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THE AUSTRALIAN NATIONAL UNIVERSITY

FACULTY OF ECONOMICS

DEPARTMENT OF ACCOUNTING AND PUBLIC FINANCE

ANNUAL REPORT 1972

The Work of the Department

The Department undertakes research and offers both undergraduate and postgraduate courses in accounting and public finance in the Faculty of Economics. The accounting major has been designed to provide a rigorous educational preparation for entry to the accountancy profession and for careers in business management or public financial administration. The main emphasis in accounting is on accounting theory, managerial accounting and the role of accounting in relation to the public sector. Work in public finance is concerned mainly with public finance theory and with problems of resource allocation in the public sector.

Fourth-year honours programmes are offered in both accounting and public finance, and the Department also offers courses for the M.Ec. course-work degree in economic policy. The specialized interests of the Department and its location in Canberra combine to ensure a heavy demand for research scholarships at both the Master's and Ph.D. levels.

Units offered by the Department may be taken for purposes of the B.A. and B.Sc. degrees. Graduates who have completed the B.Ec. degree with an approved major in accounting, Accounting Control and the two units of Company Law and Taxation offered by the Faculty of Law are eligible for admission to membership of the Australian Society of Accountants. Graduates who have completed an approved course are also eligible to seek admission to the Institute of Chartered Accountants in Australia by completing the Institute's Professional Year and obtaining the necessary professional experience.

New Developments

A new third-year semester unit in Accounting Control was introduced in 1972.

A proposal by the Department for a four-year degree in Accounting has been approved by the Faculty of Economics and is currently under consideration by the Board of the School of General Studies and the University Council.

At the invitation of the Commonwealth Government, the University agreed early in 1972 to establish an independent research unit to be known as the Centre for Research on Federal Financial Relations. It is intended that the Centre, which is attached to the Department of Accounting and Public Finance and is directed by the Head of the Department (Professor R.L. Mathews), will undertake research into all aspects of intergovernmental financial relationships, provide opportunities for post-graduate study in this field and publish the results of its research. The work of the Centre is being financed by the Commonwealth Government and planned in consultation with a Research Advisory Committee headed by the present Vice-Chancellor (Professor Sir John Crawford), but the Centre will operate as an integral part of the University.

Undergraduate Courses

In 1972, the following undergraduate courses were offered by the Department:

Full-year Courses -

Accounting I	The elements of accounting.
Accounting II	Managerial accounting and business organization.

Semester Courses -

Public Authority Accounting
National Economic Accounting
Financial Accounting Theory
Company Finance
Accounting Control
Welfare and Taxation
Expenditure and Fiscal Institutions

Honours Courses -

Accounting IV	Accounting Theory. Accounting Information and Behavioral Theory.
Public Finance	Public Finance Theory. Public Expenditure Policy. National Accounting Systems.

Undergraduate Enrolments and Examinations

Excluding final honours students (5) and masters qualifying students (3), undergraduate unit enrolments in 1972 (giving enrolments in semester courses a weight of ½) were 351, an increase of 4 per cent over the 1971 figure.

The failure rate in Accounting I was about the same as in 1971 (30 per cent of those sitting for the final examination). Of those originally enrolled, the combined failure and wastage rate was also about the same as in 1971 (47 per cent). There were relatively few failures in second- and third-year units.

Teaching and examining arrangements have been kept under review by the Department. In Accounting I, determined attempts were made to improve the quality of teaching and the performance of students. Tutorial classes were organized as discussion classes and all students were invited to attend practice classes of two hours every second week. Students' and teachers' manuals were also prepared by members of staff to facilitate the use of the main text, The Accounting Framework. As a result of these actions there was a significant improvement in the overall performance of most students.

Of five students completing the final honours courses of Accounting IV or Public Finance IV, two were awarded first class honours and three second class honours (division B).

Student Participation

Regular staff-student meetings were held during the year. Student attendance was significantly higher than in earlier years.

Postgraduate Students

Two students were awarded the M.Ec. degree in 1972, Anan Lewchalermwong for his thesis on Taxation and Tax Reforms in Thailand and A.S. Minchin for his thesis on Investment Allowances for Australian Manufacturers.

Staff member J.Y. Henderson was awarded the Ph.D. degree by the University of California, Berkeley for his thesis on National Balance Sheets. In addition to six students enrolled in the M.Ec. course and three in the masters qualifying course, four students worked on their M.Ec. theses during the year.

Staff List

Professor and Head of Department -
R.L. Mathews, B.Com. (Melb.)

Readers
W.R.C. Jay, B.A., B.Com. (Q'ld.)
P.E.M. Standish, B.A., B.Ec. (Syd.)

Senior Lecturer -
J.Y. Henderson, B.Ec. (Adel.) Ph.D. (Calif.)

Lecturers -
H.G. Brennan, B.Ec. (on study leave until 24 June, 1972)
J.K. Henderson, B.A. (Macq.)

Senior Tutor -
I.G. Tilley, B.Com. (Q'ld.)

Tutors -
P.B. Jubb, B.A. (Oxon.) (from 21 January, 1972)
D.N. Rolfe, B.Ec. (N.E.) (from 14 February, 1972)

Staff Movements and Appointments

Mr P.E.M. Standish was promoted to Reader during the year.

During his study leave, Mr H.G. Brennan held a Visiting Research Fellowship at Dalhousie University, Halifax, Nova Scotia and visited other universities and research organizations in Canada, the U.S.A. and the U.K.

Dr J.Y. Henderson was appointed to the senior lectureship which became vacant following the resignation of Professor R. Ma.

Mr P.B. Jubb and Mr D.N. Rolfe joined the Department as tutors at the beginning of the year, and in July Mr R.G. Bird, Lecturer in Accounting at Macquarie University, was appointed to a vacant lectureship which he will take up early in 1973.

The Department is indebted to: Professor G.G. Meredith, Professor of Accounting and Financial Management at the University of New England, for conducting the course on Company Finance as a part-time lecturer while on study leave in Canberra, and to Mr P.F. Fargher and Mr E.C. Bloomfield for assisting him; to Dr D. Beattie for his work as a part-time lecturer in Expenditure and Fiscal Institutions; and to Mr R.S. Beggs and Mr M.N. Woolley for their work as tutors in Accounting I and Public Authority Accounting respectively.

Visitors

Professor M.N. Greenball, Professor of Accounting at the Ohio State University worked in the Department as a Faculty Visitor during third term; in addition to his participation in staff seminars he conducted honours classes in Accounting Control and Financial Accounting Theory.

Professor A.J. Robinson, Professor of Economics at York University, Toronto, spent about six weeks in the Department, working on problems of urban development under a grant from the Canada Council.

The Department also had several short visits from overseas academic accountants who were on visiting appointments in other Australian Universities or in the Australian Accountancy Research Foundation, or who were visiting Australia for the 10th International Congress of Accountants, held in Sydney during October, 1972. These visitors, who nearly all gave seminar papers while in Canberra, included Professor G.J. Staubus (University of California, Berkeley), Professor S.A. Zeff (Tulane University, New Orleans), Professor R.J. Winston (Governors State University, Illinois), Mr B.G. Harrison (University of Aston, Birmingham), Professor N.M. Bedford (University of Illinois), Professor G.G. Mueller (University of Washington),

Mr D.A. Shand (Victoria University of Wellington), Professor R.S. Wasley (University of Colorado), Dean S.P. Garner (University of Alabama) and Professor A.B. Carson (University of California, Los Angeles). Public finance visitors included Professor C. Uhr (University of California, Riverside).

Research

The major research development affecting the Department has been the establishment of the Centre for Research on Federal Financial Relations (see above). The main research work carried out by members of the Department in 1972 was concerned with: public expenditure theory (Brennan); resource allocation in the public sector (Mathews); cost-benefit analysis applied to roads (Jay, Hodges); road finance (Mathews, Jay); planning, programming, budgeting systems (Jay); defence economics (Van Gelder); economics of education (Brennan, Mathews); taxation theory and policy (Mathews, Stock); intergovernmental fiscal relations (Jay, Mathews, Ingevics); national accounting systems (Jay, Roberts, J.Y. Henderson); income measurement theory (Standish); accounting control systems (J.K. Henderson); behavioural aspects of accounting (Tilley); methodology in accounting theory (Tilley); company finance (Standish, Bird).

Other Activities

Professor Mathews continued to advise a number of Pacific countries (Tonga, Cook Islands and Papua New Guinea) on their taxation systems. He also agreed to serve as an assessor to the Academic Salaries Enquiry being conducted for the Commonwealth Government by Mr Justice Campbell, and in December, 1972 he was appointed to the Commonwealth Grants Commission. Professor Mathews resigned during the year from the Council of the Canberra College of Advanced Education and the Australian Accountancy Research Foundation, on which he had served since their inception, but was elected to the A.C.T. Divisional Council of the Australian Society of Accountants.

Mr Jay and Professor Mathews served as consultants to the Commonwealth Bureau of Roads in developing measures of fiscal effort and fiscal capacity for purposes of road finance.

Public Lectures and Conference Papers

Brennan, H.G.

Dalhousie University Public Lecture.	"The Performing Arts: An Economist's Diagnosis"
Toronto University Public Lecture.	"Pareto Optimal Redistribution Revisited"

Brennan, H.G. (Contd)

Public Choice Society Conference, Pittsburgh	"Pareto Desirable Redistribution :The Case of Malice and Envy"
Public Service Board Training Conference	"The Economics of Social Welfare" "Commonwealth-State Financial Relations"

Henderson, J.K.

Institute of Chartered Accountants in Australia, Public Lecture	"Mathematics for Accountants"
Institute of Chartered Accountants in Australia, Qualifying Year Seminar	"Mathematics for Accountants"

Jay, W.R.C.

R.A.A.F. Staff College	"The Budget and the Economy"
Australian Services Staff College Joint Services Wing	"The Budget"
Continuing Education Class on Economic Theory and Practice	"Australian Fiscal and Public Policies"

Mathews, R.L.

Australian College of Education, Western Australian Chapter	"Patterns of Educational Finance"
Australian Regional Groups of the Royal Institute of Public Administration	"The Future of Government Finance (with Special Reference to Intergovernmental Financial Relations)"

Regular departmental seminars were conducted during the year, to which members of the Accounting Division of the Canberra College of Advanced Education were invited.

Several members of the Department participated in the 10th International Congress of Accountants and the 3rd International Conference on Accounting Education, both of which were held in Sydney in October.

Publications

The Department commenced publication of a monograph series, the first issue of which was devoted to the study on Program Budgeting and Higher Education which Professor James Cutt completed while visiting the Department in 1970. The publications of individual staff members were as follows:-

Bird, R.G.** and Peirson, C.G.≠
Business Finance, McGraw-Hill, Sydney, 1972, pp.338 + vii.

Brennan, H.G.
"Horizontal Equity: An Extension", Public Finance, Vol. XXVI, No.3, June 1971, pp.437-56.
"Pareto Optimal Redistribution: The Non-Altruistic Dimension", Public Choice, Vol. XII, Fall 1973.
"Second-best Aspects of Horizontal Equity Questions", Public Finance, Vol. XXVII, No.2, 1972.
"Pareto Desirable Redistribution: The case of Malice and Envy", Public Economics, Vol.1, No.4, December 1972.

Cutt, J.≠
Program Budgeting and Higher Education,***Department of Accounting and Public Finance, Public Finance Monograph No.1, Australian National University, Canberra, 1972, pp. 144 + vii.

Fargher, P.F.
"A Final Word on the Theory of Dividend Policy", Australian Accountant, July 1972, Vol.42, No.6, pp.257-259.

Henderson, J.Y.
"The Possible Uses and Scope of a National Balance Sheet for Australia", Economic Record, Vol. 48, No. 123, September 1972, pp. 340-356.

Mathews, R.L. and Jay, W.R.C.
Federal Finance: Intergovernmental Financial Relations in Australia since Federation, Nelson, Melbourne, 1972, pp. 370 + xiv.
Measures of State Fiscal Effort and Fiscal Capacity in Relation to Australian State Road Finance, Report to the Commonwealth Bureau of Roads, November, 1972, pp. 68 + v (mimeo).

Mathews, R.L. Buckley, J.W.≠ and Kircher, P.≠
"Methodology in Accounting Theory", reprinted in Accounting Concepts: Readings, (C.J. Gibson, G.G. Meredith and R. Peterson Eds.), Cassell,North Melbourne, 1972, pp. 68-79.

Mathews, R.L.
"The Role of Colleges of Advanced Education",A.A.U.T.A. News Bulletin, Vol. 12, No.2, April 1972, pp. 4-7.
"Income, Price Changes and the Valuation Controversy in Accounting", reprinted in Accounting Perspectives (B.T. Colditz and R.W. Gibbons Eds.),McGraw-Hill, Sydney, 1972, pp. 157-163.

** Based on work done prior to joining this University.
*** Based on work done while a Visiting Research Worker.
≠ Not a member of this University.

Mathews, R.L. (Contd)

"Financing Higher Education", in Australian Higher Education (G.S. Harman and C. Selby Smith Eds.), Angus and Robertson, Sydney, 1972, pp.73-105.

"The Growth of the Public Sector in Australia", reprinted in The Public Sector (J. Dixon Ed.), Pelican, Melbourne, 1972, pp.34-41.

"Horizontal Balance in the Australian Federation: The Reduction of Inequalities", The Public Sector (J. Dixon Ed.), Pelican, Melbourne, 1972, pp.314-339.

"National Planning and Inter-Governmental Relations: Commonwealth Grants to the States", reprinted in The Australian Economy: A Second Volume of Readings (H.W. Arndt and A.H. Boxer Eds.), Cheshire, Melbourne, 1972, pp.307-337.

"Finance for Education", reprinted in The Australian Economy: A Second Volume of Readings (H.W. Arndt and A.H. Boxer Eds.), Cheshire, Melbourne, 1972, pp.487-511.

Review of Tonga's Tax System, United Nations Development Advisory Team, Suva, 1972, pp.72 + x (mimeo.).

Taxation in the Cook Islands, United Nations Development Advisory Team, Suva, 1972, pp.85.

Standish, P.E.M.

"Company Financial Reporting - Communication or Mystification?", reprinted in Accounting Perspectives, (B.T. Colditz and R.W. Gibbons Eds.), McGraw Hill, Sydney, pp.174-180.

Tilley, I.

"Accounting as a Scientific Endeavour", Accounting and Business Research, No.8, Autumn 1972, pp.287-297.

THE AUSTRALIAN NATIONAL UNIVERSITY

DEPARTMENT OF ACCOUNTING AND PUBLIC FINANCE - ANALYSIS OF STUDENT PERFORMANCE

1 Subject or unit	2 Enrolled as at 16.4.71		Percentage of Number Enrolled						Percentage of Number Sitting											
			3 Sitting		4 Wastage (i.e. 2 - 3)		5 Failure		6 Sitting		7 High Dist.		8 Dist.		9 Credit		10 Pass with Merit		11 Pass		12 Fail	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Accounting I	164	100	124	76	40	24	37	23	124	100	1	1	3	2	13	11	0	0	70	57	37	30
Accounting II	62	100	62	100	0	0	4	7	62	100	2	3	3	5	0	0	16	26	37	60	4	7
Company Finance	53	100	52	98	1	2	0	0	52	100	2	4	1	2	2	4	29	56	18	35	0	0
Financial Accounting Theory**	44	100	41	93	6	14	2	5	41	100	0	0	1	2	3	7	0	0	35	85	2	5
Accounting Control**	51	100	47	92	4	8	2	4	47	100	0	0	1	2	0	0	12	26	32	68	2	4
Public Authority Accounting	34	100	32	94	2	6	0	0	32	100	2	6	2	6	2	6	4	13	22	69	0	0
National Economic Accounting**	24	100	22	92	2	8	2	8	22	100	1	5	2	9	1	5	4	18	12	55	2	9
Expenditure & Fiscal Institutions	21	100	20	95	1	5	2	10	20	100	0	0	1	5	1	5	0	0	16	80	2	10
Welfare & Taxation**	24	100	23	96	1	4	6	25	23	100	0	0	3	13	0	0	3	13	11	48	6	26

	Enrolled	Completing 1971	Results
Accounting IV (Honours)	2	2	1 H1, 1 H2B
Public Finance IV	4	3	1 H1, 2 H2B
Masters Qualifying	3	2	One permitted to proceed to M.Ec.
Masters by Thesis	5	-	
Masters by Course Work: Public Expenditure Policy	6	6	2 HD, 3 DA, 1 DB
Ph.D*	2	-	

* 2 staff candidates

** Second semester enrolments