

1968

DEPARTMENT OF THE SENATE
PAPER NO. 1292
DATE 7 NOV 1968
PRESENTED
<i>J.R. Odgers</i>
Chief of the Senate

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

ONE HUNDRED AND FIRST REPORT

TREASURY MINUTES ON THE
EIGHTEENTH, SEVENTY-SEVENTH
AND NINETY-FOURTH REPORTS

TOGETHER WITH

SUMMARIES OF THOSE REPORTS

By Authority:

A. J. ARTHUR, Commonwealth Government Printer, Canberra
(Printed in Australia)

JOINT COMMITTEE OF PUBLIC ACCOUNTS

SEVENTH COMMITTEE

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I.L. Robinson, Esquire, M.P.

The Senate and the House of Representatives appointed their
Members on 22nd February, 1967.

(1) Appointed 23rd August, 1967.

(2) Deceased 2nd August, 1967.

DUTIES OF THE COMMITTEE

Section 8 of the Public Accounts Committee Act 1951-1956 reads as follows :-

8. The duties of the Committee are -
- (a) to examine the accounts of the receipts and expenditure of the Commonwealth and each statement and report transmitted to the Houses of Parliament by the Auditor-General in pursuance of sub-section (1.) of section fifty-three of the Audit Act 1901-1950;
 - (b) to report to both Houses of the Parliament, with such comment as it thinks fit; any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
 - (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
 - (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

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

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JOINT COMMITTEE OF PUBLIC ACCOUNTSONE HUNDRED AND FIRST REPORTTREASURY MINUTESCHAPTER 1 --INTRODUCTION

In its Seventy-ninth Report dated 10th March, 1966, P.P.No.275
Your Committee set out in detail the basis of the Treasury of 1964-65-66
Minute arrangements which have been made to ensure that appropriate
action ensues from comments contained in our Reports.

As they now stand, the arrangements concerned are:-

- (1) The Report of Your Committee is tabled by the Chairman in the House of Representatives and by a Member of the Committee in the Senate. Motions are moved in both Houses of the Parliament that the Report be printed as a Parliamentary Paper.
- (2) The Chairman of Your Committee thereafter forwards a copy of the Report to the Departments affected and to the Treasurer with a request that he give the Report his consideration and inform the Chairman of the action taken to deal with Your Committee's comments.
- (3) The reply received, which is in the form of a Treasury Minute, is then examined by Your Committee and, together with the conclusions of the Report to which it relates, is submitted as soon as possible to the Parliament as a Report.
- (4) Where during its examination of a Treasury Minute Your Committee finds that there are recommendations not fully dealt with or which are subject to a further Minute, it holds an exploratory discussion with officers of the Department of the Treasury prior to the submission of the Minute to the Parliament.

- (5) In reporting a Treasury Minute to the Parliament, Your Committee does not usually make any comment on the Minute other than to note recommendations not fully dealt with or subject to a further Minute. In special cases where comment is thought to be necessary, Your Committee makes it.
- (6) Your Committee reviews a Treasury Minute, if necessary, when it again examines the department concerned.
- (7) The Department of the Treasury furnishes Your Committee with a half-yearly report on outstanding Treasury Minutes, indicating the progress made in dealing with Your Committee's comments.

CHAPTER 2 - TREASURY MINUTE ON THE EIGHTEENTH REPORT
RELATING TO THE FORM AND CONTENT OF THE
FINANCIAL DOCUMENTS PRESENTED TO THE PARLIAMENT

On 29th May, 1968, and in accordance with the arrangements relating to follow-up action on Your Committee's Reports, the Treasurer conveyed to the Chairman a Treasury Minute dated 27th May, 1968, which reported the action taken on Your Committee's Eighteenth Report.

In the Eighteenth Report concerning the Form and Content of the Financial Documents presented to the Parliament:

Committee's Conclusions
(10th November, 1954.)

Treasury Minute
(27th May, 1968)

The Treasury has examined the Report and makes the following comments in respect of the recommendations made by the Committee.

155. The examination of the form and content of the financial documents presented to the Parliament involves the whole range of Commonwealth activity. This Report, however, is Part I and the Committee deals with the Budget Speech and the commencement of its examination of the Estimates of Receipts and Expenditure. In later Parts, the Committee will complete its review. Its conclusions on the aspects of these documents which it has examined are as follows:-

Committee's Conclusions

(10th November, 1954)

Treasury Minute

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GENERAL CONSIDERATIONS

1. Each financial document should be regarded as complementary to the other financial documents, and not as a self-contained document.

The principle that each financial document should be regarded as complementary to the other financial documents has been substantially in operation since 1963-64, when, as stated in the Treasury Minute on the Committee's Sixty-second Report, the document titled "The Budget" was discontinued.

2. The documents should continue to present a detailed statement of the receipts and expenditure of the Commonwealth for the year.

The financial documents continue to present a detailed statement of the receipts and expenditure of the Commonwealth for the year.

3. It would be an advantage to have the figures of estimated receipts and expenditure in one table, instead of in separate tables as at present.

The suggestion for a single table in the statements attached to the Budget Speech summarizing total receipts and payments was adopted in the statements attached to the 1956-57 and subsequent speeches.

ADMINISTRATION

4. The Auditor-General, the Treasury and the Public Service Board have a special responsibility to the Parliament for ensuring economic expenditure.

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5. Regular reviews of the form and content of the financial documents are essential.

Regular reviews of the form and content of the financial documents have been made and will continue to be made.

CASH ESTIMATES OF RECEIPTS AND EXPENDITURE

6. The principle of "cash receipts - cash expenditure" should continue to be the basis on which the Commonwealth's accounts, as a whole, are recorded.

The principle of "cash receipts - cash expenditure" continues to be the basis on which the Commonwealth's accounts, as a whole, are recorded.

7. The accounts should continue to be closed immediately on 30th June.

The accounts of the Commonwealth are closed immediately on 30 June each year.

8. The transfer of the amount of salaries and wages accrued to 30th June from the last pay day prior to that date, which is an exception to the cash basis, should be discontinued.

The transfer to the Trust Fund each year of the amounts of salaries and wages accrued to 30 June was discontinued from 1954-55.

9. It is not possible to combine in the cash estimates of the Consolidated Revenue Fund, estimates of business undertakings on an "income earned - expenditure incurred" basis, but the cash votes of each business undertaking should be supported in the estimates of receipts and expenditure

Although it is not practicable to complete commercial accounts of business undertakings in time for their inclusion in the Budget documents, Departments are reminded each year of the Government's wish that annual reports of Commonwealth Authorities should be presented to

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(10th November, 1954)

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by commercial accounts and by a reconciliation between the cash votes and those accounts.

the Parliament before the commencement of the Estimates debate. For departmental business undertakings operating through trust accounts the conditions (including the preparation of annual reports) recommended by the Committee in its Thirty-fourth Report have been accepted as guidelines.

ESTIMATES OF RECEIPTS AND EXPENDITURE

10. If the Estimates of Receipts and of Expenditure are to be presented to the Parliament at the same time, estimates of receipts and expenditure should be presented to the Parliament in the one document as at present.

As part of the change in the financial documents from 1963-64, details of expenditure from annual appropriations previously included in the document "Estimates of Receipts and Expenditure" are now set out in the Appropriation Bills only. Estimates of receipts and summaries of expenditure are both presented in the document "Estimates of Receipts and Summary of Estimated Expenditure".

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PARLIAMENTARY CONTROL OF THE PURSE.

11. Section 83 of the Commonwealth of Australia Constitution Act 1901 provides that the Parliament's approval must be obtained before public funds are drawn from the Treasury.

12. There is no legal limit to prevent the Executive from entering into commitments without the Parliament's prior approval.

PRESENTATION OF THE ESTIMATES TO THE PARLIAMENT
BEFORE THE BEGINNING OF THE FINANCIAL YEAR.

*13. The Estimates of Expenditure should be presented to the Parliament in time to permit it to complete its consideration of them before the beginning of the financial year.

14. The further question of when the Budget should be presented to the Parliament was considered having regard to the divergent budgetary practices followed by overseas countries, and the views of witnesses. All Members agree that the Budget should be presented earlier than at present. Some Members believe that it would be to the public advantage if the Budget (including the Estimates of Revenue) were brought down, together with the

In this Report the Committee canvassed the possibility of the Expenditure Estimates, or the Revenue and Expenditure Estimates together (i.e., the annual Budget), being presented to Parliament before the commencement of a financial year. The Committee had regard particularly to the desirability of bringing the financial practices of the Commonwealth into line with "the constitutional principle" which, in its view, would require parliamentary approval of the expenditure estimates before the beginning of a year. The

* See Minority Report by Mr. A.V.Thompson on page 16.

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Estimates of Expenditure, during the first part of May (as recommended in paragraph 96 above), in time to allow of their approval by the Parliament before the beginning of the financial year. Others, believing that it would not be possible to collect all the data essential for estimating the Revenue with the necessary degree of accuracy, if the Budget were presented before the beginning of the financial year, would be content with the British practice where the Budget is presented during the first week of the new financial year, although the Estimates of expenditure are presented during the two months immediately preceding the beginning of the financial year.

Mr. Anderson is of the opinion that it is possible and desirable for Estimates of revenue to be presented to the Parliament with the Estimates of expenditure before the beginning of the financial year.

Senator Paltridge disagrees with Recommendation 13, believing that, whenever presented, the Estimates of Receipts and Expenditure should be presented to the Parliament simultaneously.

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Committee also questioned the administrative efficiency of the procedures under which Parliamentary authority is secured for expenditure in the "supply period" after 1 July.

The Committee will appreciate that whether or not the annual Estimates of Expenditure should be presented prior to the presentation of the annual Estimates of Revenue and whether or not the date at which the annual Budget is presented should be changed, are essentially matters of policy. As such, it is for the responsible Minister, not departmental officials, to express views on them. The competence of officials in such matters must be confined to technical or administrative aspects.

The Committee will also appreciate the complexity of the considerations that bear on these matters. For example, the Committee, in taking the view that Parliamentary approval of expenditures to be undertaken in a financial year should be secured before

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Approval of Expenditure in
the Supply Period.

15. For new commitments for defence purposes; for projects financed by special appropriations; for the post office and broadcasting equipment; the War Service Homes scheme; the Snowy Mountains Hydro-electric project, and a number of other schemes, amounting in all to the greater part of the capital expenditure of the Commonwealth, the Executive, when it deems it necessary, exercises its legal power to incur commitments before the Parliament's approval is obtained. The convention requiring prior Parliamentary approval is observed only in the smaller field of new civil works.

16. To the extent that the Executive disregards the convention of prior Parliamentary approval it weakens the authority of Parliament over expenditure.

17. The procedures which have been adopted in respect of new commitments for new civil works indicate the administrative difficulties during the Supply period where prior Parliamentary approval is strictly observed.

18. The presentation of Estimates of Expenditure to the Parliament in time to enable it to complete its consideration of them before the beginning of the financial year would preserve the author-

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the beginning of that financial year, placed emphasis on what it described as "the constitutional principle". For its part, the Treasury drew attention to the importance of other considerations relevant to the timing of the submission of estimates to Parliament; these include the desirability of achieving reasonable accuracy of estimation, the time-table in relation to Commonwealth-State financial matters and wider policy considerations. Of course, the principle of prior Parliamentary approval of expenditure or revenue measures has not been under question; essentially what has been at issue is the question of the timing of approaches by the Government to Parliament for such approval.

As already indicated, it will be the Government that will decide when it proposes to submit its estimates to Parliament for approval and its decision will be based on its assessment of the weight to be given to all the considerations involved.

Although the views of the Committee have recently been reviewed by the Treasurer, the Gov-

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ity of the Parliament, vindicate the power of the Executive, and resolve many administrative problems.

Accuracy of Estimates of Expenditure.

19. Under the Committee's proposal, the Departmental estimates would be in the hands of the Treasury by 15th March and the Estimates of expenditure would be presented to the Parliament in early May. The legislation, other than the Appropriation Bills and dealing with expenditure, could be adopted during May-June-July. The Parliament customarily meets in May and June, but in the past, the necessity for frequent July meetings has not arisen.

20. The estimates of Departmental expenditure prepared by Commonwealth Departments show, under present conditions, a varying margin of error; in general, the degree of inaccuracy is such that the Committee believes its proposals cannot be rejected on the ground that reasonable accuracy of estimating Departmental expenditure can be achieved only by retaining the present time-table.

21. In regard to the tax reimbursement grants, the major payment to the States is determined by a statutory

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erment has not altered the timing of the presentation to Parliament of the Expenditure or Revenue Estimates as suggested by the Committee.

It would be evident that these matters need to be considered within the context of the budget process as a whole and as part of the much wider question of how that should be developed in all its various elements to meet evolving needs. An essential part of this question concerns the efficiency of the budget process as the principal means by which the Government seeks to give effect to its economic, financial and other policies.

In recent years the Treasury has been giving a lot of attention to the whole budget process. As the Committee will be aware, considerable changes have been made in recent years, including progressive changes in the overall presentation of the Commonwealth's financial operations. These will, it is hoped, promote better understanding of the nature and significance of "the Budget", particularly in terms of the interactions between

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formula; for 1954-55, the additional grant was settled before that year commenced. The method of determining grants by the Commonwealth Grants Commission provides for advance payments to the States subject to maintaining a margin of safety, and the adjustment of that advance when the audited figures of receipts and expenditure are subsequently available. As in the case of Departmental expenditure, any difficulties in respect of these grants could not, in the Committee's opinion, be so substantial as to offer adequate reasons for the rejection of its proposal.

22. Surveys of economic conditions are based on information of preceding events and are always subject to falsification by subsequent events; the speeding up of the preparation of statistics and new statistics will be of assistance in making more accurate estimates.

23. The views of the Treasuries of the United Kingdom, the United States of America and Canada in support of the presentation of estimates of expenditure before the beginning of the financial year have been obtained.

Accuracy of Estimates of Receipts.

24. The Department of Trade and Customs sees no difficulties in preparing earlier

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it and the economy at large. It is hoped that further improvements will progressively be made.

The views expressed by the Committee in its Eighteenth Report have been carefully examined and re-examined by the Treasury in this general context. The Committee may be assured that, in giving further attention to ways and means of improving the budget process as a whole, we will continue to give close consideration to the views expressed in its Eighteenth Report. We would again submit, however, that conclusions as to any changes of the kind the Committee has in mind can only come out of Ministerial consideration of the balance of prospective advantages and disadvantages.

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estimates of customs and excise receipts.

25. The collection of statistics and other data as well as sampling procedures for estimating taxation receipts are matters which can be suitably developed.

26. A knowledge of the estimating practices of other countries such as the United Kingdom, the United States of America and Canada would be of assistance to the Commissioner of Taxation in preparing his estimates and an investigation by a skilled officer of those practices might be undertaken.

Accuracy of Estimates of Loan Raisings.

27. Loan Council meetings were held on 1st May, 1952, in respect of the loan raisings for the financial year 1952-53 and on 18th May, 1953, for 1953-54: an earlier Budget would not mean a radical alteration to the time-tables which were then observed.

MINORITY REPORT BY MR. THOMPSON.

I dissent from those portions of the Eighteenth Report - Part 1 - submitted by the Committee, which recommend that the Estimates of Receipts and Expenditure be presented to the Parliament in time to permit the Parliament to complete its consideration of them before the beginning of the financial year.

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Minority Report by Mr. Thompson.
(10th November, 1954)

While agreeing that it is desirable that all expenditure should be approved by the Parliament before it is incurred, it is equally desirable that the estimates presented to the Parliament, both for Receipts and Expenditure, should be estimates that can be accepted as reasonably accurate; furthermore, expenditure should not be approved by the Parliament unless the Parliament is satisfied that provision has been made to meet such expenditure.

I do not agree with the conclusions in the Committee's Report that this can be satisfactorily done. The time-table set out in the Report provides that the latest date for submission of expenditure estimates by the Departments for the ensuing year, shall be the 1st February, and Departmental submission of revenue estimates for the ensuing year shall be the 15th March; completion of Treasury examination and preliminary printing by the 1st April; completion of consideration by Cabinet by 15th April and presentation of Budget to the Parliament by the 1st May. Completion by both Houses of Parliament of debates on the Estimates and Appropriation Bills by 23rd June. This time-table would depend not only on the ability of Departments and the Treasury to prepare the necessary documents to present to the Parliament on the due date, but also on the ability of the Parliament to meet from the 1st May until the 23rd June. Should the Parliament be dissolved or an election take place between

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(10th November, 1954)

those dates; then, to ensure that the Estimates and necessary Bills be passed before the beginning of the financial year, the time-table would have to be put back even further than the times set out.

My conclusions are that Estimates of Receipts and Expenditure presented in such a time-table would be more subject to error than under the present system, and the benefits that are claimed would be gained in comparison with the present system of Supply and the Treasurer's Advance Account are not sufficient to warrant the alteration.

I approve of the Estimates being submitted to the Parliament as early as possible, but would insist that they conform as closely as possible to reasoned estimates and not be prepared on too great an element of guess work.

ALBERT V. THOMPSON

10th November, 1954.

Committees Conclusions
(2nd December, 1965)

- (v) That in reframing Regulation 53, a provision for subsequent disclosure of details other than unit prices should be provided and that this provision should be framed in such a way as to permit departments to inform an unsuccessful tenderer of the reasons for the non-acceptance of its tender in terms of the insufficiency of its tender, but not in terms of the merits of the successful tender. (Paragraph 112.)
- (vi) That the Regulation, when reframed, should include a provision to exempt departments from the requirement to gazette or disclose details subsequently, when it is in the public interest that such details should not be revealed. (Paragraphs 110 and 113.)
- (vii) That the Department of Works should be consulted by the Treasury regarding the form in which the Department of Works should be exempted from the necessity to disclose subsequently, details of rates in schedule of rates contracts for works and services. (Paragraph 114.)
- (viii) That the Department of the Treasury when proposing any amendments to either its Regulations or Instructions, should first ascertain from the Attorney-General's Department whether such amendments will result in inconsistency between the Regulations and the Instructions.

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The Treasury agrees it is reasonable to inform an unsuccessful tenderer of the reasons for the non-acceptance of his tender, the information being in terms of the insufficiency of the unsuccessful tender rather than in terms of the merits of the successful tender. This also will be permissible under the amended regulation.

The amended regulation gives a discretion to a Chief Officer or the Chairman of a Tender Board in the public interest to exempt certain contracts from gazettal and consequently from the disclosure of details.

The reframed arrangements permit the Department of Works to refrain from disclosing details of rates in schedule of rates contracts for works and services.

The Parliamentary Draftsman has indicated that he would normally inform the Treasury if any proposed regulation or act appeared to him to affect existing Treasury Directions. However, he has pointed out that neither he nor his officers have such an intimate acquaintance with

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Treasury Directions or their interpretation in practice as would enable him to identify all possible cases of conflict. In regard to proposed Treasury Directions, the Attorney-General's Department believes that, if officers are aware of the need for extreme care in the preparation and issue of any Direction having a legislative effect, it should be necessary only in special cases to refer to the Department proposed amendments to the Directions. The Department and the Treasury believe that it must be left to Treasury officers to identify the special cases.

CHAPTER 4 - TREASURY MINUTE ON THE NINETY-FOURTH REPORT
RELATING TO THE DEPARTMENT OF IMMIGRATION.

On 28th August 1968, and in accordance with the arrangement relating to follow-up action on your Committee's Reports, the Treasurer conveyed to the Chairman, a Treasury Minute dated 27th August, 1968, which reported the action taken on Your Committee's Ninety-fourth Report.

In the Ninety-fourth Report concerning the Department of Immigration :

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(26th October, 1967)

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The Treasury has examined the Report and has discussed with relevant Departments and Authorities the observations and conclusions of the Committee which have, where necessary, been brought to the notice of officers concerned.

- 671 Your Committee's inquiry into the accounts and operations of the Department of Immigration under Section 8 of the Public Accounts Committee Act, 1951-1966, constitutes the first comprehensive inquiry into that Department by a Parliamentary Committee.
- 672 Our inquiry showed that while Immigration has been a function of the Commonwealth since Federation in 1901, the recognition during World War II of Australia's post-war population needs had been seen clearly and in 1945, the Department of Immigration had been established to give administrative effect relevant to Government policies then emerging. From January 1947, when post-war assisted migration began in Australia until June 1967, no less than 1,328,000 assisted migrants have been brought to this country under arrange-

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-ments entered into by the Government with overseas countries and in collaboration with the State Governments of Australia and voluntary organisations set up to assist in their assimilation. At the same time, unassisted migrants have also benefited from the assistance provided by the Department and the Agencies established in this country to pave the way for migrant absorption into the normal life of the Australian community (paras. 11-41).

Organisation of the Department.

- 673 The structure of the Department of Immigration comprises a Central Office located in Canberra and State Offices located in each State capital city with regional offices in Wollongong, New South Wales and Townsville, Queensland. Migrant holding centres are currently maintained at Bonegilla and Benalla in Victoria. In addition, the Department maintains seventeen posts and a number of regional offices of the Department are located in overseas countries while officers of the Department are located in some of the overseas establishments of the Department of External Affairs (para. 82).

The Aliens Register

- 674 Under the provisions of the Aliens Act, 1947-1966, the Department is required to maintain a Register of Aliens in each State and Territory. The Department of Immigration has indicated that as responsibility for decisions relating to the administration of the Aliens

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Several features of this arrangement attracted the attention of Your Committee. First, while aliens resident in Australia are required to notify the Department in September of each year of their address, occupation and marital status, only some 63 percent of aliens had registered in 1966, and 119 prosecutions had been executed. The Department considered that, of those who failed to notify it, as required, the majority would not have changed their addresses during the previous twelve month period and would be unaware of the requirement to re-register. In view of the legal requirements imposed on aliens to register at twelve monthly intervals, Your Committee considers that, while these requirements exist, the Department has a clear responsibility to ensure that aliens are made fully aware of the need to register and that prompt and positive action should be taken in cases where registration is not made. In this regard, we are disturbed to find that in the State of Queensland alone, 8,000 aliens failed to register in 1966 and of this number, only 9 were prosecuted as a consequence (paras. 53, 179, 404).

675

A further feature of this register to which attention should be directed is its form and method of

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Registration Act rests with the Government, it offers no comment on the Committee's observations regarding action to be taken under that Act.

The Department has advised that a suitable procedure has been introduced to mark the position of cards withdrawn from the register for notation.

The Department has advised that the register was one of the main areas covered by a joint Public Service Board/Department of Immigration survey team which, in July 1967, commenced a comprehensive study of the possible application of automatic data processing to the various functions of the Department. The study has been completed and the team's recommendations, which include the conversion of the Aliens Register to automatic data processing, have been approved in principle. Two departmental officers have now satisfactorily completed a systems analysis course conducted by the Public Service Board and are engaged on A.D.P. work. Discussions are proceeding with the Bureau of Census and Statistics to expedite the implementation of automatic data processing in the Department.

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operation. The register comprises a loose card index which is manually operated. During our inspection of the Department's Queensland Office, we observed officers in their work on the register and noted that when cards were removed for notation purposes, the officer concerned did not employ any marking device to indicate the withdrawal or the position in the register to which the card should be returned. We were later informed that the loss of cards through misfiling had not been reported to the Central Office of the Department. We regard this method of operation as most unsatisfactory (para. 404).

676 Your Committee was surprised to discover that the Aliens Register had not been converted to punched card operation but the Department indicated that a punched card system would not provide a satisfactory operational register. However, automatic processing of the register was included in a departmental investigation of automatic data processing within the Department which was submitted to the Public Service Board in 1966. As the register in its present form would be difficult to replace if destroyed and as the application of automatic data processing to departmental procedures would enable duplicate records to be maintained, Your Committee trusts that

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early action will be taken to enable the Aliens Register to be converted to a mechanised system of processing (paras. 375, 400-402).

Inspections of Overseas Posts

677 Although it is noted that inspections of overseas posts are conducted by the Minister and the Secretary of the Department, there is no regular system of inspections of posts by officers of the Department. Your Committee regards this state of affairs as unsatisfactory and believes that an effective system of inspection of overseas posts to be essential in the interests of departmental efficiency particularly in the migrant source countries (para. 439).

The Department had recognised the need to improve its inspections of overseas posts as early as November 1965 when it proposed that a position should be established in the Immigration Branch of the High Commissioner's Office, London, to carry out organisation and methods inspections of its offices in the United Kingdom and continental Europe. This proposal was not approved by the Public Service Board because an organisation and methods service was already being provided for all areas of the High Commissioner's Office by its management services group. However, a further proposal by the Department in March 1967 to create a position at Geneva to carry out organisation and methods inspections of continental Europe and Middle East posts has been approved by the Public Service Board. The appointee has taken up duty in the Department. The Board has also

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approved the Department's proposal to create a position at Class 9 classification to take charge of the Overseas Sub-Section in Canberra. It is responsible for duties embracing staffing matters, allowances, conditions of service and property aspects of posts abroad. Overseas inspection responsibilities are specified in its duties. It is intended that the Assistant Secretary, Management Services Branch, will undertake a visit abroad once every two or three years on management and administrative matters such as organisation, staffing, methods and training needs. One is planned for September 1968. It is also contemplated that a senior officer should undertake periodic inspections of posts abroad on operational matters, replacing inspections formerly undertaken ad hoc by Assistant Secretaries and more senior officers while abroad on special duties.

Staff Training - Accounting Procedures.

678 Your Committee notes that whilst a measure of staff training has always been carried out within the Department, the Organisation and Methods Section had recommended in 1965-66 that accounting training tech-

Following the organisation and methods review in 1966, action was taken by the Department to intensify accounting training. Training techniques have been further developed. At the

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-niques should be improved, that circulars relative to the preparation of the annual, revised and additional estimates should contain clearer explanations and that there should be closer consultation between Branch heads and the officers responsible for the preparation of the estimates. We would commend the Department for undertaking the Organisation and Methods review referred to and trust that early positive action will ensue to implement the recommendations concerned. In this regard, we are re-inforced by an apparent lack of clear understanding that manifested itself in evidence relative to the use of the Advance to the Treasurer prior to the passage through the Parliament of the Additional Estimates. In this regard, the Department stated that it was unable to obtain Warrant Authority for estimated expenditure until such time as the approval of the Parliament had been obtained. It claimed that in such circumstances, situations arose in which the overseas posts would be informed of the level of funds sought in the Additional Estimates but would be unable to finance their operations until May when Warrant Authority became available and that delays could occur in which the additional funds appropriated could be

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Overseas Training Course conducted in 1967 five accounting sessions were presented and seven sessions were included in the 1968 Course. In addition, pro-forma and circulars seeking information on estimates have been improved. Dissection and control of expenditure is now undertaken in greater detail. All approved recommendations arising from the organisation and methods review have now been implemented.

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underspent. The Treasury Observer, however, indicated that despite the fact that the appropriations relative to the Additional Estimates are not approved by the Parliament until May, Warrent Authority can be made available to departments from the Advance to the Treasurer providing, of course, there is an immediate need for additional funds (para. 341, 678-679)

The Accommodation of Migrants.

679 During the course of its inquiry, Your Committee took a considerable amount of evidence relative to the accommodation provided for assisted migrants. It also conducted inspections of hostels owned and operated by Commonwealth Hostels Ltd., in New South Wales and Queensland and holding centres owned and operated by the Department of Immigration at Bonegilla and Benalla in Victoria.

680 In regard to the hostels operated by Commonwealth Hostels Ltd., Your Committee was disturbed by the poor standard of much of the accommodation provided in converted war-time Army huts, particularly as a period of twenty-two years has now elapsed since the conclusion of World War II. On the other hand, we were impressed by the standard of service provided by Commonwealth Hostels Ltd. in

Hostels.

For some years the standard of accommodation in migrant hostels has been receiving attention as the following projects show:

- (a) construction of new hostels;
- (b) replacement and extension of accommodation in hostels on sites of secure tenure and improvement of accommodation in hostels where insecurity of site tenure precludes the construction of new permanent buildings; and
- (c) improvement of furniture standards.

Progress of these projects is as follows:

(a) New Hostels.

In 1963 the Government decided that four hostels in Sydney and

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these facilities and we were also impressed by the standard and quality of new building work that has recently been undertaken at the Migrant Hostel at Wacol in Queensland. In Your Committee's view, there is a strong case for the substantial replacement of much of the accommodation currently provided for migrants by Commonwealth Hostels Ltd. In this regard, Your Committee would commend the building of new hostels to replace existing hostels and the adoption by the Government of its extensive programme of replacing existing buildings in other hostels with improved, permanent, low maintenance constructions.

681 With regard to the Benalla and Bonegilla holding centres operated by the Department of Immigration, Your Committee notes the announcement by the Minister for Immigration on 10th August, 1967, of the intention to close the Benalla centre by 8th December, 1967, on the ground that the need for the type of accommodation provided there has declined progressively as private and hostel accommodation has become more readily available in Australia. Following on inspections of these centres and having regard to our remarks relating to some hostel accommodation provided for migrants by Commonwealth Hostels Ltd., we trust that as new hostels

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Melbourne areas should be replaced and approval was given to construct two new hostels, each providing accommodation for 1,000 persons, at Randwick, New South Wales, and Springvale, Victoria. Work is already in progress at Randwick and tenders were called in July 1968 for the construction of the new hostel at Springvale. Total estimated costs approximate \$7.8 million.

(b) Improvement, Replacement and Extension Programme.

The standard of hostel facilities has been improved progressively, including the replacement of accommodation buildings, and some hostels have been extended. The replacements and extensions, which commenced towards the close of 1965, have provided substantially improved accommodation for a total of 1,650 migrants.

A further large-scale programme is being undertaken in 1968-69 to provide modern accommodation for 3,070 people and to continue with the general improvement of hostel facilities.

Improvements being undertaken in hostels on sites not owned by the Commonwealth, which will continue in use for some considerable time, comprise mainly:

- (i) improvements to toilet and ablution facilities;

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are constructed and existing hostels improved in quality, the Department will see its way clear to close the holding centre at Bonegilla (paras. 504 to 536)

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- (ii) improvement to laundries;
- (iii) installation of wash-basins in family unit accommodation;
- (iv) erection of covered ways from living quarters to communal facilities; and
- (v) enlargement of main bedrooms.

For the three years ended 30 June 1968 expenditure on hostels improvements and extensions amounted to \$6,081,000 and expenditure in 1968-69 is expected to be \$6,430,000.

(c) Furniture Improvements.

During 1967-68 \$58,000 was spent on new furniture for three hostels. It is proposed to carry out an extensive improvement programme to the estimated value of \$437,000 over the next three years.

Migrant Centres.

Bonalla Migrant Centre ceased to operate on 8 December 1967 and was taken over by the Department of the Army on 16 January 1968. Alternative facilities are currently being explored with a view to closing Bonegilla Migrant Centre. However, Australia's immigration programme of 105,000 assisted passage migrants for 1968-69 is higher than the intake of assisted migrants in any year since 1949-50. This will result

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in an increased demand for Commonwealth-provided transitory accommodation. Consequently, it will be necessary to continue using Bonegilla Centre for the time being and at this stage it is not possible to predict a specific date for the closing of the Centre.

Subsidies to Commonwealth Hostels Ltd.

682 We were informed in evidence that payments are made each year by the Department of Immigration to Commonwealth Hostels Ltd. which are required to meet the difference between hostel tariff charges for migrant dependants and operating costs. In 1966-67, an additional amount of \$410,000 was provided through the Additional Estimates representing what was claimed to cover arrears in the subsidy for the years 1958-59 to 1966-67. On examination, however, it became clear that whilst this amount certainly related to such arrears, it related only to that part of the arrears necessary to restore the liquidity of Commonwealth Hostels Ltd. The need for this adjustment did not become apparent to the Department of the Treasury until its attention was drawn by the Department of Immigration and the Department of Labour

It is agreed that it is not desirable that arrears should accumulate in subsidy payments for migrant hostel operations. The method of reimbursement to Commonwealth Hostels Limited has been revised. The matter is being kept under close review and further refinements will be made if necessary. Migrant hostel operating costs, on which subsidies are based, do include maintenance costs.

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and National Service to the fact that the company was in need of working capital. Your Committee believes that if the annual costs of operation of Migrant Hostels are to be maintained accurately and realistically, it is necessary for the subsidy payable by the Department of Immigration each year to equal the difference between the charges for migrant dependants resident in the hostels and operating costs. Your Committee also believes that unless this is achieved, the commercial accounts of Commonwealth Hostels Ltd. will also fail to reflect properly the commercial operations of that company. Accordingly, Your Committee is of the opinion that current arrears in subsidy should be paid by the Department of Immigration to Commonwealth Hostels Ltd. and that the Department of the Treasury, the Department of Labour and National Service and the Department of Immigration should examine critically the basis of the present arrangement under which Commonwealth Hostels Ltd. is subsidised in respect of migrant hostel accommodation (paras. 634-635)

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O v e r t i m e

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During our inquiry we noted that extra duty payments made by the Department had increased from \$72,122 in 1959/60 to \$221,655 in 1966/67. As the Auditor-General in his reports for 1965/66 and 1966/67 had found it necessary to draw attention to a significant escalation in overtime payments for the whole Commonwealth Public Service we sought specific comment on this matter. The Department informed us that recurring overtime was an inherent feature of its activities and that non-recurrent demands for overtime could be prompted by the introduction of new policies. It stated that it does not make a practice of applying to the Public Service Board for additional positions as soon as a need begins to emerge. Whilst Your Committee would commend the Department for this conservative approach to the question of staffing, it would make the comment that, unless carefully controlled, overtime can result in a diminution in the quantity and quality of output per man-hour worked and, at the same time can create a sense of false values as to the work output

The Committee's comments on the Department of Immigration's approach to the question of staffing and on the problems which could arise if the performance of overtime duty was not carefully controlled have been noted by the Department and the Public Service Board. The Board has pointed out that both the performance of overtime duty and the initiation of proposals for additional positions are primarily departmental responsibilities.

The Board believes that overtime duty must necessarily arise from time to time over the whole field of a Department's activities, and indeed, when subject to appropriate control, is an important tool in the performance by a Department of its functions in an efficient and economical manner. At the same time, the Board is fully aware of the problems which could arise if a Department did not properly control this aspect of employment. The Board's "General Orders" therefore make clear to Departments that both the working of excessive overtime and the working of overtime regularly by staff should be avoided if any other arrangement for working of staff is possible.

The Board would expect a Depart-

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that can reasonably be expected from the officers concerned and, perhaps more importantly, from officers who replace them on promotion or transfer.
(pages. 648-652)

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-ment initiating proposals for additional staff to be satisfied that a proper case existed before seeking additional positions, whether they were to be filled on a permanent or a temporary basis. But it is for the Department to determine when it is appropriate to seek to increase its establishment and the Board does not encourage the carrying out of work, which cannot be handled by existing staff, by the performance of overtime duty instead of the provision of additional positions in cases where a continuing and significantly higher work load would permit the services of additional staff to be fully utilised.

The Board has no reason to believe that the Department of Immigration has been unmindful in the past of the need to ensure that excessive overtime and/or regular overtime should be avoided nor that the submission to the Board of proposals for additional positions has been delayed by the Department beyond the time when the need for such an increase in establishment would be in the best interests of the Department in carrying out its functions in an efficient and economical manner.

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Telephone Facilities

664 During the inquiry, we examined the Department on its costs and control of telephone facilities with particular reference to Direct Subscriber Dialling (S.T.D.). We were informed that the Department controls the use of its telephones by close supervision and by the use of office instructions. It explained that the increase in its Central Office telephone account for the three-year period commencing two years after the introduction of S.T.D. reflected an increase in Central Office staff at that time which was caused by a very substantial growth in all phases of its work. Your Committee believes that while a direct responsibility rests with every Permanent Head to maintain proper administrative supervision of the use of telephone facilities installed in his Department, there would be merit in the Department of the Treasury outlining the broad measures of control which should be considered by Departments in approaching this problem. (paras.666-671)

A Treasury Circular has been issued to all Departments outlining the broad measures of control which should be considered by Departments in relation to the use of subscriber trunk dialling telephone facilities.

Interdepartmental Transfers.

665 Our Inquiry revealed that the Department of Immigration had

A review of the interdepartmental payments listed in the

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received payments from other Commonwealth departments and had made payments to them. While some of these payments were said to be unavoidable due to their nature, Your Committee does not readily accept the necessity for amounts ranging from \$5 to \$14 to be recovered from other departments and an amount of \$2 to be paid to the Department of Repatriation for laundry services. In this regard, we would quote our Fifty-fifth Report where, at paragraph 100 it was stated -

"At present a number of services are provided by departments without transfer payments being involved. Obvious examples are the Audit Office and Attorney-General's Department. In the case of survey work and the use of the facilities of the Department of Works, Your Committee consider that where Commonwealth departments are involved control through administrative processes would be preferable to the use of transfers in the Appropriation Acts."

686 In the circumstances, Your Committee is of the opinion that the Department of the Treasury and the Departments concerned should examine the desirability of cont-

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Department of Immigration's submission to the Committee has resulted in payments being discontinued where it was established that the charging and recovery procedures were not a material factor in controlling expenditure.

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inuing the inter-departmental transfer payments revealed in this Inquiry. (paras. 673-674)

Internal Audit

687 We were informed in evidence that while the Department considers it desirable for at least the officer-in-charge of its Internal Audit Section to possess accountancy qualifications, the salary classification is such that qualified officers are not attracted to the position. The problem of the appropriate classifications for accounting positions in the Commonwealth Public Service was considered by Your Committee in its inquiry into the Department of Social Services in 1964-65 and again, in connection with the Department of Primary Industry, in its Report into the Auditor-General's Report for the financial year 1965-66.

In his Report for that year, the Auditor-General had stated that early in 1966 an inter-departmental committee appointed by the Public Service Board commenced a review of the functions and duties of Third Division Officers engaged in internal audit work in Departments with

The Public Service Board has received the views of the various Departments, and of the Auditor-General, regarding the recommendations by the interdepartmental Review Committee, has considered the Review Committee's conclusions and recommendations and has taken a number of decisions. Subject to minor qualifications, the Permanent Heads unanimously supported the Review Committee's main conclusions which involved the establishment of five standard work levels for the performance of internal audit work and the formal definition of each of those work levels, and the Board has approved these recommendations of the Review Committee.

While recognising the advantages of officers employed in internal audit possessing accountancy qualifications, especially at senior levels, the Board decided not to proceed to a formal pres-

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a view to recommending to the Board whether any change in work levels was necessary and whether qualifications should be prescribed.

688 In the present Inquiry, the Public Service Board Observer, Mr. Vanthoff, indicated that the inter-Departmental committee had made its report to the Board and it had been distributed to all departments for comment. When the views of the departments have been obtained, the questions of internal auditors' qualifications and classifications vis-a-vis responsibilities will be settled. Your Committee must express concern at the time involved in bringing this matter to finality, particularly as the effectiveness of internal audits carried out by departments has a direct and material bearing on the work of the Auditor-General. (Pars. 684-685)

cription of such qualifications for internal audit positions. However, the Board believes that, as a general principle, some training in accounting is desirable at the lowest levels of the internal audit structure and completion of appropriate, formal training in accountancy is highly desirable at the directing and supervisory levels. In this regard, the Board noted that preference in selection is generally given to qualified or partly qualified applicants for internal audit positions and, in fact, in most Departments positions classified above Class 6 are staffed by officers possessing appropriate training in accountancy. A decision has also been taken by the Board on the appropriate classifications, within the clerical/administrative scales of salary, for the five standard work levels. The classifications of positions not covered by the standard work level structure must be determined individually having regard to the duties performed by these positions, the scale and scope of internal audit functions controlled and the nature of the subject matter audited: the Board has also taken decisions about the classification of these

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positions.

The Board considered it desirable to provide an opportunity for Departments to reappraise their internal audit functions, to develop new programmes and to review their organisations. The Board was aware that because of the varying functional scope and financial activities in different Departments it was not possible to prescribe a set pattern of internal audit organisation which would be suitable for all Departments. Each Department's organisation requirements, in terms of staff numbers and levels, needed to be assessed individually in the light of the functions of the Department and of the nature and scope of the internal audit programme considered necessary.

For these reasons, and to facilitate the changeover to the new style organisation as quickly as possible, the Board set up joint Board/Departmental inspection teams to recommend the numbers of positions and organisation structure required in the internal audit area of each Department. The reports of the teams have been received and are under consideration by the Board. Decisions will be taken on the individual establishments for departmental internal audit functions as soon as possible.

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The Board has issued a Circular on the internal audit function for the information of Departments and Authorities, their staffs and interested Staff Associations.

Adjustment of Travelling Allowances

689 We were informed that the balance outstanding in the Department's Advance Register at any time is subject to continuous scrutiny and that no difficulty has been experienced in adjusting the amounts, although some advances at overseas posts have not been adjusted for periods of up to 14 days, a period which the Department felt to be longer than desirable. As at 5th April, 1967, there were 9 advances on the Central Office Register where the adjusted claims had not been received from the officer within two weeks of completion of the journeys for which the advances had been made. The matter of adjusting travelling allowances was the subject of inquiry by Your Committee in connection with the Reports of the Auditor-General for the years 1962-63 and 1964-65. The requirement covering these advances is set out in Treasury

Although the Department of Immigration had issued instructions from time to time and follow-up action had been taken, a further departmental circular stressing the need to adjust advances within seven days was issued in August 1967.

The Department has informed its officers of the findings of the Committee and has directed them to intensify follow-up action to ensure compliance with Treasury Regulation 77(2.)(b).

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Regulation 77(2)(b) which indicates that unless the Treasurer in any case otherwise directs, the person to whom an advance is made for the purpose of travelling expenses shall furnish acquit-
od vouchers to the Authorizing Officer within seven days after completion of the journey in respect of which the advance was made.


690 Your Committee would emphasize that Departments must at all times adhere to the provisions of Treasury Regulation 77(2)(b) (Para. 692)

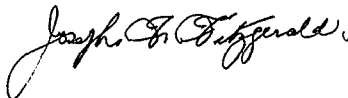
CHAPTER 5 - OBSERVATIONS OF YOUR COMMITTEE
ON THE TREASURY MINUTE RELATING
TO THE EIGHTEENTH REPORT.

In regard to the Treasury Minute relating to the Eighteenth Report, Your Committee noted that while the Report was presented to the Parliament on 11th November, 1954, it was not until 29th May, 1968, that the relevant Treasury Minute was submitted to us for examination. In considering this unusual period of time in which the Report was under consideration by the departments concerned, however, Your Committee noted that the Eighteenth Report contained conclusions of a far-reaching nature and, in particular, included the conclusion that the Estimates of Expenditure should be presented to the Parliament in time to permit it to complete its consideration of them before the beginning of the financial year. The issues involved in this proposal, together with the further question of the timing of the presentation of the Budget to the Parliament are recognised as being questions of a high level policy nature which would be difficult to resolve.

For and on behalf of the Committee.


Richard Cleaver
Chairman


David N. Reid,
Secretary,
Joint Committee of Public Accounts,
Parliament House,
Canberra. A.C.T.



24th October, 1968.