

Public Accounts Committee
Parliament of New South Wales

Annual Report
Year ended 30 June
1987

The Public Accounts Committee

Annual Report Year ended 30 June 1987

Contents

Members of the Public Accounts Committee	
<u>Committee</u>	<u>2</u>
<u>Highlights</u>	<u>4</u>
<u>Chairman's Review</u>	<u>5</u>
<u>Objectives</u>	<u>6</u>
<u>Charter and Procedures</u>	<u>7</u>
<u>Report of Performance 1986-87</u>	<u>10</u>
<u>Activities 1986-87</u>	<u>14</u>
Post-Financial Year Reports and	
<u>Current Projects</u>	<u>20</u>
<u>Staffing</u>	<u>22</u>
Financial Statements	23
APPENDICES	
1 Functions of the Committee	26
2 Evolution of the Public Accounts Committee	27
3 Source of Committee Inquiries	28
<u>4 Chart of Meetings 1986-87</u>	<u>29</u>
<u>5 Past Reports</u>	<u>32</u>
6 Matters Considered in Relation to 1985-86 Auditor-General's Report	36

PUBLIC ACCOUNTS COMMITTEE

Members of the Public Accounts Committee

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

**Mr John Murray, B.A., M.P.,
Chairman**

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

**Dr Andrew Refshauge, M.P., Vice-
Chairman**

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

Mr Colin Fisher, M.P.

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

Planning and Environment, and on Energy..

Mr Phillip Smiles, M.P.

Phillip Smiles was elected Member for Mosman in March, 1984. A management and marketing consultant since 1974, Phillip Smiles has been involved with entrepreneurial business activities since his teens. Since entering Parliament he has been actively interested in the areas of small business, emergency services, welfare and financial analysis.

Mr Allan Walsh, M.P.

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

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

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

ANNUAL REPORT



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

PUBLIC ACCOUNTS COMMITTEE

Highlights of the Year

- | | | |
|------|----------|--|
| 1986 | July | Report tabled on the Collection of Parking and Traffic Fines. |
| | July | Follow-up Report on Annual Reporting of Statutory Authorities tabled. |
| | August | Annual Report 30 June, 1986 tabled. |
| | October | Commencement of inquiry into Home Care Service of New South Wales |
| | November | Follow-up Report on Overtime, Sick Leave and Associated Issues in the
New South Wales Police Force tabled. |
| | December | Report on the New South Wales Builder's Licensing Board tabled. |
| 1987 | February | Report tabled on Brief Review of: The Sydney Opera House Trust;
Harness Racing Authority of New South Wales; and New South Wales State
Cancer Council. |
| | February | Follow-up Inquiry into Grain Sorghum Marketing Board commenced. |
| | March | Commencement of Inquiries into: New South Wales Film Corporation;
Wine Grapes Marketing Board |
| | May | Hosted Fifth Biennial Conference of Public Accounts Committees in
Australia |
| | June | Report on the Film Corporation of New South Wales tabled. |

Chairman's Review



John Murray, B.A., M.P., Chairman.

The year just completed has been an exciting and productive one for the Public Accounts Committee.

The Committee inquired into and reported on a broad range of issues and public sector activities. Some of the areas investigated by the Committee were unpaid parking and traffic fines, police overtime and sick leave, builders' licensing and government support to the New South Wales film industry.

The Committee produced seven reports in 1986-87 and a further report on the Home Care Service of New South Wales was completed in July 1987. This has thus been a year of considerable achievement. I am pleased to report that the relevant government Ministers have responded quickly and positively to Committee Reports and already we are seeing improvements in efficiency and effectiveness as a result of their actions.

The Committee's report on the New South Wales Builders' Licensing Board, tabled in December 1986, was quickly taken up by the Minister, Mrs Deirdre Grusovin.

Legislation has already passed, which establishes a new Builders' Licensing

Corporation, to replace the old Builders' Licensing Board and other building related services. Services to clients have improved dramatically since the Committee's inquiry. I am pleased to report delays of 12 weeks in

responding to building problems commonly being experienced at the time of our inquiry have been reduced to two to three weeks.

A further example of the effectiveness of the Committee is the inquiries conducted into police overtime and sick leave. When the Committee first inquired into this area, over 900 000 hours' overtime annually was being worked by police officers. By 1985-86, overtime had been reduced to just over 600 000 hours. I have just been advised that 1986-87 overtime has been further reduced to 570 000 hours, the lowest figure in a decade. The Minister for Police, Mr George Paciullo, also responded quickly to other recommendations made by the Committee concerning sick leave and the use of motor vehicles.

Committee activities during the year included inquiries into a number of statutory authorities: the New South Wales Builders' Licensing Board; Film Corporation of New South Wales; Grain Sorghum Marketing Board; Wine Grapes Marketing Board; New South Wales State Cancer Council; Sydney Opera House Trust; Harness Racing Authority; Home Care Service of New South Wales; and the Heritage Council of New South Wales.

Common threads running through most of these inquiries were the need for changes in corporate structure, clearer definition of the respective roles of the Minister, Board and management, the need for appraisal of objectives and strategies and development of appropriate means of measuring performance. All statutory authorities are urged to give attention to these issues.

The coming year will see the Committee carrying out inquiries in the education field and into an aspect of the Electricity Commission's operations. We will, of course, be continuing our broad watchdog role and promoting value for money in the public sector.

The Committee has continued to be sustained by its high calibre staff. The assistance of secondees from the Auditor-General's Office and the Treasury has also been invaluable in our work. On behalf of the Committee, I wish to commend all staff for their diligence during the year.

John Murray, B.A. MP, Chairman.

PUBLIC ACCOUNTS COMMITTEE

Objectives

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

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

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

members of the public of the financial and related operations of government.

- to conduct a series of seminars at Parliament House on accrual accounting in relation to New South Wales departments;
- to consider as part of its 1988 Program an inquiry into the efficiency of the District Court.
- to inquire and report on any matter related to the accounts referred to the Committee by the Legislative Assembly, a Minister or the Auditor-General;
- to examine the anomalies and deficiencies highlighted by the Auditor-General in his 1986-87 Report;
- to examine payments in 1986-87 made in accordance with section 22 of the Public Finance and Audit Act 1983;

Plans for 1987-88

The Committee's specific objectives for the 1987-88 year are:

- to complete the inquiry into the operations of the Ravensworth Coal Washery.
- to complete the *inquiry into* the Heritage Council of New South Wales;
- to complete inquiries into the New South Wales Grain Sorghum Marketing Board and the New South Wales Wine Grapes Marketing Board;
- to undertake an inquiry into the purchasing practices and allocations of stores, equipment and resources of the Department of Technical Education pursuant to a reference *from* the Minister, Mr Rodney Cavalier;

ANNUAL REPORT

Charter and Procedures

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

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

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

Legislation

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

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

- to examine the Public Accounts;
- to examine the accounts of Statutory Authorities;
- to examine the Auditor-General's Report and related documents;
- to report to the Legislative Assembly upon any items in or circumstances connected with these accounts, reports or documents;

- to report to the Assembly on any alteration the Committee thinks desirable in the form of the accounts, or in the method of keeping accounts, or the receipt, expenditure or control of money;
- to inquire into and report to the Assembly on questions relating to the accounts referred to it by the Legislative Assembly, a Minister or the Auditor-General;
- to inquire into and report on any over-expenditure by Ministers.

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

The Committee therefore may question witnesses on matters relating to the implementation of Government policy, such as management decisions made by a departmental official administering policy.

The Committee also considers that a necessary part of its function is to inquire into present administrative policies and practices in addition to past accounts.

A brief history of the evolution of the Public Accounts Committee is contained in Appendix 2,

Procedures

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

PUBLIC ACCOUNTS COMMITTEE

Inquiries Arising from a Reference

Specific references from a Minister, the Legislative Assembly or the Auditor-General are an important source of Committee inquiries.

In these inquiries, once terms of reference are established, advertisements are placed in the press informing the public of the inquiry and seeking submissions from interested parties.

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

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

The Committee finds field inspections particularly useful in getting a first hand view of an organisation. During 1986-87 some of the inspections carried out by the Committee were:

- ⑧ Builders' Licensing Board offices--St Leonards, Bathurst and Orange;
- ⑧ Department of Finance--Parramatta;
- ⑧ Home Care Service branches at Willoughby, Parramatta, Campsie, Coifs Harbour, Port Macquarie, Shoalhaven, Ulladulla, Eurobodalla, Parkes, Forbes, West Wyalong, Wagga Wagga, Narrandera, Leeton, Drummoyne, Ashfield, Mayfield, Maitland and Mosman;
- ⑧ Grain Handling Authority's Spring Ridge storage facilities and Grain Sorghum Industry infrastructure in Northern New South Wales,
- ⑧ Offices of the Heritage Council of New South Wales; and
- ⑧ Operations of the Wine Grapes Marketing Board--Griffith.

Following the collection of all necessary information, a report is drafted and

considered by the Committee in private meetings.

For a number of its inquiries the Committee made several interstate comparisons. Details are included in Appendix 4.

Of the thirty-one reports which the Committee tabled to 30 June, 1987, five arose from references from a Minister, five from references from the Treasurer and four from references from the Auditor-General. A table summarising the source of Committee inquiries in Appendix 3.

Examination of the Auditor-General's Report

The Committee examines the Auditor-General's

Report for anomalies or deficiencies revealed by the Auditor-General or noted from the Report by Committee Members.

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

For other matters the Committee may consider that further evidence and investigation are needed. In these cases public hearings are held, after which the Committee decides on the form in which it will report the matter to Parliament. In some cases, such as the Committee's inquiries into the State Cancer Council, Sydney Opera House Trust and Harness Racing Authority a separate report may be produced. This year, the Committee will be tabling a Supplementary Report 1986-87 which provides details on some of the matters investigated by the Committee as a result of comments made in the Auditor-General's Report. The Supplementary Report will be published shortly after the Annual Report.

ANNUAL REPORT

The Inquiry Process

TIME OF MEETING

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

POWER TO CALL WITNESSES

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

The Committee has thus far had the fullest cooperation of public officials in attending its hearings. It has never yet had to exercise its powers to compel a witness to attend through the issue of a warrant under the Parliamentary Evidence Act, 1901.

PUBLIC HEARINGS

Before giving evidence, witnesses are required to take an oath or to make an affirmation. The Committee has found that taking oral evidence is often an effective way of reaching a full understanding of issues before it. Not only can the Committee immediately pursue gaps in information, inconsistencies or misunderstandings, but public officials have an opportunity to fully explain their administration of government policies.

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

Through public hearings, which are regularly attended by members of the media, the Committee aims to ensure that its activities
70901-20820-2

are as open and public as possible and to encourage participation and consultation.

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

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

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

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

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

The Committee meets in closed session when it receives briefings, deliberates or reviews draft reports. A summary of the Committee's meetings during 1986-87 is attached Appendix 4.

PUBLIC ACCOUNTS COMMITTEE

Report on Performance 1986-87

In its annual report for the year ended 30 June 1986 the Committee identified a number of broad objectives and a number of specific plans or goals for 1986-87.

Achievement of Broad Objectives

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

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

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

In 1982 the Committee received a reference from the Auditor-General to inquire into, and report on, the level of overtime payments to Police Officers. During 1986-87 the Committee completed a follow-up inquiry which assessed the effect of the prior inquiry.

The follow-up inquiry found that hours of overtime worked by police decreased from 903 000 in 1980-81 (prior to the Committee's inquiry) to 607 158 in 1985-86 (after the Committee's inquiry), a reduction of 295 842 hours or 32 per cent. The Committee's follow-up report was tabled in November 1986. The Commissioner for Police has recently advised the Committee that overtime hours for 1986-87 have further reduced to 574 570 hours.

Changes implemented to the system have resulted in substantial savings to the taxpayer. In 1986-87 dollar terms the savings are as follows:

Year	Savings \$m	Cumulative Amount \$m
1981-83	2.9	2.9
1982-83	6.4	9.3
1983-84	3.0	12.3
1984-85	4.2	16.5
1985-86	5.7	22.2
1986-87	6.4	28.6

The Committee's inquiry and report on "Collection of Parking and Traffic Fines" (July 1986) examined the high value of outstanding fines. In June 1983 these amounted to \$34 million; by June 1985 the amount had increased to \$52 million.

The Committee's report highlighted problems with fine defaulters being imprisoned for non-payment or choosing to go to police lock-ups or gaol to "cut out" fines often totalling thousands of dollars. One detrimental side-effect of the current system is its contribution to overcrowding in the State's gaols. The Committee concluded that alternatives to imprisonment must be found and recommended that drivers failing to pay large fines or having outstanding fines for three or more infringements should have their licenses cancelled.

As a result of the Committee's inquiry, public and government attention has been focused on the problem. A review into the fine collection system was subsequently ordered by the Premier and the committee is confident that the majority of its recommendations will be implemented. The Committee believes that its work in this area has contributed significantly to improvements in the efficiency and effectiveness of fine collection since the inquiry commenced in 1984 and will lead to further improvements as a result of the Premier's review.

ANNUAL REPORT

3. The Committee's Report into the New South Wales Builder's Licensing Board, tabled December 1986, highlighted major deficiencies in the administration and operation of the Builder's Licensing Board.

Since the Committee's Report, the Minister for Consumer Affairs, Mrs Deirdre Grusovin, has abolished the Board and established a new Building Services Corporation. While average delays of twelve weeks for an on-site inspection were being experienced prior to the Committee's report, the average delay has been reduced to two to three weeks.

The Minister has also instituted a review of the insurance scheme run by the old Board, which had built up to \$8.7 million but had made payments of only \$2,700, and ordered a rationalisation of the licensing system. The Committee believes that as a result of its inquiry and subsequent action by the Minister, New South Wales consumers will receive a more efficient and more effective service from the Building Services Corporation.

The Sydney Morning Herald, in its editorial of 12th December, 1986, stated:

"The Government has to be congratulated for ordering the inquiry by the Public Accounts Committee into the Builder's Licensing Board. Now it must put the cleaners through this extraordinarily inefficient organisation".

4. The Financial Review of 28th August, 1986, stated:

"The New South Wales Public Accounts Committee over the last two or three years has established itself as one of the most effective agencies for examining departmental administration.

"It is widely regarded as a model for this activity by other Public Accounts Committees in Australia.

"Because of its prestige and its majority of Government members, the Public Accounts Committee is potentially a very useful way of investigating and remedying administration deficiencies without the

political damage that can occur if the same deficiencies are exposed by outside investigators or the New South Wales Opposition."

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

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

Discussion of the role of the Public Accounts Committee and issues of concern to it at public sector conferences and seminars during 1985-86. The Chairman of the Committee presented papers to seven seminars and conferences during the year and Members of the Committee travelled interstate to outline the functions and role of the Committee.

The Premier, the Hon. Barrie Unsworth, as quoted in the Daily Telegraph, 11th June, 1987, stated in relation to the Committee's Report on the New South Wales Film Corporation:

"That's the value of having a Public Accounts Committee. It goes around examining statutory authorities and departments and if there are any deficiencies they are revealed, and it gives the Government an opportunity to take appropriate action".

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

The Public Accounts Committee is without question a vehicle for public disclosure of the financial affairs of Government and by its nature attracts the attention of members of Parliament other than its own members. For example, during the inquiry into the operations of the Builder's Licensing Board the Committee received twenty three submissions from Members of Parliament. The recently completed inquiry into the Home Care Service of New South Wales received ten submissions from Members of Parliament.

PUBLIC ACCOUNTS COMMITTEE

2. In relation to the Committee's Report on the New South Wales Cancer Council, the Daily Telegraph in an editorial of 3rd February, 1987 stated:

"In the case of the fund-raising activities of the New South Wales Cancer Council, the New South Wales Public Accounts Committee is correct in asking those questions, in seeking answers to them and suggesting that remedies be sought.

The Council argues that donations and bequests should not be considered in isolation. Be that as it may, it is quite correct of the Government's watchdog committee to probe the matter and to raise it publicly.

Above all, this is necessary to reassure the public they represent that funds which they give the time they often spend raising these funds--is not merely paying for overly expensive administrative red tape".

3. The Sydney Morning Herald's editorial of 12 June, 1987, on the subject of the report on the New South Wales Film Corporation states:

"Where the Corporation definitely needs to improve its performance is in the style and practice of its management. The Public Accounts Committee report makes a convincing case for management structures and policies to be sorted out. The Corporation, it seems, has been infected by quangoitis . . . There is enough evidence in the report... to justify the Public Accounts Committee's call for the Corporation generally 'to exercise more care, econ-

omy and efficiency in its use of public funds' ".

4. Copies of reports produced by the Committee are sent to all Members of Parliament and circulated to libraries and other relevant organisations both in New South Wales and interstate. In addition copies of reports are sold to members of the public through the New South Wales Government Information Service. During 1986-87, 885 copies of Committee reports were sold through the Service.

12

Achievement of Specific Objectives for 1986-87

The specific plans for 1986-87 were designed to achieve the Committee's broad objectives which have been discussed above. Most of the plans were carried out. Details follow.

To complete the inquiry into the operations of the Builder's Licensing Board.

Inquiry completed, and report (No. 29) tabled December 1986.

To complete the follow-up inquiry into the Committee's 1982 report on the level of overtime payments to Police Officers.

Inquiry completed, and report (No. 28) tabled November 1986.

To complete reviews of the State Cancer Council; the Harness Racing Authority; and the Sydney Opera House Trust.

Reviews completed, and report (No. 30) tabled February 1987.

ANNUAL REPORT

To conduct follow-up inquiry of the 1983 report into the operations of the Grain Sorghum Marketing Board.

Inquiry conducted. Report due for tabling September 1987.

To conduct an inquiry into aspects of Government funding of community groups.

The Committee inquired into the Home Care Service of New South Wales during the year. The Committee's Report was tabled July 1987.

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

The Committee completed its inquiry into the operations of the Builder's Licensing Board, on a reference from the Honourable R. J. Carr, then Minister for Consumer Affairs. During 1986-87 Mr Carr also requested the Committee to inquire into aspects of the operations of the New South Wales Heritage Council. The Committee expects to complete this inquiry by the end of 1987.

To examine anomalies and deficiencies highlighted by the Auditor-General in his 1985-86 Report.

This examination was carried out. A total of 29 matters were raised and these are summarized in Appendix 5. Further details on some of the matters is provided in the Committee's Supplementary Report 1986-87 to be tabled in September, 1987.

To examine payments in 1985-86 made in accordance with Section 22 of the Public Finance and Audit Act (1983).

The Committee reviewed current processes and control mechanisms for making Section 22 payments, rather than examining individual payments. Details of the Committee's review are contained in the Supplementary Report 1985-86.

To hold the Biennial Conference of the Public Accounts Committees, to be attended by similar Committees in other Australian and Overseas Parliaments.

The Committee hosted the Fifth Biennial Conference of Public Accounts Committees in May 1987. The Conference was attended by 60 delegates representing Public Accounts and similar Committees in Tasmania, Western Australia, the Northern Territory, Victoria, South Australia and the Commonwealth. Representatives of the Queensland Parliament, New South Wales and Victorian Government Departments, and States and Commonwealth Auditor-General's Offices, also attended.

PUBLIC ACCOUNTS COMMITTEE

Activities 1986-87

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

Twenty-Fifth Report--Collection of Parking and Traffic Fines (July 1986) "Parking Fine Follies"-- *The Australian, Editorial, 24 July, 1986*

Parking fine follies

THE jailing for three days of author Frank Hardy for failing to pay \$8000 in parking fines demonstrates just how unproductive and uneconomic the system of fine collection is. At a time when our prisons are overcrowded and there is also a demand for longer sentences to be imposed on serious criminals, valuable space is being taken up by motorists who have declined to pay their parking fines.

The NSW Public Accounts Committee recently conducted an investigation into the economics of that State's parking fine system and came up with figures which make depressing reading. It found, for example, that NSW motorists accumulated \$52 million in unpaid fines by the end of last year.

It also came to the entative but startling conclusion that the State Government probably loses money through the imposition and collection of parking fines. The committee estimated that parking fines generated \$56 million a year but that the cost of collecting the fines, or punishing the defaulters, was as much as \$71 million.

The committee suggested that it might be better to suspend the driving licences of offenders or cancel the registration of their vehicles rather than put them in jail. The extensive administrative costs in court proceedings, drawing up warrants, having police serve the warrants and then

the cost of having people in jail make the whole business uneconomically expensive.

The system does not really work as a deterrent for the chronic offender. Thousands of dollars of fines can be cleared up by a few days in jail because offenders serve time concurrently for all outstanding warrants against them. Thus a defaulter who has not paid a fine of \$125 will spend as much time in jail as someone with \$8000 worth of fines to clear up.

Moreover, there are other reasons why the system should be changed. Jails are not really the right places for people who have failed to pay parking fines. There have been gruesome cases of otherwise law-abiding citizens being subject to assault and intimidation within jail. It can easily put people on the margins of criminality into close contact with hardened criminals.

There must be a better way. Offenders should be forced to pay their fines rather than to wipe them out with a day or two in jail. Our hard-stretched police should not have to waste their time on the triviality of serving warrants for parking offenders. There are, no doubt, with a system whereby fine defaulters automatically lose either their driver's licence or vehicle registration. None the less, the NSW Government should investigate these and other alternatives as a matter of priority with a view to reforming an inefficient and unproductive system.

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

Due to the introduction of the Self-Enforcement Infringement Notice System (SEINS) in July 1984, the Committee deferred finalisation of its report to assess the effect of this change. In June 1985, the Government announced further changes dealing with sanctions against fine defaulters. Again the Committee felt it appropriate to judge the effects of these changes.

The Committee found this inquiry difficult and complex, largely due to the fact that the process involves four different Government Departments: Police, Motor Transport, Attorney Generals and Corrective Services. The lack of statistics, including performance data and cost of revenue data from all Departments concerned and the serious lack of co-ordination between the Departments, also seriously hampered the Committee's investigations.

The major recommendation made in the Committee's Report is that drivers failing to pay large fines or having outstanding fines for three or more infringements should have their licences cancelled rather than being sent to gaol to 'cut out' fines.

The Committee found that under the current system non-paying traffic-fine offenders contributed significantly to overcrowding in gaols and that some offenders were abusing the system by spending a few days leave in police lock-ups or gaols to 'cut out' fines totalling thousands of dollars.

The Committee concluded that alternative sanctions to the imprisonment of fine defaulters must be found. The use of commercial agencies to locate repetitive fine defaulters was also recommended.

The Committee understands that a review into the collection of parking and traffic fines system, ordered by the Premier after the issue of the Committee's Report, will shortly be considered by Cabinet.

ANNUAL REPORT

Twenty-sixth Report--Follow-Up Report on Annual Reporting of Statutory Authorities (July 1986)

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

While the Committee found that the great majority of its recommendations had been included in annual reporting legislation, the report expresses concern that 78% of statutory authorities had received at least one exemption from the legislation and that others had not conformed to the legislation, but had not applied for exemptions.

The majority of exemptions granted were from requirements to produce a balance sheet and account on an accrual basis and for extensions of time to prepare financial accounts. The report stated:

"In general terms the Committee is most dissatisfied with the attitude adopted by many authorities towards the annual reporting regulations. It believes that the number of exemptions sought from the Treasurer is excessive and should be discouraged".

The Committee is currently completing a review on the timeliness of annual reports of departments and statutory authorities. A report is expected to be included in the Supplementary Report 1986-87.

Twenty-seventh Report--Annual Report, Year-ended 30 June 1986 (August 1986)

The Committee is under no legal requirement to produce an annual report but it believes strongly that it has an obligation to report in a timely manner on its activities to Parliament and the public.

Twentieth-Eight Report--Follow-Up Report on Overtime, Sick Leave and Associated Issues in the New South Wales Police Force (November 1986)

The Australian, Editorial, 4 November 1986

Sick situation in police bureaucracy

THE investigation, by the NSW Parliamentary Public Accounts Committee into the State's police should be of immediate concern to both politicians and the public.

It has highlighted several examples of bureaucracy running out of control.

At a time when the crime rate is high, it seems that rather than getting more police back on the streets and highways of NSW, the State is getting less and less.

When workers who are entitled to 75 days' sick leave a year have established a sick leave "bank" to be drawn on by those who go over the limit, something is obviously wrong--especially when that "bank" paid out more than 11,000 days in 1985.

No one would deny that some police, especially in the "front line", must be under extreme stress at times.

However, the committee report shows that the highest rate of sick leave was taken by some deskbound officers at headquarters who average almost one day per week off--a rate four times higher than officers in some other branches.

The average rate of sick leave was found to be 20 days a year--which costs the NSW taxpayer some \$30 million each year. This, combined with the six weeks of annual leave enjoyed by NSW Police, means that each man and woman in the force is away from duty for an average of 10 weeks a year.

If the stress of desk jobs at headquarters is too much for some officers surely the NSW Police Minister, Mr Paciullo, should seriously examine the possibility of getting

such officers back on the street by replacing them with civilian staff.

The committee report also showed that an "alarmingly small proportion" of highway patrol cars are ever actually on the road at one time. With the NSW road toll starting to rise again as the impact of random breath testing fades, having a third or less of highway patrol cars on the road on any one day is bordering on negligence.

The reduction of overtime from more than 900,000 hours in 1980-81 to more than 600,000 hours in 1985 is a worthwhile and dramatic cut, but overtime still remains far too high. It is a level that would not be tolerated in private enterprise.

The president of the NSW Police Association, Mr Lloyd Taylor, yesterday called the report an "unjust attack on the police force".

He said he did not believe the report was accurate, as it was based on a six-month survey rather than "a survey done over a three or four-year period".

Unfortunately for Mr Taylor, and his overstressed colleagues, it is doubtful if the taxpayers of NSW could be convinced to fund such a marathon survey. They could be forgiven for thinking that over such a long period any abuses of the system would become even more entrenched.

The findings of the report call for immediate government action. If the present management structure of the NSW police force cannot accept its responsibilities in cutting waste to acceptable levels and ensuring public safety on the streets, then Mr Unsworth and Mr Paciullo must find and install more efficient managers

PUBLIC ACCOUNTS COMMITTEE

This follow-up report monitored action taken on the Committee's Fifth Report into overtime payments to police officers, tabled in 1982. The Fifth Report made a number of recommendations concerning overtime and sick leave.

The follow-up inquiry found that overtime hours had been significantly reduced, following the 1982 inquiry, from over 900 000 hours in 1980-81 to just over 600 000 hours in 1985-86. The Committee noted, however, that overtime hours for 1984-85 and 1985-86 showed an increase over the level achieved in 1982-83. The report also found that action concerning the collection and analysis of overtime data was still inadequate. In 1985-86 overtime payments cost the Police Force \$25.1 million.

In its 1982 report the Committee stated:

"The current level of sick leave taken by Police Officers is a serious problem which must be urgently addressed."

The report went on to recommend that immediate action be taken to collect sick leave statistics and to study the incidence and causes of sick leave within the Force.

In spite of these recommendations, however, the Committee's follow-up inquiry reported:

"In this inquiry the Committee was severely hampered in its assessment of sick leave by the continuing lack of reliable data. The Committee is disappointed to report that until the instigation of its follow-up inquiry, little or no action appears to have been taken by Police management on the issue of sick leave."

"Senior Police officers, giving evidence before the Committee at a public hearing on 7 May, 1986 admitted that sick leave data supplied to the Committee was inaccurate and could not be used as a basis for assessing the magnitude of sick leave in the Police Force."

The Committee calculated the direct cost of sick and hurt on duty leave to the Police Force at

nearly \$30 million in 1985-86, without taking into account the cost of replacing officers on sick leave with fit officers.

The Report recommends urgent action be taken to collect and analyse sick leave data as a basis for identifying changes in policy and management procedures. It also recommends that the current provision of 75 days annual sick leave be reviewed.

The follow-up inquiry also examined the use of police motor vehicles to drive police to and from work and the utilization of police highway patrol vehicles. The Committee found that in some cases transport to and from police officers' homes appeared to be the major use of vehicles. Utilization of highway patrol vehicles was found to be extremely low in many areas. Examples were found such as a unit with 46 motorbikes attached to it, which averaged 3.7 bikes on the road in the mornings and 9.4 in the afternoons.

As a result of the Committee's Report, the Minister for Police instigated reviews of overtime, sick leave, and use of motor vehicles.

The Committee is pleased to report that the Commissioner for Police has recently advised that overtime hours for 1986-87 have been further reduced and are the lowest for a decade. The level of sick leave for 1986-87 is also showing an improvement over previous years. The Commissioner has further advised that accurate data on sick leave within the Force is now being collected and analysed and that action has been taken to rationalise the use and deployment of police motor vehicles.

Details of changes in the areas of sick leave, overtime and motor vehicles are included in the Supplementary Report 1986-87.

Twenty-ninth Report-Report on the New South Wales Builders' Licensing Board (December 1986)

"N.S.W. Licensing Board a 'public scandal'"

ANNUAL
REPORT
FINANCIAL
REVIEW,
Tuesday,
December 9,
1986

**NSW licensing
board a 'public
scandal'**

CONSTRUCTION

Free-marketeers concerned about excessive government bureaucracy will be delighted to learn of the NSW Public Accounts Committee report on the State's Builders Licensing Board.

According to the PAC chairman, Mr John Murray, its performance is a "public scandal". But, apparently, it takes a while to deal with quangos.

The NSW Minister for Consumer Affairs, Mrs Grusovin, yesterday reappointed the board for a six-month "interim period" while a five-person working group investigates the PAC's investigation into the board and the reports.

But, Mrs Grosovin said, "any major restructuring will require legislation", so it will be some time in the middle to end of next year before things change.

The PAC found:

- The board's special insurance fund had built up a total of \$8.7 million but had had only three claims paid from it, totalling \$2,700.

- The board's inspectors had a "very low" level of productivity,

- Metropolitan consumers faced an average delay of 12 weeks in obtaining an initial on-site inspection of their complaint, compared to two weeks in other States.

- The board had not finished its computerisation program after five years of trying.

A spokeswoman for the Builders Licensing Board said no comment

could be made until a meeting of the whole board considered the report.

--Ean Higgins

The Public Accounts Committee received a reference in April 1986 from the then Minister for Consumer Affairs, Mr Bob Carr, to inquire into the operations of Builder's Licensing Board.

The Committee found that the Board was not providing the service required by the public and had been slow to recognise changing community attitudes and needs. In particular, the Committee found chronic delays in the Board's response to consumer complaints. During parts of 1985-86, for example, metropolitan consumers were facing average delays of 12 weeks in obtaining an initial on-site inspection of their complaint. A Public Accounts Committee survey of clients making complaints about building work to the Board, showed that 51% of respondents felt that the Board did not resolve their problems satisfactorily and 42.6% considered that the customer service provided was inadequate.

The Committee's report recommended a major restructuring of the Board: a revised role for Board members, emphasising policy and planning; changes in the organisation's management structure; speedier delivery of service to consumers; and a less legalistic approach to dispute resolution and licensing procedures.

The Committee's report was critical of the establishment and operation of the Board's Special Insurance Fund, which had built up to \$8.7 million, but at the *time* of the Committee's inquiry had only three claims, totalling \$2,700 paid from it. The Committee recommended that the Scheme be discontinued and that constructive use be made of the funds.

Following the Committee's report, the Minister for Consumer Affairs, Mrs Deirdre Grusovin, established a Committee to review the Report. The Committee reported promptly, and preliminary legislation to implement the Public Accounts Committee's recommendations was passed in May 1987.

The Committee also understands that action taken by the Board since the report was tabled has reduced average delays in inspections from 12 weeks to 2-3 weeks.

Thirtieth Report--Report on Brief Review of: The Sydney Opera House Trust; Harness Racing Authority of New South Wales; and New South Wales State Cancer Council (February 1987)

This report arose from the Committee's examination of matters raised in the 1984-85 Auditor-General's Report. The report is limited to specific aspects of the organisations and is not a complete review of their operations.

In relation to the Sydney Opera Trust, the Report recommends that the charge for the Trust's Park and Ride Service be increased to eliminate the subsidy being provided to patrons and that performance measures be published in the Trust's Annual Report.

The Committee resolved to conduct a public hearing into the Harness Racing Authority of New South Wales due to their slow response to Committee requests for information. The report recommends changes to the method of funding the Authority, an examination of the Benevolent Fund, and the development of performance indicators.

Issues discussed by the report in relation to State Cancer Council include the purchase and sale of office accommodation, a loan to the former Medical Director for the purchase of a home, termination payments to the Medical Director and fund raising expenses.

70901-20820-3~

Thirty-first Report--Report on the Film Corporation of New South Wales (June 1987)

The report on the Film Corporation concludes that after a decade of operation, the objectives and operations of the Corporation require review and redefinition. The report also recommends changes in the corporate structure to enable clearer lines of responsibility and accountability and more stringent financial controls over funds administered by the Corporation.

The Committee found that the problems identified with the structure and operations of the Film Corporation were common to many statutory authorities. The report recommends that all statutory authorities undertake regular reappraisals of the appropriateness and effectiveness of their programs and structures.

The Committee found a number of examples during its inquiry of funds committed or spent prior to being authorised by the Film Corporation Board. Considerable sums were also transferred to the marketing accounts of individual films, prior to Board authorisation. The Committee found that over 50% of transfers to marketing accounts had occurred in June of 1985 and 1986. The Report concludes:

"The transfer of funds in June 1986, into non-interest bearing accounts, was a method of inflating expenditure figures in order to impact on the subsequent year's allocation from

Treasury. In the Committee's opinion, this is no different to the year-end spend-up syndrome discussed in the Committee's Report 'Report on Year-end Spending in Government Departments and Selected Authorities' (March 1986)."

The Committee investigated individual projects which received script development funding from the Corporation. The report expresses concern at the large sums channelled into projects which eventually lapsed. Four projects investigated by the Committee received a total of nearly \$700,000 in script development funding without one film being made.

The Committee also considered that the Film Corporation should develop definite strategies aimed at achieving its goal of creating a commercially viable industry. The Committee recommended that performance standards be set and monitored over a five year period, aimed at achieving this objective.

The Committee notes that during the course of the Inquiry a decision was taken that the General Manager of the Corporation would no longer be a director of the Corporation. A prominent business person was appointed to fill this vacancy.

This action accords with the Committee's view that there should be a division of executive and policy functions.

ANNUAL REPORT

Other Activities

Review of Matters Raised in the Auditor-General's 1985-86 Report

One of the Committee's objectives for 1986-87 was "to examine anomalies and deficiencies highlighted by the Auditor-General in his 1985-86 Report". In line with this, the Committee undertook a comprehensive review of matters raised by the Auditor-General.

The Committee wrote to organisations seeking responses to the matters raised by the Auditor-General. In some cases the Committee held public hearings and discussions with relevant officers or undertook visits of inspections. A number of matters reviewed by the Committee are reported on this year in some detail in a Supplementary Report to be published in September 1987: A summary of all matters reviewed, the Committee's decision and current status is shown in Appendix 6 of this Report.

Section 22 Payments

The Public Finance and Audit Act 1983, section 22, makes provision for payments made in anticipation of Parliamentary appropriation. Previously such payments were automatically "unauthorised", but may now be made by the Treasurer, with the approval of the Governor, in anticipation of appropriation by Parliament.

The Committee is charged under the Public Finance and Audit Act, section 57 (1), with examining such payments.

The Committee did not examine individual payments for 1985-86. Rather it reviewed control mechanisms and processes under which such payments were made. The Committee concluded that existing controls and procedures need to be reformed in order to enhance Parliament's control over public expenditure. The Committee will be pursuing this matter further in 1987-88. Details of the Committee's review are provided in the Supplementary Report, 1986-87.

Review of Proposed Amendments to Annual Reporting Legislation and the Public Finance and Audit Act 1983

One of the Committee's statutory duties is to review certain amendments and regulations on annual reporting legislation and the Public Finance and Audit Act 1983.

In 1986-87 the Treasurer forwarded the Committee two sets of proposed legislative changes.

These matters were considered by the Committee and the details of its deliberations are more fully canvassed in the Committee's Supplementary Report, 1986-87.

PUBLIC ACCOUNTS COMMITTEE

Post Financial Year Reports and Current Projects

One report was tabled in July 1987.

Thirty-second Report--Home Care Service of New South Wales (July 1987)

The Committee received a reference from the Minister for Youth and Community Services, Mr John Aquilina, to inquire into aspects of the Home Care Service of New South Wales.

The Service is the largest community welfare organisation of its type in New South Wales, with 165 branches and a total annual budget of \$57 million.

The Committee considered that the prime aim of the Service should be to ensure that available resources are allocated to achieve maximum benefit and satisfy the greatest amount of community need. The report recommends that allocation procedures be reviewed to ensure a more equitable distribution of resources. The report also recommends strengthening of the current legislative framework to provide for increased Parliamentary and public scrutiny of the Service.

Current Projects

Heritage Council of New South Wales

The Committee received a reference on 3 June, 1987 from the Minister for Heritage, Mr Bob Carr, to examine and report on the operations of the Heritage Council of New South Wales. In particular, the Minister requested the Committee to:

- ® review the overall financial position of the Council;
- ® assess the adequacy of procedures and guidelines for the allocation and control of grants, loans and other financial assistance for heritage projects;
- ® examine the use of consultants including guidelines for engagement and management

of consultants, and evaluation of consultancy projects;

- assess the adequacy of the organisation's objectives to fulfil the Council's statutory role and review performance review mechanisms; and
- inquire into and report on any other matters arising from the inquiry which impact on the efficiency and effectiveness of the Heritage Council.

The Committee is currently receiving submissions from the public and interested organisations. A preliminary hearing has been held and inspections undertaken. The Committee anticipates tabling its report before the end of the year.

Inquiry into Ravensworth Coal Washery

The Committee resolved to investigate the Ravensworth Coal Washery in June 1987. The Minister for Energy and Technology, Mr Peter Cox, has supported the Committee's inquiry.

To date the Committee has sought background information from the Electricity Commission of New South Wales into the original decision-making processes involved in planning and constructing the washery and action taken since the washery was commissioned in 1985. The Committee has also inspected the washery and similar coal washery operations in Queensland. A series of public hearings will be held in August and September and the Committee expects to complete its inquiry by December 1987.

Wine Grapes Marketing Board

The Committee received a reference from the Minister for Agriculture, Mr Jack Hallam, on 9 March 1987, to investigate and report on the Wine Grapes Marketing Board. In particular, the Minister requested the Committee to inquire into the Board's administration and operations and any other relevant matters which have and/or may affect the Board's efficiency, effectiveness and accountability.

The Committee proposes to table its report in September 1987.

ANNUAL REPORT

Follow-up Inquiry into the Grain Sorghum Marketing Board

This inquiry is a follow-up into the Committee's Seventh Report (1983) on the operations of the Grain Sorghum Marketing Board. The Committee expects to complete its inquiry and report by September 1987.

Purchasing Practices and Allocation of Stores, Equipment and Resources-- Department of Technical and Further Education

The Minister for Education, Mr Rodney Cavalier, referred the above area to the Committee for examination and report on 30 June 1987.

Fifth Biennial Conference

The New South Wales Public Accounts Committee hosted the Fifth Biennial Conference of Public Accounts Committees in May 1987. A report of the Conference, with transcripts of speeches and discussions, is currently being compiled.

Timeliness in Annual Reports

The Committee is completing a review of timeliness in annual reporting by departments and statutory authorities. The review is expected to be tabled in September 1987, as part of the Supplementary Report 1986-87.

Reimbursement of Telephone Charges

The Committee has recently commenced a review of the extent and cost of reimbursement of telephone charges in government departments and declared authorities.

This review arose from comments made by the Auditor-General in his 1985-86 Report. The

Committee initially wrote to the Treasury, Public Service Board and Premier's Department seeking information on the official and semi-official use of telephones. Subsequently, a questionnaire was sent to all departments and declared authorities.

Accrual Accounting

The cash based reporting of the government budget sector and the deficiencies inherent in this method of accounting were raised by a number of speakers at the Fifth Biennial Conference of Public Accounts Committees, held in Sydney in May 1987.

One of the speakers at the conference was the New South Wales Auditor-General, Mr Ken Robson, who expressed the view that under program budgeting, equitable comparison of programs can only be done if some form of accrual accounting is adopted. The Auditor-General considered that accrual accounting should be adopted in New South Wales departments and stated that this was "**the single most important development for the future**".

Following the Conference, the Public Accounts Committee met with the Auditor-General to discuss this and other issues. The Committee resolved to sponsor a series of seminars on public sector accountability issues, with emphasis on accrual accounting. The Auditor-General has agreed to assist with the seminars.

The Public Accounts Committee will be contacting public sector managers concerning arrangements for the seminars. Due to other commitments, no dates have yet been set.

PUBLIC ACCOUNTS COMMITTEE

Staffing

During 1986-87 the New South Wales Public Accounts Committee had a full-time secretariat of four-a Clerk, Senior Project Officer and two secretary-word processor operators. In addition, an officer from both the Treasury and the Auditor-General's Office was seconded to the Committee on a full-time basis. The Committee also engages outside consultants as necessary.

Staff at 30 June, 1986

Mr John Horder, LL.B., AASA CPA Clerk to the Committee

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

Mr Tony Boulton, B.Ec.(Syd.) AASA
Advisor on secondment from the Auditor-General's Office

Ms Kim Garvey, B.Bus.
Advisor on secondment from the Treasury

Ms Sandra Brien
Secretary-Word Processor Operator

Miss Maria Hagispiro
Secretary-Word Processor Operator

Staff Changes

- ® Mr John Horder was appointed to the new position of Clerk to the Public Accounts Committee in October 1986.
- ® Mr John Lynas was seconded to the Secretariat from the Auditor-General's Office from July to December 1986. Mr Tony Boulton replaced him from January to July 1987.

- ® Mr Max Sullivan was seconded to the Secretariat from the Treasury on a part-time basis from June to September 1986. In December 1986, Ms Kim Garvey joined the Secretariat. Kim completed her secondment in June 1987 and was replaced by Mr Grahame Gibbs.

The Committee's Secretary/Word Processor Operators, Mrs Christina Assargiotis and Miss Heidi-Marie Zywko, both resigned in January 1987 and were replaced by Ms Sandra Brien and Miss Maria Hagispiro.

Ms Sue Chappie left the Secretariat in July 1987 to take up a new position with Australian Broadcasting Corporation.

Consultants

During 1986-87 the Committee hired consultants as follows:

Inquiry into Builders Licensing Board

Touche Ross Services Pty
(Management Consultants)

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

Inquiry into the Ravensworth Coal Washery

P.M. Garlick and Associates Pty Ltd (Energy Consultants).

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

ANNUAL REPORT

Statement by Appointed Officers

I state that:

- (a) The accompanying financial statement has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit (Departments) Regulation 1986, and the Treasurer's Directions to the extent that such Act, Regulations and Directions are applicable to the accounts of the Committee.
- (b) The statement presents a true and fair view of the payments relating to the Committee for the year ended 30 June, 1987.
- (c) There are not any circumstances which would render any particulars included in the above Statement to be misleading or inaccurate.

20th August, 1987. 20th August, 1987.

being members of the Public Accounts Committee appointed by the Committee by resolution of 30 July, 1987, to sign the Statement of Payments approved by the Committee on that date.

Statement of Payments

For the Year Ended 30 June, 1987

Previous Year \$		1986-87 \$
115,426	Salaries, Wages, etc. (Secretariat)	110,655
22,752	Salaries, etc. (Seconded Staff) (Note 4)	21,643
--	Meal Allowances (Staff)	62
11,778	Travelling and Subsistence	34,715
781	Committee Allowances (Chairman)	--
4,582	Advertising and Publicity	6,064
834	Books, Periodicals and Newspapers	689
4,254	Postal and Courier Expenses	2,501
14,072	Fees for Services Rendered (including Consultants)	42,092
20,848	Printing and Stationery	48,652
1,767	Office Furniture and Equipment	--
6,373	Stores and Maintenance	5,145
4,464	Gas and Electricity (Note 3)	--
1,894	Minor Expenses not elsewhere included	959
<u>\$209,825</u>	TOTAL EXPENDITURE	<u>\$273,177</u>

PUBLIC ACCOUNTS COMMITTEE

Notes to the Statement of Payments

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

	\$	
Budget Allocation for 1986-87		382,000
Funds Expended		<u>273,177</u>
Balance of Allocation not expended		<u>\$108,823</u>

2. The Statement has been prepared on a cash accounting basis except for the accrual of salaries unpaid at 30 June, 1987, \$1,564. No other amounts owed to or by the Public Accounts Committee at the close of the year are included in the Statement. Outstanding financial commitments as at 30 June, 1987 were \$25,950.

3. In the previous year a charge for gas and electricity was levied on the Committee on a pro-rate basis. In 1986-87 no charge was made as the total cost of these items was met from the Legislature's general operating expenses.

4. In the current year, the salaries of an advisor seconded (part-time) from the Treasury were not fully met from the Committee's funds. The amount of subsidy received is estimated at \$21,600.

24

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

6. Members of the Committee receive an allowance for their service on the Committee. The cost of these allowances is met by the Legislature and not from the Committee's funds. Currently the Chairman receives a salary of office of \$3,186 p.a. and an expense allowance of \$2,874 p.a. Other members receive a Committee allowance, presently \$1,593 p.a.

7. Workers' compensation insurance is not paid from Committee funds. The Committee staff are insured by the master policy covering all staff of the Legislature, the cost being included in the Legislature's general operating expenses.

Auditor-General's Certificate

The accounts of the Public Accounts Committee for the year ended 30 June 1987 have been audited as required by Section 35 (2) of the Public Finance and Audit Act 1983 and in accordance with Section 34 of that Act.

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

K. J. Robson, FASA CPA

Auditor-General of New South Wales

Sydney, 26 August, 1987

ANNUAL REPORT

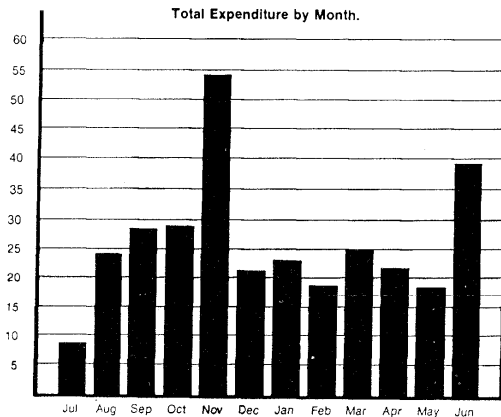
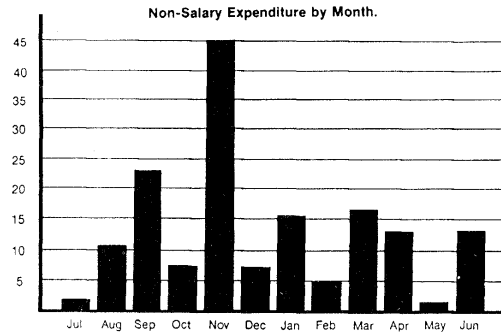
Expenditure by Month, 1986-87

The Committee's 20th Report on Year-end Spending recommended that annual reports provide, in graphical form, monthly spending for stores and equipment purchases. This recommendation has since been incorporated in the Annual Report (Departments) Regulations 1986 in Clause 4(b).

The expenditure by the Committee for stores and equipment purchases was in 1986-87 (\$7,767). in the interest of full disclosure the expenditure pattern for all non-salary items is included in the graph below and total expenditure in the graph on the following page.

The non-salary expenditure for the month of November 1986 was higher than for other months for the following reason:

- In November, consultants fees represented 67% of the total monthly expenditure. The fees were in respect of inquiries completed at that time.



Appendix I

Functions of the Public Accounts Committee

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

- (1) The functions of the Committee are-
- (a) to examine the Public Accounts transmitted to the Legislative Assembly by the Auditor-General;
 - (b) to examine the accounts of authorities of the State, being accounts that have been-
 - (i) audited by the Auditor-General or an auditor appointed under section 47 (1); or
 - (ii) laid before the Legislative Assembly by a Minister of the Crown;
 - (c) to examine the reports of the Auditor-General transmitted with the Public Accounts or laid before the Legislative Assembly with the accounts of an authority of the State (including any documents annexed or appended to those reports);
 - (d) to report to the Legislative Assembly from time to time upon any item in, or any circumstances connected with, those accounts, reports or documents which the Committee considers ought to be brought to the notice of the Legislative Assembly;
 - (e) to report to the Legislative Assembly from time to time any alteration which the Committee thinks desirable in the form of those accounts or in the method of keeping them or in the method of receipt, expenditure or control of money relating to those accounts;
 - (f) to inquire into, and report to the Legislative Assembly upon, any question in connection with those accounts which is referred to it by the Legislative Assembly, a Minister of the Crown or the Auditor-General; and
 - (g) to inquire into expenditure by a Minister of the Crown made without Parliamentary sanction or appropriation or otherwise than in accordance with the provisions of this Act or any other Act and report to the Legislative Assembly from time to time upon any matter connected with that expenditure which the Committee considers ought to be brought to the notice of the Legislative Assembly.
- (2) The functions of the Committee extend to an examination of, inquiry into or report upon a matter of government policy if and only if the matter has been specifically referred to the Committee under subsection (1) (f) by the Legislative Assembly or a Minister of the Crown.
- (3) The functions of the Committee do not extend to an examination of, inquiry into or report upon the estimates of any proposed expenditure by the State or by an authority of the State.

Appendix 2

Evolution of the Public Accounts Committee

1902 The New South Wales Public Accounts Committee was established by the Audit Act 1902.

The Committee had two functions:

- (1) to inquire into matters relating to the Public Accounts referred to it by the Legislative Assembly, Minister or the Auditor-General.
- (2) to inquire into expenditure by Ministers which had not been sanctioned and appropriated by Parliament.

1978 Report of the Select Committee of the Legislative Council on Public Accounts and Financial Accounts of Statutory Authorities chaired by Mr Lloyd Lange M.L.C.

1980 Progress Report of the Joint Committee on Public Accounts and the Financial Accounts of Statutory Authorities chaired by Mr Vince Durick, M.P.

1981 Final Report of the Joint Committee on Public Accounts and the Financial Accounts of Statutory Authorities, chaired by Mr Laurie Brereton, M.P.

Reference from the Minister of Health to inquire into over-expenditure in public hospitals and the general accountability of the public hospital system. This was the first occasion on which the Committee had exercised its function of inquiring into matters referred to it.

The Committee held public hearings for the first time concerning over-expenditure. Audit (Public Accounts Committee) Amendment Act 1982. This Act greatly expanded the powers of the Public Accounts Committee. In addition to its former functions, the Committee was empowered:

- to examine the public accounts;
- to examine the accounts of statutory authorities;
- Ⓢ to examine the Auditor-General's report and related documents;
- to report to the Legislative Assembly upon any items in or circumstances connected with those accounts, reports or documents;
- Ⓢ to report to the Assembly on any alteration the Committee thinks desirable in the form of the accounts, or in the method of keeping accounts, or the receipt, expenditure or control of money.

Audit Act 1902 replaced by the Public Finance and Audit Act 1983.
Permanent secretariat established.

PUBLIC ACCOUNTS COMMITTEE

Appendix 3

Source of Committee Inquiries Reports to 30 June, 1987

Report No.	Report	a Minister	Reference from Treasurer	Auditor General	Initiated by P.A.C.
1	Expenditure Without Parliamentary Sanction				A*
2	Over-expenditure in Health Funding to Hospitals	*			
3	Public Accountability in Public Hospitals	*			
4	Expenditure without Parliamentary Sanction				A*
5	Overtime Payments to Police			*	
6	Overtime Payments to Corrective Service Officers ...			*	
7	Accountability of Statutory Authorities		*		
8	Grain Sorghum Marketing Board	*			
9	Matters examined in relation to Auditor-General's Report 1981-2				A*
10	Superannuation Liabilities of Statutory Authorities ...		*		
11	Annual Report 1983-4				*
12	Matters examined in relation to Auditor-General's Report 1982-3 (Statutory Bodies)				A*
13	Proposed Regulations to Annual Reports Act and P.F. & A. Act		*		
14	Investment Practices in NSW Statutory Authorities ..				*
15	Performance Review Practices				*
16	Brief Review of Macarthur Growth Area				A*
17	Brief Review of Statutory Funds of Department of Environment and Planning				A*
18	Brief Review of Land Commission of NSW				A*
19	Annual Report 1984-5				*
20	Report on Year-End Spending				A*
21	Follow-up Report on Inquiries into NSW Public Hospital System	F*			
22	Report on Recommended Changes to Public Accounts		*		
23	Proposed Regulations Accompanying the Annual Reports (Departments) Act 1985		*		
24	Follow-up Report on Overtime Payments to Corrective Service Officers			F*	
25	Report on the Collection of Parking and Traffic Fines				A*
26	Follow-up Report on Annual Reporting of Statutory Authorities				F*
27	Annual Report 1985-86				*
28	Follow-up Report on Overtime, Sick Leave and Associated Issues in the New South Wales Police Force			F*	
29	Report on the New South Wales Builders Licensing Board	*			
30	Report on Brief Review of: The Sydney Opera House Trust; Harness Racing Authority of New South Wales; and New South Wales State Cancer Council				A*
31	Report on the New South Wales Film Corporation ...				A*
	TOTAL	5	5	4	17

A. Matters raised in Auditor-General's Report.

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

ANNUAL REPORT

Appendix 4

Meetings of the Public Accounts Committee--I July, 1986-30 June, 1987

Date	Subject	Organisation	Witnesses
1/7/86	Visit of Inspection	North Sydney Police Station	
11/7/86	Deliberative meeting		
30/7/86	Deliberative meeting		
9/7/86	Visit of Inspection	Builders Licensing Board --Orange, Bathurst	
11/9/86	Public hearing--Inquiry into the NSW Builders Licensing Board	Department of Consumer Affairs	Mr Phillip Holt Mrs Frances Buckeridge
11/9/86	Public hearing--Inquiry into the NSW Builders Licensing Board	Master Painters, Decorators & Signwriters Association	Mr Wilfred Tracey Mr Henk Dukino Mr Brian Tompson
11/9/86	Public hearing--Inquiry into the NSW Builders Licensing Board	Newcastle Master Builders' Association	Mr Robert Fuller Mr David Stibbard Mr John Tabrett
11/9/86	Public hearing--Inquiry into the NSW Builders Licensing Board	Australian Institute of Surveyors	Mr Geoffrey Nye Mr Brian Banning Mr Jan Wapels
12/9/86	Public Hearing--Inquiry into the NSW Builders Licensing Board	Australian Consumers Association	Mr Maynard Rye Ms Judy Fleming
12/9/86	Public Hearing--Inquiry into the NSW Builders Licensing Board	Institution of Engineers	Mr Geoffrey O'Loughlin Mr Peter Maloney
12/9/86	Public Hearing--Inquiry into the NSW Builders Licensing Board	Alliance Strata Management	Mr John Scott Mr John Edwards Mr Richard Tooker
12/9/86	Public Hearing--Inquiry into the NSW Builders Licensing Board	Housing Industry Association	Mr Ronald Bell
25/9/86	Deliberative meeting		
21/10/86	Deliberative meeting		
6/10/86	Meeting with	Master Builders Association, Hobart	
6/10/86	Meeting with	Council of Consumer Affairs, Tasmania	
7/10/86	Meeting with	Mental Health Services Commission, Tasmania	
7/10/86	Meeting with	Department of Health, Tasmania	
7/10/86	Meeting with	Department of Community Welfare, Tasmania	
7/10/86	Meeting with	Hobart District Nursing Services	
8/10/86	Meeting with	Consumer Affairs Division, South Australia	
8/10/86	Meeting with	Department of Public and Consumer Affairs, South Australia	
8/10/86	Meeting with	South Australian Builders Licensing Board	
9/10/86	Meeting with	Home and Community Care Program, South Australia	
9/10/86	Meeting with	Royal District Nursing Association, South Australia	

PUBLIC ACCOUNTS COMMITTEE

Date	Subject	Organisation	Witnesses
9/10/86	Meeting with	South Australian Public Accounts Committee	
9/10/86	Meeting with	Southern Domiciliary Care, Adelaide	
10/10/86	Meeting with	Department of Community Welfare, South Australia	
10/10/86	Meeting with	S.A.C.O.S.S.	
16/10/86	Deliberative meeting		
23/10/86	Deliberative meeting		
30/10/86	Deliberative meeting		
3/11/86	Public Hearing--Inquiry into NSW Builders Licensing Board	NSW Builders Licensing Board	Mr Brian Cahill Mr Colin Cabill Mr Barry Wheeler
3/11/86	Visit of Inspection	Department of Finance	
4/11/86	Public Hearing--Home Care Services of NSW	Home Care Service of NSW	Mr Roger Pryke Mr Paul Bullen Ms Frances Murphy
4/11/86	Public Hearing--Home Care Services of NSW	Combined Pensioners Association, NSW	Mr William Ottley Mr John Barber Ms Linda Adamson
4/11/86	Public Hearing--Home Care Services of NSW	Department of Youth and Community Services	Mr Heinz Hellperu Mr David Marchant Mr Garth Nowland-Foreman
13/11/86	Deliberative meeting		
20/11/86	Deliberative meeting		
2/12/86	Deliberative meeting		
4/12/86	Visit of Inspection	Home Care Service Branch--Willoughby	
4/12/86	Visit of Inspection	Home Care Service Branch--Parramatta	
4/12/86	Visit of Inspection	Home Care Service Branch--Campsie	
5/12/86	Visit of Inspection	Home Care Service--Coifs Harbour	
5/12/86	Visit of inspection	Home Care Service--Port Macquarie	
17/12/86	Deliberative meeting		
12/2/87	Deliberative meeting		
12/2/87	Tour of Inspection	Grain Sorghum Board	
13/2/87	Tour of Inspection	Gunnedah area Grain Handling Authority Storage Facility Spring Ridge	
19/2/87	Deliberative meeting		
26/2/87	Deliberative meeting		
5/3/87	Deliberative meeting		
10/3/87	Tour of Inspection	Home Care Branches: Shoalhaven, Ulladulla, Eurobodalla, Parkes, Forbes, West Wyalong, Wagga Wagga, Narrandera and Leeton.	
12/3/87			
13/3/87	Griffith	Deliberative meeting	
26/3/87	Deliberative meeting		

ANNUAL REPORT

Date	Subject	Organisation	Witnesses
27/3/87	Public Hearing--Inquiry into the NSW Film Corporation	NSW Film Corporation	Mr Paul Riomfalvy Mr Danny Collins Mr Jenny Woods Mr James Henderson Mr Lyndon Sayer Jones
2/4/87	Deliberative meeting		
9/4/87	Deliberative meeting		
15/4/87	Public Hearing--Inquiry into the NSW Film Corporation	NSW Film Corporation	Mr Paul Riomfalvy Mr Danny Collins Mr Jenny Woods Mr James Henderson Mr Lyndon Sayer Jones
30/4/87	Deliberative meeting		
7/5/87	Deliberative meeting		
12/5/87	Deliberative meeting		
13/5/87	Deliberative meeting		
14/5/87	Deliberative meeting		
9/6/87	Deliberative meeting		
10/6/87	Public Hearing--Inquiry into NSW Heritage Council	Department of Environment and Planning	Mr Richard Barnsley Smyth Mr Rober Alwyn Power Mr Anthony O'Dey
10/6/87	Public Hearing--Inquiry into NSW Heritage Council	Heritage Council of New South Wales	Mr Nigel Ashton Mr Rodney Rimes Mr Christopher Pratten
11/6/87	Deliberative meeting		
24/6/87	Tour of Inspection	Tarong Coal Mine Queensland Inspection of Mine and Preparation Plant	
25/6/87	Tour of Inspection	B.H.P.--Utah Blackwater Coal Mine, Queensland Inspection of Mine and Preparation Plant	
26/6/87	Meeting with	Queensland Electricity Commission	
26/6/87	Deliberative meeting		

PUBLIC ACCOUNTS COMMITTEE

Appendix 5

Past Reports

Prior to 30th June, 1986, the Committee tabled 24 reports. Brief summaries of each of these reports follow:

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

The Committee investigated over-expenditure by Ministers in 1980-81. Over-expenditure of \$162 million by 10 Ministers were examined. The Committee concluded that departmental explanations were satisfactory in all cases.

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

Inquiry into a reference made by the Minister for Health concerning budget overruns of \$15.7 million by the 37 New South Wales public hospitals. The Committee concluded that the budget overrun was attributable, not only to the budgetary process, but also to the failure of departmental and hospital officials to take budgets seriously

Action taken on this report was reviewed by the Committee during 1985-86 and the Committee's Follow-up Report into the New South Wales Public Hospital System was tabled in May 1986.

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

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

Action taken on this report was reviewed by the Committee during 1985-86 and the Committee's Follow-up Report into the New South Wales Public Hospital System was tabled in May 1986.

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

The Committee investigated over-expenditure by

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

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

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

Inquiry into a reference made by the Auditor-General into overtime payments to police officers. By 1980-81 police overtime payments amounted to \$21.5 million, a rise from \$8.7 million in 1976-77 despite an increase of 1 000 police officers.

The Committee concluded that a:
"considerable amount of overtime is avoidable and arises from inappropriate policy, inefficient rostering and inefficient job organisation."

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

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

Inquiry into a reference made by the Auditor-General. The Report showed that more than half New South Wales prison officers had received overtime payments in excess of 50 per cent of their normal salary and 10 per cent received more than 100 per cent of their salary in overtime payments.

In 1981-82 overtime payments had totalled almost \$14 million, representing over 35 000 hours of overtime per fortnight. After the development of a strategic plan in 1982, overtime was reduced in early 1983 to approximately 22 000 hours per fortnight.

The Committee noted that one of the major causes of overtime was the high level of sick leave and foreshadowed its interest in sick leave throughout departments.

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

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

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

Most of the recommendations in the Committee's Report have been incorporated in the new Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit (Amendment) Act 1984.

^ Follow-up Report was tabled in July 1986 (Twenty-sixth Report).

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

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

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

Most of the recommendations by the Committee, which were designed to apply to all marketing boards in New South Wales were embodied in the Marketing of Primary Products Act 1983.

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

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

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

Inquiry into a reference made by the Treasurer. The Report found that New South Wales Statutory Authorities had unfunded superannuation liabilities in the order of \$2.5 billion. The Committee recommended full disclosure and proper recognition of accounting expenses in relation to superannuation costs and full-funding to meet deferred superannuation commitments. The Committee also recommended that a consistent policy of accounting and reporting for superannuation costs should be introduced.

The Committee's recommendations concerning disclosure of accrued superannuation liabilities and expenses have subsequently been incorporated into the Public Finance and Audit Act regulations.

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

This was the Committee's First Annual Report. It followed as closely as possible the Committee's own recommendations on the reporting requirements of Statutory Authorities.

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

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

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

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

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

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

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

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

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

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

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

Sixteenth Report--Brief Review of the Macarthur Growth Area(July 1985)

Inquiry arising out of the Committee's examination of the 1982-83 Report of the Auditor-General. The Report recommends clarification of the role of the Macarthur Growth Area, that clear and realistic objectives be established, and performance measures identified. The Report also states that the question of repayment of debts to the State and *Commonwealth government* should be resolved as quickly as possible to enable the M.G.A's financial accounts to reflect the actual losses that have been accepted.

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

The main thrust of this short Report was the need to review the operation and relevance of the seven statutory funds administered by the Department of Environment and Planning.

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

In this brief Report, the Committee noted the efficiency of Landcom's operation and project management practices. The Report also points out the lack of clear objectives for Landcom and underlying conflicts in roles and objectives.

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

This was the Second Annual Report of the Committee.

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

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

ANNUAL REPORT

The Committee's inquiry established beyond any doubt that the level of expenditure in the last two months of the financial year was disproportionately higher than for other periods. The Report concluded that many of the items purchased at year-end were ordered and paid for in great haste in what appeared to be an unplanned manner. The Report also drew attention to the practice of drawing cheques prior to 30 June and holding each cheque in safes until services had been performed and goods delivered.

Twenty-first Report--Follow-Up Report on Inquiries (1982) into the New South Wales Hospital System(April 1986)

This Report reviewed action taken on the Committee's Second Report into the causes of expenditure overruns in health funding and its Third Report into the standard of public accountability in public hospitals.

The Report is critical of both hospitals and the Health Department, for the slow progress in reforming health administration in New South Wales and found that action as a result of its earlier Reports had been tardy and ineffective in a number of areas. The major areas concerned the delineation of hospital roles, the budgeting process, the provision of worthwhile incentives to hospitals, hospital accountability and hospital performance measurement and comparison.

Many of the Committee's 1986 recommendations have been taken up by the Government in its Health 2000 program.

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

inquiry on a reference from the Treasurer, for the Committee to examine a review of the format of the Public Accounts.

The Committee supported moves to reduce duplication in the Public Accounts, but where the amount of information available to the public would be reduced, did not support change.

The Report made a number of additional recommendations including: that research be conducted into users of the Public Accounts and their information needs; the Public Accounts and Budget Papers be reviewed by Treasury with a view to increasing ease of understanding; and that Treasury give consideration to the annual publication of a Layman's "Guide to the Public Accounts and Budget Papers".

Twenty-third--Report on Proposed Regulations Accompanying the Annual Reports (Departments) Act 1985 and Miscellaneous Amendments concerning Annual ReportingMay 1986)

Inquiry on a reference from the Treasurer, as required under the Annual Reports (Departments) Act 1985 and the Public Finance and Audit Act.

The Committee supported the extension of many of the reporting requirements of statutory bodies to departments. The Committee was pleased to note that its earlier recommendation that performance measurement information should be required in annual reports of both departments and authorities was taken up by the regulations and that its recommendation that monthly spending for stores and equipment purchases be graphically depicted in department's reports was also included.

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

This Report expresses concern at the increase in annual average sick leave taken by prison officers, from 15 days in 1981-82 to 21 days in 1985-86. The Committee concluded that sick leave was seen by many prison officers as part of their recreation leave entitlement, to be used to take time off, rather than solely for incidences of illness.

The Committee foreshadowed its intention to review prison officer sick leave at a later date.

PUBLIC ACCOUNTS COMMITTEE

Appendix 6
Matters Raised in Auditor-General's Report
1985-86

Page No.	Subject	Committee decision action taken	Status as at 30,6.87
Part 1			
10	* Cheques in Safe A-G notes some incidences where cheques drawn at year-end prior to performance of service.	· Letter sent to Auditor-General · Letters sent to organisations concerned · Reviewed by Committee · No further action	Completed
11	Telephones Reimbursement of telephone charges to certain categories of officers employed by authorities have not been updated since 1969. Variances from policy have occurred and strict adherence may prove difficult as many recipients appear now to consider payment to be a condition of their employment.	· Letters sent to Auditor-General, Premier's Department and Public Service Board · Questionnaire sent to all departments and declared authorities seeking details of cost, extent and nature of reimbursement of telephone charges	Inquiry continuing
16-17	* Allocations to Special Deposits Accounts from Consolidated Fund \$123m-advance to Treasurer \$261.1-Section 22 expenditure. Additional contribution to Hospital Fund (\$145m); Bicentennial Fund (\$40m), Coal Compensation Fund (\$30m), Computer A/c (\$30m), Arrears of Maintenance A/c (\$30m), Fire Risks A/c (\$25m). Auditor-General comments "Parliamentary control of the purse is somewhat undermined."	· Letter to Treasurer · To be reviewed 86-87	Completed
38	Unpaid Land Tax A-G notes that tax unpaid at 30 June, 1986, \$32m compared with \$49.9m at 30 June, 1985.	· Letter sent to Minister · No further action re 1985-86	Completed
58-59	Ambulance Transport Fees A-G notes unpaid accounts at 30.6.86 \$9.3m (\$8.1 m 1984-85) Accounts written off \$1.3m.	· Letter sent to Minister · To be reviewed 86-87	Completed
85	Cattle Compensation Fund Balance of fund at 30.6.86 \$4.5m. A-G comments at growth of fund and level of unspent funds.	· Letters sent to Treasurer and Minister for Agriculture	Incomplete
87	Swine Compensation Fund Since 1963 payments have been low. 1985-86--payments of \$83 and operating costs \$18,159. Payments for research \$68,100 + for boar-testing station \$38,966. Receipts for year NIL, although \$233,781 credited by Treasury July 1986. The balance of Fund at 30 June 1986 was \$1.42m.	· Letter to Treasury	Incomplete
	· Matters covered in more detail in Supplementary Report 1986-87.		

ANNUAL REPORT

Page No.	Subject	Committee decision action taken	Status as at 30.6.87
Part I			
126	Dormant Accounts Funds not subject to current usage warranting enquiry with a view to disposal. Major funds mentioned: · Ethnic Child Care Centres \$692,364 (1973-74) · TAFE Courses Out of Trade Apprentices \$1,059,998 (1983-84) · Wage Pause Employment \$1,734,338 (1983-84) · New England Tourism Development Authority \$997,944 (1984-85)	· Reviewed by Committee · No further action re 1985-86, due to current Treasury review of status of accounts	Completed
142-143	* Variations or Suspensions of Statute	· Letters sent to organisations concerned · Responses received by Committee · One response outstanding	Incomplete
Part 2			
40	Maritime Services Board A-G notes sale of houses to Department of Housing and Environment and Planning	#	Incomplete
72	State Dockyard Record loss of \$8.68m for 1985-86 (compare loss of \$2.63m in 1984-85). Accumulated deficiency \$25.8million 1985-86 loss was \$6.27m in excess of budget. A loss of \$4.5m budgeted for 1986-87.	· Letter sent to Minister · No further action	Completed
77	Metropolitan Water Sewerage and Drainage Board Rates for Sydney Entertainment Centre written of \$445,654. Under Legislation effective 27 December, 1985 the Centre became exempt from rating. Legislation did not provide for retrospective writing off.	· Letter sent to Minister · No further action in view of legislative amendment	Completed
88	Hunter District Water Board Deficiencies in computer systems--programming errors and control procedures deficient	· Letter sent to the Minister · No further action	Completed
94	Water Resources Commission A-G notes that with establishment of new Department of Water Resources, financial statements will be on a cash basis. A-G mentions problems in relation to apportionment of costs and proper accounting for fixed assets. A-G again mentions advances to various Irrigation Districts and that "the continuation and partial write-off of these advances suggested they were taking the character of semi-hidden subsidisation of the operating costs of Areas and Districts. They now seem to be taking more the form of overt income supplements with little likelihood of repayment."	· Letter sent to Minister · No further action re 1985-86. To be reviewed in relation to A-G's 1986-87 Report, in light of introduction of revised pricing policies	Completed

PUBLIC ACCOUNTS COMMITTEE

Page No.	Subject	Committee decision action taken	Status as at 30,6.87
Part 2			
114	Coal Compensation Fund A-G notes \$35m transferred to Fund 18985-86. Total transfers \$80m. Balance of Fund \$77.5m. Payments from Fund 1985-86 \$2.2m, administrative expenses \$913,000. A-G notes that approx. 10,000 claims have been received with estimated compensation payment of \$30m.	· Letter sent to Minister ® No further action	Completed
119	G.I.O. A-G Notes G.I.O.'s accounts not available for audit. Third Party Insurance Scheme--A-G notes that for 2nd year more paid out in claims than received from premiums and investment income. As a result a reduction to the fund of \$1,809m (Total reduction for 2 years \$291m). 12.8% increase in cost of claims. Outstanding liability for claims estimated at \$2,500m in 1984-85. A-G's says estimate now much higher, although "G.I.O considers it is no longer appropriate to report upon the present value of outstanding claims in its published financial statements".	® Reviewed by Committee ® No action re 1985-86	Completed
153	Railway Service Superannuation Board Scheme closed to new entrants 1964. 1985-86, employer contributions amounted to \$95,856 of the \$26.9m paid out. Maximum contribution \$2.45 per fortnight. Balance paid by employer.		InComplete
172	Compensation Court of N.S.W. A-G notes accounts not available at time of preparing A-G's report. A-G notes "inordinate delay" finalising distribution of assets between State Compensation Board and Compensation Court.	· Covered in Committee's review of timeliness of annual reports	Completed
203-04	Universities Accounts for Sydney and Wollongong. Universities for 1985 were qualified by the Auditor-General.	· Letter sent to Wollongong University · No further action re 1985-86 · Committee to review 1986-87	Completed
320	Film Corporation of N.S.W. Total expenditure for year \$5.04m; total income \$3.66m, including \$1.87m State government contributions. Addition to accumulated deficiency \$1.79m. Accumulated deficiency \$6.8m. Expenditure on Industry Promotion Internationally, included \$619,467 operating costs of Australian Films Office Inc. and \$208,844 to participate in 2 overseas film festivals.	· Inquiry conducted · Report tabled June 1987	completed

Considered by Committee during the year; to be followed up separately.

ANNUAL REPORT

Page No.	Subject	Committee decision action taken	Status as at 30.6.87
Part 2			
322	Australian Museum Trust A-G notes no accounts received by A-G.	· Covered by Committee's review of timeliness of annual reporting	Completed
335-36	Old Sydney Town Pty Ltd N,S,W, Government holds 75% stake in company. Government assistance of \$515,300 in 1985-86--total government assistance now \$7.61m. Operating loss 1985-86 \$432,539 compared with loss of \$601,865 in previous year. Accumulated deficiency \$4.76m.	· Letter sent to Minister · No further action	Completed
340	Zoological Parks Board increase in salaries and associated costs increased by 30% for year-ending 30 June, 1986.	· Letter sent to Minister · No further action	Completed
351	Sydney Cricket and Sports Ground Trust Construction of \$58m complex. Income from Gold and Corporate membership to fund construction. At 28-2-86 \$6.41 m received (\$12m committed), Marketing expenses for Gold membership--\$224,434.	#	Incomplete
361-62	Homebush Abattoir Deficiency for 1985-86 \$4.36m. Accumulated deficiency \$46.4m. A-G expresses concern at viability of Abattoir (as he did in 1984-85).	· No action re 1985-86	Completed
376	Grain Handling Authority Overtime for year \$11.7m accounted for 29.8% of total cost of salaries and wages.	#	Incomplete
384-86	Wine Grapes Marketing Board A-G notes financial difficulties.	· Inquiry conducted · Report to be issued September 1987	Completed
405-15	Aboriginal Lands Council Problems with financial management practices.	· Letter sent to Minister	Incomplete
440	Travel Agents Registration Board Operating deficiency 1985-86 \$271,224 due to large increase in claims on the Fund.	· Reviewed by Committee · No further action	Completed
453	Health Professionals Registration Board Shortfall in Nurses Board \$519,845 picked up by Medical Board.	· Letter to Minister · Reviewed by Committee · No further action	Completed

Considered by Committee during the year; to be followed up separately.

PUBLIC ACCOUNTS COMMITTEE

Appendices

2	A-G lists authorities which did not forward financial statements to A-G 15 September, 1986.	<ul style="list-style-type: none">· Committee wrote to all authorities concerned· Reviewed by Committee	Completed
	List of financial statements received outside 6 week limit and extension of time not sought.	<ul style="list-style-type: none">· Committee wrote to all authorities concerned· Reviewed by Committee	Completed
	List of authorities which submitted statements outside requested extended time.	<ul style="list-style-type: none">· Committee wrote to all authorities concerned· Reviewed by Committee	Completed

N.S.W. Public Accounts Committee

Parliament House,
Macquarie Street,
Sydney, N.S.W. 2000.
Telephone: (02) 230 2631.
Facsimile: (02) 230 2831.
Office Hours: 9 a.m. to 5 p.m.

Secretariat

John Horder, LL.B., AASA CPA, Clerk to the Committee

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

Tony Boulton, B.Ec.(Syd), AASA, Advisor on secondment from Auditor-General's Office

Kim Garvey, B.Bus., Advisor on secondment from the Treasury, N.S.W.

Sandra Brien, Secretary/Word Processor Operator

Maria Hagispiro, Secretary/Word Processor Operator

Published by the Public Accounts Committee of the New South Wales Parliament.