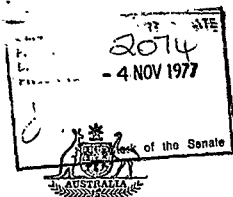


TABLED PAPER

55  
4/11/77



Report 166

Finance Minutes on Reports 158 and 160

# Finance Minutes on Reports 158 and 160 together with summaries of those reports

Report

# 166

Joint Committee of  
Public Accounts

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

ONE HUNDRED AND SIXTY-SIXTH REPORT

FINANCE MINUTES ON THE ONE HUNDRED AND FIFTY-EIGHTH  
AND ONE HUNDRED AND SIXTIETH REPORTS

Together with

SUMMARIES OF THOSE REPORTS

Australian Government Publishing Service  
CANBERRA 1977

JOINT COMMITTEE OF PUBLIC ACCOUNTS

ELEVENTH COMMITTEE

D. M. CONNOLLY, Esquire, M.P. (Chairman)  
The Hon. F. CREAN, M.P. (Vice-Chairman) (2)

Senator P.E. BAUME <sup>(5)</sup>	J.L. ARMITAGE, Esquire, M.P. <sup>(3)</sup>
Senator M.A. COLSTON	The Hon. K.M. CAIRNS, M.P. <sup>(7)</sup>
Senator M.E. LAJOVIC <sup>(6)</sup>	The Hon. J.O.M. DOBIE, M.P.
Senator A.J. MESSNER	The Hon. R.V. GARLAND, M.P. <sup>(4)</sup>
	U.E. INNES, Esquire, M.P. <sup>(1)</sup>
	V.J. MARTIN, Esquire, M.P.
	J.R. SHORT, Esquire, M.P.

The House of Representatives appointed its members on 3 March 1976 and the Senate appointed its members on 4 March 1976.

- (1) Discharged 8.4.76
- (2) Appointed 8.4.76 elected Vice-Chairman 29.4.76
- (3) Elected Vice-Chairman 16.3.76 resigned as Vice-Chairman 29.4.76
- (4) Appointed (Ex-officio) 9.6.76, discharged 13.9.77
- (5) Discharged 31.3.77
- (6) Appointed 31.3.77
- (7) Appointed (Ex-officio) 14.9.77

DUTIES OF THE COMMITTEE

Section 8 of the Public Accounts Committee Act 1951 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 the Parliament by the Auditor-General in pursuance of subsection (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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## CHAPTER 1

### INTRODUCTION

Arrangements to ensure that appropriate action is taken arising from comments contained in the Committee's Reports have been in operation since 1952 although reviewed periodically. These were known as Treasury Minute arrangements.

The Committee has been concerned from time to time with delays in the submission of Treasury Minutes. On the 11th November 1976 the Committee had a discussion with officers of the Department of the Treasury. As a result, the Permanent Head of the Department of the Treasury, Sir Frederick Wheeler, undertook to write to all departments seeking co-operation in reducing the delay in finalising of Treasury Minutes.

Following the creation of the Department of Finance on 7 December 1976 it was agreed that the arrangements should continue as before and should now be known as the Department of Finance Minute.

As they now stand the procedures are:

- (1) The Report of the 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 the Committee thereafter forwards a copy of the Report to the Ministers of 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 the Committee's conclusions.
- (3) The reply received, in the form of a Department of Finance Minute, is then examined by the Committee and, together with the conclusions of the Report to which it relates, is submitted as soon as possible as a Report to the Parliament.
- (4) Should the Committee find during its examination of a Department of Finance Minute that certain recommendations are not fully dealt with or are subject to a further Minute, it holds an exploratory discussion with officers of the Department of Finance prior to the submission of the Minute to the Parliament.
- (5) In reporting a Minute to the Parliament, the Committee except in special cases, does not usually make any comment other than to note recommendations not fully dealt with or subject to a further Minute.

- (6) When the Committee next examines the department concerned the Department of Finance Minute is considered by the Committee if applicable.
- (7) The Department of Finance furnishes the Committee with a half-yearly report on outstanding Minutes, indicating the progress made in dealing with the Committee's comments.

CHAPTER 2

DEPARTMENT OF FINANCE MINUTE ON  
THE ONE HUNDRED AND FIFTY-EIGHTH REPORT  
RELATING TO EXPENDITURE FROM THE ADVANCE TO THE TREASURER  
(APPROPRIATION ACTS 1974-75)

Committee's Conclusions  
One Hundred and Fifty-eighth Report  
(6 May 1976)

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The Department of Finance has examined the Report and has discussed with the departments concerned the observations and conclusions of the Committee which have where necessary been brought to the notice of the relevant officers.

Amendments to the Administrative Arrangements Order subsequent to the Report have resulted in changes to the names of some departments and the transfer of some functions from one department to another. The names of departments in this Minute conform with the names in the Committee's Report.

DEPARTMENT OF DEFENCE

Division 607/1/02: Equipment, Stores, Machinery  
and Plant - New Equipment - Aircraft and Associated  
Initial Equipment

24. The Committee, recognising the problems confronting the Department in preparing accurate estimates and controlling expenditure in an item of this complexity, and noting that the need to seek funds from the Advance to the Treasurer resulted from decisions made after the closure of Additional Estimates, accepts the Department's explanation.



DEPARTMENT OF EDUCATION

Division 200/4/09: Administrative -  
Student Assistance Programs - Aboriginal Study Grants

43. The Committee considers it most unsatisfactory that because procedures were not followed and proper liaison was not maintained between two Sections of the N.S.W. Office of the Department, funds were sought from the Advance to the Treasurer when in fact funds were not required.

44. The Committee notes the steps taken by the Department to overcome the deficiencies disclosed and trusts that the action taken will result in an improved performance in the formulation of estimates and the control of expenditure on this item.

45. It would seem from the evidence presented to the Committee that it is the Department's firm belief that some money must be readily available for these students when they first arrive. Although the Committee does not dispute this necessity, it has reservations about the practice that had developed of preparing cheques and holding them at the request of the grantee or pending clarification of the grantee's status. In this regard the Committee is inclined to agree with the views expressed by the Observers from the Auditor-General's Office and the Treasury that it is doubtful if the very exceptional circumstances exist as stipulated in Treasury Direction 27/2 and that the requirements of section 34 of the Audit Act are being met. In this regard the Committee is pleased to note that the Treasury has agreed to look at the situation in conjunction with the Department in order to develop a better procedure within

The procedure agreed between the Department of Education and the Department of Finance ensures that certification of claims for payments to prospective grantees will in future not be sought until they present themselves at the time of commencing study, and produce the necessary identification. The certified claims may then be sent to the appropriate Accounting Office for urgent payment, or, if a grantee is in need of immediate financial assistance, payment can be made from an advance established for the purpose under the provisions of Finance Regulation 74(1)(j).

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the existing framework of the Treasury Directions. The Committee would be interested to know the outcome of the discussions.

Division 848/0/11: Other Services -  
Adult Secondary Education Assistance

55. The Committee appreciates that there are difficulties in establishing a scheme such as the Tertiary Allowances Scheme, particularly in estimating its requirements. In general, the Committee accepts the Department's explanation with regard to obtaining funds from the Advance to the Treasurer.

56. However, it appears to the Committee that closer liaison should have been maintained between the Department's Sydney Office and the local Office of the Treasury in relation to expenditure under this Item. In the Committee's view a closer liaison between the two offices would have resulted in the coding error being rectified and the misunderstanding over the journal entry would not have occurred.

The Department of Education is in agreement with the Committee's conclusions. Following the Committee's enquiry a meeting was held between officers of the Department's Sydney office and the Acting Director of the Accounting Office, Sydney to discuss ways of improving liaison between the two offices. Regular quarterly meetings have been introduced to further improve liaison and ensure a continuing understanding of each others problems. Other meetings have also taken place in order to discuss particular problems. As a result the Director of the Department's Sydney office has advised that there has been considerable improvement in the working relationship between the two offices.

DEPARTMENT OF HOUSING AND CONSTRUCTION  
Division 872/1/09: Capital Works and Services -  
Departmental - Department of Health

68. The Committee accepts that the Department was justified in seeking additional funds for this item. However, in regard to the unpaid account relating to the Alice Springs project, the Committee considers that the time available from 11 June to the date when accounts for the financial year are officially closed should have been sufficient to allow funds to be obtained from the Department's Central Office and the account paid.

The Department agrees that, in normal circumstances, there would have been sufficient time to seek additional funds. However, its Darwin offices had not returned to normal after the occurrence of Cyclone Tracy in December 1974 and many problems were still being encountered in the general administration of the office in June 1975.

DEPARTMENT OF LABOR AND IMMIGRATION

Division 300/4/02: Administrative -  
Employment Training and Assistance -  
National Employment and Training  
System

88. The Committee considers that the increases in demand upon the NEAT system could not have been anticipated at the time the Original and Additional Estimates were prepared and therefore accepts the Department's explanation. However, notwithstanding this acceptance, the Committee believes that a better estimating performance may have resulted if the Department had ascertained the courses available at the various training institutions and attempted to gauge the willingness of employers to make training vacancies available.

The Department advised that it has heeded the Committee's comments as to the need for a better basis for estimation in relation to the NEAT system. Measures taken include:

- allocation of funds on a State basis in accordance with a number of factors which ensure that the magnitude of likely expenditure is an integral part of the budgetary system;
- identification on a State basis of the forward financial commitments involved in the continuation of assistance to current trainees;
- analytical dissection of past expenditure as against projected programs on a State by State basis; and, in some States

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- a system of group meetings of representatives of individual NEAT employment offices which have resulted in valuable information as to expenditure patterns at the lower levels of administration.

DEPARTMENT OF THE PRIME MINISTER AND CABINET

Division 430/2/04: Administrative - Administrative  
Expenses - Distinguished visitors, guests and special occasions -  
Official hospitality, presentations and entertainment

100. Although the Committee appreciates the staffing difficulties experienced by the Department in the accounts area it must nevertheless be critical of the fact that the Department failed to carry out the fairly simple but important step of checking the ledger daily working sheets to ensure that all expenditure was recorded.

The Department accepts the Committee's criticism of its failure to carry out the check on print-outs required by Finance Direction 37/8.

101. The Committee believes that the absence of written instructions contributed to the oversight as new staff would probably have not been aware of the need to carry out the check. In this regard the Committee notes that the Department has instituted a system of checking the ledger printouts as required by the Treasury Directions. The Committee trusts that the revised procedures and instructions will be followed and kept under close review to ensure that proper financial control is maintained.

The revised procedures and instructions prepared by the Department are kept under review and no difficulties have been experienced in their application.

102. The Committee is also concerned that the reconciliation of the cheque writing tape and the ledger posting tape carried out within the Sub-Treasury was apparently not carried out for some months which allowed the error to remain undetected from November 1974 until April/May 1975. The Committee believes that this reconciliation should at least have been brought up to date before the final amounts for inclusion in the Additional Estimates were determined.

The Department of Finance accepts the Committee's criticism. The subsequent introduction of the TRIO data capture system using mini-computers now ensures the simultaneous recording of ledger and cheque-issue data so that cheque issues and ledger postings are completely in step. The previous requirement for continuous reconciliation is therefore no longer necessary.

DEPARTMENT OF SERVICES AND PROPERTY

Division S15/2/03: Administrative - Administrative  
Expenses - Postage, Telegrams and Telephone Services

133. The Committee appreciates the difficulty the Department must experience in preparing accurate estimates of expenditure for telephone services, particularly that part of the expenditure that is incurred by other user departments over which the Department of Services and Property has no direct control. The Committee therefore accepts the Department's explanations for the need to seek funds in the Additional Estimates and from the Advance to the Treasurer.

134. The Committee notes that the Department does not consult the other user departments in regard to the estimates of expenditure for their telephone services. The Committee believes that information could be gained by consultation at appropriate times during the financial year that would assist in preparing more accurate estimates, particularly where the other user departments are in the process of increasing staff numbers or taking other steps that could entail a greater use of telephones.

135. Although it would appear that there is no simple solution to the problem of ensuring proper control over the use of telephones, the Committee considers that cost control would be improved if, whenever possible, departments were made directly responsible for the preparation of estimates and payment of accounts for their own telephone services. This is, of course, the objective of the policy enunciated in the Treasury memoranda mentioned during the inquiry, which the Committee notes is being implemented as quickly as possible by the Department of Services & Property.

136. The Committee considers it appropriate at this stage to restate the view expressed in earlier Reports that a direct responsibility rests with every Permanent Head to maintain

It is agreed that consultation with user departments would enable more accurate estimates to be made of telephone costs and this procedure has been introduced.

The Department is continuing to pursue the policy of making other departments directly responsible for preparation of estimates and payment of accounts for their own telephone services when technically possible.

The Government has decided as a matter of policy that departmental telephone services should be Subscriber Trunk Dialling (STD) access barred to the maximum extent consistent with

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proper administrative supervision over the use of telephone facilities installed in his Department. The Committee sees this responsibility as extending to consideration of whether it is practical and economical to install such monitoring devices as PETRA within departments and whether access-barring of particular extensions or exchange lines to STD facilities is feasible.

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departmental efficiency, where this would be practical and economical, and that switchboards acquired in future should provide for access barring of selected extensions.

In any situation where access barring is not introduced or where it is limited in its application (for instance, where it is technically impracticable to bar an old switchboard), Permanent Heads are required to issue directions for the control of STD facilities with a view to their efficient and economic use.

DEPARTMENT OF SOCIAL SECURITY  
Division 947/0/02: Payments to or for the States -  
States Grants (Home Care) Act - Grants towards the  
Salaries of Welfare Officers

146. The Committee accepts the Department's explanation.

DEPARTMENT OF THE SPECIAL MINISTER OF STATE  
Division 544/2/04: Australian Archives -  
Administrative Expenses - Office Services

156. From the evidence, the Committee is not completely satisfied that all funds sought from the Advance to the Treasurer were justifiably obtained from that source. For example, the Committee believes that the Department should have made provision for increases associated with electricity and fuel costs in the Additional Estimates as these increases were apparently known at the time Additional Estimates were prepared.

The Department agrees that it could have made additional provision for increases associated with electricity and fuel costs in the Additional Estimates as these increases were known to the Department prior to the time when the amounts to be appropriated had been finally determined. However, the impact of these increases on the year's expenditure was not fully appreciated at the time and it was expected that the additional costs involved would be offset by underexpenditure in other areas within the item. This expectation was not realised because of unforeseen requirements for security and other services.

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157. While sympathising with the Department's estimating difficulties associated with the delays relating to the Villawood complex, the Committee would appreciate some reassurance from the Department, or its successor, that an adequate review of expenditure was carried out at the time the Original Estimates were prepared.

158. The Committee was disturbed prior to its public inquiry by the poor quality of the submission relating to this item and subsequently by the poor quality of the oral evidence and the inconsistencies this evidence revealed. We would remind the Department of the need for accuracy of detail in submissions presented to the Committee and for the adequate briefing of witnesses.

Division 546/2/02: Grants Commission -  
Administrative Expenses - Office requisites and  
equipment, stationery and printing

187. The Committee is most concerned about the errors and oversights disclosed during the inquiry which were associated with expenditure of funds

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The Department has stated that the reassurance sought that an adequate review of expenditure was carried out at the time the Original Estimates were prepared is difficult to give at this stage having regard to the period of almost three years which has since elapsed. The difficulties in respect of this item arose from the uncertainty as to when new areas would become operational. When preparing estimates the Department endeavours to be as realistic as possible in the light of information available, but it is inevitable that on occasions judgements will be made which, due to subsequent changes in circumstances, later prove to be inaccurate. The Department wishes to assure the Committee that it is the established procedure in the Department to ensure that past expenditure and all known factors affecting future requirements are taken into account when formulating estimates.

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appropriated for this item and with the Department's preparation of an explanatory statement for the Committee in relation to that expenditure.

188. Prior to commencing the public inquiry into this and the previous item (Division 544/2/04) the Chairman of the Committee made the following statement:

"In assessing whether or not a department is justified in seeking funds from the Treasurer's Advance, the Committee needs to know whether the expenditure was unforeseeable. Although the amounts involved in both items are small, the Committee found that the Department's original explanations were inadequate, because neither contained sufficient detail on which the Committee could judge the Department's estimating performance. The Committee therefore felt obliged to include these 2 items in its public inquiry. The Committee has received a supplementary submission in respect of item 546/2/02. While the Committee commends the Department on the quality of this supplementary submission, it should be noted that the Committee is disturbed by the Department's admission that the original submission was inaccurate."

189. From the evidence submitted to the Committee it is apparent that failure to pay accounts was only a very minor factor in the Department's underexpenditure of \$6,689. It is clear that the chief factor in this underexpenditure was the adminia-

(See comment against paragraph 191)



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trative oversight which resulted in the failure to cancel a superseded requisition for \$6,000. While the Committee can understand the original oversight, the Committee was at a loss to understand why the details of this non-existent commitment had not been discovered by the Commission or the Department by 1 August when the Commission prepared its original submission for the Committee. It is clear that the Department had no need to seek funds in either the Additional Estimates or from the Advance to the Treasurer.

190. The Committee noted that the Commission apparently proposed to maintain its own register of commitments rather than to make use of the computer printout produced by the Treasury Ledger System. The Committee finds this decision surprising in view of the Commission's stated staffing problems and would point out that the computer printout overstated the outstanding commitments for this item because of an error made within the Department. The Committee believes that keeping a second register of commitments within the Commission would be an unnecessary duplication.

191. The Committee is also disturbed by the instances of conflicting evidence presented to it at the inquiry. While the Commission claimed that staffing problems caused difficulty in preparing a submission for the Committee on 1 August 1975, the witness, in evidence, was unable to say specifically when the senior officer in the Management Services Section was on furlough. He was only able to suggest that it was for about six months around January to May. Further, the witness was unable to provide details of the components of the photocopying sub-items and

The register of commitment mentioned was introduced by the Grants Commission as an additional safeguard against inaccuracies occurring in recording outstanding commitments. It did not in fact involve any significant workload. Following further examination of the facilities available under the Department of Finance ADP Ledger System, the Grants Commission has discontinued the maintenance of that record and will exercise the desired controls through the computer reports produced by that system.

The Department accepts the criticism and has drawn the attention of all concerned to the Committee's requirements as set out in Treasury Circular 1976/10.

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although he suggested a figure of \$6,000 for hire of the one machine, the departmental submission indicated that rental for both machines would have cost \$6,000. The Committee would invite attention to Memorandum 66/385 of 16 October 1970 from the Secretary to the Treasury to all Permanent Heads which relates to the preparation of material and the briefing of witnesses. This memorandum includes the following:

"Not only has the Committee the right to expect that witnesses appearing before it are properly briefed but it is in the interests of each department and the Service generally that evidence tendered to the Joint Committee of Public Accounts is of the highest quality. Written submissions and explanations should be carefully prepared and thoroughly checked for adequacy and accuracy of detail and absence of ambiguity; officers who are to appear before the Committee to give evidence should undertake sufficient research and preparation and should be thoroughly briefed to enable them to answer, with authority, any questions which may reasonably be expected on the subject matter of the inquiry."

GENERAL CONCLUSIONS

192. "In Chapter 1 of this Report, the Committee stated that in examining expenditure from the Advance to the Treasurer, it had sought to ascertain whether or not expenditure from the Advance had been confined to urgent and unforeseeable requirements for which provision could not have been made in the Original and Additional

Committee's Conclusions  
One Hundred and Fifty-eighth Report  
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Estimates. The Committee has also sought to ascertain whether or not the departments concerned had maintained efficient administration in the expenditure of funds under the items selected for public inquiry.

193. This inquiry has shown that in some cases expenditure from the Advance to the Treasurer was confined to urgent and unforeseeable requirements for which provision could not have been made in the Appropriation Acts. In other cases, however, there was evidence of clerical errors, inefficient estimating procedures, and delays which caused expenditure to be charged to the Advance when provision should properly have been made in the Additional Estimates. Attention has been drawn to these inadequacies where they have been discovered.

194. The Committee would invite particular attention to the fact that there were several cases where amounts were charged to the Advance to the Treasurer without Warrant Authority, in contravention of Treasury Regulation 90(1.). Although the Committee was generally satisfied with departmental explanations relating to these expenditures and did not examine any at public inquiry we would again remind departments of the requirements of Treasury Regulation 90(1.) which is expressed in the following terms:

"An Authorizing Officer shall not authorize expenditure from an appropriation of the Consolidated Revenue Fund (other than an appropriation that is deemed to be made by virtue of section 35 of the Act) or an appropriation of the Loan Fund until a Warrant Authority for Expenditure authorizing expenditure accordingly has been obtained from the Secretary."

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195. A further matter to which the Committee would invite specific attention relates to the brevity of some departmental explanations and the fact that some witnesses appearing before the Committee were inadequately briefed. In this regard we would again draw the attention of departments to Memorandum 66/385 of 16 October 1970 from the Secretary to the Treasury to all Permanent Heads which related to the preparation of material and the briefing of witnesses. The substance of the Memorandum is set out in Chapter 9 of this Report.

196. Finally the Committee would invite the attention of departments to the fact that some departments, and in particular the Department of the Special Minister of State and the Department of Services and Property, were unduly slow in furnishing supplementary information requested during the course of the public inquiry. In this regard we would remind departments that requirements in relation to such submissions are contained in the Notes Relating to Evidence prepared by the Committee to assist departments, authorities and witnesses representing them, in the submission of evidence, and include the following:

"When a member of the Committee requires a witness to furnish supplementary information on a matter under examination, the Committee will require such information within seven (7) days after receipt of the transcript unless otherwise directed. They should be identified with the question number to which they relate in the transcripts of evidence, and should be signed by a witness sworn at the inquiry concerned."

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The contents of the circular memorandum were again drawn to the attention of departments by Treasury Circular 1976/10 of 11 May 1976. That circular also drew the attention of departments to the need to provide an explanation where a supplementary submission varies a previous submission or evidence given to the Committee.

Treasury Circular 1976/10 also drew the attention of departments to the Committee's requirements in respect of the submission of supplementary information.

### CHAPTER 3

DEPARTMENT OF FINANCE MINUTE ON  
THE ONE HUNDRED AND SIXTIETH REPORT  
RELATING TO EXPENDITURE FROM THE CONSOLIDATED REVENUE FUND  
(APPROPRIATION ACTS 1974-75)

Committee's Conclusions  
One Hundred and Sixtieth Report  
(20 May 1976)

Department of Finance Minute  
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The Department of Finance has examined the Report and has discussed with the departments concerned the observations and conclusions of the Committee which have where necessary been brought to the notice of the relevant officers.

Amendments to the Administrative Arrangements Order subsequent to the Report have resulted in changes to the names of some departments and the transfer of some functions from one department to another. Departments named in the headings in this Minute conform with the names appearing in the Committee's Report.

#### ATTORNEY-GENERAL'S DEPARTMENT

- (1) Division 131/2/05: Australian Legal Aid Office -  
Administrative Expenses - Library books, journals  
and periodicals

25. The Committee believes that the original estimate for this item was grossly inflated. In view of the fact that expansion of the Australian Legal Aid Office and its need for, and ability to incur, expenditure on library facilities were dependent on obtaining approval for its establishment, recruiting suitable staff and acquiring suitable premises, the Committee is of the opinion that a significant proportion of the funds provided in Appropriation Act No. 1 should not have been sought or provided at that stage.

The Attorney-General's Department accepts that the estimate was excessive and explains that this was due to inexperience in estimating and to the difficulty in recruiting staff in sufficient time to process orders.

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26. The Committee is disturbed that a special review could reveal \$268,000 worth of books which could be deleted from the Legal Aid Office's library purchases apparently without any significant effect on the adequacy of the libraries to be provided in the various offices.

27. The Committee is also disturbed by the Australian Legal Aid Office's failure to consult with the Department of Services and Property regarding the likelihood of being able to obtain the large number of premises it required to house its regional offices.

28. In respect of the outstanding orders, the Committee is not satisfied that the Office took sufficient action to place orders in time for delivery and payment to be effected during the financial year. The Committee notes that while approximately equal numbers of the outstanding orders were placed in each half of the financial year (54 per cent as opposed to 46 per cent), the value of the orders placed in the latter half of the financial year was considerably greater, representing some 75 per cent of the total value of outstanding orders.

Consultations are now held, as required, with the Department of Administrative Services on the accommodation requirements of the Australian Legal Aid Office and allowance is made in the estimates of expenditure for those items which depend upon the availability of accommodation.

The Attorney-General's Department has advised that action has been taken and will continue to be taken to expedite the placement of orders where there are likely to be lengthy delays in delivery.

(ii) Division 131/2/07: Australian Legal Aid Office -  
Administrative Expenses - Payments to Private  
Legal Practitioners

37. While accepting that a number of factors beyond the control of the Australian Legal Aid Office contributed to the underexpenditure on this item, the Committee believes that, because of the uncertainties regarding the clearing of the backlog of cases and the need to negotiate with the Legal Aid Offices in the various States regarding the assumption of certain responsibilities

The Attorney-General's Department accepts that a more conservative view should have been taken. Subsequent experience in handling this type of expenditure has resulted in more accurate estimates.

the Office should have been more cautious in formulating the original estimate for this item. The Committee considers that there was sufficient uncertainty when the original estimate was formulated for a somewhat more conservative view to be taken regarding prospective expenditure on this item and, if necessary, further funds could have been obtained in the Additional Estimates or from the Advance to the Treasurer.

DEPARTMENT OF THE CAPITAL TERRITORY

(i) Division 152/2/03: Administrative - Administrative Expenses - Postage, telegrams and telephone services

50. The Committee believes that the evidence relating to this item indicates that greater care should have been exercised by the Department in formulating its estimate. The Committee considers that the Department's estimating procedures and practices should be tightened to ensure that items that affect estimates are not overlooked and that double provisions do not occur.

51. The evidence also shows that the Department was unable to determine specifically the reasons for the shortfall of approximately \$50,000 in the cost of metered calls. However, the Committee considers that the Department's presumption that the use of PETRA had a marked effect on the unauthorised use of telephones seems to be a reasonable one. The Committee suggests, therefore, that all other Government departments should examine the possibility and the economics of installing a device such as PETRA with a view to reducing the number of unauthorised STD calls.

The Department of the Capital Territory has advised that as a result of the revision of estimating procedures introduced following the enquiry, the estimating performance in this item in 1975-76 was much improved.

The Department of the Capital Territory has also advised that experience since the enquiry has confirmed that the use of PETRA has continued to have a marked effect on the unauthorised use of telephones. However, as PETRA is merely a monitoring device with the capacity to monitor only 10 per cent of extensions, the Department has decided to instal at a cost of \$2,500 a trunk access barring facility to selectively exclude extensions from trunk access as it is believed that this will permit more effective control than PETRA. Control devices on telephone systems are now in operation in most departments following letters from the Treasurer to Ministers on

13 Feb 1976 and 3 May 1976 concerning the Government's decision that access to subscriber trunk dialling facilities on departmental switchboards should be barred to the maximum extent consistent with departmental efficiency and that where it was considered not to be consistent with departmental efficiency or uneconomical the relevant department should consult with the Public Service Board and the Treasury (now Department of Finance).

(ii) Division 152/2/04: Administrative - Administrative Expenses - Australian Government motor vehicles - Registration

66. The evidence shows that the Department's estimating performance on this item for the years 1972-73 to 1974-75 has been very poor. The reasons for the underexpenditure in 1973-74 and 1974-75 were that orders were placed too late for the number plates to be manufactured and delivered in time for payment to be made within the financial year.

67. The Committee considers that the lack of proper stock control also contributed to the Department's poor estimating on this item. The Committee hopes that the new stock control system introduced by the Department and the arrangement of a 3-year period contract will allow the earlier placement of orders and result in more accurate estimates in the future.

68. The Committee noted that \$5,400 or 15 per cent of the total appropriation of \$36,000 for 1974-75 was provided for air freight. The Committee finds this surprising in view of the Department's statement that sufficient stocks were in hand to meet demand and wonders in what circumstances it would be necessary to airfreight articles such as number plates.

The Department of the Capital Territory has advised that the new stock control system operated successfully throughout 1975-76 and orders, based on requests from user departments together with stock analyses, were placed in time to ensure delivery and payment during the financial year.

The procedure for the issue of licence plates in previous years had been for the user department to obtain a vehicle, then apply to the central registry for the issue of plates. Pending issue the vehicle could not be used and, given the typical surface transport delivery time of two weeks, the department would suffer the loss of use of the vehicle for a significant time. It was therefore considered



more economical to have the plates despatched by air-freight and so reduce the idle time. New procedures have been developed whereby each user department is issued with a number of plates based upon its estimated requirement for the year, the plates being delivered by road transport and stored by the user department. As each set of plates is brought into use the Department of Administrative Services is advised. Savings in freight costs and elimination of the loss of use of vehicles pending the issue of plates are achieved by this procedure. Responsibility for the issue of licence plates was transferred to the Department of Administrative Services on 1 Feb 1977.

DEPARTMENT OF EDUCATION

Division 200/4/10: Administrative - Student Assistance  
Programs - Assistance for Isolated Children

78. While the Committee appreciates the difficulties the Department has experienced in preparing accurate estimates for this item, the fact remains that overestimation of funds requirements has occurred in each of the last three years.

79. In view of the known difficulties in estimating the funds required for schemes as this the Committee would counsel the Department to adopt a more cautious approach when preparing estimates for this item and have regard to the availability of the Additional Estimates and the Advance to the Treasurer. The Department of Education has noted the Committee's comments and has since adopted a more cautious approach in preparing estimates for this item.

DEPARTMENT OF ENVIRONMENT

(1) Division 230/2/06: Administrative - Administrative  
Expenses - Consultant Fees

88. The Committee was concerned by the Department's admission that there was apparently no firm basis for the bulk of the funds provided for consultant's fees in both 1973-74 and 1974-75. The Committee feels that estimates of this nature should be based, as far as possible, on specific requirements for the hire of consultants by the Department and not by way of a general provision. In this context, the Department's attention is drawn to the principles of estimating as set out in Treasury Direction 16/9. The second of these principles states:

"Estimates shall not include amounts in respect of proposals which are so far from firm that it is not possible to form any real estimate of what payments, if any, will be made."

89. From the evidence given to the Committee it would appear that the Department failed to consult with the Attorney-General's Department on drafting the Administrative Procedures for the Environment Protection (Impact of Proposals) Act until after the Act had received Royal Assent. While the Committee concedes that the ultimate content of the procedures could not be determined until after the final form of the Act was known, it is likely that the inadequacy of the Department's terminology for the procedures would have been pointed out by the Attorney-General's Department had consultation occurred at the earliest opportunity in their development. The Committee is disturbed that this failure to consult resulted in a delay of six

The Department of Environment, Housing and Community Development agrees that the estimate was based on rather meagre information but notes that the underexpenditure which occurred was accentuated by the delay in passing the Environment Protection (Impact of Proposals) Act 1974. Nevertheless, the Department accepts the Committee's conclusions and has taken steps to prevent a recurrence.

The Department of Environment, Housing and Community Development has advised that to say that the consultations with the Attorney-General's Department did not commence until after the Environment Protection (Impact of Proposals) Act 1974 had received Royal Assent in December 1974 is not a correct statement of the position. In fact, the then Department of Environment began discussions with the Attorney-General's Department in May 1973; the discussions encompassed all aspects of the proposed legislation and were not confined solely to the provisions of the proposed Bill. By the time the Bill received the Royal Assent substantial agreement had in fact been reached with the Attorney-General's Department on the content and format of the proposed administrative

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months in implementing the Act.

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procedures. The further delays which occurred were due to a shortage of available resources within the Department, and other priorities within the Attorney-General's Department, rather than from delays in consultation between the two departments.

(ii) Division 851/D/01: Payment to or for the States -  
Acquisition of Land for Nature Conservation Purposes

106. The Committee recognises that many of the difficulties experienced by the Department in arranging these acquisitions were unexpected and beyond the Department's control. However, the Committee considers that it should have been possible to forecast that some difficulties would arise in arranging matters of such a complex nature, particularly in relation to the drafting of formal agreements with the States.

The Department of Environment, Housing and Community Development has advised that during 1975-76 agreements with all States were concluded and most of the difficulties experienced in 1974-75 have been overcome.

107. The Committee therefore reiterates the view expressed by the Tenth Committee in its One Hundred and Fifty-fourth Report that a Department should exercise greater care in the formulation of Original Estimates for new arrangements of this nature, particularly where expenditure is affected by State participation. It would appear to the Committee that in these circumstances the Department should have had regard to the availability of Additional Estimates and the Advance to the Treasurer.

DEPARTMENT OF LABOR AND IMMIGRATION

Division 300/2/06: Administrative - Administrative Expenses -  
Advertising, Publicity and Information Services

122. The Committee recognises that amalgamation of the Departments of Labour and Immigration subsequent to the formulation of Original Estimates was a significant factor in causing the underexpenditure on this item. However, the Committee is concerned that, in spite of a complete review of expenditure when Additional Estimates were prepared, the Department did not recognise or take into account two items where underexpenditure of \$130,000 could reasonably have been anticipated.

(See comment against paragraph 123)

123. The areas of saving which the Committee believes should have been recognised are the \$20,000 in relation to the Regional Employment and Development Scheme publicity where the slow rate of completion of projects was known at the time Additional Estimates were prepared and the \$110,000 not required for the Spokane Exposition. In view of the fact that this Exposition took place between May and October 1974, the Committee is at a loss to understand how the Department could have remained unaware of the resultant underexpenditure, apparently until after the Additional Estimates closed in March 1975.

The Department of Immigration and Ethnic Affairs has advised that consultation with the Department of Employment and Industrial Relations and the Director of Immigration Information, Department of Administrative Services, reveals that the underexpenditure, which was due to the cancellation of the publication of information booklets for use in the USA because of surplus stocks being available from the Exposition at Spokane, was recognised and declared by the Information Branch at the time of Additional Estimates but was overlooked when the overall departmental estimates were being prepared. The administrative disruption caused by the abolition of the then Department of Immigration, the dispersal of immigration responsibilities among seven departments and the amalgamation with the then Department of Labour were regrettably major contributing factors in this oversight.

DEPARTMENT OF THE MEDIA

Division 855/2/03: Capital Works and Services - Plant and  
Equipment - Film Australia

136. The Committee accepts the Department's explanation concerning the underexpenditure on this item. However, the Committee feels that it must express its dissatisfaction with the quality of the Department's submission which, as pointed out by the Chairman at the commencement of the hearing, lacked important detail. The Committee invites the Department's attention to the Notes Relating to Evidence that accompany requests for submissions, which clearly state that the Committee expects that:

"Written submissions and explanations should be carefully prepared and thoroughly checked for adequacy and accuracy of detail and absence of ambiguity."

The Australian Film Commission, which is now responsible for Film Australia, has advised that in any future enquiry every effort will be made to comply with the Committee's requirements in relation to the quality and content of submissions.

DEPARTMENT OF SOCIAL SECURITY

Division 948/0/07: Other Services - Grants to organisations  
providing assistance to homeless persons

153. The evidence shows that the factors causing the underexpenditure on this item were generally beyond the control of the Department and the explanations are therefore accepted.

154. In this context, the Committee finds it difficult to understand why the circumstances surrounding the decision not to proceed with the purchase of the hotel for which a grant of \$1.5m. was to be made, was not featured in the original submission from the Department. Had it been included it is very likely that the

The Department of Social Security agrees that specific reference to the particular case cited should have been made in the original submission. The comments of the Committee have been noted for the guidance of officers who may have to prepare explanatory statements in the future.

that the Department would not have been asked to appear before the Committee to explain the underexpenditure.

DEPARTMENT OF TOURISM AND RECREATION

(1) Division 555/2/04 - Administrative - Administrative Expenses - Consultant's Fees

171. The Committee is disturbed by a number of features associated with expenditure on this item. While it accepts the Department's explanations for the underexpenditure on the A.C.T. Regional Study and the Survey of Domestic Tourism and associated studies, the Committee is concerned that the National Plan for Tourism Education, for which provision was made in the Original Estimates, was ultimately undertaken by the Department in conjunction with the Department of Labor and Immigration. Our concern stems not from the fact that the Department undertook the study but from the fact that the Department of Tourism and Recreation was apparently unaware that a satisfactory study could be undertaken departmentally until after it had discovered that no suitable consultant was available. The Committee is of the opinion that the engagement of outside consultants should only be contemplated after all possible avenues within the Department and the Australian Government Public Service generally have been carefully examined.

172. The second matter of concern to the Committee is the programming of consultancy studies. The Committee believes that the Department was unduly optimistic when preparing its original estimate for this item. The Department's experience with this type of expenditure in 1973-74, the embryonic state of the Department's research program, the dependence of

The Department of Industry and Commerce has advised that the preliminary work done in preparing the research program led to a belief that a National Plan for Tourism Education was necessary and could only be undertaken by a consultant. However, as more detailed work progressed it became evident that it would be more appropriate to prepare a paper on the development and co-ordination of tourism training and education, and that this could be accomplished more satisfactorily with the help of the resources of the then Department of Labor and Immigration.

Under procedures for the engagement of consultants approved by the Government on 23 Feb 1977, departments are required to obtain the approval of the Public Service Board to proposals for new engagements or renewals of existing consultancy contracts. The procedures also require the Public Service Board to advise the Treasurer, at two monthly intervals, of approvals given by it to individual consultancy proposals anticipated to cost more than \$1,000.

The Department of Industry and Commerce accepts the Committee's view that the original estimates should have been prepared with greater caution. It points out, however, that at the outset the then Department of Tourism and Recreation lacked experience in the engagement of outside consultants. It became clear, with increasing exposure to

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of three of the programmed studies on the completion of another and the fact that projects totalling \$159,500 were not expected to commence until March 1975 or later, should have been taken into consideration when estimates were being formulated. The Committee considers that the Department would have been well advised to formulate its original estimate with greater caution and to have obtained further funds if required from the Additional Estimates.

173. Thirdly, the Committee is disturbed by the fact that projects involving expenditure of \$66,574, (or 27 per cent of the total expenditure on the item) were commissioned during the year although, from the evidence, it would appear that no provision was made in the Original Estimates for these projects. As two-thirds of these projects were commenced in the last four months of the financial year it could be suggested that the Department was attempting to match expenditure with available funds. The Committee sincerely hopes that this was not the case and would remind the Department of the comment made at paragraph 316 of its One Hundred and Fifty-fourth Report which states:

"the Committee has emphasised that it does not regard the total expenditure of available funds under a particular appropriation item as an objective to be sought without regard to other important considerations. Indeed, undue emphasis on the need to match expenditure and available funds can give rise to unnecessary and uneconomic expenditure and can result in the distortion of administrative practices."

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the work of consultants, that to ensure a satisfactory result a great deal of background work was necessary before the consultant was selected. This led to delays in putting the research program into effect. Also the consultants, once engaged, were not continuously available to carry out tasks to schedule, and it became clear that their work had to be closely monitored. This caused further delays due to staff shortages.

The then Department of Tourism and Recreation believed that it had a discretion to amend the program of consultancy studies within the limit of available funds after the Budget had been finalised. The projects referred to by the Committee were put to, and agreed to by, the Public Service Board (in one case by the Prime Minister) as appropriate consultancy studies. In view of this the Department of Industry and Commerce believes that the decision to use some of the savings arising from consultancy projects which had not been proceeded with could not be regarded merely as an attempt to match expenditure to the funds appropriated.

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174. Finally the Committee is disturbed by the failure of the Department to provide information in respect of underexpenditure totalling \$74,425. It is most unsatisfactory that knowledge of this expenditure was only gained fortuitously by the Committee when it sought supplementary information in respect of another matter. The Committee takes a serious view of the Department's failure to include details of these underexpenditures in its submission to the Committee and we would invite attention to Memorandum 66/385 of 16 October 1970 from the Secretary to the Treasury to all Permanent Heads which relates to the preparation of material and briefing of witnesses. This memorandum includes the following:

"Written submissions and explanations should be carefully prepared and thoroughly checked for adequacy and a accuracy of detail and absence of ambiguity....."

(ii) Division 555/3/06 - Administrative - Other Services - National Survey of Recreation Needs - Preliminary Study

187. From the evidence given to the Committee it would appear that, in spite of the fact that funds had first been made available for the National Survey of Recreation Needs in 1973-74, the Department had only vague plans for expenditure of the funds appropriated under this item in 1974-75. On the Department's own admission it would appear that the funds were allocated without any discussions taking place with appropriate consultants and before the Department had, through its task force, fully crystallized the aims and techniques for the study. The Committee would remind depart-

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The Department of Industry and Commerce has advised that it will ensure that future submissions are prepared in accordance with the Committee's requirements.



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ments of the principles relating to estimating contained in Treasury Direction 16/9 and in particular:

"Estimates shall not include amounts in respect of proposals which are so far from firm that it is not possible to form any real estimate of what payments, if any, will be made."

188. The Committee also registers its surprise at the existence of this appropriation item at all. The Committee is of the opinion that the major part of the expenditure should have been appropriated under Item 555/2/04 - Consultant's Fees, while the balance (that devoted to expenditure associated with the Task Force) should have been appropriated under Item 555/2/05 - Incidental and other expenditure. In this respect we would remind departments of the existence of Treasury Estimates Memorandum 1974/21 of 7 August 1974 which created the separate item "Consultant's Fees".

189. Finally, the Committee expresses its dissatisfaction with the quality of the evidence presented for this item. In addition to the obvious discrepancy in the evidence referred to above, the Committee found that many answers to questions were vague and uninformative.

The Department of Environment, Housing and Community Development has advised that it was considered that a separate appropriation for the National Survey would make it possible to show more clearly the costs of the project. The Department of Finance agrees that there was no need for a separate appropriation.

The Department of Environment, Housing and Community Development accepts the Committee's criticism and will be guided accordingly.

(iii) Division 959/0/07 - Other Services - Development of  
Tourist Attractions and Facilities - Grants

201. The Committee is of the opinion that, in view of the previous record of underexpenditure on this item, the Department was unduly optimistic in preparing its Original Estimates for 1974-75. We would, however, commend the Department on the apparent

The Department of Industry and Commerce has advised that the underexpenditure in 1974-75 was a result of unanticipated delays caused by a shortage of departmental investigational staff and the need to employ consultants to report on the viability

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caution with which it has approached this item for 1975-76 and also for the resolution of the problems experienced by some States in respect of advances.

202. The Committee wishes to express its extreme dissatisfaction with the errors of fact presented to the Committee in relation to this item. In particular, the Committee was disturbed by the revelation in a supplementary submission that figures relating to approvals for 1972-73, which were presented to the Committee at a public inquiry in October 1974, were incorrect. While the extent of the discrepancy would have no bearing on conclusions reached following that public inquiry, the Committee is surprised that the discrepancy was apparently not discovered in preparing the submission in respect of the 1974-75 expenditure on the item.

203. Again, as with our conclusions on the previous item, we would draw the Department's attention to the need for adequacy and accuracy of detail included in submissions prepared for this Committee. While the need for accuracy applies to all material submitted to the Committee, we would suggest that accuracy is even more essential where submissions are requested for the same item in consecutive years and the first submission was the subject of public inquiry. It was obvious to the Committee during the course of the public inquiry that the Departmental witnesses were not aware of the contents of previous submissions on related items.

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of many projects; these delays could not have been anticipated by the events of previous years.

The Department of Industry and Commerce accepts the Committee's criticism and will ensure that there is no recurrence and that in future witnesses are adequately briefed.

GENERAL CONCLUSIONS

204. In Chapter 1 the Committee stated that in examining expenditure from the Consolidated Revenue Fund it has sought to ascertain whether or not the general principles relating to the formulation of estimates have been adopted by the departments under examination. It has also sought to ascertain whether or not these departments have maintained efficient administration in the expenditure of funds under the items selected for public inquiry.

205. In recent years the Committee has paid particular attention to the estimates and actual expenditure of departments. As a poor standard of estimating has wide ramifications, it has not only been excess expenditure that has attracted attention, but also the over-provision of funds. In previous Reports the Committee has made it clear that such over-provisions are undesirable, misleading and perhaps unfair to other departments whose financial needs might not have been satisfied. At the same time the Committee has emphasised that it does not regard the total expenditure of available funds under a particular appropriation item as an objective to be sought without regard to other important considerations. Indeed, undue emphasis on the need to match expenditure and available funds can give rise to unnecessary and uneconomic expenditure and can result in the distortion of administrative practices. In this regard the Committee has, on previous occasions, criticised departments that have accelerated payments in order to prevent an appropriation from lapsing.

The Department of Finance fully agrees with the Committee's observations.

206. As this and previous Reports relating to expenditure from the Consolidated Revenue Fund show, there are some explanations for expenditure

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variations from the estimates which are acceptable to the Committee. These variations usually arise from unforeseeable circumstances and certain other factors which are beyond the control of the Department concerned. In this Report, however, the Committee has also found it necessary to refer to cases of unsatisfactory performance that have resulted in shortfalls in expenditure. Attention has been drawn to these inadequacies where they have arisen.

207. The Committee has found it necessary to comment adversely on the quality of written submissions and the apparent inadequacy of briefing of some witnesses. As was the case with the Committee's 154th Report, there were several instances of inaccurate and inadequate submissions tendered to the Committee during this inquiry. There were also cases where witnesses were apparently unfamiliar with the material contained in departmental submissions. The attention of departments is again directed to Memorandum 66/385 of 16 October 1970 from the Secretary to the Treasury to all Permanent Heads which relates to the preparation of material and the briefing of witnesses. The Memorandum includes the following:

"Not only has the Committee the right to expect that witnesses appearing before it are properly briefed but it is in the interests of each department and the Service generally that evidence tendered to the Joint Committee of Public Accounts is of the highest quality. Written submissions and explanations should be carefully prepared and thoroughly checked for adequacy and accuracy of detail and absence of ambiguity; officers

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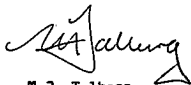
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who are to appear before the Committee to give evidence should undertake sufficient research and preparation and should be thoroughly briefed to enable them to answer, with authority, any questions which may reasonably be expected on the subject matter of the inquiry.

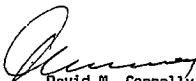
It would be appreciated if this circular could be brought to the attention of all officers of your Department who become concerned with the preparation of written material for the Committee or are required to attend in person at future hearings of the Committee and all Commonwealth authorities whose affairs come under the administration of your Minister."

208. The Committee would also draw the attention of departments to Treasury Circular 1976/10 of 11 May 1976 which sets out the Committee's requirements with regard to the preparation of submissions, the quality of evidence and the briefing of witnesses.

For and on behalf of the Committee,



M.J. Talberg,  
Secretary,  
Joint Committee of Public Accounts,  
Parliament House,  
Canberra A.C.T.  
1 November 1977



David M. Connolly  
Chairman



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