

Public Accounts Committee
Parliament of New South Wales

Annual Report
Year ended 30 June
1986

The Public Accounts Committee

Annual Report Year Ended 30 June, 1986

The New South Wales Public Accounts Committee is composed of five members of the Legislative Assembly of the New South Wales Parliament. Its functions are defined in the Public Finance and Audit Act and its role generally is to serve as a Parliamentary watchdog of government expenditure to ensure that government organisations are implementing government policy as efficiently and effectively as possible.

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Members of the Public Accounts Committee

The members of the Public Accounts Committee of the Forty-Eighth Parliament were:

Mr John Murray, M.P., Chairman*

John Murray, formerly a teacher, was elected Member for Drummoyne in April, 1982. An Alderman on Drummoyne Council for three terms, John Murray was Mayor of the Council for five years and served four years as Councillor on Sydney County Council. He was a member of the

- Prostitution Committee and currently serves on the Parliamentary Amenities Committee and the House Committee.

Dr Andrew Refshauge, M.P., Vice-

Chairman** Andrew Refshauge was elected as Member for Marrickville in October, 1983. He previously practised as a Medical Practitioner with the Aboriginal Medical Service and was a past President of the Doctors' Reform Society. He is currently a fellow of the Senate of the University of Sydney.

Mr Colin Fisher, M.P.

Colin Fisher was elected Member for Upper Hunter in February, 1970. Former Minister for Local Government (1975) and Minister for Lands and Forests (1976), in opposition Colin Fisher has served as National Party Spokesman on Local Government, on Planning and Environment, and on Energy.

Mr Phillip Smiles, M.P.

Phillip Smiles was elected Member for Mosman in March, 1984. A management and marketing consultant since 1974, Phillip Smiles has been involved with entrepreneurial business activities since

his teens. Since entering Parliament he has been actively interested in the areas of small business, emergency services, welfare and financial analysis.

Mr Allan Walsh, M.P.***

Allan Walsh was elected Member for Maitland in September, 1981. Following eight years as a Mirage Fighter pilot with the R.A.A.F., he was involved in business management. Allan Walsh has also taught industrial relations, management and history at technical colleges.

The Committee at present consists of three members of the Labor Party, and one member each from the Liberal and National Parties. The Committee Members cease to hold office when the Legislative Assembly is dissolved, and a new Committee is appointed when a new Parliament has commenced.

Ministers of the Crown and Parliamentary Secretaries are not eligible for appointment to the Committee.

* Mr John Aquilina was Chairman of the Committee until he was appointed Minister for Natural Resources on 5 February, 1986. Mr John Murray was elected Chairman on 20 February, 1986.

** Dr Refshauge was elected Vice-Chairman on 20 February, 1986.

*** Mr Walsh was appointed to the Committee on 20 February, 1986.



Committee Members. From left: Andrew Refshauge (Vice-Chairman), Phillip Smiles, Colin Fisher, John Murray (Chairman), Allan Walsh

Highlights of The Year

1985	4 July	Report tabled on Macarthur Growth Area
	9 July	Report tabled on Statutory Funds of the Department of Environment and Planning
	29 July	Report tabled on Land Commission of NSW
1986	25 September	Annual Report 1984-85 tabled
	20 February	Mr John Murray elected Chairman of the Public Accounts Committee, Dr Andrew Refshauge elected Vice-Chairman
and		Mr Allan Walsh appointed to the Committee
	7 March	Report tabled on Year-End Spending
	7 April	Follow-up Report tabled on NSW Public Hospital System
	1 May	Report tabled on Recommended Changes to the Public
Accounts	30 May	Report tabled on Proposed Annual Reporting Regulations for Departments
	27 June	Follow-up Report tabled on Overtime Payments to Corrective Services Officers
	27 June	Regulations Accompanying Annual Reports (Department) Act and Public Finance & Audit Act gazetted

Chairman's Review



John Murray, Chairman

Three years after the Committee produced its Seventh Report on the reporting requirements of statutory authorities there have been massive changes to annual reporting in the public sector:

- there is an annual reporting act covering annual reporting in the hundreds of New South Wales statutory authorities;
- there is an annual reporting act covering annual reporting by government departments;
- there are extensive regulations covering annual reporting in both statutory authorities and government departments;
- the form and content of annual reports has greatly improved.

It is on this note that the Committee is proudly able to report a very successful year for 1985-86.

There are many other examples of the Committee's success. One such example is the effect of the Committee's original inquiry in 1983 into the level of overtime

payments to Corrective Services officers. In its follow-up report, completed during 1985-86 the Committee found that in the three years since the original inquiry, savings on overtime payments amounted to at least \$18.9 million, a very significant saving to the taxpayer.

The effect of the Committee's inquiry into overtime payments to prison officers underscores not only the success of the Committee's work, but also the impact of heightened public accountability. There is no doubt that public sector efficiency improvements are now occurring at an unprecedented pace.

During 1985-86 the Committee tabled nine reports. I believe this has been a year of considerable achievement. The Committee has broken new ground, with inquiries into year-end spending and the recently released report on the collection of parking and traffic fines.

The coming year will see the Committee concentrating on specific organisations such as the Builders Licensing Board, whilst still carrying out its traditional watchdog role. The Committee is also exploring the possibility of a joint inquiry with a counterpart committee of the Commonwealth Parliament. Such an inquiry would again break new ground.

I note that the Committee has received co-operation from all government agencies and officials in the course of its work during 1985-86 and for this I thank all concerned. The Committee's work has again been sustained by its high calibre staff. A number of secondees from the Auditor-General's Office and State Treasury, and outside advisors have supplemented the Secretariat. On behalf of the Committee I would like to express our appreciation to all staff for their efficient and highly competent assistance during the year.

John Murray, M.P., Chairman

Objectives

The Public Accounts Committee has the overall objective of promoting value for money in the public sector and greater public accountability to the Parliament and to the public.

Consistent with this overall objective, the legislative functions of the Committee allow it to pursue the following broad objectives:

- to increase the efficiency and effectiveness with which government policy is implemented;
- to increase the public sector's awareness of the need to be efficient and effective, and accountable for its operations;
- to increase the awareness and understanding of Parliamentarians and members of the public of the financial and related operations of government.

Plans for 1986-87

The Committee's specific objectives for the 1986-87 year are:

- to complete the inquiry into the operations of the Builders Licensing Board;
- to complete the follow-up inquiry into the Committee's 1982 report on the

level of overtime payments to Police Officers;

- to complete reviews of the State Cancer Council, the Harness Racing Authority and the Sydney Opera House Trust;
- to conduct a follow-up inquiry of the 1983 report into the operations of the Grain Sorghum Marketing Board;
- to conduct an inquiry into aspects of Government funding of community groups;
- to inquire and report on any matter related to the accounts referred to the Committee by the Legislative Assembly, a Minister or the Auditor-General;
- to examine the anomalies and deficiencies highlighted by the Auditor-General in his 1985-86 Report;
- to examine payments in 1985-86 made in accordance with section 22 of the Public Finance and Audit Act 1983;
- to hold the Biennial Conference of Public Accounts Committees, to be attended by similar Committees in other Australian and overseas parliaments.

Charter and Procedures

The Public Accounts Committee is a Committee of the Legislative Assembly of the New South Wales Parliament, established to exercise Parliament's review powers over the efficiency and effectiveness of the public sector.

As such the Committee plays a vital role in our democratic system, for just as members of Parliament, as representatives of the people, are responsible to the public, so governments and their bureaucracies are responsible to Parliament.

The importance of this role has been recognised in recent years as government expenditure has increased, and demands on government for services have grown. Concomitant with these developments has been a growing public concern with insuring that the taxpayer is receiving value for money in relation to the expanded public sector.

Legislation

In recognition of these trends the N.S.W. Public Accounts Committee, originally established by the Audit Act 1902, received additional powers under the Audit (Public Accounts Committee) Amendment Act 1982. The latter legislation was replaced by the Public Finance and Audit Act 1983, which came into force on 6 January 1984 (Appendix 1).

Under the Public Finance and Audit Act 1983 the Committee is empowered:

- to examine the Public Accounts;
- to examine the accounts of Statutory Authorities;
- to examine the Auditor General's Report and related documents;
- to report to the Legislative Assembly upon any items in or circumstances connected with these accounts, reports or documents;
- to report to the Assembly on any alteration the Committee thinks desirable in the form of the accounts, or in the method of keeping accounts, or the receipt, expenditure or control of money;
- to inquire into and report to the Assembly on questions relating to the accounts referred to it by the Legislative Assembly, a Minister or the Auditor-General;
- to inquire into and report on any over-expenditure by Ministers.

The Committee is precluded by the Public Finance and Audit Act 1983 from inquiring into Government policy. However, while the Committee does not seek to question the adequacy of Government policy, it must inform itself about the nature of Government policy in order to determine whether policy is being adequately implemented.

The Committee therefore may question witnesses on matters relating to the implementation of Government policy, such as management decisions made by a departmental official administering policy. The Committee also considers that a necessary part of its functions is to inquire into present administrative policies and practices in addition to past accounts. A brief history of the evolution of the Public Accounts Committee is contained in Appendix 2.

Procedures

Public Accounts Committee inquiries may result from a reference from a Minister, the Auditor-General or the Legislative Assembly, or may be initiated by the Committee itself. Inquiries initiated by the Committee usually result from matters raised in the Auditor-General's Report or information received from members of the public.

Inquiries Arising from a Reference

Specific references from a Minister, the Legislative Assembly or the Auditor-General are an important source of Committee inquiries. In these inquiries, once terms of reference are established, advertisements are placed in the press informing the public of the inquiry and seeking submissions from interested parties.

If relevant, letters or questionnaires may be written to Government organisations or private bodies seeking information or submissions.

Answers received and submissions tendered are studied by the Committee. Organisations and interested parties may then be called to give evidence at a public hearing.

The Committee finds inspections particularly useful in getting a first hand view of an organisation. During 1984-5 some of the inspections carried out by the Committee were:

Maitland, Parklea and Cessnock gaols; Homebush Abattoir; Police computer facilities, Parramatta; Newcastle, Chariestown, Hornsby and North Sydney Police Stations; and the Builders Licensing Board, St Leonards and Hornsby offices. Following the collection of all necessary information, a report is drafted and

considered by the Committee in private meetings.

Of the twenty-four reports which the Committee tabled to 30 June, 1986, four arose from references from a Minister, five from references from the Treasurer and three from references from the Auditor-General. The table following summarises the source of Committee inquiries.

Source of Committee Inquiries Reports to 30 June, 1986		Reference from			
Report No	a Report	Auditor Minister	Initiated Treasurer	General	by P.A.C.
1	Expenditure Without Parliamentary Sanction				A*
2	Over-expenditure in Health Funding to Hospitals	*			
3	Public Accountability in Public Hospitals	*			
4	Expenditure without Parliamentary Sanction				A*
5	Overtime Payments to Police			*	
6	Overtime Payments to Corrective Services Officers			*	
7	Accountability of Statutory Authorities		*		
8	Grain Sorghum Marketing Board	*			
9	Matters examined in relation to Auditor-General's Report 1981-2				A*
10	Superannuation Liabilities of Statutory Authorities		.		.
11	Annual Report 1983-4				.
12	Matters examined in relation to Auditor-General's Report 1982-3				
13	Proposed Regulations to Annual Reports (Statutory Bodies) Act and Public Finance and Audit Act		*		A*
14	Investment Practices in NSW Statutory Authorities				*
15	Performance Review Practices				.
16	Brief Review of Macarthur Growth Area				A*
17	Brief Review of Statutory Funds of Department of Environment and Planning				A*
18	Brief Review of Land Commission of NSW				A*
19	Annual Report 1984-5				.
20	Report on Year-End Spending				A*
21	Follow-up Report on Inquiries into NSW Public Hospital System	F*			
22	Report on Recommended Changes to Public Accounts		.		
23	Proposed Regulations Accompanying the Annual Reports (Departments) Act 1985		*		
24	Follow-up Report on Overtime Payments to Corrective Services Officers			*F	
	TOTAL	4	5	3	12

Matters raised in Auditor General's Report.

F -- Follow-up inquiries initiated by the Committee, but original inquiries referred by Minister or Auditor-General

Examination of the Auditor-General's Report

The Committee examines the Auditor-General's Report for anomalies or deficiencies revealed by the Auditor-General or noted from the Report by Committee members.

Matters which the Committee considers warrant further action are identified. The Chairman then writes to the organisations seeking response to the concerns raised by the Auditor-General or the Committee. On receiving responses, the Committee may decide that some matters require no further action or no action at present.

For other matters the Committee may consider that further evidence and investigation are needed. In these cases public hearings are held, after which the Committee decides on the form in which it will report the matter to Parliament. In some cases, such as the Committee's inquiries into the Land Commission of N.S.W., Statutory Funds of the Department of Environment & Planning and the Macarthur Growth Area, separate reports may be produced.

The Inquiry Process

TIME OF MEETING

The Committee is limited to meeting when the Legislative Assembly is not sitting, unless express leave is given by the Assembly to meet on sitting days.

POWER TO CALL WITNESSES

Witnesses may be summoned to give evidence before the Committee by an order of the Committee signed by the Chairman. In practice, witnesses are notified by telephone of the time, place and subject matter of the hearing, and the summons is handed to them before the hearing.

The Committee has thus far had the fullest co-operation of public officials in attending its hearings. It has never yet had to exercise its powers to compel a witness to attend through the issue of a warrant under the Parliamentary Evidence Act.

PUBLIC HEARINGS

Before giving evidence, witnesses are required to take an oath or to make an affirmation. The Committee has found that taking oral evidence is often an effective way of reaching a full understanding of issues before it. Not only can the Committee immediately pursue gaps in

information, inconsistencies or misunderstandings, but public officials have an opportunity to fully explain their administration of government policies.

While written submissions are useful, they often raise further questions which are best explored through the exchanges possible in hearings. The transcripts of evidence are used as a basis for further inquiry and provide a useful reference for report writing.

Through public hearings, which are regularly attended by members of the media, the Committee aims to ensure that its activities are as open and public as possible and to encourage participation and consultation.

In seeking full information from public officials, the Committee is sympathetic to answers which reveal deficiencies yet also show commitment and a strategy to overcome problems.

Indeed, the Public Finance and Audit Act provides, that with some exceptions, the Committee must take all evidence in public. If the Committee, however, considers that evidence relates to a secret or confidential matter the Committee may decide to take evidence in private.

Alternatively, if a witness requests to give evidence in private, and the Committee agrees that this evidence relates to a secret or confidential matter, the request is granted. Secret or confidential evidence usually relates to aspects of those organisations which compete with the private sector on a commercial basis.

Similarly a document may be treated as confidential. Secret or confidential evidence taken in private at the request of a witness is not to be disclosed or published without the written consent of the witness. Otherwise, evidence taken in private can only be disclosed with the authority of the Committee.

The Committee clearly prefers to hold public hearings and only rarely has it been considered necessary to protect confidentiality by holding private hearings. The Committee may however withhold the private addresses of witnesses from published records.

The Committee meets in closed session when it receives briefings, deliberates or reviews draft reports. A summary of the Committee's meetings during 1985-6 is attached Appendix 3.

Report on Performance 1 1985-86

In its annual report for the year ended 30 June 1985 the Committee identified a number of broad objectives and a number of specific plans or goals for 1985-86.

Achievement of Broad Objectives

The Committee's overall objective of increasing public sector value for money and accountability is expressed in terms of three subsidiary objectives. The Committee is unable to measure all three objectives in precise quantitative terms, although some qualitative evidence is available. In this regard the Committee's follow-up inquiries are helpful as they assess the effectiveness of prior inquiries. The Committee also relies on comments by external parties as an indicator of performance.

Achievement of each of the broad objectives is now examined in turn.

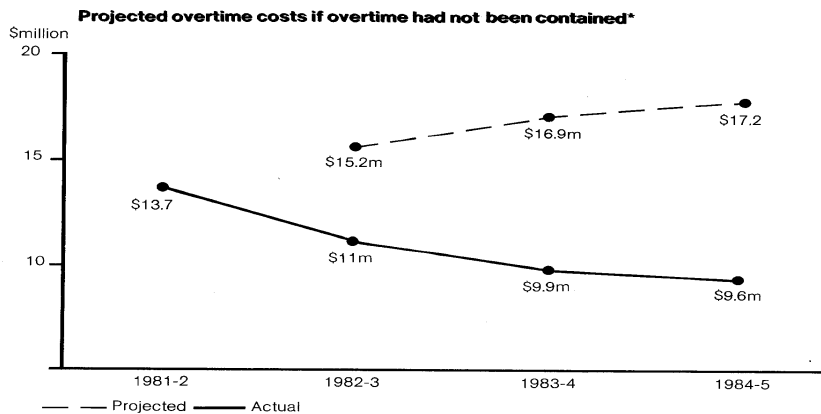
To increase the efficiency and effectiveness with which government policy is implemented

The Committee believes it has been spectacularly successful in this area. Evidence is provided below.

1. In 1982 the Committee received a reference from the Auditor-General to inquire into, and report on, the level of overtime payments to Corrective Services Officers. In its follow-up inquiry the Committee found that:

"Its investigation of overtime and subsequent action by the Department have resulted in a minimum saving of \$18.9 million in overtime payments during the last three years, during a period when the staff: prisoner ratio remained relatively constant."

The effect of the Committee's inquiry is demonstrated in the graph below:



* Assumes 1981-2 level of overtime based on figures supplied by the Department.

2. In 1982 the Committee received a reference from the Auditor-General to inquire into, and report on, the level of overtime payments to Police Officers. During 1985-86 the Committee commenced a follow-up inquiry to assess the effect of the prior inquiry.

Preliminary figures show that hours of overtime worked by police decreased from 903,000 in 1980-81 (prior to the Committee's

inquiry) to 680,937 in 1984-85 (after the Committee's inquiry), a reduction of

222,063

hours. The dollar value of this reduction has not yet been ascertained.

3. In April 1986 the Committee tabled its follow-up report on its 1982 inquiries into the hospital system.

The Government subsequently launched its Health 2000 program which contained many of the Committee's recommendations. The brochure outlining the program contained seven separate references to the Committee's work.

4. The editorial in the Sydney Morning Herald of

11 July, 1985 stated:

"The Wran Government has had until now

an excellent record of financial reform. The resuscitation of the Public Accounts Committee, ... bears testimony to this."

5. Comments made about the N.S.W. PAC at the Biennial Conference of Public Accounts Committees in Adelaide in July 1985. The Committee was described by delegates as the leading committee in Australia. Some specific comments on the Chairman's paper included:

Mr D. Hayward, M.P. (Deputy Chairman,

Victorian EBRC):

"First, I would like to congratulate you (Mr Aquilina, Chairman, N.S.W. PAC) on what I think is a most excellent and important paper..."

The Hon. Mr Justice E. Else-Mitchell C.M. (Chairman, Commonwealth Grants Commission):

"I join with the other speakers and commend the New South Wales Committee for the work that it is doing

...

6. The editorial in the Financial Review of 17th

September, 1985 stated:

"The N.S.W. Public Accounts Committee, widely regarded as one of the more innovative and effective in Australia, is conducting an inquiry into follow-up action on its past reports."

7. The following comment appeared in Column

8, Sydney Morning Herald of 27th September, 1985:

"The annual report of the NSW Public Accounts Committee, the parliamentary watchdog on government spending, was tabled in State Parliament this week. The Committee aims to ensure that government money is spent efficiently, and it appears to practise what it preaches. The committee's budget for the year ended June 1985 was \$273, 000 -- but it spent only \$258,901."

8. On the John Laws Program on 12th March, 1986, Mr George Paciullo, Minister for Police, commented on the Committee's report into Year-End Spending by Government Departments. He stated:

"... the Government put it (the PAC) there for the very purpose of ensuring that there wasn't any spending for spending's sake and I think it is doing a very valuable job."

9. Commenting on the Committee's report on the Collection of Parking and Traffic Fines on 2 July, 1986, the Commissioner of the Department of Motor Transport writes:

"First of all let me say that the draft report clearly represents a lot of earnest effort by the Committee and its supporting secretariat and it will do much towards clarifying the issues involved with improving the processes of fine collection. I have no doubt that it will be seen as a significant contribution to and a springboard for the next assault on the fine collection problem."

10. The editorial in the Australian of 24 July, 1986 headed "Parking Fine Follies" came out in support of the Committee's recommendations in its Parking and Traffic Fine Report, commenting:

"There must be a better way. . . Our hard-stretched police should not have to

waste their time on the triviality of serving warrants for parking offenders. There are, no doubt, practical problems with a system whereby fine defaulters automatically lose either their driver's licence or vehicle registration. None the less, the NSW Government should investigate these and other alternatives as a matter of priority with a view to reforming an inefficient and unproductive system."

To increase public sector's awareness of the need to be efficient and effective, and accountable for its operations

The Committee's work has enhanced public sector awareness. This is demonstrated by:

1. Discussion of the role of the P.A.C. and issues of concern to it at public sector conferences and seminars during 1985-86. For example, the Chairman of the Committee presented papers to four seminars and conferences during the year.
2. The enactment of the Annual Reporting (Government Departments) Act and gazettal of the accompanying regulations during 1985-86 has dramatically increased public sector awareness of the need for greater accountability. These Government initiatives, strongly supported by the Committee, arose in part from the Committee's inquiry into annual reporting by statutory bodies in 1983.
3. Frequent comments about the Committee's work in the media. It is well known that these are read by senior departmental officers. The Government Officers Magazine too has reported on the Committee's activities. The increased awareness amongst public servants is demonstrated by the Magazine's comment in September, 1985 which stated:

"Up to 3 years ago the NSW Public Accounts Committee (PAC) was virtually dead and buried. But like Lazarus it somehow got a second wind. Now it is trying to bring life and efficiency to the PS."

To increase the awareness and understanding of Parliamentarians and members of the public of the financial and related operations of government.

1. The Public Accounts Committee is without question a vehicle for public disclosure of the financial affairs of Government and by its nature attracts the attention of members of Parliament other than its own members. For example, during the current inquiry into the operations of the Builders Licensing Board the Committee has received 23 submissions from Members of Parliament.
2. Typical of the Committee's work in addressing and exposing new issues for public and parliamentary attention was the Committee's report on Year-end Spending by Government Departments. Commenting on this report on the John Tingle Program on 12th March, 1986 Ross Gittins, Economics Editor of the Sydney Morning Herald said:

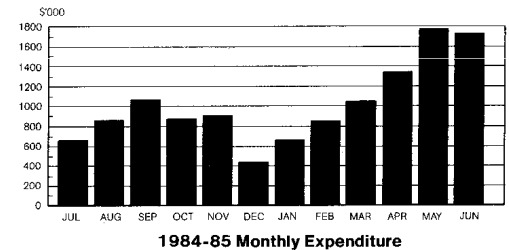
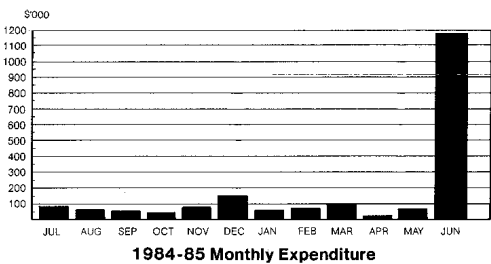
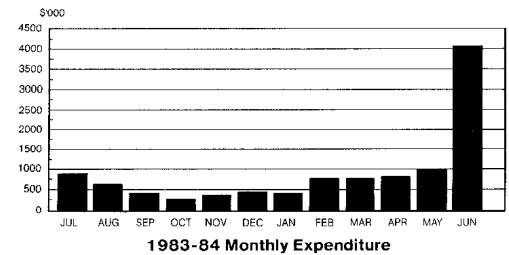
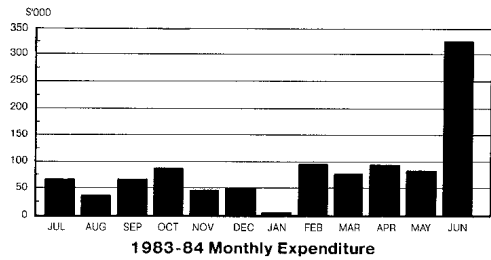
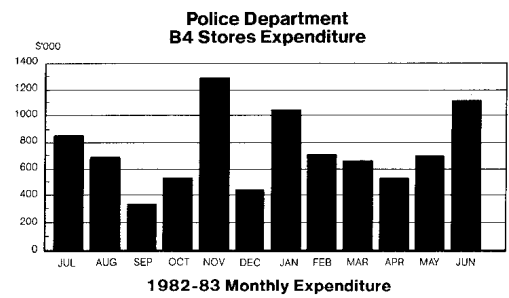
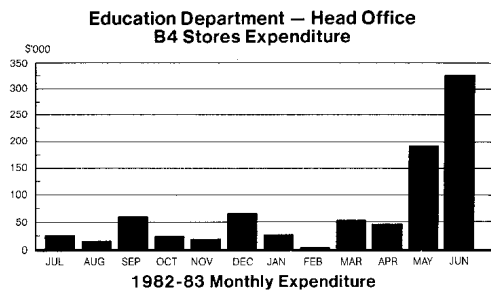
"I think what is significant about this report is that it is the first time I know of where any government body has actually had a look at this practice, documented it, demonstrated that it does go on, named a few of the more extreme cases and put it on the agenda as something that has got to have something done about it. I think that's what is significant."

A regulation has since been gazetted by the Treasurer requiring all departments to produce diagrammatic representations of spending by month in their annual reports.

The tables on the following page, extracted from the Committee's Twentieth Report, illustrate spending patterns in two government departments.

3. A further important vehicle in achieving this objective has been the Committee's own Annual Report.

Letters were received congratulating the Committee on the quality of its 1984-85 Annual Report. Comments contained in the letters included:



"The Report of the Committee was very easy to read. It is a very good format that contains all the information that the reader would require. Well done."
(Rod Cavalier, M.P., Minister for Education)

"I am writing to congratulate you, your colleagues, and the staff of the Public Accounts Committee on the Committee's 1984-85 Annual Report."

The Report is not only excellently presented but also indicates a very significant workload and effective results.

Might I suggest that the Report be submitted to the Australian Institute of Management's Annual Report Award Scheme, as I believe it sets an excellent example for other Parliamentary committees."

(Mike Egan, Former Chairman of the Public Accounts Committee; Senior

Policy Advisor, Office of the Minister for Transport, October, 1985)

Ann Robinson, visiting political science expert from the United Kingdom, described the PAC's annual report format and content as *"excellent and unprecedented in any jurisdiction"*.

4. Copies of reports produced by the Committee are sent to all Members of Parliament and circulated to libraries and other relevant organisations both in New South Wales and interstate. In addition copies of reports are sold to members of the public through the New South Wales Government Information Service. During 1985-86, 974 copies of Committee reports were sold through the Service.

Achievement of Specific Objectives for 1985-86

The specific plans for 1985-86 were designed to achieve the Committee's broad objectives which have been discussed above. Most of the plans were carried out. Details follow.

- **To examine patterns of expenditure by Government departments and selected statutory authorities to determine whether there is any evidence of unjustified year-end spending and make recommendations in respect of any deficiencies identified.**

Inquiry completed, and report (No. 20) tabled March, 1986.

- **To inquire into and report on the accountability of community organisations for grants received from government.**

Not carried out.

- **To complete the inquiry into the collection of parking and traffic fines.** This was completed in July, 1986 (Report No. 25).
- **To inquire into the incidence of sick leave, workers compensation payments and overtime in departments and authorities.**

Partially carried out in relation to two departments, the Police Department and the Department of Corrective Services.

- **To inquire and report on any matter related to the accounts referred to the Committee by the Legislative Assembly, a Minister or the Auditor-General.**

One reference was received during 1985-86. This was from the Honourable R. J. Carr, Minister for Consumer Affairs into the operations of the Builders Licensing Board. The inquiry was one-third complete as at 30 June, 1986.

- **To review the reports of the Committee completed prior to 31 December, 1984 so as to --**

(a) **ascertain whether deficiencies highlighted in these reports have been corrected by the relevant government organisations.**

- (b) **ascertain those recommendations that have been implemented and recommendations which have not been implemented.**
- (c) **estimate costs savings or extra costs incurred as a result of the execution of the Committee's recommendations.**
- (d) **recommend further action where appropriate.**

Follow-up inquiries were completed during 1985-86 in relation to the following:

- the 1982 inquiries into the public hospital system (Reports 2 and 3);
- the 1982 inquiry into the level of overtime payments to Corrective Services officers (Report No. 6).

Follow-up inquiries, commenced but not completed during 1985-86, were in relation to:

- the 1982 inquiry into the level of overtime payments to police officers (Report No. 5);
- the 1983 inquiry into annual reporting by statutory authorities (Report No. 7) (completed July, 1986).

Follow-up inquiries still to be commenced concern:

- the 1983 inquiry into the operations of the Grain Sorghum Marketing Board (Report No. 8)
- the 1984 inquiry into the unfunded superannuation liability of statutory authorities (Report No. 1 O)

To examine anomalies and deficiencies highlighted by the Auditor-General in his 1984-85 Report.

This examination was carried out. A total of 21 matters were raised and these are summarized in Appendix 5.

- **To examine payments in 1984-85 made in accordance with section 22 of the Public Finance and Audit Act (1983).**

This was carried out. The Committee did not consider any of the payments were worthy of report to Parliament.

Activities 1985-86

Nine reports were tabled in the last financial year during the forty-eighth Parliament. Brief summaries of each report follow. The month of tabling is shown in brackets.

Sixteenth Report -- Brief Review of the Macarthur Growth Area (July 1965).

"Accounts Committee head calls Macarthur 'financial albatross'" Australia Financial Review, 5 July, 1986.

This Report arose out of the Committee's examination of the 1982-83 Report of the Auditor-General, which raised a number of issues concerning the Macarthur Growth Area (M.G.A.). The Committee was mainly concerned that the role of the M.G.A. had changed (from a primary focus on planning to a co-ordination and marketing role) and that this change had not been adequately recognised by the organisation in its operations.

The Committee noted that the total accumulated deficiency of the M.G.A. at 30 June, 1984 was \$91 million.

In summary, the Committee recommended that:

- the current role of the M.G.A. be clarified;
- clear and realistic objectives be established for the M.G.A. which reflect its changing role and the expected life of the project;
- performance measures be identified and targets set for the long and short terms;
- that the organisation and staffing be reviewed when new objectives have been established; and
- that the question of repayment of debts to the State and Commonwealth Government be resolved as quickly as possible to enable the M.G.A.'s financial accounts to reflect the actual losses that have been accepted.

Seventeenth Report -- Brief Review of the Statutory Funds of the Department of Environment and Planning (July 1985).

The thrust of this short report was the need to review the operation and relevance of the seven statutory funds administered by the Department of Environment and Planning (D.E.P.).

The inquiry was commenced as a result of the Committee's examination of matters raised in

the 1982-83 Auditor-General's Report.

The major conclusions of the Report were:

- the purpose and objectives of each of the Statutory Funds were not clearly stated and performance measures had not been developed;
- there appeared to be little direct link between the structure of the Regional Development Funds and the organisation structure of the Department;
- participation in development activities by the D.E.P. and the Department of Industrial Development and Decentralisation required clarification; and
- funding strategies for the Regional Development Funds required review.

Eighteenth Report -- Brief Review of the Land Commission of New South Wales (July 1985).

"Landcorn in conflict: profit or welfare" Sydney Morning Herald, 1 August, 1985.

"Landcom may get help in search for identity" Australian, 3 August, 1985.

This brief report also arose out of the Committee's examination of comments in the 1982-83 Auditor-General's Report on the financial operations of the Land Commission of New South Wales.

In general, the Committee noted the efficiency of Landcora's operation and project management practices, but was hampered in its assessment of the organisation's effectiveness due to the lack of clear objectives.

The major concerns of the Committee focused on the role of Landcorn, its relations with the private sector and its overall effectiveness. Underlying conflicts in roles and objectives were also explored by the Committee.

Nineteenth Report -- Annual Report, Year Ended 30 June 1985 (September 1985).

This was the second annual report of the Public Accounts Committee. Whilst the Committee is not

a statutory authority the report followed as closely as possible the Committee's own recommendations on the reporting requirements of Statutory Authorities.

Twentieth Report -- Report on Year-End Spending in Government Departments and Selected Authorities(March 1986).

"Committee slams giant spend-up by Govt. bodies" Daily Telegraph, March 11, 1986.

"Cash-before-delivery sprees to use up Budget allocations"

Sydney Morning Herald, March 11, 1986.

The Committee's inquiry into year-end spending in the public sector arose from concern that the disproportionate amounts of expenditure traditionally made at the end of each financial year might result in wasteful expenditure of government funds.

Following the announcement of the inquiry on 28 April, 1985, questionnaires were sent to all government departments and a number of statutory authorities, requesting details of monthly expenditure for the years 1982/3, 1983/4 and 1984/5. In addition public hearings were held in September and November, 1985 involving some 15 departments and authorities.

The Committee established beyond any doubt that the level of expenditure in the last two months of the financial year was disproportionately higher than for other periods.

The Report concluded that many of the items purchased at year-end were ordered and paid for in great haste, in what appeared to have been an unplanned manner.

The Committee stated: **"it strains credulity to view the purchase of large numbers of items such as typewriters, refrigerators, personal computers, T.V's and ergonomic furniture in the last few weeks of the year as anything other than a spend-up"**.

The Report also draws attention to the practice of drawing cheques prior to 30th June and holding such cheques in safes until services had been performed and goods delivered.

The Committee concluded **"the drawing of**

cheques prior to the faithful performance of service constitutes a breach of the Public Finance and Audit Act and that such a practice invites danger, particularly when cheques are actually issued to suppliers in advance of the performance of service".

The Report finds that the major underlying cause of high year-end spending is the desire by Departments to spend all funds appropriated before they lapse at the end of the year. The Committee concluded that this behaviour is motivated by three factors:

- a desire to preserve the funding base for the year;
- poor management practices including excessive conservatism and a lack of proper planning and execution of budgets; and
- departments wishing to purchase items which are not of maximum priority.

Twenty-first Report -- Follow-up Report on Inquiries (1982) into the N.S.W. Public Hospital System (April 1986)

"Hospitals censured for \$9m o verspending"; Sydney Morning Herald, 8 April, 1986.

"Sack inefficient hospital boards, says Committee".

Australian, 8 April, 1986.

This report was the first follow-up report produced by the Committee, following its adoption of a program of reviewing the outcome of past inquiries and action taken on past recommendations.

The Committee's report reviews action taken on its Second Report (1982), into the causes of expenditure over-runs in health funding and its Third Report (1982) into the standard of public accountability in public hospitals.

The Committee found a number of areas where action taken had either been ineffective or tardy. These areas concerned the delineation of hospital roles, the budgeting process, the provision of worthwhile incentives to hospitals, hospital accountability and hospital performance measurement and comparison.

The Report is critical of both hospitals and the Health Department, for the slow progress in reforming health administration in N.S.W.

The report noted that in view of the high cost of the public hospital system to the public purse, the Committee may in the future investigate in detail the financial affairs of individual hospitals should current budget overruns continue.

Many of the Committee's recommendations have been taken up by the Government in its Health 2000 program.

Twenty-second Report -- Report on Recommended Changes to the Public Accounts (May 1986)

This Report arose out of a reference from the Treasurer Mr Ken Booth, in terms of Section 57 of the Public Finance and Audit Act, to examine a review conducted by his office and the Auditor-General's office on the format of the Public Accounts. (The Public Accounts are published each year in Part 1 of the Auditor-General's Report). In essence, the review recommended changes to the presentation of the Public Accounts to reduce duplication, particularly in Table 4 'Consolidated Fund-Payments in Detail'.

The Committee examined the proposed changes on the basis of whether they would be detrimental to Parliament's and the public's interest in full disclosure and reporting of finances.

The Committee agreed with the main thrust of the Treasury Review's Report. Where the amount of information available to the public would be reduced by the proposed changes, however, the Committee did not support change.

The Committee has a longstanding interest in the clarity of the Public Accounts and the Report notes that further steps need to be taken to increase the readability and understandability of the Accounts. In this context, the Report made a number of additional recommendations including: that research be conducted into users of the Public Accounts and their information needs; the Public Accounts and Budget Papers be reviewed by Treasury with a view to increasing ease of understanding; and that Treasury give consideration to the annual publication of a layman's 'Guide to the Public Accounts and Budget Papers'.

Twenty-third Report -- Report on proposed regulations accompanying the Annual Report (Departments) Act 1985 and miscellaneous amendments concerning annual reporting (May 1986).

This report arose out of a reference from the Treasurer, Mr Ken Booth, requesting the Committee to examine and report on proposed regulations on the annual reporting of departments. Referral of such regulations to the Committee is required under the Annual Reports (Departments) Act and the Public Finance and Audit Act. The Committee considered that the regulations would significantly enhance the cause of accountability and public disclosure of information, by extending many of the reporting requirements of statutory bodies to departments.

The Committee also recommended the inclusion of a number of additional recommendations.

The regulations were gazetted on 27 June 1986, together with amendments to the regulations for statutory bodies.

The Committee was pleased to note that the proposed amendments to the annual reporting requirements of statutory bodies included the Committee's earlier suggestion that information on performance measurement be required. This was omitted from the original regulations for statutory bodies.

The Committee is also pleased to note the inclusion of the recommendation made in its Report into Year-End Spending (20th Report) that monthly spending for stores and equipment purchases be shown in departments' annual reports by means of a graph or other pictorial representation.

Twenty-fourth Report -- Follow-up Report on Overtime Payments to Corrective Services Officers (June 1986).

"Prison officers in sick leave scam, Committee claims".
Sydney Morning Herald, 1 July, 1986.

In its second follow-up report, the Committee reviewed action on its Sixth Report (1983) and

concluded that significant reductions had been made in overtime payments of prison officers since 1982-3. In fact the Committee estimated that minimum savings of \$18.9 million had been made as a direct result of the Committee's investigation and subsequent positive action by the Corrective Services Commission.

The Report notes, however, that overtime still costs nearly \$10 million annually and that overtime in 1985-6 shows an increase over the previous year.

Sick leave was found to be the major cause of overtime worked by prison officers, accounting for 38% of overtime or 197,250 hours in 1984-5.

The Committee found that annual sick leave taken by prison officers had increased from an average of 15 days in 1981-2 to 21 days in 1985-6.

The Report states:

"The Committee is dismayed to find three years after its last report that annual average sick leave has increased by six days. The Committee must reiterate its view that this level of sick leave is quite unjustifiable and represents a serious waste of taxpayers' money",

The Committee concluded that sick leave was seen by many prison officers as part of their recreation leave entitlement for the year, to be used to take time off, rather than solely for incidences of illness.

The Committee recommended that a survey into the health of prison officers be undertaken by the Division of Occupational Health of the Department of Industrial Relations, and that the Department of Corrective Services employ its own medical officer. The Report foreshadows the

Committee's intention to review prison officer sick leave at a later date.

Other Activities

Review of Matters Raised in the Auditor-General's 1984-5 Report

One of the Committee's objectives for 1985-6 was "to \ examine anomalies and deficiencies highlighted by the Auditor-General in his 1984-5 Report". In line with this, the Committee undertook a comprehensive review of matters raised by the Auditor-General.

On some matters the Committee held public hearings and discussions with relevant officers or undertook visits of inspection. On others, letters were sent seeking responses to the matters raised by the Auditor-General. A summary of matters reviewed, the Committee's decision and current status is shown in Appendix 5.

Section 22 Payments

The Public Finance and Audit Act 1983, Section 22, makes provision for payments made in anticipation of Parliamentary appropriation. Previously, such payments were automatically "unauthorised", but may now be made by the Treasurer, with the approval of the Governor, in anticipation of appropriation by Parliament. The Auditor-General's Report 1984-5 listed payments made in accordance with Section 22.

The Committee examined such payments, amounting to \$154 million by seven departments and authorities. The Committee sought explanation for this expenditure and is satisfied with the responses obtained.

Post Financial Year Reports and Current Projects

Two reports were tabled in July 1986. A brief summary of each follows:

Twenty-fifth Report -- Collection of Parking and Traffic Fines (July 1986)

This inquiry was initiated in 1984 due to concern at the high value of outstanding fines. These amounted to \$34 million at 30 June, 1983. By June 1985 outstanding fines totalled \$52 million.

In brief, the Report recommends the use, on a trial basis, of cancellation of driver's licences for certain categories of fine defaulters and the use of commercial agencies to locate repetitive fine defaulters. The report also concludes that alternative sanctions to the imprisonment of fine defaulters must be found.

Twenty-sixth Report -- Follow-up Report on

Annual Reporting of Statutory Authorities.

(July 1986)

This follow-up report reviewed action taken on the Committee's Seventh Report, into annual reporting of statutory bodies, and Thirteenth Report, dealing with regulations to the annual reporting legislation.

The Committee found that the vast majority of its recommendations had been included in annual reporting legislation. The Committee was concerned to note, however, that 78% of statutory authorities had received at least one exemption to the legislation and that others had not conformed to the legislation, but had not applied for exemption.

The Committee foreshadowed its intention to inquire at a later date into the content of annual reports and conformity with the legislation.

Current Projects

Builders Licensing Board

The Committee received a reference on 28 April, 1986 from the then Minister for Consumer Affairs, Mr Bob Carr, to examine and report on the operations of the Builders Licensing Board. In particular the Minister asked the Committee to examine:

- the operations of the Board's insurance

funds including the appropriateness of current premium levels;

- whether client needs are being met in a satisfactory manner;
- the adequacy of the Board's information and control systems and performance monitoring practices; and
- any other aspect which impinges on the efficiency or effectiveness of the Board's operations.

Since announcing its inquiry, the Committee has received approximately 1 000 submissions from members of the public and interested organisations, a number of public hearings have been held and inspections undertaken. The Committee will be holding further public hearings during September and October and expects to table its report before the end of the year.

Follow-up Inquiry into Police Overtime

The Committee is currently reviewing action taken on its Fifth Report (1983) into overtime payments to police officers. The Fifth report found that overtime payments more than doubled between 1976/7 and 1980/1, increasing from \$8.7 million to \$21.5 million. While the Committee believed that sick leave was a major contributory cause of overtime, no reliable data was available on this at the time.

The Committee's follow-up inquiry has to date involved correspondence with the Police Department, public hearings and a number of visits of inspection to police stations. The Committee has widened its inquiry to include the private use of police vehicles.

It is anticipated that the report will be released in October, 1986.

Brief Reviews of State Cancer Council, Harness Racing Authority and Sydney Opera House Trust

The Committee is finalising its brief reviews of these three organisations. The inquiries all arose out of matters raised by the Auditor-General in his 1984-5 Report to Parliament. The Committee initially wrote to the organisations and subsequently held a number of public hearings at which representatives of the bodies gave evidence.

Staffing

During 1985-86 the New South Wales Public Accounts Committee had a full-time secretariat of four -- a Director, Senior Project Officer and two secretary-word processor operators. On 4 June, 1986 the Speaker approved the abolition of the position of Director, effective from 1 August, 1986, and the creation of a new position, Clerk to the Public Accounts Committee. The Committee seconds public servants and engages outside consultants as necessary for its inquiries.

Staff at 30 June, 1986

Mr Frank Sartor, B.E., B.Com.(Hons).
Director

Ms Sue Chappie, B.A.(Hons).
Senior Project Officer

Mr Bob Pritchard, AASA, C.P.A.
Advisor on secondment from the Auditor-General's Office

Mr Max Sullivan, M.Ec
Advisor on part-time secondment from the Treasury

Mrs Christina Assargiotis
Secretary-Word Processor Operator

Miss Heidi-Marie Zywko
Secretary-Word Processor Operator

Staff Changes

- Mr Bob Pritchard was seconded from the Auditor-General's Office to serve with the Committee as an advisor from February, 1985 until

June, 1986. In July, 1986 Mr John Lynas joined the Secretariat on part-time secondment from the Auditor-General's Office.

- Mr Ken Dixon was seconded from the Treasury from September 1985 to February 1986. Mr Dixon provided valuable assistance with the Committee's Year-End Spending Inquiry. Mr Max Sullivan joined the Secretariat on a part-time basis in June 1986.

Consultants

During 1985-86 the Committee hired consultants as follows:
Follow-Up Report -- N.S.W. Public Hospital System

Mr Jack O'Donnell, LL.B, FASA,
CPA, Former Auditor-General of NSW

Inquiry into Builders Licensing Board

Touche Ross Services Pty
(Management Consultants)

M.I.R.A.
(Insurance Consultants)

The Honourable Mr Justice Toose is legal advisor to the Committee.

The Committee has compiled a register of consultants in appropriate fields to facilitate the speedy commissioning of consultants when an inquiry is initiated. Over one hundred individuals and organisations are now on the Committee's register.

**Statement of Payments
For the Year Ended 30 June, 1 986**

Previous Year		1985-86
\$		\$
107,183	Salaries, Wages, etc. (Secretariat)	115,426
12,592	Salaries, etc. (Seconded Staff) (Note 4)	22,752
1,796	Workers Compensation Insurance	--
36	Meal Allowances (Staff)	--
5,042	Travelling and Subsistence	11,778
1,008	Committee Allowances (Chairman)	781
4,646	Advertising and Publicity	4,582
415	Books, Periodicals and Newspapers	834
2,231	Postal, Telephone Expenses (Note 3)	4,254
82,057	Fees for Services Rendered (including Consultants)	14,072
30,587	Printing	20,848
4,458	Stationery	6,373
5,406	Office Furniture and Equipment	1,767
-	Gas and Electricity (Note 3)	4,464
1,444	Minor Expenses not elsewhere included	<u>1,894</u>
<u>\$258 901</u>	TOTAL EXPENDITURE	<u>\$209,825</u>

Statement by Appointed Officers

I state that:

- (a) The accompanying financial statement has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit (Departments) Regulation 1986, and the Treasurer's Directions to the extent that such Act, Regulations and Directions are applicable to the accounts of the Committee.
- (b) The statement presents a true and fair view of the payments relating to the Committee for the year ended 30 June, 1986.
- (c) There are not any circumstances which would render any particulars included in the above Statement to be misleading or inaccurate.

A.J. Refshauge, M.P.,
Vice-Chairman.

P. Smiles, M.P.,
Member

6 August, 1986

6 August, 1986

**Notes to the Statement
of Payments**

1. The Committee is neither a statutory body nor a government department. The applicable legislation for those bodies: the Public Finance and Audit Act, 1983, the Annual Reports (Statutory Bodies) Act, 1984 and the Annual Reports (Departments) Act, 1985 does not apply to the Committee. It receives an allocation for working expenses from the Consolidated Fund under the appropriation to the Legislative Assembly.

	S
Budget Allocation for 1985/86	383,000
Funds Expended	<u>209,825</u>
Balance of Allocation not expended	<u>\$173,175</u>

2. The Statement has been prepared on a cash accounting basis except for the accrual of salaries unpaid at 30 June, 1986, \$1,159. No other amounts owed to or by the Public Accounts Committee at the close of the year are included in the Statement. Outstanding financial commitments as at 30 June, 1986 were \$15,568.

3. This statement includes the cost for 1985/86 for telephone and gas and electricity charges allocated on a pro-rata basis. Other building services utilised by the Committee, e.g. rent, form a charge against the Legislature's general operating expenses and are not included in the Committee's statement.

4. In the current year, the salaries of an advisor seconded (part-time) from the

**Auditor-General's
Certificate**

Treasury were not met from the Committee's funds. The amount of subsidy received is estimated at \$10,348.

5. Current and deferred liability for staff superannuation costs are met by State Treasury.

6. Members of the Committee receive an allowance for their service on the Committee. The cost of these allowances is paid direct by State Treasury and not from the Committee's funds. The amount paid in 1985/86 was \$14,307.

Workers' compensation insurance (\$1,796 in 1984/85) was not paid from Committee funds in 1985/86. The Committee staff were insured by the master policy covering all staff of the Legislature, the cost being included in the Legislature's general operating expenses.

The accounts of the Public Accounts Committee for the year ended 30 June, 1986 have been audited as required by Section 35(2) of the Public Finance and Audit Act, 1983 and in accordance with Section 34 of that Act.

In my opinion the accompanying statement of expenditure, read in conjunction with the notes thereto, exhibits a true and fair view of transactions for the year then ended.

K. J. Robson, FASA CPA
Auditor-General of New South Wales
Sydney, 19 August, 1986

Expenditure by Month, 1 985-86

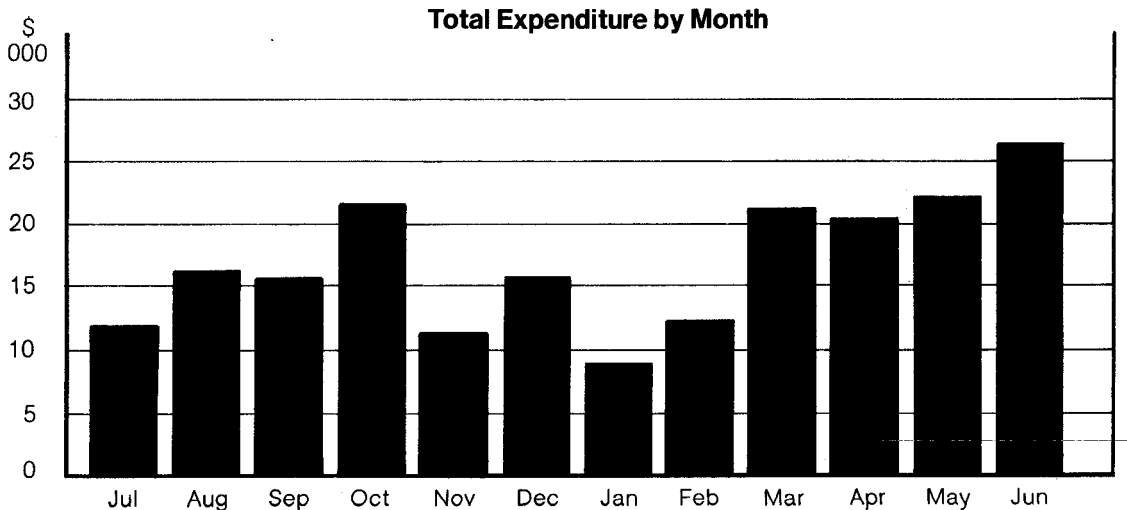
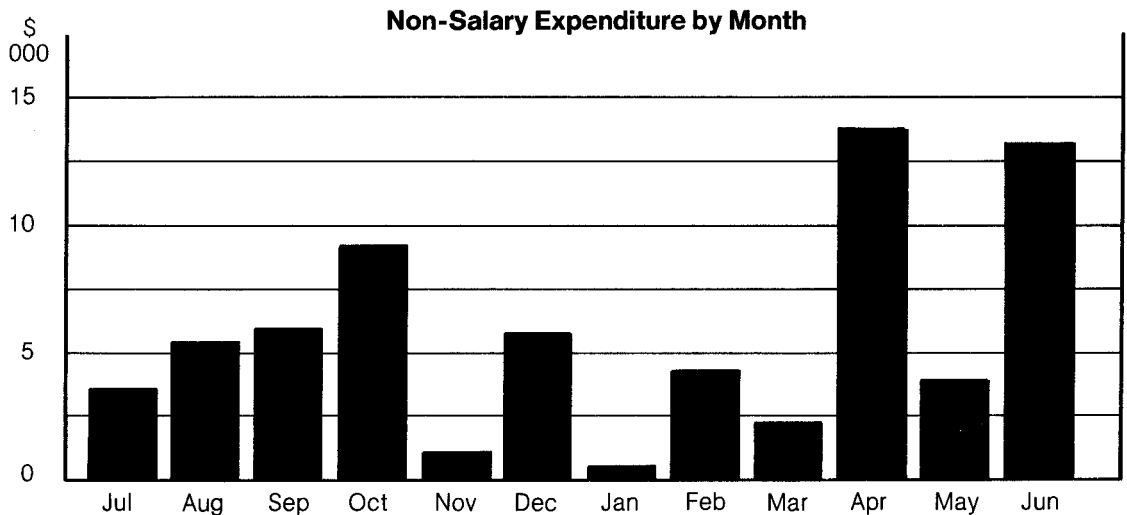
The Committee's Twentieth Report on Year-end Spending recommended that annual reports provide, in graphical form, monthly spending for stores and equipment purchases. This recommendation has since been incorporated in the Annual Report (Departments) Regulations 1986 in Clause 4(b).

The expenditure by the Committee for stores and equipment purchases is immaterial in 1985/86 (\$1,767). In the interest of full disclosure the expenditure pattern for all non-salary items and total expenditure are included in the graphs below.

months of April 1986 and June 1986 was higher than for other months for the following reasons:

- In April, printing costs for Committee reports represented 89% of the total monthly expenditure. These reports covered Committee inquiries that had commenced earlier in the year.
- In June, travel and advertising costs were incurred in connection with the inquiry into the Builders Licensing Board which commenced in late April 1986.

The non-salary expenditure for the



Appendix 1

Functions of the Public Accounts Committee

Section 57 (1) to (3) of the Public Finance and Audit Act, 1983 reads as follows:

1. The functions of the Committee are --

- (a) to examine the Public Accounts transmitted to the Legislative Assembly by the Auditor-General;
- (b) to examine the accounts of authorities of the State, being accounts that have been --
 - (i) audited by the Auditor-General or an auditor appointed under section 47(1); or
 - (ii) laid before the Legislative Assembly by a Minister of the Crown;
- (c) to examine the reports of the Auditor-General transmitted with the Public Accounts or laid before the Legislative Assembly with the accounts of an authority of the State (including any documents annexed or appended to those reports);
- (d) to report to the Legislative Assembly from time to time upon any item in, or any circumstances connected with, those accounts, reports or documents which the Committee considers ought to be brought to the notice of the Legislative Assembly;
- (e) to report to the Legislative Assembly from time to time any alteration which the Committee thinks desirable in the form of those accounts or in the method

of keeping them or in the method of receipt, expenditure or control of money relating to those accounts;

(f) to inquire into, and report to the Legislative Assembly upon, any question in connection with those accounts which is referred to it by the Legislative Assembly, a Minister of the Crown or the Auditor-General; and

(g) to inquire into expenditure by a Minister of the Crown made without Parliamentary sanction or appropriation or otherwise than in accordance with the provisions of this Act or any other Act and report to the Legislative Assembly from time to time upon any matter connected with that expenditure which the Committee considers ought to be brought to the notice of the Legislative Assembly.

- 2. The functions of the Committee extend to an examination of, inquiry into or report upon a matter of government policy if and only if the matter has been specifically referred to the Committee under subsection (1)(f) by the Legislative Assembly or a Minister of the Crown.
- 3. The functions of the Committee do not extend to an examination of, inquiry into or report upon the estimates of any proposed expenditure by the State or by an authority of the State.

Appendix 2 Evolution of the Public Accounts Committee

- 1902 · The New South Wales Public Accounts Committee was established by the Audit Act 1902.
- The Committee had two functions:
- to inquire into matters relating to the Public Accounts referred to it by the Legislative Assembly, a Minister or the Auditor-General.
 - to inquire into expenditure by Ministers which had not been sanctioned and appropriated by Parliament.
- 1978 · Report of the Select Committee of the Legislative Council on Public Accounts and Financial Accounts of Statutory Authorities chaired by Mr Lloyd Lange M.L.C.
- 1980 · Progress Report of the Joint Committee on Public Accounts and the Financial Accounts of Statutory Authorities chaired by Mr Vince Durick, M.P.
- 1981 · Final Report of the Joint Committee on Public Accounts and the Financial Accounts of Statutory Authorities, chaired by Mr Laurie Brereton, M.P.
- Reference from the Minister of Health to inquire into over-expenditure in public hospitals and the general accountability of the public hospital system. This was the first occasion on which the Committee had exercised its function of inquiring into matters referred to it.
- 1982 · The Committee held public hearings for the first time concerning over-expenditure.
- Audit (Public Accounts Committee) Amendment Act 1982. This Act greatly expanded the powers of the Public Accounts Committee. In addition to its former functions, the Committee was empowered:
 - to examine the public accounts;
 - to examine the accounts of statutory authorities;
 - to examine the Auditor-General's Report and related documents;
 - to report to the Legislative Assembly upon any items in or circumstances connected with those accounts, reports or documents;
 - to report to the Assembly on any alteration the Committee thinks desirable in the form of the accounts, or in the method of keeping accounts, or the receipt, expenditure or control of money.
- 1983 · Audit Act 1902 replaced by the Public Finance and Audit Act 1983.
- Permanent secretariat established.

Appendix 3

Meetings of the Public Accounts Committee --I July, 1985-30 June, 1986

Meeting No.	Date	Subject	Organisation	Witnesses
130	7/8/85	Deliberative meeting		
131	20/8/85	Deliberative meeting		
132	9/9/85	Public hearing -- Inquiry into year-end spending by government departments and authorities	(1) Government Supply Department (2) New South Wales Police Department (3) Department of Main Roads	Mr David Ingall Mr Mark Leslie Hancock Mr Raymond Irvin Jennings Mr Leo Vineburg Mr Colin Kennedy Mr Denis Raymond Leys Mr Bruce Norman Loder Mr Peter Guion LisleWolfe Mr Kevin Bradfield Kerr
133	12/9/85	Public Hearing -- Inquiry into year-end spending in government departments and authorities	(1) Department of Industrial Development and Decentralisation (2) Department of Health (3) Department of Education (4) Forestry Commission of New South Wales	Mr David Murray Easson Mr Timothy James Campbell Rogers Mr Rodney Ernest Jones Mr Robert Donald McGregor Mr John David Woodger Mr Kenneth Reginald Barker Mr Vincent Delany Mr Errol Kevin Williams Mr Roy Alan Free Mr Vivian William Carlow
134	13/9/85	Public Hearing -- Inquiry into year-end spending by government departments and authorities	(1) Public Service Board (2) Department of Mineral Resources (3) Public Works Department	Mr David Charles Moore Dr Kevin Patrick Sheridan Mr Bevan John Porter Mr Geoffrey Rose Mr John Charles Read Mr Peter Robert Broadfoot Mr William Keith Pilz Mr Donald John Stanton
135	16/9/85	Public Hearing -- Follow-up Inquiry into the Public Hospital System	(1) Royal Prince Alfred Hospital (2) Royal North Shore Hospital (3) Department of Health	Emeritus Professor Charles Blackburn Dr Donald Child Mr Patrick Johnson Dr Stewart Spring Mr Joseph Phillips Mr Norman Full Ms Margaret Booth Mr Robert Donald McGregor Mr John David Woodger Mr Kenneth Reginald Barker Dr Christopher Scarf
136	3/10/85	Deliberative meeting		
137	17/10/85	Deliberative meeting		
138	24/10/85	Discussions with	Computer Funding Priorities Committee	
139	31/10/85	Deliberative meeting		

Meeting No.	Date	Subject	Organisation	Witnesses
140	5/11/85	Public Hearing -- Inquiry into year-end spending by government departments and authorities	(1) Department of Youth and Community Services (2) Government Printer	Mr Heinz Heilpern Mr Peter Daffen Mr Geoffrey Hudson Mr Ian Reddie Mr Terry Marshal Mr Donald West Mr Alan Fisher Mr Graham Esler
141	6/11/85	Public Hearing -- Inquiry into year-end spending in government departments and authorities	(1) Auditor-General's Department (2) Treasury (3) Department of Lands	Mr Kevin Fennell Mr John Seedsman Mr Norman Oakes Mr Donald Nichols Mr Robert Scullion Mr Robert Wilson Mr William Price Ms Kristine Thomas
142	8/11/85	Discussions with	(1) Department of Finance, Canberra (2) Commonwealth Public Accounts Committee	
143	28/11/85	Deliberative meeting		
144	9/1/86	Deliberative meeting		
145	28/1/86	Visit of inspection	Homebush Abattoir	
146	20/2/86	Deliberative meeting		
147	27/2/86	Deliberative meeting		
148	13/3/86	Deliberative meeting		
149	17/3/86	Public Hearing -- Matters arising from the 1984-85 Auditor-General's Report	(1) Sydney Opera House Trust (2) Harness Racing Authority (3) State Cancer Council	Mr David Lloyd Martin Mr Ian Stephens Mr Brian Frederick Springall Mr Michael George Cummings Mr Colin Bryan Robertson Mr Keith Howard Lambeth Mr Keith William Steel Ms Elaine Henry Mr Peter John Shehadie
150	20/3/86	Deliberative meeting		
151	26/3/86	Deliberative meeting		
152	4/4/86	Visit of Inspection	Maitland and Cessnock Gaols	
153	10/4/86	Deliberative meeting		
154	17/4/86	Deliberative meeting		
155	24/4/86	Deliberative meeting		
156	28/4/86	Visit of Inspection	Parklea Prison	
157	1/5/86	Deliberative meeting		

Meeting No.	Date	Subject	Organisation	Witnesses
158	6/5/86	Public Hearing -- Follow-up Inquiry into Overtime Payments to Corrective Services Officers	(1) Corrective Services Commission (2) Prison Officers Vocational Branch, P.S.A.	Mr Vernon Dalton Mr John Horton Mr Phillip Crosley Mr Wayne Ruckley Mr Patrick Armstrong Mr Peter Smith Mr Ian Stannaway
159	7/5/86	Public Hearing -- Follow-up Inquiry into Overtime Payments to Police Officers	(1) Police Department (2) Police Association	Mr John Avery Mr Robert Hawthorne Mr Mervin Squires Mr Leo Vineburg Mr Angus Graham Mr Keith Askew Mr Jeffrey Jarrat Mr John Greaves Mr Lloyd Taylor Mr Geoffrey Green Mr Sean MacCormaic
160	8/5/86	Public Hearing -- Inquiry into Builders Licensing Board	Builders Licensing Board	Mr Brian Cahill Mr Barry Wheeler
161	21/5/86	Visit of inspection	Hornsby Police Station	
162	27/5/86	Meeting with	Victorian Department of Consumer Affairs re: BLB Inquiry	
163	28/5/86	Meeting with	(1) Master Builders Association, Victoria (2) Housing Guarantee Fund Limited, Victoria	
164	29/5/86	Meeting with	(1) Housing Industry Association, Victoria (2) Institute of Architects, Victoria	
165	4/6/86	Public Hearing -- Inquiry into Builders Licensing Board	(1) Master Builders Association (2) Housing Industry Association	Mr Ray Rocher Mr John Twyford Mr Ian Frew
166	5/6/86	Visit of inspection	(1) Central Police Station, Newcastle (2) Charlestown Police Station	
167	10/6/86	Deliberative meeting		
168	24/6/86	Deliberative meeting		

Appendix 4 Past Reports

Prior to 30th July, 1985 the Committee tabled fifteen reports. Brief summaries of each of these reports follow:

First Report -- Expenditure without Parliamentary Sanction or Appropriation (November 1981)

The Committee investigated over expenditure by Ministers in 1980-81. Over-expenditures of \$162 million by ten Ministers were examined. The Committee concluded that departmental explanations were satisfactory in all cases.

Second Report -- Over-Expenditure in Health Funding to Hospitals(February 1982)

Inquiry into a reference made by the Minister of Health concerning budget overruns of \$15.7 million by 37 N.S.W. public hospitals. The Committee concluded that the budget overrun was attributable, not only to the budgetary process, but also to the failure of departmental and hospital officials to take budgets seriously. Action taken on this report was reviewed by the

Committee during 1985-86 and the Committee's

Follow-up Report into the N.S.W. Public Hospital

System was tabled in May, 1986.

Third Report -- Public Accountability in Public and other Subsidised Hospitals(April 1982)

Inquiry into a reference made by the Minister for Health. The Committee made 44 recommendations to improve the standard of accountability in hospitals.

Action taken on this report was reviewed by the

Committee during 1985-86 and the Committee's

Follow-up Report into the N.S.W. Public Hospital

System was tabled in May, 1986.

Fourth Report -- Expenditure without Parliamentary Sanction or Appropriation (September 1982)

The Committee investigated over-expenditure by

14 Ministers in 1981-82 amounting to a total of \$294 million.

The Committee concluded that the explanations provided were satisfactory, with the qualification that the cost of the Government Cleaning Service warranted further investigation.

Fifth Report -- Overtime Payments to Police (November 1982)

Inquiry into a reference made by the Auditor-General into overtime payments to police officers. By 1980-81 police overtime payments amounted to \$21.5 million, a rise from \$8.7 million in 1976-77 despite an increase of 1000 police officers.

The Committee concluded that a:

'considerable amount of overtime is avoidable and arises from inappropriate policy, inefficient fostering and inefficient job organisation.'

The Committee is currently reviewing action taken on this report and expects to table a follow-up report in September 1986.

Sixth Report -- Overtime Payments to Corrective Services Officers(May 1983)

Inquiry into a reference made by the Auditor-General. The report showed that more than half N.S.W. prison officers had received overtime payments in excess of 50% of their normal salary and 10% received more than 100% of their salary in overtime payments. In 1981-82 overtime payments had totalled almost \$14 million, representing over 35,000 hours of overtime per fortnight. After the development of a strategic plan in June 1982, overtime was reduced in early 1983 to approximately 22,000 hours per fortnight. The Committee noted that one of the major causes of overtime was the high level of sick leave and foreshadowed its interest in sick leave throughout departments.

The Committee's Follow-up Report into Overtime Payments to Corrective Services Officers (Twenty-fourth Report) was tabled in June 1986.

Seventh Report -- Accountability of Statutory Authorities(June 1983)

Inquiry into a reference made by the Treasurer. The Treasurer's reference was a response to widespread concern about the need for greater information from statutory bodies.

Most of the recommendations in the Committee's report have been incorporated in the new Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit (Amendment) Act 1984. A follow-up report was tabled in July 1986 (Twenty-sixth Report).

Eighth Report -- Grain Sorghum Marketing Board (November 1983)

Inquiry into a reference by the Minister for Agriculture and Fisheries concerning the administration, efficiency, effectiveness and accountability of the Grain Sorghum Marketing Board.

The Minister for Agriculture and Fisheries referred this inquiry to the Committee out of concern for the \$3 million indebtedness of the Board. The Committee found that the precarious financial position of the Board was due largely to producers (including all producer members of the Board) failing to deliver to the Board.

Most of the recommendations by the Committee, which were designed to apply to all marketing boards in N.S.W. were embodied in the Marketing of Primary Products Act, 1983.

Ninth Report -- Auditor-General's Report 1981-82 (December 1983)

The Ninth Report details matters investigated in relation to the Auditor-General's 1981-82 Report. The Committee published answers from 28 departments and authorities in response to the Committee's concerns about comments made in the Auditor-General's Report. Where explanations were not considered satisfactory, the Committee sought further information through public hearings.

Tenth Report -- Superannuation Liabilities of Statutory Authorities (August 1984)

Inquiry into a reference made by the Treasurer. The Report found that N.S.W. Statutory Authorities had unfunded superannuation liabilities in the order of \$2.5 billion. The Committee recommended full disclosure and proper recognition of accounting expenses in relation to superannuation costs and full-funding to meet deferred superannuation commitments. The Committee also recommended that a consistent policy of accounting and reporting for superannuation costs should be introduced. The Committee's recommendations concerning disclosure of accrued superannuation liabilities and expenses have subsequently been incorporated into the Public Finance & Audit Act Regulations.

Eleventh Report -- Annual Report, Year Ended 30 June 1984(August 1984)

This was the Committee's first annual report. It followed as closely as possible the Committee's own recommendations on the reporting requirements of Statutory Authorities.

Twelfth Report -- Matters Examined in Relation to the 1982-83 Report of the Auditor-General(October 1984).

The Committee wrote to 65 organisations seeking information about matters raised in the 1982-83 Auditor-General's Report. The Report summarises the issues raised, the organisations' responses and the results of the Committee's deliberation.

Thirteenth Report -- Proposed Regulations accompanying the Annual Report (Statutory Bodies) Act, 1984 and Public Finance and Audit Act, 1983(January, 1985).

Pursuant to the requirements of the Annual Reports (Statutory Bodies) Act and the Public Finance and Audit Act, regulations to the Acts were forwarded to the Committee for examination and report.

The regulations were published in the Government Gazette on 14 June, 1985. A total of 95% of the Committee's recommendations were gazetted. In June 1986, an amendment to the regulations was gazetted which incorporated the Committee's recommendations concerning performance measurement.

Fourteenth Report -- Investment Practices of New South Wales Statutory Authorities (June 1985).

This inquiry arose from concern to ensure that investments of New South Wales statutory authorities, worth at least \$11 billion, were being invested so as to maximise returns to the State. The Committee found that while investment performance was generally good, there were substantial differences in the strategies, policies and practices of authorities, which, if not corrected, would in the long term result in poor investment returns. The Committee considered that the income earned by many authorities, particularly the smaller ones, could be significantly increased.

Fifteenth Report -- Performance Review Practices in Government Departments and Authorities (June 1985).

The Report examined the measures taken by heads of departments and authorities to ensure efficiency, effectiveness and internal control of their organisations, as required by the Public Finance and Audit Act 1983.

As a result of its inquiry the Committee made comprehensive recommendations, including:

- departments and authorities be required to publish their external objectives and key performance measures in annual reports;
- establishment of a unit within the Public Service Board to provide training in comprehensive auditing;
- efficiency audit reports and management strategy review be tabled in Parliament within 18 months of their presentation to the Minister along with the organisation's response and programme of action.

Appendix 5

Matters Considered in Relation to 1984-85 Auditor-General's Report

Item No.	Page No.	Status as at	Subject	Action taken and Committee Decision	
1	15	Incomplete	Computer Processing A-G. commented deficiencies in Government computer systems; the multiplicity of brands and models in use; problems with B.A.S.	· Meeting held with Computer Funding Priorities Committee · Letter sent to Treasury re the Budgetary Accounting System (B.A.S.) · Letters sent to departments implementing B.A.S. System.	
2	22	Completed	Commonwealth Payments Accounts -- Capital A-G states re universities that a balance of \$45m has been held since 1972-73,	· Reviewed by Committee, · No further action re 1984-85.	
3	30	Completed	Commonwealth Funding of Child Care Centres A-G notes \$3.6m from Commonwealth for 1984-5 not drawn down. Also outstanding balances from 1983-4, and \$0.69m still held from 1973-4 for ethnic child care centres.	· Letters to Youth & Community Services, and Department of Housing, seeking explanations of current status of monies. · No further action.	
4	56		Health Department Failure of Health Department to inspect 50% of hospitals each financial year.	Covered in follow-up of Health Report. (Report No.21)	Completed
5	97,98		Crown Lands Office Concerning collection shortfalls in relation to Closer Settlements.	· Letters to Treasury and Crown Lands Office seeking description of financial and other arrangements re Closer Settlement programs in the country areas of N.S.W. · No further action.	Completed
6		Completed	Variations of Statute Completed Variations of statute were reported by the Auditor-General in relation to: · Environmental Planning & Assessment Act 1979 · Local Govt Act 1919 · Pastures Protection Act 1934 · Stamp Duties Act 1920 · Totalizator (Off course Betting) Amendment Act, 1982 · Transport Act 1930 · Weights and Measures Act, 1915	· Letters written to organisations Concerned. · No further action.	
7	16	Completed	State Rail Authority Concerning increase in workers compensation payments from \$28.02m in 1983-4 to \$30.9m in 1984-5.	· Reviewed by Committee. · No further action 1984-5	

Item No.	Page No.	Status as at Pt.2 Subject	Action taken and Committee Decision	
8	31	Department of Main Roads Completed Concerning the losses made on the Waterfall/Bulli tollway. Shortfall of \$2.53m in 1984/5 brought total shortfall to \$28.5m.	· Reviewed by Committee. · No further action re 1984-85	
9	35	Maritime Services Board Completed Concerning the following matters under the jurisdiction of the Maritime Services Board: (i) Port Kembla CoalLoader-- losses; (ii) Walsh Bay Wharves -- subsidisation of rent Sydney Theatre Company; (iii) Outstanding debtors Long delays in issuing accounts.	· Letter sent to Maritime Services Board seeking comments. · No further action.	
10	62	State Brickworks Accounting procedures not conforming to AAS2 and losses sustained at Homebush yard.	· Reviewed by Committee. · No further action re 1984-85.	Completed
11	63	State Dockyard Loss of \$2.7m 1984-5 brought accumulated deficiency to \$17.1 m.	· Reviewed by Committee. · Deferred for consideration with the A.-G.'s 1985-86 Report.	Completed
12	87	Water Resources Commission Completed Concerning the waiving of payments in irrigation areas.	· Letter to Water Resources Commission seeking update of action taken on the Efficiency Audit carried out at the Commission and on progress in satisfying outstanding accounts.	
13	G.I.O.	(i) Concerning the G.I.O.'s third party insurance scheme	· Reviewed by Committee. · No further action 1984-5.	Completed
	117	(ii) Concerning the Wambo Mining Corporation Pty Ltd -- trading loss of \$7.94m, 1984	· Reviewed by Committee. · Deferred until 1985-86 A.-G.'s Report.	Completed
	154	(iii) Concerning the I.P.C. Dust Disease's Outstanding Liability Reserve Fund -- shortfall of \$31.3m in funds available to meet liability.	· Letter to I.P.C. · No further action.	Completed
14	184	Aboriginal Land Councils A.-G. lists difficulties encountered during 1983-4 audits.	· Letter sent to Minister. · No further action 1985-6.	Completed
15	278	Sydney Opera House Trust Re the operation of parking facilities at a loss.	· Letter to Sydney Opera House Trust · Public hearing held.	Incomplete

Item No.	Page No.	Status as at Pt.2	Subject	Action taken and Committee Decision	
16	293	Completed	Great Pyramid Appeal, Royal Botanical Gardens	· Letter to Director Royal Botanic Gardens. · No further action.	
17	306	Incomplete	Funds raised apparently well short of likely eventual cost of project. Harness Racing Authority	e Letter to Harness Racing Authority. · Public hearing held.	
18	318	Incomplete	Accumulated deficiency at 30.6.85, \$450,673. Homebush Abattoir Corporation	· Field inspection undertaken. Losses sustained.	
19	337		Barley Marketing Board Operating loss 1984-5.	· Letter sent to Board. · No further action, 1984-5.	Completed
20	398		Health Professionals Registration Boards Concerning shortfall in receipts in relation to various boards and lateness in forwarding financial statements to the A.-G.	· Letter sent to Health Department. · To be reviewed 1986-87.	Completed
21	392		State Cancer Council A-G noted premises purchased for \$400,000, unoccupied from Sept 1984. Mortgage loan to Medical Director.	· Public hearing held.	Incomplete