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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

ONE HUNDRED AND SEVENTH
REPORT

SUBSCRIBER TRUNK DIALLING
TELEPHONE FACILITIES (S.T.D.)

JOINT COMMITTEE OF PUBLIC ACCOUNTS

SEVENTH COMMITTEE

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	D.S. Jessop, Esquire, M.P. (4)
	E.W. Peters, Esquire, M.P.
	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.
- (3) Resigned 26th February, 1969.
- (4) Appointed 26th February, 1969.

DUTIES OF THE COMMITTEE

Section 8 of the Public Accounts Committee Act 1951-1966 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 ACCOUNTS

ONE HUNDRED AND SEVENTH REPORT

SUBSCRIBER TRUNK DIALLING TELEPHONE FACILITIES.

(S.T.D.)

Chapter 1

Introduction

In its inquiry into the Department of Immigration Your Committee examined the Department on its costs and control of telephone facilities with particular reference to 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. In its Ninety-fourth Report which related to that Inquiry Your Committee expressed the view 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.

P.P.No.
267 of
1967

2. In Paragraph 308 of his Report for 1967-68 the Auditor-General referred to Your Committee's Ninety-fourth Report in connection with telephone facilities. He added:

" Treasury subsequently informed Heads of Departments that responsibility for the prevention of improper use of official telephones is one for the Permanent Head, who should be satisfied that, compatible with efficiency, internal controls are the most effective that can be implemented. The Treasury advice included reference to observations by the Auditor-General's Office on the need for instructions to cover various aspects of control over telephone facilities.

A recent Audit review of administrative controls, with particular attention to subscriber trunk dialling, has shown that, in general, departments have taken reasonable measures to control the use of telephone facilities, with emphasis on

the responsibility of senior officers in supervisory positions. However, a considerable diversity of approach was noted and, in some instances, departmental instructions were inadequate or had not been reduced to writing.

Due to a variety of technical and administrative factors, a comparison of telephone costs in departments, as between periods, is a difficult and largely inconclusive exercise. In Audit view, more attention could be given to this aspect and in some departments there is scope for more critical analysis of cost trends.

Audit observations have been advised to the Treasury which has indicated that the subject is receiving further careful consideration."

3. In view of our earlier inquiry and these subsequent observations by the Auditor-General, Your Committee decided that it should obtain evidence on S.T.D. from the Postmaster-General's Department, the Department of the Treasury, the Public Service Board and two departments which, it was felt, would provide an opportunity for a wider examination to be made of departmental control arrangements. The Department of External Territories and the Department of Trade and Industry were selected for that purpose.

4. For the purposes of our examination, a public hearing was conducted at Parliament House, Canberra on Monday 27 October, 1968.

5. The following witnesses were sworn at the Public Inquiry and were examined by Your Committee:

Department of External Territories.

Mr. L.W. Tenby	- Acting Assistant Secretary, Finance.
Mr. N.F. Wicks	- Assistant Secretary, Establishments.

Department of Trade and Industry

Mr. R.G. Moore	- Director, Personnel and Establishments, Management Services Branch.
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Mr. T. J. McMahon -Assistant Secretary, Management Services Branch.

Mr. R. J. Stephens -Director of Finance, Management Services Branch.

Department of the Treasury

Mr. C. F. Grant -Assistant Director, Establishment and Finance Division.

Mr. A. Harris -First Assistant Secretary, Budget and Accounting.

Postmaster-General's Department

Mr. A. C. Beckwith -Deputy Assistant Director-General, Telecommunications Division.

Mr. K. B. Smith -Supervising Engineer, Subscribers' Equipment, Telegraph and Power Section, Engineering Works Division.

Public Service Board

Mr. A. B. Milne -Secretary.

6. During our Inquiry we were assisted by the following Observers:

Mr. T. R. Rees - Audit Office.

Mr. G. N. Vanthoff - Public Service Board.

Mr. C. T. Monaghan - Department of the Treasury.

Chapter 2.

Postmaster-General's Department

Government Policy on STD

7. We were informed by the Postmaster-General's Department that in 1959 the then Postmaster-General, the Hon. C. W. Davidson, had announced Government approval of a new telephone policy framed on a long term basis to meet the expansion of Australia and to confer progressively the benefits of new and improved techniques and modern equipment on users of the telephone service. Details of the new policy were included in a document entitled 'The Australian Post Office: Progress - Policy - Plans', which had been presented to the Parliament in August 1959. A basic feature of that policy was the provision of facilities which would enable telephone users to dial any other subscriber within Australia. Exhibit
107/1
OBE,
8. The document presented to the Parliament explained that 112 million trunk calls were being handled by telephonists each year. These involved the recording of charges on dockets and costing and processing by manual methods. More than 50 per cent of these calls were made over short distances, ranging between 5 and 40 miles. They were said to be relatively unprofitable as the revenue derived from them was small by comparison with the heavy capital expenditure and operating costs entailed. At that time only 75 per cent of Australian telephone subscribers enjoyed the advantages of automatic service compared with 99.7 per cent in Switzerland, 97.7 per cent in the Federal Republic of Germany, 89.4 per cent in the United States of America, 83 per cent in Argentina, 79.9 per cent in Canada, and 79.2 per cent in Britain. It was said that of the 15 countries recording more than one million telephone services as at 1 January, 1958, Australia was 13th on the list in automatic telephone density.
9. It was said that subscriber-dialled trunk service throughout the Commonwealth was not possible under such conditions. As a means of meeting the problem it was proposed to proceed with

the progressive mechanisation of the telephone network with increased automatic working on trunk as well as local calls, so that more conversations could be handled without the aid of an operator. The ultimate objective in the telephone system in Australia, as overseas, was said to be nation-wide subscriber-to-subscriber dialling.

10. The document also stated that a national telephone plan for the development of the system along these lines over the next 50 years had been prepared. This was to be implemented in stages, early attention being given to areas where traffic was heaviest and to smaller centres where subscribers did not enjoy the benefits of continuous service. It was envisaged that, although ultimately subscribers would be able to dial anywhere in Australia, telophonists would still be required for 'information', 'assistance' and 'complaints' and similar special services. It was claimed that the progressive nature of the plan would avoid any sudden reduction in staff and would ensure that the Australian system would be integrated with that of other countries where similar national telephone plans were being implemented.

11. We were informed by the Department that development since 1959 has reached the stage where the majority of subscribers in Sydney, Canberra, Melbourne, Brisbane, Adelaide and Hobart have access to subscriber trunk dialling equipment and may dial each other direct without the assistance of a post office operator. It was said that most Perth subscribers have STD access to a number of country exchanges in Western Australia and interstate destinations will become accessible following completion of the Perth-Adelaide broad band trunk system in 1969. The installation of that system, involving the erection of repeater stations at intervals of about 25 miles, was commenced in 1967. Many country subscribers in all States also have STD access. Exhibit 107/1,
Qs. 621 and 624

12. In a document 'Post Office Prospects and Capital Programme 1968-69' presented to Parliament in August 1968, the Postmaster-General, the Hon. A. S. Hulme, mentioned the

introduction during 1967-68 of a new type of automatic trunk switching exchange and foreshadowed significant additions during 1968-69 to permit further extensions of the STD network. Long term plans of the Post Office are that by 1975, two thirds of the trunk calls made in Australia shall be subscriber-dialled.

Exhibit 107/1
and Qs. 625

13. We were informed that subscriber trunk dialling was introduced by the Post Office partly because of its economic advantages. These were said to include a reduced requirement for telephonists, a reduction in trunk docketing and accounting costs and a reduction in the size of exchanges and the buildings required to house them. The system was also introduced to provide faster, cheaper and more convenient service to subscribers. We questioned the witnesses in relation to the savings achievable through the introduction of STD and were informed that, following the introduction of STD, it is normal experience for trunk traffic from a particular centre to rise and, therefore, much of the development in the increase of traffic that occurs, reduces expected savings because a great deal more traffic is being handled. The residual manual traffic is not declining in many cases to the extent that the Department had estimated beforehand. The developments that have occurred have meant, in some cases, that the Department's savings of staff on the manual side of its operations have not reached expectations because there has been a great deal more traffic to be handled than was estimated initially.

Exhibit 107/1
and Qs. 626
to 633

14. It was stated that so far as accounting records are concerned, the fact that STD call charges are registered on the exchange line meter, which also records local calls, necessarily means that separate details of STD calls are not available to a subscriber. To an extent, therefore, the detection of unauthorised calls is made more difficult for a subscriber. We questioned the witness as to whether it would be possible for separate meters to be used for recording local and trunk calls for each exchange line. We were informed that it would be practicable to provide separate meters, but it would be

extremely costly. When the Department was considering the introduction of STD, it was faced with the problem of recording charges. This was said to be a problem confronting most telephone administrations in the world when they reach this point in the development of their telephone networks. It was explained that if the Australian Post Office were in the position where it was commencing with a new telephone system, it would have two alternatives available to it. First, it could use the multi-meter system and record charges on meters. Alternatively, it could use an automatic message counting system which records the details of the call on paper tape. This system has been adopted in the United States of America, Canada and Belgium. It was able to be introduced in those countries because, at the time, they did not have meters but were using a flat rate charging system under which the subscriber paid a single rate which covered the cost of calls as well as rentals. However, countries that have employed meters as an integral part of their networks have been forced, through economics, to use the existing meters. To duplicate meters would mean, in fact, doubling the cost of metering equipment, which involves high capital expenditure.

Exhibit 107/1
and Q.636

15. It was stated that the introduction of STD has not changed the basic situation that the control of the use of a telephone remains the responsibility of the subscriber liable for the account. In the case of Commonwealth departments, the responsibility rests with the permanent head who, in turn, devolves those responsibilities on branch heads, section leaders and other officers. STD has been used by departments in Canberra since March 1962 and progressively by departments located at other centres as the STD network has expanded.

Exhibit 107/1

16. It had been recognised before the introduction of STD that this service could offer scope for unauthorised use by staff. However, following discussions that took place between the Department of the Treasury, the Public Service Board, the Auditor-General's Office, the Department of the Interior

Exhibit 107/1

and the Postmaster-General's Department, it had been decided, as a general principle, that access to trunk dialling equipment from Commonwealth department services should not be restricted. The reasons for this were said to be twofold. First, it was claimed to be essential that the Post Office should be able successfully to promote STD to business users. It was said that if this is not done and Australia is required to maintain a largely manual trunk service, the cost of expansion to cater for the growth in traffic will be very considerable. The view had been taken that if Commonwealth departments are not prepared to use STD facilities because of the possibility of unauthorised calls, this fact could undermine the confidence of business and private subscribers in the STD service.

Exhibit 107/1
and Q.639

17. It was stated that, by late 1968, STD acceptance and usage by subscribers had reached the point where 95 per cent of diallable trunk calls were being dialled by the caller on some routes. Nevertheless, the Post Office believed that any action by Commonwealth departments to discontinue or seriously restrict the use of STD would result in reduced use of the service by non-Commonwealth organisations.

Exhibit 107/1
and Qs.639
to 646

18. The second reason for the non-restriction of access to trunk dialling equipment from Commonwealth department services was said to be that STD offers greater economy and speed than the manual trunk service. In the Australian system the savings to users can be appreciable, as the three-minute charging periods of manually connected trunk calls are replaced by a pay-as-you-go system. Studies made by the Post Office have shown that the average conversation time on manually connected trunk calls is four minutes. Such a call is charged on the basis of a six minute call. This means that, whereas a manually connected call of four minutes duration from Canberra to Sydney costs \$1.44, the same call by STD costs only 96 cents. Savings are therefore made on each call which is not exactly three minutes or a multiple of three minutes in duration.

Exhibit 107/1

19. We were informed that the advantages to be derived from STD have been widely publicised by the Postmaster-General's Department. This is done by advertising in the telephone directories and through the issue of brochures. When STD is to be introduced into a particular exchange area, the Department sends brochures and dialling cards to subscribers in that area pointing out these benefits. Also, on any occasion when an inquiry is received from a business subscriber regarding the barring of access to STD facilities, the Department takes the opportunity to explain the benefits of STD to assist the subscriber to make the best use of the telephone service in other ways apart from STD. The Department has also placed a series of advertisements in weekly newspapers in which it has promoted trunk calling and the use of STD. Exhibit 107/1 and Q.659

20. It was said that, because of the additional convenience and improved efficiency arising from savings in time and costs possible with STD, it is to be expected that increased trunk calls would result in preference to other forms of communication. The Department claimed, therefore, that it is arguable whether a comparison of telephone accounts between periods before and after the introduction of STD would always be valid. Moreover, it added that there is the practical difficulty involved in making comparisons, because the introduction of STD is a gradual process. The Department suggested that an alternative comparison could be that between the cost of telephone calls and between alternative means of communication, which might include even travel, to achieve the same management efficiency in relatively important matters. It is claimed that, as a general rule, this comparison would favour a telephone call where the exchange of memoranda is not essential. Exhibit 107/1

21. We were informed that at the interdepartmental committee meeting that took place prior to the introduction of STD in March 1962 it had been recognised that, although ways of restricting the use of STD were technically possible, they were expensive and their use would be directly counter to the Exhibit 107/1

purpose for which STD was being introduced. The methods of restriction available comprise the following:

(a) Control Locks

These lock the dial on a telephone, which can then be used only for receiving calls. Control locks have been available for many years for black telephones and, more recently, for coloured telephones. The Department informed us that demand to have control locks fitted has not been heavy and there has not been any noticeable increase in that demand.

Exhibit 107/1
and Qs. 673
to 675

(b) Barred Access to Selected Extensions

This device enables extension users to dial each other but not to make outside calls. Under this arrangement, selected senior staff are able to use STD by way of special lines segregated from the main exchange lines, but barred extension users would be required to book their trunk calls through the local switchboard operator, who would dial the call via STD or connect the caller to a Post Office trunk operator. It was said that, from the Post Office point of view, the position would be satisfactory so long as STD facilities are used for outward trunk calls. The loser under this arrangement would be the Department making the call, as PABX operating staff may need to be increased and a charge of \$20 per annum is made for each exchange line which is barred to STD use. It was said that recent developments in PABX technology have produced a situation where it is now technically possible to prevent STD access by equipment installed in the PABX. However, this applies only to the latest types of PABX, few of which are used by Commonwealth departments at this stage.

Exhibit 107/1
and Qs. 677
to 680

22. We were informed that a number of requests for barred STD access has been received from Commonwealth departments, particularly in Sydney, but it has been the practice of the Post Office to endeavour to dissuade an applying department

from proceeding in the matter in the same way that it would seek to dissuade any other subscriber. However, where a firm decision has been made, barring equipment is installed as for private subscribers and the appropriate charges are made. General current trunk barring policy provides that -

Exhibit 107/1
and Qs. 685
to 688

- . The PABX operator must always have access to STD.
- . Extension users requiring barring to STD are also barred from access to the post office trunk operator.
- . Extension users can be barred from direct access to both the local and trunk network.
- . In exceptional cases, where the need has been demonstrated to the Department and the PABX equipment is suitable, barred access to STD but with continuous access to the post office may be permitted.

(c) Monitoring Equipment

(i) Equipment may be installed which enables an organisation legally to monitor calls on a continuing basis. It was said that this equipment is available in many PABX systems but is not used greatly. Under that arrangement the switchboard operator has always been able to tap out the extension number and operate a monitoring key. The operator can intercept the conversation and observe what is taking place. The other facility whereby this type of control is carried out from a remote monitoring point is executed by tapping out or dialling the various extensions on a keyset and observing the type of call being made. It was claimed that there are certain aesthetic objections to this type of activity. While some organisations find that they must have recourse to this method, it is not popular.

Exhibit 107/1,
Qs. 681
and 682

(ii) Another form of monitoring involves the maintenance of a printed record of all calls dialled over a

particular exchange line, together with the time at which the calls were made. We were informed that if a client of the Post Office believes that unauthorized use is being made of the telephone service after hours, the Department can fix equipment to the exchange line and this will give a print-out of what occurs on that line. The equipment concerned is not installed permanently. At present it can be connected only to the exchange line but cannot be connected to extensions through a PABX. The witness informed us that the Department is developing equipment that can be attached to PABX extensions under the control of the subscriber or his delegate.

Exhibit 107/1,
vs. 662
to 671,
683 and 684.

- (iii) The Department expects that, at a later stage, meters will be available for installation in subscribers' premises. These will enable registrations of local and STD calls to be noted as they occur.

Official Use of STD Within the
Postmaster-General's Department

23. We were informed that management control of the use of STD is advocated, similar to the control of the use of departmental telephones for local use. The general policy is:- Exhibit 107/1

- . Telephones should be used for official business when other more costly communications can be avoided, and
- . STD should be used where available, and operator services should be avoided for official calls.

24. It was stated that measures of control fall within the general edict that each supervisory officer is required to ensure that telephones are used for official calls.

Departmental instructions relating to telephone usage vary from State to State and from branch to branch within each State, but in each case they are based on the principle that

Exhibit 107/1
vs. 689
and 690

trunk calls are authorized by supervising officers who, in turn, are required to oversight the use of telephones within their respective areas of control. We were informed that private calls from official telephones are not permitted. If an officer desires to make a private trunk call during office hours, he may obtain authority from his section leader, go to the nearest post office, book the call as a cash call, pay for it at the post office, and have the call connected to his office telephone.

25. The witness informed us that telephones located in office areas within the Department are not barred because there is supervision of their use. In some instances, however, such as in amenities areas where there is no real supervision, the Department will consider the use of barring equipment, but barring is not applied automatically.

Qs. 691
and 692

Chapter 3.

The Department of the Treasury

Use and Control of STD by Departments

26. We were informed that in March 1962 a circular had been issued to all branch heads in the Department of the Treasury, advising them of the introduction of STD. This had been followed in March 1965 by a further circular which indicated to the branch heads that it would be necessary for them to pay attention to the operation of STD in their examination of the estimates submitted by individual departments, and suggesting that they should examine critically the trend in the telephone costs of departments since the introduction of STD.

Exhibit 107/2
and Q.694

27. A Treasury circular was issued in September 1967 to all departments and, for information, to all Commonwealth authorities on the subject of STD. We were informed that the Department of the Treasury had been influenced by several factors in reaching its decision to issue this circular. These included the fact that a general Treasury circular had not been issued previously to departments in relation to STD. Also, there had been correspondence between the Audit Office and the Department of the Treasury in relation to STD. There had also been an inquiry by the Public Accounts Committee into STD in the Department of Immigration in May 1967. Moreover, between 1962 and 1967 there had been a considerable extension of the use of STD facilities and an increase in their availability. In that circular, the Department of the Treasury expressed the view that, while all reasonable precautions must be taken to prevent unauthorised and wasteful use of telephones, there should be no unnecessary impairment of their full and proper use for the performance of public business. The circular added that prudent use of STD could effect economies. It emphasised, however, that responsibility for the prevention of improper use of official telephones was placed on Permanent Heads of Departments.

Exhibit 107/2
and Q.695

28. The Department of the Treasury informed us that in June 1968 it had been advised by the Auditor-General's Office of an audit review that had been undertaken and in which the conclusion had been reached that substantial misuse of telephone facilities could occur and the cost be concealed in mounting charges for local calls. The Audit Observer, Mr. Rees, informed us that the review concerned had been conducted during 1967-68, mainly in relation to the instructions issued by departments on the control and use of telephones generally and STD facilities in particular. The review had disclosed that while, in most departments, instructions relating to telephones had been issued prior to the introduction of STD, the instructions had not, in a number of cases, been updated to recognise the introduction of STD. Some cases were discovered where branches of departments were so small in size that instructions relating to telephone usage had not been committed to writing. In those cases reliance had been placed on verbal instructions and general supervision.

Exhibit 107/2
and Q.707

29. In its advice to the Department of the Treasury in June 1968, the Auditor-General's Office suggested that comparative cost statements could be of benefit in determining the effects of STD on overall costs. The Audit Observer, Mr. Rees, advised us that his Office had been thinking in terms of cost comparisons on a period-to-period basis, having regard to the fact that telephone accounts are generally rendered twice each year. He added, however, that a direct comparison of the cost of metered calls as between periods may not necessarily be indicative of any abuse of STD or a greater use of that facility. In any such comparison it would be necessary to take into account any growth factors in the department concerned and any increase that had occurred in telephone tariffs. Mr. Rees also stated that the Auditor-General's Office had subsequently had some slight reservations regarding the validity of a period-to-period cost comparison.

Exhibit 107/2
and Qs.708
to 711

30. The Auditor-General's Office also suggested to the Department of the Treasury that more specific requirements should be prescribed as an aid to management in departments and that an interdepartmental committee should be established to evolve a model set of instructions relating to the control of STD. In regard to the need for model instructions, the Audit Observer, Mr. Rees, informed us that most of the departments that have issued instructions relating to STD have specified the procedures to be adopted for the authorisation of trunk calls, including STD. His office had noted, however, that some departments had ceased to keep records of trunk calls or to require their telephonists to keep records of trunk calls booked through their switchboard. Audit had also raised the question of adequate security over departmental switchboards after normal working hours, bearing in mind that many people have access to buildings.

Exhibit 107/2
and Qs. 713
to 717

31. We were informed by the Treasury witness that in September 1968 the Department of the Treasury had written to the Public Service Board, the Postmaster-General's Department and the Prime Minister's Department with a view to establishing an interdepartmental committee to consider various aspects of the use and control of STD, including the desirability of introducing access barring in appropriate cases. In October 1968, the Department of the Treasury also issued a circular to all departments seeking certain information for the benefit of the interdepartmental committee. In particular, departments have also been requested to attempt an analysis of their telephone accounts to enable the isolation of the various factors that have contributed to increased financial allocations for telephone purposes.

Exhibit 107/2
and Qs. 718
and 723

32. Official Use of STD within the Department
of the Treasury

We were informed that action was taken in March 1962 to transmit a circular to branch heads in the Department relating to the use and control of STD. Instructions to

Treasury staff on the use of all trunk line facilities have also been included since 1962, as a preface to the office telephone directory. Exhibit 107/2 and Q. 697

33. It was stated that several instructions have been issued to Treasury staff on the use of STD. In particular, general instructions were issued in 1962 and in November 1967, advising members of the staff that they were not permitted to use STD facilities without reference to a senior officer of the class 9 level. If members of the staff desire to make private trunk calls, they must make their calls, after approval, through the switchboard operator and must then reimburse the Receiver of Public Moneys for the amount of the call. This procedure is laid down in the office directory. Qs. 698 and 699

34. We were informed that the Department does not maintain a daily worksheet for its telephonist. Information relating to the origin, destination and duration of calls is obtained from the Postmaster-General's Department. The information received is examined and is discussed with the officers initiating calls if it is considered that calls made have been of excessive duration, or if it is felt that calls made may have been private in nature. Q. 703

35. So far as the use of barring facilities is concerned, we were informed that, although there are very few unsupervised areas in the Department, inquiries have been made regarding the barring of access to STD. It was stated that the Postmaster-General's Department had indicated that it could provide barring facilities only for groups of 10 extensions or multiples of 10. The witness claimed that this arrangement would cause administrative problems if the extensions to be barred were spread through the Treasury building. The witness representing the Postmaster-General's Department confirmed that limitations exist in relation to access barring, depending on the type of PABX system installed in the building. He added that in some cases it would be possible to provide access barring for a particular extension but in other cases it would be necessary to bar all extensions. In some cases it would be possible to bar access to blocks of numbers. Q. 704

Chapter 4

The Public Service Board

36. In regard to the Board's management arrangements to control S.T.D. we were informed that a staff instruction had been issued on March 1962 and had been re-issued in November of that year. Two further instructions were issued in 1963, another in 1964, 3 in 1965, 2 in 1966, 5 in 1967 and 4 in 1968. It was said that the frequency of issue of these instructions is governed by the need to ensure that newly appointed staff are made aware of the S.T.D. control arrangements. The instructions are reviewed on each occasion of re-issue.

Exhibit
107/3
and Qs.729
731 and 732

37. The instructions issued by the Board cover the official use of telephones and nominate certain officers who are empowered to authorise the making of trunk calls. The majority of these officers were said to be section heads of Class 11 status. The instructions concerned also cover the use of official telephones for private purposes. Members of the staff are permitted to book private trunk calls providing they have obtained the necessary authority. Such calls are recorded on the telephonist's daily work sheet which is examined by a member of the Secretary's staff. Any private calls are immediately noted and the caller is requested to make payment to the Board's accounts clerk.

Qs.729,737
and 741.

38. In addition to the issue of instructions, at frequent intervals, instructions to the staff on the use of all trunk facilities are also included as a preface to the office telephone

directory which is reprinted several times each year. In addition to these precautions, the Secretary has also issued a personal note to branch heads appealing for their assistance in controlling the use of departmental telephones.

Exhibit
107/ 3
and Q.731

39. We were informed that the Board's Inspectors in each of the States are supplied with copies of instructions issued by the Board for use in its Canberra Office, but with the exception of the Inspector in Perth, all of the Inspectors are located in Commonwealth buildings and do not have control of their own switchboards.

Q.733

40. In regard to the barring of facilities we were informed that the Board has 4 telephones at Brassey House, Canberra, which are direct lines. These have been locked. Elsewhere, however, the Board is unable to apply barring to its telephone system in Canberra. Also, as the Board's Inspectors in the States do not control their own switchboards they have no means available to them whereby they can take action to bar access to switchboards or to lock extensions.

Qs.733 and
742.

41. The witness expressed the view that the instructions, as a whole, had been effective. He added that the introduction of S.T.D. in 1962 had coincided with a particularly busy period of Board activity in relation to proceedings that were before the Public Service Arbitrator. He expressed the view that any increase in the Board's telephone charges would have followed the heavy programme of work by the Board from 1962 onwards.

Qs.735,
739,744,
748 and
749

Chapter 5

The Department of External Territories

42. We were informed that, at least since 1961, the Department has required the approval of heads of Sections to be obtained before members of the staff are permitted to book trunk calls. When S.T.D. between Canberra and Sydney was introduced on 17 March 1962, an office circular was issued which advised members of the staff that the approval of Section heads was still required before trunk calls were made. It was no longer necessary, however, for written returns relating to approved calls to Sydney to be submitted to the Department's Accountant each week.

Exhibit
107 / 4,
Qs. 754, 777
and Committee
File 1968/8

43. The Department's Office instructions relating to telephones, state that where practicable the business of the Department, particularly with Territory Administrations, should be dealt with by letters or memoranda. The telegraph or telephone should be used only when a degree of urgency develops, except for local calls where the telephone may be used when the subject is suitable for discussion by telephone. For other than local calls the telegraph should, where possible, take precedence over the telephone.

Exhibit
107 / 4

44. Where the telephone is used, whether for local or trunk calls either as a result of an incoming or outgoing call, to convey or obtain information or advice on official matters, a suitable notation should be made on the relevant file. The instructions require that the notation made should identify the person spoken to and should be signed and dated by the officer concerned. This instruction applies to reminders and to all other transactions, no matter how trivial they might appear. The witness informed us that a complete check is not made in regard to this particular instruction.

Exhibit
107 / 4,
and Qs. 758
and 759.

45. The instructions also provide that when important calls are made, in addition to the notation made on the file, a confirmatory

memorandum or letter of the conversation should, where necessary in the judgment of the Section Head, be sent to the other party.

Exhibit
107/4
and Q.761

46. We were informed that officers desiring to make trunk calls are required to obtain the approval of their Section Heads, except for certain sections where a general approval has been given to the Officer-in-Charge. The officer making the call is then required to provide to the switchboard operator, the file reference and folio number on which the notation will be recorded. The switchboard operator has been instructed to refuse to accept a call unless the officer complies with these instructions. The evidence showed, however, that the switchboard operator is not required to take any action regarding the file and folio information which is given to her by members of the staff when booking calls. The information is merely maintained for record purposes at such times as telephone expenditures are reviewed. Some checks are made, however, on an infrequent basis. The witness admitted that in these circumstances it would be possible for an officer to quote a non-existent file number and folio to the switchboard operator in order to book a telephone call.

Exhibit
107/4
and Qs.762
and 767

47. It was stated that private trunk calls may be made in an emergency but prior arrangements must be made with the Accountant of the Department for payment of the cost to be met by the officer concerned. That officer must advise the switchboard operator that the intention to make a private trunk call has been arranged with the Accountant. On completion of the call, the switchboard operator is required to obtain from the Telephone Branch, the cost of the call and to notify this to the officer concerned. On receipt of this information the officer must immediately pay the amount involved to the Collector of Public Moneys in the Accounts Branch of the Department. In turn, the Collector is required to advise the switchboard operator of the relevant receipt number. The Accountant is held responsible for checking each day to ensure that all private calls are paid for and that the relevant receipt numbers are advised to the switchboard operator.

Exhibit
107 /4
and Q.770

48. We were informed that all but senior officers of the Department are located in open work areas and consideration had not been given to applying bars on handsets. The witness stated that there would not be more than 2 telephones located in unsupervised areas within the Department.

Qs. 757, 771 and
772

49. As part of our inquiry we sought details of the Department's local and Trunk telephone call costs for each of the 4 half-yearly periods immediately prior to and subsequent to the introduction of S.T.D. facilities with explanatory comments on the figures involved. The Department explained that its telephone service had been shared with the Public Service Board up to December 1962 and subsequently with the Division of National Mapping, Department of National Development. While the Department was able to provide an analysis of local and trunk call costs for both users of the switchboards concerned, it was unable to provide separate details of its own call costs.

Exhibit
107/4

Chapter 6

The Department of Trade and Industry

50. We were informed that as the Department has a need for extensive contact both interstate and overseas with government and industry representatives, it is conscious of the necessity to confine telephone calls to those official occasions when other means of communication are inappropriate. Exhibit 107 / 5

51. It was stated that overseas calls may be made only by or with the authority of nominated officers who are of not less than Assistant Secretary status. Monthly reports, based on Post Office billings and listing the details of all such calls are made to the Deputy Secretary and the head of the Division concerned. The scrutiny involved embraces the need, authority and duration of the calls. Explanations are sought in all doubtful cases. Exhibit 107 / 5

52. In the case of interstate calls it was said that until the introduction of S.T.D. a similar procedure to that for overseas calls operated. Calls could be made only by officers of Class 8 status or higher. The instructions required that before making a call, officers should decide whether a memorandum, a postgram or a teleprint message would suffice. The instructions indicated that the duration of calls would be reduced by first listing the points which officers wished to discuss and by avoiding discussion of less important subjects which could be finalised by other means. The instructions made it clear that in no circumstances should officers wait on a line while searches were made for files or minor investigations were made to satisfy a query. They also indicated that calls should not be transferred from one officer to another unless the other officer was in the room and ready to speak. Q.807

53. Calls made under that system were booked through the switchboard

and were listed in reports submitted regularly by callers. These reports were checked against monthly Post Office billings which were referred to the various authorising officers in the Department for review in respect of their duration and need. They were then referred to the Assistant Secretary, Management Services who, in turn, referred them to a Deputy Secretary with any comments that he thought necessary to make on them.

Exhibit
107 / 5
and Qs.804

54. We were informed that following the introduction of S.T.D., control over interstate calls has been possible only in respect of calls to places not connected to the S.T.D. system and those calls placed through the department's switchboard despite the availability of S.T.D. facilities. In those cases the department receives the booking slips from the Post Office Trunks Section and all calls which are not obviously official are referred to the officer concerned. If they are found to be private calls the officer is debited with the cost. As S.T.D. calls are charged by the Post Office as metered calls together with local calls, the Department is no longer able to exercise precise control. It must now rely mainly on the integrity of its staff members to make only those calls which are both necessary and official and on the supervision of Section leaders. As most of the department's work areas are arranged on an open plan basis, the witness believed that the supervision exercised by Class 8 officers is, in general, effective.

Exhibit
107 / 5
and Qs.817
and 823.

55. It was stated that the Department's formal instructions require a file to be noted only in the case of inwards or outwards overseas calls. Although the same requirement has not been made for interstate calls, the witness stated that it is common practice to record the outcome of a conversation and the need for it. It is not normal practice, however, for a record of a call to be sent to the other party.

Q.836

56. In regard to private calls, the instructions provide that all such calls must be booked with the telephonist who will advise of the charges made by the Postmaster-General's Department for the call.

Qs.807
and 819.

Reimbursement of the amount is required to be made to the Collector of Public Moneys in the Accounts Section of the Department without delay. The witness informed us that this instruction is observed meticulously by some officers but not by others.

57. We were informed that the Department's Office telephone directory contains a very limited amount of material taken from the office instructions. It relates only to overseas trunk calls and the private use of telephones but does not cover interstate trunk calls. The witness expressed the view that instructions relating to interstate trunk calls would probably be included in the preface to the next issue of the office telephone directory.

Q.839 to
841.

58. We were informed that when S.T.D. was introduced, the Permanent Head of the Department had issued a Memorandum to all officers of Class 8 status or higher, requesting them to use alternative means of communication whenever practicable and appropriate and to ensure that officers under their supervision should pursue the same practice.

Exhibit
107 / 5
and Q.807

59. The Department expressed the view that the ability to transact and complete business quickly by telephone is a very real advantage of S.T.D. if properly used. It recognised, however, that there is a need to restrict the use of the S.T.D. facility by administrative or technical means if costs are to be kept within reasonable bounds.

Exhibit
107 / 5

60. So far as technical means of control are concerned we were informed that the Department had arranged for the barring of access to S.T.D. facilities to be introduced into its Melbourne Office. This action had been taken following a sharp rise that occurred in the costs of metered calls and booked trunk calls initiated from that office. On analysis, the movement in booked trunk calls was found to have accounted for a very small proportion of the increased cost and this had led to the conclusion that considerably increased use had been made of the S.T.D. facility. The Department stated that it had also sought

Exhibit 107/5
and Q.827

barring facilities for its Canberra office but this form of control had not, so far, been possible. The Department shares a switchboard with other departments located in the Administrative Building and it had been informed that any technical control applied for its purposes would affect other departments operating on the same switchboard. The witness expressed the view that barring facilities eliminate the problem of poor supervision and the problem of unsupervised areas, such as conference rooms that may have telephones that can be used. He felt that the use of such facilities was to be preferred to the reiteration of instructions.

Qs. 828, 833
857 & 861.

61. The witness representing the Postmaster-General's Department recognised the difficulties confronting departments in multiple occupancy buildings. He indicated that his Department could either provide each occupant with a separate automatic switchboard or could trunk the equipment so that all extensions from a particular department would go out through a certain specified exchange line group. He emphasised, however, that these arrangements required planning at the commencement of the provision of telephone facilities. At the time of our inquiry it had not proved practicable to bar trunk access from the Administration Building, Canberra, but the witness informed us that towards the end of 1969 when changes have been made to the public exchange at Barton, facilities would be included in that exchange to enable the automatic exchanges connected to it to be provided with access barring facilities, provided that such exchanges were suitable for that purpose. He added that it is a much more difficult problem, technically, to provide barring to S.T.D. facilities while still allowing access to the trunk system. This means that departments would need to control their telephone calls and trunk calls through their own switchboard operator. With the load on that operator it would interfere with the grade of service for incoming calls to the department and would also increase their operating costs.

Q. 861

62. As in the case of the Department of External Territories we sought

specific information from the Department of Trade and Industry regarding details of trunk and other telephone call costs for its Canberra switchboard for each of the 4 half-yearly periods immediately prior to and subsequent to the introduction of S.T.D. facilities, with explanatory comments on the figures involved. While the Department was able to submit some details of its telephone call costs for the periods involved, it indicated that a clear pattern of expenditure is not evident from records of costs of trunk calls during the total period under review. The charges were said to relate to calls made within Australia and to overseas destinations and the respective elements cannot be separated in the records that are available. The analysis of expenditure had also been made more difficult by the fact that subsequent to the introduction of S.T.D. facilities, the central office of the Department had moved into a multi-occupancy building.

Exhibit
107/5
and Q.847

63. We were informed that in multi-occupancy buildings such as the Administration building in Canberra, the Department of the Interior meets the telephone costs of occupant departments which cannot be definitely allocated to a particular occupant. This covers metered local calls and S.T.D. calls which are dialled direct rather than as booked calls through the switchboard. The Treasury Observer, Mr. Monaghan, stated that the decision to proceed in this manner had been taken in 1965 as part of an interdepartmental payments arrangement. Prior to that decision, metered calls were charged to departments on the basis of the number of extensions under their control. This, however, proved to be a very arbitrary basis of allocating the cost of metered calls. The decision taken in 1965 was that in jointly-occupied buildings where more than one department is connected to the same switchboard the registered subscriber would accept responsibility for the payment of telephone accounts. In places such as the Commonwealth Centre in Sydney and the Administrative Building in Canberra the Department of the Interior, as the registered subscriber, would accept responsibility for the payment of telephone accounts.

Qs.808 to
814

64. In these circumstances we questioned the Treasury Observer regarding the problems confronting the Department of the Interior in formulating its estimates of telephone costs in multi-occupancy buildings. We were informed that the Department would need to consult with the occupant departments when formulating its estimate and would then need to maintain liaison with them in regard to the costs incurred. If additional funds were required for the purpose during the year the Department of the Interior, in conjunction with the occupant departments would need to attempt to ascertain the reasons. It was said that the problems inherent in this arrangement had increased following the introduction of S.T.D. and would be examined by the inter-departmental committee established to consider various aspects of the use and control of S.T.D.

Q.815

65. Within the multi-occupancy context we were informed that the Department of Trade and Industry formulates its telephone cost estimate on the basis of that part of the total telephone account which it will be required to pay. This includes trunk calls, phonograms and miscellaneous charges. The estimate is based mainly on an examination of the trend of expenditure in previous years.

Q.843

Chapter 7

Summary and Conclusions

66. Your Committee's decision to conduct this Inquiry arose partly from its examination of the costs and control of telephone facilities by the Department of Immigration and partly from subsequent action taken by the Department of the Treasury which was reported by the Auditor-General in paragraph 308 of his Report for the Financial Year 1967-68. Your Committee had also noted that in September 1967, the Public Accounts Committee of the Victorian Parliament had reported on Subscriber Trunk Dialling Telephones in that State. It had made the following recommendations:-

- a) S.T.D. should be barred on all out lines on the Treasury switchboard and the operator controlling trunk calls should be given access to 5 unbarred lines for urgent calls.
- b) The position should be reviewed on the switchboard at 179 Queen Street, Melbourne, after the July, 1967 accounts had been received and if the upward trend was maintained, barred access to S.T.D. should be imposed.
- c) All other P.A.B.X. and P.B.X. installations throughout the State with S.T.D. available should be examined and a decision made after proper analysis. Where barred access is not introduced, the position should be reviewed each six months.
- d) All departments should be notified in strong terms not to use S.T.D. facilities except in special circumstances.
- e) Where barred access is imposed, Ministers, Permanent Heads and selected officers should be provided with direct unbarred exchange lines terminating on separate hand-sets.
- f) When consideration is being given to the purchase of new P.A.B.X. systems it would be necessary to ensure, that facilities are available on the equipment for barring S.T.D.

67. Your Committee would emphasise that in conducting this Inquiry its main purpose has been to examine the broad policy issues underlying the introduction of S.T.D. facilities in Australia and the broad lines of control developed in connection with their use in Commonwealth departments.

At the same time Your Committee has taken the opportunity to examine, to some degree, the practical arrangements for control introduced by some of the departments.

68. The evidence shows that since 1959 the Government has adopted a telephone policy framed on a long term basis to meet the expansion of Australia and to confer progressively the benefits of new and improved techniques and modern equipment on users of telephone services. A basic feature of that policy was the provision of facilities which would enable nation-wide subscriber to subscriber dialling.

69. By 1968, the development of these facilities had reached a stage where the majority of subscribers in Sydney, Canberra, Melbourne, Brisbane, Adelaide and Hobart had obtained access to subscriber dialling equipment and, considerable progress had been made in the extension of such facilities to subscribers in Western Australia.

70. Apart from conferring faster and more convenient services to subscribers, S.T.D. was introduced also because of its economic advantages which include a relative reduction in the requirement for telephonists; a reduction in trunk docketing and accounting costs and a reduction in the size of exchanges and the buildings required to house them.

71. So far as the use of S.T.D. facilities in Commonwealth departments is concerned, it had been recognised before these facilities were introduced that they offered scope for unauthorised use. However, following discussions that took place between the Department of the Treasury, the Public Service Board, the Auditor-General's Office, the Department of the Interior and the Postmaster-General's Department, it had been decided, as a general principle, that access to trunk dialling equipment from Commonwealth department services should not be restricted. In this regard the view had been taken that if Commonwealth departments were not prepared to use S.T.D. facilities because of the possibility of unauthorised calls this fact could undermine the confidence of business and private subscribers in the S.T.D. service. Should this occur, Australia would be required to maintain a largely manual trunk service and the cost of expansion of telephone services to cater for the growth in traffic

would be considerable.

72. At the interdepartmental committee meeting that occurred prior to the introduction of S.T.D. in March 1962 it had been recognised that, although ways of restricting the use of S.T.D. were technically possible they were expensive and their use would be directly counter to the purpose for which S.T.D. was being introduced. While the Postmaster-General's Department has sought to dissuade subscribers from the use of restrictive devices it has always been prepared to install such equipment where it has been requested to do so.

73. Although S.T.D. was introduced in 1962 it was not until 1967, following correspondence from the Auditor-General's Office and Your Committee's inquiry into S.T.D. in the Department of Immigration that the Department of the Treasury issued a circular to all Commonwealth departments on the subject. In that circular it stated that while all reasonable precautions must be taken to prevent unauthorised and wasteful use of telephones, there should be no unnecessary impairment of their full and proper use for the performance of public business. The circular emphasised that responsibility for the prevention of improper use of official telephones was placed on the Permanent Heads of Departments. Your Committee believes that a useful purpose would have been served if such a circular had been issued by the Department of the Treasury subsequent to the interdepartmental Committee meetings that occurred prior to the introduction of S.T.D. in 1962.

74. The evidence shows that in 1967-68 the Auditor-General's Office reached the conclusion that the substantial misuse of telephone facilities could occur in departments and the costs involved could be concealed in mounting charges for local calls. An audit review conducted in that year disclosed that while, in most departments, instructions relating to telephones had been issued prior to the introduction of S.T.D. they had not, in a number of cases been updated to recognise the introduction of that service. In some cases instructions had not been committed to writing.

75. In advising the Department of the Treasury of its findings in June

1968, the Auditor-General's Office suggested that more specific requirements should be prescribed as an aid to management in departments and that an interdepartmental Committee should be established to evolve a model set of instructions relating to the control of S.T.D. It also suggested that comparative cost statements could be beneficial in determining the effects of S.T.D. on overall costs.

76. In September 1968 the Department of the Treasury wrote to the Public Service Board, the Postmaster-General's Department and the Prime Minister's Department with a view to establishing an interdepartmental committee to consider various aspects of the use and control of S.T.D., including the desirability of introducing access barring in appropriate cases. In October 1968 the Treasury also issued a circular to all departments seeking certain information for the benefit of the interdepartmental committee. In particular, departments were requested to attempt an analysis of their telephone accounts to enable the isolation of the various factors that have contributed to increased financial allocations for telephone purposes.

77. The evidence taken from the selected departments on their use of telephone facilities including S.T.D. shows that in each case the control of these facilities is based on administrative supervision supported by office instructions. In the case of one of these departments, the Department of Trade and Industry, barring facilities have been introduced into a State office and the Department is inclined to the view that the use of such facilities is to be preferred to the reiteration of office instructions.

78. So far as office instructions relating to telephone facilities are concerned, the evidence revealed significant differences as between the departments examined. While each of the departments requires that the authority of a senior officer be obtained before trunk calls are made, the minimum levels at which this authority is required varies from mainly Class 11 (Third Division) in the case of the Public Service Board to Class 9 (Third Division) in the case of the Department of the Treasury

and Class 8 (Third Division) in the case of the Department of Trade and Industry.

79. In regard to private Trunk Calls, very wide divergencies of practice were found. In the Postmaster-General's Department an officer desiring to make a private Trunk Call must obtain authority from his section leader, book and pay for his call at the nearest Post Office and may then have the call connected to his office telephone. In the other Departments, private Trunk Calls may be made through the departmental switchboard providing prior approval has been obtained. In some cases payment is required to be made immediately following the call but in other cases the evidence indicates that payment is not required to be made until requested.

80. While each of the Departments examined require prior approval to be obtained before official trunk calls are booked, we found that the Department of External Territories requires details of file and folio references to be supplied to the switchboard operator before a call could be booked. However, the switchboard operator is not required to take any action regarding this information after it has been obtained. Your Committee doubts the wisdom of such an arrangement as the mere quotation of the desired details relating to a fictitious file would enable private Trunk Calls to be booked as official calls.

81. Your Committee notes that no evidence was tendered to suggest that departments apply control through supervision to the private use of telephones for local calls or the use of telephones before or after normal working hours or during lunchtime recesses. The improper use of telephones in any of these circumstances, can, however, prove costly.

82. The evidence shows that in many cases the departments examined maintain in their office telephone directories information relating to the control of telephone facilities. In the case of the Department of Trade and Industry, however, the directory contains little information

in relation to trunk call procedures. Your Committee notes with satisfaction that the Department proposes to remedy this defect when it re-issues its directory.

83. In view of differences in departmental practice that Your Committee discovered during its inquiry and the wider-based differences discovered by the Audit review carried out in 1967-68, Your Committee believes that a full-scale review of departmental instructions and practices should be carried out by the interdepartmental committee established late in 1968 and that arising from that review, the Committee should evolve a model set of instructions relating to the control of telephone facilities, including S.T.D., for the guidance of departments.

84. The evidence taken from the Department of External Territories and the Department of Trade and Industry in relation to telephone expenditure highlights the cost control problems that arise in buildings where multi-occupancy occurs. Allied to this is the problem that has arisen for any Department which is the registered subscriber of a multi-occupancy building. In this regard it is noted that the problems of estimating and cost control confronting such departments have increased following the introduction of S.T.D. In these circumstances Your Committee agrees with the action taken by the Department of the Treasury in October 1968 in requesting departments to analyse their telephone accounts with a view to isolating the factors that have contributed to increased financial allocations for telephone purposes. We believe that when this information has been supplied to the interdepartmental committee, that committee should conduct a full-scale review of departmental telephone expenditure.

85. Your Committee expects to be advised, in due course, of the work undertaken by the interdepartmental committee and of the results achieved.

For and on behalf of the Committee,

David N. Reid

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Chairman.

Joseph P. Fitzgerald

22 April 1969.