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28-2-17



THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

R E P O R T

of the

JOINT COMMITTEE OF PUBLIC ACCOUNTS

Upon the manner of submitting :-

- " THE ESTIMATES"
 - " THE BUDGET" and
 - " THE TREASURER'S FINANCIAL STATEMENT."
-

MEMBERS OF THE COMMONWEALTH PARLIAMENTARY JOINT COMMITTEE
OF PUBLIC ACCOUNTS.

(First Committee.)

MATTHEW CHARLTON, Esquire, M.P., Chairman.

JOHN THOMSON, Esquire, M.P., Vice-Chairman.

SENATE

Senator Thomas Jerome Kingston
BAKHAP

Senator Albert Edward Howarth
BLAKEY.

Senator the Honorable James
Charles STEWART.

HOUSE OF REPRESENTATIVES

Llewelyn ATKINSON, Esquire, M.P.

Reginald John BURCHELL, Esquire, M.P.

The Honorable James Mackinnon
FOWLER, M.P..

Dr. William MALONEY, M.P.

C O N T E N T S.

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PROCEEDINGS OF THE COMMITTEE.

In connection with this enquiry evidence was given by
the following witnesses :-

ALLEN, George Thomas, ex-Secretary, Department of the
Treasury.

COLLINS, James Richard, Secretary, Department of the
Treasury.

ISRAEL, John William, Auditor-General for the
Commonwealth.

R E P O R T
of the
JOINT COMMITTEE OF PUBLIC ACCOUNTS

Under the "Committee of Public Accounts Act 1913" upon The
manner of submitting :-

" The Estimates", "The Budget", and "The Treasurer's
Financial Statement."

I N T R O D U C T O R Y.

In consequence of the delay in submitting the financial statement for the year 1915-'16, and the Estimates and Budget for the year 1916-'17, to Parliament, the Committee are compelled to postpone an enquiry into the details of receipts and expenditure, but, in view of the frequent complaints by Honourable Members regarding the irregularity and lateness of the presentation of such papers, and of the difficulty of readily understanding and utilising the information thus provided, the Committee has carefully considered the possibility of improvements in these respects.

D E F I N I T I O N S.

ESTIMATES - The Estimates relate to accounts of the forthcoming year, they shew in great detail the proposed expenditure; the figures of the previous year being included by way of comparison.

BUDGET - The Budget papers review the transactions of past years, set out the Estimates of the following year, and generally consider the prospects of the coming year. Their purpose is chiefly to review accounts of the coming year, and the references to past years are made in order that Parliament may know how the new period compares with the old.

FINANCE - The Finance Statement being an account prepared by the Treasurer after the close of the year shews the transactions

for the previous year, supplemented by the Auditor-General's report.

DELAY IN PRESENTATION.

The Committee find the delay in Presentation of the Estimates and Budget is becoming more marked, as the following particulars show :-

Year commencing 1st July	laid on Table of the House	31st July 1906
" " " " 1907	" " "	8th August 1907
" " " " 1908	" " "	14th Octr. 1908
" " " " 1909	" " "	12th August 1909
" " " " 1910	" " "	7th Sept. 1910
" " " " 1911	" " "	26th Octr. 1911
" " " " 1912	" " "	1st. Augt. 1912
" " " " 1913	" " "	2nd Octr. 1913
" " " " 1914	" " "	3rd. Decr. 1914
" " " " 1915	" " "	9th May 1915

Eight months of the current year have expired without these papers being before members.

The dates upon which the Finance Statements have been laid before the House during the past ten years have been :-

For year ending	30th June	1906	on	25th Sept.	1906
" " "	"	1907	"	13th. Decr.	1907
" " "	"	1908	"	10th. Decr.	1908
" " "	"	1909	"	8th. Decr.	1909
" " "	"	1910	"	5th Sept.	1911
" " "	"	1911	"	19th June	1912
" " "	"	1912	"	21st Decr.	1912
" " "	"	1913	"	4th Decr.	1913
" " "	"	1914	"	4th Decr.	1914
" " "	"	1915	"	17th May	1916

The accounts for expenditure for the year ending 30th June 1916 have not yet been presented.

The Auditor-General in his report upon the public accounts for the year ended 30th June 1915 says: "The unusual delay which has occurred in the preparation and completion of the Annual Report for the year 1914/'15, is due to the non-receipt from the Treasury of the statements and supporting documents until late in the current financial year. The final portion of the Treasurer's statement was not received for examination until the first week in April, 1916. On completion of the Audit the statement was returned to the Treasurer and was signed by him on the 16th May 1916, and this report was completed and signed on the same day."

In consequence of these delays the very undesirable practice of covering a considerable portion of the year by a series of Supply Bills has crept in.

SUMMARY OF EVIDENCE.

The Committee ascertained from witnesses that presentation of these financial papers could be made at an earlier date. A witness in his evidence to the Committee said: "The Appropriation Act should be passed before the 30th June. That is the ideal condition, and then there would be no need for Supply Bills at all."

Another witness said "I should like to see the estimates laid on the table before the previous year had closed. The Departments ought to be compelled to submit their Estimates to the Treasurer not later than April 30th. During May the Treasurer could determine what amount should be allowed to the Departments, and sometime in June the Estimates should be laid on the Table, and the Treasurer's budget speech delivered. Supply could then be obtained in the month on the basis of the new Estimates. There are practicable difficulties, which up to the present have been considered sufficient to justify the non-submission of the Estimates to Parliament, until a considerable portion of the new year has gone by. One is that it is quite impossible to gather from the four corners

of Australia the Accounts of receipts and expenditure for June, before the 31st July at the very earliest, and Treasurers and members have thought it wise to delay the presentation of the Estimates until the exact figures for the previous year could be obtained.

There is a great deal in that, but there is more in the consideration that the early preparation of the Estimates and Budget papers would tend to economy. The financial scheme of the year should be definitely fixed before the year begins, otherwise any economies proposed by the Treasurer cannot take effect until some portion of the year has passed by.

Any economy should take effect from the 1st July of the financial year. To do as I suggest would of course necessitate the presentation to Parliament of what would be practically only an Estimate of the receipts and expenditure of the previous year."

RECOMMENDATIONS.

Date of Presentation

Estimates & Budget:

The Committee recommend that the Estimates and Budget be submitted to Parliament not later than 15th July of each year. So as to enable the Treasurer to finalise his estimates by the above date, we recommend that each Department be instructed to submit its draft estimates for the forthcoming year to the Treasurer not later than 30th April of each year.

Finance Statement:

During the course of the enquiry the Committee were unable to find any reason why the Finance Statement should not be prepared and submitted within from 3 to 4 months of the close of the financial year. We therefore recommend that the financial statement shewing the Receipts and Expenditure in classified order

for the previous year be presented not later than 15th October of each year.

If on the above dates any of the papers be not presented the Treasurer should report the fact to the House giving the reasons for such delay.

I N D E X.

Considerable difficulty is experienced by members in locating individual items in the Estimates owing to the absence of an index or table of contents.

The Committee recommend the compilation of an index, to shew in detail and grouped, the contents of the paper.

ABSTRACT STATEMENTS.

The form of presentation of the abstracts of Receipts and Expenditure as shewn on pages 3 and 4 of the Estimates for 1915-'16 does not show a distinction between monies received and expended from taxation, and that from public utilities and trading concerns.

The Committee recommend the introduction of a separate table which would shew this in grouped form.

The presentation of the abstracts would be further improved by these statements appearing opposite to each other in Balance Sheet form.

VOTES FOR PAY AND ALLOWANCES.

The Committee recommend that a uniform system of setting out the salaries of different officers in all Departments be adopted, shewing separately salary and allowances.

On page 96 of the 1915-16 Estimates the total of the District Headquarters staff, comprising 164 persons appears in one sum of £38,601. Detail information is desirable in all cases.

VOTES FOR WORKS.

The present form of submitting Estimates for Additions, New Works, Buildings etc. only shows the amount required for the year without giving any estimate of the completed cost of the work, or the amount previously spent. The Committee recommend that with the amount required for the year the total estimated cost of work, along with amounts already spent on the work in previous years should be shown.

WAR EXPENDITURE.

Reference has repeatedly been made in Parliament as to the desirability and necessity for discrimination in Items of Expenditure consequent upon the war.

On page 75 of the Estimates 1915-'16 the Department of ~~Defence~~ (Naval & Military) submits amounts required for "Ordinary services," and "Expenditure consequent upon War." A comparison with the same table on page 64 of Estimates 1914-'15 shows a marked increase in many items classified as "Ordinary Services:" which appear to the Committee to be caused by the War.

The Committee recommend that all increases above a "peace footing" basis, (which might be taken as the expenditure of the year immediately preceding the war, with allowance for normal growth of Departments) should be shown as "ordinary services," - Expenditure in excess would then be "Expenditure consequent upon War."

LOAN AND REVENUE EXPENDITURE.

On page 107 of Finance Statement 1914-'15 under heading Statement of Receipts & Expenditure of the Loan Funds an item of £371,117: is shown as paid into the consolidated Revenue Fund. The Committee considers this an undesirable innovation and recommends that no money raised by Loan should be transferred into Consolidated Revenue for ordinary Expenditure.

COMMERCIAL UNDERTAKINGS: ACCOUNTS.

The Committee recommends that the Financial Statements should show the financial position as existing between the Treasury and each of the several trading concerns at the close of the year, and that the Balance Sheets showing the operations of these concerns should be submitted with the Financial statement.

FEDERAL TERRITORY - ACCOUNTS.

Considerable difficulty is experienced in trying to ascertain the financial position of the Federal Capital Territory.

An item of £165,000: "towards cost of Establishment," appears on page 262 of Estimates 1915-16, under Additions, New Works, Buildings etc: but no details are given of how this amount is to be expended.

In the financial statement of 1914-15 an item appears on page 7 of £14,477; as Revenue, on page 15 of the same paper an Expenditure of £213,533; is shown, no details in either case being given.

The Committee recommends that the various items of the amount to be appropriated be shown in the Estimates, and a detailed statement of Receipts and Expenditure be shown in the Finance paper.

M. Charlton CHAIRMAN.

27th February 1917.