tuition Fees	. Increase in enrol- ment & in per capita rate at one college (NBC) and increased entitlement (not supplementation) at another	28 000	251 000 <u>20 000</u> 271 000	
848-2-06 Computer Equipment	. Approval to purchase Amöahl V8 computer has only recently been received; the computer was unavailable at time of Additional Estimates	477 602		466 000 <u>70 000</u> 536 000
270-4-08 Adult Secondary Assistance Scheme	. Error in calculation of needs for additional students and incorrect assumptions about likely entitlements of applicants	168 443 (*123 000 under same item number above)	6 904 000	
270-4-01 Postgraduate Awards	. Higher than expected number of students assisted	61 000	16 416 000	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
<b>EMPLOYMENT AND INDUSTRIAL RELATIONS</b>				
287-7-02 Training for the Disabled	Greater than anticipated activity in on the job training, and delay in presentation of accounts in NSW, made it difficult to predict expenditure needs	500 000	6 500 000 <u>2 111 000</u> 8 611 000	
	Offsetting reduction under 287-6-01	-500 000	15 210 000 <u>3 290 000</u> 18 500 000	
	Total	0		
287-7-02 Training for the Disabled	As above, but unestimated funds requirement	350 000	6 500 000 <u>2 111 000</u> 8 611 000	
	Subject to offsetting reduction under Div 287-6-01	-350 000	15 210 000 <u>3 290 000</u> 18 500 000	
	Total	0		
287-2-07 Incidental & Other Expenditure	Increases in costs of storage unestimated due to late submission of accounts; increase in rates of payments to agents due to National Wage Case; increases in contractual cleaning costs; increases in electricity tariffs, & freight costs; one-off compensation claims	332 000	5 763 000	
	Subject to offsetting reduction under Div 287-2-02 and Div 287-2-05	-166,000 <u>-166 000</u> 0		
287-7-03 Training for Special Needs Clients	Increase in identification of job seekers in the target group and increase in average duration of training	100 000	900 000 950 000	11 13
	Subject to offsetting reduction under Div 287-6-01	-100,000	15 210 000 <u>3 290 000</u> 18 500 000	
	Total	0		

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
288-1-01	Transfer of all matters previously handled by Public Service Arbitrator's Office Div 289 to jurisdiction of Conciliation & Arbitration Commission on 1 June	13 307	4 910 000	
288-1-02		1 537	37 000	
2-02		5 686	10 000	
2-04		233	1 279 000	
Div. 288 Conciliation and Arbitration Commission			770 000	
		<u>20 763</u>		
	Subject to offsetting reduction under Div 289-1-01	-13 307	245 000	
	289-1-02	-537	1 000	
			1 000	
	289-2-01	-5 686	26 000	
	289-2-02	<u>-233</u>	120 000	
		19 763		
	Total	1 000*		
	(*Overtime which was included in A.E. under 289-1-02)			
287-7-02 Training for the Disabled	As for same item number above	39 000	6,509 000 2 111 000	
	Subject to offsetting reduction under Div 287-6-01	-39 000	15 210 000 <u>3 290 000</u> 18 500 000	
	Total	0		
287-7-02 Training for the Disabled	Scheme has had unexpected increase in demand by users	300 000	6 500 000 <u>2 111 000</u> 8 611 000	
	Offsetting reduction under Div 387-6-01	-300 000	15 210 000 <u>3 290 000</u> 18 500 000	
	Total	0		
287-7-01 Training for Aboriginals	Unforeseen increase in number of approvals for this scheme	2 000 000	25 760 000 <u>13 310 000</u> 39 070 000	
	Offsetting reduction under 287-4-01	-2 000 000	96 980 000	
	Total	0		

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
287-8-02 Fares Assistance Scheme	<ul style="list-style-type: none"> <li>Unforeseen increase in use of average fare tickets and increase in average costs in various States</li> <li>Offsetting reduction under 287-4-01</li> </ul>	40 000	380 000	
	Total	0		
FINANCE				
304-3-04 Pensions to Former Officers or Their Dependents	<ul style="list-style-type: none"> <li>Error in calculation due to rounding up to thousands of dollars</li> </ul>	106	24 000	
			2 000	
			26 000	
865-0-04 Payments to Tasmania in relation to termination of Gordon River Power Development Stage 2	<ul style="list-style-type: none"> <li>Cabinet decision to increase installments for electricity subsidy was taken after additional Estimates</li> </ul>	13 036 000	27 000 000	
			22 870 000	
			49 870 000	
304-1-02 Overtime	<ul style="list-style-type: none"> <li>Additional overtime required for preparation of 1984 Forward Estimates, processing April 1984 National Wage Case Decision and for work associated with 1984-85 Budget</li> </ul>	2 600	300 000	
			55 200	
			555 200	
865-0-02 Reimbursement to the NT of payments to former C/W employees in lieu of recreation leave & furlough	<ul style="list-style-type: none"> <li>C/W has accepted liability for payments in lieu of recreation leave &amp; furlough for C/W employees compulsorily transferred to NT Public Service and Minister for Finance has asked for payment to be made</li> </ul>	65 000		420 000
FOREIGN AFFAIRS				
315-1-01 Salaries	<ul style="list-style-type: none"> <li>Unanticipated retirement of 2 Second Division Officers</li> <li>Offsetting reduction under 316-1-01</li> </ul>	80 000	26 095 000	
			1 590 000	
			27 685 000	
		-80 000	67 859 000	
		0		

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
315-2-06 Security and Technical Services	<ul style="list-style-type: none"> <li>Miscalculation of balance of funds available</li> <li>Offsetting reduction under 316-2-03</li> </ul>	50 500		5 236 000
	Total	0		
HEALTH				
882-08-00 Health Insurance Act 1973 - Medicare Grants	<ul style="list-style-type: none"> <li>New inclusion of Medicare grants for cost of treatment of DVA beneficiaries in recognised hospitals; and revised hospital statistics submitted by states, which form the basis of grants</li> </ul>	2 113 000		201 400 000
				3 400 000
				204 800 000
325-3-14 Program of Aids for Disabled People - Administrative Costs	<ul style="list-style-type: none"> <li>This item provides for the States' claims for 15% of the administrative costs of the Program of Aids for Disabled People. The funds available for aids were increased by \$3.8m on 25 May 1984 and so additional funds are required for admin. costs</li> </ul>	495 000		926 000
882-0-08 Health Insurance Act 1973 - Medicare Grants	<ul style="list-style-type: none"> <li>Underestimated shift of patients from private to public status has lead to increased re-imburement to States</li> </ul>	63 737 000		201 400 000
				3 400 000
				204 800 000
882-0-08 Health Insurance Act 1973 - Medicare Grants	<ul style="list-style-type: none"> <li>Agreement reached between Ministers for grant to Queensland</li> </ul>	4 118 000		201 400 000
				3 400 000
				204 800 000
			63 737 000	
			2 113 000	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
<b>HOME AFFAIRS &amp; ENVIRONMENT</b>				
331-2-00 331-3-00 National Film & Sound Archive	Transfer of responsibility for National Film & Sound Archive from National Library from 11 May 1984	12 000 78 000		New item
		<u>90 000</u>		
331-1-00 National Film & Sound Archive - Salaries	Salary payments following transfer of responsibility to this Dept. of Film & Sound Archives. (Some confusion as to which item numbers salaries for Archives were supposed to come from)	40 000		New Item
330-3-13 Coastal Surveillance	At time of Additional Estimates Govt. had made no decision on future coastal surveillance arrangements beyond April 1984. After review and Report by Minister for Aviation Govt. extended surveillance; additional funds needed	42 400	521 900	
331-1-00 National Film and Sound Archive - Salaries	Additional salary requirements, as arrangements for appointment of NESA support staff & Interim Director not previously finalised.	5 000		new item
331-3-00 NESA - Acquisition and Preservation	Needed to pay claims on hand Partially offset by reduction under 331-2-00	24 000 -4 000		
	Total	<u>25 000</u>		
<b>HOUSING AND CONSTRUCTION</b>				
355-1-00 Home Savings Grant Act 1976	Greater proportion of cases previously rejected, now eligible, projected rejection rate was overestimate	40 000	1 600 000 <u>150 000</u> 1 950 000	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
896-1-03 Building & Works for Attorney-General's Department	Unforeseen Contractual obligations for Hobart C'W Courts Offsetting reduction under 896-1-02	82 000 -82 000	5 125 000	
	Total	<u>0</u>		
355-1-00 Home Savings Grant Act 1976	As for same item number above earlier AMF	60 000 (*40 000 earlier AMF)	1 600 000 <u>150 000</u> 1 950 000	
<b>INDUSTRY AND COMMERCE</b>				
400-1-01 Salaries	Unforeseen termination payments and higher than expected pre-payments of salary for officers on recreation leave or furlough	94 100	117 536 000 <u>3 600 000</u> 121 136 000	
<b>OFFICE OF THE ECONOMIC PLANNING ADVISORY COUNCIL</b>				
937-1-02	Office has been issued with Certificate of Expediency to purchase computer equipment	220 000		new item
	Offsetting reduction under 502-0-01	-220 000	700 000	
	Total	<u>0</u>		
<b>PRIMARY INDUSTRY</b>				
490-2-08 Payments Under the Compensation (Commonwealth Government Employees) Act 1971	Unexpectedly early settlement of a claim under Compensation Act	33 900	185 000 <u>142 000</u> 327 000	
	Offsetting reduction Under 494-2-03	-33 900	331 000	
	Total	<u>0</u>		
<b>PRIME MINISTER AND CABINET</b>				
505-2-02 Official Establish- ments Other than Governor-General's Establishments- Wages of Staff	Lump Sum payments to retiring staff, unexpected increase in overtime, relief staff and additional employee.	33 000	310 000 <u>19 000</u> 329 000	
	Offsetting reduction under 500-2-03	-33 000	868 000	
	Total	<u>0</u>		



ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
506-2-01 Governor-General's Office-Travelling and Subsistence	Travel to attend un- scheduled meeting of the Council of the Order of Australia, un- scheduled travel due to inability to occupy Government House during renovation	4 200	44 000 2 800 46 800	
	Offsetting reduction under 500-2-01	-4 200	690 500	
	Total	0		
866-0-03	Compensation to Aborig- inal & Torres Strait Islanders for Under- payment of WWII War gratuities	40 000	-	
505-2-02 Official Establish- ments other than Governor-General's Establishments - Wages of Staff	Estimate of salaries required excluded a \$924 Higher Duties allowance to be paid	622	310 000 19 000 329 000	
	Offsetting reduction Under 505-2-03	-622	868 000 10 000 878 000	
	Total	0		
RESOURCES & ENERGY				
943-6-00 Payment to the Northern Territory in Lieu of Uranium Royalties	Underestimate of royalties payable by mining companies	55 300	3 496 000 854 000 4 350 000	
944-0-02	Min. for Finance approved grant-in-aid to assist Australian Geo Science Council Inc.	3 000		New item
	Offsetting reduction under 520-2-05	-3 000	293 000	
	Total	0		
522-1-01 Bureau of Mineral Resources - Salaries	Increase in District Allowance and Allowance in Lieu of overtime; increase in advances of salaries not anticipated; earlier planned savings from reduced employment not realised	56 000	13 458 000 445 000 13 903 000	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
SCIENCE AND TECHNOLOGY				
540-3-10 Australian Microwave Landing System - Commercial Development	Delays in project resulted in need to maintain technical team in US for extra 6 months	250 000		1 850 000
	Offset by reduction under 540-3-13, Grants	-680 000	45 460 000	
	Total	-430 000		
540-3-10 Australian Microwave landing system - Commercial Development	As above	430 000		1 850 000
543-1-01 Antarctic Division - Salaries	Confusion over transfer agreement of 8 staff from Central Office resulted in under- estimate of salaries; temporary increase in staff to Antarctic Division; higher duties to Director Antarctic	198 000		6 650 000 422 000 7 072 000
	Offsetting reduction 540-1-01	-198 000	14 768 000	
	Total	0		
554-2-03 Postage, telegrams and telephone services - Bureau of Meteorology	During March 3 large Telecom accounts & 3 large OTC accounts paid - which is abnormal	1 018 000		4 522 000
	Offsetting reductions under 540-3-12	-429 000		
	540-3-14	-450 000		
	544-1-02	-12 000		
	544-2-06	-100 000		
	544-3-02	-27 000		
	Total	0		
SOCIAL SECURITY				
950-0-01 Women's Emergency Services Program ACT	Minister agreed to additional funds going to ACT from the National total	34 000		60 000
	Offsetting reduction under 949-0-07	-34 000		3 940 000
	Total	0		

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
560-2-13 Compensation Payments	. Unforeseen requirements following 2 recent determinations	45 000	947 000	50 000
560-2-11 Freight and Cartage	. Uncertainties about accurate opening dates of new branches; hard to anticipate DAS storage charges since this was free in past	110 000	2 360 000	160 000 2 520 000
560-1-01 Salaries	. Unanticipated cessation payments due to retirement or resignation; pre-payments for recreation and maternity leave; payment to an estate on death of employee	250 000	276 700 000	
949-0-02 States Grants (Home Care) Act 1969 - Grants towards salaries of welfare officers	. Impact of National Wage Case and other award increases; more regular submission of claims for welfare officer assistance by State Govts. in 2nd half of year than anticipated	160 000	2 400 000	100 000 2 500 000
949-0-08 Grant to Tasmanian Government towards cost of constructing New Rehabilitation Centre	. Commonwealth's share of 3rd and final stage of construction costs - to cover landscaping, minor works and consultancy	17 835		
949-0-04 Grants for Children's Services	. Increases in child care in women's refuges, continuation of the Youth Services Scheme, more rapid action than expected by States on projects approved under the Commonwealth/State Co-op arrangements	570 000	48 180 000	2 000 000 50 180 000
	. Offsetting reduction under 560-3-01	-570 000		
	Total	0		

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
SPECIAL MINISTER OF STATE				
955-0-13 Australian Telecommunications Commission Law Enforcement Review	. Review announced too late for Additional Estimates	3 000		New Item
955-0-13 Australian Telecommunications Commission Law Enforcement Review	. Review announced too late for Additional Estimates	4 000		New Item
995-00-13 Australian Telecommunications Law Enforcement Review	. Accounts exceed available warrant	6 000		New item
955-0-13 Review of Allegations against Telecom	. Telecom Review announced too late for inclusion in Additional Estimates	55 000		
	. Partially offset by reduction under Div 220-2-06	-40 000	800 000	
	Total	15 000		
955-00-13 Review of Allegations Against Telecom	. Review announced too late for Additional Estimates, AMF needed for accounts on hand	25 000		New item
577-2-01 Australian Federal Police - Travelling and Subsistence	. Increases in airfares, meal and travelling allowances; setting up of AFP liaison posts overseas; unforeseen costs due to South Pacific Forum; major drug operation in QLD; security for Pine Gap in November 1983.	147 000	4 220 000	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
<b>TERRITORIES &amp; LOCAL GOVERNMENT</b>				
620-2-03				
Postage, Telegrams & Telephone Services	Need to use telegrams for 4 weeks when telex inoperative; additional cost levied by Telecom for rental of FAX, due to delays in installing Dept's new FAX facility; additional requirement for telephonists' wages; increase in number of interstate & international calls in connection with local government matters & recent self determination on Cocos Is.	87 100	920 300 10 500 930 800	
620-1-02				
Overtime	4.1% increase in salary rates, unforeseen staff shortages & upsurge in activity in building industry, overtime to cope with excessive queries at Motor Vehicle Registries, overtime for a second personal Assistant to the Minister, staff shortages of Remand Custodial Officers	51 300	865 900	
626-3-02				
Payments for the operation of the shop, Hostel and Mess, Cocos (Keeling) Is.	Commonwealth Accommodation & Catering Service (CACS) operations on the islands taken over by Cocos Is Co-op in Oct. 1983. In finalising accounts to CACS identified a claim unpaid by Dept Home Affairs, which was responsible for payment at the time.	23 870	735 500 62 900 805 400	
620-3-24				
Drought Relief for ACT	Claims for assistance received after close of Additional Estimates	607	40 000 14 500 54 500	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	APPROPRIATION	
			1/3 \$	2/4 \$
620-1-01				
Salaries	Backpayment of unpaid loadings on penalty rates not paid to Public Library officers for many years. \$292 000 due to Dept's average staffing level being exceeded by 17 staff years - some due to typists off with RIS and some due to excessive workloads	347 000	36 522 800 2 887 600 39 410 400	
TRADE				
640-3-09				
	Ex Gratia Compensation Payment to DM Mineral	4 000 000	-	
640-3-08				
Export Finance and Insurance Corporation (EFIC) - National Interest Claim	EFIC Act provides for C/W to make funds available to meet claims under National Interest Contracts of Insurance. EFIC have advised of a payment due in respect of a sale to Argentina	5 067 811		
TRADE PRACTICES COMMISSION				
178-2-02				
Office Requisites	Overspending arisen from need to provide stores support for an unprecedented level of litigation in 1983-84 (corresponding increase in legal fees appropriation) and photocopying services to match this increased litigation	8 000	176 000 11 000 186 000	
	Offsetting reduction under Div 178-2-01	-8 000	214 000 129 000 343 000	
		Total	0	
TRANSPORT				
973-0-05				
	5% Deposit on vessel 'Nils Holgerasson' for Bass Strait Passenger Service - purchase only agreed to in May 1984	959 000	-	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	1/3 \$	APPROPRIATION 2/4 \$
668-1-00 Australian National Railways Commission (AN) - Subsidy to meet anticipated operating costs	. Govt. pays AN a subsidy to overcome its net operating loss, needs \$5.3m urgently to reduce its overdraft	5 300 000	85 000 000 1 000 000 86 000 000	
664-2-13 Search and Rescue and Accident Investigation	. Unforeseeable expenses due to unpredictable nature of search and rescue activities. ANF needed to pay accounts already on hand . Offsetting reduction under 664-3-05	29 400  -29 400 <u>0</u>	500 000 <u>200 000</u> 700 000	
664-2-13 Coastal Surveillance - Management and Other Expenses	. D of T share of costs of Barrier Reef surveil- lance program. Govt. made decision to extend program after Additional Estimates finalised (Note: offsetting savings offered, but not taken up by Finance)	12 000	350 000 <u>32 000</u> 382 000	
<b>TREASURY</b>				
977-00-01 NT - General Purpose Revenue Assistance - Tax Sharing Grant	. Payments to date based on estimate of grant until Statistics available for a correct determination	353 277	424 302 000	
977-0-08 Victorian Pipeline Licence Fee - Common- wealth Payment in 1983-84	. Commonwealth has decided to partially reimburse Victoria for the loss of revenue from Bass Strait oil, after loss of licence fees on ESSO- BHP oil pipelines. P.M. has decided to pay \$28m. this financial year	28 000 000	New item	
671-1-01 Tax Boards of Review - Salaries and Allowances	. Separation payments to Secretary, Taxation Board of Review, Melb. and salary increases resulting from National Wage Case Decision	2 155	215 000 <u>7 600</u> 222 600	

ITEM/ DESCRIPTION	REASON	AMOUNT \$	1/3 \$	APPROPRIATION 2/4 \$
<b>VETERANS' AFFAIRS</b>				
691-2-12 Incidental and other Expenditure	. Out of court Settlement	136 000	1372 000 <u>218 000</u> 1 590 000	
984-2-01 Computer Equipment	. Cabinet decision made too late for Additional Estimates	4 729 000	1 670 000	
690-2-05 Computer Services	. Cabinet decision made too late for Additional Estimates	894 000	4 374 000	
690-2-05 Computer Services	. Cabinet approval of purchase of computer facilities granted after close off of Appropriation Bills 3 & 4	208 000	4 374 000 -	
690-2-05 Computer Services	. Funds needed to pay accounts on hand assoc. with late Cabinet approval to purchase computer	650 000	4 374 000	
692-0-02 Pharmaceutical Benefits	. Unanticipated acceleration in numbers of prescrip- tion items being dispensed	1 600 000	61 808 000 <u>3 452 000</u> 65 260 000	
692-0-05 Expenses of Travelling for Medical Treatment	. Increase in demand for treatment has increased claims for travelling also	370 000	18 792 000	
692-0-01 Specialists, LMO's and Ancillary Services	. Increase in demand for treatment unanticipated	665 000	106 528 000 <u>6 146 000</u> 112 674 000	
692-0-03 Maintenance of Patients in Non- Departmental Institutions	. (explanation not sent to PAC)	2 130 000	124 200 000 <u>1 210 000</u> 125 410 000	

## APPENDIX 5

## LIST OF ADDITIONAL SUBMISSIONS

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Department of Veterans' Affairs	Specialists, Local Medical Officers and Ancillary Medical Services 692-00-01	195
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	Maintenance of Patients in non-Departmental Institutions 692-00-03	199
	Expenses of Travelling for Medical Treatment 692-00-05	201

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Department of Aboriginal Affairs

Division : 120 - ADMINISTRATIVE  
Sub-Division : 3 - Other Services  
Item : 09

Payment in respect of Aboriginal and Islander Housing Panel Incorporated for outstanding liability on liquidation

Purpose of Item : This item provides for the payment of additional accounts recommended as a result of the liquidator's examination of the Aboriginal and Torres Strait Islander Housing Panel's financial records.

<u>Funds Available</u>	1981-82	1982-83	1983-84
	\$	\$	\$
Appropriation Act No. 1	-	-	-
Appropriation Act No. 3	-	-	-
Appropriation Act No. 6	-	12,500.00	-
Advance to the Minister for Finance	-	-	32,000.00
TOTAL FUNDS AVAILABLE	-	12,500.00	32,000.00
TOTAL EXPENDITURE	-	12,473.00	32,000.00
UNEXPENDED FUNDS AVAILABLE (3)	-	27.00	-

Explanation of requirements for additional funds in 1983-84(4)

Advance to the Minister for Finance -

1. The Aboriginal and Torres Strait Islander Housing Panel Incorporated received funding from the Commonwealth until 15 August 1978 but continued to operate using funds provided for its wind up until 30 September 1978. There was some opposition from the Panel to the decision to cease funding, and it was unco-operative in clarifying its financial position at the time of the wind up.
2. This lack of co-operation resulted in an underestimation of staff entitlements by the Department and the Panel's debt structure was accordingly underestimated. Further as a result of actions taken by the Panel other creditors remained unpaid, one of whom eventually took legal action.
3. The liquidator (W J Hamilton) continued to examine the financial position of the Panel and in May 1984 a report was received which outlined the financial position of the Panel at that time.

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4. Prior verbal advice received from the liquidator was that an amount of \$30,000 would be required. The Department in a memorandum dated 15 May 1984 (copy attached) sought that amount from the Advance to the Minister for Finance as a matter of urgency. Subsequent examination of the liquidator's report confirmed the financial position then as follows :-

	\$	
5. Preferential creditors	3,445.84	
Unsecured creditors	37,467.24	
Accrued liquidators costs	5,000.00	
Liquidation costs to finalisation	<u>2,000.00</u>	
	47,913.08	

Less : Cash at Bank - cheque account	905.25	
IBD	15,000.00	
Accrued Interest	<u>900.00</u>	<u>16,805.25</u>
<u>NET DEFICIT</u>		<u>31,107.83</u>

- 6. On receipt of this advice on 22 May, the Department advised Finance verbally of the additional funds required and approval in the amount of \$32,000 was received on 12 June 1984.
- 7. On 20 June 1984 the liquidator provided more accounts, and a further amount of \$890.00 was provided to discharge a liability to Telecom.
- 8. The liquidator has since indicated that the matter can be completed within the funds provided, that he intends to make a second and final distribution to creditors and make application for the dissolution of the Panel.

12 September 1984

P&B 83/4309

The Secretary  
Department of Finance  
Newlands Street  
PARRIS ACT 2600

15 MAY 1984

Attention: Mr D Sinclair

Department of Aboriginal  
Affairs  
Division 806-2 Special Program Con-  
sultants - Payment to Aboriginal and  
Islander Housing Panel Incorporated  
for outstanding liability on liquidation

Funding for the Aboriginal and Torres Strait Islander Housing Panel was ceased as from 15 August, 1978 and known creditors paid out. The Department's reconstruction of the Panel's financial position at 15/8/78 included a debt structure which appears now to have taken too narrow a view of staff entitlements (using the PSB model) and what constituted unavoidable commitments for ongoing costs incurred before 15/8/78.

2. As a result of the liquidator's examination (W J Hamilton) of the Panel's financial records it appears that the Commonwealth has further obligations to provide funds and \$30,000 is required for this purpose in this financial year.

3. Accordingly, additional obligation is now requested from the Advance to the Minister for Finance in the amount of \$30,000 for Division 806-2 Special Program Consultants - Payment to Aboriginal and Islander Housing Panel Incorporated for outstanding liability on liquidation.

4. Urgent confirmation of the provision of obligation would be appreciated. It is anticipated that warrant will not be required until 1 June 1984. Offsetting savings are available from Division 120-3-06 Other Services - Aboriginal Land Commissioner (Northern Territory) - operating expenses - \$30,000.

(signed)  
(A Techney)  
for Secretary

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983-84

Explanatory Statement

Department of Administrative Services

Division : 130 - Administrative

Sub-Division: 3 - Other Services

Item : 03 - Reimbursement of Costs to ANL

Purpose of Item:

This item provides for the reimbursement of costs incurred by the Australian National Line (ANL) pending disposal of its property at Mort Bay, NSW.

<u>Funds Available</u>	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>
	\$	\$	\$
Appropriation Act No 1	-	-	-
Appropriation Act No 2	-	-	-
Appropriation Act No 3	-	-	-
Appropriation Act No 4	1,757,300	-	-
Appropriation Act No 5	-	605,000	-
Appropriation Act No 6	-	-	-
Advance to the Minister for Finance	-	-	99,642
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS AVAILABLE	1,757,300	605,000	99,642
TOTAL EXPENDITURE	1,757,260	604,961	99,641
	<hr/>	<hr/>	<hr/>
UNEXPENDED FUNDS AVAILABLE	40	39	1

Explanation of requirement of additional funds in 1983-84

Advance to the Minister for Finance

- In May 1980 the then Minister for Defence announced the Government's intention to purchase the ANL's Mort Bay property. Negotiations for the purchase eventually broke down mainly because of the strong public stance taken against the proposal by the Premier of New South Wales. In February 1982, the then Minister for Finance agreed to a request from the then Minister for Transport to reimburse ANL for costs incurred by ANL due to the failure of the sale of the Mort Bay property to the Commonwealth. It was agreed that the reimbursement would be made from an appropriation to the Department of Administrative Services.

- On 22 February 1984 the Minister for Transport sought agreement from the Minister for Finance to the reimbursement of costs of \$99,641.10 incurred by the Australian Shipping Commission as part of the liability accepted by the Commonwealth in relation to the disposal of the ANL's Mort Bay site up to 23 August 1982.
- On 22 March 1984 the Minister for Finance agreed to the Minister for Transport's proposal and advised the Minister for Administrative Services that he considered that payment should be made as in the previous two years with funds being provided to the Department of Administrative Services at Additional Estimates. At the same time he sought the concurrence of the Minister for Administrative Services to this procedure.
- The Minister for Administrative Services' formal concurrence to the Minister for Finance did not reach the Department of Finance until after the cut off time for Additional Estimates. It is understood that the Department of Finance withdrew the item from the Appropriation Bill as the formal concurrence of the Minister for Administrative Services had not been received.
- As there was agreement between Ministers that the payment be made to ANL in 1983-84 an approach was made by the Department of Administrative Services on 23 May 1984 to the Department of Finance seeking warrant authority in the amount of \$99,641.10 from the Advance to the Minister for Finance.

99,641

31 August 1984



EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

1983/84

EXPLANATORY STATEMENT

Department: Attorney-General's  
Division: 180 - Institute of Family Studies  
Sub-Division: 2 - Administrative Expenses  
Item: Research Operations  
Purpose of Item:

The Research Operations item constitutes around a third of the Administrative Expenses sub-division and provides for the major part of the cost of carrying out the Institute's functions of conducting, encouraging and co-ordinating research into factors affecting marital and family stability in Australia. Studies conducted by the Institute, studies contracted to outside personnel and the annual Support Grants scheme are all funded through this item.

<u>Funds Available</u>	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>
(Total Administrative Expenses)	\$	\$	\$
Appropriation Act No 1	867,000	985,300	1,043,000
Advance to the Minister for Finance	-	-	38,996
<b>TOTAL FUNDS AVAILABLE</b>	<b>867,000</b>	<b>985,300</b>	<b>1,081,996</b>
<b>TOTAL EXPENDITURE</b>	<b>756,212</b>	<b>984,565</b>	<b>1,081,665</b>
<b>UNEXPENDED FUNDS AVAILABLE</b>	<b>110,788</b> <sup>1.</sup>	<b>735</b>	<b>331</b>

1. An amount of \$100,000 was withdrawn from the IFS appropriation during the February 1982 expenditure 'freeze'.

Explanation of requirements for additional funds in 1983-84

Advance to the Minister for Finance

In June, 1984 the Institute's study of the Economic Consequences of Marital Breakdown being undertaken in conjunction with the Law Reform Commission's Matrimonial Property Inquiry was at the interviewing stage. A team of over 30 interviewers was in the field conducting 900 interviews (600 in the Melbourne area and 300 in the Victorian country areas) and 6 research assistants were working in IFS premises on study supervision and coding of completed interview schedules.

2. The study was being run on an extremely tight timetable which resulted in most of the interviewing being conducted in late May, June and early July. Hence the major cost of the study (fieldwork expenses) occurred during that period. Up until May, 1984 it had been anticipated that most of the expenditure would be incurred in late June and July, i.e. against the 1984/85 financial year appropriations, than proved to be the case. Thus calls on the Research Operations item to pay salary-type costs in May and June were higher than anticipated.

3. Sufficient funds to meet these costs would have been available but for urgent and unforeseen rental payments which had to be made in April 1984 for the premises occupied by the Institute at 766 Elizabeth Street, Melbourne. The Department of Administrative Services had been negotiating with the owners of Lewis House, the AMP Society, for over a year on a lease for the Institute's premises. It was only when those negotiations were completed in March 1984 that the Institute was advised that increased rental and cleaning charges to the extent of \$38,996.29 had been deferred while negotiations proceeded, and were now payable. The rental arrears totalled \$35,605.96 and cleaning arrears \$3,390.30. These amounts were paid from existing funds.

4. In our letter to the Department of Finance dated 19 June 1984 the reason given for seeking the advance was to meet urgent payments to a number of persons engaged on research projects. Whilst this was the immediate problem it was not the specific problem. The specific problem was the payment of the rental and cleaning arrears in March which subsequently led to the shortfall in meeting payments to persons engaged in the research projects.

September 5, 1984

JOINT COMMITTEE OF PUBLIC ACCOUNTS  
THE DEPARTMENT OF DEFENCE SUPPORT  
SUPPLEMENTARY INFORMATION - SALARIES AND ALLOWANCES

-2-

DEPARTMENT OF DEFENCE SUPPORT

DIVISION 255 Administrative  
SUB-DIVISION 1 Salaries and Payments in the nature of Salary  
ITEM 01 Salaries and allowances

PURPOSE OF ITEM

This item provides for the payment of salaries, wages, higher duty, holiday pay and retirement/separation costs of permanent and temporary officers in the Central, regional and overseas offices and in the dockyards for staff engaged under the Public Service Act and under the Naval Defence Act. The item does not provide for munitions and aircraft factory personnel whose salaries and wages are paid from factory trust accounts.

FUNDS AVAILABLE

	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>
	\$	\$	\$
Appropriation Act No.1	1,164,933(1)	82,337,000	97,688,000(3)
Appropriation Act No. 3	1,646,000	-	6,924,000
Appropriation Act No. 5 (1982/83 only)	-	9,255,000	-
Transferred to new Department of Industry and Commerce (1981/82 only)	-1,179,000	-	-

	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>
Previous Advance to the Minister for Finance	550,000	650,000	1,700,000
Additional amount required			330,000
<b>TOTAL FUNDS AVAILABLE</b>	<b>2,181,933</b>	<b>92,242,000</b>	<b>106,642,000</b>
<b>TOTAL EXPENDITURE</b>	<b>2,157,623</b>	<b>92,125,948(2)</b>	<b>106,555,780</b>
<b>UNEXPENDED FUNDS AVAILABLE</b>	<b>24,310</b>	<b>116,052</b>	<b>86,220</b>

- (1) This figure is based on an original appropriation of \$20,482,000 and excluding expenditure to 7 May 1982 by the then Department of Industry and Commerce.
- (2) This figure does not include expenditure by the Department of Administrative Services on behalf of this Department for the Defence Purchasing Function from 1 July 1982 to 10 March 1983.
- (3) This figure includes \$947,000 allocated from Section 5 of Appropriation Bill (No. 1) 1983/84 for payment of salary and wage increases awarded as a result of the 4.1% National Wage Case decision effective 19 April 1984.

EXPLANATION OF REQUIREMENT FOR ADDITIONAL FUNDS IN 1983/84

Appropriation Act No. 3

- |  | \$        |
|--|-----------|
| (a) <u>Price Increase</u>  | 3,180,000 |
| Provision for National Wage Case 4.3% increase payable from 6 October 1983 |           |
| (b) <u>Exchange Rate Variation</u>   | NIL       |

(c) Real Increase

3,744,000

- Loss of productive work time at Williamstown Dockyard due to asbestos problems in HMAS YARRA and SWAN \$300,000
- Lower incidence of unpaid absences at Williamstown Dockyard (Budget Estimate - 111 man years, Additional Estimate - 57 man years) \$961,000
- Higher rates for payments in lieu of recreation and long service leave than estimated at Budget \$1,303,000
- Increased levels of workers compensation payments \$542,000
- Under recovery from Department of Defence arising from the cancellation and deferment from the December 1982 Navy repair and refit program of HMAS KIMBLA and VAMPIRE respectively \$590,000
- Under recovery from Department of Defence resulting from productivity gain on HMAS YARRA \$280,000
- The Department's estimates understated the Central Office requirement \$600,000
- Lower than anticipated requirement for penalty payments \$-132,000
- Deletion of requirement for management initiatives included in the Budget \$-700,000

Advance to the Minister for Finance

(a) First Advance 1,700,000

- An increase in the number of employees on compensation and increases in expenditure on allowances \$315,000
- Reduced level of penalty payments \$-27,000
- Employees retiring/resigning have had more accrual of recreation leave and furlough than was estimated at Additional Estimates \$287,000
- The calculation of the Additional Estimates salary per capita rate was based on salary expenditure as at the end February 1984. The per capita rate derived did not reflect a number of accruing salary liabilities and the recruitment plan imposed on the Department required the filling of higher level essential positions by internal transfer or promotion which further raised the per capita rate \$1,125,000

(b) Second Advance 330,000

Wages and Payroll for Garden Island Dockyard (GID) are currently processed manually through the Defence Regional Finance Office, Sydney (DRFO). When the payroll is determined DRFO forwards certified claims to GID for payment of net wages. At a subsequent date the DRFO then processes relevant claims representing deductions from the total payroll - including Commissioner for Taxation deductions - and refers those claims to Garden Island Dockyard for payment.

At the beginning of 1983/84 there was a carry over of one month of Commission of Taxation claims. It was anticipated that the carry over would be cleared during the year. However, in the event, it was assessed late in the year that the carry over would not be eliminated due to a lack of resources.

- . The Department sought \$1.7 million on the 26 June 1984 from the Advance to the Minister for Finance to pay Departmental wage and salary payments for the remainder of the financial year. This amount was based on the cash required to pay accrued salary and wages liabilities and assumed the DRFO would not lodge claims for Commission for Taxation deductions.
- . Subsequent to the application to the Department of Finance for \$1.7 million the DRFO was able to overcome its difficulties and claims for an additional \$330,000 were lodged with Garden Island Dockyard.
- . While the related claims were lodged for payment by DRFO on Friday, 22 June 1984 this information was not relayed to Central Office until after the application for \$1.7 million had been forwarded to the Department of Finance.
- . Given the nature of the deductions and as the salaries and allowances appropriation item was fully committed, the Department sought additional funds from the Advance to the Minister for Finance.

3 September 1984



DEPARTMENT OF DEFENCE

DEFENCE ACT 1903  
GENERAL ACT 2600

FSIA205/85  
RFP85/16534

27 May 1985

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

Dear Mr Talberg,

JOINT PARLIAMENTARY COMMITTEE OF PUBLIC ACCOUNTS - ADVANCE TO  
THE MINISTER FOR FINANCE

1. During the hearing of the inquiry into the Advance to the Minister for Finance 1983-84 (255-1-01: Salaries) the question was raised of how the Department of Defence Support had not paid the appropriate taxation payroll deductions related to Garden Island Dockyard (GID) to the Taxation Office thus necessitating a request for funds totalling \$0.330m. The Committee also queried how it was possible that the significant delays involved did not result in questions being raised by the Australian Taxation Office as to the delayed payment.
2. The history of payroll administration at GID is as follows:
  - a. until recently Payroll was administered by Defence Regional Office Sydney.
  - b. With creation of Department of Defence Support in March 1982 the financial ledgers for GID were not established until 1 July 1983. To assist the Department of Defence Support (GID) the Defence Regional Office continued to administer the payroll while staff allocations between departments were agreed and the payroll transferred to GID.
  - c. Payroll administration was transferred to GID on 5 November 1984, however, it was shortly after then the Department of Defence Support was abolished. The payroll function is now totally carried out at GID.
3. Computerisation of the Garden Island Dockyard commenced in 1983 and although significant effort was applied to development and implementation of a system, it nevertheless suffered from problems. This resulted in relatively inexperienced staff being used at the Defence Regional Office for payroll duties over an extended period of time.

4. As it was important to ensure payment of an accurate and correct payroll to Naval Defence Act employees, there was a need during part of 1983/84 to run a dual system. Functions such as the reconciliation of taxation deduction which was a complex and labour intensive task fell into arrears.

5. For financial year 1983/84 there was no detriment to GID employees receiving Group Certificates or subsequently in making payment to the Taxation Office. Also there was no arrangement either in writing or orally that Defence would receive preferential treatment by the Australian Taxation Office. No further difficulties are being experienced in payment of taxation deductions to the Australian Taxation Office by the due date.

6. The Department acknowledges that because of staffing difficulties some of the support functions of managing the payroll, in particular, payment of taxation deductions to the Australian Taxation Office fell in arrears. When these problems came to the notice of the Department of Defence the Assistant Secretary Accounting Policy and Operations gave a clear direction to the Defence Regional Finance Office on the management requirements of handling the GID payroll. A copy of this correspondence is attached.

7. At the Committee hearing advice was given that Garden Island Dockyard would transfer to trust account operations on 1 July 1986. The nature and operation of the trust account would be similar to that now implemented at Williamstown Naval Dockyard (WND). Copies of the Department of Finance and associated WND instructions on Trust Account management are attached for the Committee's information.

8. If there are any other matters on which the Committee wishes to be advised this Department would be pleased to provide the necessary information.

Yours sincerely

F.R. HARVEY  
First Assistant Secretary  
Financial Services and  
Internal Audit

Enclosures:

RFP84/13044

Regional Finance Officer Sydney

GID - REQUEST FOR AMF

1. Your minute of 5 September 1984 refers.

2. It is apparent from the reference that the officers responsible for this occurrence are not aware of the effect of their actions. Firstly, the delay of 7-8 weeks in processing taxation deductions from employees wage earnings is unacceptable. The situation should not have gone undetected and it should not have been necessary for GID to highlight the situation by prompting your office for action. Delays of this nature are not to be permitted to recur. All deduction details are to be provided to GID promptly after each pay run.

3. Secondly, you need to be aware that as a result of these delays, DDS were required to seek AMF to cover the backlog of taxation deductions during the last few days of the financial year. Because of this requirement, DDS have been called upon by the Joint Committee of Public Accounts to give explanation for the nature of the request. The outcome of the Committee's examination reflects upon Defence's financial management.


4. Although the reference points out that, irrespective of the delays evident in your office, DDS would have been required to obtain AMF, had prompt advice been given to DDS on a weekly basis, the requirement for additional funds would have been apparent during May 1984 at the latest. In these circumstances, DDS would have been in a position to prepare a timely submission for AMF based on a proper assessment of the reasons.

5. Would you please make your officers aware of the foregoing.

Signed

M. Kargas  
A/ASA

Accounting Operations Branch  
20 September 1984

SEC. CLASS UNCLASSIFIED	
TYPE OF DOCUMENT FINANCE OPERATING PROCEDURE	ALWAYS PAGE 1
	
TITLE:  TRUST ACCOUNT	
THIS DOCUMENT REMAINS THE PROPERTY OF HMA NAVAL DOCKYARD AND MUST NOT BE COPIED FOR DISTRIBUTION TO OTHERS WITHOUT APPROVAL OF THE ISSUING AUTHORITY.	
DEPARTMENT OF DEFENCE SUPPORT <b>H.M.A. NAVAL DOCKYARD, WILLIAMSTOWN, VICTORIA,</b>	
PREPARED FM	DOCUMENT NO. 1.01.03
CHECKED FM	REVISION
OK	DATE 31 AUG 84
OK	COPY NO. 1
APPROVED FM	APPLICABLE TO CONTRACT/ORDER NO.
	REPLACES
	PROJECT
SEC. CLASS.	NO. OF PAGES: 8

WILDOK OPERATING DIRECTIVE	NUMBER 1.01.03
TITLE	DATE EFFECTIVE 1 JULY 1984
	DATE ISSUED 31 AUGUST 1984
TRUST ACCOUNT	REPLACES
BRANCH FINANCE	ISSUED BY FIN HAN
PURPOSE:	1.1 This operating procedure outlines the basis for the operation of a Trust Account in Williamstown Dockyard.
SCOPE:	2.1 In accordance with initiatives made by Department of Defence Support for the improved Financial Management of Williamstown Dockyard, the Department of Finance approved the establishment of Williamstown Dockyard Trust Account.
	2.2 Formal approval was received with effect from 1 July 1984 for the "Williamstown Dockyard Trust Account" with the purposes of Payment for goods and services of salaries, wages and all other expenses incurred in connection with the operations of the dockyard for the production of war materials and other production approved by the Minister.
APPLICABLE DOCUMENTS	3.1 The operation of the Williamstown Dockyard Trust Account is subject to the provisions of the: <ul style="list-style-type: none"> <li>a) Audit Act</li> <li>b) Finance Regulations and Directions</li> </ul>
	3.2 Accounting practices as set out in: <ul style="list-style-type: none"> <li>a) Guidelines to the Form and Standard of Financial Statements of Commonwealth Undertakings.</li> <li>b) Guidelines for Departmental Annual Reports.</li> <li>c) Australian Society of Accountants. Accounting Standards will apply.</li> </ul>
PRINCIPLES	4.1 In relation to the operation of the Williamstown Dockyard Trust Account the principles set out in paragraphs 5.1 to 19.1 apply.
FINANCIAL STATEMENTS	5.1 Financial statements are to be formulated in accordance with "Guidelines for the Form and Standard of Financial Statements of Commonwealth Undertakings" (issued by the Department of Finance in May 1983). These statements should be included in the Department's Annual Report in accordance with "Guidelines for Departmental Annual Reports" issued in November 1982.

COSTING AND CHARGING  
POLICIES

- 6.1 The objective is that customers are to be charged by the Dockyard on a full cost recovery basis.
- 6.2 Charges are to be raised in respect of all work or services performed by the Dockyard on behalf of Defence and other clients. In this respect charges would apply where Defence wishes particular capacities not required for normal dockyard activities to be maintained on defence strategic grounds eg weapons system personnel, the technical authority role and special defence security requirements. Funding for these services will be provided from appropriations of the Department of Defence for payment to the Trust Account.
- 6.3 Defence should enter into an agreement with Defence Support concerning the extent of the capacity to be maintained. The precise nature of the agreement would be for Defence and Defence Support to determine, but it would be expected that the basic agreement would extend over several (say 3) years and that the annual cost of the service provided would be agreed by Departments prior to each financial year.
- 6.4 Any work for other establishment, stores and support craft would be undertaken as a customer service and therefore is chargeable to those establishments on a full cost recovery basis.
- 6.5 Full cost is intended to include all direct and indirect labour and material costs; related administrative overhead costs; employer superannuation contributions; repairs and maintenance; insurance and workers compensation provisions; depreciation; provision for furlough; interest on the value of working capital and capital assets.
- 6.6 The estimated level of overheads is to be agreed in advance annually between the Departments of Defence and Defence Support.

- 6.7 Under-utilised facilities and plant (other than for strategic reserve capacity reasons) should be kept to a minimum. However, where assets can be clearly identified as being under-utilised for more than a short term, the costs of maintaining those assets (depreciation, interest, maintenance etc) should be recovered from the relevant appropriation of the Department of Defence Support and be clearly identified in the explanations of estimates. Minimal, short term under-utilisation would form part of the normal costs of the dockyard and be recovered from customers as part of operating costs.
- 6.8 Similarly, where labour is idle for a short time and it is necessary to retain that labour to meet minimum skills retention requirements, the cost of such idle labour should form part of the normal costs of the dockyard and be a charge to customers. Where idle labour is present for other reasons (eg inability to run-down manpower levels because of governments policy on retrenchments) the full cost for that idle labour should be met from the relevant Defence Support appropriation and be clearly identified in the explanations of estimates.
- REPAYMENTS TO CONSOLIDATED REVENUE FUNDS
- 7.1 The amounts charged to customers will include relevant overhead elements for all items such as depreciation, superannuation etc. All such recoveries (other than furlough) will be processed through the trust account and paid to the Consolidated Revenue Fund as credits to Defence Outlays, on a monthly basis.
- INTEREST ON CAPITAL
- 8.1 Interest is to be applied to the working capital advanced to the Dockyard (ie actually drawn down) and to the net depreciated value of all fixed assets excluding the Alfred Graving Dock, land and buildings other than "special purpose" buildings, such as on-site mobile workshops used directly in the production process.
- 8.2 The rate of interest to be applied is the long term bond rate as established from time to time (currently termed the weighted average issue yield on the longest term bond tender).
- DEPRECIATION
- 9.1 Depreciation is to be applied to all assets funded by appropriation other than land (ie buildings and works; machinery and plant; furniture, fixtures and fittings, etc) subject to any specific exclusions agreed to by the Departments of Defence, Defence Support and Finance
- 9.2 The depreciation rates and the method of calculation should accord with AAS4.

WILDOCK OPERATING PROCEDURE - TITLE: TRUST ACCOUNT		NO. 1/01.03
	9.3	Valuation is to be based on historical cost, but should reflect a reasonably up-to-date re-valuation of assets taking into account expected disposal values. Initial valuation would have regard to existing accepted values.
SUPERANNUATION	10.1	Employer's contributions for all staff who are members of the Commonwealth Superannuation Scheme are to be based on actuarially determined rates. For current purposes a rate of 20% of salary would be appropriate.
WORKERS COMPENSATION	11.1	The trust account is to meet premiums (based on current industry averages) for workers' compensation and other insurances (such as public risk, assets loss/damage, product liability and warranty liabilities). Claims to meet workers' compensation and other insurance incidents will be met from Defence Support appropriations.
	11.2	Reductions in appropriation requirements to meet insurance incidents at the Dockyard will not be available as a genuine offset to proposed increases elsewhere, and offsetting savings will not be pressed for in the case of additional appropriations being required to meet dockyard insurance incidents.
FURLOUGH	12.1	Furlough transactions are to be undertaken through a furlough provision account as detailed in the Treasury circular of 1 July 1976.
	12.2	The salient points of that direction and its implementation in this case are: <ul style="list-style-type: none"> <li>- recoveries from customers to meet the costs of furlough need not be paid into the Consolidated Revenue Fund but can be retained in a furlough provision account;</li> <li>- the furlough provision account records all furlough transactions: <ul style="list-style-type: none"> <li>- it meets furlough payments to employees;</li> <li>- recoveries from customers are credited to it on a percentage of payroll basis determined by actuarial assessments; and</li> <li>- the assessed costs are to be apportioned over projects;</li> </ul> </li> <li>- credits of the provision account would supplement working capital requirements of the trust account and interest at the same rate as applying to all working capital advances would apply;</li> </ul>

WILDOCK OPERATING PROCEDURE - TITLE: TRUST ACCOUNT		NO. 1.01.03
	12.2	the percentage of payroll to be paid to the furlough provision account is to be assessed by the Australian Government Actuary: <ul style="list-style-type: none"> <li>- past service liability is also to be assessed and it would be appropriate for this also to be calculated by the Actuary</li> <li>- as interest is to be paid on the credit of the provision account and the credit is to be taken into account in assessing working capital requirements, a part of the initial working capital advance would be attributed to the furlough provision account as its initial credit.</li> </ul>
FUNDING OF CAPITAL ASSETS	13.1	Fixed assets are to be funded from Defence Support appropriations (this includes furniture and fittings, buildings and works, machinery and plant and land).
	13.2	Items having a working life of less than one year or which are not depreciable under taxation schedules are treated as operating expenses and recovered through charges to customers through the trust account.
	13.3	Revenue from disposal of assets at the Dockyard is to be treated similarly to revenue from the disposal of other Defence Support assets by the Department of Administrative Services (ie apart from land and buildings, all revenue from assets is a credit to the Defence Outlay).
WORKING CAPITAL ADVANCES	14.1	The level of the advance is to be reviewed annually by the Department of finance and surplus working capital advances of the trust account are to be repaid to the Consolidated Revenue Fund.
	14.2	Appropriations for working capital advances are to be set at the minimum level to enable the efficient operation of the Trust Account.
	14.3	Additional working capital requirements should be obtained through appropriations and not by the retention of moneys which should be paid to the Consolidated Revenue Fund.
MONEYS IN EXCESS OF REQUIREMENTS	15.1	Moneys in excess of requirements in the trust account are to be repaid to the Consolidated Revenue Fund (this includes working capital advances).
COST INCURRED BY DEFENCE SUPPORT ESTABLISHMENTS (INCLUDING CENTRAL OFFICE)	16.1	Where a specific service provided by another part of Defence support can be identified as contributing to dockyard operations and can be reasonably quantified, a charge will be levied on the dockyard and payment made to the relevant trust account or to the Consolidated Revenue Fund.
COSTS INCURRED BY OTHER DEPARTMENTS	17.1	Where a service is provided to the dockyard by another Department on a "fee for service" basis, the charging policy as set out in section 29 of the Finance Directions would apply.



REPAIRS AND MAINTENANCE	18.1	The cost of repairs and maintenance is to be recovered from customers as an operational expense of the dockyard.
TAXES	19.1	Taxation levies of any kind (including Customs and Excise) shall not be applied unless specifically levied by legislation and payable by the Commonwealth.
RESPONSIBILITY	20.1	The responsibility of establishing and maintaining the Williamstown Dockyard Trust Account lies with the Finance Branch of Williamstown Dockyard.
AUTHORITY	21.1	The Williamstown Dockyard Trust Account was applied for on DDS 189-2-120 16 February 1984 and approved on Department of Finance letter 14 June 1984, signed by R.D. Beale FAS.



-COPY-

## DEPARTMENT OF FINANCE

Newlands Street, Parkes, A.C.T. 2600  
 Telephone Canberra 639111  
 Telex 62163

Reference  
 Contact Officer  
 Telephone

The Secretary  
 Department of Defence Support  
 Anzac Park West Building  
 CANBERRA ACT 2600

ATTENTION Mr J Bolland

## WILLIAMSTOWN DOCKYARD - ESTABLISHMENT OF TRUST ACCOUNT

The delegate of the Minister for Finance has approved, with effect from 1 July 1984, the establishment of a trust account entitled:

"Williamstown Dockyard Trust Account"

with the purposes:

Payment for goods and services and of salaries, wages and all other expenses incurred in connection with the operations of the dockyard for the production of war materiel and other production approved by the Minister."

In line with suggestions made when approval was given, we have made some drafting changes to the paper which sets out the principles of operation of the dockyard under the sections headed Repayments to Consolidated Revenue Fund, Funding of Capital Assets and Costs Incurred by Other Departments. These changes will make no difference to how the trust account will operate.

A further comment was made that the depreciation arrangements set down were open to internal inconsistency in regard to the rates to be applied. The point made was that under certain circumstances the depreciation rates used for taxation purposes may not accord with AASA. While we doubt that this would have any effect on the Dockyard, we have amended the sentence involved to ensure that conflict does not arise.

We would appreciate early advice of the estimated receipts and expenditure of the Trust Account so that this information can be included in the estimates data for 1984-85. We would also appreciate receiving an explanation of the derivation of the Dockyard's working capital advance requirements.

Signed

R.D. Beale  
 First Assistant Secretary  
 Defence and Government Division  
 June 1984

WILLIAMSTOWN DOCKYARD TRUST ACCOUNT  
PRINCIPLES OF OPERATION

FINANCIAL STATEMENTS

Financial statements are to be formulated in accordance with "Guidelines for the Form and Standard of Financial Statements of Commonwealth Undertakings" (issued by the Department of Finance in May 1983). These statements should be included in the Department's Annual Report in accordance with "Guidelines for Departmental Annual Reports" issued in November 1982.

COSTING AND CHARGING POLICIES

The objective is that customers are to be charged by the Dockyard on a full cost recovery basis.

Charges are to be raised in respect of all work or services performed by the Dockyard on behalf of Defence and other clients. In this respect charges would apply where Defence wishes particular capacities not required for normal dockyard activities to be maintained on defence strategic grounds eg weapons system personnel, the technical authority role and special defence security requirements. Funding for these services will be provided from appropriations of the Department of Defence for payment to the Trust Account.

Defence should enter into an agreement with Defence Support concerning the extent of the capacity to be maintained. The precise nature of the agreement would be for Defence and Defence Support to determine, but it would be expected that the basic agreement would extend over several (say 3) years and that the annual cost of the service provided would be agreed by Departments prior to each financial year.

Any work for other establishments, stores and support craft would be undertaken as a customer service and therefore is chargeable to those establishments on a full cost recovery basis.

Full cost is intended to include all direct and indirect labour and material costs; related administrative overhead costs; employer superannuation contributions; repairs and maintenance; insurance and workers compensation provisions; depreciation; provision for furlough; interest on the value of working capital and capital assets.

The estimated level of overheads is to be agreed in advance annually between the Departments of Defence and Defence Support.

Under-utilised facilities and plant (other than for strategic reserve capacity reasons) should be kept to a minimum. However, where assets can be clearly identified as being under-utilised for more than a short term, the costs of maintaining those assets (depreciation, interest, maintenance etc) should be recovered from the relevant appropriation of the Department of Defence Support and be clearly identified in the explanations of estimates. Minimal, short term under-utilisation would form part of the normal costs of the dockyard and be recovered from customers as part of operating costs.

Similarly, where labour is idle for a short time and it is necessary to retain that labour to meet minimum skills retention requirements, the cost of such idle labour should form part of the normal costs of the dockyard and be a charge to customers. Where idle labour is present for other reasons (eg inability to run-down manpower levels because of government policy on retrenchments) the full cost of that idle labour should be met from the relevant Defence Support appropriation and be clearly identified in the explanations of estimates.

REPAYMENTS TO CONSOLIDATED REVENUE FUND

The amounts charged to customers will include relevant overhead elements for all items such as depreciation, superannuation etc. All such recoveries (other than furlough) will be processed through the trust account and paid to the Consolidated Revenue Fund, within Defence Outlays, on a monthly basis.

INTEREST ON CAPITAL

Interest is to be applied to the working capital advanced to the Dockyard (ie actually drawn down) and to the net depreciated value of all fixed assets excluding the Alfred Graving Dock, land and buildings other than "special purpose" buildings, such as on-site mobile workshops used directly in the production process (the net depreciated value for these assets included in calculating the PFG project cost was \$25.7m).

The rate of interest to be applied is the long term bond rate as established from time to time (currently termed the weighted average issue yield on the longest term bond tender).

DEPRECIATION

Depreciation is to be applied to all assets funded by appropriation other than land (ie buildings and works; machinery and plant; furniture, fixtures and fittings, etc) subject to any specific exclusions agreed to by the Departments of Defence, Defence Support and Finance.

The relevant rates should be those prevailing for taxation purposes and the method of calculation should accord with AAS4.

Valuation is to be based on historical cost, but should of course reflect a reasonably up-to-date re-valuation of assets taking into account expected disposal values. Initial valuation would have regard to existing accepted values.

#### SUPERANNUATION

Employer's contributions for all staff who are members of the Commonwealth Superannuation Scheme are to be based on actuarially determined rates. For current purposes a rate of 20% of salary would be appropriate.

#### WORKERS' COMPENSATION AND INSURABLE RISKS

The trust account is to meet premiums (based on current industry averages) for workers' compensation and other insurances (such as public risk, assets loss/damage, product liability and warranty liabilities). Claims to meet workers' compensation and other insurance incidents will be met from Defence Support appropriations.

Reductions in appropriation requirements to meet insurance incidents at the Dockyard will not be available as a genuine offset to proposed increases elsewhere, and offsetting savings will not be pressed for in the case of additional appropriations being required to meet dockyard insurance incidents.

#### FURLOUGH

Furlough transactions are to be undertaken through a furlough provision account as detailed in the Treasury circular of 1 July 1976. The salient points of that direction and its implementation in this case are:

- recoveries from customers to meet the costs of furlough need not be paid into the Consolidated Revenue Fund but can be retained in a furlough provision account;
- the furlough provision account records all furlough transactions:
  - it meets furlough payments to employees;
  - recoveries from customers are credited to it on a percentage of payroll basis determined by actuarial assessments; and
  - the assessed costs are to be apportioned over all projects;

- credits of the provision account would supplement working capital requirements of the trust account and interest at the same rate as applying to all working capital advances would apply;

- the percentage of payroll to be paid to the furlough provision account is to be assessed by the Australian Government Actuary;

- past service liability is also to be assessed and it would be appropriate for this also to be calculated by the Actuary;
- as interest is to be paid on the credit of the provision account and the credit is to be taken into account in assessing working capital requirements, a part of the initial working capital advance would be attributed to the furlough provision account as its initial credit.

#### FUNDING OF CAPITAL ASSETS

Fixed assets are to be funded from Defence Support appropriations (this includes furniture and fittings, buildings and works, machinery and plant and land).

Items having a working life of less than one year or which are not depreciable under taxation schedules are treated as operating expenses and recovered through charges to customers through the trust account.

Revenue from disposal of assets at the Dockyard is to be treated similarly to revenue from the disposal of other Defence Support assets by the Department of Administrative Services (ie apart from land and buildings, all revenue from assets forms part of the Defence Outlay).

#### WORKING CAPITAL ADVANCES

The level of the advance is to be reviewed annually by the Department of Finance and surplus working capital advances of the trust account are to be repaid to the Consolidated Revenue Fund.

Appropriations for working capital advances are to be set at the minimum level to enable the efficient operation of the Trust Account.

Additional working capital requirements should be obtained through appropriations and not by the retention of moneys which should be paid to the Consolidated Revenue Fund.

#### MONEYS IN EXCESS OF REQUIREMENTS

Moneys in excess of requirements in the trust account are to be repaid to the Consolidated Revenue Fund (this includes working capital advances).

COSTS INCURRED BY OTHER DEFENCE SUPPORT ESTABLISHMENTS  
(INCLUDING CENTRAL OFFICE)

Where a specific service provided by another part of Defence Support can be identified as contributing to dockyard operations and can be reasonably quantified, a charge will be levied on the dockyard and payment made to the relevant trust account or to the Consolidated Revenue Fund.

COSTS INCURRED BY OTHER DEPARTMENTS

Where a service is provided to the dockyard by another Department on a "fee for service" basis, the fee levied is to be paid to the Consolidated Revenue Fund as a credit to the Department concerned.

REPAIRS AND MAINTENANCE

The cost of repairs and maintenance is to be recovered from customers as an operational expense of the dockyard.

TAXES

Taxation levies of any kind (including Customs and Excise) shall not be applied unless specifically levied by legislation and payable by the Commonwealth.

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR  
FINANCE 1983-84 EXPLANATORY STATEMENT

Department of Defence

Division 234 - EQUIPMENT AND STORES  
Sub-Division 1 - New Equipment and Stores  
Item 01 - Naval Construction

Purpose of Item:

This Item covers payment for the construction conversion and modifications of ships, support craft and floating docks and for associated initial equipment machinery and stores.

Funds Available

	1981-82	1982-83	1983-84
	\$	\$	\$
Appropriation Act No. 1	202,929,000	165,879,000	223,761,000
Appropriation Act No. 3	35,071,000	18,084,000	NIL
Advance to the Minister for Finance			<u>34,000,000</u>
Total Funds Available	<u>238,000,000</u>	<u>183,963,000</u>	<u>257,761,000</u>
Total Expenditure	<u>137,788,377</u>	<u>183,933,530</u>	<u>257,755,250</u>
Unexpended Funds Available	100,211,623	29,470	5,750

Explanation of requirements for additional funds in 1983-84  
Advance to the Minister for Finance

Funds were sought from the Advance to the Minister for Finance to meet urgent valid billings which had been presented by United States authorities under Foreign Military Sales (FMS) arrangements for payment in the June Quarter 1984. This requirement was unforeseen at the time of the Additional Estimates and was not evident from the pattern of payments required to be made to United States authorities in the previous quarters of 1983-84 in respect of progress on capital equipment items.

Of the total amount of \$94m drawn from the Advance in Items 234/1/01 and 02, an amount of \$7m resulted from variations in exchange rates subsequent to the Additional Estimates closing.

The remaining requirement of \$87m resulted from significant variations between the expected FMS billing and actual requirements for payment in June. Those requirements were notified by the US authorities in May 1984.

The pattern of requirements in previous years has proved difficult to forecast. Until 1976, the billings were prepared by the individual US Service Departments but the US Arms Export Control Act of 1976 established a centralised accounting centre to standardise and streamline the FMS billing system. Billings were made on the basis of requirements which were set out in schedules of payments and which were estimated at the time contracts (Letters of Offer and Acceptance) were finalised with the appropriate US Service. Australian payments were lodged by the US in a Trust Account and funds disbursed to contractors as required.

Balances held in the Trust Account built up because the amounts included in the schedules of payments reflected requirements to pay contractors earlier than proved necessary.

By 1981 agreements were reached with US authorities to establish an interest bearing account with the Federal Reserve Bank of New York into which all Australian payments are made. Interest is paid to the Australian Department of Finance, and the US authorities transfer working funds from this account into the Trust Account from which disbursements to contractors continue to be made. In 1982 agreement was reached for regular reviews by US and Australian authorities to ensure that excess funds would not accumulate in these accounts. Procedures were implemented for the US authorities to assess actual requirements in respect of each quarterly payment rather than to bill Australia on the basis of the schedules of payments derived at the time individual contracts were entered into.

Since then the Defence Program has been arranged to reflect the billing pattern expected on FMS projects rather than the schedules of payments. Quarterly requirements notified by the US authorities broadly matched this pattern up to and including the quarterly payment made on 15 March 1984. Against a provision of some \$571m in the Additional Estimates for 1983-84, quarterly payments made were \$126m, \$140m and \$159m for September, December and March leaving some \$146m for the last quarter.

The payment requested by the US to be made on 15 June 1984 for the September 1984 quarterly requirement (which under FMS arrangements must be funded in advance) exceeded funds available and additional payments were required on the PFG and F/A-18 projects.

The increased payments required in June 1984 do not affect project costings, they are merely a rescheduling of the payments required in respect of the projects.

As shown in 1984-85 Budget Paper No. 1 Statement No. 3 on page 75 reductions in programmed expenditure of \$50m in 1984-85 and \$30m in 1985-86 are expected to result.

The remaining \$7m was offset against savings made in other appropriation items.

In 1981-82 there was an unexpended balance in item 234-1-01 of \$100m. Of this \$98.6m arose directly from the then Government's decision late in that financial year not to proceed with the acquisition of HMS INVINCIBLE.

Department of Defence  
5 September 1984

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR  
FINANCE 1983-84 EXPLANATORY STATEMENT

Department of Defence

Division           234 - EQUIPMENT AND STORES  
Sub-Division       1 - New Equipment and Stores  
Item                02 - Aircraft and associated initial  
                          equipment and stores

Purpose of Item:

This Item covers payment for the purchase of aircraft and includes provision for the initial purchase of associated equipment and stores.

Funds Available

	1981-82	1982-83	1983-84
	\$	\$	\$
Appropriation Act No. 1	114,438,000	238,324,000	512,953,000
Appropriation Act No. 3	NIL	32,475,000	16,303,000
Advance to the Minister for Finance			<u>60,000,000</u>
Total Funds Available	114,438,000	270,799,000	589,256,000
Total Expenditure	<u>75,841,206</u>	<u>270,789,985</u>	<u>589,246,089</u>
Unexpended Funds Available	38,596,794	9,015	9,911

Explanation of requirements for additional funds in 1983-84  
Appropriation Act No. 3

Additional funding of \$16,303,000 was sought to take account of changes in contractual payments, physical progress and Government approvals and USA requirements under Foreign Military Sales arrangements. Requirements had varied since Budget requiring more expenditure in this Item and less in Item 234-1-04 where a saving was declared.

Advance to the Minister for Finance

Please see the explanation for Item 234/1/01.

Unexpended Funds 1981-82

In 1981-82 the then Government implemented the recommendation of the Coldham review of Defence Force salaries and required that part of the additional cost be met from within existing appropriations. The arrangements agreed by the Government included actions resulting in the savings of \$38m reflected in this Item.

Department of Defence  
September 1984

EXPENDITURE FROM THE ADVANCE TO THE  
MINISTER FOR FINANCE 1983-84

Department of Education and Youth Affairs

Division:           271 - EDUCATIONAL SERVICES - AUSTRALIAN CAPITAL  
                          TERRITORY  
Sub-Division:       3 - INDEPENDENT SCHOOLS  
Item:                01 - GRANTS, SUBSIDIES AND ALLOWANCES

Purpose of Item:

This item provides for payment of grants, subsidies and allowances to non-government schools in the ACT.

Funds Available

	1981-82	1982-83	1983-84
	\$	\$	\$
Appropriation Act No 1	15 021 000	21 580 000	7 525 600
Appropriation Act No 3/5	NIL	NIL	194 700
Advance to the Minister for Finance	NIL	NIL	<u>310 000</u>
TOTAL FUNDS AVAILABLE	15 021 000	21 580 000	8 030 300
TOTAL EXPENDITURE	<u>14 176 828</u>	<u>20 710 695</u>	<u>8 029 000</u>
UNEXPENDED FUNDS AVAILABLE	844 172	869 305	1 300

Explanation of requirements for additional funds in 1983-84

Appropriation Act No 3

When 1983/84 Budget Estimates were prepared, requirements for Territorial per-capita recurrent grants were based on February 1983 enrolments, as official school census data does not become available until July. Appropriation Act No 3 provided an additional \$194 700. Of this amount, \$185 900 represented additional funds required for per-capita recurrent grants because of

- i   adjusting payments to include additional enrolments from February to July 1983 (\$126 900)
- ii additional enrolments from July 1983 including new enrolments in 1984 at Radford College (\$59 000).

All calculations were based on 1983 rates of \$312 per primary pupil and \$497 for each secondary student.

In addition, Library Establishment Grants of \$2 000 for Radford College and \$2 000 for the secondary sector of Trinity Christian School became payable. Neither held registration at the time of preparation of 1983/84 Budget Estimates.

The number of recipients of Junior Secondary Bursaries increased since Budget Estimates were prepared, resulting in an additional requirement of \$4 000, and an additional \$800 was required for increased "grants-in-aid-of-conveyance" allowance.

SUMMARY

Increased per capita grants	\$185 900
Library Establishment grants	4 000
Junior Secondary Bursaries	4 000
Grants-in-aid-of-conveyance	800
	<u>\$194 700</u>

Advance to the Minister for Finance

The additional requirement resulted from a re-calculation of schools' entitlements for Territorial per-capita recurrent grants based on rates set for 1984. The grants are determined by using information supplied by all States and Territories, and represent 20% of the national average cost of educating a child in a government school. A comparison of rates applicable to 1983 and to 1984 is below:

	<u>1983</u>	<u>1984</u>
Primary Pupil	\$312	\$347 (+\$35)
Secondary Student	\$497	\$529 (+\$32)

The new 1984 rates cover the second half of the financial year only, 1983 rates being used for the first half.

In previous years national statistical data from the States on education costs had become available earlier and increased funding requirements had been able to be included in Additional Estimates. This time the information was unavailable until after the passing of Appropriation Act no 3, and funding under an Advance to the Minister for Finance was required in order to meet Ministerially approved arrangements for payments to which schools were entitled. Schools are dependent on these grants to meet teacher salary costs and other recurrent costs and would face substantial difficulties if the grants were not paid at the due time.

JOINT COMMITTEE OF PUBLIC ACCOUNTS

EXPENDITURE FROM THE ADVANCE TO THE MINISTER  
FOR FINANCE 1983/84

EXPLANATORY STATEMENT

DEPARTMENT OF EMPLOYMENT AND INDUSTRIAL RELATIONS

<u>Division</u>	287	Administrative
<u>Sub Division</u>	2	Administrative Expenses
<u>Item</u>	07	Incidental and Other Expenditure
<u>Purpose of Item</u>		

This item provides for expenditure arising from:

- assistance to staff to complete approved study programs, payment of Reg 97D and disturbance allowances, employee compensation, staff attendance at training courses and seminars, official entertainment, parking expenses, damage to motor vehicles, staff advertising and other incidental expenses
- the retention of counsel to represent the Commonwealth Government in National Wage Cases and other cases having implications for industrial relations at the national level
- provision of funds for fuel, light, power, cleaning, minor works under \$750, hire and maintenance of plants, water, sewerage and general rates
- freight and cartage costs associated with the day to day running of the Department, relocation of staff and their personal effects, removal of furniture and other Departmental assets
- remuneration to agents of the Commonwealth Employment Service who provide CES Services in areas where the establishment of a branch or full time office is not warranted.

Funds Available

	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>
	§	§	§
Appropriation Act No. 1 (Division 287)	3,661,700	4,444,293	5,606,000
Appropriation Act No. 1 (Division 312)	-	-	24,000
Appropriation Act No. 2	456,000	1,048,000	133,000
Advance to the Minister for Finance		-	332,000
<b>TOTAL FUNDS AVAILABLE</b>	<b>4,117,700</b>	<b>5,492,293</b>	<b>6,095,000</b>
<b>TOTAL EXPENDITURE</b>	<b>3,923,700</b>	<b>5,075,982</b>	<b>6,091,874</b>
<b>UNEXPENDED FUNDS AVAILABLE</b>	<b>194,000</b>	<b>416,311</b>	<b>3,126</b>

EXPLANATION OF REQUIREMENT FOR ADDITIONAL FUNDS 1983/84

Appropriation Act No. 3

- At the time of compilation of Additional Estimates in November 1983, expenditure in the Incidental Item was running in line with pro-rata and it was anticipated that expenditure would be contained within the Appropriation and additional funds would not be sought.
- However, in early March 1984 a claim was received from the Deputy Crown Solicitor for \$130,750 as a result of a judgement against the Commonwealth. Further the DCS foreshadowed an additional claim for costs of approximately \$3,000.
- The Department of Finance accepted the Department's late submission for inclusion of \$133,000 in Additional Estimates to cover this one off compensation payment.

Advance to the Minister for Finance

- In late May 1984 it became evident that cost increases and factors unforeseen at the time of preparation of Additional Estimates would require funds to meet claims on the Department for non discretionary sub-items e.g. Compensation, Deposit Storage, Cleaning, Fuel Light and Power, Payment to Agents and Freight Costs.

Reasons for Increases in Expenditure

a. Deposit Storage Charges

- The estimate of \$210,000 for this sub-item in its first year of operation was based on rates for storage and handling charges and furniture in store as advised by the Department of Administrative Services.
- Due to the late submission of accounts by DAS the full impact of expenditure did not take place until February 1984. The overall situation was accentuated by delays in achieving the 1983/84 Leasing Program which increased the storage period for OCES furniture.

Additional funds required to meet claims on hand \$80,000

b. Payment to Agents

- CES Agent's rates of remuneration were increased by 4.3% in October 1983 and 4.1% in April 1984 based on National Wage Case decisions.

Additional funds required \$46,000



c. Fuel Light and Power

(i) Tariffs charges increased in this sub-item in 1983/84 as follows:

Victoria	Retrospective tariff increases of 7.9% effective from 1/11/83 for quarterly bills and from 1/9/83 for monthly bills
Tasmania	15% from 1/1/84
New South Wales	2% from 1/10/83

Additional funds required to meet claims on hand \$100,000

d. Cleaning

(i) Contractual cleaning costs were subject to increases of 4.39% and 4.08% approved by DAS under the Periodic Contract System.

Additional funds required to meet claims on hand \$64,000

e. Freight Costs

(i) Increased expenditure in this item is due to increased freight costs and the excessive number of internal and external relocations resulting from Departmental growth.

Additional funds required \$100,000

f. Compensation

(i) Expenditure in this non-discretionary sub-item is influenced by non-estimable factors such as large one-off compensation claims and an increase in repetitive type injuries.

Large claims paid are as follows:

(a) Loss of an eye	\$14,500
(b) Loss of an arm	\$18,500
(c) Minor claims	<u>\$10,000</u>

Additional funds required to meet claims on hand \$43,000

5. The overall situation at the end of May 1984 was as follows:

Appropriation	Expenditure	Claims to be Paid	Additional Funds Required
\$	\$	\$	\$
5,763,000	5,661,909	433,000	332,000

6. Savings to cover the Advance to the Minister for Finance were provided under Item 287-2-04 Consultants, Boards and Committees.

3 September 1984

JOINT COMMITTEE OF PUBLIC ACCOUNTS

Expenditure from the Advance to the Minister  
for Finance 1983/84

Explanatory Statement

Department of Employment and Industrial Relations

Division: 287 Administrative

Sub-Division: 7 Special Training

Item: 03 Training for Special Needs Clients

Purpose of Item:

This item provides assistance for those unemployed persons who, because of social, cultural and other personal factors, have special difficulties which disadvantaged them when competing in the open labour market, e.g. ex-prisoners, migrants, wards of the State, refugees, homeless persons, ex-alcoholics etc.

<u>Funds Available</u>	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>
	\$	\$	\$
Appropriation Act No 1	-	1,254,000	900,000
Appropriation Act No 3	-	-	950,000
Advance to the Minister for Finance	-	-	100,000
<b>TOTAL FUNDS AVAILABLE</b>	<b>-</b>	<b>1,254,000</b>	<b>1,950,000</b>
<b>TOTAL EXPENDITURE</b>	<b>-</b>	<b>750,763</b>	<b>1,938,301</b>
<b>UNEXPENDED FUNDS AVAILABLE</b>	<b>-</b>	<b>503,237</b>	<b>11,699</b>

In 1982/83 this item was included as a sub-item within Skills Training. In 1981/82 it was also included in Skills Training under the Sub-item General Training Assistance, but was not separately identified for estimates purposes.

Explanation of Requirements for Additional Funds in 1983/84

Appropriation Act No 3

1. At the time the additional estimates were submitted it was anticipated that the number of new approvals would increase to 1675; 775 more than originally allowed for. \$ 950,000

2.

Advance to the Minister for Finance

1. The number of new approvals increased more than anticipated resulting in the final expenditure of \$1,938,301 for 2097 approvals. \$ 100,000
2. There had been a 24% increase in average weekly approval rates between January and April 1984, partly as a result of an increase in the number of CES staff specifically assisting the most disadvantaged job seekers.
3. Additional attention had been given to the program as CES staff identified increased numbers of job-seekers specially disadvantaged in the labour market. In this respect, it is noted that the number of job seekers registered with CES for periods in excess of 9 months rose from 201,643 at June 1983 to 222,847 at end June 1984. ABS statistics showed that the number of unemployed migrants at July 1983 was 206,800 or 30.8% of unemployed at that time.

3 SEPTEMBER 1984.

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE  
1983-84 EXPLANATORY STATEMENT

DEPARTMENT: FINANCE  
DIVISION: 866 - Other Services  
SUB-DIVISION: -  
ITEM: -03 Aborigines and Torres Strait  
Islanders - War Gratuities

PURPOSE OF ITEM:

This item provides for additional payments of war gratuity being made to Aboriginal and Torres Strait Islanders in respect of their services during World War II.

FUNDS AVAILABLE	1981-82	1982-83	1983-84
	\$	\$	\$
Appropriation Act No 1	-	-	-
Appropriation Act No 3	-	-	-
Advance to the Minister For Finance	-	-	<u>40,000</u>
TOTAL FUNDS AVAILABLE	-	-	40,000
TOTAL EXPENDITURE	-	-	<u>35,816</u>
UNEXPECTED FUNDS AVAILABLE	-	-	<u>4,184</u>

EXPLANATION OF REQUIREMENTS FOR ADDITIONAL FUNDS IN 1983-84

ADVANCE TO THE MINISTER FOR FINANCE 40,000

following recognition that rates of pay applied to certain Aboriginal and Torres Strait Islanders during World War 2 did not have legal cover, legal advice was provided that those members were entitled to normal rates of pay for their service. The Government decided to rectify the underpayments (including amounts to account for inflation since 1945). Subsequently legal advice was sought on the operation of Section 5 (a) of the War Gratuity Act 1945 in the circumstances;

the War Gratuity Act 1945 prescribes a maximum rate of \$1.50 per month of war service but Section 5(a) of the Act restricts payments to Aboriginals and Torres Strait Islanders, who were enlisted at less than normal rates of pay, to a maximum rate of \$1.00 per month;

the legal advice obtained was that as these members were legally entitled to normal rates of pay Section 5(a) may be interpreted as no longer being appropriate for payment of a lower rate of war gratuity;

on the basis of this advice the government decided to rectify the underpayments and, consistent with its decision on pay, to take account of inflation since 1945 in calculating payments;

also consistent with its decision on pay, the payments will be spread over a period of three years in accordance with agreed priorities viz:

- a. older ex-servicemen and widows;
- b. other surviving ex-servicemen
- c. beneficiaries, other than widows of relevant servicemen.

The Government's decision to pay the higher rate of gratuities and to take account of inflation since 1945 was not available until 27 March 1984 - too late for inclusion in Additional Estimates.

EXPENDITURE FROM THE ADVANCE TO THE  
MINISTER FOR FINANCE 1983-84

Explanatory Statement

DEPARTMENT OF FOREIGN AFFAIRS

DIVISION : 315 : ADMINISTRATIVE

SUB-DIVISION 2 : Administrative Expenses

ITEM : 06 : Security & Technical Services

PURPOSE OF ITEM:

This item provides for the purchase, installation and maintenance of security and communications equipment used in overseas posts and in the communications centres in Canberra and Overseas. This item also includes a travel component for security and communication purposes.

<u>Funds Available</u>	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>
Appropriation Act No. 1	2,229,500	4,189,400	5,236,000
Appropriation Act No. 3	95,000	544,000	-
Advance to the Minister for Finance	-	-	50,500
<b>TOTAL FUNDS AVAILABLE</b>	<b>2,324,500</b>	<b>4,733,400</b>	<b>5,286,500</b>
<b>TOTAL EXPENDITURE</b>	<b>2,214,477</b>	<b>4,732,403</b>	<b>5,286,269</b>
<b>UNEXPENDED FUNDS AVAILABLE</b>	<b>110,023</b>	<b>997</b>	<b>231</b>

Explanation of requirements for additional funds in 1983-84

Advance to the Minister for Finance

This appropriation includes funds for the purchase of new terminal equipment for the Government's Diplomatic Communications network, back-up radio links and equipment to enhance the security of Australian missions and staff overseas. Most of this equipment is very specialised and consequently has long lead times for delivery, several months being not uncommon. Additionally the main suppliers are in the United States and Europe so that negotiations for purchases are often through the Embassy in Washington or the High Commission in London.

An examination into the reasons for the miscalculation of the balance of funds available to meet accounts payable within the 1983/84 financial year has identified a procedural error in the maintenance of the obligations register kept in the Technical Resources Section.

A reconciliation of this register with the master appropriation ledger indicates funds allocated by transfer of warrant advice to overseas posts for ongoing operational expenses were not always recorded as obligations due fully payable in the 1983/84 financial year.

Revised procedures have now been introduced, restricting obligation authority to the Central Office to the greatest extent possible, and restructuring the relevant register to more clearly identify the overall funds position. These procedures together with improved training of the officers directly involved in the maintenance of this ledger, will prevent a recurrence of this unsatisfactory situation.

EXPENDITURE FROM THE ADVANCE TO THE MINISTER  
FOR FINANCE 1983/84

EXPLANATORY STATEMENT

DEPARTMENT OF FOREIGN AFFAIRS

DIVISION: 318: Australian Development Assistance Bureau

SUB-DIVISION: 9: Emergency Humanitarian Assistance and Disaster Relief

ITEM: 00:

PURPOSE OF ITEM: This item provides for humanitarian relief assistance, both on a bilateral and multilateral basis, in refugee, disaster and other emergency and humanitarian situations. Assistance is provided in response to special and ad hoc appeals from affected countries, from United Nations agencies such as the United Nations High Commissioner for Refugees (UNHCR), United Nations Disaster Relief Organization (UNDRO), from international non-government organizations such as the International Committee of the Red Cross (ICRC), the League of Red Cross Societies, and from Australian non-government organizations (NGOS).

<u>FUNDS AVAILABLE:</u>	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>
	\$	\$	\$
Appropriation Act No. 1	10,185,700	8,855,000	6,400,000
Appropriation Act No.3	-	10,000,000	-
Advance to the Minister for Finance	-	-	<u>11,218,000</u>
Total Funds available	10,185,700	18,855,000	17,618,000
TOTAL EXPENDITURE	<u>10,185,078</u>	<u>18,389,216</u>	<u>17,406,615</u>
UNEXPENDED FUNDS AVAILABLE	622	465,784	211,385

EXPLANATION OF REQUIREMENTS FOR  
ADDITIONAL FUNDS IN 1983/84

Advance to the Minister for Finance (AMF)

On 9 May 1984 the Minister for Foreign Affairs proposed in a letter to the Minister for Finance that Australia should contribute \$9.415 million towards various appeals from UN agencies and international organizations for emergency relief as a result of refugee and other humanitarian situations caused by armed conflicts, civil unrest and natural disasters. These appeals had been made after the Additional Estimates had been finalised and therefore the funds required would have to come

from and remain a charge to the AMF at the end of the financial year. Offsetting savings were offered from other parts of the aid program. The Minister for Finance agreed to this proposal on 18 May 1984.

On 19 and 20 June 1984 the Minister for Foreign Affairs again wrote to the Minister for Finance proposing that an additional \$1.803 million should be provided from AMF for contributions to international appeals for emergency relief. Offsetting savings were again offered from other parts of the aid program.

The Minister for Finance agreed to this subsequent proposal on 27 June 1984.

Details of the contributions made were as follows:

- (a) The Department of Finance issued Warrant Authority for \$0.15 million on 24 May 1984 for payment to the International Committee of the Red Cross (ICRC) for relief programs in Nicaragua and El Salvador.
- (b) On 14 June 1984, the Department of Finance issued Warrant Authority for \$9.265 million for the following payments:
  - (i) \$4 million in accountable cash grants for displaced persons and refugees in Africa, were paid as follows:
    - \$2 million to the United Nations High Commissioner for Refugees (UNHCR);
    - \$1 million to ICRC;
    - \$0.751 million to Austcare;
    - \$0.150 million to Community Aid Abroad; and
    - \$0.099 million to World Vision.
  - (ii) \$3 million in accountable cash grants for use in Lebanon, were paid as follows:
    - \$1 million to ICRC;
    - \$1 million to United Nations Relief and Works Agency (UNRWA); and
    - \$1 million to United Nations Childrens Fund (UNICEF)
  - (iii) \$1 million in accountable cash grants for use the Thai-Cambodian border area, were paid as follows:
    - \$0.5 million to United Nations Border Relief Operation (UNBRO) border camps;

- \$0.25 million for UNBRO's Affected Thai Villagers Program; and
  - \$0.25 million to ICRC for displaced persons
  - (iv) \$272,070 for tents supplied for the victims of the Lae floods in Papua New Guinea.
  - (v) \$886,880 for supply of wheat for famine victims in Tanzania.
- (c) On 27 June 1984 the Department of Finance issued Warrant Authority for \$1.803 million for the payment of the following accountable cash grants:
- (i) \$1 million to ICRC for protection and relief activities in East Timor;
  - (ii) \$0.568 million to UNICEF to provide for the immediate health and nutrition needs of children and mothers of 24 countries in Africa;
  - (iii) \$0.14 million to ICRC for Afghan refugees in Afghanistan;
  - (iv) \$0.07 million to UNHCR for Argentinian refugees returning home; and
  - (v) \$0.025 million to the League of Red Cross Societies for relief program for flood victims in Bangladesh.

31 August 1984

EXPENDITURE FROM THE ADVANCE TO THE MINISTER  
FOR FINANCE 1983/84

EXPLANATORY STATEMENT

Department of Health

Division: 882 Payments to or for the States and the Northern Territory

Item: 08 Health Insurance Act 1973  
Medicare Grants

PURPOSE OF ITEM

This item provides for payment of grants to States (excluding ACT) under the Health Insurance Act 1973 from 1 February 1984. In the main the payments are made in return for the provision of free basic hospital services to Australian residents, as prescribed under the Act. The payments also include amounts for community health grants within the States.

<u>Funds available</u>	<u>1983/84</u>
	\$
Appropriation Act No. 2	201 400 000
Appropriation Act No. 4	3 400 000
1. Request for Advance to the Minister for Finance - No.18	2 113 000
2. Request for Advance to the Minister for Finance - No. 50	63 737 000
3. Request for Advance to the Minister for Finance - No 65	<u>4 118 000</u>
Total Funds Available	274 768 000
Total Expenditure	<u>274 767 164</u>
Unexpended funds available	836

EXPLANATION OF REQUIREMENTS FOR ADDITIONAL FUNDS IN 1983/84

1. Request for Advance to the Minister for Finance - No. 18

The initial estimates for the Medicare Reimbursement grants to the States and the Northern Territory were based on base year figures provided by the States, and on assumptions concerning the shift of patients from private to public status in public hospitals.

The Medicare Agreements with each of the States and the Northern Territory specify the formulae which are

to apply in calculating the level of provisional reimbursement grant to each State, based on actual utilisation data.

On March 30 1984 the Minister approved grants to the States in accordance with the Agreements totalling \$211 173 000 broken down as follows:

	<u>Appropriation</u> \$	<u>Grants Approved</u> \$	<u>Variations</u> \$
327-1	4 600 000	4 260 000	340 000
882-08	<u>204 800 000</u>	<u>206 913 000</u>	+2 113 000
	209 400 000	211 173 000	+1 773 000

The approved grants exceeded the funds appropriation under Division 882-08 by \$2 113 000. This increase is partly offset by a reduction in the grant under Division 327-1 of \$340 000 relating to the Medicare grant payments to the ACT.

The increase in the amount of the grants approved resulted mainly from the inclusion in the grants of the cost of treatment of Department of Veterans' Affairs (DVA) beneficiaries in recognised hospitals (\$1 400 000). This cost was originally met by DVA and that Department reduced its estimates to reflect this matter.

The remainder of the increase results from revised hospital statistics submitted by the States which form the basis of the grants. This information was only provisional and a revision was due in May/June 1984.

At the time of this request States had not provided actual utilisation data relating to the first months of Medicare. On this basis it was not considered possible for the provisional grants under the Agreements to be varied before the end of 1983/84, and approval was sought for additional funding of \$2 113 000 from the Advance to the Minister for Finance to cover the shortfall of funds under Item 882-08.

## 2. Request for Advance to the Minister for Finance - No. 50

The Medicare Agreements also outline the circumstances under which the provisional grants payable to the States may be adjusted, e.g. based on variations in estimates, or following a recommendation of the Commonwealth/State Standing Committee on Health Services (SSC).

The SSC meetings were held with each State and Territory in June 1984. In each of the meetings the

statistical evidence was that the shift from private to public status was more sudden and more dramatic than originally estimated. The effect of this was that the States sought increased reimbursement funding, based on the current utilisation trends. The Medicare Agreements require that the States are to be reimbursed in line with utilisation levels.

The States break up was as follows:

	<u>1983/84</u>		Funds sought under this request \$'000
	<u>Original Bid</u> \$'000	<u>Revised</u> \$'000	
New South Wales	72 510	104 096	31 586 000
Victoria	58 796	80 045	21 249 000
Queensland	24 957	29 075(1)	-
South Australia	21 227	33 800(2)	-
Western Australia	19 533	27 277	7 745 000
Tasmania	<u>7 518</u>	<u>10 675</u>	<u>3 157 000</u>
Sub-total	<u>204 541</u>	<u>284 968</u>	
Northern Territory	<u>2 372</u>	<u>3 604(2)</u>	-
Total	<u>206 913</u>	<u>288 572</u>	<u>63 737 000</u>

- (1) The adjustment for Queensland was paid during 1983/84 and relates to Advance to the Minister for Finance No. 65.
- (2) The adjustments for South Australia and Northern Territory were carried over into 1984/85 as the approvals to vary the provisional grants were not obtained until after 30 June 1984.

In terms of the Commonwealth/State Medicare Agreements, the Commonwealth has a clear obligation to reimburse States in respect of fee revenue forgone, and to adjust reimbursement levels to reflect changes in utilisation patterns. It was considered essential that cash adjustments be made to the States for 1983/84 in line with adjusted approved provisional grants to meet that obligation. The Department of Finance was represented on the SSCs and was aware of and in agreement with the foregoing.

On this basis the additional \$63 737 000 was requested from the Advance to the Minister for Finance.

4 September 1984

EXPENDITURE FROM THE ADVANCE TO  
THE MINISTER FOR FINANCE 1983-84

DEPARTMENT OF HOME AFFAIRS AND ENVIRONMENT

<u>DIVISION</u>	330	-	ADMINISTRATIVE
<u>SUB-DIVISION</u>	3	-	Other Services
<u>ITEM</u>	13	-	Coastal Surveillance - Expenses

PURPOSE OF ITEM:

This item provides for costs associated with the aerial surveillance operations within the Great Barrier Reef region.

Funds Available:

	<u>1983-84</u>
	\$
Appropriation Act No. 1	444,000
Appropriation Act No. 3	77,900
Advance to the Minister for Finance	<u>42,400</u>
TOTAL FUNDS AVAILABLE	564,300
TOTAL EXPENDITURE	<u>563,438</u>
UNEXPENDED FUNDS AVAILABLE	<u>862</u>

Background

1. In 1983-84 the Department of Transport had prime administrative responsibility for financial arrangements associated with coastal surveillance contracts involving of this Portfolio. Portfolio estimates for coastal surveillance were based on the latest advice provided by that Department and endorsed by the Standing Interdepartmental Committee (SIDC) on Coastal Surveillance.
2. The Department of Home Affairs and Environment is responsible for 50% of contract costs for aerial surveillance of the Great Barrier Reef Region. The balance is apportioned between the Departments of Transport and Primary Industry (27.5% and 22.5% respectively).

3. On 14 June 1983 the Government decided that a comprehensive review of Australia's needs for coastal surveillance be undertaken by a Review Team responsible to the Minister for Aviation. Interim arrangements, pending the outcome of the review provided for the existing Airesearch contracts to be renegotiated and extended to the end of March 1984. The original budget estimate, as advised by the Department of Transport (\$444,000), was based on the apportioned coastal surveillance costs of the Great Barrier Reef Region to end March 1984 only - the impending report of the review precluded the inclusion of funds in the estimate for costs beyond this date.

Explanation of requirements for additional funds in 1983-84

Appropriation Act NO. 3

4. On 27 February 1984, the Government decided to extend existing Great Barrier Reef surveillance contracts for one month until end April 1984 pending further consideration of the Minister for Aviation's report. On the advice of Department of Transport this Department's apportioned share (50%) of the additional one month's surveillance costs was estimated at \$59,000. Costs beyond April 1984 were dependent on the Government's decision on future surveillance arrangements.
5. In addition, further funds of \$18,900 were required to meet surveillance costs carried over from 1982-83. This requirement was not known at the time the original estimate was formulated.

Advance to the Minister for Finance

6. On 26 March 1984 following consideration of the Minister for Aviation's report, the Government decided inter alia, that surveillance of the Great Barrier Reef Region would be undertaken by extending existing Skywest Pty Ltd contracts for littoral surveillance of Northern Australia to encompass the GBR Region, until those contracts expire in March 1986. Contract costs and costs associated with upgrading radar equipment on the Skywest aircraft used on the GBR Region were determined by Department of Transport and approved by the SIDC on Coastal Surveillance. Accordingly this Department was advised that the funds requirement for the remainder of the financial year was \$42,400.
7. As the decision was made subsequent to the finalisation of Additional Estimates 1983-84, the Department had no recourse other than to the Advice to the Minister for Finance to obtain the necessary funds.
8. At all times this Department was guided by information provided by the Department of Transport and considered and approved by the SIDC on Coastal Surveillance.



## EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983/84

## EXPLANATORY STATEMENT

## DEPARTMENT OF SCIENCE AND TECHNOLOGY

DIVISION: 540 ADMINISTRATIVE

SUB-DIVISION: 3 Other Services

ITEM: 10 Australian Microwave Landing System -  
Commercial Development

## PURPOSE OF ITEM

To provide funds to assist with the development of a range of Interscan Microwave Landing System equipment suited to the operational requirements of customers in the international aircraft landing system market.

FUNDS AVAILABLE	1981/82	1982/83	1983/84
Appropriation Act No 1 (540/3/13 in 1981-82 & 1982-83)	2 118 000	2 154 000	1 850 000
Appropriation Act No 5 (540/3/13)	-	40 000	-
Advance to the Minister for Finance	-	-	680 000
Total Funds Available	2 118 000	2 194 000	2 530 000
Total Expenditure	2 067 999	2 193 993	2 527 729
Unexpended Funds Available	50 001	7	2 271

## EXPLANATION OF REQUIREMENT FOR ADDITIONAL FUNDS IN 1983-84

1 The Commonwealth, represented by the Department of Science and Technology, signed an agreement in 1981 with Interscan Australia Pty Ltd (IAPL) to "support the development program for Interscan for a further three years from 1 July 1981". The Commonwealth specified the services IAPL was to undertake on behalf of the Commonwealth and agreed to pay IAPL an amount of \$4,135 million later increased to \$4,480 million as a result of changes to the technical specifications.

2 Due to the delay in the issue of the tender solicitation by the United States Federal Aviation Administration, the technical team was required to continue work in the US for an additional 6 months. IAPL consequently sought contract variations involving an increase in funds of \$680 000 on the following basis:

	\$
Incremental cost of keeping the design team in the US against maintaining the team in Australia	466 413
variation in exchange rate for period during which the design team was in the USA	342 762
	<hr/>
	809 175
Less costs absorbed by IAPL spread over total agreement activity	129 175
	<hr/>
TOTAL FUNDS PROVIDED	680 000

3 The \$680 000 increase in funds was sought from the Advance to the Minister for Finance to enable completion of the development of the Interscan Microwave Landing System (MLS) and related assemblies by IAPL.

4 At the time the additional funds were sought IAPL, together with other associated commercial interests, had the opportunity to tender for the supply of US military MLS (approx 70 units at about \$500 000 each). IAPL was unsuccessful in this tender, however the longer term market, is expected to exceed many hundreds of units world-wide.

5 In order to remain a credible tenderer for these large contracts IAPL must not only maintain their production capacity but must also maintain their development and competitive edge.

6 The requirement for funds from the Advance to the Minister for Finance was fully offset from Item 540.3.13 "Industrial Research and Development Incentives Act 1976- Project grants".

## EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983/84

## EXPLANATORY STATEMENT

## DEPARTMENT OF SCIENCE AND TECHNOLOGY

DIVISION: 543 ANTARCTIC DIVISION

SUB-DIVISION: 1 Salaries and Payments In the Nature of Salary

ITEM: 01 Salaries and Allowances

## PURPOSE OF ITEM

This item provides for the payment of salaries and allowances of officers and employees of the Antarctic Division.

FUNDS AVAILABLE	1981/82	1982/83	1983/84
Appropriation Act No 1	5 823 000	6 151 000	6 690 000
Appropriation Act No 3	249 600	-	422 000
Appropriation Act No 5	-	-	-
Section 5 - Appropriation Act No 1	-	-	-
Advance to the Minister for Finance	-	-	198 000
<b>Total Funds Available</b>	<b>6 072 600</b>	<b>6 151 000</b>	<b>7 334 000</b>
<b>Total Expenditure</b>	<b>6 008 373</b>	<b>6 135 248</b>	<b>7 330 034</b>
<b>Unexpended Funds Available</b>	<b>64 227</b>	<b>15 752</b>	<b>3 966</b>

## EXPLANATION OF REQUIREMENT FOR ADDITIONAL FUNDS IN 1983-84

## APPROPRIATION ACT NO 3

1 At Additional Estimate 1983/84 increased funding was required for the following reasons:

- The impact on 1983/84 appropriations of the National Wage Case increase of 4.3% effective 6 October 1983
- \$  
219 000

\$

- Increase of twelve in the level of average employment to implement new initiatives in the Antarctic Transport Study and the rationalisation of establishment between Central Office and the Division for Antarctic Policy and Transport Study Branch positions and one Journalist position

203 000422 000

## ADVANCE TO THE MINISTER FOR FINANCE

2 Funding from the Advance to the Minister for Finance was sought in 1983-84 to meet the following requirements not identified in the Additional Estimates:

- the full-year cost of eight Antarctic Transport System Studies Staff transferred from the Central Office of the Department to the Antarctic Division on 1 July 1983; while the full cost of these staff was provided in the Department's appropriations, six months was included in each of the Central Office and the Antarctic Division items. Application was made to the Advance of the Minister for Finance, with offsetting savings from the Central Office Salaries item, to reflect the full year costs to the Antarctic Division. 114 000
- a temporary increase of two in the Average Operative Staffing Level (AOSL) was provided to Antarctic Division from Central Office, which was not included in the additional estimates, to meet:
  - a staff usage on the Joint Management Review into the Antarctic Division of the Department
  - increased support to implement the Antarctic Air Transport System new policy following late allocation of new policy staff by the Public Service Board 59 000
- the secondment of the Director, Antarctic to special duties and the resulted additional salary requirement for 6 months following temporary filling of the position 25 000

## TOTAL FUNDS PROVIDED

198 000

3 The requirement for funds from the Advance to the Minister for Finance was fully offset from the Central Office "Salaries and Allowances (ADMINISTRATIVE) item 540.1.01.

## EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983/84

## EXPLANATORY STATEMENT

## DEPARTMENT OF SCIENCE AND TECHNOLOGY

DIVISION: 544 COMMONWEALTH BUREAU OF METEOROLOGY

SUB-DIVISION: 2 Administrative and Operational Expenses

ITEM: 03 Postage, telegrams and telephone services

## PURPOSE OF ITEM

This item provides for the cost of postage, telecommunications and telephone services for the Bureau.

FUNDS AVAILABLE	1981/82	1982/83	1983/84
Appropriation Act No 1	3 490 000	4 190 000	4 522 000
Appropriation Act No 3	200 000	-	-
Appropriation Act No 5	-	364 000	-
Advance to the Minister for Finance	-	-	1 018 000
<b>Total Funds Available</b>	<b>3 690 000</b>	<b>4 554 000</b>	<b>5 540 000</b>
<b>Total Expenditure</b>	<b>3 680 008</b>	<b>4 544 517</b>	<b>5 539 966</b>
Unexpended Funds Available	9 992	9 483	34

## EXPLANATION OF REQUIREMENT FOR ADDITIONAL FUNDS IN 1983-84

## BACKGROUND

1 The bulk of expenditure in this item is to meet the cost of communications required to collect data from national observing points, overseas sources and meteorological satellites, to distribute data to meteorological offices and to overseas users and to disseminate products both nationally and internationally. The balance is for administrative telephones and postage.

## EXPLANATION OF ADVANCE TO THE MINISTER FOR FINANCE (AMF)

2 The reasons and circumstances surrounding the AMF in terms of criteria guidelines are as follows.

## URGENCY

3 In April 1984 the Bureau became aware that Appropriation funds would not be sufficient to cover known obligations for the remainder of 1983/84 and in early May advised Department of Finance of the potential need for additional funds.

4 The Bureau formally sought funds from the Advance to the Minister for Finance on 18 June 1984, to cover claims on hand that were due for payment in the 1983/84 Financial Year. The amount sought and approved was \$1 018 000.

## UNFORESEEN

5 The Bureau's Draft Estimates for this item were formulated in March 1983, based on expenditure figures prevailing at a time when Australia was experiencing serious drought conditions, hence the Estimates were based on a year of below average rainfall.

6 The Draft Estimates did not provide for unforeseen events or anticipate the breaking of the drought in April 1983, which generated a large increase in flood warning reports and forecasts mainly in Queensland and Northern New South Wales, the costs of which were payable in 1983/84.

7 During Additional Estimates considerations in March 1984, the Bureau did not foresee the large potential overspend that was to become evident in the final months of 1983/84. The Bureau's monitoring system did not detect the overspend at an early date, due to the unpredictable alternating wet and dry weather patterns that occurred throughout the year.

## REASONS FOR ADVANCE TO THE MINISTER FOR FINANCE (AMF)

8 The reasons for AMF are as follows:

	\$
(a) FLOODING REPORTS AND FORECASTS	401 000

The 1983/84 Draft Estimates were based on expenditure up to the period March/April 1983 - a period of drought and virtually no flood warnings. In about April 1983 the drought broke with consequential severe flooding, especially in Queensland and Northern New South Wales. The floods in the periods of May/June 1983 and January/February 1984 generated a large increase in flood warning messages requiring additional funds of \$401 000 in 1983/84.

Following the heavy rainfall in January/February 1984, the weather moderated and the incidence of paid flood warnings once again diminished. This factor tended to disguise the impending overspend.

\$

(b) TELEPHONE OBSERVATION COLLECTION SERVICE (TOCS) 366 000

The 1983/84 Draft Estimates contained estimated savings of \$300 000 operating costs due to the planned progressive introduction of TOCS, a more efficient and cost-saving system designed to automate the collection of observational data from 200 private Co-operative Observers. TOCS commenced operating in March 1983 and was planned for completion in late 1983 with a total annual estimated saving of \$425 000.

Due to technical and staffing problems full installation was delayed until mid 1984 resulting in \$66 000 of the estimated savings not being realised in 1983/84.

In addition, during the 1983/84 Additional Estimates deliberations the full \$300 000 expected savings was again included in the calculations in error, effectively double counting the TOCS savings in 1983/84. This error was not apparent due to the complex nature of this item which comprises a large variety of communication systems and charges covering the whole of Australia.

(c) ADDITIONAL OTC ACCOUNT PAID IN 1983/84 115 000

In 1983/84 thirteen monthly accounts were paid to OTC for coastal radio charges, whereas the Estimates were based on paying twelve monthly accounts. The account for April 1984 was received early and paid in the year 1983/84 in lieu of the normal practice of the April account being received and paid in the following financial year.

(d) INCREASE IN MESSAGES FROM SHIPS 32 000

As part part of the worldwide data collection over ocean areas, ships at sea lodge meteorological observations. In the Australian area these are received by the OTC coastal radio service and the Bureau bears all the cost. There has been a 12% increase in messages received in 1983/84 compared to 1982/83.

(e) INCREASE IN TELEX CALL CHARGES 49 000

The telex service is used:

- to collect observations from certain Bureau offices not on computer message switching system (CMSS) and from co-operative part time observing stations:

\$

- for administrative traffic;
- for the dissemination of forecasts and warnings from each Regional Forecasting Centre (RFC).

The greater majority of telex call charges are for the dissemination of forecasts and warnings.

Telecom introduced a new service for automatic broadcast of Telex calls, but with a 50% surcharge (15 cents per meter registration for automatic calls, 10 cents normal meter registration). The use of this automatic broadcast service, although strictly limited, increased during 1983/84 because of:

- a the number of Cyclone and Flood Warnings issued increased significantly over the previous years;
- b an increased number of recipients requiring direct Telex transmission of Forecasts and Warnings;
- c the need for faster dissemination of forecasts to meet media deadlines and to transmit urgent warnings as soon as possible.

(f) 1983/84 ADDITIONAL ESTIMATES CONSIDERATIONS 55 000

During Additional Estimates considerations it was considered that a \$55 000 nett increase resulting from price rises, could be absorbed within the item due to the variable nature of the expenditure of this item. Subsequent information, however, confirmed that this amount was required in 1983/84.

OFFSETTING SAVINGS

9 The requirement for funds from this was fully offset from the following items -

- 540/3/12 Industrial Research and Development Incentives Act 1976 - Commencement Grants 429 000
- 540/3/14 Industrial Research and Development Incentives Act 1976 - Public Interest Projects 450 000
- 544/1/02 - Overtime (Bureau of Meteorology) 12 000
- 544/2/06 - Observation Services and Allowances 100 000
- 544/3/02 - Australian Numerical Meteorology Branch Centre - Computer Services 27 000

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1 018 000

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE  
1983/84

Explanatory Statement - Department of Social Security

DIVISION: 949 - Payments to or for the States and  
the Northern Territory  
ITEM: 08 - Grant to Tasmanian Government towards  
the cost of constructing new  
rehabilitation centre

Purpose of Item

This item provides funds for the Commonwealth's share (50%) of the construction costs of the Douglas Parker Rehabilitation Centre, Hobart, which is being established jointly with the Tasmanian Government.

Funds Available

	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>
	\$	\$	\$
Appropriation Act No 2	325,000	280,000	NIL
Appropriation Act No 4	NIL	20,000	NIL
Advance to the Minister for Finance	NIL	NIL	17,835
Total Funds Available	325,000	300,000	17,835
Total Expenditure	235,000	286,315	17,834
Unexpended Funds Available	NIL	13,685	1

Background

For over thirty years Commonwealth Rehabilitation Service (CRS) Centres have operated in all mainland States while in Tasmania the CRS has utilised State-owned facilities and reimbursed Tasmania appropriately.

2 By 1973 it became apparent that the existing Tasmanian State facility, Lady Clark Hospital, was inadequate for rehabilitation needs. It was then agreed by the Commonwealth and State Governments that a new centre be established as a joint project, each to provide 50% of the capital cost.

3 The project, designated the Douglas Parker Rehabilitation Centre, was planned for execution in stages because of its magnitude and because it involved redevelopment of a site at which other State activities had to be reorganised. By 1980, Stages I and II had been completed enabling commencement of day attendance rehabilitation treatment and training operations and Stage III, including residential facilities, was under way.

4 Actual construction work on the third and final stage was completed in 1981/82 with fit-out, furnishing etc to be finalised in 1982/83. Information received by the Department of Social Security (DSS) from the Tasmanian Department of Health Services (DHS) was that the project should be financially completed in 1982/83.

5 A check with DHS in April 1983 elicited the response that the full amount provided in the relevant appropriation item for 1982/83 would not be required and no funding requirement for 1983/84 was then foreshadowed. Accordingly, no provision was sought to be included in Appropriation Bill (Act) No 2, 1983/84.

Explanation of requirement for additional funds in 1983/84

Advance to the Minister for Finance

6 As indicated in paragraph 5 above, DSS was not informed by DHS that the latter would be claiming in 1983/84 in respect of capital costs of establishment of the Douglas Parker Centre.

7 However, in September 1983, a claim for \$14,229.81 was rendered by DHS on DSS Hobart office. Action was necessary to check the validity of this late claim and supporting details were received from DHS by DSS Hobart office on 29 February 1984. By that date additional estimates for 1983/84 had closed (Paragraph 12 of Department of Finance Estimates Memorandum 1983/23 refers - closing date 27 January 1984).

8 In accordance with normal practice, the amounts agreed for inclusion in Appropriation Act No 4 1983/84 were those capable of reasonably accurate assessment and fully demonstrated to be due and payable in that year. The Tasmanian claim did not meet the criteria for inclusion.

9 In April 1984 a further claim by DHS for \$3,604.45 was received by DSS Hobart. Details of the two claims aggregating \$17,834.26 are summarised in paragraph 3 of the application dated 19 June 1984 to the Secretary, Department of Finance, for provision of \$17,835 from the Advance to the Minister for Finance, for payments properly due to be made in 1983/84.

10 Resort to the Advance in this matter was due to the failure of DHS to provide accurate, complete and timely advice about their claims. The Tasmanian Department is believed to have experienced some staffing difficulties inhibiting prompt and full communication about claims to DSS with the result that delays and errors occurred such as the omission of quantity surveying costs from an earlier claim (\$6,369.68 as set out in paragraph 3 of the application of 19 June 1984).

11 DSS received in June 1984 from DHS assurance that no further claims in respect of capital costs of establishment of the Douglas Parker Centre would be rendered.

10 September 1984

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983-84  
EXPLANATORY STATEMENT

Department of the Special Minister of State

Division: 955 - Other Services

Sub-Division: 00 -

Item: 13 - Australian Telecommunications Commission Law  
Enforcement Review

Purpose of Item

This item provides for the operational expenses of the Review excluding salaries, overtime and furniture and fittings.

FUNDS AVAILABLE	1981-82 \$	1982-83 \$	1983-84 \$
Appropriation Act No 2	-	-	-
Appropriation Act No 4	-	-	-
Advance to the Minister for Finance	-	-	<u>93,000</u>
TOTAL FUNDS AVAILABLE	-	-	93,000
TOTAL EXPENDITURE	-	-	<u>91,355</u>
UNEXPENDED AVAILABLE FUNDS	-	-	1,645

Explanation of requirements for additional funds in 1983-84

Appropriation Act No 4

(a) On 15 March 1984 the Minister for Communications announced that a Melbourne Queen's Counsel, Mr F.H.R. Vincent, would conduct an independent review of allegations of improper practices in the Australian Telecommunications Commission, and Telecom's response to them. Mr Vincent was to report to the Special Minister of State, Mr Young by 30 June 1984.

(b) The timing of the announcement of the establishment of the Review came 7 days before the closing date for inclusion of funds in Appropriation Act No. 4 (22 March 1984). As the calculation of the budget for the Review could not be accurately completed for some weeks (until such matters as staffing, travel requirements etc could be formulated) it was not possible to include funds for the Review in Appropriation Act No. 4. As a result, the Review had to be funded from the Advance to the Minister for Finance.

Advance to the Minister for Finance

(a) On 26 March the Department sought obligation approval of \$25,000 to allow arrangements associated with the Review to proceed. Further obligation of \$125,000 was sought on 30 May 1984 for costs associated with the Review.

(b) Five separate applications for funds from the Advance to the Minister for Finance were made as follows:

\$				
2 April 1984	-	3,000	-	AMF application number 2
9 April 1984	-	4,000	-	" " " 3
11 May 1984	-	6,000	-	" " " 11
8 June 1984	-	55,000	-	" " " 41
13 June 1984	-	25,000	-	" " " 53
		<u>93,000</u>		

(c) The applications sought the necessary funds required to meet payment of accounts received to date. The expenditure covers fees, fares, travelling allowances and office expenses associated with the Review.

10 September 1984

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983-84

Explanatory Statement

Department of Territories and Local Government

<u>Division</u>	620	Administrative
<u>Sub-Division</u>	1	Salaries and Payments in the Nature of Salary
<u>Item</u>	01	Salaries and Allowances

Purpose of Item:

This item provides for the salaries and allowances of both permanent and temporary officers of the Department except those officers whose salaries are paid from the Island Territories, the ACT Forestry, Suspense and Transport Trust Accounts, the ACT House of Assembly, the National Capital Development Commission, the Parliament House Construction Authority and the Canberra Development Board - the salaries for which are provided for under other appropriation items.

Payments made in respect of holders of offices in the First Division of the Service and to holders of public offices are provided for from the Special Appropriator - Remuneration Tribunals Act 1973.

<u>Funds Available</u>	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>
	\$	\$	\$
Appropriation Act No 1	28,565,900	32,544,100	36,522,800
Appropriation Act No 3	1,284,600	1,525,000	2,887,600
Advance to the Minister for Finance	<u>260,000</u>	<u>818,000</u>	<u>347,000</u>
<b>TOTAL FUNDS AVAILABLE</b>	<b>30,110,500</b>	<b>34,887,100</b>	<b>39,757,400</b>
<b>TOTAL EXPENDITURE</b>	<b>30,043,223</b>	<b>34,875,531</b>	<b>39,751,096</b>
<b>UNEXPENDED FUNDS AVAILABLE</b>	<b>67,277</b>	<b>11,569</b>	<b>6,304</b>

Explanation of requirements for additional funds in 1983/84

<u>Appropriation Act No 3</u>	\$	\$
a) National Wage Case Decision issued by the Conciliation and Arbitration Commission on 23.9.83 (effective from 1.10.83) granting increased salary rates of 4.3% to 3505 staff.	1,118,000	
b) Restoration of staffing reductions resulting from RCF decisions (an increase of 6 staff).	134,635	
c) Staff increases for New Policy Proposals (an increase of 19 staff).	571,123	
d) Additional component implicit in the Average Staffing Level Procedure and not previously provided for (an increase of 30 staff).	658,792	
e) Increase in the number of officers who retired or resigned and are entitled to lump sum payments in lieu of long service leave.	405,050	2,887,600

Advance to the Minister for Finance

a) To effect a backpayment of salaries to part-time officers at the Canberra Public Library Service. In June 1984 it was discovered during a review of all salary/penalty entitlements undertaken during the course of mounting detailed bids for the salary estimate for 1984/85 that loadings or penalty payments had not been paid to these officers over many years and it was necessary to backpay those officers concerned for the period 1980 onwards i.e. the period for which the Department assumed responsibility for the CPLS.	55,000	
b) To cope with the redeployment of typists due to repetitive strain injury and to allow training for the introduction of word processing technology (8.2 staff years). Several staff members suffered repetitive strain injury in the three months from March to June 1984. During this period, the Department acquired 44 Burroughs B20 word processors which required short term back-up word processing typists during necessary training operations for existing departmental staff.	109,691	

c) In April, the Department discovered that rental payments from tenants were in arrears. Immediate recovery action was taken necessitating an increase of 1.4 staff years to prevent the situation from deteriorating further.	31,057
d) To provide additional staff to alleviate excess workloads in the Building Section to avoid industrial action (2.1 staff years). Improvements in the economy lead to an increase in building activity in the ACT resulting in significant workload increases in Building Section, primarily in the processing of plan approvals.	31,347
e) To meet inescapable workloads and client demand for services in the Motor Vehicle Registry (3.6 staff years).	54,594
f) Assistant Research Officers - To meet commitments to recruit graduates at the base grade level (.45 staff years). Ten ARO's were offered employment in the Department, against which (in line with normal expectations) accepted immediate engagement. The remaining person later accepted employment and it was anticipated that ceiling coverage and funds provision could have been covered through normal staff wastage. Given other pressures placed on the Department, this did not eventuate.	7,857
g) To cope with new administrative responsibilities incorporated into the Department (the initial full year responsibility for the external territories and commencement of responsibility for the oversight of local government matters throughout Australia), additional staffing resources were required.	27,392



h) In view of a number of short-term tasks for which approved ceiling coverage was unable to meet inescapable workload increases (brought about through both Departmental initiative and through public pressure), the Department had to engage additional part-time, casual and relief staff. The main areas involved comprised relief and additional part-time social workers and additional casual staff for the National Sports Centre.

29,562

347,000

12 September 1984

JOINT PARLIAMENTARY COMMITTEE  
OF PUBLIC ACCOUNTS

DEPARTMENT OF TERRITORIES'  
RESPONSE TO REQUEST OF  
15 AUGUST 1985  
FOR FURTHER INFORMATION ON

EXPENDITURE FROM THE ADVANCE TO  
THE MINISTER FOR FINANCE IN 1983/84  
FOR SALARIES AND ALLOWANCES

SOCIAL AND ECONOMIC PLANNING

Question 1 (a)

Has the social and economic policy unit been established?

Answer

Yes. The Social and Economic Policy Branch became operational in May 1985.

Question 1 (b)

If so, what staff does it have and what are their functions?

Answer

The Branch presently has only two permanent staff - an SES Level 1 and a Clerical Administrative Class 9. Two further staff joined the Branch in late August 1985 on temporary transfer to Clerical Administrative Class 8 positions. Recruitment action is underway to increase the Branch to 8 staff.

The functions of the Branch are to monitor and analyse current and emerging social and economic data relevant to the Department's responsibilities so that the Department can best adapt its program responses to the climate in which it must operate.

Question 1 (c)

By what processes will the unit assess expected changes in workloads in the various functional areas of the Department? How far ahead will these forecasts be available?

Answer

The Social and Economic Policy Branch will, in consultation with operational Branches, determine relevant indicators and then provide a timely flow of information to those areas. Information will not only indicate the workload as currently carried out but will also have policy and program implications. This will assist in such areas as predicting changes in numbers of applicants for public housing, changes in the type of applicant, demand for public transport, numbers of land auctions to be held, land titles to be registered and building inspections to be undertaken.

Initially, forecasts for 12 months and 3 years will be developed for a range of indicators.

ADAPTATION OF STAFFING LEVELS

Question 2

Given advice of likely workload increases how will the Department adapt staffing levels, bearing in mind staff ceiling constraints and the kinds of difficulties mentioned in relation to the Building Section ie problems in recruiting sufficient qualified staff at times of high economic activity.

Answer

If workload increases are restricted in number, attempts will be made to draw on any emergent underutilisation of staffing/funds in other areas. If workload increases are so widely spread, or of such a size, that they cannot be absorbed by re-allocation within the Department's existing resources, the Department will approach the Government to either obtain additional resources or cut back ongoing activities.

There is no ready solution to the problem of non-availability of sufficiently qualified recruits during times of high economic activity because the Department cannot unilaterally adjust the terms of employment it offers to meet the market. Even if we had enough time to train people they could be attracted away to the private sector when the market rose sufficiently.

BACKPAYMENTS TO LIBRARY OFFICERS

Question 3 (a)

What procedures exist to ensure that employees receive their correct salary entitlements?

Answer

The procedures for verifying the salary/wage entitlements of payees involve checking the personal details of each payee who commences, or changes employment status, against awards, rate of pay manuals, qualification handbooks and determinations. These procedures are an integral part of the selection, induction and ongoing pay processes and it is during these processes that the basic assessment of each payee's entitlements is made. There are operational instructions and check lists which assist staff in assessing and processing individual payee entitlements.

Question 3 (b)

Were these carried out in relation to library officers? If so, why were the errors overlooked for so long?

Answer

The normal selection/induction processes were not carried out in the case of the part-time library assistants who had been underpaid for a number of years because they were established employees whose status and conditions were not changing. This Department therefore continued to apply the conditions of service and pay levels that had been established by the Department of Home Affairs, from where the positions and staff had been transferred.

RECOVERY OF OVERDUE RENTALS

Question 4 (a)

What is the Department's current policy on the recovery of arrears?

Answer

Rental arrears are a debt to the Commonwealth and the Department's policy is to pursue their collection both firmly and sympathetically within the resources of staff and time available. The current policy is reflected in the attached procedures, which were approved by the Minister and were effective from 13 November 1984.

Question 4 (b)

At what stage of an unsuccessful recovery process, and under what circumstances, does the Department initiate eviction proceedings?

Answer

See attached rent recovery procedures, particularly steps 7 and 8.

Question 4 (c)

What was the level of arrears at 31 July 1985, and what proportion of gross rentals did this represent?

Answer

The level of recoverable arrears at 24 July 1985 was \$1,022,835.01.

Gross rental figures for the end of July 1985 are not readily available but those for the end of the 1984/85 financial year are. Using these as the base, therefore, recoverable arrears at 27 June 1985 were \$1,049,360.40 which was approximately 3.7% of the gross rental for 1984/85 of \$28,188,562.37. To give an indication of the trend in arrears since then, the level of recoverable arrears at 21 August 1985 was \$992,739.69.

Question 4 (d)

Please provide a summary of the numbers of current cases of arrears and the recovery measures being applied to them.

Answer

The number of cases in arrears at 21 August 1985 was 1865. Of these, 442 are at first and final notice stage; 533 are on an agreement to pay, and 304 have had legal action taken. The remainder are at a variety of other stages of the procedures outlined in the attachment.

Question 4 (e)

In your evidence given to the Committee at public inquiry on 13 May you referred to revised procedures agreed by the Minister (page 59 of transcript). Have these been announced? If so, please provide details.

Answer

The new procedures are expected to be introduced by the end of October 1985. The delay has been due mainly to extreme workloads in other housing areas which have required the full attention of senior management.

## MINUTE PAPER

SUBJECT:

RENTAL ARREARS

REF:

Staff Instruction No. 69/2

Attached is a set of rent recovery procedures formulated by officers from Tenants and Properties and Policy and Projects Sections and approved by the Minister.

Any difficulties encountered in the operation of the procedures should immediately be drawn to the attention of your District Manager.

The procedures are officially effective as of the date of this staff instruction.

  
L.M. Webb

Commissioner for Housing

13 November 1984

RENT ARREARS

STEP 1

- 1.1 Computer system generates First and Final Notice when account is in arrears by \$5 or more (excluding those tenants on deductions).
- 1.2 The Notices are examined by Area Managers to ensure all details are correct.
- 1.3 Where possible the Notices are delivered by hand to the tenants by the Area Managers. If the tenant is not at home on the first visit the officer is to leave the first and final notice in the letter box with a calling card. Where personal contact is made reasons for the arrears are sought. Discussion of the problem is to follow these guidelines:
  - . Why hasn't the tenant paid?
  - . Is the tenant financially over committed? Would the tenant like to be referred to Welfare Branch or C.A.R.E. for debt counselling and assistance?
  - . Suggest the tenant pay by deduction and explain how this can be done.
  - . If the tenant is receiving Social Security benefits ensure it is the correct amount. Suggest other avenues of assistance ie Smith Family etc..
  - . Is the tenant eligible for a rental rebate or does the rebate need to be greater?
  - . Ask that arrears be cleared by a lump sum payment. If this is not possible make an agreement to pay off arrears in accordance with the tenant's ability to pay,

taking into account income and expenditure. Offer to make the agreement in consultation with Welfare Branch or C.A.R.E. if required.

- 1.4 Should the tenant choose to pay off arrears by an agreement it must be approved by a person with delegation. An agreement will not be approved where outgoings (including arrears payment) exceed earnings and where total commitment to rent exceeds 25% of gross earnings. If this is the case, return to paragraph 1.3 for debt counselling before arranging the Agreement.
- 1.5 The tenant is to be advised that if the Agreement mentioned in the above paragraph is broken, the procedures outlined in paragraph 2.1 will be followed without further reference to the tenant.
- 1.6 The area Manager is to ensure that the conversation with the tenant is documented.
- 1.7 If the tenant is not at home on the first visit two further attempts at personal contact are to be made within two weeks of the date of the First and Final Notice. On each occasion a calling card is to be left, providing a contact name and number. The date of each visit is to be fully documented. Should the tenant contact the Branch the procedures outlined in para 1.3. or to be followed.
- 1.8 If after 2 visits the tenant is still unavailable or fails to contact the Branch, on the third visit if the tenant cannot be contacted, (timing to be as in paragraph 1.7 above) an Arrears Card is to be attached to the front door, in a visible position, notifying the tenant of the arrears. Details of prior attempts to contact the tenant are also noted for the tenant's information. The Arrears Card also advises that if the tenant fails to contact the Branch

within 14 days from the date of the First and Final notice (date to be specified on card), legal action will be instituted to recover the debt.

- 1.9 If, as a result of the Arrears Card, the tenant contacts the Branch the relevant procedures outlined in para 1.3. are to followed.

STEP 2

- 2.1 Two weeks after the first and final notice has been generated and contact with the tenant has not been made within the specified time, or a suitable agreement has not been made, the computer issues a further listing and the Area Manager prepares a letter of demand which is posted to the tenant. The letter of demand gives the tenant 14 days in which to pay.
- 2.2 If the tenant contacts the Branch within this time the relevant procedures outlined in paragraph 1.3 are followed.

STEP 3

- 3.1 If the tenant has not adhered to an agreement made according to the procedures outlined in paragraph 1.3, proceed with the action mentioned in paragraph 3.2.
- 3.2 If the tenant has not cleared the debt or arranged to do so, two weeks later a special claims summons is prepared and issued. A new special claim summons is to be issued for new arrears each four weeks until three special claims have been issued.

- 3.3 Should the tenant contact the Branch the relevant procedures outlined in paragraph 1.3 are to be followed and the Australian Government Solicitor is advised to cease action on each special claim summons.

STEP 4

- 4.1 The Australian Government Solicitor is then requested to proceed. The AGS is requested to act on every special claim summons issued unless, as a result of the oral examination in Step 5, such action will produce no result (refer to 5.4). In these circumstances proceed to Step 6.
- 4.2 Judgement is obtained and the tenant is so advised by the Australian Government solicitor. Housing Branch is also advised.

STEP 5

- 5.1 Housing Branch requests the Australian Government Solicitor to conduct an oral examination in Court of the tenant which is attended by a Housing Branch officer.
- 5.2 Prior to the tenant entering Court for an oral examination, the Housing Branch officer attempts to interview the tenant in accordance with the procedures outlined at paragraph 1.3., with particular emphasis on obtaining an agreement or deduction authority. If no results are achieved proceed to paragraph 5.3.
- 5.3 Further recovery action is determined by a Housing Branch Officer according to the evidence given at the oral examination and the Australian Government Solicitor is instructed to:

- . attach wages or salary; or
- . attach Bank Account.

5.4 Should any further special claims have been issued in accordance with paragraph 3.2 and the oral examination reveals that they will not produce a result, advise the Australian Government Solicitor to cease all action on them. Refer to 6.1.

STEP 6

- 6.1 If the tenant has no salary or savings to be garnisheed, Housing Branch considers and documents the possibility of a compulsory transfer to smaller and cheaper accommodation (family circumstances permitting). Depending on the circumstances other options may have to be considered. Initially this will be on a case by case basis until information is developed about tenants in this situation, and ultimately steps will be included in these procedures. Decisions on these cases will be made by the Commissioner for Housing and all such cases will be referred to the Housing Branch Advisory committee for information and comment if they feel the Commissioner's decision is inappropriate.
- 6.2 If the tenant objects to a transfer their case is referred to the Housing Branch Advisory Committee for advice.
- 6.3 If the Committee agrees with Housing Branch recommendation, inform the Minister and await decision. If the Minister agrees with the recommendation proceed with Notice to Quit action to achieve transfer.
- 6.4 If Minister does not agree with the proposed transfer, or gives an alternative direction, take appropriate action.

- 6.5 If the Committee disagrees with Housing Branch's recommendation and advises that tenant is to remain in the dwelling, attempt to follow proceduzes outlined in paragraph 1.3.
- 6.6 If the Committee offers alternative advice, take appropriate action.

STEP 7

- 7.1 If the Committee's advice in para 6.6. is ineffective in collecting arrears or its advice in para 6.5 is followed and the arrears continue to mount, and the tenant has <sup>advised</sup> been the case is referred to the Housing Branch Advisory Committee, recommending eviction.
- 7.2 The Committee's decision and Housing Branch's recommendation are sent to the Minister.
- 7.3 If the Committee's decision differs from Housing Branch's recommendation and the Minister agrees with the Committee or if the Minister gives an alternative direction, take appropriate action.
- 7.4 If the Minister agrees with eviction proceed to Step 8.

STEP 8

- 8.1 Notice to Quit is prepared and served on the tenant by hand delivery to the property.
- 8.2 On the 15th day after date of NTQ, notice to deliver up possession is served by hand delivery to the property.

- 8.3 On the 8th day after date of notice to deliver up possession a notice of intention is served on the tenant specifying the date of court appearance which is to be precisely on the 8th day after the notice of intention.
- 8.4 If the tenant contacts the Branch either during steps 8.1 to 8.3 providing an agreement as outlined in paragraph 1.3 has been made or arrears have been paid in full, all legal action is stopped and a new tenancy agreement is signed and all legal action is stopped.
- 8.5 If the agreement is broken at this stage, action begins again at Step 8. If, as a result of continued broken agreements three Notices to Quit are issued, the tenant will not be re-signed unless all arrears are paid in full.
- 8.6 When the court issues a warrant, Welfare Branch and the Minister are informed. The police are given 30 days in which to serve the warrant and may elect to carry out the execution of the warrant from day one to day 30. During this period no new tenancy can be entered into, but the tenant can be re-signed after the warrant has been served, if the tenant agrees to pay arrears in full or if an agreement as outlined in paragraph 1.3 has been made.
- 8.7 If the tenant is evicted Welfare Branch and the Minister are informed.

TENANT'S NAME: .....

CHECKLIST FOR ARREARS COLLECTION

Date of 1st & Final Notice // /  
 Date of 1st visit // /  
 Date of 2nd visit // /  
 Date of 3rd visit // /  
 Date of arrears card pinned to door // /

Interview

- . Marital status .....
- . No. & age of children .....
- . Tenant's phone no: (H) ..... (W) .....
- . Tenant usually at home at following times .....
- . What is source & amount of income .....
- . If employed, details of employer .....
- . Is Social Security amount correct YES NO
- . Is Rental Rebate correct YES NO
- . Does the tenant have any savings YES NO
- . Does the tenant have any substantial assets e.g. car, boat, caravan, holiday home .....



- Is tenant financially over committed (include hire purchase)
 

Income: \$	Outgoings: \$
------------	---------------
- Why hasn't tenant paid
 

.....

.....
- would tenant like assistance from
 

Welfare Branch	YES	NO
CARE (debt counselling)	YES	NO
other agency (specify)		
- Would tenant like to pay arrears by a lump sum      YES NO
- Would tenant like to pay arrears by Agreement      YES NO
- If tenant does not want to pay by lump sum or Agreement advise that legal action will be instituted without further reference to tenant.
- Would tenant like to make Agreement now or in/after consultation with
 

. CARE	YES	NO
. Welfare Branch	YES	NO
. Other (specify)	YES	NO
- If Agreement delayed, advise tenant of date and place of appointment made and inform tenant that failure to keep appointment without reasonable excuse, (i.e. illness, hospitalisation) will result in legal action being instituted without further reference to the tenant.
 

Date of advice    /    /
- Advise tenant on signing of Agreement that failure to keep it will result in legal action being instituted without further reference to tenant.
 

Date of advice    /    /

.....  
 Area Manager  
 / /

ADDITIONAL BUILDING SECTION STAFF

Question 5 (a)

Why is it difficult to recruit inspectors and plan examiners at a time when the building industry is very flush? (Page 63 of transcript).

Answer

The Department competes with the building industry for staff and is at a disadvantage because of the more attractive wages and conditions that are generally available to qualified and experienced people in the industry.

Question 5 (b)

Do your financial procedures enable you to balance revenue receipts from Building Section activity against wage and other costs? Would an increase in revenues be considered justification for employing additional staff when workloads reach unacceptable levels?

Answer

The Department can readily identify all revenue associated with Building Section activity. Costs that could be identified are: salaries and overtime; office requisites; travel (including vehicle hire) and meal allowance; and incidentals. Costs that could not be identified include: building costs (accommodation, light, fuel etc); telephone and postage; computing; library; and other costs of an overhead/corporate services nature such as the costs of the Executive and the Management Services functions.

The revenue is paid into the Consolidated Revenue Fund and is not available for expenditure on salaries. Nonetheless, the Department has presented cases for additional expenditure approval on the basis of generating offsetting revenue.

FUNDING OF ASSISTANT RESEARCH OFFICERS (ARO's)

Question 6

Could you please provide further explanation of how you expected normal staff wastage to provide for ceiling coverage for ARO's and why this did not occur? How many of the ten ARO's appointed in 1984 were still employed by the Department when the AMF request was made?

Answer

It had been anticipated that by the latter part of 1983, a number of the 1983 ARO's, would have obtained Departmental positions that had become vacant during the year (normal staff wastage), or positions in other departments (ARO wastage). Furthermore, it had been envisaged that, if these circumstances did not eventuate, the ARO's could have been absorbed within the spare staffing capacity that arises from the delays that normally occur between positions becoming vacant and being filled (another aspect of normal staff wastage).

The first two circumstances did not eventuate within the time expected; all ten 1983 ARO's were still employed as such in December 1983 and their placements within the Department were not finalised until February 1984. The spare capacity that was created by the third circumstance was more than consumed by the additional demands that led to the request for the issue of funds from the AMF.

Of the ten ARO's appointed in 1984, nine were still with the Department in June 1984 when the Department made its AMF request.

RESPONSIBILITIES FOR EXTERNAL TERRITORIES AND LOCAL GOVERNMENT MATTERS

Question 7

An amount of \$27,392 was sought to cover administrative responsibilities arising from:

- . initial full year responsibility for external territories; and
- . commencement of responsibility for local government matters.

Please explain how this amount was allocated and why the expenditure could not be foreseen when preparing bids for the additional estimates.

Answer

A search of Departmental records has not identified a further level of detail on the allocation.

The requirement should have been foreseen when preparing bids for additional estimates although the actual "overspend" represented a budget variance of only 2% of the salaries allocation for these two new areas.

PART-TIME, CASUAL AND RELIEF STAFF

Question 8

Your submission of 12 September 1984 in section (h) referred to \$29,562 for casual staff and the submission of 13 June 1985 states that \$3,197 of this was required for staff at the National Sports Centre and \$19,492 for welfare and occasional care workers.

Question 8 (a)

Please advise how the remaining \$6,873 was allocated.

Answer

Areas other than Welfare and the National Sports Centre in which the Department engaged such employees included Recreation Section, National Botanic Gardens, Canberra Public Library Service and the ACT Tourist Bureau. A dissection of the actual requirements for the employment of part-time, casual and relief staff amounting to \$6,873, which represented the additional component, has not been possible from our records.

Question 8 (b)

Why was there an 'inescapable' workload increase for welfare workers?

Answer

The 'inescapable' workload increase for welfare workers was due to a significant increase in the number of difficult cases in which the Department's officers had to be involved for statutory reasons. Most of this increase was due to a substantial rise in juvenile criminality, but child maltreatment and adoption also contributed. These specialist cases are also much more time consuming than normal ones. The result is that the workload has increased.

Question 8 (c)

You referred to 'a growing welfare problem' (page 68 of transcript). Please advise:

- (i) the number of cases treated in each quarter of the years 1982/83; 1983/84 and 1984/85;
- (ii) the Department's procedures for determining the number of welfare workers required;
- (iii) how long it was known that there was an increasing problem; and
- (iv) why the expenditure was urgent and unforeseen.

Answer

- (i) The Department has not been able to maintain adequate welfare statistics because of staffing constraints. The figures below were estimated from a graph in a consultant's paper prepared for the Vinson Inquiry. As pointed out in the answer to Question 8 (b) above, the number of cases does not reflect the workload involved, because the proportion of special cases requiring intensive work and extensive time has increased markedly. Although no statistics are available, the experience of people working in the welfare area of the Department is that specialist cases take between ten and thirty times as much time as normal cases. While there are about nine times as many normal contacts as specialist ones, staff estimate that specialist cases take up almost twice as much time, in total, as do normal cases.

Year	1982/83				1983/84				1984/85
Quarter	1	2	3	4	1	2	3	4	Not available
Active Cases Held (estimated)	1020	1020	1000	990	970	960	950	940	

Contacts (excluding most voluntary presentation)  
(estimated)

	1	2	3	4	1	2	3	4	Not available
	2440	2330	2350	2380	2350	2330	2340	2350	

The Department's workload is made up of cases arising from both its statutory responsibilities and the non-statutory aspects of the Government's welfare policies. In times of resource restriction the Department has had to reduce its non-statutory case load. It was severely criticised for this in the recent Vinson Report.

- (ii) The procedures involve periodic reviews by Management Consultancy Section of staff utilisation. The last such review took place in 1980 and there is currently another underway.
- (iii) The increasing problem was not known in advance due to the lack of complete and accurate information within Welfare Branch.

(iv) Expenditure was urgent because welfare problems are extremely serious and for many of those handled by the Department it has a statutory responsibility that cannot be ignored. The expenditure was unforeseen because of the lack of information as explained in (i) and (iii) above.

## SALARIES ADMINISTRATION

### Question 9

In your opening statement to the Committee you listed a number of remedies which had been applied to salaries administration. In relation to these could you please advise:

#### Question 9 (a)

When did the Senior Management Committee begin reviewing monthly reports on trends in staff usage and expenditure? How frequently are these reviews being made at present?

#### Answer

The Management Committee began receiving monthly reports on trends in overall Departmental staff usage and expenditure from February 1984. These reports went through a process of refinement before reaching their current level of detail.

Reviews are conducted on a regular monthly basis. In 1984/85 fortnightly reports were provided in the final months of the financial year.

#### Question 9 (b)

When was the Budget Committee initiated? How frequently does it meet?

#### Answer

The Budget Committee has been operating in its present form since late 1983.

The frequency of its meetings varies considerably throughout the year depending on the stage of the Budgetary cycle. In the lead up to the Budget, meetings have been as often as twice a week.

Question 9 (c)

Is the computer-based reporting system fully operational?

Answer

A basic computer-based reporting system is operating and provides the information outlined in the answer to question 10(b).

A project team reviewing the Department's personnel management systems has recently identified a requirement for a more comprehensive, integrated system.

Question 9 (d)

Has the Budget Committee begun its management of divisional expenditure restrictions?

Answer

The Budget Committee has determined divisional staff and salary allocations for 1985/86 and these have been endorsed by the Management Committee.

Question 9 (e)

If so, has it received applications for restrictions to be exceeded? And have these been granted?

Answer

There has been no requirement to approve the exceeding of divisional allocations to date. This would, should it occur, require a re-allocation from overall Departmental resources or, failing this, an approach to the Government for additional resources.

Question 9 (f)

When was the recruitment approval register introduced? Describe briefly the control procedures associated with its application.

Answer

Two basic recruitment control registers were introduced in July 1984. One register monitored temporary employment for full time, part-time, seasonal and industrial staff while a "promotions" register recorded details of promotions, transfers and appointments.

In March 1985 these two registers were combined into a single "Staff Usage Register".

The control procedures provide for Workforce Planning Section's funds/AOSL clearance of all staffing requests before recruitment action can proceed.

On receipt of these requests the following checks are performed:

1. Validation of vacancy details against occupancy records ie that a position exists and that it is vacant or that the vacancy date has been determined.
2. Checking of AOSL/funds coverage of the line area within which the vacancy lies for under/over usage.
3. Identification of genuine offsets where the vacancy cannot be filled within the current allocation.
4. Recording of all details of vacancies cleared for filling action in the "Staff Usage Register" with a notation of amended allocation/usage figures where necessary.

INTERNAL EXPENDITURE MONITORING SYSTEM

Question 10 (a)

When did the Department begin using its internal expenditure monitoring system?

Answer

The Department's internal salaries and wages expenditure monitoring system began full operation on 1 July 1985.

Question 10 (b)

Describe the improvements this provides over the Department of Finance ledger system.

Answer

The main types of information available from the Department's system are:

- progressive actual staff usage and projected usage, by position;
- listings of staff by type of occupancy, hierarchical location and employment status;
- listings of positions by hierarchical location, vacancy duration or filling restrictions;
- statistical summary reports in formats required by other authorities; and
- payroll data by employee showing cost per pay period.

While the Department of Finance's ledger system provides valuable actual expenditure data through a predetermined appropriation code structure, it does not allow for the following:

1. Monitoring of expenditure against individual positions.
2. Linkage with AOSL usage.
3. Adequate Division, Branch, Section codes within band profiles.

STAFF TURNOVER IN STAFF PLANNING AREA

Question 11(a)

You mentioned high staff turnover in the staff planning area.

(a) Please provide numbers and grades of staff who moved from the area in each quarter of 1983/84 and 1984/85.

Answer

The designations of those officers who regularly occupied positions in the staff planning area and who left during each quarter of the 1983/84 and 1984/85 financial years are shown below. Also shown are the total number of positions in the section at the end of each quarter.

STAFF LEAVING STAFF PLANNING AREA				
	Sept 1983	Dec 1983	Mar 1984	June 1984
Designations	CC8 CA6	CC9 CC5	CC9 CC7 CC6 CA4	CC7 CA4
Total Staff in area	7	7	8	9
	Sept 1984	Dec 1984	Mar 1985	June 1985
Designations	CC9	CC8 CC7	CC7	
Total Staff in area	9	9	9	10

Note: CC stands for 'Clerical Administrative Class'  
CA stands for 'Clerical Assistant Grade'

During the period surveyed the section underwent three major re-organisations resulting in its functional relocation on each occasion.

Question 11 (b)

Have measures been taken to prevent lowering of efficiency in this area when staff changes occur. If so, what are they? If not, why not?

Answer

Since February 1985 an intensive, on-the-job, staff retraining program has been conducted within the section with the objectives of broadening the knowledge and skill base of each staff member beyond their immediate duties. In this way it is hoped that continuity of critical tasks will not be disrupted by the sudden absence of any individual.

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983-84

Explanatory Statement

Department of Territories and Local Government

Division 620 Administrative  
Sub-Division 2 Administrative Expenses  
Item 03 Postage, telegrams and telephone services

Purpose of Item:

This item covers the Department's requirements for postage, telegrams, telephone and associated services.

Costs covered include equipment rental, metered calls, trunk calls, telephonists' wages, semi-official telephones, paging services, telex hire and operator, telegrams, postage, installations, extensions and alterations in respect of the City Offices Exchange 462211 and other lines, and associated services relating to the administrator on the Norfolk, Christmas and Cocos (Keeling) Islands and Local Government matters.

<u>Funds Available</u>	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>
	\$	\$	\$
Appropriation Act No 1	668,600	846,700	920,300
Appropriation Act No 3	73,000	-	10,500
Advance to the Minister for Finance	-	-	87,100
	<u>741,600</u>	<u>846,700</u>	<u>1,017,900</u>
TOTAL FUNDS AVAILABLE	741,600	846,700	1,017,900
TOTAL EXPENDITURE	722,606	807,492	1,016,892
	<u>18,994</u>	<u>39,208</u>	<u>1,008</u>
UNEXPENDED FUNDS AVAILABLE	18,994	39,208	1,008

Explanation of requirements for additional funds in 1983/84

<u>Appropriation Act No 3</u>	\$	\$
a) In December 1983 Telecom increased the cost of metered calls to 15c per call. This increase could not be absorbed within the original allocation.		10,500

Advance to the Minister for Finance

a) Additional cost resulting from the need to use more expensive telegrams for urgent transmissions for approximately four weeks when the Department's telex facility was inoperative. The Department has an on-going requirement for urgent transmissions particularly in relation to the provision of emergency services such as housing and welfare relief.

9,000

b) Additional cost levied by Telecom in April 1984 for rental of the Department's PABX facility. This occurred because of the unforeseen technical delays in installing the Department's new PABX facility.

The then existing PABX system was both outdated and inadequate eg. the Department was utilizing its total capacity of 1000 extensions and had an immediate requirement for a further 100.

Telecom were unable to instal the NEAX 22 by December 1983 as it had originally undertaken. The reason for this was that there were delays in equipment arriving from overseas, aggravated by further delays in shipping it to Canberra. As well, the installation of this sophisticated equipment (the Department's was the second of its type and size installed in Australia) proved to be much more difficult than Telecom envisaged. No provision was made for additional funds as Telecom itself initially believed the delay would be minimal and the system would be installed by January 1984. Secondly, we were unaware that Telecom would charge us the higher rent when the delay was on their part.

20,000

c) Additional requirement for telephonists' wages. Funds for the wages of 1 of the 3 telephonists, who were employed by the Department, was provided under Division 620/1/01 - Salaries and allowances. This officer unexpectedly retired in October 1983 on medical grounds. The Department's intention was not

The Department's intention was not to replace the officer. However, Telecom directly arranged for a replacement telephonist. (Telecom policy is to have their own telephonists working on PABX they rent out). The Department did not become aware of this situation until April 1984. Arrangements have been made with Telecom to prevent a recurrence of this situation in the future.

20,700

d) Additional requirements which have arisen since the additional estimates were prepared due to an increase in the number of interstate and international telephone calls in connection with Local Government matters and the recent Act of Self Determination on the Cocos (Keeling) Islands.

At the time Additional Estimates were prepared, the extent of interstate telephone calls associated with the development had implementation of the new Local Government Improvements Program was under-estimated. Extensive contact with local government bodies has proved necessary to enable proposals to be properly assessed and to ensure that proposals are appropriately implemented. The innovative nature of the program created a higher level of consultation than was originally envisaged. In addition, the cost of international calls associated with the Act of Self Determination on the Cocos (Keeling) Islands was greater than expected.

37,400

87,100

The above additional requirements were unforeseen at the time the 1983/84 Budget estimate and Additional Estimates were prepared.

12 September 1984



EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983-84  
EXPLANATORY STATEMENT

DEPARTMENT OF TRADE

DIVISION : 640 Administration  
SUB-DIVISION : 3 Other Services  
ITEM : 08 Export Finance and Insurance Corporation - National Interest Claim

Purpose of Item

This item provided for the payment of a claim arising under a National Interest Contract of Insurance

FUNDS AVAILABLE	1981-82	1982-83	1983-84
	\$	\$	\$
Appropriation Act No. 1	-	-	-
Appropriation Act No. 3	-	-	-
Advance to the Minister for Finance	-	-	5,067,811
TOTAL FUNDS AVAILABLE			5,067,811
TOTAL EXPENDITURE			<u>3,188,421</u>
UNEXPENDED FUNDS AVAILABLE			1,879,390

Explanation of requirements for additional funds in 1983-84  
Advance to the Minister for Finance

Under the national interest provisions of the Export Finance and Insurance Corporation (EFIC) Act, the Government may accept liabilities in relation to a contract of insurance, guarantee, indemnity, investment insurance or loan where the Corporation is not prepared to provide cover on its commercial account.

In this instance, national interest credit insurance was provided in relation to a sale of hot rolled steel coil to Argentina. Due to its overall economic difficulties, Argentina failed to make the required payment. This resulted in the sum of \$5,067,811 being paid to Heine Bros on 3 May 1984.

Since the payout by the Commonwealth, Argentina has made regular repayments of the principal under its contract. By 30 June 1984 repayments excluding interest totalled \$1,879,390 and since that date a further \$2,679,179 has been received, leaving a recoverable balance of \$509,242 plus interest. This balance and the interest outstanding are expected to be recovered within the next two weeks.

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983-84

EXPLANATORY STATEMENT

DEPARTMENT OF TRANSPORT

DIVISION : 664 : Administrative  
SUB-DIVISION : 3 : Other Services  
ITEM : 09 : Coastal Surveillance - Management and other expenses

PURPOSE OF ITEM: To meet the Department's share of the management costs of the 1983-84 civil coastal surveillance program budget and its share of the charter of aircraft for certain coastal surveillance operations.

FUNDS AVAILABLE:

	1981-82(1)	1982-83	1983-84
	\$	\$	\$
Appropriation Act No.1	2,100,000	161,000	350,000
Appropriation Act No.3	50,000	176,000	32,000
Advance to the Minister for Finance	<u>285,300</u>	-	<u>12,000</u>
TOTAL FUNDS AVAILABLE	2,435,300	337,000	394,000
TOTAL EXPENDITURE	<u>2,435,137</u>	<u>270,081</u>	<u>393,670</u>
UNEXPENDED FUNDS AVAILABLE	<u>163</u>	<u>66,919</u>	<u>330</u>

(1) In 1981-82 funds for all civil coastal surveillance were appropriated to the then Department of Transport. Under revised financial arrangements, which commenced in 1982-83, each user department (such as Primary Industry, Health and Immigration and Ethnic Affairs) is required to meet its share of the cost of the services from its own appropriations.

EXPLANATION OF REQUIREMENTS FOR ADDITIONAL FUNDS IN 1983-84

The information provided below is in addition to the information provided in the Department's request for funds from the Advance to the Minister for Finance (copy attached).

BACKGROUND

Prior to 30 March 1984 the Department was responsible for the co-ordination and management of the Commonwealth's civil coastal surveillance program. This included the provision and supervision of the civilian air and surface resources needed to meet the approved program requirements. Funding for the program is included in appropriations of individual departments.

During 1983 and early 1984 a Review Team responsible to The Hon. K.C. Beazley M.P., the Minister for Aviation, in his capacity as Minister Assisting the Minister for Defence, reviewed coastal surveillance and protection arrangements. This resulted in Ministerial responsibility for the overall direction and co-ordination of civil coastal surveillance and protection being transferred from the Minister for Transport to the Special Minister of State from 30 March 1984.

Under the new arrangement the Department of Transport continues to provide and oversight civilian chartered resources, primarily through its Federal Sea Search and Rescue (SEARESEARCH) Centre. The Department also continues to provide a financial management service for the acquittal of expenditures against the program.

When introducing the new arrangements, the Government announced rationalisation of civilian aerial charter operations in the light of a reduced requirement by the Department of Health for coverage of the northern littoral area.

Contracts for Darwin-based littoral surveillance in the NT (Northern Territory Aerial Work (NTAW)) and patrols of the Great Barrier Reef (GBR) (AIRSEARCH Pty Ltd) were allowed to expire. The remaining resources (being provided by Skywest Airlines Pty Ltd, to which the Commonwealth is contractually committed until March 1986) were considered adequate to meet the entire charter operational tasks. Some of Skywest's aircraft were redeployed in accordance with the existing contract into the NT and to the GBR. Sideways looking airborne radar (SLAR) was fitted to aircraft on GBR patrols.

The effect of the adjustments to contract operations is as follows:

Littoral Search

Until 30 April 1984 the littoral search operation covered the northern coastline between Karratha and Cairns daily except for the Gulf of Carpentaria which was covered every second day. Under the new arrangements, operations cover the coast north from Cairns 2 days in 3; daily in Torres Strait/Cape York area; once per week around Gulf of Carpentaria; twice per week on the Arnhem Land coast; daily between Darwin and Kununurra (reducing to twice a week during the wet season (Dec-Feb); daily in King Sound area; and twice a week south of Broome to Karratha.

GBR Operation

The GBR operation, previously flown in daily sectors on 6 days out of 7 by a Nomad aircraft fitted with Litton 360 degree radar, is now covered at the same frequency by a Rockwell Shrike Commander fitted with an Ericson SLAR. Search speeds and operating heights are unchanged and coverage is in essence the same as before.

The littoral search and GBR operations overlap north of Cairns.

Flying Hours

Prior to March 1984 the total annual level of contract flying was about 20,400 hours of which Skywest flew about 14,600. Under the new arrangements the annual contract level totals about 12,700 hours for all purposes (of which about 10,700 hours is on quarantine littoral search).

Financial

In financial terms the total cost of contract operations in 1983-84 was \$12.1 million compared with an estimated cost of \$7.6 million in 1984-85 (\$6.7 million of which is on quarantine littoral search operations). Apart from the cost savings achieved from reduction in coverage required by the Department of Health, appreciable savings have resulted from non renewal of contracts using Nomad aircraft (on NT littoral and GBR). Shrike Commander contract costs are about 60% of those for Nomad and similar percentage savings are achieved using SLAR in place of Litton radar on GBR surveillance.

APPROPRIATION ACT NO. 3 (ADDITIONAL ESTIMATES REQUIREMENTS)

The Department was allocated \$350,000 in the 1983-84 budget. This amount included a provision for its share of the GBR aerial surveillance only until 31 March 1984, by which date

the outcome of the review of coastal surveillance requirements was expected to be available. Interim arrangements provided for the relevant contract to be renegotiated and extended to that date. However, as a decision on the review was not available by the time the Additional Estimates had to be finalised, approval was given to extend the existing GBR surveillance contracts by one month only to 30 April 1984. The Department's share of the cost of this extension, estimated at \$32,000, was included in Appropriation Act No.3. Again, provision for costs beyond 30 April depended on the outcome of the review.

ADVANCE TO THE MINISTER FOR FINANCE REQUIREMENTS

On 26 March the Government decided that surveillance of the GBR area would continue but that it would be carried out by utilising existing Skywest Airlines Pty Ltd contracts (which remain current until March 1986). Additional funds were therefore necessary to meet the Department's share of the costs for GBR surveillance under the new arrangements for May and June 1984.

As the decision was made subsequent to finalisation of the 1983-84 Additional Estimates the Department's only option was to seek recourse to the Advance to the Minister for Finance.

783/350

O. Roads

The Secretary  
Department of Finance  
Newlands Street  
PAPFES ACT 2600

Attention - Mr M Mayoh

ADVANCE TO THE MINISTER FOR FINANCE (AMF) - FINAL CHARGE  
ITEM \$64,500 COASTAL SURVEILLANCE - MANAGEMENT AND OTHER  
EXPENSES.

The 1983-84 Budget Appropriation for this item included provision for this Department's share of the cost of the Great Barrier Reef (GBR) surveillance program to the end of March 1984. Pending a Government review the Additional Estimates provided for its continuation for a further month.

Late in March 1984 the Government decided to continue the program; the decision being taken after the Department's Additional Estimates were finalised.

We are now seeking access to AMF to enable the Department to meet its share of the costs for May and June 1984.

Skywest Airways P/L accounts under the contract for the period totalled \$976,591.20; proportional shares as follows:

Health	870,444.14
HA & F	48,144.46
DOT	26,476.45
PI	21,664.83
DT & IG	6,578.44
ANPUS	3,282.88
	<u>976,591.20</u>

The claims on hand in Canberra to meet DOT portions of Skywest accounts and management costs will exceed available funds by \$11,670

	\$
Appropriation	382,000
Funds Required	394,000
Additional Required	<u>12,000</u>

To meet this Department's portion of claims on hand we seek the issue of warrant authority for \$12,000 from the Advance to the Minister for Finance under item 664.3.05. We understand offsetting savings are available from within the relevant appropriation item of the Department of Health. If this is not so equivalent offsetting savings would be available under item 664.3.05 Tasmanian Freight Equalisation Scheme.

*Jed*

A. Hannink  
A/g Assistant Secretary  
Finance & Services Branch

27 June 1984

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE

EXPLANATORY STATEMENT

DEPARTMENT OF TRANSPORT

DIVISION : 668 : Australian National Railways Commission

SUB-DIVISION: 1 : Subsidy to meet anticipated operating losses

ITEM : - : -

PURPOSE OF ITEM: Provides for payment of a subsidy towards the Operating loss of the Australian National Railways Commission (AN).

<u>FUNDS AVAILABLE</u>	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>
	\$	\$	\$
Appropriation Act No. 1	56,500,000	71,500,000	85,000,000
Appropriation Act No. 3	22,800,000	34,500,000	1,000,000
Advance to the Minister for Finance	-	-	<u>5,300,000</u>
<b>TOTAL FUNDS AVAILABLE</b>	<b>79,300,000</b>	<b>106,000,000</b>	<b>91,300,000</b>
<b>TOTAL EXPENDITURE</b>	<b><u>70,400,000</u></b>	<b><u>106,000,000</u></b>	<b><u>91,300,000</u></b>
<b>UNEXPENDED FUNDS AVAILABLE</b>	<b><u>8,900,000*</u></b>	<b>-</b>	<b>-</b>

\* During the 1981-82 financial year on the basis of legal advice it was necessary to change the appropriation title for the subsidy payment. At that time the balance of unexpended funds provided from the Appropriation Act No 1 were frozen (ie \$8.9m) and the subsidy requirements for the remainder of the 1981-82 year was included in Appropriation Act No 3 under a new appropriation title.

EXPLANATION OF REQUIREMENTS FOR ADDITIONAL FUNDS IN 1983-84

The information provided below is in addition to the information provided in the Department's request for funds from the Advance to the Minister for Finance (copy attached).

GENERAL COMMENTS: Estimating the amount of subsidy to be provided to AN towards its operating losses is difficult as it includes estimating the trading results of a major commercial organisation which is susceptible to relative sudden and unpredictable changes often of significant magnitude.

AN's subsidy requirements are based on assumptions about a large number of variables which affect its performance - major ones

being general economic conditions (which drive demand for its services), size of the grain harvest, wage rates and fuel prices. Inaccuracies in these assumptions therefore, will affect AN's subsidy requirements.

In 1983-84 the expected subsidy requirement varied during the year due to the difficulties in quantifying the true effect on AN's finances of the large grain harvest and the general economic improvements. It was not until early June 1984 that AN provided an accurate estimate of its final outcome from 1983-84.

Compared to 1982/83, AN achieved a substantial reduction of \$14.3m in its subsidy requirements. In real terms the figure is considerably more.

#### APPROPRIATION ACT NO. 3 (ADDITIONAL ESTIMATES REQUIREMENTS)

AN originally sought a subsidy of \$97.3m in 1983-84, however, investigations by the Department indicated that savings of over \$10m against this figure could be achieved by reductions in materials and incidentals expenditure, service reductions and increases in coal freight rates. In the light of these findings, \$85m was included in Appropriation Act No. 1. During the Additional Estimates processes, AN sought \$12.4m additional subsidy but only \$1m was provided in recognition of delays in implementation of service reductions due to the need for extensive consultations to take place. This was done in an effort to keep pressure on AN to lift its own performance.

#### ADVANCE TO THE MINISTER FOR FINANCE REQUIREMENTS

Towards the end of the 1983-84 financial year, AN advised that its expected final subsidy requirement would be \$5.3m in excess of the \$86m appropriated for and noted that if this cash deficit remained unfunded, it could only meet its commitments by drawing heavily (to the order of \$7.6m) on its overdraft facilities.

In view of the circumstances, the Minister for Transport agreed to seek \$5.3m from AMF. This would fund AN's cash loss for 1983/84 in keeping with earlier practice, and would place AN in a sound financial position at the commencement of the 1984-85 financial year.

#### COMMENT

The total additional funding of \$6.3m provided to AN during 1983/84 was considerably lower than AN's requests and demonstrated the successfulness of the approach adopted.

DEPARTMENT OF  
TRANSPORT



P.O. Box 591  
Crown Square ACT 2608  
Telephone 0621 67111  
Telex 62018

Secretary  
Department of Finance  
Newlands Street  
PARKES ACT 2600

Attn: Mr. M. Mayoh

Request for access to AMF under item 668.1 Australian National Railways Commission (AN) - Subsidy to meet anticipated operating losses.

The Minister for Transport has agreed to a request from AN that \$5.3 million be sought from the Advance to the Minister for Finance (AMF) under the above item to meet the difference between AN's expected 1983-84 cash deficit of \$91.3 million and the \$86 million so far appropriated in 1983-84.

AN has advised that its operating loss for 1983-84 is now expected to be around \$96.5 million, a \$6 million improvement over its January 1984 estimate of \$102.5 million. This will result in a 1983-84 cash operating deficit of \$91.3 million. On this basis, AN would incur a shortfall of \$5.3 million over the Commonwealth subsidy allocation of \$86 million, which it would have to fund through other means. Unless funded by the Government, this would leave AN in a substantially worse position at the start of 1984-85 than it was twelve months ago.

In the Additional Estimates context AN sought to have its subsidy payment increased by \$12 million from the \$85

million included in the Budget. However, because of the general upturn in economic activity, and in particular the prospect of a record wheat harvest, it was difficult to predict AN's 1983-84 outturn with any degree of confidence and AN was unable to persuade the Government to increase its 1983-84 subsidy by more than \$1 million. In the event, the 1983-84 outturn now advised indicates that a supplementation of AN's operating loss subsidy about half way between that sought and that granted is justified. The actual outturn could not, of course, have been foreseen when the Additional Estimates were finalised.

The amount of \$5.3 million is appropriate as it would result in AN's 1983-84 cash deficit being funded by the Government rather than it needing to tap its other limited, higher cost sources. AN's current overdraft is \$7 million. (The need to service the overdraft is just one factor contributing to AN's current cash flow difficulties.)

The need for the payment to be made urgently is threefold :

- to enable AN to reduce its overdraft as soon as possible;
- to enable the payment to be reflected in AN's 1983-84 financial statement (the year in respect of which the loss was incurred); and
- to allow it to commence the 1984-85 financial year in a more viable financial position.

We therefore seek the issue of warrant authority for \$5.3 million from AMF as a final charge under item 668.1.

*Signature*  
C. Davidson  
A/g First Assistant Secretary  
Management & Co-ordination

26 June 1984

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983-84

Explanatory Statement

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

Purpose of Item:

This item provides for the treatment expenses of eligible persons (including certain service pensioners), involving payment of fees to specialists and local medical officers, physiotherapists, chiropodists and visiting nurses, 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	1981-82 \$	1982-83 \$	1983-84 \$
Appropriation Act No.1	77,498,000	87,839,000	106,528,000
Appropriation Act No.3	6,753,000	8,707,000	6,146,000
Advance to the Minister for Finance	1,400,000	95,000	665,000
<b>TOTAL FUNDS AVAILABLE</b>	<b>85,651,000</b>	<b>96,641,000</b>	<b>113,339,000</b>
<b>TOTAL EXPENDITURE</b>	<b>85,606,022</b>	<b>96,637,278</b>	<b>113,304,248</b>
<b>UNEXPENDED FUNDS AVAILABLE</b>	<b>44,978</b>	<b>3,722</b>	<b>34,752</b>

Explanation of requirements for additional funds in 1983-84

<u>Appropriation Act No.3</u>	\$	\$
(a) Fees payable to medical practitioners were increased by 4.3% from 1 March 1984 at a cost to this Appropriation Item of		+ 812,000
(b) The cost of providing domiciliary nursing increased by approximately 14% effective from 1 November 1983 at a cost to this Appropriation Item of		+ 633,000
(c) Minor variations in the average cost of services provided by medical practitioners and the cost of surgical aids led to a saving of		- 40,900
(d) An increase in demand due to growth in the treatment population		+4,821,900

(e) Some costs were transferred to another Appropriation Item - 80,000 + 6,146,000

Advance to the Minister for Finance

An amount of \$665,000 was sought from the Advance to the Minister for Finance on 27 June 1984 after it was ascertained that accounts on hand in excess of the appropriation could be processed if funds were available. The amount sought was determined after consultation with the Department of Finance to ensure accounts could be processed by its Regional Offices.

The comments contained in the paper headed "Problems and Responses Associated with Frequent AMF calls for Division 692" are relevant to this item +665,000 + 665,000

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983-84

Explanatory Statement

Department Veterans' Affairs  
Division: 692 - Other 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

Funds Available	1981-82 \$	1982-83 \$	1983-84 \$
Appropriation Act No.1	51,636,000	59,558,000	61,808,000
Appropriation Act No.3/5	3,464,000	666,000	3,452,000
Advance to the Minister for Finance	-	1,200,000	1,600,000
<b>TOTAL FUNDS AVAILABLE</b>	<b>55,100,000</b>	<b>61,424,000</b>	<b>66,860,000</b>
<b>TOTAL EXPENDITURE</b>	<b>54,862,360</b>	<b>61,046,371</b>	<b>66,115,986</b>
<b>UNEXPENDED FUNDS AVAILABLE</b>	<b>237,640</b>	<b>377,629</b>	<b>744,014</b>

Explanation of requirements for additional funds in 1983-84

Appropriation Act No.3

	\$	\$
(a) The dispensing fee for scripts was increased by 25 cents from 1 January 1984 at a cost to this Appropriation of	+ 1,300,000	
(b) The average price of scripts rose from \$6.03 to \$6.15 at a cost to this Appropriation item of	+ 1,248,000	
(c) An increase in demand due to higher growth in the number of eligible beneficiaries at a cost of	+ 904,000	+ 3,452,000

Advance to the Minister for Finance

Repatriation Pharmaceutical Benefits Scheme payments are processed by the Department of Health. 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 disclosed that if the Department of Health continued its rate of processing that was current in mid June 1984, there would only be sufficient funds to cover payments processed up to 20 June 1984. Following consultations with the Department of Health it was decided to seek \$1,600,000 from the Advance to the Minister for Finance by memorandum dated 20 June 1984. This was in accord with the then processing rate of \$400,000 per day. +1,600,000 +1,600,000

Expenditure was higher than anticipated due to the accelerated number of prescription items being dispensed. Based on information provided by the Department of Health, the number of prescription items anticipated to be processed in 1983/84 was 10,650,000 items. This represented an increase of 250,000 over that estimated at Additional Estimates. The final achievement was that approximately 10,580,000 scripts were processed in 1983/84.

The comments contained in the paper headed "Problems and Responses Associated with Frequent AMF Calls for Division 692" are relevant to this item.

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983-84

Explanatory Statement

Department: Veterans' Affairs  
Division: 692 - Other Benefits  
Sub-Division: 00  
Item: 03 - Maintenance of Patients in non-Departmental institutions

Purpose of Item:

To provide funds for the cost of treatment and care of eligible persons at public and private hospitals, mental institutions and convalescent and nursing homes.

	1981-82	1982-83	1983-84
	\$	\$	\$
Funds Available			
Appropriation Act No.1	85,869,000	94,884,000	124,200,000
Appropriation Act No.3	472,000	19,847,000	1,210,000
Advance to the Minister for Finance	-	-	2,130,000
<b>TOTAL FUNDS AVAILABLE</b>	<b>86,341,000</b>	<b>114,731,000</b>	<b>127,540,000</b>
<b>TOTAL EXPENDITURE</b>	<b>86,156,500</b>	<b>114,720,265</b>	<b>127,529,934</b>
<b>UNEXPENDED FUNDS AVAILABLE</b>	<b>184,500</b>	<b>10,735</b>	<b>10,066</b>

Explanation of requirements for additional funds in 1983-84

Appropriation Act No.3

(a) Mental Hospitals

Additional funds of \$476,000 were sought to make retrospective adjustments of 1982/83 rates in both Queensland and South Australia. Additional funds of \$475,000 were also sought to cover increased charges in four States. These increases were offset to some extent by a saving of \$124,000 resulting from a reduction in the number of bed days + 827,000

(b) Nursing Homes

Additional funds were sought to cover an increase in the number of bed days together with an increase in charges +1,032,000



(c) Metropolitan and Country Hospitals

Additional funds were sought to cover an increase in the number of bed days together with increased charges. The increases were offset, however, by a reduction in costs resulting from revised charging under Medicare

- 649,000 +1,210,000

Advance to the Minister for Finance

Expenditure under this item is generated by the need for medical and surgical treatments and convalescent care of eligible persons. Inherent factors affecting expenditure under this item arise from the increasing age of persons entitled to treatment by virtue of the Repatriation legislation. These factors include:

(i) the increasing need for hospitalisation of eligible persons; and

(ii) the increase in the average length of stay of those persons +2,130,000 +2,130,000

The comments contained in the paper headed "Problems and Responses Associated with Frequent AMF Calls for Division 692" are relevant to this item.

EXPENDITURE FROM THE ADVANCE TO THE MINISTER FOR FINANCE 1983-84

Explanatory Statement

Department: Veterans' Affairs  
Division: 692 - Other Benefits  
Sub-Division: 00  
Item: 05 - Expenses of Travelling for Medical Treatment  
Purpose of Item:

To provide funds for the cost of travelling by eligible persons for the purpose of medical treatment

Funds Available	1981-82 \$	1982-83 \$	1983-84 \$
Appropriation Act No.1	12,154,000	16,840,000	18,792,000
Appropriation Act No.3/5	2,051,000	541,000	-
Advance to the Minister for Finance	532,000	-	370,000
<b>TOTAL FUNDS AVAILABLE</b>	<b>14,737,000</b>	<b>17,381,000</b>	<b>19,162,000</b>
<b>TOTAL EXPENDITURE</b>	<b>14,736,459</b>	<b>17,268,798</b>	<b>19,139,686</b>
<b>UNEXPENDED FUNDS AVAILABLE</b>	<b>541</b>	<b>112,202</b>	<b>22,314</b>

Explanation of requirements for additional funds in 1983-84 Advance to the Minister for Finance

Expenditure in this item is primarily governed by the demand for treatment and medical services by eligible persons. The growth in demand for treatment which led to requests for further funds under Items 692/01 and 692/03 also resulted in an increased demand for funds in this Appropriation item. An amount of \$370,000 was sought from the Advance to the Minister for Finance on 27 June 1984. + 370,000 + 370,000

The comments contained in the paper headed "Problems and Responses Associated with Frequent AMF Calls for Division 692" are relevant to this item.

Funds were not sought at Additional Estimates because following a Review of Transport utilisation (mainly taxis in lieu of ambulances) the Department was able to save over \$800,000 that was used to offset price and other variations since the finalisation of Additional Estimates.

PROBLEMS AND RESPONSES ASSOCIATED WITH FREQUENT AMF CALLS  
FOR DIVISION 692

The Department experiences difficulties in estimating expenditure under Appropriation Division 692. It has had to seek additional appropriations for the past three years and funds from the Advance to the Minister for Finance for the past two years.

The difficulties embrace:

(a) Price Basis of the Estimates

Finance Directions require that the estimates be prepared on a current price basis; for 1984-85 the Department sought an allowance for prospective price increase in accordance with the pattern that has occurred during recent years but this allowance was not granted.

(b) Expenditure is related to Demand

Veterans have to satisfy certain criteria to establish an entitlement to treatment under the Repatriation Act. Demand and consequently expenditure vary according to the size of the eligible population, the number of entitled veterans seeking treatment, the type of treatment sought, the frequency at which treatment is sought, technological developments and the capacity of Departmental institutions to satisfy demands (Department institutions are funded under Division 691; Departmental institutions demand not satisfied is funded under Division 692)

(c) Billing Patterns of Practitioners

While expenditure is demand related, as described under (b) above, it is also dependent on the billing patterns of practitioners. The Department is not permitted to invite accounts and it is left to the practitioner to lodge his/her account. Some practitioners may elect to vary their billing pattern for personal reasons towards the end of a financial year.

(d) Staff Capacity to Process Accounts

- (i) Department of Veterans' Affairs
- (ii) Department of Finance Regional Offices

Another variable is the capacity of staff to manually process accounts received (for all items except 692/02). The Department of Veterans' Affairs was able to engage additional part-time staff within staffing limits in the last quarter of 1983/84 to process accounts thereby reducing the level that would otherwise have been carried over to 1984/85.

- 2 -

Close liaison was maintained with the Department of Finance to ascertain what volume of accounts its Regional Offices could process at the end of June. Only after this was established were funds sought from the Advance to the Minister for Finance.

ACTION TAKEN IN RESPONSE TO DIFFICULTIES

(1) Review of Estimating Techniques

The Department commenced a review of estimating techniques used to estimate funds required under Division 692 in August 1983.

Initial data was collected from Branch Offices and analysed within Central Office. This was followed by a two week visit by two officers to Branches to review the techniques. The two significant findings were:

- better methods of projecting growth in utilisation were required; and
- an allowance needed to be made for price variations that occurred at regular intervals.

As mentioned earlier, the question of using an outturn price rather than a current price basis has been taken up with the Department of Finance. Although this has not been implemented for the 1984-85 Budget it will be followed up with the Department of Finance.

The Department is working towards improvement in its demand projections.

(2) Automated Processing of Treatment Accounts

The Department is making arrangements with the Health Insurance Commission that will make computer hardware and software available for processing the bulk of DVA's treatment accounts. When this system is fully operational the backlog of accounts carried over from one year to the next will diminish, if not completely disappear. This in turn will alleviate the uncertainty associated with how many accounts can be processed in the final months of the financial year.

APPENDIX 6

DATE OF HEARING, LIST OF WITNESSES AND OBSERVERS

The item, 255-1-01 Administrative, Salaries and Payments in the Nature of Salary, Salaries and Allowances was made the subject of a public inquiry at Parliament House, Canberra, on 13 May 1985.

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

Department of Defence

Mr P G Terrill	First Assistant Secretary Commercial Services Division Office of Defence Production
Mr F R Harvey	First Assistant Secretary Financial Services and Internal Audit Division
Mr B MacDonald	Assistant Secretary Budgets, Accounting and Supply Branch Office of Defence Production
Mr P R Huntley	Assistant Secretary Budgets and Estimates General and Co-ordination
Mr A J See	Acting General Manager Garden Island Dockyard

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

Mr R Alfredson	Australian Audit Office
Mr J Rowling	Public Service Board
Ms P Gaughwin	Department of Finance

The item, 271-3-01 Educational Services - Australian Capital Territory, Independent Schools, Grants, Subsidies and Allowances was made the subject of a public inquiry at Parliament House, Canberra, on 13 May 1985.

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

Department of Education

Mr J J Wilson	Special Advisor Policy and Research Division
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Mr P B Kearns	Assistant Secretary Territorial Policy and Co-ordination Branch
Mr B F Lanagan	Registrar of Schools Territorial Policy and Co-ordination Branch

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

Mr R Alfredson	Australian Audit Office
Mr J Rowling	Public Service Board
Ms P Gaughwin	Department of Finance

The item, 620-1-01 Administrative, Salaries and Payments in the Nature of Salary, Salaries and Allowances was made the subject of a public inquiry at Parliament House, Canberra, on 13 May 1985.

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

Department of Territories

Mr J A Turner	Acting Deputy Secretary
Mr G C Cartwright	Senior Finance Officer Programs and Budgets Section
Ms L M Webb	First Assistant Secretary Housing and Welfare
Mr R J O'Connell	First Assistant Secretary Management Services
Mr M C Woods	Assistant Secretary Resource Management Branch
Mr B G Dockrill	First Assistant Secretary Transport and Technical Services

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

Mr A L Trim	Australian Audit Office
Mr L Carder	Australian Audit Office
Mr C J Louttit	Department of Finance
Mr B Clark	Public Service Board