

1983

PARLIAMENT OF NEW SOUTH WALES

SEVENTH REPORT

PUBLIC ACCOUNTS COMMITTEE

OF THE

FORTY-SEVENTH PARLIAMENT

(INQUIRY INTO THE REFERENCE MADE TO THE COMMITTEE BY THE TREASURER
UNDER THE PROVISIONS OF SECTION 16 OF THE AUDIT ACT, 1902,
CONCERNING THE ACCOUNTABILITY OF STATUTORY AUTHORITIES)

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1.0 CHAIRMAN'S FOREWORD

There are at least three hundred significant statutory authorities in New South Wales. They employ four times more people than all government departments. The twelve largest spend more than the annual State Budget.

Almost no attempt has been made by Parliament to scrutinize the activities of these authorities. Parliament, it seems has been happy to create them, confer extensive powers on them, and leave them to go about their business without any systematic effort to make them responsible to it for their performance.

Annual reports should be a suitable mechanism for authorities to account to Parliament, but in reality, most annual reports are next to useless. They are often characterised by lateness, lack of consistent accounting treatment, and failure to disclose important information about their objectives and their achievements.

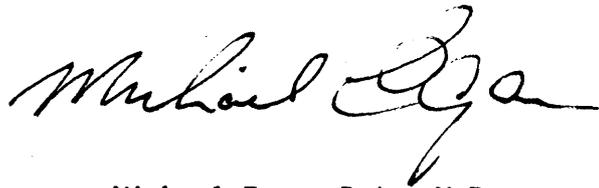
This situation is obviously unacceptable. The Government, the Parliament, and the people have a right to know whether public money is being well spent.

No doubt, with these concerns in mind, the Treasurer, The Hon. Ken Booth, M.P., asked the Public Accounts Committee to examine and report to him by 17 June, 1983, on "the appropriateness of an Annual Reports Act to govern the accounting and reporting requirements of statutory authorities".

As a result of the Committee's inquiry and its consideration of the findings of other parliamentary committees, particularly in the Commonwealth and Victoria, I have no doubt that an Annual Reports Act, covering both financial and non-financial information, will considerably improve the level of responsibility of authorities to Parliament and enhance their efficiency and effectiveness. I have no doubt also that the implementation of the recommendations in this Report will make New South Wales the pacesetter in establishing reporting requirements for statutory authorities.

Local government, which is directly elected, and government departments have not been considered as coming within the Committee's terms of reference although the Committee believes that many of the recommendations in this Report, particularly those relating to non-financial reporting, will also prove useful to both councils and departments in improving reporting standards and accountability.

On behalf of the Committee I would like to thank Alan Bridges, Bob Gardner, Dean Morelli, David Pugh, Mervyn Sheather and Robin Long for their invaluable assistance during the inquiry.

A handwritten signature in cursive script, reading "Michael Egan". The signature is written in dark ink and is positioned above the printed name and title.

Michael Egan, B.A., M.P.
Chairman

2.0 MAJOR RECOMMENDATIONS

- * A register of public bodies be compiled and maintained by the Premier's Department and be presented to Parliament annually.
- * An Annual Reports Act be enacted specifying the reporting and accounting requirements for statutory authorities.
- * An Annual Reports Act require statutory authorities to provide an income and expenditure statement, a balance sheet or statement of assets and liabilities, consolidated accounts where appropriate, a source and application of funds statement and adequate notes to the accounts.
- * Regulations under an Annual Reports Act provide that financial statements include:
 - description of authorities' accounting policies;
 - comparative figures for previous years;
 - categories of specific fixed assets, investments and capital;
 - provision for doubtful debts;
 - the basis for providing for known commitments and anticipated contingencies;
 - separate description of important items of income and expenditure;
 - signed and dated statements of accounts.
- * An Annual Reports Act require statutory authorities to adopt accrual accounting, unless exempted by the Auditor-General after receiving the views of the Public Accounts Committee.

- * Regulations under an Annual Reports Act specify that:
- . interest on borrowed funds and depreciation on the historical cost of assets, based on the anticipated life of the assets, be charged as operating expenses;
 - . amounts to cover the difference between historical cost and replacement cost depreciation and to provide for repayment of loans be charged as an appropriation of profit and be shown in the balance sheet as an Asset Replacement Fund and a Capital Expansion Fund respectively.
- * Each authority identify and publicly list all real estate together with a description of its current or planned use, and give a ranking according to its potential for alternative use. The Valuer-General have power to review this ranking either on his own initiative or at the request of the authority, the Minister, the Auditor-General or the Public Accounts Committee.
- * The Valuer-General develop a central register of all land holdings of public bodies which can be used to provide information according to use or geographic area.
- * Authorities disclose in their annual reports the current market value, determined on a three yearly cycle, of all real estate designated as having potential for alternative use together with the most recent valuation for all other real estate.

- * As a minimum requirement, annual reports of statutory authorities include the following non-financial information:
- . charter;
 - . access;
 - . aims and objectives;
 - . management and structure;
 - . review of operations;
 - . a statement by the Minister;
 - . achievement of objectives;
 - . research and development;
 - . plans and prospects;
 - . legislative changes;
 - . prices and pricing policy;
 - . personnel and industrial relations;
 - . promotion and public relations activities;
 - . consumer complaints and suggestions for improvements;
 - . service delays;
 - . budget.
- * Annual reports of statutory authorities be tabled within three months of the end of the reporting period except where exemption is given.
- * Authorities be responsible for having their annual reports available at the Government Information Centre for public sale at approximate cost of production.
- * An Annual Reports Act specify the framework for reporting and accounting requirements of statutory authorities.
- * Detailed reporting and accounting requirements be specified in the regulations under an Annual Reports Act.
- * An Annual Reports Act provide that amendments to the regulations under the Act be first referred to the Public Accounts Committee for examination and report.

3.0 BACKGROUND TO THE REPORT

This report stems from a reference by the Treasurer, The Hon. Ken Booth, M.P., to the Public Accounts Committee to inquire into the appropriateness of an Annual Reports Act to govern the accounting and reporting requirements of statutory authorities (Appendix 1).

The Treasurer's reference reflects the widespread and growing concern, not just in New South Wales, but in every State and virtually every other comparable country, about the activities of statutory authorities. This concern is about both the quality of their performance and the level of their responsibility to governments, legislatures and the public.

The conclusion of the Public Accounts Committee, following our own inquiry and consideration of the findings of other parliamentary committees, particularly in Victoria and the Commonwealth, is that this concern is well justified.

The disquieting fact is that nobody really knows how well most statutory authorities are performing. Informed judgments about their performance are not possible, simply because, in most cases, the required management information systems and performance measures or indicators have not been developed or reported upon.

This absence of information no doubt arises in large part from decades of virtually non-existent parliamentary scrutiny. Legislatures around the world seem to have been content to create statutory authorities, confer wide powers on them and then leave them to go about their business with little requirement to account for their stewardship.

It is encouraging, however, that some significant changes are now underway. These include programme budgeting, comprehensive auditing, improved reporting and accounting standards, and the increasing use of parliamentary committees for bipartisan scrutiny of public expenditure.

Underlying these changes, at least in the countries and states where they are occurring, is a growing enthusiasm of governments for improved accountability of public bodies. For many decades, it was the conventional political wisdom that "playing your cards close to your chest" not only saved many political headaches caused by sensational media stories but also assisted the efficient, orderly, and time-honoured conduct of public affairs. There was certainly little impetus for the searchlight to be focused on the existing way of doing things, when it was believed that all society's demands for more and better public services and facilities would be met in time through continuing high economic growth. This complacency has come to an end with the realisation that high economic growth cannot always be taken for granted, and that scope for improvement depends not just on the likelihood of additional resources becoming available, but on making the most of the resources already available. In recent years more and more governments, therefore, have become enthusiastic about putting public expenditure under open parliamentary and public examination because of the obvious potential these processes offer for fostering greater efficiency and effectiveness.

In New South Wales, for example, a number of reforms have been introduced in recent years. Efficiency audits and management strategy reviews are now undertaken by the Public Service Board and the Premier's Department respectively. Changes in the presentation of the public accounts and related financial information have already occurred and programme budgeting is now being implemented.

The proposed Public Finance and Audit Act will remove any doubt about the powers of the Auditor-General to report on matters of efficiency and effectiveness. As well, the Public Accounts Committee has been given new teeth.

Since 1902, the Committee has had the authority to inquire into matters referred to it by a Minister, the Auditor-General or the Legislative Assembly. Since November 1981, the Committee has received four references compared with none in the Committee's first seventy-nine years of existence. Even more importantly the recent amendments to the Audit Act, 1902, introduced by the Treasurer, The Hon. Ken Booth, M.P., have given the Committee the power to initiate its own inquiries. The Committee has already initiated inquiries into forty-two matters arising from the Auditor-General's 1981-82 report to Parliament.

The enormity of the Public Accounts Committee's role as a parliamentary watchdog over the financial probity, efficiency and effectiveness of the public sector is daunting. In addition to ministerial departments there are some hundreds of statutory authorities, at least sixty of which have assets in excess of \$50 million or annual expenditure in excess of \$10 million. Clearly, for a parliamentary committee to examine in detail every significant public body in New South Wales would take a lifetime or more. For that reason annual reports, and what they say or fail to say, will play a critical role in the Committee's future strategy. The Committee will review annual reports each year and will be looking for proof that each statutory authority is carefully and critically evaluating the efficiency and effectiveness of its operations.

4.0 CONDUCT OF THE INQUIRY

Notices of the Committee's inquiry and invitations for submissions were placed in the metropolitan and national press. Interested parties were forwarded a document titled "Points of Particular Interest to the Public Accounts Committee in its Inquiry into the Accountability of Statutory Authorities" (Appendix 2) and an abridged version of the Report of the Working Party on Public Sector Accounting and Reporting Standards (Appendix 3). The Committee was very surprised that only four statutory authorities indicated an intention to make submission. Faced with a general lack of response by authorities the Committee selected sixty-eight of the larger authorities (Appendix 4) and individually invited them to make submissions. In addition the Committee invited the selected sixty-eight authorities to complete a survey questionnaire on their accounting, reporting and management practices. The information survey and the summary of responses are attached as Appendices 5 and 6.

Seventy-five submissions (including fifty-three from statutory authorities) were finally received by the Committee (Appendix 7). Many of these were helpful. From the submissions received the Committee requested thirty-two parties to give oral evidence at the Committee's public hearing (Appendix 8).

In conjunction with the Australian Society of Accountants the Committee held a seminar in April 1983 on the proposal for an Annual Reports Act. The seminar participants were invited to complete a questionnaire on related issues (Appendix 9). A summary of the responses is included as Appendix 10.

In addition the Committee commissioned the Australian Institute of Management and the Australian Accounting Research Foundation to undertake specific research projects. The Australian Institute of Management provided an assessment of the annual reports of twelve of the larger statutory authorities. The financial statements of those same authorities were assessed by the Australian Accounting Research Foundation. These reports were valuable in assisting the Committee's appreciation of current accounting and reporting standards.

5.0 PUBLIC BODIES

5.1 Categorisation of Public Bodies

Public bodies are traditionally categorised as ministerial departments and statutory authorities.

Departments are funded by parliamentary appropriation, subject to Treasury control, staffed under the Public Service Act and subject to close ministerial control and direction.

Statutory authorities are created by legislation and are not subject to day-to-day financial controls by the Treasury. Originally these authorities were established in this way to give them a degree of independence in conducting business-type activities or other activities not considered appropriate for close ministerial control and direction.

A cursory review of New South Wales public bodies suggests that the traditional categories of departments and statutory authorities do not apply. Some authorities are subject to controls typically applied to departments while some departments have trading functions normally performed by statutory authorities. Further, some authorities are called departments, while some "departments" are in fact statutory authorities.

The precise number of New South Wales statutory authorities is problematic and depends entirely upon the definition used. If all bodies created pursuant to legislation, by-laws, and administrative direction were included the number would approximate some thousands. A list of over three hundred of the more readily identified authorities is included as Appendix 11. The indeterminate number of those bodies is a matter of considerable concern to the Committee.

To assist in rationalising both the number and categorisation of public bodies, the Committee believes that a central register of public bodies should be compiled, maintained and presented to Parliament annually. The register should comprise all bodies performing a public function and established by or appointed pursuant to any rule, regulation, by-law, order, order-in-council, proclamation or other instrument of a legislative character. Such a register should obviously exclude any charitable, religious, privately owned, or other body which relies on legislation simply for registration or licensing. The Committee believes that the register should be compiled and maintained by the Premier's Department as the State's chief co-ordinating agency.

THE COMMITTEE RECOMMENDS THAT:

A REGISTER OF PUBLIC BODIES BE COMPILED AND MAINTAINED BY THE PREMIER'S DEPARTMENT AND BE PRESENTED TO PARLIAMENT ANNUALLY.

5.2 The Impact of Statutory Authorities

Regardless of the exact number, the significance of New South Wales statutory authorities is beyond question. The revenues of the State Rail Authority and the Electricity Commission of New South Wales each exceed \$1,000 million. The twelve largest authorities have an income in excess of \$5,000 million and contribute more than 3.5% of Australia's gross domestic product. Authorities in New South Wales are among the nation's largest enterprises. The assets of the State Bank of New South Wales and Metropolitan Water Sewerage and Drainage Board each exceed \$3,000 million. New South Wales authorities have more than 240,000 employees, nearly 10% of the State's workforce. When compared with the 77,000 employed by ministerial departments it is apparent that the bulk of the State's public employees are engaged by authorities. The impact of New South Wales authorities on the capital market and the economy generally is enormous (Appendices 12 and 13).

6.0 ACCOUNTABILITY

6.1 Principle and Practice

Accountability requires that information be provided so that informed judgments may be made about an organisation. It is, or at least should be, a condition of the delegation of power from Parliament to the authority. It requires:

- a clear understanding of who is responsible for what, and to whom;
- a flow of relevant and timely information; and
- mechanisms for review.

In practice, statutory authorities should be accountable for both their financial and operational performance. Parliament and the public need to know whether they have performed efficiently and effectively and how well they are placed to achieve their future plans.

Specifically, statutory authorities should be accountable for:

- Financial and legal compliance

This has been the role of traditional financial audit. Its purpose is to ensure that financial activities are conducted with propriety and honesty; that expenditure has been for purposes approved; that all laws, regulations and internal rules have been complied with.

- Economy and Efficiency

This is to ensure that resources are used in an economic and efficient manner without waste or extravagance and implies a mechanism by which the meaning of efficiency can be agreed upon in measurable terms.

- Effectiveness

This is to ensure that activities or programmes achieve objectives and requires that measurable objectives be set in operational terms.

Given the number, size and scope of statutory authorities, information provided must be both digestible in form and manageable in volume.

6.2 Existing Accountability Mechanisms

Apart from annual reports, there are a number of existing mechanisms which allow some degree of assessment of the activities of statutory authorities. These include:

- appearances before parliamentary committees;
- the Auditor-General's audit and reports to the Treasurer and Parliament;
- public meetings with users and clients;
- inquiries by the Ombudsman;
- reports to Ministers;
- Management and Strategy Reviews;
- Efficiency Audits by the Public Service Board;
- reports by outside consultants.

While all these mechanisms are useful, none of them, individually or in combination, enable the Parliament to comprehensively and systematically review the performance, position and plans of the State's numerous statutory authorities.

Consistent, relevant and comprehensive annual reports from statutory authorities will greatly assist such a review. The Committee believes that the best way of ensuring that the appropriate information is disclosed is by means of an Annual Reports Act. Initially all authorities audited by the Auditor-General should be covered by the Act. These authorities should be listed in the regulations under the Act.

THE COMMITTEE RECOMMENDS THAT:

AN ANNUAL REPORTS ACT BE ENACTED SPECIFYING THE
REPORTING AND ACCOUNTING REQUIREMENTS FOR STATUTORY
AUTHORITIES.

7.0 FINANCIAL INFORMATION

7.1 Current Deficiencies

The Committee's own assessment and reports commissioned by it of the financial statements of authorities indicate a number of common deficiencies in the quality of financial information currently provided. These include:

- an incomplete picture of the cost of operations where significant trading subsidiaries are not included, and where there is inadequate disclosure of the extent of equity holding in other ventures;
- treating some non-operating costs that would normally be recorded as "below the line" items as operating costs;
- the apparent hiding away of money in "hollow logs" (e.g. through unexplained movements in reserves and provisions);
- major items of income and expenditure not identified by sufficient breakdown;
- the failure to show known liabilities in financial statements or by way of notation, such as for employees' entitlements and to explain the methods of determining such liabilities;
- the use of different terms to describe the same accounting activities, thereby making comparisons between authorities impossible for the average reader;
- the lack of information on accounting policies adopted or any changes made to them, such as policies for the treatment of revenue and capital grants, depreciation, amortization and asset replacement, foreign currency fluctuations, and the valuation of investments;
- the failure by some authorities to provide a balance sheet, especially those authorities which report only cash received and cash spent;
- the failure to distinguish between running costs and capital works by authorities using a cash system.

The Committee believes all of these deficiencies can be corrected by an Annual Reports Act which prescribes common methods of accounting.

As a first step, the following financial statements should be required from all authorities:

- . an income and expenditure statement;
- . a balance sheet, or statement of assets and liabilities;
- . consolidated accounts, where useful and appropriate;
- . a source and application of funds statement.

together with adequate notes to the accounts.

These statements should be audited and a copy of the auditor's certificate included in the annual report.

Financial statements should show:

- . the revenue and the costs of operations;
- . the resources devoted to activities and the form in which they are held;
- . whether the organisation can pay its debts;
- . where money came from and where it went;
- . comparative figures for the previous period.

The statements should contain sufficient detail to enable informed judgments to be made about the financial position of an organisation. To achieve this, the information reported must be relevant, accurate and timely.

Comment is regularly made about differences in the purposes of accounting between the private and public sectors. In the private sector the bottom line figure or profit earned and the information in the balance sheet is important in that it may influence the market price of shares. In the public sector details of the cost of providing services is usually the predominant concern.

THE COMMITTEE RECOMMENDS THAT:

AN ANNUAL REPORTS ACT REQUIRE STATUTORY AUTHORITIES TO PROVIDE AN INCOME AND EXPENDITURE STATEMENT, A BALANCE SHEET OR STATEMENT OF ASSETS AND LIABILITIES, CONSOLIDATED ACCOUNTS WHERE APPROPRIATE, A SOURCE AND APPLICATION OF FUNDS STATEMENT AND ADEQUATE NOTES TO THE ACCOUNTS.

7.2 Consistent Format

The public and the Parliament cannot be expected to understand financial information when it is prepared and presented in a wide variety of ways. Some consistency among authorities is essential. This has been a major concern of the Committee in its Inquiry.

This issue was also addressed by the Auditor-General in his 1979-1980 report to Parliament in which he provided guidelines for the format of statutory authorities' financial statements. These guidelines were subsequently given detailed consideration by the Working Party on Public Sector Accounting and Reporting Standards.

The Working Party supported and the Committee endorses the Auditor-General's guidelines on:

- description of authorities' accounting policies;
- provision of comparative figures for previous years;
- categorisation of specific fixed assets, investments and capital;
- provision for doubtful debts;
- explanation of the basis for providing for known commitments and anticipated contingencies;
- separate description of important items of income and expenditure; and
- signing and dating of statements of accounts.

The three aspects of the Auditor-General's guidelines on which the Working Party did not achieve consensus concerned real estate valuations, the method of accounting for depreciation and time limits for the completion of financial statements. These issues are addressed later in this report.

THE COMMITTEE RECOMMENDS THAT:

REGULATIONS UNDER AN ANNUAL REPORTS ACT PROVIDE THAT FINANCIAL STATEMENTS INCLUDE:

DESCRIPTION OF AUTHORITIES' ACCOUNTING POLICIES;

COMPARATIVE FIGURES FOR PREVIOUS YEARS;

CATEGORIES OF SPECIFIC FIXED ASSETS, INVESTMENTS AND CAPITAL;

PROVISION FOR DOUBTFUL DEBTS;

THE BASIS FOR PROVIDING FOR KNOWN COMMITMENTS AND ANTICIPATED CONTINGENCIES;

SEPARATE DESCRIPTION OF IMPORTANT ITEMS OF INCOME AND EXPENDITURE;

SIGNED AND DATED STATEMENTS OF ACCOUNTS.

7.3 Accrual Accounting

The question of cash versus accrual accounting for public bodies has been a topic of considerable debate. The Auditor-General considered this issue in some detail in his 1979-80 report to Parliament and concluded that in some cases there was need for what is now known as "modified accrual accounting".

Under cash accounting, only those moneys actually paid out or received during the accounting period are brought to account. Under accrual accounting all revenues earned, whether received or not, and all expenses incurred, whether paid or not, are brought to account. Under "modified accrual accounting" only material revenues and expenses are brought to account.

For some organisations accounting on a cash basis is sufficient to show a true and fair view of the financial outcome of activities for the year. For these organisations, an insistence on accrual accounting is unnecessary.

For other organisations, accrual accounting is essential if financial statements are to give a true and fair view of the activities for the period. For some organisations modified accrual accounting will be sufficient. For these organisations the cost and effort in bringing to account a multiplicity of immaterial revenue and expense items will be at the cost of timeliness but with no significant change to the final figures. The Committee believes that the following comments of the Auditor-General in his 1979-1980 report are particularly pertinent:

"Subsidies are usually provided on a basis that authorities are given in a reporting period only what they will actually need to pay out. Accrual accounting measures expenses on the basis of the obligations incurred during that period, making provisions for depreciation, long service leave and other expenses incurred but not paid and also recognising goods and services received but not paid for. Matching of expenses with revenues in a cash-funded entity automatically leads to the calculation of a deficit. If additional subsidies are not made available each year to cover the "deficits" but are continued on a pay-as-you-go basis, the continued use of accrual accounting with the representation of an accumulating deficit could be confusing and suggest that the undertaking has failed to live within its means.

Consequently, in these cases full accrual accounting is usually impracticable and uneconomic. A statement showing the sources of supply of money and the uses to which it was put (e.g. a simple receipts and payments statement (adjusted for accrued payroll costs) plus disclosure of monetary asset holdings and a quantification of forward commitments) will often provide an adequate accounting without the expense of more complicated procedures." (1)

This view was supported by the Working Party on Public Sector Accounting and Reporting Standards which recommended that statutory authorities adopt accrual accounting unless specifically exempted by agreement between the responsible Minister and the Treasurer.

More recently, this view has also been supported by the Commonwealth Government. Guidelines for the form and standard of financial statements for Commonwealth Undertakings issued by the Minister for Finance in May 1983 stated:

"Except where it may be demonstrated to the Minister for Finance that financial statements prepared on a cash basis are not materially different in terms of information conveyed to readers, statements for all undertakings shall be prepared on an accrual basis."(2)

(1) The Auditor-General of New South Wales (1979-80) Report. Sydney. Government Printer. Page 363.

(2) Guidelines for the Form and Standard of Financial Statements of Commonwealth Undertakings, Department of Finance, Canberra, May 1983, Page. 4.

The Committee supports modified accrual accounting in appropriate cases as a logical step towards accrual accounting for all statutory authorities.

The Committee believes that the best approach would be for an Annual Reports Act to prescribe accrual accounting with an appropriate exemptions procedure in cases where cash accounting or modified accrual accounting is more appropriate. The Committee further believes that these exemptions should be given by the Auditor-General following a reference to the Public Accounts Committee for its comment.

THE COMMITTEE RECOMMENDS THAT:

AN ANNUAL REPORTS ACT REQUIRE STATUTORY AUTHORITIES TO ADOPT ACCRUAL ACCOUNTING, UNLESS EXEMPTED BY THE AUDITOR-GENERAL AFTER RECEIVING THE VIEWS OF THE PUBLIC ACCOUNTS COMMITTEE.

7.4 Accounting for Depreciation

The inconsistent treatment of capital, loans and depreciation in the financial statements of statutory authorities makes it impossible to determine whether current users of services are being subsidised by past users, are being charged the true cost of current services or are subsidising future users. Put another way, it is impossible to determine whether an authority is consuming capital, paying its way from revenues, or accumulating capital.

Under the various treatments currently in use, authorities charge as operating expenses:

- . interest on loans; or
- . depreciation; or
- . capital repayments; or
- . sinking funds for loan repayment; or
- . any combination of these.

Clearly, standardisation is necessary to enable comparisons of financial performance and an understanding of pricing policies.

In practice, the choice of what combination of treatments is adopted is clouded by cash flow considerations. These include consideration of whether maturing loans will automatically be re-financed, and whether future replacement of existing assets will cost more because of inflation. However, the Committee agrees with the Working Party on Public Sector Accounting and Reporting Standards that provision for depreciation and provision for loan repayment are discrete processes.

Commercial accounting procedures provide that:

- the interest cost of finance is charged as an operating expense;
- depreciation of the original cost of assets is charged as an operating expense;
- reserves for capital repayment (i.e. sinking funds) are treated as an appropriation of profit (a "below the line" treatment) rather than as an operating expense.

In his 1979-80 report, the Auditor-General made the following comments on this complex area:

"Across the range of statutory corporation accounts, there is at present variety of practices in relation to the costs brought to account for the use of capital assets. Some charge only depreciation as an expense; some charge only debt repayment as an expense; some charge both; some charge neither. In some cases, a charge analogous to depreciation is made and described in terms such as "Renewal of Assets".

It is desirable that accounting be standardised to enable comparisons and to show clearly what capital funding policies have been applied.(3)

(3) Ibid, page 360.

The time has come to rationalise the various practices so that informed judgments may be made by the Government, the Parliament and the public about the appropriateness of current pricing policies and capital maintenance and funding practices.

Even today, a mix of methods of accounting for capital is still being practiced by statutory authorities. One method is to charge the repayment of the loan over its life as set out in Public Authorities (Financial Accommodation) Act, 1981, in lieu of providing for depreciation. This may not be an equitable charge against revenue when the loan funds are used for the acquisition of an asset, whose estimated useful life may be vastly different to the period of the loan. Thus, a charge for depreciation may be substantially at variance in both timing and magnitude to the charge for loan repayment.

The Committee believes that depreciation and interest should be charged as operational expenses and therefore treated as "above the line" items. It is recognised that financial results can be distorted by the adoption of an inadequate or over-generous rate of depreciation.

Therefore, in accordance with generally accepted accounting principles, depreciation should be based on historical cost and allocated over the estimated life of an asset. The Committee has not attempted to prescribe standard rates of depreciation for like assets held by different authorities. We believe this is an appropriate matter for the Auditor-General to determine

Any additional amount to cover the difference between depreciation on historical cost and depreciation on a higher replacement cost, or to provide for repayment of the loans raised, should be treated as an appropriation of surplus or profit and therefore a "below the line" item.

The Committee believes that "above the line" depreciation charges (i.e. for historical cost depreciation) should be recorded as a Provision for Depreciation and shown in the Balance Sheet as a deduction from the asset; and that "below the line" capital appropriations (for the difference between historical and replacement cost depreciation, and providing for repayment of loan funds) should be shown in the Balance Sheet as an Asset Replacement Reserve and a Capital Expansion Reserve respectively.

This approach would mean that the Government, the Parliament and the public would know exactly what provisions and appropriations were being met from revenues and would enable clear policy choices to be made about pricing and capital funding.

When assets are "donated" and are to be replaced from the same source, it has been argued that there is no need for capital maintenance and therefore no need for disclosure or depreciation. This argument is based on the private sector concept of depreciation being for the maintenance of capital. Should "donated" assets have an impact upon pricing policies, the Committee believes that details should be disclosed in the notes to the accounts.

THE COMMITTEE RECOMMENDS THAT:

REGULATIONS UNDER AN ANNUAL REPORTS ACT SPECIFY THAT:

INTEREST ON BORROWED FUNDS AND DEPRECIATION ON THE HISTORICAL COST OF ASSETS, BASED ON THE ANTICIPATED LIFE OF THE ASSETS, BE CHARGED AS OPERATING EXPENSES;

AMOUNTS TO COVER THE DIFFERENCE BETWEEN HISTORICAL COST AND REPLACEMENT COST DEPRECIATION AND TO PROVIDE FOR REPAYMENT OF LOANS BE CHARGED AS AN APPROPRIATION OF PROFIT AND BE SHOWN IN THE BALANCE SHEET AS AN ASSET REPLACEMENT FUND AND A CAPITAL EXPANSION FUND RESPECTIVELY.

7.5 Real Estate Valuations

In order to carry out their functions, many statutory authorities need land and buildings. Real estate, however, is only one of many alternative uses of capital. Some assessment therefore needs to be made from time to time to ensure that:

- an authority is not holding real estate surplus to its needs; and
- better use cannot be made of the capital which is represented by real estate holdings.

The first step in enabling such an assessment is to require each authority to identify and publicly list all its real estate, together with a description of its current use or planned use, and anticipated date of use. This information should then be included in a central register of the State's real estate holdings. The Committee believes that it would be appropriate for the Valuer-General to maintain this register, preferably on computer, so that information may be provided according to activity, type of property, geographic area, or present use. The authorities embraced by the Annual Reports Act should be the first to be subject to listing in the register.

Ideally the next step would be to determine the current market value of all holdings. However, this would involve enormous practical difficulties and cost. The Committee gave considerable thought to categorising all land holdings according to present or intended use (e.g. commercial, trading, designated use, restricted use, land upon which installations are constructed, etc.) and then determining which categories required market valuation. This exercise, however, proved to be a minefield. Example after example arose where parcels of real estate theoretically in a category of low priority, in practice, warranted early revaluation.

A much better approach would simply be to develop a numerical scale for ranking the priority for current valuation. The ranking, based on significant potential for alternative use, could initially be determined by each authority for review by the Valuer-General. Depending upon the location and size of land holdings and fluctuations in property markets, annual revaluations may be a time-consuming and expensive exercise without significant benefits. To balance these costs with the need for timely and current information, revaluations of real estate ranked as having potential for alternative use, may be made on a three yearly cycle. Where an authority elects to have valuations performed by its own qualified staff such valuations should be subject to verification, at least on a test basis, by the Valuer-General.

THE COMMITTEE RECOMMENDS THAT:

EACH AUTHORITY IDENTIFY AND PUBLICLY LIST ALL REAL ESTATE TOGETHER WITH A DESCRIPTION OF ITS CURRENT OR PLANNED USE, AND GIVE A RANKING ACCORDING TO ITS POTENTIAL FOR ALTERNATIVE USE. THE VALUER-GENERAL HAVE POWER TO REVIEW THIS RANKING EITHER ON HIS OWN INITIATIVE OR AT THE REQUEST OF THE AUTHORITY, THE MINISTER, THE AUDITOR-GENERAL OR THE PUBLIC ACCOUNTS COMMITTEE.

THE VALUER-GENERAL DEVELOP A CENTRAL REGISTER OF ALL LAND HOLDINGS OF PUBLIC BODIES WHICH CAN BE USED TO PROVIDE INFORMATION ACCORDING TO USE OR GEOGRAPHIC AREA.

AUTHORITIES DISCLOSE IN THEIR ANNUAL REPORTS THE CURRENT MARKET VALUE, DETERMINED ON A THREE YEARLY CYCLE, OF ALL REAL ESTATE DESIGNATED AS HAVING POTENTIAL FOR ALTERNATIVE USE TOGETHER WITH THE MOST RECENT VALUATION FOR ALL OTHER REAL ESTATE.

8.0 NON-FINANCIAL INFORMATION

8.1 Current Issues

The standard of non-financial information in the annual reports of statutory authorities is generally poor. The Committee's view is confirmed by independent assessments of the reports of twelve major statutory authorities which the Committee commissioned.

The lack of relevant information in annual reports of authorities is not confined to New South Wales. Parliamentary committees in Victoria and the Commonwealth have found similar deficiencies.

Financial information, particularly in the public sector, does not by itself enable an evaluation of an organisation's efficiency or effectiveness. For a private sector firm the existence of a profit, made in an open market environment, is at least some indicator of performance. Most authorities do not operate in such an environment and the achievement of a profit or loss does not have the same meaning. Alternative ways of evaluating an authority's performance need to be developed. As one private sector witness stated to the Committee:

"Many arguments can be advanced as to why measuring performance on an income basis is not likely to be relevant in any government activity, including statutory authorities. The consequence of those items is that the stronger the argument against net income as a basis for evaluating performance, the stronger are the arguments for measuring performance by another means."

For these reasons, the content and quality of non-financial information in statutory authorities' annual reports is critical.

8.2 Information to be Reported

The non-financial information suggested in the Points of Particular Interest to the Public Accounts Committee reflected the Committee's views at the commencement of the Inquiry. These views have been strengthened by the evidence taken during the Inquiry.

The non-financial information listed below is considered by the Committee to be the minimum requirement:

- | | |
|---------------------------------|--|
| <u>Charter</u> | <ul style="list-style-type: none"> . How and why the organisation was set up. |
| <u>Access</u> | <ul style="list-style-type: none"> . Addresses and telephone numbers of the principal offices. . Business and service hours. |
| <u>Aims and Objectives</u> | <ul style="list-style-type: none"> . What the organisation sets out to do. (A bare statement of the legislative obligations will usually not be sufficient). . Information on the range of services provided and the section of the community served. |
| <u>Management and Structure</u> | <ul style="list-style-type: none"> . Membership and profiles of the governing body and relevant committees. . Profiles of senior staff. . An organisational chart indicating functional responsibilities. . Frequency of meetings of the governing body and committees and attendance at meetings. . Periods and method of appointment for members of governing boards. |

Review of Operations

- . A review of how, and how well the organisation has achieved its objectives.
- . Highlights of the year.
- . Brief financial summary.
- . Performance measures and indicators used.
- . Policies and the bases of policy decisions made.
- . Perceived problem areas.
- . Appropriate supplementary tables to financial statements.
- . Controversial issues during the reporting period.
- . Table of material works in progress, including cost of works and date of completion.
- . Significant cost overruns in major works.
- . Deferment or cancellation of major projects and the reasons.
(The narrative review of operations should not presume a detailed knowledge of the organisation by readers and jargon should be avoided).

Minister's Statement

- . A statement by the Minister, where appropriate.

- Achievement of Objectives
- . Description of the nature and range of activities undertaken.
 - . Appropriate quantitative and qualitative measures or indicators of performance e.g. for workload, efficiency and effectiveness. (Performance in quantitative terms may be effectively presented using diagrams).
 - . Performance statistics over a span of up to five years with narrative explanation of trends and other features of significance.
 - . Matters that have or are expected to affect the achievement of objectives, including legislation, political, economic and social factors.
- Research and Development
- . Recently completed research and continuing research and development activities, together with the resources allocated.
 - . Anticipated changes in technology and the environment that may affect the organisation.
- Plans and Prospects
- . Corporate or strategic plan.
 - . An assessment of how the external environment might impinge upon the authorities' activities.
- Legislative Changes
- . Changes in legislation or judicial decisions affecting the authority or the users of the service.

Service delays

- . Standard time for providing service with comments on reasons for variance from standard or changes made to standard.

Budget

- . Budget outline for the current period.
- . Major items effecting the budget in consequence of post balance date events, including contingency items in financial statements.

The Committee recognises that the disclosure of some of the information listed above could be prejudicial to the competitive position of some authorities which operate in an "open market" situation. In appropriate cases, authorities should include such a reference in their annual report to those matters that have not been addressed in detail for this reason.

THE COMMITTEE RECOMMENDS THAT:

AS A MINIMUM REQUIREMENT, ANNUAL REPORTS OF STATUTORY AUTHORITIES INCLUDE THE FOLLOWING NON-FINANCIAL INFORMATION:

CHARTER;
 ACCESS;
 AIMS AND OBJECTIVES;
 MANAGEMENT AND STRUCTURE;
 REVIEW OF OPERATIONS;
 A STATEMENT BY THE MINISTER;
 ACHIEVEMENT OF OBJECTIVES;
 RESEARCH AND DEVELOPMENT;
 PLANS AND PROSPECTS;
 LEGISLATIVE CHANGES;
 PRICES AND PRICING POLICY;
 PERSONNEL AND INDUSTRIAL RELATIONS;
 PROMOTION AND PUBLIC RELATIONS ACTIVITIES;
 CONSUMER COMPLAINTS AND SUGGESTIONS FOR IMPROVEMENTS;
 SERVICE DELAYS;
 BUDGET.

8.3 Report Presentation

The purpose of an annual report is to communicate important information about authorities. Material should be effectively presented and structured. Attention should therefore be given to matters such as:

- materiality of information;
- the provision of an index or table of contents;
- logical sequence of information;
- appropriate layout and design;
- clear, readable text;
- appropriate charts, diagrams and photographs.

9.0 PERFORMANCE MEASURES AND INDICATORS

There is no way of judging the efficiency or effectiveness of an authority without the development and use of performance measures or indicators, yet very few of the authorities that appeared before the Committee were able to point to their general use.

Measuring performance presupposes that an organisation has measurable objectives or goals and has developed plans to implement them. Measurable objectives in turn determine the performance indicators which are the main criteria for evaluating the success of activities. A well defined objective for example, may be "to provide x kilometres of y type road in z months." A poorly defined objective would be "to efficiently and effectively provide roads for the betterment of the community."

There are two types of indicators to monitor and evaluate activities. These are:

- . efficiency measures or indicators;
- . effectiveness measures or indicators.

Efficiency measures or indicators relate the output to the amount of input required to achieve it, for example;

- . cost per train passenger per kilometre;
- . number of meter readings per man hour;
- . cost of electricity per kilowatt hour.

Effectiveness measures or indicators relate achievements to objectives set, for example;

- . road toll reduction through random breath testing;
- . number of university graduates who have secured employment in their chosen field.

Clearly, well defined objectives are the first step to determining the indicators or measures of performance.

Much has been written about the difficulties of developing performance indicators. Constant reference is made to profit as a motivator and as a measure of performance in the private sector; yet profit is a crude measure and is not solely relied upon in the private sector.

For public sector organisations, profit cannot be the sole concern. The range, quality, access and cost of service are more often the focus of attention. Performance may not be directly and easily measured. If this is the case, indicators rather than measures may only be possible. In its review of annual reports the Committee will consider the relevance and validity of measures and indicators reported by authorities.

10.0 TIMELINESS

Too many annual reports are presented too late to be useful.

The value of information declines with age. Timeliness is therefore a cornerstone of accountability. The Auditor-General in his 1979-80 report to Parliament stated:

"I should add, to give adequate advance notice, that the timeliness of presentation of accounts is just as important as the form and extent of disclosure."(4)

There is no consistent time requirement in New South Wales legislation for reporting by statutory authorities. Indeed, the enabling legislation of 23 of the 66 statutory authorities surveyed by Public Accounts Committee had no time limit for annual reporting. Most of these authorities are simply required to report "as soon as practicable".

The critical aspects of timeliness involves the time taken to:

- complete the preparation of financial statements;
- obtain the Auditor-General's certification;
- submit an annual report to the Minister;
- table the report in Parliament;
- make copies of the report available to the public.

(4) Ibid, page 359.

The Auditor-General reports to Parliament by 30 September on those departments and statutory authorities whose accounts he audits, and his report is the most comprehensive document available to Parliament on the public sector.

The Auditor-General also stated in his 1979-80 Annual Report that:

"... by a re-arrangement of timetables, it should be possible in most cases to produce accounts within two months of the close of the accounting period. Some sacrifice of precision may result, particularly in the first transition year.

However, provided the unadjusted differences are not material the advantages of having early and useable accounts for prompt corrective action, if needed, should be worth the sacrifice."(5)

The Public Accounts Committee supports the view that accounts should be available for audit within two months. A copy of the unaudited accounts should also be made available to the Minister at the same time.

Since the information produced in an annual report should be derived from internal management information reports used throughout the year by management, any difficulty experienced by authorities in promptly completing an annual report should call into question the adequacy of their internal management information system. A timely, clear and concise annual report is one public demonstration of the efficiency of an organisation.

The Public Accounts Committee believes that an annual report of any authority should be submitted to the Minister within ten weeks of the close of the financial year. Prior to the expiration of this period, an application for an extension of time should be made by any authority which cannot meet this timetable. Such application should be considered by the Public Accounts Committee which will request the comment of the Minister, the Treasurer and the Auditor-General. The application should be lodged no later than six weeks after the close of the reporting period.

(5) Ibid, page 359.

The Committee believes that in the case of a well managed authority, there should be no difficulty in meeting the following timetable:

Completion of financial statements	- 6 weeks after the end
	of the financial year.
Auditor-General's certification	- 10 weeks after the end
	of the financial year.
Submission of annual report to Minister	- 10 weeks after the end
	of the financial year.
Tabling of report and public availability of report	- 12 weeks after the end
	of the financial year.

In view of the importance of timeliness, the Committee believes that sufficient copies of an annual report should be printed prior to tabling so that they may be immediately available.

The Committee also believes that if Parliament is not sitting at the time a report is due for tabling, the annual report should be presented to the Clerk of the Parliament and the Clerk of the Legislative Assembly in full compliance of the tabling requirements. The report thereafter becomes a public document and may be publicly distributed.

THE COMMITTEE RECOMMENDS THAT:

ANNUAL REPORTS OF STATUTORY AUTHORITIES BE TABLED WITHIN THREE MONTHS OF THE END OF THE REPORTING PERIOD EXCEPT WHERE EXEMPTION IS GIVEN.

11.0 ACCESS TO ANNUAL REPORTS

While annual reports are primarily accountability documents to the Parliament they are also reports to the public. Their timely availability to the public is therefore essential if they are to achieve their purpose.

The availability of annual reports currently varies among authorities. Those reports printed by the Government Printing Office are automatically forwarded to the Government Information Centre for public sale. Reports printed independently of the Government Printing Office are not always available to the Government Information Centre for distribution. Some authorities distribute only abridged versions of their annual reports in industry journals.

The Committee believes that anything falling short of full public and timely availability of annual reports is unacceptable. All authorities should be responsible for forwarding adequate copies of their annual reports to the Government Information Centre immediately after their printing at a price not exceeding the cost of production.

THE COMMITTEE RECOMMENDS THAT:

AUTHORITIES BE RESPONSIBLE FOR HAVING THEIR ANNUAL REPORTS
AVAILABLE AT THE GOVERNMENT INFORMATION CENTRE FOR PUBLIC SALE
AT APPROXIMATE COST OF PRODUCTION.

12.0 STRUCTURE OF AN ANNUAL REPORTS ACT

The Annual Reports Act should lay down the basic requirements for both financial and non-financial information in annual reports. The Act should specify:

- the requirement to table an annual report within three months after the end of the reporting period;
- the framework of financial information required including an income and expenditure statement, a statement of source and application of funds, a balance sheet or statement of assets and liabilities and appropriate notes to the accounts;
- the framework of non-financial information required including the organisation of functions, operational objectives, the methods and results of performance evaluation, activities, policies and plans.

It is inevitable however, that detailed accounting and reporting requirements will change from time to time. The external environment, management practices, and accounting treatments are continually evolving. Given the legislative "log jam" that confronts most parliaments, it is impracticable for legislation to be regularly amended. The Committee therefore believes that most of the detailed requirements recommended in this report should be contained in regulations under the proposed Act.

The Public Accounts Committee has the power under section 16D of the Audit Act to report to the Legislative Assembly on any circumstances connected with the accounts of statutory authorities. Clearly this power enables the Committee to report on amendments it believes may be necessary to the regulations under the proposed Annual Reports Act. Similarly under section 63 of the Audit Act, the Auditor-General has the power to make such recommendations. In cases where subsequent amendments to the regulations are proposed by the Government, the Committee believes it would be appropriate for the Annual Reports Act to require such proposals to be referred to the Public Accounts Committee for examination and report to the Legislative Assembly.

THE COMMITTEE RECOMMENDS THAT:

AN ANNUAL REPORTS ACT SPECIFY THE FRAMEWORK FOR REPORTING AND ACCOUNTING REQUIREMENTS OF STATUTORY AUTHORITIES;

DETAILED REPORTING AND ACCOUNTING REQUIREMENTS BE SPECIFIED IN THE REGULATIONS UNDER AN ANNUAL REPORTS ACT;

AN ANNUAL REPORTS ACT PROVIDE THAT AMENDMENTS TO THE REGULATIONS UNDER THE ACT BE FIRST REFERRED TO THE PUBLIC ACCOUNTS COMMITTEE FOR EXAMINATION AND REPORT.

APPENDICES

TERMS OF REFERENCE FROM THE TREASURER

SYDNEY

17 DEC 1982

M. R. Egan, Esq., B.A., M.P.,
Chairman,
Public Accounts Committee,
New South Wales Legislative Assembly,
Parliament House,
SYDNEY

Dear Mr. Egan,

The accounts of Statutory Authorities have received some criticism, largely on the basis of timeliness, inconsistency in treatment between authorities and lack of comparability between authorities. A working party of officers from Treasury, Auditor General, Public Service Board, Ministerial Advisory Unit and a Statutory Authority have submitted a report on Public Sector Accounting and Reporting Standards for Statutory Authorities. The report, a copy of which is attached, recommends:

- (i) The adoption by all statutory authorities of the guidelines as proposed by the Auditor General and recorded in Appendix 3 of his Report (1980), subject to specified variations.
- (ii) A Source and Application of Funds Statement to be prepared by each authority to form an integral part of the authority's published statements, to be audited by the Auditor General.
- (iii) Statements of Account to be submitted to the Auditor-General no later than three months after the close of the financial period unless exemption has been approved by the responsible Minister in consultation with the Treasurer.
- (iv) Statutory authorities to adopt accrual accounting unless specifically exempted by agreement between the responsible Minister and the Treasurer.
- (v) Income and expenditure accounts to disclose the sources of income, relate them to operating expenses and provisions, leaving a residue described as Net Income.
- (vi) Balance Sheet terminology such as 'Accumulated Funds' or 'General Reserve' be replaced by the term 'Retained Earnings'.
- (vii) The Public Authorities (Financial Accommodation) Act, 1981 be amended, with references to 'Reserve for Loan Repayment Fund' being replaced by 'Provision for Loan Repayment'.

- (viii) A group be set up to work in co-operation with experts in other States and to report to the Treasurer on matters involving accounting standards applicable to the Government Sector.
- (ix) A Standing Officer Committee be set up to monitor and review submissions of the research group.
- (x) The form of accounts and content of reports of statutory authorities be regulated through a (State) Annual Reports Act.

In my press release of July 12, 1982, responding to Professor Wilenski's release of the Review of NSW Government Administration Further Report (Unfinished Agenda), I announced that the Government would be introducing "new legislation to provide for a more standardised presentation of the annual accounts of statutory authorities".

In the attachment to the press release as well as in this year's Budget Paper No.2 (page 94) the proposed legislation was elaborated upon as follows:

"In response to the final report of the Working Party on Public Sector Accounting and Reporting Standards the Treasurer will be recommending to Cabinet the introduction of new legislation to give, where possible, a more standardised presentation of financial accounts by statutory authorities. This will ensure more disclosure of information about financial operations of these bodies. Greater uniformity in financial reporting will also facilitate comparisons between authorities."

Recently I appointed a Committee of officers from Treasury, Auditor Generals and Premiers Department to review the Audit Act, 1902. Amongst other things the Committee is likely to recommend inclusion of a standard audit clause in the Acts of Statutory Authorities. A suitable clause already exists in the Meat Industry Act, 1978.

While such a clause will be an improvement on the present confusing variety of accounting requirements of different statutory authorities, a comprehensive Annual Reports Act might be a preferable solution over the longer term.

With this in mind I would be grateful if the Public Accounts Committee would examine and report to me within six months on the appropriateness of an Annual Reports Act to govern the accounting and reporting requirements of statutory authorities, with particular reference to the recommendations of the Final Report of the Working Party on Public Sector Accounting and Reporting Standards (July 1981). Hopefully, the views of the Treasury, Auditor General, individual statutory authorities, Australian Society of Accountants and other community groups and interested individuals would be sought by your Committee as part of its enquiry.

As your Committee is no doubt aware, I have given particular attention since becoming Treasurer to reforming the State's financial systems and processes (see Budget Paper No.2, pages 93-95). Improving the presentation of statutory authority accounts so as to give the Government and Parliament greater insight into and thereby control over their operations, is one of my highest priorities.

I look forward to receiving the recommendations of the Public Accounts Committee on this most important subject.

Yours sincerely,

A handwritten signature in cursive script that reads "Ken Booth". The signature is written in dark ink and is underlined with a single horizontal stroke.

(KEN BOOTH)

APPENDIX 2POINTS OF PARTICULAR INTEREST TO THE PUBLIC ACCOUNTS COMMITTEE IN ITS
INQUIRY INTO THE ACCOUNTABILITY OF STATUTORY AUTHORITIES

It is the view of the Public Accounts Committee that the current level of accountability of statutory authorities to Parliament, the Government and the public is in need of improvement. Appropriate levels of accountability presupposes that authorities provide full, adequate, and meaningful disclosure not only of their financial operations and activities but also of management's efficiency and effectiveness. The information provided must enable a proper assessment of the performance of management in achieving the goals of the organisation. The Committee recognises that improved accountability is essential if the quality of decisions is to be enhanced and efficiency of organisations increased.

Rather than concentrating solely on standards for financial statements and annual reports, the Committee recognises that financial reporting, management information systems and programme performance measurements are integral to such standards. The inquiry will have as its focus the developing of a set of provisions in an Annual Reports Act to govern the standards of annual reports, financial accounting and reporting and those other information requirements in order that statutory authorities might achieve adequate levels of disclosure and accountability.

The Committee shall inquire into the following points:

- (1) With reference to authorities financial reports;
 - (i) the objectives of financial statements and financial reports;

- (ii) the appropriate accounting standards that should be adopted by authorities bearing in mind:
- guidelines published by the Auditor-General in his 1979-80 Report;
 - the Australian Accounting Standards promulgated by the Australian Society of Accountants and the Institute of Chartered Accountants;
 - other Australian standards, i.e., companies and securities legislation, Australian Associated Stock Exchange Official lists of requirements and other standards;
 - international accounting standards;

in order that the basic requirement that statements be "true and fair" and that adequate disclosure of management performance might be achieved;

- (iii) the concept of a general accounting standard which will determine that certain items must be disclosed and displayed separately;
- (iv) the division of New South Wales statutory authorities, its categories against which the accounting standards will apply;
- (v) the nature and content of financial statements generally and with reference to the recommendations of the Working Party on Public Sector Accounting and Reporting Standards and the Auditor-General's guideline;
- (vi) the method and frequency of valuation and presentation of assets generally, and with reference to real estate held by authorities;
- (vii) the valuation and presentation of liabilities generally and the treatment of loan repayment or sinking fund provisions and contingent liabilities in particular;

- (viii) the provisions made for the depreciation or diminution in the value of assets and the recording of such provisions;
 - (ix) resources provided free of charge, subsidised, or cross-subsidised;
 - (x) any additional information that should be disclosed in order that assessments can be made as to cost of services, financial viability and management performance.
- (2) With reference to non-financial information:
- (i) the type of non-financial information that should be provided in order that full disclosure and accountability might be achieved;
 - (ii) the means whereby such non-financial information might be disclosed;
 - (iii) the necessary changes in the management information reporting system that are required if efficiency is to be enhanced and management accountability improved.
- (3) With reference to standards to be employed by authorities in the presentation of their annual reports, the Committee will inquire into:
- (i) the time period after the end of the financial year within which authorities are required to prepare and submit their annual reports, including their financial statements, to their Minister;
 - (ii) the type of information that should be contained in the body of the report including:
 - (a) aims and objectives of the organisation;
 - (b) description of organisational structure, including names of board and committee members;

- (c) narrative review of operations together with a statement of the basis upon which policy decisions are made;
 - (d) indication of the extent of achievement of objectives in terms of efficiency and effectiveness;
 - (e) details of research and development activities;
 - (f) an outline of the strategic plan of the authority;
 - (g) details of any major legislative changes affecting the organisation;
 - (h) explanation of the basis used in setting prices and charges for goods and services;
 - (i) outline major personnel, industrial relations, marketing and other management policies;
 - (j) outline personnel, industrial relations, marketing and other management strategies;
 - (k) description of any steps taken to develop an awareness by the general public of the activities of the authority;
 - (l) any other information that enhances the accountability of the authority to Parliament, the Government or the public.
- (4) The means whereby the information disclosed by authorities both financial, and non-financial might be integrated and made adequately accessible.
- (5) The Committee is explicitly interested in informal management systems.
- (6) The Committee shall examine the merit in standardising the beginning and completion of reporting periods for all organisations and assess the extent to which any or all of the above should be regulated by an Annual Reports Act.

APPENDIX 3

ABRIDGED FINAL REPORT

OF

THE WORKING PARTY

ON

PUBLIC SECTOR ACCOUNTING

AND

REPORTING STANDARDS

Terms of Reference

The terms of reference approved by the Premier and Treasurer were:-

"The group is to review the existing structure of the New South Wales public accounts and related procedures, and those of the statutory authorities, with the primary objective of ensuring they satisfy appropriate reporting standards and provide adequately for the budgetary and other management needs of Government in terms of both information and cost control.

In pursuit of the objective, the working group will review the format of the published accounts of the New South Wales Government (the Public Accounts) and of statutory authorities, and the internal accounts of major departments and statutory authorities, giving special attention to their adequacy, and the adequacy of associated accounting practices, with particular regard to the desirability or otherwise of establishing:-

- * a standard format more clearly portraying the financial situation of statutory authorities;
- * a basis for evaluation of the financial performance of authorities, including the various functional entities within an authority;
- * a more functionally or programme oriented accounting classification system;
- * clearer public information on Government activity especially relating to agency programmes or missions;
- * improved equivalence of public accounts to the best common commercial practice".

Constraints

The Working Party sought to determine the most practical and useful recommendations as a first step to improving financial accounting and reporting standards. It believes that implementation of the recommendations will lead to an improvement in the "basis for evaluation of financial performance of authorities and the various functional entities" within them. Criteria established in one authority need not necessarily be applicable to another, and therefore there might not be any basis for comparison. Similarly, "a more functionally or programme oriented accounting classification system" might have application in one authority and be useless in part or in whole in another. Having regard to the corporate management requirements of an authority this would be, more appropriately, determined by the particular authority.

The Working Party was also aware that most, if not all, statutory authorities, do not possess the freedom of independent decision making enjoyed by the private sector, but are generally required to operate within the ambit of overall Government policy. In discharging those responsibilities the Working Party found, from an examination of the final reports and accounts of the various authorities and from discussions with their representatives, that professional accounting principles are applied as far as possible, with variations according to local policies and/or practices, or as laid down by the appropriate Acts.

Purpose and Objectives of Government Accounting

Considerations

The Working Party considers that the primary function of financial statements is to disclose and communicate information in order to present a "true and fair" view of the financial activities of an organisation for a given period and as at a given date.

Financial reports are a vital factor in the evaluation of past performance, in day to day decision making and in the planning of future operations. Prudent budgetary planning and control are essential to the efficient utilisation and mobilisation of available resources in the provision of necessary public services, irrespective of the prevailing economic climate.

In reviewing current practices the Working Party recognised, from the outset, that because of the diverse nature of the various authorities, accounting guidelines which may be proposed would not necessarily have universal application. As a consequence, the task has been approached with a view to establishing uniform and practical guidelines for the preparation of financial statements consistent with professional accounting principles and standards.

Because of the nature of the funding arrangements of universities and colleges of advanced education, and the differences in their accounting procedures compared with other statutory authorities, financial statements of those entities have not been the subject of a detailed examination by the Working Party nor has any attempt been made to examine their internal systems.

Review of Submissions and Reports

In reviewing the responses of statutory corporations to the Auditor General's 1979-80 guidelines, the Working Party found a general acceptance from the organisations concerned which, to a large degree, has since been reflected in their financial statements. There was, however, a measure of dissent in three important areas which the Working Party has addressed at some length. These three areas are:-

- (a) the suggested time limit of two months for the preparation of financial statements;

- (b) the frequency and method of valuation of real estate and investments; and
- (c) the treatment of sinking fund or loan repayment provisions.

Timeliness

There is no general consistent requirement in New South Wales for statutory authorities to produce accounts within a specified time frame. The Working Party is in full agreement with the view of the Auditor-General that timeliness of presentation is an important factor in the usefulness of published accounts. A number of authorities responded, however, by pointing out that a requirement for the preparation of financial statements within two months of the close of the period, would require some sacrifice in precision, was not practicable under current staffing arrangements and, would in some cases be contrary to statute because of pool marketing arrangements (e.g. Egg Marketing Board).

In terms of the Audit Act, the Auditor-General must table his Report to Parliament by 30 September each year. Almost invariably the report is tabled some days before the specified deadline. Understandably, it would facilitate audit if all accounts, by statute, had to be presented within two months of year's end. The Working Party has noted that in many cases, over recent years, the Auditor-General has qualified the comment in his Report because a particular audit is incomplete and the figures quoted may be subject to variation. Nevertheless, it has been a comparatively rare occurrence for accounts to have been furnished too late for inclusion in the Report. There have been few occasions on which unaudited figures quoted in the Report have required subsequent alteration.

Most authorities can, in effect, make what is an eleven week deadline. A firm two months limit would, according to some authorities, impose too much of a burden at year's end. Whether or not a time limit of three months would impinge too heavily on the compilation of the Auditor-General's Report is open to conjecture, but that Report is an important base on which public financial accountability is built. It is therefore likely, in the opinion of the Working Party, that extension of the Auditor-General's proposed time limit to three months would result in a more flexible approach with a possibility that quite a number of the authorities could in due course produce accounts within two months. With increasing levels of disclosure now in evidence it is highly unlikely that authorities will in future risk joining that group recorded each year, as being unable to produce financial statements in time for inclusion in the Report.

There are a significant number of authorities that adopt the calendar year as their financial year. In the main, they comprise universities and colleges of advanced education and in theory, should be capable of preparing financial statements by 31 March each year. The Working Party can therefore see no reason for not applying a blanket time limit of three months for the preparation of the financial statements of all statutory corporations irrespective of the financial year adopted.

Valuations

In setting his criteria for what is needed before accounts show a "true and fair" view the Auditor-General included the requirement that "the current market value of each class of real estate and investments - with date and method of valuation" be disclosed.

Normally, this would be done by showing the assets in the balance sheet at cost with an accompanying note disclosing details of the current valuations. The aim in the case of monetary investments is an obvious one of providing a cost/market value comparison. Valuation of real estate, on the other hand, is more difficult and costly but the purpose of disclosure could be more significant.

In the private sector the underlying commercial reasons for regular real estate revaluation are basically:-

- * to avoid sudden takeover bids;
- * to raise additional funds; and
- * to increase the value of shareholders funds.

These reasons have no application to Government enterprise. Apart from supplying current values in the Government Sector, an annual review of real estate holdings might reasonably be expected to highlight instances of surplus land holdings. Another aspect is the current usage of real estate that might more appropriately be disposed of or otherwise developed to improve the revenues of the organisation concerned.

While these admittedly impinge upon policy decisions for management and the Minister, the Parliament and the public are entitled to a strong measure of assurance that management is monitoring the needs and effective usage of real estate. Again, in the interests of disclosure, it might be concluded that a Corporation's financial statements will not display a "true and fair" view if they do not indicate the current value of real estate, at least by way of note. Whether or not current values are incorporated in the accounts or shown by way of note, the source of valuation should be sufficient to assure Parliament that they are fair and reasonable. The Auditor-General contends that the valuations be made by an independent authority, such as the Valuer-General, rather than by a corporation's valuing staff.

At the same time, the Working Party took cognisance of the heavy costs likely to be incurred in annual valuations effected by corporations holding large parcels of land either for future development or current operations. Having closely reviewed the responses of the statutory corporations to the Auditor-General's requirements for disclosure of real estate valuations, the Working Party formed the opinion that land held for development, dedicated for specific purposes, or used for current commercial or investment purposes should be valued on a cyclical basis that has regard to practical exigencies of the enterprise and the prevailing economic climate.

In the case of authorities such as State Rail Authority, Electricity Commission of NSW, and Metropolitan Water Sewerage and Drainage Board their real estate holdings are substantial. Most of those holdings have installations constructed thereon or are subject to restricted use (e.g. catchment areas). Others such as the Land Commission, are virtually trading in real estate. To apply a requirement that all real estate must be re-valued, is valid in the case of the latter authority but to apply the same requirement to utilities like the State Rail Authority would be of doubtful validity while that real estate is used for service purposes. In lieu of a "blanket" requirement, authorities could be categorised into those in which:-

- (a) all real estate is to be revalued on a cyclical basis;
- (b) real estate, other than that which has a restricted use and/or upon which installations have been constructed for service use, is to be revalued on a cyclical basis.

Such an application of the proposed guidelines for real estate valuation would be more meaningful and practical.

The Working Party holds the view that statutory authorities generally should be required to maintain inventory records of real estate that would facilitate periodical review as to effective utilisation having regard to overall community needs.

Loan Repayment Provisions. The third item on which the Auditor-General and some statutory corporations have yet to reach agreement is the treatment of sinking fund or loan repayment provisions. It is a matter of contention whether the annual provision for loan repayment, generally required by the legislation

of any corporation possessing borrowing powers, should be treated as an expense or an appropriation of profit.

The Working Party considered the implications of the Public Authorities (Financial Accommodation) Act, 1981. That legislation applies a common code to all State authority borrowings unless there are specific provisions to the contrary in an authority's governing Act. In terms of the 1981 Act each authority is required to establish a 'Reserve for Loan Repayment Fund'. An authority is required to transfer from its revenue to its loan repayment fund an annual amount which is not less than that specified in the Governor's approval for any loan. Basically, the loan repayment provisions are similar to those contained in the Acts of the authorities.

The Auditor-General has emphasised the need for careful assessment of the treatment of the annual contribution to the loan repayment fund. In many cases the loan repayment provision is geared to the theoretical retirement of a loan over a 50 year cycle (in the case of some statutory authorities, a much shorter period). In reality, a loan is refinanced several times. On conclusion of the fifty year cycle there should be sufficient funds available to repay the amount of the original loan. However, the Public Authorities (Financial Accommodation) Act 1981 authorises all scheduled authorities to invest loan repayment provisions in their own loans. There is no doubt that the loan repayment provisions could be a source of additional capital for investment in the organisation. By prudent financial management, authorities such as the Metropolitan Water Sewerage and Drainage Board had built up considerable financial strength through provisions for loan repayment over and above those required by the loan approval.

The Auditor-General argues that loan repayment provisions become in effect, a capital reserve created for the benefit of future users of the services and thus, the additional annual provision cannot be regarded as an expense of operating the business but must be shown in the accounts as an appropriation of profits.

Similarly, the Auditor-General contends that where depreciation is charged, whether as a provision or as a contribution to a renewals reserve or fund, there is in effect a double charge against current users. In those cases, no portion of the loan repayment provision can be regarded as an expense and the Auditor-General suggests that the full amount should be shown as an appropriation of profits.

Some financial authorities are of the opinion, that in statutory authorities financed from borrowed capital there is a need to make a provision for depreciation only, which should be adequate to repay capital as and when required.

There is also an opinion, as has already been addressed, that all maturing loans will automatically be refinanced and that to make a provision for depreciation in addition to one for loan repayment, is double counting.

On the other hand whether loans are refinanced on maturity or not, provision for depreciation and provision for loan repayment are discrete processes.

Public Sector borrowing requirements are impacting more heavily on the Australian Capital Market and thus there is no guarantee that:-

- (i) the Loan Council will as a matter of course, continue to approve the refinancing of maturing loans;
- (ii) authorities will be able to raise the volume of funds required, even if approval were forthcoming.

At least one authority in NSW has been borrowing for over 50 years and on the basis of appropriate investment of loan repayment provisions should have accumulated sufficient funds to redeem loans. The continuing increase in borrowed capital at high interest rates will not only absorb an increasing proportion of revenue for capital debt charges, but, if any refinancing difficulties were to emerge, loan repayment provisions would be needed to repay maturing loans. Should this happen simultaneously with a need for a heavy programme of asset replacement one provision might well prove to be inadequate.

To make a provision for depreciation to serve the dual purpose of replacement of assets and repayment of capital, could be misrepresenting the "true and fair" view as well as the doctrine of disclosure.

Another matter of contention is whether the provision for loan repayment is an expense or an appropriation. Provisions for loan repayment are for the purpose of repayment of capital. The provision for loan repayment is not only a statutory requirement but a condition approved by the Governor for all loans raised other than those embracing a planned repayment of principal. This expense can be considered on similar lines to the provision for depreciation which is used by some authorities for the financing of the replacement of assets and also to finance new and additional assets.

Finally, should a provision for loan repayment be eventually eliminated and the repayment of capital be financed from depreciation provision the question would then need to be determined "expense or appropriation". In essence, the argument is one involving both technical accounting presentation and policy. The question revolves around the accounting doctrine of disclosure in relation to annual allocation of funds for future loan repayments and is subject to logical and valid treatment from either viewpoint.

Retained Earnings. In reviewing the material coming before it, the Working Party noted the inappropriate use of the terms 'surplus' or 'profit' as applied to the accounts of statutory authorities. In accordance with acceptable accounting standards, revenue accounts of authorities should disclose sources of income, relate them to operating expenses and provisions leaving a residue described as 'Net Income' to be added to an account shown in the balance sheet as 'Retained Earnings'.

The term 'Retained Earnings' is intended as a replacement for and a more explicit description of amounts held in 'Accumulated Funds' or 'General Reserve'. It applies to those earnings retained but not earmarked for any specific purpose. On the other hand, earnings allocated to expenses, reserves, provisions or dividends have either been expended or allocated for future spending and held, usually in the form of investments.

Funds Statement. In the view of the Working Party it should be mandatory for all statutory authorities to prepare a statement of source and application of funds showing, inter alia, the sources of funds applied to purchase or construction of capital assets and therefore, the measure of revenue ploughed back into the business. This would reduce the question of double

counting of depreciation and loan repayment provisions to a matter of academic interest.

The Working Party sees a need for the Statement of Source and Application of Funds to be an integral part of an authority's published statements, duly audited and certified by the Auditor-General, as required by the proposed Annual Reports Act mentioned later in this report. A sample statement together with a revenue statement is included in the report as Appendix 6.

Standardisation. In stating that standard terminology such as 'Net Income' and 'Retained Earnings' should be introduced, the Working Party emphasises that there is much to be achieved by way of standardisation of the accounts of similar statutory authorities, both from the viewpoints of nomenclature and presentation. It is evident that there should be a concerted effort to research this aspect. In addition to finding wide variations in the use of accounting terminology by similar authorities, such as the various Water Boards, the Working Party noted examples of usage of the terms 'reserves' and 'provisions' contrary to the meaning given in standards laid down by professional accounting bodies. In the Working Party's views any further research should also address this issue.

The Working Party noted that in accordance with the provisions of Schedule 3 of the Public Authorities (Financial Accommodation) Act, 1981, relevant authorities are permitted to invest their loan repayment provisions in their own loans as a source of funds to service additional capital works.

The Schedule uses the terminology "Reserve for Loan Repayment Fund". However, in accordance with professional accounting standards, the Working Party recommends that the legislation be amended to the term "Provision for Loan Repayment". This latter

terminology does not suggest an asset backing of realisable investments, something which is implicit in the current terminology but is often in fact not the case.

In relation to a standard or benchmark of the requirements for the form of notes to and forming part of an authority's accounts, the Working Party views those presented by the Electricity Commission of New South Wales as being an acceptable base.

Annual Reports Act

In the Working Party's view the Public Authorities (Financial Accommodation) Act, 1981, and the proposed legislation under consideration with respect to investment practice should be complemented by an Annual Reports Act.

The need for an Annual Reports Act is highlighted by the fact that current reporting provisions are not specific enough to ensure timeliness. There have been numerous delays in submitting financial statements to the Auditor-General within a reasonable time, together with lengthy disputes over the form and content of the statements.

The Working Party gave consideration to the findings of the Senate Standing Committee on Finance and Government Operations (Rae Committee) and the treatment they gave to annual reports. The Rae Committee suggested that the Annual Reports Act should stipulate the basic contents of authorities' reports and contain provisions requiring their accounts to be audited by the Auditor-General. In addition, the Committee considered that the current practice of vesting the approving of the form of authorities' accounts in the Minister for Finance should be written into the Annual Reports Act. Moreover, authorities which perform similar activities should present accounts to Parliament in a similar form, for ease of understanding and ready comparison. Government business undertakings should present accounts in a consistent commercial form to allow comparison also with businesses in the private sector and to permit aggregation of the financial activities of authorities. The Committee suggested that the current provisions of the Companies Act would form appropriate bases of the financial reporting requirements of the Annual Reports Act.

In the degree of disclosure to be provided by the Annual Reports Act, the Committee saw the necessity for exclusion of some information as "commercially confidential". The most effective method of arranging for exemptions from the Act is, "to divide authorities into different categories and to include each category as a schedule to the Act".

In New South Wales the independent office of Auditor-General has, for many years and in almost every instance of Parliament establishing a statutory corporation, been given the role of setting and approving the form of accounts. That system has served the State well, but in the collective view of the Working Party, it could be improved by having an Annual Reports Act requiring conformity with commercial accounting principles and in a form adopted after consultation between the statutory authority and the Treasurer. In effect, this would leave to the Auditor-General the declaration of whether or not the accounts do comply with those criteria. In reality, of course, it is perceived that there would also be informal consultation between the three parties.

The Annual Reports Act should contain provisions and requirements covering general information for management, Ministers, Parliament and the public, as well as financial information in the form of financial narrative, accounts, statements and notes to and forming part of the accounts which comply with general commercial accounting principles and accounting guidelines as laid down in schedules of the proposed Act.

The Rae Committee recommended that cases in which authorities failed to comply with the time limits laid down in the Annual Reports Act should be referred to it for investigation. The State has no exact counterpart to the Rae Committee, but this could be a matter for similar action in New South Wales for the more powerful Public Accounts Committee proposed by the Joint Parliamentary Committee on Public Sector Accounting and Reporting Standards (Brereton Committee).

APPENDIX 4STATUTORY AUTHORITIES REQUESTED TO COMPLETE INFORMATION SURVEY

Albury-Wodonga (New South Wales) Corporation
Barley Marketing Board
Bathurst-Orange Development Corporation
Broken Hill Water Board
Builders Licensing Board
Central Coast (New South Wales) Citrus Marketing Board
Coal and Oil Shale Mine Workers' Superannuation Tribunal
Dairy Industry Marketing Authority
Department of Environment and Planning
Department of Main Roads
Department of Motor Transport
Director, Macarthur Growth Area
Egg Marketing Board for the State of New South Wales
Electricity Commission
Energy Authority of New South Wales
Fish Marketing Authority
Forestry Commission of New South Wales
Government Insurance Office of New South Wales
Grain Handling Authority of New South Wales
Grain Sorghum Marketing Board *
Higher Education Board
Hometush Abattoir Corporation
Housing Commission of New South Wales
Hunter District Water Board
Joint Coal Board
Kuring-gai College of Advanced Education
Land Commission of New South Wales
Legal Services Commission of New South Wales
Library Council of New South Wales
Local Government Superannuation Board

Macquarie University
Maritime Services Board of New South Wales
Metropolitan Waste Disposal Authority
Metropolitan Water Sewerage and Drainage Board
Murray Valley (New South Wales) Citrus Marketing Board
National Parks and Wildlife Service
Newcastle College of Advanced Education
New South Wales Film Corporation
New South Wales Government Engineering and Shipbuilding Undertaking
New South Wales Institute of Technology
New South Wales Retirement Board
Oats Marketing Board for the State of New South Wales
Oilseeds Marketing Board for the State of New South Wales
Police Superannuation Board
Railway Service Superannuation Board
Rental Bond Board
Rice Marketing Board for the State of New South Wales
Riverina College of Advanced Education
State Bank of New South Wales
State Brickworks
State Rail Authority of New South Wales
State Superannuation Board
Sydney County Council
Sydney Cove Redevelopment Authority
Sydney Cricket and Sports Ground Trust
Sydney Farm Produce Market Authority
Sydney Opera House Trust
Tobacco Leaf Marketing Board for the State of New South Wales
Totalisator Agency Board
University of Newcastle
University of New England
University of New South Wales
University of Sydney *
University of Wollongong

Urban Transit Authority of New South Wales
Water Resources Commission of New South Wales
Wine Grapes Marketing Board for the Shires of
 Leeton, Griffith, Carrathool and Murrumbidgee
Workers' Compensation Commission of New South Wales

* Not received in time for inclusion in Statutory Authorities
Information Survey Responses. (Appendix 6).

APPENDIX 5STATUTORY AUTHORITIES INFORMATION SURVEYMARCH, 1983

In order to assist the Public Accounts Committee in the conduct of their Inquiry into the Accountability of Statutory Authorities you are requested to complete this Questionnaire and return it not later than noon, Tuesday 22 March, 1983, to:

Public Accounts Committee,
Room 919,
Parliament House,
Macquarie Street,
Sydney. 2000.

Official use only	
Questionnaire No	Q

PUBLIC ACCOUNTS COMMITTEE
STATUTORY AUTHORITIES INFORMATION SURVEY QUESTIONNAIRE

INSTRUCTIONS FOR COMPLETION

- (1) The Committee requests the completion of one questionnaire by a responsible official in respect of each statutory authority.

- (2) All questions should be answered by ticking the appropriate box or inserting the requested information.

- (3) We draw your attention to question 13 which requests the attachment of TWO copies of your latest annual report. Please attach these copies to the completed questionnaire when returned.

1. What is the full name of the Statutory Body?

.....

2. What is the permanent address of the Body?

.....

.....

3. What is the name and position of the person completing the questionnaire and to whom any questions regarding the responses should be addressed?

Name Position

4. (a) How is your organisation constituted?

Directly by its own Act of Parliament 1

By order-in-Council 2

By Ministerial directive 3

By administrative directive 4

By decision of a Statutory Authority 5

Other (please specify) 6

(b) Please specify your enabling legislation, if any.

_____ Act

Act Number _____

Section Number _____

Year _____

5. Through which Minister does your organisation report to Parliament?

.....

6. What are your reporting requirements of your enabling Act?

.....
.....
.....
.....

7. On what date does the accounting (reporting) year end?

.....

8. Does this correspond with the financial (funding) year end?

Yes

No

If no, on what date does the financial year end?

.....

9. Who compiles the accounts and financial statements of the body?

.....

10. Who are the :

Internal auditors?

External auditors?

11. Who defined the format of :

The Accounts?

The Financial Statements?

The Annual Report?

12. What is the date of the last published report and financial statement?

On what date was it issued?

13. If your organisation's report for the 1981-82 period has not yet been published please explain the reason for the delay.

.....
.....
.....
.....

NOTE Please attach to the completed questionnaire TWO copies of the report and financial statements mentioned above.

14. What is the controlling authority within your organisation?

A Board, Commission or Authority consisting of:

- Part-time members 1
- Full-time members 2
- Both full-time and part-time members 3

or

A director, secretary, or chairman, etc.

- Part-time 4
- Full-time 5
- Other (please specify) 6

.....

15. What powers over your organisation are given to the Minister by your enabling legislation?

.....

.....

.....

.....

16. How are decisions on the following matters made?

(Please tick appropriate answer)

	Senior staff appointments	Major contracts	Setting and approval of objectives	Capital investment programmes	Tariffs and Charges	Investment in Financial Assets
Determined entirely within the organisation						
Determined within the organisation in conjunction with the Minister						
Determined within the organisation in conjunction with another statutory authority						
Determined entirely by the Minister						
Determined by Cabinet						
Other						

17. This question concerns the sources of total funds (both income and borrowings) of the organisation for the accounting year terminating in 1981.

	<u>Funds are obtained from these sources</u>	<u>Proportion of income from these sources</u>
	(Please tick appropriate answer)	(percentage in whole numbers)
<u>INCOME</u>		
		%
State Parliamentary Appropriation other than Advances or Loans	<input type="checkbox"/>	<input type="text"/> <input type="text"/>
Other State Government Sources (please specify)	<input type="checkbox"/>	<input type="text"/> <input type="text"/>
Commonwealth Grants other than Advances or Loans	<input type="checkbox"/>	<input type="text"/> <input type="text"/>
Non-refundable fees, charges, revenue from sales of produces or services	<input type="checkbox"/>	<input type="text"/> <input type="text"/>
Refundable levy, etc. imposed by the organisation	<input type="checkbox"/>	<input type="text"/> <input type="text"/>
Other (please specify)	<input type="checkbox"/>	<input type="text"/> <input type="text"/>
<u>BORROWINGS</u>		
State Parliamentary Appropriation ; Advances or Loans	<input type="checkbox"/>	<input type="text"/> <input type="text"/>
Commonwealth Advances or Loans	<input type="checkbox"/>	<input type="text"/> <input type="text"/>
Advances from banks and other financial institutions	<input type="checkbox"/>	<input type="text"/> <input type="text"/>
Loan raising from public, other than financial institutions	<input type="checkbox"/>	<input type="text"/> <input type="text"/>
Advances from other statutory authorities	<input type="checkbox"/>	<input type="text"/> <input type="text"/>
Other (please specify)	<input type="checkbox"/>	<input type="text"/> <input type="text"/>

18. This question concerns the scale of operations for the accounting year terminating in 1981.

(Answer in thousands of dollars)

What was the total value of fixed assets?

At historical cost? \$ _____, 000

After allowing for depreciation? \$ _____, 000

Not known

What was the total value of real estate assets? \$ _____, 000

What was the method of valuation?
.....
.....

Were these real estate assets valued by the Valuer General? Yes No

What was the total income received by your organisation (including all items listed in Question 17) in that year? \$ _____, 000

What was total current expenditure in that year? \$ _____, 000

What was the total borrowing of your organisation (including all items of borrowing listed in Question 17) in that year? \$ _____, 000

What was the total of loan liability, capital and accumulated reserves and surpluses, at the end of that accounting year? \$ _____, 000

What was the amount of new investment in fixed assets in that year? \$ _____, 000

19. What were the total holdings of financial investments (including cash, bank deposits, bank and commercial bills, deposits with Short Term Money Market, government and other securities, mortgage loans, etc.) at the end of that accounting year?

\$ _____, 000

What was the number of persons employed by your organisation at the end of that accounting year?

Part-time
Full-time
Total

Of the number of persons employed by your organisation at the end of that accounting year how many were employed under the Public Service Act?

20. Has any authority other than your organisation control over your staff numbers?

Yes

No

(If yes, please specify)

.....
.....
.....
.....

21. Has any authority other than your organisation control over the terms and conditions of your staff?

Yes

No

(If yes, please specify)

.....
.....
.....
.....

22. (a) Does your organisation maintain its accounts on :

- a cash basis? 1

- an accrual basis? 2

- a modified accrual basis? 3

(b) Is the basis used:

- defined by legislation? 1

- prescribed by the Minister? 2

- established by convention? 3

- | | | | | | |
|-----|-----|---|-----|---|--------------------------|
| 23. | (a) | Is your organisation liable for tax assessment on income? | Yes | 1 | <input type="checkbox"/> |
| | | | No | 2 | <input type="checkbox"/> |
| | (b) | If yes, are tax effect accounting principles applied in the preparation of Financial Statements? | Yes | 1 | <input type="checkbox"/> |
| | | | No | 2 | <input type="checkbox"/> |
| | | | | | |
| 24. | (a) | Are you required to maintain separate fund accounts in respect of particular programmes or projects? | Yes | 1 | <input type="checkbox"/> |
| | | | No | 2 | <input type="checkbox"/> |
| | (b) | If yes, do you also prepare a consolidated statement of all fund accounts eliminating inter fund transfers? | Yes | 1 | <input type="checkbox"/> |
| | | | No | 2 | <input type="checkbox"/> |
| | | | | | |
| 25. | (a) | Is your organisation responsible for money held on behalf of other organisations or persons (e.g. producers)? | Yes | 1 | <input type="checkbox"/> |
| | | | No | 2 | <input type="checkbox"/> |
| | (b) | If yes, indicate which of the following methods is used to record the balances held : | | | |
| | | - Individual Trust Accounts? | 1 | | <input type="checkbox"/> |
| | | - Agency accounts? | 2 | | <input type="checkbox"/> |
| | | - Pool accounts? | 3 | | <input type="checkbox"/> |
| | | - Other? | 4 | | <input type="checkbox"/> |

Please specify

26. (a) Does your organisation utilise assets (such as buildings) which are provided at less than full commercial rates?
- Yes 1
- No 2
- (b) If yes, do you incorporate notes regarding the estimated value in your accounts?
- Yes 1
- No 2
27. (a) Do you receive assets by donation?
- Yes 1
- No 2
- (b) If yes, are the donated assets recorded in your accounts :
- at commercial value? 1
- as a note to the accounts? 2
- at nominal value? 3
28. If the donated assets are recorded at commercial value do you also calculate depreciation on that value?
- Yes 1
- No 2

29. (a) Do you obtain services from other persons or organisations free of charge? Yes 1 No 2

(b) If yes, please specify the type of service rendered and the source.

(c) Are any formal records of these services kept? Yes 1

No 2

(d) If yes, do you incorporate notes regarding the estimated value in your accounts? Yes 1

No 2

30. Does your organisation possess rights (e.g. copyright) which may be used to produce revenue? Yes 1 No 2

31. What are the annual objectives of your organisation?

.....
.....
.....
.....
.....
.....

32. What methods do exist for review of the efficiency and effectiveness of your organisation?

.....
.....
.....
.....
.....
.....

33. How often are the reviews referred to in Question 32 undertaken?

.....

34. To whom are the results of the reviews referred to in Question 32 communicated?

.....

35. What proportion of your organisation's capital equipment is funded by leasing arrangements, i.e. leverage leasing or lease back agreements or financial leases?

%

--	--

36. What are the annual lease commitments referred to in Question 35?

\$ - - - - - , 000 pa

37. Please specify all leasing arrangements, past, that are current, and future, including lease commitments that would be of a contingent liability nature?

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

38. What is the effective rate of interest paid as a result of such leasing arrangements?

%

--	--

39. Who controls your organisation's leasing arrangements?

.....

APPENDIX 6STATUTORY AUTHORITIES INFORMATION SURVEY RESPONSES, MARCH, 1983

- Attached hereto is a summary of responses and detailed response sheets.
- Responses have been omitted for the following questions -

<u>No.</u>	<u>Reason</u>
1	Background data for identification purposes.
2	As above.
3	As above.
4(t)	As above.
17	Question misinterpreted by 50% of respondents.
29(t)	Additional data only.
36	As above.
- To some questions inviting a choice between alternatives some respondents found that several alternatives were equally applicable.
- Respondents may not have provided a response to each question asked.

STATUTORY AUTHORITIES INFORMATION SURVEY, MARCH, 1983Summary of Responses

The questionnaire invited responses to five major aspects of activity -

- . accountability of an authority to a Minister and to Parliament;
- . a profile of the organisation;
- . management control of operations;
- . preparation of accounting data;
- . accounting practices.

Accountability (Questions 4, 5, 6, 11, 12, 13, 15, 16, 34)

- * Respondents acknowledged that their activities are subject to the direction and control of the responsible Minister.
- * The Board or chief executive generally participate in defining the format and content of the annual report.
- * Preparation of financial statements is largely the responsibility of the chief financial officer (in consultation with Auditor-General).
- * Legislation does not consistently prescribe a time limit within which annual reports must be submitted to the Minister.
- * 89% of respondents submitted annual reports to their Ministers within twelve months of the end of the financial year; 23% within three months; 55% within six months.
- * Reports outstanding beyond twelve months were due to disputes with the Auditor-General over presentation of accounts or constraints imposed by legislation (particularly Marketing of Primary Products Act).

- * Major decision making was made largely within authorities although there was limited participation by or consultation with the Minister.
- * 19% of responses indicated that the results of reviews of efficiency and effectiveness were conveyed to the Minister.

Organisational Profile (Questions 14, 15, 16, 19, 20, 21, 31)

- * The activities of authorities are largely subject to the direction and control of the Minister although major decision making was done mainly within authorities.
- * Boards are composed primarily of both full-time and part-time members (45% of respondents) or part-time members only (33%).
- * 66% of respondents have full-time staff in excess of 100 persons and 42% have full-time staff exceeding 500 persons.
- * Most respondents report that control of staff numbers, their terms of employment and conditions is exercised by other authorities (principally Premier's Department and Public Service Board). Where this is not the case respondents are guided by the pronouncements of these bodies.
- * All respondents report that their organisations have annual objectives. In many cases these objectives are expressed in general terms, not quantified, and not clearly distinguished from plans and strategies.

Management Control of Operations (Questions 10, 32, 33, 34)

- * Methods used to review the efficiency and effectiveness of operations are -

- reviews by Board and/or senior management;
 - community scrutiny;
 - internally generated performance indicators or competitive position with the private sector.
- * Performance is monitored on a continuous basis (monthly or less) or annually.
- * 19% of responses indicate the results of reviews are communicated to the Minister.
- * 74% of respondents possess an internal audit section. Private firms of auditors are employed as internal auditors by 12% of respondents.
- * Auditor-General of New South Wales is the external auditor.

Preparation of Accounting Data (Questions 7, 8, 9, 11)

- * The end of the financial year of authorities is -
- | | |
|-------------|--------------------|
| • June | 64% of respondents |
| • September | 3% |
| • October | 5% |
| • December | 21% |
| • February | 1% |
| • March | 6% |
- * The format of the accounts and financial statements and their preparation is largely the responsibility of the chief financial officer with the approval of the Auditor-General (generally prescribed by a statute).
- * 17% of respondents report that the Auditor-General alone defines the format and content of accounts and financial statements.

Accounting Practices (Questions 18, 22-30, 35-39)

- * Accrual accounting or modified accrual accounting has been adopted by 78% of respondents.
- * Historical cost is the most popular method of valuing real estate.
- * 17% of respondents utilise leasing arrangements for office equipment and plant and equipment.
- * Effective rate of interest ranges between 10% and 15%.
- * Lease arrangements are controlled by senior managers or Board.
- * Consolidated statements eliminating inter-fund transfers are prepared for individual funds accounts by 71% of respondents.
- * Trust accounts, agency accounts, and pool accounts are used to record money held on behalf of other organisations or persons.
- * Donated assets recorded at commercial value are generally not depreciated.
- * Few respondents keep records of services obtained free of charge.
- * Organisations possessing copyright are limited to tertiary institutions and those carrying out research and development activities.

DETAILED RESPONSES

4.	(a) How is your organisation constituted?	
	Directly by its-own Act of Parliament	58
	By Order-in-Council	
	By Ministerial directive	
	By administrative directive	
	By decision of a Statutory Authority	
	Other (please specify)	8
5.	Through which Minister does your organisation report to Parliament?	
	Minister of the Crown	65
	Other	1
6.	What are your reporting requirements of your enabling Act?	
	Prescribed time limit to report	24
	No prescribed time limit to report	23
	Accounts in a format prescribed by Auditor-General	24
	Accounts as prescribed by legislation	2
	To report to the Minister and Parliament	50
	Nil	4
7.	On what date does the accounting (reporting) year end?	
	June	42
	September	2
	October	3
	December	14
	February	1
	March	4
8.	Does this correspond with the financial (funding) year end?	
	Yes	64
	No	2

9.	Who compiles the accounts and financial statements of the body?	
	Chief Financial Officer	57
	Secretary	7
	Other	2
10.	Who are the:	
	Internal auditors?	
	External auditors	
	Respondents who have an internal audit section	49
	* Staff employed by respondent	43
	* Private firm of auditors	6
	Respondents who do not have an internal audit section	17
11.	Who defined the format of:	
	The Accounts -	
	Chief Financial Officer (with assistance of Auditor-General)	22
	Business Manager (with assistance of Auditor-General)	6
	Board, Chairman/President (with assistance of Auditor-General)	16
	The Act	5
	Minister	2
	Auditor-General	11
	The Financial Statements -	
	Chief Financial Officer	21
	Business Manager	5
	Board, Chairman/President	16
	The Act	4
	Minister	2
	Auditor-General	13

The Annual Report -	
Chief Financial Officer	4
Business Manager	8
Board, Chairman/President	43
The Act	2
Auditor-General	1

12. What is the date of the last published report and financial statement?
- On what date was it issued?
- Date of issue within -
- | | |
|---------------------------|----|
| Three months | 15 |
| Six months | 20 |
| Twelve months | 22 |
| longer than twelve months | 7 |
13. If your organisation's report for the 1981-82 period has not yet been published please explain the reason for the delay.
- | | |
|--|---|
| Form and content of accounts at issue with Auditor-General or under review | 5 |
| Marketing of Primary Products Act - pool distribution not complete | 2 |
| Audit not complete | 3 |
| Staff and time constraints | 1 |
14. What is the controlling authority within your organisation?
- | | |
|---|----|
| A Board, Commission or Authority consisting of: | |
| Part-time members | 22 |
| Full-time members | 2 |
| Both full-time and part-time members | 30 |
| Or | |
| A Director, Secretary, or Chairman, etc. | |
| Part-time | - |
| Full-time | 3 |
| Other (please specify) | 9 |
| | |

15. What powers over your organisation are given to the Minister by your enabling legislation?

Board subject to direction and control of Minister	36
Control over operations	11
Appointment of Board members	10
Miscellaneous powers	3
No powers	4

16. How are decisions on the following matters made? (Please tick appropriate answer)

	Senior Staff appointments	Major Contracts	Setting and Approval of Objectives	Capital Investment Programmes	Tariffs and Charges	Investment in Financial Assets
Determined entirely within the organisation	53	44	40	28	36	45
Determined within the organisation in conjunction with the Minister	3	21	25	18	15	9
Determined within the organisation in conjunction with another statutory authority	4	3	2	4	-	1
Determined entirely by the Minister	2	-	-	-	3	-
Determined by Cabinet	5	-	1	1	7	-
Other	4	1	4	4	2	6

18.	Method of valuation of real estate assets?	
	• Historical Cost	24
	• Current market value	6
	• Lower of cost or market value	2
	• Valuer-General's valuation	5
	• Internally produced estimate	3
	Were these real estate assets valued by the Valuer-General?	
	Yes	22
	No	16

19. What was the number of persons employed by your organisation at the end of that accounting year? (year terminating in 1981)

	Number of Organisations with	
	Full-time	Part-time
Nil persons	15	3
less than or equal to 20 persons	21	6
between 21 and 50 persons	5	6
between 51 and 100 persons	9	6
between 101 and 500 persons	7	15
greater than 500 persons	1	26

Of the number of persons employed by your organisation at the end of that accounting year how many were employed under the Public Service Act?

	Number of Respondents
Nil persons	37
less or equal to 20 persons	5
between 21 and 50 persons	4
between 51 and 100 persons	1
between 101 and 500 persons	9
greater than 500 persons	5

20. Has any authority other than your organisation control over your staff numbers?

Yes	35	No	28
-----	----	----	----

21.	Has any authority other than your organisation control over the terms and conditions of your staff?		
	Yes	32	No 31
22.	(a) Does your organisation maintain its accounts on:		
	. a cash basis?		17
	. an accrual basis?		36
	. a modified accrual basis?		16
	(b) Is the basis used:		
	. defined by legislation?		8
	. prescribed by the Minister?		1
	. established by convention?		55
23.	(a) Is your organisation liable for tax assessment on income?	Yes	1
		No	64
	(b) If yes, are tax effect accounting principles applied in the preparation of Financial Statements?	Yes	-
		No	1
24.	(a) Are you required to maintain separate fund accounts in respect of particular programmes or projects?	Yes	31
		No	35
	(b) If yes, do you also prepare a consolidated statement of all fund accounts eliminating inter fund transfer?	Yes	22
		No	9
25.	(a) Is your organisation responsible for money held on behalf of other organisations or persons (e.g. producers)?	Yes	40
		No	26
	(b) If yes, indicate which of the following methods is used to record the balances held:		
	. Individual Trust Accounts?		18
	. Agency Accounts?		2
	. Pool Accounts?		14
	. Other		11

26.	(a)	Does your organisation utilise assets (such as buildings) which are provided at less than full commercial rates?	Yes	15
			No	51
	(b)	If yes, do you incorporate notes regarding the estimated value in your accounts?	Yes	3
			No	12
27.	(a)	Do you receive assets by donation?	Yes	15
			No	49
	(b)	If yes, are the donated assets recorded in your accounts:		
		• at commercial value?		6
		• as a note to the accounts?		2
		• at nominal value?		4
		• not recorded in accounts?		3
28.		If the donated assets are recorded at commercial value do you also calculate depreciation on that value?	Yes	1
			No	5
29.	(a)	Do you obtain services from other persons or organisations free of charge?	Yes	14
			No	51
	(c)	Are any formal records of these services kept?	Yes	4
			No	10
	(d)	If yes, do you incorporate notes regarding the estimated value in your accounts?	Yes	-
			No	4
30.		Does your organisation possess rights (e.g. copyright) which may be used to produce revenue?	Yes	22
			No	43
31.		What are the annual objectives of your organisation?		
		One objective		32
		Between 1 and 5 objectives		26
		More than 5 objectives		6

32. What methods do exist for review of the efficiency and effectiveness of your organisation?
- | | |
|---|----|
| Board review | 5 |
| Senior management review | 12 |
| Review by private sector users of information | 12 |
| Internal audit/management review units, etc. | 31 |
| Use of performance indicators | 13 |
| Competition with private sector | 2 |
| Nil or not stated | 5 |
33. How often are the reviews referred to in Question 32 undertaken?
- | | |
|------------------------------------|----|
| Continually (i.e. monthly or less) | 43 |
| At least yearly reviews | 10 |
| Annually to three years | 1 |
| No reviews made or not stated | 5 |
34. To whom are the results of the reviews referred to in Question 32 communicated?
- | | |
|----------------------|----|
| Board | 39 |
| Senior management | 17 |
| Minister | 15 |
| Users of information | 3 |
| Parliament | 1 |
| No-one or not stated | 3 |
35. What proportion of your organisation's capital equipment is funded by leasing arrangements, i.e. leverage leasing or lease back agreements or financial leases?
- | | |
|---------------------|----|
| . nil | 51 |
| . not exceeding 25% | 10 |
| . more than 75% | 1 |

37. Please specify all leasing arrangements, past, that are current, and future, including lease commitments that would be of a contingent liability nature?
- . Office equipment 8
 - . Surplus dwellings 1
 - . Plant and equipment 5
38. What is the effective rate of interest paid as a result of such leasing arrangements?
- . Not exceeding 10% 5
 - . Between 10% and 15% 7
 - . Greater than 15% 2
39. Who controls your organisation's leasing arrangements?
- . Board 5
 - . Senior management 9
 - . Chief financial officer 1

APPENDIX 7WRITTEN SUBMISSION RECEIVED BY THE COMMITTEE

Listed in order of receipt

Mitchell College of Advanced Education
New South Wales Film Corporation
Sydney Cove Redevelopment Authority
Mr J. P. McAuley, M.Ec., A.F.I.A., A.B.I.A.
Mr J. I. D'Souza
Water Resources Commission of New South Wales
Ernst & Whinney - Chartered Accountants
New South Wales Coal Association
New South Wales Fish Marketing Authority
The New South Wales Institute of Technology
Australian Federation of Construction Contractors
Sydney Farm Produce Market Authority
Totalizator Agency Board of New South Wales
Metropolitan Waste Disposal Authority
Government Insurance Office
Mr K. T. McEvoy, AASA(Senior), ACIS, AFAIM.
Bathurst/Orange Development Corporation
Builders Licensing Board
The Housing Commission of New South Wales
Department for Motor Transport
New South Wales Retirement Board
State Brickworks
The Egg Marketing Board
The University of New South Wales
Dairy Industry Marketing Authority
Department of Environment and Planning
Coal and Oil Shale Mine Workers' Superannuation Tribunal
Rental Bond Board
Hunter District Water Board
Forestry Commission of New South Wales

The Maritime Services Board
 Urban Transit Authority
 Albury-Wodonga (New South Wales) Corporation
 Railway Services Superannuation Board
 Dominguez and Earry Group - Members of the Stock Exchange
 Police Superannuation Board
 The Macquarie University
 Legal Services Commission of New South Wales
 State Superannuation Board
 Energy Authority of New South Wales
 Local Government Superannuation Board
 Touche Ross & Co. - Chartered Accountants
 State Rail Authority of New South Wales
 Newcastle College of Advanced Education
 Sydney Opera House Trust
 Homebush Abattoir Corporation
 Messrs M. C. Wells and R. S. Brown; Department of Accounting -
 The University of Sydney
 Grain and Feed Trade Association of New South Wales
 Mr S. Gillis, M.D., Ch.B., AASA, M.H.A.
 Premier's Department
 Australian Consumers' Association
 State Bank of New South Wales
 The University of Newcastle
 The Electricity Commission of New South Wales
 Riverina College of Advanced Education
 The Broken Hill Water Board
 The Sydney County Council
 The University of Wollongong
 National Parks and Wildlife Service
 Mr D. A. Shand - Senior Lecturer in Accounting and Public Finance,
 The Australian National University and Director of Research,
 Economic and Budget Review Committee, Parliament of Victoria
 Land Commission of New South Wales
 Price Waterhouse - Chartered Accountants

Life Insurance Federation of Australia
The Institute of Chartered Accountants in Australia
Department of Main Roads
The University of Sydney
The Oilseeds Marketing Board
New South Wales Coal Association
The Association of Aerial Surveyors, Australia
The University of New South Wales Students Union
Barley Marketing Board of New South Wales
Mr M. Motbs - Solicitor of the Supreme Court of New South Wales
Australian Bureau of Statistics - New South Wales Office
Metropolitan Water Sewerage and Drainage Board
Australian Society of Accountants

APPENDIX 8PARTIES WHO HAVE PRESENTED ORAL SUBMISSIONS HEARD BY THE COMMITTEE -

Australian Consumer's Association
 Australian Federation of Construction Contractors
 Department of Environment and Planning
 Dominguez and Barry Partners - Members of the Stock Exchange
 Egg Marketing Board
 Electricity Commission of New South Wales
 Ernst and Whinney - Chartered Accountants
 Fish Marketing Authority
 Dr S. Gillis, M.D., Ch.B., AASA, M.H.A.
 Government Printer
 Homebush Abattoir Corporation
 Housing Commission of New South Wales
 Hunter District Water Board
 The Institute of Chartered Accountants in Australia
 Kuring-gai College of Advanced Education
 • Mr G. MacMillan - Financial Director and Controller,
 Department of Minerals and Energy, Victoria; Consultant to the
 Victorian Public Bodies Review Committee
 Macquarie University
 Maritime Services Board
 Mr K. T. McEvoy, AASA(Senior), ACIS, AFAIM.
 Metropolitan Waste Disposal Authority
 Metropolitan Water Sewerage and Drainage Board
 New South Wales Institute of Technology
 Oilseeds Marketing Board
 Premier's Department
 Price Waterhouse - Chartered Accountants
 Mr D. A. Shand - Senior Lecturer in Accounting and Public Finance,
 The Australian National University and Director of Research,
 Economic and Budget Review Committee, Parliament of Victoria *
 State Brickworks

State Rail Authority of New South Wales

Mr D. R. Taylor - Senior Auditor, Australian Auditor-General's
Office, New South Wales Divisional Councillor, Australian
Society of Accountants, Member of Australian Institute of
Management Annual Report Examining Committee *

Touche Ross and Co. - Chartered Accountants

University of New South Wales

University of Sydney

* Appeared in individual capacity.

APPENDIX 9

AUSTRALIAN SOCIETY OF ACCOUNTANTS
SEMINAR QUESTIONNAIRE
GOVERNMENT ACCOUNTANTS GROUP SEMINAR

'FINANCIAL REPORTING OF STATUTORY
AUTHORITIES AND PROPOSED ANNUAL
REPORTS ACT'

8 April, 1983

- . This questionnaire consists of a number of important questions.
- . Please write in the space provided and/or attach further comments
- . Replies are required to be returned by FRIDAY, 15 APRIL, 1983.

Completed Questionnaires

Should be forwarded to:

The Chairman,
Task Force on Annual Reports Act and
Financial Reporting for
Statutory Authorities
Australian Society of Accountants
P.O. Box Q.290,
Queen Victoria Building,
SYDNEY. 2000.

6. (a) What do you see as the main purposes of the published financial statements and financial reporting of a Statutory Authority - legal and financial compliance, solvency, full cost of operations, management effectiveness and efficiency in financial terms or any other. Please rank.

b) What do you see as the main purposes of the published Annual Report of a statutory authority?

7. Do you believe accrual accounting will improve disclosure and accountability?

14. Do you agree with the concept of disclosing in the financial statements and reports of statutory authorities -
- (b) resources provided free of charge
 - (b) cross subsidisation of services within an organisation
 - (c) inter-government organisations cross subsidisation.

Please explain.

15. Do you see any difficulties in statutory authorities defining and disclosing material auxiliary activities?
16. Do you agree with the concept that details of all trust funds, trust accounts - their purpose and reasons for their continued existence - should be disclosed and accounted for in both the financial statements and financial reporting and in the annual reports of statutory authorities?

17. Do you see any inherent problems in producing a set of general standards or guidelines in the New South Wales Public Service -
- (a) specifically for government accounting
 - (b) specifically for the annual reports of government organisations.
18. Can you identify any existing or proposed private sector accounting standard or practice which may not be applicable to the operations of Government undertakings?
19. As an Accountant who would/could be involved in applying accounting standards or guidelines for financial statements and financial reporting by government organisations do you envisage any practical difficulties. If so, please identify main areas of concern.

20. Accepting the move in recent years to greater disclosure and accountability (in financial, managerial and performance terms) throughout the public sector and the introduction of new techniques, for example, program budgeting and performance, do you see any difficulties in existing financial information systems (as part of a statutory authorities total management information systems) coping with such changes and demands. If so, please identify main areas of concern.
21. Would you see any difficulties in statutory authorities adhering to a statutory requirement to produce and present both their financial statements and financial reports and their annual reports within a specified period after the completion of their financial year. If so do you perceive any practical solution to such difficulties.
22. (a) Do you agree with the concept of statutory authorities disclosing in detail their full financial position at year end in their Annual Reports. If so do you agree that a common uniform statement of financial position could be developed for general application?
- (b) Do you believe that there is a particular need for disclosure of the cash management operations of statutory authorities?

23. Does your organisation have corporate plans and objectives (as distinct from statutory functions) against which performance and achievement is measured. If so, are such plans and objectives adjusted as experience dictates.

24. Continuing from 23 -

- (a) has your organisation developed performance or achievement measurement indicators
- (b) if not has the development of such been attempted and if so what were the main difficulties experienced in developing such?

25. Do you believe that inadequate attention is paid to, or that inadequate disclosure is achieved, within the annual reports of statutory authorities in respect of -

- (a) policy information
- (b) present and future plans
- (c) industrial issues
- (d) the cost of services
- (e) resources management.

26. Do you believe that there is a need for uniformity in the Annual Reports of statutory authorities. Please explain.

27. In setting standards and guidelines for public sector annual reports do you agree that the criteria developed and employed by the Australian Institute of Management in its annual reports awards assessment is an appropriate starting point.

28. Do you believe in the broad concept that there is a need for a 'document' encompassing the global financial operations and results of all the activities of the Government of New South Wales, i.e., both departments and statutory authorities.

CONCLUSION.

- . Please provide any additional comments you believe are important.
- . Please comment on any other matter you may care to.
- . Please return this questionnaire by FRIDAY, 15 APRIL, 1983.

APPENDIX 10

SUMMARY OF RESPONSES

AUSTRALIAN SOCIETY OF ACCOUNTANTS

SEMINAR QUESTIONNAIRE

GOVERNMENT ACCOUNTANTS GROUP SEMINAR

"Financial Reporting of Statutory Authorities and Proposed Annual
Reports Act"

The questionnaire sought responses on four main areas of concern -

- * Accounting standards
- * Accounting practices
- * Financial reporting and annual reports
- * Management practices

Accounting Standards (Questions 1-4; 7-9; 17-19)

- There is universal support for accounting standards and guidelines for financial statements and reporting by the public sector.
- Proposed accounting standards should use as their base the guidelines of the Auditor-General, accrual accounting, and accounting standards of the private sector as promulgated by the professional accounting bodies and by legislation.
- Such standards should be flexible enough to meet the accounting needs of a diverse range of authorities.

Accounting Practices (Questions 4; 5; 7-14; 16)

- Whilst the Auditor-General's guidelines were seen as generally applicable respondents were concerned that matters raised by the working party on public sector accounting and reporting standards, i.e., real estate valuations and depreciation and loan repayment reserves, had not been settled. There is wide divergence of opinion on both matters.
- Generally accepted accounting principles including accrual accounting were considered appropriate to public sector authorities.
- There is universal support for full disclosure of subsidised resources and services as well as trust funds.

Financial Reporting and Annual Reports (Questions 6; 15; 20-22; 25-28)

- The purposes of financial statements were seen as disclosing legal and financial compliance and the full costs of operations of an authority; solvency; and management's efficiency and effectiveness.
- To assist the user of financial information a uniform statement of financial position common to authorities is desirable.

- There was strong support for a document encompassing the global financial operations of the State.
- Annual reports must provide sufficient information to permit an assessment of performance in achieving defined objectives, to detail future plans and outline major and minor activities of an authority except where disclosure may prejudice its competitive position.
- Respondents were generally dissatisfied with the amount of information disclosed by authorities and urged that the criteria of Australian Institute of Management be used in setting a structure for information to be reported. Respondents suggested that a uniform structure for annual reports, perhaps within categories of authorities, would assist in making comparisons.
- Apart from some difficulties in upgrading management information systems to provide additional data there should be no major problems in authorities presenting financial statements and annual reports within a specified period.

Management Practices (Questions 23 and 24)

- Of those respondents whose authorities had corporate plans and objectives 60% possessed indicators to measure performance in achieving objectives.

DETAILED REPOSSES

- Twenty-four (24) responses to the questionnaire were received.
- A range of responses to each question were received, the most popular are included in this paper.
- Multiple responses were received for some questions.

1. As a professional accountant do you support the need for Accounting Standards and guidelines for financial statements and financial reporting by Government organisations?
- | | |
|---|-----|
| YES | 24 |
| . Assists in appraising performance | |
| . Need for standardisation in reporting | |
| NO | Nil |
2. As a professional accountant do you support the principles and requirements detailed in the guidelines set by the Auditor-General of New South Wales in his 1980 report?
- | | |
|-----|-----|
| YES | 24 |
| NO | Nil |
3. Do you consider that the guidelines referred to in 2 above, in particular those relating to the degree of disclosure and accountability, equal or surpass that required in the private sector?
- | | |
|-------------|----|
| EQUAL | 11 |
| SURPASS | 9 |
| INFERIOR | 3 |
| NO RESPONSE | 1 |
- . The guidelines are inferior because:
 - (i) there is no requirements for directors and principal accounting officers to sign or make a statement on the accounts;
 - (ii) schedules showing the movements into and out of reserves should be included.

4. Are there any matters in either the Auditor-General's guidelines or in the recommendations of the report of the "Working Party on Public Sector Accounting and Reporting Standards" with which you either disagree or have difficulty in interpreting or applying in practice? Please specify. Are there any additional matters which should be covered?

YES

14

- . Loan repayment reserves, depreciation, and concepts of capital maintenance.
- . Lack of guidelines for Treasury funded organisations.
- . Costs and benefits of cyclic revaluation of real estate.
- . Fails to address performance indicators

NO

10

5. What are your views on disclosure of current market value of real estate?

- . No need to value real estate held for "restricted use".
- . Current market values should be disclosed in notes to the accounts.
- . Revaluation should be on 2 to 3 year cycles.
- . Assists in making assessments of various uses of real estate.

10

8

7

6

6. (a) What do you see as the main purposes of the published financial statements and financial reporting of a Statutory Authority - legal and financial compliance, solvency, full cost of operations, management effectiveness and efficiency in financial terms of any other. Please rank?

In order of priority -

- . Compliance) equal
- . Full cost of operations)
- . Solvency
- . Management efficiency and effectiveness

Others -

- . Disclosure and accountability to Parliament, public and users of the information
- . Management use

(b) What do you see as the main purposes of the published Annual Report of a statutory authority?

- . To assess performance in achieving objectives 11
- . To define objectives of an authority 7
- . To account to Parliament 5
- . To detail future plans 5

7. Do you believe accrual accounting will improve disclosure and accountability?

YES 20

- . Discloses full costs of operations
- . A better assessment of management performance

NO 4

- . Cash accounting suffices
- . May tend to complicate otherwise simple cash based organisations

8. In setting standards and guidelines for public sector financial statements, reporting and annual reports do you agree that the National Companies Act and its schedules can be drawn upon?

YES 20

- . Subject to modification to fit the public sector 3
- . Ensures standardisation with private sector 3

NO		2
.	An Act discourages innovation	
NO RESPONSE		2
9.	Do you perceive any inconsistencies between the objectives of the National Companies Act and its schedules referred to above in 8 and the objectives of any public sector standards and guidelines? (Please specify)	
YES		7
.	the objectives of standards in public sector will not coincide with those in private sector	5
NO		12
NO RESPONSE		5
10.	Do you see any relevant existing or proposed accounting standard or practice in private sector financial statements, reporting or annual reports which could, with advantage, be included in public sector standards or guidelines?	
.	Most are interchangeable	4
.	All except AAS 3 and AAS 10	1
.	All except AA 3 and AAS 7	1
.	AAS 5, 8, 9 particularly	1
11.	Are the Auditor-General's 1980 guidelines sufficiently specific and capable of practical application in relation to depreciation of non-current assets?	
YES		11
NO		11
.	Not specific enough - adopt private sector standards	
.	No uniformity in method of depreciation or rates of depreciation to be applied to classes of assets	
NO RESPONSE		2

12. What are your views on the relevance of depreciation and loan repayment costs in the operating statements of bodies whose capital is provided by Parliamentary direction?
- . Full disclose is required 5
 - . Both are expenses 3
 - . Depreciation is an expense, loan repayment is a cash outgoing 3
13. Is there a need for supplementary data to financial statements and reports prepared on -
- (a) an historical basis
 - (b) a cash basis
- YES 21
- . By note to the accounts 3
 - . Tables, bar charts, etc., also needed 2
- NO 3
14. Do you agree with the concept of disclosing in the financial statements and reports of statutory authorities -
- (a) resources provided free of charge;
 - (b) cross subsidisation of services within an organisation;
 - (c) inter-government organisations cross subsidisation.
- YES 23
- . Determines full cost
 - . Shows full picture
 - . When material
- NO Nil
- NO RESPONSE 1
15. Do you see any difficulties in statutory authorities defining and disclosing material auxiliary activities?

- YES 3
- . Governments will pay lip service only to disclose
 - . Confidential information should not be disclosed
 - . Authorities consider this their own business
- NO 21
16. Do you agree with the concept that details of all trust funds, trust accounts - their purpose and reasons for their continued existence - should be disclosed and accounted for in both the financial statements and financial reporting and in the annual reports of statutory authorities?
- YES 24
- NO Nil
17. Do you see any inherent problems in producing a set of general standards or guidelines in the New South Wales Public Service -
- (a) specifically for government accounting
 - (b) specifically for the annual reports of government organisations
- YES 7
- . Managements must be convinced of the advantages
 - . Little application to a diverse range of authorities
- NO 17
- . Standards should be flexible to meet all needs
18. Can you identify any existing or proposed private sector accounting standard or practice which may not be applicable to the operations of Government undertakings?

YES		10
	<ul style="list-style-type: none"> . Tax-effect accounting . CCA . Accounting for extractive industries 	
NO		9
NO RESPONSE		5
19.	As an <u>Accountant</u> who would/could be involved in applying accounting standards or guidelines for financial statements and financial reporting by government organisations do you envisage any practical difficulties. If so, please identify main areas of concern?	
YES		14
	<ul style="list-style-type: none"> . Standards may not be applicable to all authorities . Management must see the advantages in conforming . The need to teach and train staff 	
NO		10
20.	Accepting the move in recent years to greater disclosure and accountability (in financial, managerial and performance terms) throughout the public sector and the introduction of new techniques, for example, programme budgeting and performance, do you see any difficulties in existing financial information systems (as part of a statutory authority's total management information systems) coping with such changes and demands. If so, please identify main areas of concern?	
YES		13
	<ul style="list-style-type: none"> . Accounting systems must cope with additional requirements . Reviews of computer systems may be necessary 	
NO		10
NO RESPONSE		1

21. Would you see any difficulties in statutory authorities adhering to a statutory requirement to produce and present both their financial statements and financial reports and their annual reports within a specified period after the completion of their financial year? If so do you perceive any practical solution to such difficulties?
- YES 8
- . Marketing boards and their pools
 - . Problems with Auditor-General certifying accounts
 - . Poor management information systems
- NO 16
22. (a) Do you agree with the concept of statutory authorities disclosing in detail their full financial position at year end in their Annual Reports? If so do you agree that a common uniform statement of financial position could be developed for general application?
- YES 23
- NO Nil
- NO RESPONSE 1
- (b) Do you believe that there is a particular need for disclosure of the cash management operations of statutory authorities?
- YES 20
- NO 4
23. Does your organisation have corporate plans and objectives (as distinct from statutory functions) against which performance and achievement is measured? If so, are such plans and objectives adjusted as experience dictates.
- YES 15
- NO 8
- NO RESPONSE 1

24. Continuing from 23 -

- (a) has your organisation developed performance or achievement measurement indicators?
- (b) if not, has the development of such been attempted and if so, what were the main difficulties experienced in developing such?

YES	9	YES	1
NO	<u>6</u>	NO	<u>7</u>
	<u>15*</u>		<u>8*</u>

- Of 15 respondents whose organisations have corporate plans and objectives 9 have performance indicators, 6 do not.
- Of 8 respondents whose organisations do not have corporate plans and objectives 1 has performance indicators, 7 do not.

25. Do you believe that inadequate attention is paid to, or that inadequate disclosure is achieved, within the annual reports of statutory authorities in respect of -

- (a) policy information;
- (b) present and future plans;
- (c) industrial issues;
- (d) the cost of services;
- (e) resources management.

YES	18
VARIES BETWEEN AUTHORITIES	5
THIS IS MANAGEMENT'S OWN BUSINESS	1

26. Do you believe that there is a need for uniformity in the Annual Reports of statutory authorities? Please explain?

YES	18
• Aids comparability	
• Uniformity should be within categories	
NO	6
• Will reduce innovation and imaginative licence.	

27. In setting standards and guidelines for public sector annual reports do you agree that the criteria developed and employed by the Australian Institute of Management in its annual reports awards assessment is an appropriate starting point.

YES	23
NO	Nil
NO RESPONSE	1

28. Do you believe in the broad concept that there is a need for a "document" encompassing the global financial operations and results of all the activities of the Government of New South Wales, i.e. both departments and statutory authorities.

YES	20
NO	3
NO RESPONSE	1

OTHER COMMENTS

- The extent of political interference in reporting is of concern.
- Success will depend upon whether Ministers want their authorities to be accountable to them.
- Attempts at uniformity and standardisation will be defeated by heads of authorities.
- Annual general meetings of authorities should be held in public.
- There is a need to look at format of accounts and performance indicators used overseas.
- An authority to review and monitor adherence to standards will be needed.

APPENDIX 11NEW SOUTH WALES STATUTORY AUTHORITIES

Aboriginal Land Trust
Aboriginal Relics Advisory Committee
Aborigines Advisory Council
Adoption Tribunal
Advisory Co-ordinating Committee under the Environmental Planning and
Assessment Act
Advisory Council on Family and Children's Services
Advisory Council under the Child Welfare Act
Advisory Council under the Co-operation Act
Agricultural Committees
Air Licensing Advisory Committee of New South Wales
Air Pollution Advisory Committee
Albury College of TAFE
Albury-Wodonga (New South Wales) Corporation
Albury-Wodonga Development Corporation
Albury-Wodonga Ministerial Council
Amateur Fishermen's Advisory Council
Ambulance Services Advisory Council
Anti-Discrimination Board
Anzac Memorial Building Trustees
Apprenticeship Conciliation Committees
Apprenticeship Council of New South Wales
Apprenticeship Training Committees
Archives Authority of New South Wales
Argentine Ant Eradication Committee
Armidale Technical College
Art Gallery of New South Wales Trust
Assessment Board under the Hunter Valley Conservation Trust Act
Australian Museum Trust
Banana Marketing Control Committee
Bankstown Technical College

Barley Marketing Board
Barristers' Admission Board
Bathurst College of TAFE
Bathurst-Orange Development Corporation
Bega College of TAFE
Belmont College of TAFE
Blacktown College of TAFE
Board of Architects of New South Wales
Board of Fire Commissioners of New South Wales
Board of Optometrical Registration
Board of Reference under the Boiler and Pressure Vessel Regulations
Board of Reference under the Construction Safety Act
Board of Senior School Studies
Board of Studies
Board of Tick Control
Board of Veterinary Surgeons of New South Wales
Boards of Inquiry under the Gas and Electricity Act
Bookmakers Revision Committee
Bore Water Trusts
Boxing Advisory Committee
Bread Industry Advisory Committee
Broken Hill College of TAFE
Broken Hill Water Board
Brookvale Technical College
Builders Licensing Board
Building and Construction Industry Committee
Bursary Endowment Board
Bush Fire Council Co-ordinating Committee
Bush Fire Council Finance Committee
Bush Fire Council of New South Wales
C. B. Alexander Foundation
Campbelltown College of TAFE
Casino College of TAFE
Catchment Areas Protection Board
Central Coast (N.S.W.) Citrus Marketing Board

Central Coast Planning and Development Committee
 Cessnock Technical College
 Charity Referees
 Charlestown College of TAFE
 Chatswood (Town Centre) Regional Planning Committee
 Chicken Meat Industry Committee
 Chipping Norton Lake Authority
 Chiropodists Registration Board
 Chiropractors Registration Board
 Clarence River Port Advisory Committee
 Clean Waters Advisory Committee
 Closer Settlement Advisory Boards
 Co-operative Housing Societies Advisory Committee
 Coal Mining Qualifications Board
 Coal and Oil Shale Mine Workers Superannuation Tribunal
 Coastal Council of New South Wales
 Cobar Water Board
 Coffs Harbour Technical College
 College of Advanced Education - Alexander Mackie
 College of Advanced Education - Armidale
 College of Advanced Education - Cumberland College of Health Sciences
 College of Advanced Education - Goulburn
 College of Advanced Education - Hawkesbury Agricultural College
 College of Advanced Education - Kuring-gai
 College of Advanced Education - Milperra
 College of Advanced Education - Mitchell
 College of Advanced Education - Nepean
 College of Advanced Education - Newcastle
 College of Advanced Education - New South Wales Institute of
 Technology
 College of Advanced Education - Northern Rivers
 College of Advanced Education - Nursery School Teachers College
 College of Advanced Education - Riverina
 College of Advanced Education - Sydney College of the Arts
 College of Advanced Education - Sydney Kindergarten Teachers College

College of Advanced Education - Sydney Teachers College
College of Advanced Education - Wollongong Institute of Education
College of External Studies
Committee of Review under the Public Hospitals Act
Community Justice Centres Co-ordinating Committee
Conciliation Committees
Conservatorium of Music Board
Contract Regulation Tribunals under the Industrial Arbitration Act
Cooma College of TAFE
Coonabarabran Campus
Cootamundra College of TAFE
Corowa College of TAFE
Corporate Affairs Commission
Corrective Services Advisory Council
Corrective Services Commission
Council of Auctioneers and Agents
Council of Technical and Further Education
Course Advisory Committees
Cowra College of TAFE
Credit Union Advisory Committee
Credit Union Savings Reserve Board
Dairy Industry Marketing Authority
Dairy Industry Pricing Committee
Dairy Promotion Council
Dapto College of TAFE
Demarcation of Callings - Special Board under the Industrial
Arbitration Act
Deniliquin College of TAFE
Dental Board of New South Wales
Dental Technicians Registration Board
Dentists Charges Committee
Department of Environment and Planning
Department of Main Roads
Department of Motor Transport
Development Corporation of New South Wales

Disciplinary Tribunal under the Medical Practitioners Act
District Councils or Committees of Technical and Further Education
Drainage Unions and Trusts
Dried Fruits Board
Drug and Alcohol Authority
Dubbo Campus
Dumaresq-Barwon Border Rivers Commission
Dunedoo Campus
East Sydney Technical College
Eastern Suburbs Crematorium Trust
Education Commission of New South Wales
Egg Marketing Board
Election Funding Authority of New South Wales
Electricity Board
Electricity Commission of New South Wales
Energy Authority of New South Wales
Engine Drivers and Boilers Attendants' Examination Board
Environment and Planning Advisory Committee
Equal Opportunity Tribunal
Ethnic Affairs Commission of New South Wales
Factory and Industrial Welfare Board
Farrer Memorial Trust
Film Corporation of New South Wales
Finley College of TAFE
Fish Marketing Authority
Flood Prevention Trusts
Fluoridation of Public Water Supplies Advisory Committee
Forbes College of TAFE
Forestry Commission of New South Wales
Friendly Societies Advisory Committee
Gas Board
Geographical Names Board
Glen Innes College of TAFE
Glendale College of TAFE
Gosford College of TAFE

Goulburn Argyle College of TAFE
Government Insurance Office of New South Wales
Government and Related Employees Appeal Tribunal
Grafton College of TAFE
Grain Handling Authority of New South Wales
Grain Sorghum Marketing Board
Granville College of TAFE
Greyhound Racing Control Board
Griffith College of TAFE
Gunnedah Technical College
Gynea College of TAFE
Hairdressers' Council
Health Advisory Council
Height of Buildings Advisory Committee
Heritage Council of New South Wales
Higher Education Board
Historic Houses Trust of New South Wales
Homebush Abattoir Corporation
Hornsby College of TAFE
Housing Commission of New South Wales
Hunter District Water Board
Hunter Planning Committee
Hunter Valley Conservation Trust
Illawarra Planning Committee
Industrial Commission of New South Wales
Insurance Activities Committee under the Co-operation Act
Intellectually Handicapped Persons Review Tribunal
Inverell College of TAFE
Investigating Committee under the Medical Practitioners Act
Irrigation Trusts
Joint Coal Board
Katoomba College of TAFE
Kempsey Technical College
Land Commission of New South Wales
Law Reform Commission

Leeton College of TAFE
Legal Aid Committees
Legal Aid Review Committees
Legal Services Commission of New South Wales
Library Council of New South Wales
Licensed Pumpers' Advisory Committee
Light, Heat and Power Committee
Lismore Technical College
Lithgow College of TAFE
Liverpool Technical College
Local Government Boundaries Commission
Local Government Building Surveyors' Qualifications Committee
Local Government Clerks and Auditors' Examination Committee
Local Government Electrical Engineering Examination Committee
Local Government Engineering Examination Committee
Local Government Gas Engineering Examination Committee
Local Government Grants Commission
Local Government Health Surveyors' Examination Committee
Local Government Liaison Committee under the Environmental Planning
and Assessment Act
Local Government Superannuation Board
Local Government Town and Country Planning Examination Committee
Local Government Valuers' Committee
Local Land Boards
Local Land Boards under the Western Lands Act
Lord Howe Island Board
Macarthur Development Board
Macksville Technical College
Macquarie Fields College of TAFE
Macquarie University Council
Maitland Technical College
Maritime Service Board of New South Wales
Maritime Services Board Committee of Review
Maritime Services Board Joint Committee
McGarvie Smith Institute Trust

Meadowbank College of TAFE
Medical Committee under the Poisons Act
Medical Practitioners Charges Committee
Mental Health Tribunals
Metropolitan Waste Disposal Authority
Metropolitan Water Sewerage and Drainage Board
Miller Technical College
Milton Technical College
Mine Subsidence Board
Mines Rescue Board
Moree Technical College
Moruya College of TAFE
Moss Vale College of TAFE
Motor Dealers Disputes Committee
Motor Vehicle Repair Disputes Committee
Motor Vehicle Repair Industry Council
Mount Druitt Technical College
Mudgee Campus
Murray Basin Board
Murray Valley (N.S.W.) Citrus Marketing Board
Murwillumbah College of TAFE
Museum of Applied Arts and Sciences - Board of Trustees
Muswellbrook College of TAFE
Narrabri Technical College
Narrandera College of TAFE
National Parks and Wildlife Advisory Council
National Parks and Wildlife Service
New South Wales Dams Safety Committee
New South Wales Hospitals Planning Advisory Centre Board
New South Wales Institute of Psychiatry
New South Wales Meat Industry Authority
New South Wales Medical Board
New South Wales Nurses Registration Board
New South Wales Retirement Board
New South Wales Science and Technology Council

New South Wales State Cancer Council
Newcastle Regional Nurse Training Council
Newcastle Technical College
Noise Advisory Committee
North Sydney Technical College
Nowra College of TAFE
Noxious Plants Advisory Committee
Nurses Education Board of New South Wales
Oats Marketing Board
Official Visitors under the Mental Health Act
Oilseeds Marketing Board
Optical Dispensers Licensing Board
Orange Technical College
Padstow College of TAFE
Parkes College of TAFE
Parliamentary Contributory Superannuation Fund Trustees
Parole Board of New South Wales
Pastures Protection Boards
Penrith College of TAFE
Permanent Building Societies Advisory Committee
Petersham College of TAFE
Pharmacy Board of New South Wales
Physiotherapists Registration Board
Planning Control and Strata Titles Committee
Plumbers, Gasfitters and Drainers Board
Poisons Advisory Committee
Police Superannuation Board
Port Kembla Advisory Committee
Port of Newcastle Advisory Committee
Poultry Farmer Licensing Committee
Prices Commission
Prisoner Classification Committee
Privacy Committee of New South Wales
Private Domestic and Stock Water Supply and Irrigation Districts
- Boards of Management

Product Safety Committee
Professional Services Advisory Council
Prospecting Board
Public Accountants Registration Board
Public Hospitals - Board of Directors
Public Servant Housing Authority of New South Wales
Public Service Board of New South Wales
Public Trustee
Publications Classification Board
Pure Food Advisory Committee
Racecourse Development Committee
Radiological Advisory Council
Railway Workshops Board of New South Wales
Randwick College of TAFE
Real Estate Valuers' Registration Board
Rental Bond Board
Retail Trade Advisory Committee
Rice Marketing Board
River Advisory Committees
River Murray Commission
Royal Botanic Gardens and Domain Trust
Rural Assistance Board
Rural Workers Accommodation Advisory Committee
Ryde College of Catering Studies and Hotel Administration
Ryde Division of Horticulture
School Forests Trust
Seaforth College of TAFE
Secondary Schools Board
Shellharbour College of TAFE
Singleton Technical College
Snowy Mountains Council
Solicitors' Admission Board'
Solicitors' Statutory Committee
Special Land Boards
St George College of TAFE

State Bank Board
State Brickworks
State Contractors Control Board
State Dockyard Board
State Mines Control Authority
State Pollution Control Commission
State Rail Authority
State Recreation Area Trusts
State Superannuation Board
Statutory Trustees under the Technical Education Trust Funds Act
Stock Medicines Board
Strathfield Technical College
Surveyors Board of New South Wales
Sydney Cove Redevelopment Authority
Sydney Cricket and Sports Ground Trust
Sydney Farm Produce Market Authority
Sydney Farm Produce Market Authority - Finance Joint Committee
Sydney Farm Produce Market Authority - Staff Joint Committee
Sydney Opera House Trust
Sydney Park Committee
Sydney Technical College
Tamworth Technical College
Taree College of TAFE
Taree-Wingham Water Supply Board of Management
Teacher Housing Authority of New South Wales
Technical Advisory Committee of the State Pollution Control Commission
Temora College of TAFE
The School of Textiles
Theatres and Films Commission
Therapeutic Goods and Cosmetic Advisory Committee
Tobacco Leaf Marketing Board
Toronto Technical College
Totalizatory Agency Board
Traffic Authority of New South Wales
Traffic Safety Committee of New South Wales

Transport Appeals Board
Travel Agents Registration Board
Trotting Authority of New South Wales
Trustees of Commons
Trustees of Public Reserves and Public Parks
Trustees of Schools of Arts and Related Institutions
Tumut College of TAFE
University of New England Council
University of New South Wales Council
University of Newcastle Council
University of Sydney Senate
University of Wollongong Council
Urban Consolidation Committee
Urban Development Committee
Urban Transit Authority of New South Wales
Veterinary Surgeons Disciplinary Tribunal
Veterinary Surgeons Investigating Committee
Vocational Instruction Advisory Committee
Wagga Wagga College of TAFE
Water Resources Commission
Water Supply Advisory Council
Water Trusts
Water Utilization Council
Wauchope Technical College
Wellington Campus
West Scholarships Scheme Trustees
West Wyalong Technical College
Western Lands Commission
Western Sydney Planning and Development Committee
Wetherill Park College of TAFE
Wild Dog Control Boards
Wild Dog Destruction Board
Wine Grape Processing Industry Negotiating Committee
Wine Grapes Marketing Board
Wollongong College of TAFE
Zoological Parks Board

APPENDIX 12CAPITAL EXPENDITURE OF LARGER AUTHORITIES1981-82

AUTHORITY	AMOUNT \$
Commissioner of Main Roads	*
Commissioner for Motor Transport	1,379,395
Dairy Industry Marketing Authority	*
Electricity Commission of New South Wales	733,921,000
Government Insurance Office of New South Wales	*
Housing Commission of New South Wales	106,137,015
Maritime Services Board of New South Wales	*
Metropolitan Waste Disposal Authority	1,123,087
Metropolitan Water Sewerage and Drainage Board	213,700,000
State Bank of New South Wales	*
State Rail Authority of New South Wales	285,900,000
State Superannuation Board	*
	\$1,342,160,497

* Information not provided in the authority's annual report.

APPENDIX 13

SIGNIFICANT FEATURES OF LARGER STATUTORY AUTHORITIES

1981-82

Authority	Total Income \$	Operating Expenses \$	Total Assets \$	Staff Numbers
Commissioner of Main Roads	592,043,030	587,765,005	Not given	9,065
Commissioner for Motor Transport	94,018,428	92,252,834	Not given	2,637
Dairy Industry Marketing Authority	9,468,754	8,756,663	25,416,090	Not given
Electricity Commission	1,028,390,280	1,079,308,590	2,753,649,000	11,262
Government Insurance Office of N.S.W.	776,800,000	557,240,437	2,064,500,000	1,468
Housing Commission of N.S.W.	240,939,151	221,576,813	1,781,483,365	1,449
Maritime Services Board of N.S.W.	189,241,905	145,910,582	641,167,267	3,253
Metropolitan Waste Disposal Authority	13,561,833	13,496,249	21,754,504	77
Metropolitan Water Sewerage and Drainage Board	444,513,000	372,031,000	3,443,127,000	13,427
State Bank of N.S.W.	427,964,589	347,398,810	3,758,580,222	4,845
State Rail Authority of N.S.W.	1,104,653,000	1,104,735,000	2,141,849,000	41,302
State Superannuation Board	594,010,000	312,703,134	2,061,892,443	194
	\$5,515,603,970	\$4,843,175,117	\$18,693,418,891	88,979

These figures have been derived from the annual reports of the above authorities. In a number of cases they are the outcome of additions, subtractions and consolidations of financial information reported in separate funds, notes to the accounts and/or elsewhere in the annual report.