

PUBLIC ACCOUNTS COMMITTEE

PARLIAMENT OF NEW SOUTH WALES

Ninetieth Anniversary

Public Accounts Committee

MISSION

The Public Accounts Committee serves the Parliament and thereby the community by:

- acting as parliamentary watchdog of government expenditure;
- promoting efficient and effective implementation of government policy;
- ensuring greater accountability of the executive government to Parliament and the public.

OBJECTIVES

The objectives of the Public Accounts Committee are.

- 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, 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.

This publication has been catalogued in the New South Wales Parliamentary Library as follows:

New South Wales. Parliament. Public Accounts Committee

Nineteenth anniversary, November 1992/Public Accounts Committee, Parliament of New South Wales [Sydney, NSW]: Public Accounts Committee, 1992 -- 30 p. : 34 cm (Report / Public Accounts Committee, Parliament of New South Wales; no. 65)

1. *New South Wales. Parliament. Public Accounts Committee*
2. *Expenditures, Public -- New South Wales*

1. *Title*

11. *Series: New South Wales. Parliament. Public Accounts Committee. Report; no. 65*

328.3658

ISBN 0 7310 0087 0

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Compiled by Ian Clarke,
assisted by Jozef Imrich and John Lynas

SPEAKER'S ADDRESS

A message from the Speaker of the Legislative Assembly The Hon Kevin Rozzoli, Dip Law MP

This seminar marks an important anniversary of the Public Accounts Committee of New South Wales Parliament.

The Public Accounts Committee has a most important role within our parliamentary structure, charged as it is, with the important task of overseeing the financial stewardship of public sector managers.

Under the Westminster system of Government, the lower houses of Parliaments have always maintained this scrutiny over public funds. In New South Wales the Public Accounts Committee has a long track record of effectively acting as the watchdog over the public purse.

The last decade has been one of great challenge for all those involved in the management of public sector finances. The Public Accounts Committee has proven to be in the forefront in its field, and has a commendable record in achieving a bi-partisan approach to its work.

I would like to extend my congratulations to the Public Accounts Committee and its staff, past and present, on the occasion of the 90th anniversary of its establishment.

The Hon. K.R. Rozzoli, MP Speaker

CHAIRMAN'S FOREWORD

Public Accounts Committee

Parliament House, Sydney 2000
Telephone: 230 2631
230 2111
Fax: 230 2831

PARLIAMENT OF NEW SOUTH WALES
LEGISLATIVE ASSEMBLY

IT IS INDEED AN HONOUR TO BE THE CHAIRMAN OF THE PUBLIC ACCOUNTS COMMITTEE IN 1992, THE YEAR IN WHICH WE CELEBRATE THE 90TH ANNIVERSARY OF THE FOUNDING OF THE COMMITTEE.

IT IS IMPORTANT TO REFLECT THAT SOME 90 YEARS AGO THE PROCESS OF PUBLIC SECTOR FINANCIAL REFORM WAS ENHANCED WHEN THE LEGISLATURE ESTABLISHED A SPECIAL PURPOSE PARLIAMENTARY COMMITTEE WITH THE AIM OF OVERSIGHTING THE PUBLIC ACCOUNTS. THE FIRST 80 YEARS WERE RELATIVELY UNEVENTFUL AND THE COMMITTEE MET ON AN IRREGULAR BASIS TO DISCHARGE ITS RESPONSIBILITIES.

THE 1980S WAS A DYNAMIC PERIOD FOR THE COMMITTEE. FOLLOWING A DETAILED EXAMINATION AND REPORT BY A SELECT COMMITTEE OF THE LEGISLATIVE COUNCIL AND LEGISLATIVE ASSEMBLY, A NEW ROLE WAS PROPOSED FOR THE COMMITTEE. THE PARLIAMENT AGREED WITH THIS PROPOSAL AND IN 1982 AND 1983 LEGISLATION WAS INTRODUCED THAT REVAMPED THE STATUTORY CHARTER OF THE COMMITTEE.

IT IS IMPORTANT TO REFLECT THAT IN THE EARLY DAYS OF THE REVAMPED COMMITTEE, THE SENIOR RANKS OF THE STATE'S BUREAUCRACY DID NOT FULLY ACCEPT THE RIGHT OF THE COMMITTEE TO UNDERTAKE BROAD SCOPE REVIEWS OF PUBLIC SECTOR FINANCIAL MANAGEMENT.

IN THE EARLY 1980S SOME SENIOR BUREAUCRATS CHALLENGED THE RIGHT OF THE REVAMPED COMMITTEE TO UNDERTAKE REVIEWS OF PUBLIC SECTOR MANAGEMENT. THE COMMITTEE EMERGED FROM THESE EARLY SKIRMISHES WITH A CLEARLY ACCEPTED MANDATE TO BE THE "EYES AND EARS" OF THE ELECTED LEGISLATURE. THE ROLE OF THE COMMITTEE WAS BEYOND DOUBT, TO REVIEW ALL ASPECTS OF PUBLIC SECTOR FINANCIAL MANAGEMENT.

THE WORK OF THE COMMITTEE WILL CONTINUE, AND AS CHAIRMAN AT THIS TIME IT IS MY PLEASURE TO ACKNOWLEDGE 90 YEARS OF DILIGENCE BY MY PREDECESSORS. I CAN ASSURE ALL TAXPAYERS OF THE STATE THAT THE PUBLIC ACCOUNTS COMMITTEE WILL CONTINUE IN ITS IMPORTANT ROLE OF OVERSIGHTING THE FINANCIAL OPERATIONS OF THE PUBLIC SECTOR.

ANDREW TINK, MP CHAIRMAN

A GLANCE BACK INTO HISTORY

Creation

The establishment of the Colony of New South Wales in 1788 brought with it all the trappings of the British Treasury system. Funds to support the Colony were supplied from London. The main expenses of the Civil Establishment of the Colony were the maintenance and supervision of transported convicts. Vouchers and accounts to support the payments from funds appropriated by the British Parliament were returned to London. The accountability mechanisms that existed were primitive by modern standards.

By 1819 the colonial authorities in London had become concerned over the financial affairs of the far distant colony. Commissioner Bigge was appointed to conduct an inquiry into the affairs of the Colony, including the administration of finances.

The first round of reforms in the financial management of the Colony took place as a result of Commissioner Bigge's report. William Balcombe was appointed in 1824 to take charge of the local Treasury. Balcombe had previous experience in colonial administration on the island colony of Saint Helena where his main charge was the exiled Napoleon.

In the same year William Lithgow was appointed to take charge of the stores of the colony as Commissary-General. In November 1824 Lithgow was given the additional function of Colonial Auditor.

In 1827 a further series of financial reforms took place due to the increase in government business. William Lithgow relinquished his duties as officer in charge

of the Commissariat and continued as Colonial Auditor.

In retrospect, this was a significant reform, in that the responsibility for the control and custody of the State's assets, then mainly in the form of cash and stores, was separated from the role of audit. This separation of duties between the custody and control of assets and the role of the independent auditor has continued to the present day in New South Wales, unlike in other jurisdictions.

In 1856 the Colony of New South Wales achieved self government. The Legislature, consisting of a popularly elected Lower House and an appointed Upper House, assumed full responsibility for the raising of taxes and other revenues and the appropriation of revenue to fund the operations of government. The system of government inherited from the Imperial powers was based on the Westminster system and effectively forced the public sector to report on a cash basis to reflect the budgeting process on a cash (or funds) basis.

A further reform occurred in 1870 when the tenure, powers, and duties of the office of Auditor-General were defined in statute. Previously the position of Colonial Auditor had been filled by administrative action with the permission of the home authorities in London. This appointment can now be regarded as a major reform initiated by the New South Wales Legislature, as the Parliament assumed responsibility for appointing the Auditor-General and for determining his reporting requirements. This trend has continued into the 1990s.

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The Audit Act 1902 consolidated and amended the law relating to the collection and payment of public money, the audit of the Public Accounts, and the protection of public property. The cash basis of accounting continued, but the major reform under that Act was the establishment of a Public Accounts Committee consisting of five members of the Legislative Assembly.

The first eighty years

The Public Accounts Committee was established to exercise the Parliament's review powers over the efficiency, effectiveness and accountability of the public sector. However, until 1981 the

Committee met only two to four times a year, each meeting lasting for approximately half an hour. Committee reports during these years were a few pages long, confining themselves to instances of over-expenditure or financial impropriety and questions about procedures on contracts.

From its inception until December 1982 the Committee had only two functions:

- to inquire into matters relating to the Public Accounts referred to it by the Legislative Assembly, a minister or the Auditor-General;
- to inquire into expenditure by ministers which had not been sanctioned and appropriated by Parliament.

The first function was not exercised until November 1981, when the Committee received a reference to inquire into over-expenditure in public hospitals and the

general accountability of the public hospital system.

The second function was performed only superficially until 1982, when public hearings were held and departmental witnesses examined for the first time about over-expenditures.

The Joint Committee on Public Accounts and Financial Accounts of Statutory Authorities noted that the lack of references given to the Public Accounts Committee suggested:

"... either a standard of efficiency in the financial administration of Departments stretching credulity to more than reasonable limits or

alternatively--and more probably--a lack of understanding on the part of

both the Legislature and the Executive of the need for vastly improved machinery for improvement in the control of public finance."

The inactivity of the Public Accounts Committee was clearly the result of the latter--a lack of appreciation by successive

governments of the need for a legislatively backed watchdog of public expenditure.

However, by the late 1970s there *was* a growing recognition in government of the need for enhanced accountability of the public sector to the legislature.

From 1978 to 1981, three successive reports from parliamentary committees appointed to examine the form of the Public Accounts and the accounts of statutory authorities recommended that:

- the Audit Act be amended to increase the functions of the Public Accounts Committee to allow it to initiate its own inquiries;

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- the Public Accounts Committee be serviced by a permanent secretariat of parliamentary officers.
- A permanent secretariat was established in August 1983, thus strengthening the Committee's ability to exercise its new powers.

The last decade

As a result of these recommendations, in December 1982 the *Audit (Public Accounts Committee) Amendment Bill 1982* was passed to greatly expand the powers of the Public Accounts Committee. Thus, in addition to its two 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.

The Committee was precluded from inquiring into government policy unless it has received a reference from the Legislative Assembly or a minister.

The Audit Act of 1902 was replaced by the *Public Finance and Audit Act 1983* which retained the functions of the Committee acquired in December 1982.

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ACHIEVEMENTS

The Committee fulfills its objectives mainly through conducting inquiries and reporting on the results of investigations and

recommendations for change. The following is a list of the Committee's 64 reports published to date.

1. *Expenditure Without Parliamentary Sanction or Appropriation* (November 1981)

The Committee investigated over-expenditure of \$162 million by ten ministers in 1980-81.

2. *Over-Expenditure in Health Funding to Hospitals*(February 1982)

The Minister for Health gave the Committee its first reference, which was to investigate budget over-runs of \$15.7 million by 37 public hospitals. The Committee concluded that the budget over-runs were attributable, not only to the budgetary process, but also to the failure of departmental and hospital officials to take budgets seriously.

3. *Public Accountability in Public and Other Subsidised Hospitals*(April 1982)

The Committee made 44 recommendations to improve the standard of accountability in hospitals..

4. *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.

5. *Overtime Payments to Police* (November 1982)

A reference was given to the Committee by the Auditor-General regarding overtime payments to

police officers. By 1980-81 police overtime payments amounted to \$21.5 million, a rise from \$8.7 million in 1976-77, despite an increase of 1000 police officers. The Committee concluded that: "a considerable amount of overtime is avoidable and rises from inappropriate policy, inefficient fostering and inefficient job organisation".

6. *Overtime Payments to Corrective Services Officers*(May 1983)

In an inquiry arising from a reference made by the Auditor-General, it was found that more than half of the New South Wales prison officers had received overtime payments in excess of 50% of their normal salary, and 10% received more than

100% of their salary in overtime payments. In **1981-82** overtime payments had totalled almost \$14 million. The Committee noted that one of the major causes of overtime in both the Police Force and the Department of Corrective Services was the high level of sick leave.

7. *Accountability of Statutory Authorities* (June 1983)

This inquiry, following a reference from the Treasurer, was a response to concern about the need for greater information from statutory bodies. Most of the Committee's recommendations were incorporated in the *Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit Act 1983*.

8. *Grain Sorghum Marketing Board* (November 1983)

On a reference from the Minister for Agriculture and Fisheries, the Committee investigated the \$3 million indebtedness of the Board. The precarious financial position of the Board was found to be largely due to producers (including all producer members of the Board) failing to deliver to the Board. The recommendations by the Committee were designed to apply to all marketing boards in NSW, and most were embodied in the *Marketing of Primary Products Act 1983*.

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9. *Auditor-General's Report 1981-82*
(December 1983)

This report covers investigation of matters in the Auditor-General's Report for 1981-82. The Committee published answers from 28 agencies in response to the Committee's concerns about comments by the Auditor-General. Where explanations were considered unsatisfactory, the Committee sought further information through public hearings.

10. *Superannuation Liabilities of Statutory Authorities* (August 1984)

This inquiry arose from a reference made by the Treasurer. The inquiry found that NSW statutory authorities had unfunded superannuation liabilities in the order of \$2.5 billion. The Committee recommended full disclosure of accounting expenses in relation to superannuation costs, and full funding to meet deferred superannuation commitments. The Committee also recommended

that a policy on accounting for and reporting of superannuation costs should be introduced.

11. *Annual Report for 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.

12. *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 Auditor-General's Report for 1982-83. The report summarised the issues raised, the organisations' responses, and the results of the Committee's deliberations.

13. *Proposed Regulations Accompanying the Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit Act 1983* (January 1985)

As required by the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*, proposed regulations to these Acts

were forwarded to the Committee for examination and report. 95% of the Committee's recommendations were gazetted on 14 June 1985.

14. *Investment Practices of New South Wales Statutory Authorities* (June 1985)

This inquiry arose from concern that the investments of NSW 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 some strategies, policies and practices of authorities which could result, in the long term, in poor investment returns. The Committee considered that the income earned by many authorities, particularly smaller ones, could be significantly increased.

15. *Performance Review Practices in Government Departments and Authorities* (June 1985)

This report examined the measures taken by heads of departments and statutory authorities to ensure efficiency, effectiveness and internal control of their agencies, as required by the *Public Finance and Audit Act 1983*.

Recommendations included:

- Agencies 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; and
- Efficiency audit reports and management strategy reviews be tabled in Parliament within 18 months of their presentation to the minister, along with the agency's response and program of action.

16. *Brief Review of the Macarthur Growth Area* (July 1985)

This inquiry arose out of the Committee's examination of the report of the Auditor-General for 1982-83. The report recommended clarification of the role of the Macarthur Growth Area (MGA), establishment of clear and realistic objectives, and identification of performance measures. The report dealt with repayment of debts to the State government and the Commonwealth government, and recommended that the debts be resolved as quickly as possible to enable the MGA's financial

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accounts to reflect the actual losses that have been accepted.

17. *Brief Review of the Statutory Funds of the Department of Environment and Planning* (July 1985)

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

18. *Brief Review of the Land Commission of New South Wales* (July 1985)

The Committee reviewed the efficiency of Landcom's operations and project management. The report pointed out the lack of clear objectives for Landcom and underlying conflicts in roles and objectives. supported proposals suggested in the review to

19. *Annual Report for the Year Ended 30 June 1985* (September 1985)

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

The inquiry into year-end spending in the public sector arose from a concern that the disproportionate amounts of expenditure traditionally made at the end of the financial year resulted in wasteful expenditure of public money. The Committee confirmed those concerns, concluding 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 drew attention to the practice of ordering goods and services before 30 June and holding cheques into the next financial year until services had been performed and goods delivered. The Committee recommended that monthly expenditure on equipment and stores be graphically depicted in annual reports.

21. *Follow-up Report on Inquiries (1982) into the New South Wales Public Hospital System* (April 1986)

This report reviewed action taken following the

Committee's Report No. 2 on expenditure overruns in health funding and Report No. 3 on accountability in public hospitals. The report

criticised both the hospitals and the Health Department for the slow progress in reforming health administration in New South Wales. The Committee found that action taken following the earlier reports had been tardy and ineffective in a number of areas. The major unresolved problems

concerned the delineation of hospital roles, the budgeting process, the provision of worthwhile incentives to hospitals, accountability, and performance measurement.

Many of the Committee's 1986 recommendations were taken up by the government of the time in the Health 2000 program.

22. *Report on Recommended Changes to the Public Accounts* (May 1986)

This inquiry arose from a reference from the Treasurer to examine a Treasury review of the format of the Public Accounts. The Committee

reduce duplication in the Public Accounts. Where the amount of information available to the public would be reduced, however, the Committee did not support the change.

The Committee's report made additional recommendations to improve the presentation of the Public Accounts. Action on these recommendations has since been overtaken by other financial reforms.

23. *Report on Proposed Regulations Accompanying the Annual Reports (Departments) Act 1985 and the Miscellaneous Amendments Concerning Annual Reporting* (May 1986)

A reference was received from the Treasurer to review reporting requirements under the *Annual Reports (Departments) Act 1985* and the *Public Finance and Audit Act 1983*. The Committee supported the extension of many of the reporting requirements of statutory bodies and 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 in the regulations, and that its recommendation for graphs in departmental reports of monthly

spending on stores and equipment was also included.

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

This report examined progress in implementing the recommendations of the Committee's Report No. 6. It was found that though the Department of Corrective Services had managed a significant reduction (and thereby significant savings) in overtime levels, overtime still remained high in relation to the rest of the public sector. One of the major contributing factors was the high level of annual sick leave, which had increased from an average 15 days in 1981-82 to 21 days in 1985-86. The Committee's recommendations included upgrading management training and increasing the accountability of prison superintendents.

25. *Report on the Collection of Parking and Traffic Fines* (July 1986)

This inquiry followed comment by the Auditor-General on the level of outstanding parking and traffic fines. The major recommendation of the Committee was that drivers failing to pay large fines or having outstanding fines for three or more infringements should have their licences cancelled rather than be imprisoned. This has since been implemented.

26. *Follow-up Report on Annual Reporting of Statutory Authorities* (July 1986)

This report reviewed action taken following the Committee's Reports Nos 7 and 13. The annual reporting legislation had implemented recommendations contained in the Committee's prior reports. However 78% of statutory bodies had received at least one exemption from the legislation, while others had not conformed with the legislation but had not applied for exemptions. The Committee reported its dissatisfaction with the approach of many authorities towards annual reporting regulations. Exemptions sought from the Treasurer were considered excessive.

27. *Annual Report for Year Ended 30 June 1986* (August 1986)

28. *Follow-up Report on Overtime, Sick Leave and Associated Issues in the New South Wales Police Force* (November 1986)

This report monitored action taken following Report No. 5. The follow-up inquiry found overtime hours had been significantly reduced. However, the Committee noted that the collection and analysis of overtime data were still inadequate. It recommended urgent improvements in data collection and in the use of data to help determine changes in policy and procedures. The inquiry also examined use of police motor vehicles and found that in some cases vehicles appeared to be used mainly for transport to and from police officers' homes. The Minister subsequently implemented changes in sick leave, overtime and motor vehicles.

29. *Report on the New South Wales Builders Licensing Board* (December 1986)

The Committee's report identified community dissatisfaction with the Board, delays of 12 weeks in inspections, and a virtually unused insurance scheme with funds of \$8.7 million. Following the Committee's report, a Review Committee was formed, the Board was abolished, and a new body--the Building Services Corporation--was established. Most of the Committee's recommendations have been adopted by the new Corporation. The 1992 Royal Commission into the building industry in New South Wales has since recommended a fresh Public Accounts Committee inquiry into the Building Services Corporation, but

this inquiry has been referred to the Department of Consumer Affairs.

30. *Report on Brief Review of the Sydney Opera House Trust; Harness Racing Authority of New South Wales; and New South Wales*

Cancer Council (February 1987)

The Committee's report recommended that:

- the Park and Ride Service to the Sydney Opera House be conducted on a user-pays basis and that the Trust's annual report incorporate performance measures;
- the Harness Racing Authority develop performance measures, examine its Benevolent Fund, and change its method of funding.

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Issues raised in relation to the Cancer Council included the purchase and sale of office accommodation, a loan to the former medical director to purchase a home, termination payments to the medical director, and fund raising expenses.

31. *Report on the Film Corporation of*

New South Wales(June 1987)

This report concluded that after a decade of operation, the Film Corporation's objectives and operations required redefinition. The report recommended structural changes to enable clearer lines of responsibility and accountability and more stringent financial controls. The Committee investigated projects which received script development funding from the Corporation, and expressed concern at the large sums channelled into projects which eventually lapsed.

In 1988, the Corporation was abolished and an Office of Film and Television established.

32. *Report on the Home Care Service of New South Wales*(July 1987)

This inquiry arose from a reference from the Minister for Youth and Community Services. In July 1988 the Home Care Service was established as a statutory corporation under separate legislation to make it more accountable, in line with the Committee's recommendations.

33. *Annual Report Year Ended 30 June 1987* (September 1987)

34. *Supplementary Report Year Ended 30 June 1987* (September 1987)

During the year, the Committee undertook a number of inquiries on matters initiated by the Committee as well as follow-up of the Auditor-General's report. These were:

- *Action on Follow-up Report on Overtime, Sick Leave and Associated Issues in the New South Wales Police Force*
- Cheques in Safe at Year End
- Section 22 expenditure
- Availability of annual reports to Members of Parliament

- Budgetary Accounting System
- Amendments and Regulations to the Publ

Finance and Audit Act and annual reporting legislation, 1986-87

- Variations or Suspensions of Statute.

35. *Report on the Wine Grapes Marketing Board for the Shires of Leeton, Griffith, Carrathool and*

Murrumbidgee, and the Grain Sorghum Marketing Board (September 1987)

The Committee initiated preliminary inquiries into the Wine Grapes Marketing Board as part of its follow-up of the Auditor-General's 1985-86 Report. Subsequently, the Committee received a reference from the Minister for Agriculture. The report recommended that the *Marketing of Primary Products Act 1983* be amended to assist the Board in improving security, and that the Board adopt a more positive approach to marketing.

This report included a review of Report No. 8. The Committee found that following the implementation of the Committee's earlier recommendations, grower participation had increased and the financial position of the Grain Sorghum Marketing Board had improved.

36. *Report on the Biennial Conference of Public Accounts Committee -*

May 1987 (October 1987)

The Committee was host to this conference which provided a forum for Public Accounts Committees to present, consider and discuss issues in public sector administration. The theme of the Conference was *Government--A Big Business* and the major issue discussed was accrual accounting for the public sector.

37. *Report on the Ravensworth Coal Washery* (October 1987)

This report followed examination of matters arising from the Auditor-General's 1985-86 report. It was concluded that the Electricity Commission of New South Wales had inefficiently managed the washery project and misled the responsible minister. The washery was closed on 22 May 1992.

38. *Report on the Proceedings of the Accrual Accounting Seminar* (May 1988)

The seminar provided a forum to promote debate on accrual accounting in the public sector. Public Accounts Committees, parliamentarians, Auditors-General and senior managers from the public sector around Australia attended.

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39. *Report on the Purchasing Practices and the Allocation of Stores and Equipment Resources Within the*

Technical and Further Education

System (February 1988)

During this examination, which followed a reference from the Minister for Education, the Committee found that the Department spent a great deal of time and effort in planning courses and maintaining course relevance, but that management of equipment was given a low

priority. The Committee concluded that the planning and evaluation of these resources could be

improved by upgrading information systems and using performance indicators. The inquiry uncovered a "paper war" being waged between

colleges, regions, heads of schools and head office, and found that lack of communication between schools often resulted in duplication of equipment within one college. The Committee recommended an "intercollegiate ownership" approach towards stores and equipment.

Since the report was tabled, restructuring of TAFE has established 11 institutes and increased devolution of authority to constituent colleges. A new financial management information system was implemented in 1991-92, but with significant teething problems. The Committee intends to monitor the situation and follow-up at an appropriate time.

40. *Report on the Heritage Council of New South Wales* (June 1988)

The Committee received a reference for this inquiry from the Minister for Planning and Environment. The Heritage Council had operated for 10 years without a corporate plan and without a review of its role and procedures by an external agency. The inquiry revealed the absence of public accountability, inappropriate reporting, and confusion concerning responsibilities within the management structure.

The report recommended greater accountability for grants, loans and assistance provided under the National Estates Program, and that procedures for engaging consultants should be significantly

upgraded.

41. *Annual Report for the Year Ended* proposed differential ambulance transport fee
30 June 1988 (September 1988)

42. *Report on the Management of Arson in the Public Sector*
(December 1988)

This inquiry was initiated by the Committee to examine the cost and incidence of arson, which resulted in disruption of services and an estimated \$15 million loss in public assets annually. The Committee found that little actuarial detail on the financial cost of arson was kept, and that there was little consistency in calculating costs.

The Committee recommended improvements in the collection and management of information on

arson, in monitoring of arson control programs, and in fire brigade and police training. It also made recommendations relating to practices in particular

agencies, including Education, Public Works and the State Rail Authority,.

43. *Report on Payments Without Parliamentary Appropriation*
(February 1989)

In his 1986 and 1987 reports, the Auditor-General expressed concern at the weakening of parliamentary control over payments out of the Consolidated Fund made under section 22 of the Public Finance and Audit Act. Parliamentary approval had been granted, in many cases, after the payments had been made, but the justification of such payments was questionable. The Committee recommended that allowance continue to be made for payments under section 22, but that such payments be limited to fund urgent and essential works. The Committee also recommended that a second Appropriation Bill be presented to Parliament in the second half of the financial year to enable the Treasury to adjust the Budget with parliamentary consent.

44. *Report on the New South Wales Ambulance Service* (February 1989)

The inquiry found that the Ambulance Service had a cumbersome, outdated management structure. In response, a new management board was appointed by the Minister for Health in May 1990. The Committee also found that the Service lacked appropriate personnel management, which resulted in inadequate allocation of staff and low morale. The report recommended a more effective use of the Service's vehicles. The Committee also structures to help alleviate the cost burdens of inter-hospital transfers.

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45. *Report on Payments to Visiting Medical Officers* (June 1989)

The Minister for Health gave a reference to the Committee to inquire into the circumstances surrounding increases in payment to visiting medical officers, which had soared from \$46 million in 1983-84 to an estimated \$204 million in 1988-89. The inquiry found that the industrial determination by Justice Macken in 1985 was one of the chief causes of the increases in payments, and that further increases followed litigation initiated by the Australian Medical Association. The report highlighted lack of management control within the hospitals in relation to appointments and rostering, and a failure to verify claims for payment. The Department's management information system could not measure productivity of doctors nor project future service requirements.

The Committee recommended stricter internal control in all hospitals and better reporting procedures; the modification of fees-for-services remuneration; and abandonment of the system of sessional payments to visiting medical officers.

46. *Annual Report for the Year Ended 30 June 1989* (October 1989)

47. *The Challenge of Accountability* (November 1989)

In its examination of the Auditor-General's Report of 1988, the Committee found substantial non-compliance with the Public Finance and Audit Act and the annual reports legislation. The Committee found that 20% of statutory bodies had not submitted their financial statements to the Auditor-General within the specified time, and the majority of these had not applied to the Treasurer for an extension. The number of qualified audit certificates had doubled since the previous year, and the majority of qualifications were due to a departure from accounting standards or uncertain financial information.

Two important recommendations in this report were that late tabling of an annual report require a ministerial explanation to Parliament, and that non-compliance with the Public Finance and Audit Act or the Annual Reports Acts be regarded as unsatisfactory performance by the responsible officer.

48. *Report on the Darling Harbour Authority* (December 1989)

This inquiry followed a reference from the Minister for Planning to review the Darling Harbour Authority's tendering procedures, leasing and contractual arrangements, administration, industrial relations management, and consultancy arrangements. The Committee found that the deadline set for the completion of the development, the volume of construction work required, and the complex industrial relations climate in the building industry at the time meant that early crucial decisions were rushed. Contract management was inadequate and contract variations and claims were badly handled. The Committee found that greater attention to public relations would have helped reduce the problems caused by negative publicity, and that insufficient attention was given to defining from the outset the market orientation of the development.

The Committee made 67 recommendations, including 14 to address marketing deficiencies and 18 designed to improve industrial relations and occupational health and safety for any such future projects.

49. *Report on the New South Wales Auditor-General's Office* (July 1990)

The three major reforms recommended in this report are that the Auditor-General be empowered to carry out comprehensive audits, that occupants of the position of Auditor-General be appointed for a non-renewable term of seven years, and that peer reviews be conducted of the Auditor-General's Office at three year intervals. The Committee also recommended that the Auditor-General be given the power to appoint his or her own staff, to establish conditions and terms of employment, and to determine the staffing profile of the Office to enable it to better respond to changes in modern public sector auditing.

Thirty of the report's 40 recommendations were implemented as amendments to the Public Finance and Audit Act.

50. *Report on the Lord Howe Island Board* (December 1990)

Following adverse comments in the Auditor-General's Reports of 1988 and 1989, the Committee resolved to examine the financial and administrative practices of the Lord Howe Island

Public Accounts Committee

Board. The Committee found that transfers of the Board's accounts, combined with the lack of a qualified accountant on the island and an inadequate computerised accounting system, created major problems.

The Committee made 39 recommendations designed to improve the accountability of the Board's operations. These included: the preparation of a corporate plan and a tourism marketing plan; that the meetings of the Board and its committees be held in public; and that the regulations to the Lord Howe Island Act be reviewed and upgraded to more suitably empower the Board.

The then Minister for the Environment accepted the Committee's report, though a number of the recommendations awaited the appointment of a new Lord Howe Island Board to be constituted under new legislation. The proposed legislation was not proceeded with, but all recommendations have been considered by the current Board. The Board reports that three recommendations are not within its power to implement, eight have been fully implemented, and implementation of 23 is underway. offenders to and from courts and various

51. *Annual Report for Year Ended
30 June 1990* (November 1990)

52. *Report on the Forestry Commission*
(December 1990)

This report generated the most public interest to date. On a reference from the Minister for Natural Resources, the Committee inquired into the accounting processes, operations and performance of the Commission. Many of the 78 recommendations in the report were implemented immediately, while others were on issues being considered in a separate review of the Commission for corporatisation. The Commission has recently re-organised, with a new corporate plan, management structure, and financial management information system. The Committee will review the progress and effectiveness of this re-organisation shortly.

53. *Report on the Auditing of Local
Government* (February 1991)

Under a reference from the Minister for Local Government, the Committee examined the appointment of local government auditors in NSW, the terms and conditions of their employment; the

qualifications and experience required; the formulation of standards and a code of professional practice; the duties and rights of auditors; and the scope and objectives of the audit assignment. The Committee made 33 recommendations, the most important being those which would bring local government auditing closer into line with other government and commercial practice.

The Public Accounts Committee's report has been used by the Department of Local Government and Co-operatives during the preparation of both a discussion paper on the reform of local government and an exposure draft Local Government Bill 1992. Many of the issues raised during the inquiry have been incorporated into chapter 12 of the Bill.

54. *Examination of the Juvenile
Transport Service of the*

*Department of Family and
Community Services* (April 1991)

The Juvenile Transport Service was the section of the Department of Family and Community Services responsible for the safe transport of juvenile

appointments and between detention centres. In its examination the Committee found that the Service was suffering many managerial and financial problems which included inadequate financial controls, reporting and accountability, low staff morale, duplication of services with police, and unauthorised and inappropriate use of vehicles. The Committee recommended the development of a corporate plan, the implementation of an induction and training program, the development of a computer booking system to co-ordinate juvenile offender's movements and bed allocations, that the security features of its vehicles be upgraded, and that a minimum staff/offender ratio be set and adhered to.

The Service has since been transferred to the Office of Juvenile Justice. All 32 recommendations were accepted and 22 have been addressed to date.

55. *Report on Payment Performance of*

*Major Statutory Authorities and
Inner Budget Sector Departments*
(May 1991)

The inquiry, initiated by the Treasurer revealed that many departments and authorities did not comply with the Treasurer's Direction on payment of accounts within 30 days. The Committee

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concluded that the most common reasons for non-compliance are deficient administrative of accounting systems, lack of financial expertise, and a low level of commitment to timely payment from senior staff. Of the Committee's eight recommendations, two have led to new annual reporting regulations and a new regulation to the Public Finance and Audit Act, gazetted on 12 June 1992.

56. *Parliamentary Scrutiny of Performance--Seminar Papers* (May 1991)

Speakers included Professor Bill Russell of Monash University's Public Sector Management Institute who asked "can Parliament exercise leadership?", and Mr Russell Grove, Clerk of the Legislative Assembly who spoke about scrutiny in the day to day workings of the Parliament. Mr Ian Temby, QC, Commissioner of the Independent Commission Against Corruption, and the Ombudsman, Mr David Landa, discussed the roles of their organisations. Mr Adrian Cruickshank, MP, Chairman of Parliament's Regulation Review Committee, and Mr Phillip Smiles, MP, Chairman of the Public Accounts Committee, outlined the functions of those Committees. Mr Norm Oakes, former Secretary of the Treasury, looked at parliamentary scrutiny from perspectives within the New South Wales bureaucracy.

57. *Report on Legal Services Provided to Local Government*(May 1991)

The Minister for Local Government and Planning requested the Public Accounts Committee to conduct an inquiry into the use of external legal services by local government, the terms of their engagement, the cost involved, the impact of relevant legislation, and the extent of use of legal service and of the Land and Environment Court in resolving local planning matters.

The report recommended new internal administrative arrangements for councils with a view to ensuring adequate and periodic reviews of legal services, in addition to minimising over-reliance on legal advice and representation. It also included suggestions to help the prevention and resolution of disputes early in the decision-making process, with the emphasis on promoting a more client-oriented approach.

58. *Annual Report for 1990-91* (October 1991)

59. *Report on the National Parks and Wildlife Service*(December 1991)

The role of self-generated funding in the National Parks and Wildlife Service was investigated on a reference from the Minister for the Environment. It was recognised that lack of funding was the

greatest problem for the Service in trying carry out its primary objectives of nature conservation. Traditionally the great bulk of Service funding has come from the Consolidated Fund, with no more than 25% derived from what may broadly be called user charges. The Committee found that commercial revenue was limited in the Service because its commercial functions were not supported by sufficient appropriately skilled people, because there was no real incentive to increase revenue raising, and because in fact there were many powerful disincentives.

Recommendations were made to turn this situation around. Initial "seed money" to provide funds for an increased emphasis on commercial programs was recommended to be obtained from commercially charging for alien tenures by other government agencies, and surprise audits of leaseholders. This seed funding has now been approved.

60. *Report on Dividend Payments Made by Statutory Authorities to the Consolidated Fund*(April 1992)

The Public Accounts Committee believed that it was time for parliamentary scrutiny of the principles and processes of dividend payment by statutory authorities, as dividends were growing in size and importance as contributions to Consolidated Fund revenue. Dividends are now approaching the billion dollar mark annually, and represent about 4.5% of Consolidated Fund revenue.

One of the aims of this report was to explain some of the principles involved in the payment of dividends. The Committee favoured a flexible, case-by-case approach to methods of calculating dividend payments--an approach that takes into account an authority's future capital needs and current operating requirements. The Committee concluded that there is a need for greater openness and transparency from the Treasury in its treatment of dividend payments. Clarification of which authorities are actually liable to pay dividends, greater consultation between the Treasury and those authorities, and publication of the Treasury's general dividend policy were recommended.

Public Accounts Committee

61. *Follow-up Report on Financial Accountability*(June 1992)

This report followed up on the implementation of recommendations concerning financial accountability in five previous reports: Nos 1, 4, 20, 43 and 47.

It was gratifying to report that a large proportion of

the Committee's earlier recommendations had indeed been implemented. However, the

Committee saw a great need for the Treasury to develop a training program for public sector

accounting officers. The follow-up inquiry revealed that no action appeared to have been taken on a recommendation that non-compliance with the

Public Finance and Audit Act or the annual reporting legislation be regarded as unsatisfactory performance by the responsible officer. This

recommendation was reiterated in the follow-up report, as was a previous recommendation for a second or subsequent Appropriation Bill(s). It also

recommended that section 22 should be tightened up so that payments without prior parliamentary sanction could only be made for truly unforeseeable events such as natural disasters.

62. *Phase One Report on the Public Accounts Special Committee Inquiry into the Port Macquarie Hospital*

Contract (June 1992)

On 1 May 1992 Parliament resolved to establish a Public Accounts Special Committee as a select committee to inquire firstly into the private sector proposal for a new Port Macquarie hospital, and secondly into the more general aspect of Commonwealth and State funding of health infrastructure and services.

The Committee studied the draft contract between the Department of Health and the private consortium proposing to build and operate the Port Macquarie hospital, and considered the relative benefits of the private sector proposal and a conventionally funded public hospital alternative. The Committee worked towards and achieved agreement on recommendations designed to improve the contract if the project was to proceed.

63. *Report of Proceedings of the Seminar to Review Progress of Financial Reform in the New South Wales Public Sector*(June 1992)

The then Chairman--Jim Longley, MP--reviewed the changes in public sector accounting and reporting that had been introduced in the 1980s.

Percy Allan--Secretary of the NSW Treasury--spoke of the role of the Treasury as the central

agency of government responsible for the administration of the Public Finance and Audit Act

and the annual reporting legislation. Mr Allan referred to the bipartisan support for financial reform as a cornerstone to the success of the reform process.

Don Nicholls gave an insight into the reform

process from his perspective as the recently retired Deputy Secretary of the Treasury, the Executive Director to the 1988 Curran Commission of Audit

of the State's finances following the change of government, and having responsibility for a review of the financial performance of the NSW Government three years later.

A private sector perspective was given by Michael Sharpe, a partner with the accounting firm of Coopers & Lybrand. Ken Barker of the Department of Health gave an implementer's view with reference to the health system--the State's largest expense area.

64. *Report on Progress of Financial Reform in the New South Wales Public Sector*(June 1992)

In a review of financial reform since colonial days, the 1980s was seen clearly as the decade of change. Major milestones were the revamping of the Public Accounts Committee, and enacting of the Public Finance and Audit Act 1983 which brought accounting, auditing, and parliamentary review mechanisms up to a contemporary level. The NSW public sector within Australia, and indeed the world, is now regarded as having one of the highest levels of financial accountability and reporting. As part of this project the Committee undertook five case studies into the implementation of financial reforms: Royal Botanic Gardens, Valuer-General's Department, Roads and Traffic Authority, Northern Sydney Area Health Service, and Department of Corrective Services.

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Public Accounts Committee

THE PRESENT

The Public Accounts Committee of the 50th Parliament

The Public Accounts Committee of the 50th Parliament comprises three Government and two Opposition members. A chairman and vice-chairman are appointed from the Government.

Mr Andrew Tink, BA, LLB, MP,

Chairman

Before becoming Liberal Member for Eastwood in March 1988, Andrew Tink practised as a barrister in equity, commercial and shipping law. He has since served on numerous parliamentary and government committees, holding the position of Chairman of the Joint Committee on the Office of the

Ombudsman prior to his appointment to the Public Accounts Committee. He is also an Acting Speaker of the Legislative Assembly and its representative on the Macquarie University Council.

Mr Ray Chappell, MP, Vice-Chairman

Ray Chappell was elected National Party Member for Northern Tablelands in May 1987. He has worked in university administration and in the building and retail

industries, and he served four terms as an alderman on Armidale City Council. Ray Chappell is the Legislative Assembly representative on the Board of Governors of the University of New England, and is a

Temporary Chairman of Committees in the Legislative Assembly.

Mr Geoff Irwin, ProdEngCert, DipTech, DipEd, MP

Geoff Irwin was elected to Parliament in March 1984 as the Labor Member for Merrylands, and he has been the Member for Fairfield since March 1988. Before entering Parliament he worked in industry as a planning and supply manager and taught business studies at TAFE. He served

as a member of the Select Committee upon Small Business and as Opposition Spokesperson on Business and Consumer Affairs.

Mr Terry Rumble, AASA, MP

Terry Rumble was elected Labor Member for Illawarra in March 1988. Before entering Parliament he qualified as an

accountant and was employed in public practice and in the coal mining industry. He has served as a member of the Regulation Review Committee and is the Chairman of the Opposition's Backbench Committee which involves Treasury, arts and ethnic affairs.

Mr Ian Glachan, MP

The Liberal Member for Albury since 1988, Ian Glachan has had a varied background.

He served five years at sea as a marine engineer, was a farmer for ten years, and operated a newsagency in Albury for 18 years. Mr Glachan is also a past president of the Albury-Hume Rotary Club, an active

member of the Anglican Church, and the

Legislative Assembly member on the Board of Governors of Charles Sturt University.

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The Public Accounts Committee and secretariat

Standing left to right: Caterina Sciara, Ian Clarke, Wendy Terlecki, John Lynas, Terry Rumble MP, Michael Smart, Ian Glachan MP, Jozef Imrich, Patricia Azarias, Ian Thackeray; seated left to right: Ray Chapell MP, Andrew Tink MP, Geoff Irwin MP.

Secretariat

The Committee is supported by a secretariat of full time officers. The Secretariat is currently staffed by a director, a senior project officer, a project officer, a clerk, an advisor on secondment from the Auditor-General's Office, and two stenographers who assist with Committee administration.

For many inquiries the Committee engages specialist consultants. It also obtains assistance for specific projects from officers seconded from government agencies, and from university students.

Public Accounts Committee

The way the Committee works

The Public Accounts Committee works towards achieving its objectives mainly by conducting inquiries and reporting its findings. It also reviews proposals to amend legislation and regulations on accountability issues, and participates in public education.

Initiating inquiries

Public Accounts Committee inquiries may result from a reference from a minister, the Legislative Assembly, or the Auditor-General, or inquiries may be initiated by the Committee itself. Inquiries initiated by the Committee usually result from matters raised in reports of the Auditor-General, or they review action taken on recommendations in previous reports.

Of the 64 reports which the Committee tabled to 30 June 1992, 6 arose from references from the Treasurer, 16 arose from references from other ministers, one from a Legislative Assembly reference, and 2 from references from the Auditor-General.

Examining Auditor-General's reports

The Committee examines the Auditor-General's reports for problems in financial management experienced by departments or statutory authorities. Such problems are often associated with a qualified audit opinion on the financial statements.

The Committee identifies matters which warrant further investigation. The Chairman writes to the relevant agencies seeking a response to the concerns. On receiving a response, the Committee may decide that some matters require no further action. In other cases the Committee may consider that a further investigation is needed through a full inquiry.

The inquiry process

Once terms of reference are established, advertisements are placed in the press informing the public of the inquiry and seeking submissions from interested parties. Letters or questionnaires may be written to government agencies or private bodies seeking information or submissions. 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 agency. For a number of inquiries the Committee has sought information from other States and overseas in order to draw comparisons.

Following the collection of all necessary information, a report is drafted and considered by the Committee in private meetings.

The completed report is tabled in Parliament and distributed to Members of Parliament, government agencies, libraries, witnesses, those who made submissions, and the Government Information Service.

Taking evidence

Witnesses are 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 for the hearing, and the summons is handed to them before the hearing. Before giving evidence, witnesses are required to take an oath or to make an affirmation.

Public hearings are often attended by members of the media. The Committee aims to ensure that its activities are as open and public as possible.

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

Significantly, the Committee has found that deficiencies are often corrected during the investigation and before the Committee reports, testifying to the constructive nature of the inquiry process itself.

The Public Finance and Audit Act provides that, with some exceptions, the Committee must take all evidence in public. However if the Committee considers that evidence relates to a confidential matter, the Committee may decide to take evidence in private. A witness can request a hearing in private and the Committee may agree. Confidential evidence usually relates to aspects of those organisations which compete with the private sector on a commercial basis.

All hearings are recorded by Hansard. Minutes of evidence from public hearings are tabled in the Legislative Assembly.

A document can also be treated as 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. Evidence taken where the Committee has decided to take evidence in private can only be disclosed with the authority of the Committee.

Witnesses are protected under the Parliamentary Evidence Act against legal action for any evidence that may be construed to be defamatory.

The Committee is not subject to the *Freedom of Information Act 1989*.

Reviewing legislation

The Public Accounts Committee has a responsibility under section 16(2) of the *Annual Reports (Statutory Bodies) Act 1984* and section 19(2) of the *Annual Reports (Departments) Act 1983* to review and report to the Treasurer on proposed amendments to these Acts and proposed regulations under these Acts. Section 63A(3) of the *Public Finance and Audit Act 1983* similarly provides for the Treasurer to refer to the Committee any proposal to amend Division 3 of Part 3 (relating to auditing of statutory bodies) of that Act or make a regulation relating to the financial statements of a statutory body.

Public education

Over the last few years the Committee has run seminars on topical issues of interest. These are primarily intended for public sector managers and parliamentarians, but are also open to the public.

Opportunities to give lectures on public accountability at universities, conferences, and other educational meetings are welcomed by Committee members and staff.

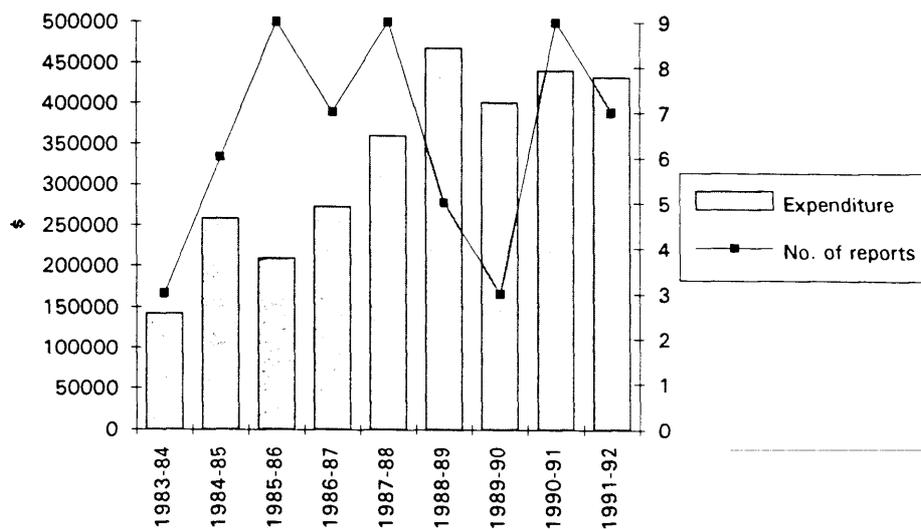
All of the Committee's reports are written so that they are suitable for reading by the general community, as well as by public sector managers and parliamentarians. In the *Report on Dividend Payments Made by Statutory Authorities to the Consolidated Fund*, special effort was made to inform the community by including a chapter that explains in clear, non-technical language some of the terms, concepts and principles behind dividend payments.

Public Accounts Committee

Resourcing and performance

The Committee is funded out of an allocation for recurrent services from the Consolidated Fund under appropriation to the Legislature. It operates under the Legislature's Program 1.2.5-Special Services. In 1991-92 the Committee's operations cost \$433,000.

The following graph shows the annual cost of the Committee's operations since 1983-84 compared with number of reports issued each year.



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Current projects

Inquiry into internal audit

This inquiry, arising from a reference from the Minister for Finance and Assistant Treasurer, will involve a comprehensive review of the role of internal audit in New South Wales public sector agencies, and the scope and reporting responsibilities of internal auditors. To launch the inquiry, the Committee conducted a seminar aimed at addressing the broad issues of internal control and internal audit across the public sector.

The Committee hopes that the inquiry, far from being routine, will instill an awareness across all levels of management that sound systems of internal control--both financial and non-financial--reviewed on a regular basis by internal audit, are essential for good corporate governance.

Inquiry into urban infrastructure financing

Under a reference from then Premier and Treasurer, the Hon. Nick Greiner, the Committee is examining ways of overcoming the shortfall of government funds for physical infrastructure such as roads, bridges, and water and sewerage works, as well as social infrastructure such as hospitals and public housing. There are many options to be explored for attracting private funds to infrastructure financing. The Committee will also be considering how new infrastructure projects are to be managed so that public accountability is ensured and performance is properly monitored. The distribution of costs and benefits of infrastructure across the community is another important aspect of the inquiry.

This inquiry is the largest single investigation undertaken to date by the

Committee. A final report is scheduled for tabling by 30 June 1993.

Inquiry into the School Student Transport Scheme

The increasing cost to the government of providing school transport has received comment from the Auditor-General and the *Independent Review of the Financial Performance of the NSW Government 1988 to 1991*. The NSW School Student Transport Scheme, estimated to cost \$300 million this year, is far more generous than similar schemes in other States. The inquiry, under reference from the Minister for Transport, is examining whether the scheme is fair, the impact of education policies on its cost, the contribution of fixed and recurrent costs to the total cost, comparative details with other States and overseas, and issues specific to country and city schools.

Inquiry into debt write-offs in the public sector

In its report on *Payment Performance of Major Statutory Authorities and Inner Budget Sector Departments* the Committee observed "that there was quite an alarming rise in the amount of debts written off by the State public service". In that report the Committee was of the opinion that "to tackle this problem effectively... it would be necessary to examine the management decisions which led to the increased write-offs."

In late 1991 the Committee initiated an inquiry into debt write-off. Two days of hearings were held in November 1991 and background material was obtained. The Committee proposes to follow-up the information obtained with further data from the Auditor-General's reports, correspondence and further hearings. It is expected that the Committee's final report

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on debt write-offs will be released in early 1993.

Review of action taken in response to Committee reports on health-related issues

The Committee's second and third reports were on the hospital system. A follow-up of these reports in 1986 (Report No. 21) showed that many of the Committee's recommendations had not been acted upon. Further reports were produced on the Home Care Service, the Ambulance Service, and visiting medical officers. Follow-up on all of these reports commenced in 1992, and a new report is targeted for completion in the first half of 1992-93.

Review of action taken in response to Committee reports on conservation agencies

Action taken in response to the Committee's recent reports on the Forestry Commission and the National Parks and Wildlife Service will be reported early in 1993.

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RECALLING PERSONS PAST & PRESENT

Chairmen in the early years

John L Fegan	1902
James Ashton	1903-1907
David Storey	1908-1910
David Fell	1911-1912
George Black	1914-1915
Thomas Waddell	1916-1917
M F Morton	1918-1919
John T Lang	1923-1924
Mark Gosling	1925-1926
R T Gillies	1927
B C Walmsley	1928-1930
D Clyne	1931
M L F Jarvie	1933-1935
H L Primrose	1936-1939
A J L Williams	1941-1946
F H Hawkins	1947-1949
A G Enticknap	1950-- 1951
J S Freeman	1952-1953
F O'Neill	1954-1955
T P Murphy	1956--1963
F G Downing	1964
M S Ruddock	1965-1967
J A Clough	1968-1975
V P Durrick	1976-1978
Laurie J Brereton	1980-1981

**Committee membership
during production of public reports**

John Aquilina	1982-1986
Jack Boyd	1981-1984
Bob Carr	1983-1984
Ray Chappell	1991 to present
Peter Collins	1983-1984
Michael Egan	1981-1983
Colin Fisher	1983-1986
Ian Glachan	1992 to present
Nick Greiner	1981-1983
Terry Griffiths	1987-1991
Geoff Irwin	1991 to present
Jim Longley	1991-1992
Wendy Machin	1987-1988
John Murray	1983-1991
Stan Neilly	1981-1983
Michael Photios	1991-1992
Andrew Refshauge	1984-1987
Terry Rumble	1991 to present
Phillip Smiles	1984-1991
George Souris	1989-1991
Andrew Tink	1992 to present
Alan Walsh	1985-1991
Thomas Webster	1981-1983

**Chairmen during production of
public reports**

Michael Egan	25.11.81-1.3.84
Bob Carr	10.5.84-12.12.84
John Aquilina	4.1.85-5.2.86
John Murray	20.2.86-12.2.88
Phillip Smiles	17.5.88-6.6.91
Jim Longley	4.7.91-3.7.92
Andrew Tink	3.9.92 to present

Directors

Frank Sartor	Aug. 1983 - Aug. 1986
John Horder	Sept. 1986- Oct. 1989
Victoria Walker	Jan. 1990- Oct. 1991
Patricia Azarias	Jan. 1991 to present

Public Accounts Committee

HAS IT ALL BEEN WORTHWHILE?

The strengthening of the Public Accounts Committee's statutory powers in 1982 arose from the recommendations of a

committee of both houses of Parliament, and received bipartisan support. Bipartisanship has underlain the way the Public Accounts Committee has

investigated problems in public sector administration. The Committee has been supported by all political parties and Independents, as well as the media. Its work has involved a search for common ground, the sharing of ideas and experiences, and effective consultation and negotiation.

Inquiries by the reconstituted Public Accounts Committee have contributed to, and in many cases been entirely responsible for, restructuring of government agencies and systems. In the health system, for example, the Committee has been behind the improvements in accountability of

hospitals and efficiency of the Home Care Service and the Ambulance Service. In the

public sector generally, the Committee has provided impetus to the adoption of annual reporting and accrual accounting.

The Committee's achievement of its objectives is difficult to measure quantitatively. However, some assessments by external parties support the view that the Committee has been highly successful.

In the report of the Parliamentary Remuneration Tribunal on 31 May 1985, Mr Justice Slattery described the Public

Accounts Committee in the following terms:

"The Public Accounts Committee, being a statutory committee, is regarded by the Tribunal as being distinguishable from joint and select

committees. Further, it is satisfied that this Committee is exercising a

very active, influential and responsible role and that service on it goes beyond the service of other

committees which aim, primarily, to make them better informed or in

other ways to enable them to perform more effectively their duties as Members of Parliament."

An editorial in the *Financial Review* of 6 September 1984 contained the following description of the Committee's work:

"A notable contribution to improved administration has been the work of the NSW Public Accounts Committee, initially under the chairmanship of Mr Michael Egan, more recently with Mr Bob Carr as chairman.

"The NSW committee has just set an example in the reporting field by issuing an annual report of 34 pages for 1983-84 within a relatively short period, in marked contrast to the extended delays characteristic of some State government instrumentalities.

"... Over the last three years the members of the committee have carried out extensive examinations of the administrative area, producing a number of significant reports.

"The interesting thing is that the impetus is continuing, with a general recognition of the value of this sort of scrutiny, running in parallel with the work of the Auditor-General."

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The Sydney Morning Herald
15 September 1984 described the Public
Accounts Committee as follows:

"The Parliamentary Public Accounts
Committee has added a new bi-

partisan element to the reining in of
the bureaucracy. In the last two years
the Committee has gained new
strength against the bureaucrats and
has started an efficiency audit of all
departments."

The *Business Review Weekly* described the
Committee on 1 March 1985 as follows:

"The Committee has existed since
1902 but has become a force only in
the 1980s... with vigorous inquiries
into public hospitals, statutory
authorities and now government
departments."

Over the last decade a close working
relationship has been forged between the
Committee and the Auditor-General. The
Auditor-General and the Public Accounts
Committee have complementary roles in
which the Auditor-General identifies
problems in government administration, and
the Committee investigates the reasons
behind the problems and works towards
their rectification. Together, the Committee
and the Auditor-General form a strong
instrument of accountability to ensure that
State finances are properly managed and
reported.

In its October 1992 issue, *Directions in
Government* reported that this year:

"... the Committee has undertaken
an entirely new function conferred
on it by the *Statutory Appointments
Legislation (Parliamentary Veto) Act
1992*. This was a first for an

Australian Parliament, and is one of
the products of bargaining between
Independents, who hold the balance

of power in the NSW Parliament,
and the government."

The legislation referred to delegates the
power of veto over the appointment of the
Auditor-General to the Public Accounts
Committee. Soon after the legislation was
enacted, the Committee operated under its
provisions to approve the appointment of
Mr Tony Harris as the new Auditor-
General.

CPA News reported in its October 1992
issue that:

"This important right of veto ensures
that the bipartisan Public Accounts
Committee maintains its role as the
top committee of the Parliament
concerned with control over public
sector finances."

THE BEST IS YET TO COME?

Ninety years after its inception, the Public Accounts Committee is proud of its achievements, particularly those attained since its powers were substantially strengthened a decade ago. It is now appropriate to consider the likely challenges and opportunities for the Committee as it approaches both the next century and its own centenary.

The close working relationship that has developed between the Public Accounts Committee and the Auditor-General was mentioned previously, as was the new role for the Committee in approving appointments to the position of Auditor-General. As a further result of the Committee's inquiry into the Auditor-General's Office, the Auditor-General also has a new expanded role to undertake special audits. This in turn provides the Committee with the opportunity to follow-up on broad scope reviews across the public sector.

Financial reform in government will continue, and will provide a much improved quality of financial information to public sector managers, parliamentarians, and the community. Better financial information does not, by itself, build roads, treat effluent, or provide better schools and hospitals. It will, however, give managers a sounder basis for deciding how best to allocate public money, and give the Parliament and the community greater insight into the workings of government. In particular, the adoption of accrual accounting by government departments--a cause long promoted by the Public Accounts Committee--will increase the financial disclosure of how public assets and liabilities are being managed.

The Public Accounts Committee does not intend to merely sit back and watch this reform take place. In accordance with its mission and corporate objectives, the Committee intends to take the lead in ensuring the success of reform by evaluating and reporting on some broader aspects of financial management. The recent report on dividends from statutory authorities, and the inquiries into debt write-offs and financing of physical and social infrastructure exemplify the new directions of inquiry being pursued by the Committee.