

1969

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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

ONE HUNDRED AND EIGHTH
REPORT

TREASURY MINUTE ON THE
THIRTY-FOURTH REPORT

TOGETHER WITH

SUMMARY OF THAT REPORT

JOINT COMMITTEE OF PUBLIC ACCOUNTS

SEVENTH COMMITTEE

R. Cleaver, Esquire, M.P. (Chairman)
Senator J.F. Fitzgerald (Vice-Chairman)

Senator J.J. Webster	F.W. Collard, Esquire, M.P.
Senator Dame Ivy Wedgwood	J.F. Cope, Esquire, M.P. (1)
	J.D.M. Dobie, Esquire, M.P.
	E.M.C. Fox, Esquire, M.P. (3)
	G.H. Gray, Esquire, M.P. (2)
	D.S. Jessop, Esquire, M.P. (4)
	E.W. Peters, 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

CHAPTER 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
THIRTY-FOURTH REPORT RELATING
TO THE TRUST FUND

On 27 February, 1969, 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 which reported the action taken on Your Committee's Thirty-fourth Report.

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The Treasury has examined the Report and has discussed with relevant Departments and Authorities the conclusions and recommendations of the Committee which have, where necessary, been brought to the notice of officers concerned. The following observations relate to those paragraphs in Chapter X on which comment is appropriate.

CHAPTER X - SUMMARY AND RECOMMENDATIONS

INTRODUCTORY

1. This Report further develops the financial principles examined in Your Committee's 8th, 13th, 18th and 31st Reports (Paragraphs 1-5.)
2. It deals with the form in which the financial operations of the Trust Fund are presented, with the legal and accounting problems associated with it, with the general question of Parliamentary control of the expenditure of public moneys involved in its existence, and in particular with whether

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or not the existence of the Trust Fund derogates from control by the Parliament over expenditure. (Paragraphs 1-5.)

3. Expenditure from the Trust Fund for the year 1956-57 amounted to £821,093,924. (Paragraph 11.)

THE TRUST FUND - HISTORY AND LEGAL PROVISIONS.

4. All public moneys held by the Commonwealth or its agents comprise the Commonwealth Public Account. (Paragraph 13.)

5. In that Account are the Consolidated Revenue Fund, the Loan Fund and the Trust Fund. Separate accounts are kept of the moneys at the credit of each of these funds. (Paragraphs 14-16.)

6. The Audit Act 1901-1957 prescribes the manner in which the Trust Fund shall be dealt with, and in particular lays down that Trust moneys shall only be used for the purpose of the fund or under the authority of an Act of Parliament. (Paragraph 17.)

7. The original Audit Act enacted in 1901 did not give the Treasurer power to establish trust accounts. He was merely empowered to keep under separate

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heads moneys received by him for the credit of the Trust Fund.(Paragraph 18.)

8. To permit the Treasurer to establish trust accounts to cover, amongst other things, the operations of working accounts, the Audit Act was amended in 1906.(Paragraph 21.)

9. The provisions of the 1906 Act are now incorporated in sections 62A and 62B of the present Act 1901-1957.
(Paragraph 21.)

10. The passing of the Surplus Revenue Act 1908, represents a qualitative alteration in the nature of the Trust Fund.(Paragraph 24.)

11. That Act declared that moneys appropriated to a trust account should not lapse at the end of a financial year, and authorized the Governor-General to decide the amount that should be credited to the trust account from such appropriation. (Paragraph 26.)

12. The State of New South Wales challenged the provisions of the Surplus Revenue Act 1908 contending that in ascertaining surplus revenue, the Commonwealth was only entitled to take into account as "expenditure"

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moneys which had been disbursed or paid away by the Commonwealth as provided by the Commonwealth Constitution. (Paragraph 30.)

13. The High Court held that the appropriation of moneys by the Parliament to a Trust Account for a purpose of the Commonwealth is not available to the States as Surplus Revenue under section 94 of the Constitution. (Paragraph 31.)

14. The provisions of the Surplus Revenue Act 1910 and the States Grants Act 1927, insofar as they affect the Trust Fund, are set out in paragraphs 32 to 36 of this Report.

15. Since 1908 Parliament has made frequent appropriations to the Trust Fund for war, for works, and for social services; since that date there has been no surplus revenue for payment to the States. (Paragraphs 37-38.)

16. In recent times, the Trust Fund has received large sums from the Consolidated Revenue Fund for debt redemption purposes. (Paragraph 39.)

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17. Included in these are the large sums appropriated for the purposes of the Loan Consolidation and Investment Reserve Act 1955-1957. The amounts have for the most part been left to the discretion of the Treasurer. Your Committee recommend that for appropriations of such magnitude a maximum amount should be specified in the original appropriation Act even if it becomes necessary to provide a further appropriation in the Additional Estimates. (Paragraphs 40-42.)

Appropriation to Loan Consolidation and Investment Reserve Trust Account

The Minister Assisting the Treasurer made the following comments to the House of Representatives on 10 September 1968 regarding the Government's decision to seek, in the Appropriation Bill (No.1) 1968-69, a provision for payment to the Loan Consolidation and Investment Reserve of such sums as the Treasurer determines:

"The history of this matter is as follows:

The Reserve was established in 1955 and for the first two years of its existence payments were made to it by means of an appropriation in the same manner as will be done this year i.e. of such sums as the Treasurer determines.

In its Thirty-fourth Report the Joint Committee of Public Accounts suggested that these 'open ended' appropriations should be discontinued and that they should be replaced by specific appropriations in the annual Appropriation Acts. This suggestion was adopted by the Government and each Budget from 1957-58 to 1967-68 contained

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a specific appropriation for payments to the Loan Consolidation and Investment Reserve.

In practice, this procedure did not work out at all satisfactorily. In order for it to have been satisfactory it would have been necessary to estimate with a reasonable degree of accuracy and confidence the amount required to be transferred to the Reserve and to make provision accordingly. Even at the time of the Additional Estimates, however, this has not been found to be possible. This arises from the fact that the payment to the Reserve is a residual balancing item and therefore reflects all other variations from the estimated receipts and expenditure of the Consolidated Revenue Fund - not the least of which can be in the amount of defence expenditure charged to the Loan Fund under the authority of a Loan Act passed during a financial year. In order to secure an adequate 'margin of safety' it has therefore been necessary to seek authority for payments which, at the time of the Additional Estimates, are considerably in excess of those which appear to be required to cover the then estimated Consolidated Revenue Fund surplus for the year. This procedure still left open the possibility

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that the Consolidated Revenue Fund surplus might exceed the upper limit specified.

It is also relevant that the payment from the Consolidated Revenue Fund to the Loan Consolidation and Investment Reserve is a purely internal machinery transaction which involves no final expenditure by the Commonwealth. The use of funds in the Reserve is governed by specific legislation passed by Parliament.

In the light of these circumstances, it was considered that there would be advantages in reverting to the procedure of seeking open ended appropriations for the transfer of funds from the Consolidated Revenue Fund to the Loan Consolidation and Investment Reserve. It was felt that the procedure of appropriating specific amounts had been given a very fair trial and that it had been found to be unsatisfactory."

PUBLIC INFORMATION ABOUT THE TRUST FUND

18. Information about the Trust Fund is shown, inter alia, in the Finance Statement and in the Budget Papers tables.
(Paragraphs 44-47.)

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19. In the Finance Statement, the heads of Trust Fund and trust accounts are set out together in alphabetical order in the first table (No.10) and Your Committee consider this arrangement is satisfactory. (Paragraphs 48, 57, 58.)
- Amendment of Table No.8 of "The Budget"
- The heads of Trust Fund and trust accounts continue to be set out annually in alphabetical order in the Finance Statement in the way the Committee considered to be satisfactory.
20. In the Budget Papers the first Table (No.8) is set out in two sections, the first purporting to show moneys held for persons and authorities other than the Commonwealth Government, the second purporting to record departmental working accounts and moneys held in trust under the authority of Parliament to meet future expenditure. (Paragraph 48.)
- It is proposed to publish information along the lines suggested by the Committee. In accordance with the Committee's suggestion in paragraph 68 of its Report that production of the additional information each year was not necessary, and as - following the Committee's Sixty-second Report - the Budget Papers document has been abolished, it is proposed that the additional information will be published as a special supplement to the Finance Statement for 1968-69. It is proposed that thereafter, for the purpose of enabling the information in the supplement to be updated annually, the normal alphabetically-arranged table in the Finance Statement for 1969-70 and subsequent years will include additional notations to indicate the legal authority for, and the purposes of, new heads of Trust Fund and trust accounts, and to indicate the current level of advances from the Consolidated Revenue Fund to government.
21. Your Committee consider this table in the Budget Papers is unsatisfactory in its present form and suggest that a new table be substituted (Paragraphs 57, 58, 62)
22. Your Committee recommend that the statements of Trust Funds shown in Table No.8 of the Budget Papers should be divided into four groups:
1. Moneys held in trust for persons and authorities other than the Commonwealth government.

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11. Working account covering certain factories, stores and services; working accounts. It is also proposed that a consolidation will be published from time to time.
111. Other moneys (not in 11) held in trust under the authority of Parliament to meet future expenditure; and
- 1V. Funds and accounts not part of the Treasurer's accounts but included in the Budget Papers table purely for information. (Paragraph 64.)
23. The four groups of heads of Trust Funds and of trust accounts should set out:
- (i) the name of the head of Trust Funds and of trust account;
 - (ii) the balance brought forward from the previous year, the receipts and expenditure for the year and the balance carried forward to the next year.
 - (iii) a note of the legal authority for the head of Trust Fund or trust account, together with the administering department;
 - (iv) the purposes of the head of Trust Fund or trust account; and
 - (v) where applicable, an indication of the advance made to the account from Consolidated Revenue Fund. (Paragraphs 65-68)

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We recommend also that the table be concluded with a summary of the investment of balances standing to the credit of heads of Trust Fund and trust accounts.

Since 1957-58 the Auditor-General's Annual Report has included a summary of the investment of balances standing to the credit of heads of Trust Fund and trust accounts.

24. The 1932 Joint Select Committee on the Public Accounts proposed that Trust Fund Estimates should be presented to the Parliament but Your Committee reserve judgment on this question until the study of the form of the Estimates generally is completed. (Paragraphs 69-70) However, while the arrangements for the presentation of appropriation measures remain basically as they are at present we consider that separate Trust Fund Estimates might cause confusion. (Paragraph 75.)

Trust Fund Estimates

The Committee's observations have been noted. The arrangements for the presentation of appropriation measures remain basically as they were at the time of the Report.

25. At this stage Your Committee would be satisfied if adequate attention were drawn to the appropriations regularly made to the Trust Fund. (Paragraph 71.)

Appropriations to the Trust Fund

As advised in the Treasury Minute on the Sixty-second Report, the expanded index attached to the "Estimates of Receipts and Summary of Estimated Expenditure" provides a reference to the information in respect of the Trust Fund that is available in that document and in Appropriation Bills Nos. 1 and 2

26. Your Committee consider there should be included in the Index printed in the front pages attached to the Estimates comprehensive entries

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covering the Trust Fund. For example, at present there is no entry (as such) for the "Trust Fund" or for any "Trust Account". (Paragraph 71-74.)

27. In addition, we consider a clear and standard form of notation should be used in the body of the Estimates to denote an amount being appropriated to a trust account. (Paragraphs 71,76.)

28. Your Committee think it important that the Trust Fund should only exist (except for the heads of Trust Funds that we have called "trustee funds") in a relation that is directly and explicitly subordinate to the annual Appropriation measure. (Paragraph 74.)

29. Your Committee recommend that the repetition in the Budget Papers of the remaining tables relating to heads of Trust Funds and trust accounts should cease while the tables shown in the Finance Statement should be retained and presented in their current form. (Paragraph 81.)

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and other relevant documents presented to Parliament during the Budget Session.

A clear and standard form of notation is now used in the Appropriation Bills to denote an amount being appropriated to a trust account.

Relationship of the Trust Fund to Annual Appropriation Measures

The Committee's recommendation is based on the views it expressed in paragraphs 73 to 75 of the Report: The Treasury is in general agreement with those views.

Deletion of Trust Fund Tables from "The Budget"

All tables in "The Budget" relating to heads of Trust Fund and trust accounts were discontinued from 1959-60. Tables of the type referred to in paragraphs 80 and 81 of the Report have continued to be incorporated in Section 111 of the Finance Statement.

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30. Your Committee, at the same time, consider that the Budget Papers should contain a reference to the additional information about the Trust Fund that will be available both in the Auditor-General's Report and in the Finance Statement. (Paragraph 82.)

Additional References to the Trust Fund in "The Budget"

The comprehensive index attached to the "Estimates of Receipts and Summary of Estimated Expenditure" contains cross-references where transactions are recorded in the Finance Statement. The Auditor-General's Report, which is transmitted by the Auditor-General direct to the Parliament, contains its own index.

ESTABLISHING AND CLOSING TRUST ACCOUNTS

31. The amendment of the Audit Act in 1906 enabled the Treasurer to establish trust accounts and to define their purposes. (Paragraph 87.)

32. Private monies collected by Commonwealth agents are paid to the appropriate head of Trust Fund in terms of sections 27-29 of the Audit Act. (Paragraph 86.)

33. There is a number of trust funds established by Act of Parliament that do not appear in the Treasurer's Statement of Receipts and Expenditure. (Paragraph 88.)

As reported below under the heading "Independent Funds created by statute not included in the Finance Statement", the need for the existence of trust funds outside the Treasurer's accounts has been fully reviewed.

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34. Your Committee consider that specific reference should be made in the Finance Statement and the Budget Papers when a fund receives an appropriation from Consolidated Revenue Fund for the first time, and also, when a fund is closed. (Paragraphs 89-90)

Reference in Finance Statement to Opening and Closing of Trust Accounts

Footnotes stating the dates on which heads of Trust Fund and trust accounts were opened or closed during a financial year are now included in Section 111 of the Finance Statement.

35. Normally trust accounts are closed by the Treasurer when the purposes of the account have been discharged. (Paragraph 92.)

36. The Treasurer has ample authority to open and close accounts. Your Committee mention in paragraph 94, four accounts that were closed before the parent Act had been repealed and one that continued for some years after the repeal of the parent Act. (Paragraphs 92-94)

37. It has not been the policy of the Treasurer regularly to review trust accounts to determine whether or not to continue them. We consider that a regular review should be made. One result would probably be that the number of heads of Trust Fund and trust accounts would be kept to a minimum. (Paragraphs 95-96)

Review of Trust Accounts

The Treasury now makes a continuing review of the need for existing heads of Trust Fund and trust accounts.

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38. In 1953, the Auditor-General obtained an opinion from the Solicitor-General to the effect that the Treasurer had no power to alter the purposes of a trust account established under section 62A of the Audit Act. (Paragraph 98.)

39. When it has been necessary to amend the purposes of a trust account, the account has had to be closed, and a new one established with similar but amended purposes. (Paragraphs 99-101.)

40. Your Committee note that since 1954, discussions have been proceeding between the Treasury and the Attorney-General's Department regarding the validity of the present method of showing an appropriation to a newly established trust account whose purposes constitute in effect an amendment of those of an account concurrently closed. We think the question of the form to be followed should be settled without delay. (Paragraphs 102-107)

Revised Purposes of Trust Accounts-
Form of Appropriation

It is unlikely that the exact type of deduction line to which the Committee referred (i.e. with no amount extended into the Appropriation column) will be used again. Numerous deduction lines have progressively been eliminated from the Appropriation Acts but some deduction lines are still necessary. The legal problems relating to the use of deduction lines have been the subject of lengthy consideration by the Treasury and the Parliamentary Draftsman and legislative proposals for resolving those problems have now been formulated.

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THE USE OF TRUST FUND BALANCES

41. The balances held in the Trust Fund have increased rapidly in recent years and at 1 July, 1957, stood at £904,447,426. (Paragraphs 108-109.)
42. The increase has not been accompanied by a proportionate increase in uninvested or free balances. At 1 July, 1950, balances were £278,647,307, of which £6,759,830 was uninvested. In 1957 the respective figures were £904,447,426 and £10,677,361. (Paragraph 110.)
43. Hence at no time have there been free moncy in the Trust Fund that could have materially affected the pattern of the Budget. (Paragraph 111.)
44. Should substantial disinvestment occur, a Government could spend well in excess of the expenditure authorized by the Parliament from the Consolidated Revenue Fund. (Paragraph 111.)
45. Invested balances could be replaced by cash by appropriating funds, by not renewing investments on maturity, by raising loans to redeem

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securities, or by the issue of Treasury Bills. Prior Parliamentary approval is necessary except in the case of the last two methods, when it is rendered unnecessary by provisions contained in standing legislation. (Paragraphs 112-116.)

46. The Audit Act authorizes the Treasurer to invest moneys standing to the credit of the Trust Fund in securities of, or guaranteed by, the Commonwealth or any State or to deposit them at a bank. (Paragraph 117.)

47. There is no central investment authority to advise those whose duty it is to invest funds. The funds for which the Treasurer is not responsible are invested by the administering board or trustees. (Paragraph 119.)

48. Having reviewed the machinery that now exists for investment Your Committee express satisfaction with what is being done. (Paragraph 120.)

49. At 30th June, 1956, investments of the Trust Fund were:-

	£
Commonwealth Stock and Bonds	537,539,729
Commonwealth Treasury Bills	231,600,000
Semi-Government and other guaranteed investments	37,081,878
Silver and Bronze Bullion, &c.. ..	3,474,158
	<hr/> 809,695,765

(Paragraphs 121-125.)

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50. Under section 62B (3) of the Audit Act all interest received from the investment of sums at the credit of the Trust Fund, is paid into the Consolidated Revenue Fund, unless Parliament has provided otherwise. (Paragraphs 126-128)
51. In 1955-56 interest paid from the Consolidated Revenue Fund to the Trust Fund was £25,900,000 out of a total interest payment for the year of £53,000,000. (Paragraph 128.)
52. In recent years, the Commonwealth has floated "Special Loans", in which monies at the Credit of the Trust Fund are invested. (Paragraphs 129-130.)
53. Since the practice has operated, only one Special Loan has been raised each year. The loan is floated towards the end of the financial year, by which time the Treasurer is in a position to know the over-all cash position at the Treasury. (Paragraph 132.)
54. In recent years the Treasury has used the Trust Fund as a repository for large sums of money to provide for the enormous volume of securities that mature over the next few years. (Paragraph 134.)

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55. Had that policy not been followed, the Commonwealth would have found it difficult to provide for the heavy obligations it finds itself called upon to meet. (Paragraph 134.)

56. While we think that the investment provisions in the Audit Act were never envisaged as authorizing procedures such as are now in operation for Special Loans, we can see no alternative to their being continued. (Paragraph 138.)

57. Your Committee consider it a matter of great importance that Parliament, when being asked to appropriate substantial amounts for the purposes of the Loan Consolidation and Investment Reserve, should be informed of the amount intended for investment and for redemption purposes. (Paragraphs 136-139.)

58. It is our view that more satisfactory arrangements could be made to enable the Parliament to be advised of Special Loan arrangements and to give it an opportunity to consider them proleptically. (Paragraphs 141-143.)

Loan Consolidation and Investment Reserve
Trust Account - Investment and Redemption

As indicated above under the heading "Appropriation to Loan Consolidation and Investment Reserve Trust Account", the Government has decided to discontinue the practice, followed from 1957-58 to 1967-68, of seeking the appropriation of a defined amount for payment to the Loan Consolidation and Investment Reserve. It follows that it is not possible to indicate the amount intended for investment and the amount intended for redemption purposes.

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WHAT TRUST ACCOUNTS ARE USED FOR

59. Different principles are involved in respect of each of the various categories of trust accounts. (Paragraph 145.)

60. In one category are trust accounts used to facilitate the operations of trading undertakings. With this use Your Committee agree. (Paragraph 145.)

61. In another category are what might be called "suspense" accounts. When these serve merely as a reserve against expenditure that should have been anticipated or to cushion the effects of bad estimating, we think them undesirable. (Paragraph 146.)

Merits of Trust Accounts versus Annual Appropriations

The existence of a trust account is not permitted if its purpose is merely to serve as a reserve against expenditure which should have been anticipated or to cushion the effects of bad estimating. As a result of the continuing review of heads of Trust Fund and trust accounts several trust accounts have been closed, the activities now being financed through annual appropriations, while a number of others have been carefully investigated to ensure that similar arrangements are not practicable.

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62. In examining the several categories, it should be noted that any trust account will derogate from the power of Parliament to control expenditure. At the same time, there are occasions when the use of a trust account may more efficiently achieve the purposes sought. (Paragraph 147.)
63. Your Committee have, therefore directed their attention to weighing the merits of the Trust Fund against the use of the annual appropriation.
64. There are numerous trust accounts included in the working accounts category. We examined in detail only the trust accounts operated by the Department of Defence Production. (Paragraphs 150-152)
65. The Munitions Factories Trust Accounts finance factories concerned with the production of various kinds of munitions. Some of the factories have been operated since 1920. There are 15 accounts in all. (Paragraphs 153-154.)
66. The use of a trust account rather than a bank account increases Treasury control. (Paragraph 155.)

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67. An account entitled the Central Drawing Office Trust Account is operated from the Department's Head Office, and serves all the Factories. It has operated since 1950 but at 30th June, 1957, had still not been formally established by the Treasurer. (Paragraph 156.)

Central Drawing Office Trust Account

The Central Drawing Office Trust Account was formally established by the Treasurer on 22 June 1961.

68. Although the purposes of the several Munitions Factories trust accounts are virtually identical, in few cases were the purposes similarly expressed. (Paragraph 157.)

Munitions Factories Trust Accounts

The Committee's recommendation has been adopted. Twelve new "Munitions Factories" trust accounts, with more restrictive but similarly expressed purposes, were opened on 19 March 1962 (Operative from 1 June 1962) replacing twelve of the fifteen trust accounts concerned with the production of munitions. The Explosives Factory, Salisbury, Trust Account was closed on 5 October 1956, the Ammunition Factory, Finsbury, Trust Account was closed on 30 June 1958 and the Ordnance Factory, Echuca, Trust Account was closed on 22 June 1961.

69. We think that, where the functions are similar, the purposes should be couched in identical terms. (Paragraph 157.)

70. Your Committee think that the purposes should be defined more restrictively and consider that the existing authority, which includes the clause- "providing any other service that may be approved by the Minister" is too wide. A power such as "any service associated with the production of Munitions" should be ample. (Paragraphs 157-158)

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71. Your Committee consider that in many cases trust accounts used as working accounts have distinct advantages over the system of annual appropriations. But it is desirable that they should conform to a number of conditions. (Paragraphs 159-162.)

72. For example, the undertaking should have a degree of autonomy: it should produce a Profit and Loss Account and Balance-sheet, it should prepare annual reports, its accounts should be certified by the Auditor-General and the level of advance to the trust account should be regularly reviewed. (Paragraph 162.)

73. In dealing with these governmental factories, we have not considered the question of interest on capital advanced, and the provision for depreciation of assets. In our Report on the Canberra Abattoir Your Committee thought a depreciation charge in some form was desirable. (Paragraphs 163-164.)

74. Of the numerous departments purchasing and holding extensive quantities of stores, some operate trust accounts and others do not. (Paragraph 172.)

Departmental Business Undertakings
Operating through Trust Accounts

The Committee's observations have been noted and its recommendations adopted as a guideline in regard to the operations of departmental trading undertakings through trust accounts.

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75. We were presented with widely differing views as to the desirability of stores purchasing and holding trust accounts. (Paragraph 173.)

76. The Department of Civil Aviation thought that a stores trust account would comply with accounting procedures, and would not facilitate over-all financial control. (Paragraph 173.)

77. On the other hand, the Postmaster-General's Department and the Department of Defence Production submitted arguments in support of their trust accounts. The arguments cover such points as effective Parliamentary control, accuracy of estimating and more effective accountancy methods. (Paragraphs 173-197.)

78. In the case of the Post Office Stores and Services Trust Account at 30 June, 1956 goods delivered and taken to store to the value of £1,879,414 were not paid for; at the same date the balance of the trust account was £71,746. (Paragraph 186.)

Trust Accounts-Disclosure of Outstanding Claims

The Auditor-General's Office has advised that any large scale withholding of claims on hand at the end of the financial year is disclosed in the Auditor-General's annual Report to Parliament.

79. We recommend that, in future, the Auditor-General should consider as a general practice, disclosing circumstances of this kind in his reports to the Parliament. (Paragraph 188)

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80. The very use of a stores holding trust account involves accounting arrangements, which may not be essential to the operations of an organization. (Paragraph 192.)

81. At present, no indication is given to the Parliament of the size of the store holding lying behind an account because the advance to it is not disclosed. (Paragraphs 198-199.)

Stores Purchasing and Holding Trust Accounts

As indicated above under the heading 'Amendment of Table No. 8 "The Budget"', it is intended to show advances made from the Consolidated Revenue Fund to trust accounts of the stores-holding type in a special supplement to the Finance Statement.

82. There are no great difficulties associated with closing a stores trust account even though substantial stocks might still be held. (Paragraphs 200-201.)

83. Your Committee have not reached any final conclusions about stores purchasing and holding trust accounts, although in general we doubt whether it is necessary for departments to operate them. (Paragraph 202.)

The Treasury's investigation of the need for various trust accounts has resulted in two trust accounts of this type being closed.

84. Whether the stores trust account operated by the Postmaster-General's Department should constitute an exception is a matter that requires examination by officers intimately concerned with the working of the

Post Office Stores and Services Trust Account

The Committee expressed agreement, in paragraphs 56 and 57 of the Fifty-third Report, with the views of the Treasury

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system. (Paragraph 203.)

85. Your Committee suggest that the examining body might be representative of the Treasury, the Audit Office and the Postmaster-General's Department.
(Paragraph 204.)

and the Auditor-General that this particular inquiry should be deferred pending consideration of the report of the ad hoc Committee of Inquiry into the commercial accounts of the Post Office. The reports of the ad hoc Committee of Inquiry, which were tabled in Parliament on 19 April 1961, contained a number of far-reaching recommendations relating to the financial affairs of the Post Office, requiring lengthy consideration by the Government. The Post Office (No.2) Act 1968 established, as from 1 July 1968, new financial arrangements for the Post Office. The new arrangements involve, amongst other things, the establishment of a Post Office Trust Account and the closure of the Post Office Stores and Services Trust Account.

86. Some Commonwealth Departments such as the Postmaster-General's Department operate their own transport fleets. The requirements of the majority of the remaining departments are met by transport pools operated by the Departments of Supply and Interior and financed by separate trust accounts, viz. the "Munitions Stores and Transport Trust Account" (controlled by the Department of Supply) and the "Australian Capital Territory Transport Trust Account" (for which the Department of the Interior is responsible. (Paragraph 205.)

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87. Because the principles applying to the two accounts are the same Your Committee decided to make a detailed examination of the larger of the two, that controlled by the Department of Supply. (Paragraph 206.)

88. The Munitions Stores and Transport Trust Account was established in September, 1941, to pay "salaries, wages and other expenses in connexion with the operation of the stores, transport and garage and in providing for other services which may be approved by the Minister". These purposes have not been altered. (Paragraph 207.)

89. In 1950 changes were made in the manner in which funds were provided for the purposes of the Trust. The more important required that departments should be billed for transport services rendered and that the cost of operations should be kept within the limits of the revenue received. (Paragraphs 208-212.)

90. Control over the size of the fleet of vehicles is exercised through an approved Establishment of Vehicles. This is approved by the Minister, who

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has delegated the task of running the fleet to a Stores and Transport Board of Management. (Paragraph 213.)

91. The Board of Management can authorize purchases within the Establishment up to £10,000 in any one transaction. The Minister must approve purchases above that sum. (Paragraph 213.)

92. Your Committee consider that the terms of delegation to the Board by the Minister should be more precisely formulated. (Paragraph 214.)

Ministerial Delegation

The Committee's main concern appears to have been that the size of the vehicle fleet could be increased without the knowledge of the Parliament or the Minister. Under the new financial arrangements (commented on below) funds for the purchase of new and replacement vehicles must be sought from annual appropriations; the amounts sought are therefore subject to Ministerial approval and normal Treasury scrutiny. The Department of Supply has pointed out also that the Board of Management for Stores and Transport is a responsible body, chaired by the Business Adviser to the Minister and including senior officers of the Department. The Board meets at

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approximately six-weekly intervals and copies of the minutes of every meeting are made available to the Minister. A vehicle establishment for each State is submitted by the Board to the Minister for approval. The delegation from the Minister facilitates the Board's function of arranging for emergent purchases of small numbers of vehicles. Having regard to all these circumstances, no change has been made to the terms of the delegation.

93. As at 30th June, 1956, profits of £760,928, after providing for depreciation, had been accumulated in the Account. We consider there is no purpose in accumulating substantial profits in an account of this kind. (Paragraphs 214, 217.)

Disposal of Profits

Departments operating transport pools have been instructed to pay to the Consolidated Revenue Fund all profits accumulating in their respective trust accounts during the previous financial year. This policy of paying all profits to Revenue has been extended to the Government Printing Office and the Commonwealth Clothing Factory.

94. Funds for the purchase of new vehicles are provided from the balances in the Account built up by the charges for depreciation. Depreciation is allowed for at 12½ per cent. for cars, and 15 per cent. for trucks; vehicles are disposed of after 50,000 miles. (Paragraphs 215, 216.)

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95. Your Committee consider that depreciation rates charged should allow replacement at prime cost and not at current replacement cost; when further capital funds are needed for expansion of the fleet in size or value the Parliament should be informed. (Paragraph 218.)

96. If the receipts from depreciation were required to be transferred to the Consolidated Revenue Fund, the Parliament would recover control over the substantial capital expenditure incurred annually on replacing vehicles. (Paragraph 219.)

97. We recommend that a more suitable title be sought for the Account. (Paragraph 221.)

Treatment of Proceeds of Sales of Vehicles and Depreciation Component - Funds for Fleet Expansion

Proceeds from the sales of vehicles, as well as the component included in the service charge in respect of depreciation, calculated at prime cost, which previously remained to the credit of the trust accounts for the various transport pools, are now transferred to the Consolidated Revenue Fund, pursuant to section 62A (4A.) of the Audit Act 1901-1968. Funds for the purchase of new and replacement vehicles for transport pools have, since 1962-63 been sought through the annual appropriation of the operating Departments, thus ensuring Parliamentary oversight of this substantial expenditure.

Amendment of Title of Trust Account

After receipt of advice from the Attorney-General's Department as to the legality of the course, the title of the Munitions Stores and Transport Trust Account was amended, as from 1 July 1967, to 'Supply Storage and Transport Trust Account.'

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98. Your Committee report on the use made of certain Trust Funds to give effect to Government policy. Since some of the Trusts have been closed following our Twenty-Ninth Report and others have not been used in recent years, Your Committee suggest that such Trusts should be regularly reviewed to see whether they are still required.
(Paragraphs 222-229)

Review of Trust Accounts

The Treasury's review of the need for the continuing existence of trust accounts covers accounts opened to give effect to Government policy.

99. Shown in the Treasurer's Finance Statement for the year ended 30th June, 1956, are five trust accounts that do not carry forward any balance to the new financial year. In each case, their funds are provided by an annual appropriation and unspent balances (unlike other trusts) are surrendered at the end of the financial year. (Paragraph 230.)

100. Here again Your Committee decided to examine the operations of one of these funds, viz., the Science and Industry Trust Account, controlled by the Commonwealth Scientific and Industrial Research Organization (C.S.I.R.O.). (Paragraph 231.)

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101. The original Account, known as the Science and Industry Investigation Trust Account, was administered by the Council for Scientific and Industrial Research, which received from the Parliament a grant of £250,000 in 1926 and a further sum of £250,000 for the financial year 1926-27. (Paragraph 232.)

102. Since 1932-33 when the sums mentioned were exhausted, an annual appropriation has been made. Until 1938-39, unspent funds were left in the trust account to be used as part of the annual appropriation for the new year but since then have lapsed. Other changes made in 1952-53 brought the financial arrangements of the Organization still further into line with those for an ordinary department. (Paragraphs 233-235.)

103. Your Committee's concern with this Account has been to ascertain whether the efficiency of C.S.I.R.O. would in any way be diminished if its whole operations were financed by an annual appropriation, as in the case of ordinary departments, rather than through the medium of a trust account as now. (Paragraphs 235-236.)

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104. On the evidence given by C.S.I.R.O. representatives, Your Committee do not think that the efficiency of the Organization would be effected. We accordingly recommend that the Science and Industry Trust Account be closed. (Paragraphs 237-240.)

Trust Accounts with "Nil" Opening and Closing Balances

The Science and Industry Trust Account has been inoperative since 30 June 1959. Following the assent to the Science and Industry Research Act (No. 2) 1968 (which provided, among other things, for the C.S.I.R.O from 1 July 1968 to operate on bank accounts outside the Treasurer's accounts) the Trust Account was formally closed.

105. Your Committee also recommend that the three other currently operating accounts that come within the same category as the Science and Industry Trust Account, should be examined in the light of our comment. (Paragraph 241.)

Section 14(1.) of the War Service Homes Act 1968 provides that sections 39 and 39A of the War Service Homes Act 1918-1966, which prescribe that there shall be a War Service Homes Trust Account and War Service Homes Relief Trust Account, are repealed: when this provision comes into operation on the prescribed date of 1 July 1969 both trust accounts will be closed. The Immigration Centres Trust Account was closed on 30 June 1957: the operations are now financed directly through annual appropriations. The Serum Laboratories Trust Account was closed on 9 May 1962 following the enactment of the Commonwealth Serum Laboratories Act 1961, which established the Commonwealth Serum Laboratories Commission.

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106. Your Committee were informed that the C.S.I.R.O is the recipient of donations and grants for specific research projects, which go to make up some fifty "Specific Research Trust Funds". A record of these donations, &c., is found in an appendix to the C.S.I.R.O. report, and the consolidated annual balance is shown in the Treasurer's Finance Statement. (Paragraphs 242-244.)
107. Some Miscellaneous Trust Accounts have been created, allegedly to facilitate the processes of administration. (Paragraph 245.)
108. If their existence can be justified after inquiry, Your Committee would not object to their retention. (Paragraphs 246-247.)
109. Your Committee examined in some detail three of the trust accounts, viz. the Aircraft Production Trust Account, the Munitions Material Trust Account, and the Law Libraries Trust Account. (The first two are administered by the Department of Defence Production, and the third by the Attorney-General's Department.) (Paragraph 248.)

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110. The Aircraft Production Trust Account was established in 1956 in order to finance the manufacture of aircraft. It superseded the Aircraft Trust Account established in 1939. (Paragraph 249.)

111. For various reasons the validity of the operations of this Account has been called in question. Your Committee consider it undesirable that trust accounts should be operated without proper authority and that the position in regard to this one should be clarified without delay. (Paragraphs 250-251.)

112. The Aircraft Production Trust Account is a kind of imprest account to cover the time lag between the construction, &c., of aircraft and the actual payment by the Department of Air for the finished job. (Paragraphs 252-253.)

113. Your Committee consider it possible to conduct these operations through an annual appropriation, and we recommend that the need for the existence of the trust account should be examined. (Paragraphs 254-255.)

Miscellaneous Trust Accounts

The Aircraft Production Trust Account was closed on 30 June 1959.

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114. The Munitions Material Trust Account was established in 1942 for the purpose, inter alia of purchase or manufacture of all classes of materials and supplies needed for the production of munitions, aircraft and war material generally. (Paragraphs 256-257.)
115. Since 1951 it has been used for minor expenditure associated with reconditioning items of stock. The Treasury asked that the Account should be liquidated and it was accordingly closed in June, 1957. (Paragraph 258.)
116. At 30th June, 1957, the book value of stocks held was £4,820,000. Your Committee question whether the stocks might not have been liquidated more rapidly and suggest that the Account, which had long outlived its purposes, could have been closed much earlier. (Paragraphs 258, 259.)
117. The Law Libraries Trust Account was established in 1928 to provide for "the establishment of departmental law library for the Attorney-General's Department and library for the High Court". The Account is used infrequently, its chief

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value being that special purchases may be made with a minimum of delay. (Paragraphs 260-261.)

118. Having considered all the features of this Account Your Committee recommend that it be closed. (Paragraphs 261-263.)

The Law Libraries Trust Account was closed on 17 February 1958.

TRUST MONEYS NOT INCLUDED IN THE TRUST FUND

119. Some figures of trust funds are included in the Finance Statement table, although they are not heads of Trust Fund or trust accounts within the meaning of sections 60 and 62A of the Audit Act. Again, there are numerous funds that have the character of a trust, but none of their operations is included in the table. (Paragraph 264.)

120. There are four funds in the first category, viz.:-

Defence Forces Retirement Benefits Fund.

Parliamentary Retiring Allowances Fund.

Superannuation Fund.

National Debt Sinking Fund.

(Paragraph 265.)

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121. These funds are placed under the control of a Board, or Commission and are not vested in the Treasurer. (Paragraph 266.)

122. The first three Funds attract contributions from both the beneficiaries and the Commonwealth. Those of the beneficiaries are at present larger than those of the Commonwealth. (Paragraph 267.)

123. These Funds are trust moneys held by the Commonwealth for persons other than the Commonwealth Government and are in some way available to the Treasury: Your Committee therefore think it desirable that particulars of them and of the National Debt Sinking Fund should be included in the Finance Statement. (Paragraphs 268-270.)

Funds not vested in the Treasurer but appearing in the Finance Statement

The Treasurer has continued to include particulars of the Parliamentary Retiring Allowances Fund, the Superannuation Fund, the Defence Forces Retirement Benefits Fund and the National Debt Sinking Fund in the Finance Statement.

124. The balances of the three Retirement Benefit Funds are at the disposal of the Treasurer and their entire accounting arrangements are dovetailed with those for the Treasury. In the case of the National Debt Sinking Fund, the National Debt Commission has permitted its credit balances to be offset against the overdraft in the

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Commonwealth Public Account.

(Paragraph 269.)

125. Your Committee reiterate that these Funds should be included in a new and separate section in the revised Budget Papers Trust Fund table (see page 19 above). (Paragraph 271.)

The special supplement to the Finance Statement referred to above under the heading 'Amendment of Table No.8 of "The Budget"' will include these funds in a separate section.

126. The Auditor-General told us of the existence of numerous funds which were not mentioned in the Finance Statement or Budget Papers, such as the Science and Industry Endowment Fund, the Services Canteens Trust Fund and the Royal Australian Navy Relief Trust Fund. These funds are established by special legislation and are vested in and administered by a board or trustees. (Paragraph 272.)

127. Many of the bodies administering the funds are entirely independent of governmental control. (Paragraph 273.)

128. The use of the word "Trust" to describe these funds is somewhat misleading. (Paragraph 274.)

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129. From the point of view of report and audit, Your Committee recommend that the accounts of these Boards and Trustees should be subject to audit by the Auditor-General. In addition, where the funds are substantial, an annual report should be submitted to the Parliament. However, the carrying out of these suggestions should not curtail the independence of the Boards or Trustees. (Paragraphs 278-279).

Independent Funds created by statute not included in the Finance Statement

The observations of the Committee are concurred in by both the Auditor-General's Office and the Treasury. Except for certain trust moneys under the control of the Repatriation Commission, there are now no known funds in this category which are not audited by the Auditor-General either pursuant to the respective statute or by formal arrangement and there are no substantial funds for which an annual report is not prepared for submission to the Parliament through the responsible Minister. The Repatriation moneys are being audited by the Auditor-General as an extension of the departmental audit but action is being taken to formalise the arrangement. A Treasury Circular issued on 5 August 1964 drew the attention of all Departments to the need to consult the Treasury and the Auditor-General's Office whenever new or amending legislation is under consideration, to ensure that the opportunity may be taken to review any provisions affecting accounting and audit arrangements.

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130. The Auditor-General has volunteered to show in his annual report a list of the funds in question, noting at the same time the constitutive Act. (Paragraph 280.)

Statutory Funds outside the Trust Fund - Listing by the Auditor-General

The Auditor-General's Office has advised that a list of audits carried out under the authority of specific legislation or by arrangement is included in the Auditor-General's annual Report to Parliament.

131. Your Committee think that the Treasury and the Auditor-General should review the need for existence of trust funds outside the Budget and we leave them to decide whether or not there should be publication of lists of these funds and of associated details. (Paragraph 281.)

Need for Existence of "Trust Funds" outside the Treasurer's Accounts

The Treasury and the Auditor-General's Office have fully reviewed the need for the existence of various trust funds outside and independent of the Treasurer's accounts. Where practicable, arrangements have been made for the transfer of moneys to the Commonwealth Public Account and for the receipts and payments to be processed through a head of Trust Fund. In some cases, however, legal obstacles prevent inclusion of moneys in the Trust Fund, while in others there is a clear legislative intention that they be dealt with in a particular fashion. The Auditor-General's Office has advised that information regarding transactions of the funds is given, where warranted, in the Auditor-General's annual Report to Parliament. As a result

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of the Committee's observations and the extensive investigations by the Treasury and the Auditor-General's Office, Departments are now more conscious of the role of the Trust Fund and the need to obtain sanction for any special arrangements.

NOTES ON PRACTICES IN OTHER COUNTRIES

132. In Chapter VIII. Your Committee include notes on practices in the United Kingdom, the United States of America, France and Canada. Common to the governmental financial systems of all four countries are the principles of annual appropriation and lapse of funds. (Paragraph 282.)

133. However, all these governments have adopted some form of trust fund to hold these moneys described by Your Committee as "trustee funds". (Paragraph 284.)

134. The United Kingdom. - The principles of annual appropriation and lapse of funds are departed from in two ways; firstly, by Appropriations-in-Aid, which authorize in certain cases the use by a department of receipts incidental to its ordinary

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course of business, and secondly, by Grants-in-Aid, whereby an unexpended portion of an appropriation may not lapse at the end of the financial year. These two devices are designed to cope with difficulties that in Australia have been met by creating a trust account. (Paragraphs 285-289.)

135. The manner in which stores are held is similar to that adopted by our Department of Civil Aviation and many other Commonwealth departments, and is distinct from the method followed by the Postmaster-General's Department, the Department of Defence Production and others. (Paragraph 290.)

136. The United States of America.- A system of "Trust Funds" and "Working Funds" has been evolved in the United States of America and the accounting and legal rules and principles governing their operation are similar to those governing the receipts to, and the expenditure of monies from, the general fund of the United States Treasury. (Paragraphs 291-292.)

137. Although considerable flexibility is permitted within the appropriation system, it is still, apparently, found necessary to operate a large number of

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tract accounts of the working fund type.
Your Committee note, however, that
there has been criticism of the
prevailing system of appropriation.
(Paragraphs 293-294.)

138. France.- Here again there
are exceptions to the general principles,
firstly, in the case of expenditure
relating to works programmes or works
spread over a number of years and,
secondly, in relation to a system of
"Special Treasury Accounts", which
play a role similar to Australian
working accounts. (Paragraphs 295-296.)

139. Since 1946 steps have been taken
to bring the Special Treasury Accounts
under Parliamentary control.
(Paragraph 297.)

140. Canada.- While the Canadian
system does not provide for a formally
created "Trust Fund" the trust account
mechanism is adopted for many of the
purposes for which it is used in
Australia. (Paragraph 299.)

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141. The mechanism is used in conjunction with the requirement that the government should give a true and fair view of the financial position of Canada by enabling the establishment of reserves in respect of assets and liabilities. (Paragraphs 300-302.)

142. Revolving funds have also been established, whose function is very similar to the trust accounts used in Australia for working accounts and for stores purchasing and holding accounts. (Paragraph 303.)

143. Separate accounts are kept to provide for certain accrued liabilities, including those for pensions and other social services. Accounts have also been created to receive undisbursed balances of appropriations to special funds such as the Colombo Plan Fund or the National Defence Equipment Account. (Paragraphs 305-306.)

ANNUAL APPROPRIATIONS AND THE TRUST FUND

144. In Chapter IX, Your Committee trace the evolution of the system of Parliamentary control of the Purse. The idea of the one consolidated Fund into which all governmental receipts

As the Committee's observations are mainly in the nature of counsel to the Parliament arising from conclusions previously stated, no special Treasury comment on this section of the Report.

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are paid, and from which all payments are made, has had to be modified in Australia by the creation of other funds such as the Loan and the Trust Funds. (Paragraphs 307-308.)

seems to be called for.

145. The system of annual appropriation and lapse of funds is a characteristic feature of our system of financial control. (Paragraph 311.)

146. Another characteristic is the prior approval by the Parliament to the expenditure of public moneys by the Executive. (Paragraphs 311-312.)

147. At the same time, it has been suggested that certain categories of trust fund or trust account can be used in such a way as to facilitate effective control by the Parliament. (Paragraphs 313-314.)

148. The control exercised by the Parliament through an annual vote may be inappropriate in some cases; on such occasions it may be that the use of trust accounts, together with the submission to Parliament of additional information, would give the necessary degree of control. (Paragraph 315.)

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149. There are trust accounts whose existence cannot be justified and this bears out our belief that they would have been closed had there been a regular review. (Paragraph 316.)

150. Your Committee remind the Parliament that only unremitting vigilance will safeguard the financial rectitude of the government. No system is proof against error, nor will the adoption of any one principle or practice solve all the problems of financial control. (Paragraph 317.)

151. Your Committee indicate the financial influence the operations of the Trust Fund have upon those of the Consolidated Revenue Fund. (Paragraphs 318-320.)

152. The figures mentioned expose the fallacy of the view that the Trust Fund is a second Fund looming threateningly behind the Consolidated Revenue Fund, placing it in jeopardy and rivalling it in magnitude. But the facts must be made clear if the fallacy is not to persist. (Paragraphs 320-321.)

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153. However, we again draw attention to the dangers inherent in appropriating large sums to the Trust Fund for general purposes. (Paragraph 323.)

154. The suspicion that the Trust Fund is a large, dangerous corpus of free money to be spent at the whim of the government can be removed by examining what is done with Trust Fund balances at any one time. (Paragraphs 324-327.)

155. Your Committee conclude that, although the Trust Fund has its weaknesses as an instrument of financial control, it must be regarded as a useful-even an essential-adjunct to our government financial system. We find too that those who administer and those who operate heads of Trust Fund and trust accounts are doing so, taken all in all, in a proper manner. (Paragraph 328.)

Chapter 3

Observations of Your Committee

In regard to the Treasury Minute relating to the Thirty-Fourth Report, Your Committee noted that while the Report was presented to the Parliament on 4 December 1957 it was not until 27 February, 1969 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 Your Committee noted that it contained conclusions of a far-reaching nature and included, in particular, important matters relating to appropriations to the Loan Consolidation and Investment Reserve Trust Account and investments and redemptions relating to that Account. The issues involved in these aspects of the Report are recognised as involving complex policy and accounting issues which are difficult to resolve.

In reporting on the Treasury Minute relating to the Thirty-Fourth Report Your Committee would also make reference to the progress that has been made since 1964 in dealing with outstanding Treasury Minutes.

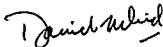
When your Sixth Committee was appointed in March 1964 it found that eight Treasury Minutes were outstanding. Of these, four had been outstanding for not less than six years. This particular group comprised the Treasury Minutes on the Eighteenth, Twenty-first, Twenty-second and Thirty-fourth Reports. In view of this situation Your Committee convened a meeting with officers of the Department of the Treasury to discuss the problems involved. Arising from that meeting Your Committee reported in its Sixty-fifth Report that the Department of the Treasury had undertaken to supply it with a bi-annual report on outstanding Treasury Minutes, indicating the progress made by the Department in dealing with Your Committee's comments in its Reports. In accordance with that arrangement Your Committee has now received ten bi-annual progress reports on Treasury Minutes that were in the process of preparation and over the same period has received no less than twenty-four Treasury Minutes, all of which have been reported to the Parliament.

As at 28 February, 1969 the most recent bi-annual progress

report showed that there were nine Treasury Minutes outstanding, all of which relate to reports presented by Your Committee subsequent to September, 1966.

Your Committee would place on record its satisfaction at the considerable improvement that has occurred since March 1964 in the submission of Treasury Minutes arising from its Reports.

For and on behalf of the Committee,



DAVID N. REID
Secretary,
Joint Committee of Public Accounts,
Parliament House,
Canberra. A.C.T.

13 May, 1969.



RICHARD CLEAVER
Chairman

