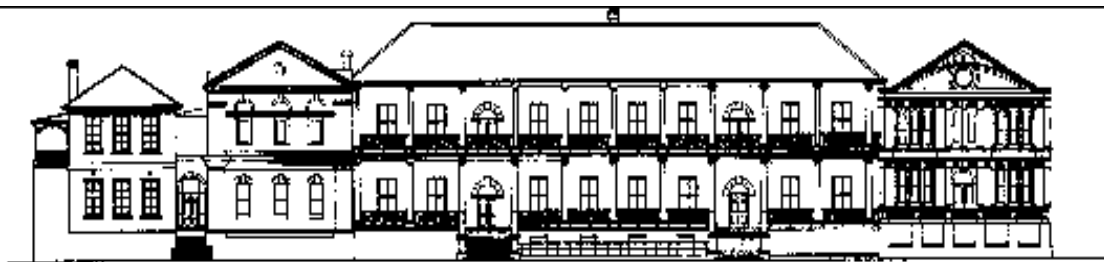




## **PUBLIC ACCOUNTS COMMITTEE**

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# **ANNUAL REVIEW 2000-2001**



**Report No.132**  
**[No. 14/52]**

**February 2002**



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## Charter of the Committee

The Public Accounts Committee has responsibilities under the *Public Finance and Audit Act 1983* to inquire into and report on activities of government that are reported in the State's Public Accounts and the accounts of the State's authorities.<sup>1</sup> The Committee, which was established in 1902, scrutinises the actions of the Executive Branch of Government on behalf of the Legislature.

The Committee recommends improvements to the efficiency and effectiveness of government activities. The sources of inquiries are the Auditor-General's reports to Parliament, referrals from Ministers and references initiated by the Committee. Evidence is primarily gathered through public hearings and submissions. As the Committee is an extension of Parliament its proceedings and reports are subject to Parliamentary privilege.

## Members of the Committee

The Committee comprises members of the Legislative Assembly and assumes a bi-partisan approach in carrying out its duties.

<b>Chairman:</b>	Joseph Tripodi MP, Member for Fairfield (ALP)
<b>Vice-Chairman:</b>	The Hon. Pam Allan MP, Member for Wentworthville (ALP)
<b>Members:</b>	Barry Collier MP, Member for Miranda (ALP)
	Ian Glachan MP, Member for Albury (Liberal)
	Katrina Hodgkinson MP, Member for Burrinjuck (National)
	Richard Torbay MP, Member for Northern Tablelands (Independent)

## Committee Secretariat

Committee Manager:	David Monk
Committee Manager:	Yael Larkin (to 13 February 2001)
Committee Officer:	Stephanie Hesford
Assistant Committee Officer:	Mohini Mehta
Adviser to the Committee:	Christopher Bowdler (Until April 2001)

## To contact the Committee:

Public Accounts Committee	
Parliament House	Telephone (02) 9230 2631
Macquarie Street	Facsimile (02) 9230 2831
Sydney NSW 2000	E-mail <a href="mailto:pac@parliament.nsw.gov.au">pac@parliament.nsw.gov.au</a>

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<sup>1</sup> See Part 4 of the Act – The Public Accounts Committee.



## Chairman's Foreword

The past year has been a productive one for the Public Accounts Committee. The Committee has tabled seven reports covering a comprehensive range of issues and public sector activities. The Committee also hosted several delegations and attended the 6<sup>th</sup> Biennial Conference of the Australasian Council of Public Accounts Committees.

One inquiry in particular generated great interest: the Collapse of the Grains Board. This comprehensive inquiry examined the responsibility of internal and external stakeholders for the Grains Board's poor performance. Given the Grains Board is no longer operating, the Committee's recommendations concerned the quality of corporate governance in general across the New South Wales Public Sector.

The Committee also hosted several international delegations including: the Shanghai Audit Office in November 2000; a delegation from Mongolia which included the Minister for Cabinet and three Chairmen of Committees in March 2001; and the Inspector-General Designate from East Timor in May of this year. Discussions explored the role of the Committee as well as the Committee's working relationship with the Auditor General.

The 2000-01 Annual Review follows a new format . One change is that it does not include a full financial report. As for all Legislative Assembly committees, the finances of the Public Accounts Committee are consolidated in the annual report of the Legislative Assembly. However, the Committee is of the view that a central source of information on the activities of the Committee is of value and has sought to provide a ready reference in this document.

A great deal of dedication and hours by both Committee Members and the secretariat has been expended to make the past year's activities a success. The foundations of such cooperation and cohesion lie in the bi-partisan approach to the Committee's work.

I would like to thank my fellow members for their support throughout the year, the Hon. Pam Allan, Barry Collier, Ian Glachan, Katrina Hodgkinson and Richard Torbay for their cooperation. I also like to take this opportunity to thank the Committee secretariat for their dedication and support throughout the past year.

A handwritten signature in cursive script that reads 'Joe Tripodi'.

Joseph Tripodi MP  
Chairman



## Members of the Committee

### **Mr Joseph Tripodi, B.Ec (Hons), MP, Chairman**

Mr Tripodi was elected to Parliament in March 1995 as the ALP Member for Fairfield. Before entering Parliament he worked as an economist with the Reserve Bank of Australia and as a union official with the Labor Council of NSW. Mr Tripodi has been a Member of the Committee since May 1995 and was elected Vice-Chairman in September 1996. Following the General Election held in March 1999, Mr Tripodi was re-appointed to the Committee and subsequently elected Chairman.

### **The Hon. Pam Allan, B.A. (Hons), Dip. Ed. (Syd) Honours in Government, MP, Vice-Chairman**

Ms Allan was elected to Parliament on 19 March 1988 as the ALP Member for Wentworthville. Prior to entering Parliament, Ms Allan served as an Alderman on the Parramatta City Council and as a delegate and later became Chairman of the Western Sydney Regional Organisation of Councils. During her Parliamentary career Ms Allan has served as the Minister for Environment and Shadow Minister for Planning, Environment and Women's Affairs. Ms Allan has served as a Member of the Joint Select Committee on Waste Management and was appointed to the Public Accounts Committee on 3 June 1999 and elected Vice-Chairman on 23 June 1999.

### **Mr Barry Collier, B.Comm., Dip. Ed., Dip. Law, MP**

Mr Collier was elected as the ALP Member for Miranda on 27 March 1999. Before entering Parliament Mr Collier was a barrister practising criminal law (1997-98) and previously a solicitor from 1989 to 1996. Prior to being admitted as a solicitor, Mr Collier was a high school teacher for 17 years, teaching economics, commerce and legal studies. He is a former President of the Legal Education Teachers' Association, a former Director of the Economics Teacher's Association, and is a published author having written *Introducing Economics 1, 2 & 3* – texts for HSC economics examination students. Mr Collier was Chair of the NSW Economic Examination Committee for three years from 1985 – 1988. He was appointed as a Member of the Public Accounts Committee on 3 June 1999.

### **Mr Ian Glachan, MP**

Mr Glachan has been the Liberal Member for Albury since 1988. Mr Glachan has a varied background serving five years at sea as a marine engineer, a farmer for ten years, and a small business operator (newsagency) for eighteen years. Mr Glachan is also a former President of the Albury-Hume Rotary Club and a Paul Harris Fellow. He is an active member of the Anglican Church, and was the Legislative Assembly Member appointed to the Board of Governors of Charles Sturt University from 1995 until 1999. Mr Glachan has been a Member of the Committee from 1992 until the present, serving as Chairman 1994-95.



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**Ms Katrina Hodgkinson, MP**

Ms Hodgkinson was elected as the National Party Member for Burrinjuck on 27 March 1999. Before entering Parliament Ms Hodgkinson was Executive Officer to the Federal Cabinet Minister, Senator The Hon. Nick Minchin. Ms Hodgkinson is a partner in a wool and fine arts retail enterprise. She is a former property developer and is a former member of several rural economic based committees. Ms Hodgkinson was appointed a member of the Public Accounts Committee on 3 June 1999.

**Mr Richard Torbay, MP**

Mr Torbay was elected an Independent Member for the Northern Tablelands on 27 March 1999. Before entering Parliament Mr Torbay served the local community of Armidale. He is a former Mayor and Deputy Mayor of Armidale, serving on the Armidale City Council since 1991. Mr Torbay has acted as Chairman of the NSW Country Mayor's Association, and is the Patron of the Armidale District Chamber of Commerce. Mr Torbay became a Member of the Public Accounts Committee on 3 June 1999.



## **Public Accounts Committee Secretariat for 2000 – 2001**

### **Committee Manager**

Mr David Monk (from February 14, 2001 onwards)  
Ms Yael Larkin (until February 13, 2001)

### **Project Officer**

Mr David Monk (from August, 2000)

### **Committee Officer**

Ms Stephanie Hesford

### **Assistant Committee Officer**

Ms Mohini Mehta

### **Advisers to the Committee**

Mr Chris Bowdler, The Audit Office of New South Wales (until April 2001)

Ms Rebecca Bishop, NSW Treasury (August 2000 to December 2000)





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## Functions of the Committee

The Public Accounts Committee (PAC) consists of six members of the Legislative Assembly. The Committee is established under Part 4 of the *Public Finance and Audit Act 1983*. The functions of the Committee are set out in Section 57.

Section 57 of the *Public Finance and Audit Act 1983* lists the Committee's functions:

- (1) The functions of the Committee are:
  - (a) to examine the Public Accounts transmitted to the Legislative Assembly by the Treasurer,
  - (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 opinion or any report 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 any such opinion or report),
  - (c1) to examine any report of the Auditor-General laid before the Legislative Assembly,
  - (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



## PUBLIC ACCOUNTS COMMITTEE

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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.
- (4) If, at any time at which the Committee seeks to report to the Legislative Assembly in accordance with subsection (1), the Legislative Assembly is not sitting, the Committee shall present its report to the Clerk of the Legislative Assembly to be dealt with in accordance with section 63C.

Section 57A of the *Public Finance and Audit Act 1983* provides the Committee with the power to veto any proposed appointment of the Auditor-General:

- (1) The Treasurer is to refer a proposal to appoint a person as Auditor-General to the Committee and the Committee is empowered to veto the proposed appointment as provided by this section. The Treasurer may withdraw a referral at any time.
- (2) The Committee has 14 days after the proposed appointment is referred to it to veto the proposal and has a further 30 days (after the initial 14 days) to veto the proposal if it notifies the Treasurer within that 14 days that it requires more time to consider the matter.
- (3) The Committee is to notify the Treasurer, within the time that it has to veto a proposed appointment, whether or not it vetoes it.
- (4) A referral or notification under this section is to be in writing.



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## History of the Committee

The Committee was established by the *Audit Act 1902*. Until 1981, the Committee met only two to four times a year, each meeting lasting for only about half an hour. Committee reports during those years were a few pages long, confining themselves to instances of over expenditure, financial impropriety or procedures on contracts. Until December 1982, the Committee had only two functions:

- (1) to inquire into matters relating to the Public Accounts referred to it by the Legislative Assembly, a Minister or the Auditor-General; and
- (2) 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.

In commenting on the lack of references given to the Public Accounts Committee, the Joint Committee on Public Accounts and Financial Accounts of Statutory Authorities noted:

...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.

Three successive reports from parliamentary committees appointed to examine the form of the Public Accounts and the accounts of statutory authorities recommended that:

- (1) the Audit Act be amended to increase the functions of the Public Accounts Committee to allow it to initiate its own inquiries; and
- (2) the Public Accounts Committee be serviced by a permanent secretariat of parliamentary officers.

As a result of these recommendations, in December the *Audit (Public Accounts Committee) Amendment Bill 1982* was passed to expand considerably the powers of the Public Accounts Committee. In addition to its two former functions, the Committee was empowered to:



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- examine the Public Accounts;
- examine the accounts of statutory authorities;
- examine the Auditor-General's reports and related documents;
- report to the Legislative Assembly upon any items in, or circumstances connected with those accounts, reports or documents; and
- 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 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. In addition, a permanent secretariat was established in August 1983. The membership of the Committee was increased from five to six with the passing of an amendment to the *Public Finance and Audit Act 1983* in June 1999.

The strengthening of the Public Accounts Committee's statutory powers in 1982 received bipartisan support. Bipartisanship has underpinned 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 experience, 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 public health system, for example, the Committee has driven improvements in the accountability of hospitals and in the efficiency of the Home Care Service. In the public sector generally, the Committee has provided impetus to the adoption of annual reporting and accrual accounting, and the strengthening of internal audit.

Over the last decade, a close working relationship has been forged between the Committee and successive Auditors-General. The Auditor-General and the Committee have complementary roles. The Auditor-General identifies problems in government administration, and the Committee publicly investigates the reasons behind the problems and provides follow-up to prompt their rectification. Together, the Committee and the Auditor-General form a strong instrument of accountability to ensure State finances are properly managed and reported.



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## Highlights 2000 – 2001

### *Hearings*

The Committee held a number of hearings in the past year, particularly in relation to the Parramatta Rail Link and the collapse of the NSW Grains Board.

The Committee conducted five public hearings during November for the Grains Board Inquiry. The Committee drew upon the experiences of past and present directors and employees of the Grains Board, the Department of Agriculture, the Audit Office, growers associations, grain growers and other industry groups.

For the Inquiry into the Parramatta Rail Link, the Committee held in camera hearings on November 23. The Project Director of the Parramatta Rail Link, Auditor General as well as other relevant public bodies were interviewed for the Inquiry.

### *International delegations*

On 15 November 2000, the Committee hosted representatives from the Supervisory Panels for China's State Owned Enterprises, Mr Chen Xiaoda, Chairperson, and Mr Zhao Guanping, Secretary General of the Work Office.

The Committee received a visit from the East Timorese Inspector General Designate, Mr Mariano Lopes Da Cruz, on 2 May, 2001. Discussions were held in relation to assisting the Inspector-General's office with developing the constitutional and regulatory framework for the inspection and audit function in East Timor. The visit also aimed to introduce the Inspector-General's office to the Australian approaches to inspection and investigation and to provide a model for dealing with complaints and an agency's relationship with the public.

The Committee also received a visit from the Chairman of the New Zealand Finance and Expenditure Select Committee, Mr Mark Peck MP.

On 20 March 2001, the Chairman of the Committee received an official parliamentary delegation from Mongolia, which was sponsored by the Asian Development Bank. The delegation included the Minister for Cabinet, U Enkhtuvshin, Majority Leader of the State Great Hural, Sandjbegez Tumur-Ochir, the Chairman of the Standing Committee on Budget, Nadmidiin Bayartsaishan and the Chairman of the Standing Committee on State Structure, Damdingiin Demberel.

The theme of the visit was public sector reform. The Chairman gave a presentation on the role and functions of the Public Accounts Committee. The Assistant Auditor-General, Tom Jambrich, gave a presentation on the role and functions of the Audit Office.



## Reports and Inquiries

### *Matters Arising from Auditor-General Reports*

The Committee followed up issues and matters arising from the Auditor-General's Reports to Parliament. These follow-up reports examined cost control in the Department of Juvenile Justice, the long term financial viability of the waste re-cycling and processing service, and the financial disclosure of the Work Cover Scheme Statutory Funds.

#### *Department of Juvenile Justice*

The Auditor General's Report of November 1999 expressed concerns over the effectiveness of financial management within the Department, as budgetary targets had not been met and variations in financial and operational indicators could not be readily explained. The Department informed the Committee that there was a lack of financial discipline due to inadequate budgets being provided by Treasury over the last eight years. The Committee came to the view that the inadequate budget allocation by Treasury sustained a lack of discipline within the Department by creating the expectation of supplementary budgetary relief during the financial year – an expectation that was realised annually for the last eight years. The Department also advised the Committee that financial management systems were being implemented which should enhance performance monitoring and accountability.

The Committee concluded that repeated, significant supplementary budgets for the Department over the last eight years reflects poorly on both the Department and Treasury. An improved alliance is required between the two agencies to avoid the continuation of significant budget supplementation. The Committee recommended Treasury and budget dependent agencies, such as the Department of Juvenile Justice, should, each year, sign-off on an approach to be applied to monitoring and revising annual budgets, in effect compelling more effective communication between them.

#### *Long-Term Financial Viability of the Waste Recycling and Processing Service*

The Committee embarked on a hearing on the operations of the NSW Waste Services after the Auditor's General Report of November 1999 demonstrated losses in the recycling facilities. The Audit Report also found that increasing profits from the Waste Service's operation of solid waste landfill sites were not consistent with the Government's waste minimisation policy and targets.

The Committee concluded that some of the legislation establishing the waste recycling and processing service are not well aligned with Government regulation and jurisdiction of waste activities. The Committee was of the view this stems from the potential conflict between the policy objectives of waste minimisation and the increasing corporatisation and commercialisation of the industry. The Committee made a number of recommendations with a view to improving alignments and links within the existing waste industry framework.



*Financial Disclosure of the WorkCover Scheme Statutory Funds.*

The Auditor General expressed concern over the substantial net or unfunded liability of the WorkCover Statutory Funds (\$1.7 billion at 30 June 1999), and has expressed concern that no one agency has responsibility for the net liability. The Auditor-General is also concerned the scheme's accounts are not consolidated in the State's accounts, or even recorded in the notes of those accounts.

The Committee concluded the net liability was not appropriately disclosed and ownership of the scheme could not be determined under the legislation. This situation conflicts with the practice of accrual accounting, which asserts accumulated liabilities and the associated risks are likely to be better managed if ownership is clear.

The Committee recommended the Government clearly determine the ownership of unfunded liabilities and implement remedial measures to control more effectively the scheme's deficit. The Committee also recommended, once ownership and control are determined, appropriate accounting treatments be applied to facilitate the proper reporting of the unfunded liability. In the interim, an explanatory note should be included in the Total State Sector Accounts outlining the accumulated deficit and the reasons for it not being consolidated in the accounts.

Recent legislation passed by the Parliament introduced measures to increase compliance with premium obligations. Such measures will be beneficial to the effective control of the scheme's deficit. The Committee will maintain a watching brief on this issue.

***Funding of Capital Projects by the New South Wales Government:  
Parramatta Rail Link Pre-tender Procurement.***

The Report focuses on issues relating to the Parramatta Rail Link, a current project of the NSW Government. The Committee initiated this inquiry in the context of private sector concerns that the path and processes to be followed by the Department of Transport would be too restrictive in such matters as scope, funding options, and construction and design specifications. In turn, concerns grew that such restrictions could preclude the innovative capacity of the private sector to attain a maximum value-for-money from the transaction. Given the scale of the project, the Committee was of the view that an inquiry was warranted.

The Committee found that the Government's means of planning and eliciting proposals for the Rail Link was efficient, provided ample time for the private sector to express their designs, and met the transport needs of New South Wales public. The Committee also found that the approach used to elicit proposals for the Parramatta Rail Link created a forum where innovation was promoted and the Environmental Impact Statement process was effectively integrated.

However, the relationship between the Treasury and the agency proposing the project was one area of consternation. The Committee noted that the process of infrastructure transactions became politicised due to the budgetary interplays between Treasury and agencies. The Committee recommended that a specialist advisory agency be created and that the existing centres of expertise be strengthened. The creation of a new specialist



agency would also improve coordination of the process between the key advisory and regulatory agencies.

Furthermore, the Committee found there was a need to maintain a high degree of transparency and accountability during the tendering process. To improve transparency and fairness, the Government should require that future detailed tenders include the associated financial model. This is a step toward achieving outcomes that are fair and seen to be fair. The Committee's recommendations in this report are designed to build on the strengths of New South Wales' infrastructure procurement systems and the people involved in it.

### ***The Provision of Assistance to Industry***

Following the Auditor-General's performance audit, the Committee embarked on an inquiry into industry assistance, focussing on the Department of State and Regional Development (DRSD).

One of the Committee's concerns was to ensure there was a suitable framework in place for the Department's interventions in the State economy. The Committee used two main tests to examine whether the Department's programs were justified. Firstly, whether they improved economic efficiency, or secondly, whether they addressed social justice issues. If neither criterion applied to a program, the Committee recommended it be discontinued.

The Committee also wished to ensure the Department's programs were properly evaluated. In other terms, to what extent is the economic success of NSW due to the Department's programs? Much economic research shows that firms are looking at the economic fundamentals of a location before making investment decisions. This issue was pursued in both hearings and the report.

Another issue in the report was the lack of publicly available information on assistance to individual businesses, and how this reduced the Department's accountability to taxpayers. The Committee could find no valid reason why the Department's assistance should remain confidential.

The Committee also consulted widely with regional development groups, holding hearings with organisations from Albury, Armidale and Goulburn. The evidence pointed to there being too many organisations in regional development. The Committee recommended many of these groups be wound up, and the Government instead direct the resources to the long-established network of councils.

Overall, the Department of State and Regional Development has avoided much of the wastage and many of the excesses of other governments in Australia and overseas. On a per capita basis, the Department's budget is modest and this appears to have imposed some level of discipline. Although the Committee made many recommendations for the Department, it recognised that the Government has already made considerable progress in the industry assistance area.





### *Collapse of the New South Wales Grains Board*

The poor financial performance of the Grains Board in 1999/2000 prompted the Committee to conduct an inquiry. The Grains Board's administrator estimated losses in excess of \$90 million dollars and a balance sheet deficit of at least \$60 million at 31 August 2000.

While the overall performance of the Grains Board since its inception was taken into account, the Board's activities during 1999 and 2000 was the main focus of the inquiry. Here the Committee was concerned as to how and why financial losses were incurred and who might be responsible. Past and present directors and employees of the Grains Board, the Department of Agriculture, growers associations, grain growers and other industry groups were involved in the inquiry. The outcome of the hearings clearly indicated that poor corporate governance was the primary cause for the collapse of the Grains Board.

The Committee also concluded that the responsibility for the collapse is shared by all of the key stakeholders, specifically those who established its governance arrangements, including: the board and executive management, the Director-General of the Department of Agriculture, the Auditor General, the banks and Treasury. The board and executive management failed to take a balanced approach to the Board's objectives. Further, they did not maintain information systems and risk management practices. Together, these two factors led to inaccurate and incomplete reporting. As a consequence, key decision makers were ill-informed.

The Committee found the legislation establishing the Grains Board contained inherently conflicting objectives and interests. The Committee recommended the NSW Government review all legislation that creates organisations with commercial activities whose objectives have potential conflicts and create significant business risks.

In order to ensure Parliament is informed of significant financial difficulties of agencies, the Committee has recommended the Audit Office take into account its wider audience when preparing Auditor General Reports to Parliament and include all significant repeat and unresolved findings in their reports. The Committee also recommended that the Auditor General reports explicitly state any changes in a client's risk profile from the previous year. Further, that the monitoring process and expression of an opinion on risk management be expressed in all annual reports of government departments and agencies.

Compounding these corporate governance problems were weaknesses with systems and procedures. Practices, which had matured over seven years of gradual growth, failed to cope with rapid expansion. Poor quality information going to the board showed a failure of the part of both the Managing Director and the Chief Finance Officer. Since the Grains Board no longer actively trades, the report's recommendations are targeted at improvements to corporate governance and accountability across State Government trading enterprises generally.



***Submission to the Green Paper: “Working with Government – Private Financing of Infrastructure and Certain Government Services in NSW”***

Based on the Committee’s previous work on the funding of capital projects, this submission aimed to provide a balanced perspective on role of both Government and the private sector in financing public infrastructure and services.

Some of the key points in the submission were:

- The necessity to develop a mechanism to protect and encourage valuable unsolicited proposals received from the private sector. Appropriately handled, unsolicited proposals can be a major source of innovation.
- The merits of co-ordinating and harnessing existing skills in the public sector, to more effectively secure private sector infrastructure opportunities. One method of doing this would be to create a special unit within the Department of Public Works and Services using the staff and systems developed in the Olympic Coordination Authority.
- The possibility of using economic criteria to prioritise which areas are suitable for private sector involvement. For example, network infrastructure such as roads and rail may pose special difficulties because they are natural monopolies.
- Infrastructure plans may be desirable in principle. However, they may not be practical as the encumber the Government and community to a course of action that may not be relevant in the future. There are a number of good reasons why the Government would wish to preserve the flexibility it presently enjoys in the manner in which it undertakes its infrastructure development.



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## Australasian Council of Public Accounts Committees

The Australasian Council of Public Accounts Committees (ACPAC), consisting of all public account committees in Australia, New Zealand and Papua New Guinea meet annually. The Council operates on a two year cycle, with a biennial conference and a mid-term meeting each alternate year. The 6<sup>th</sup> Biennial Conference was held between 4-6 February 2001 in Canberra.

The full Committee and the Committee Manager attended. The focus of the conference was the issue of accountability in the new contestable environment. The Chairman presented a paper on the efficiency and accountability of private funding for public infrastructure. The paper considered the issue of appropriate criteria and processes for the private financing of public infrastructure. Guest delegates from the public accounts committees of South Africa, the United Kingdom and Canada attended the conference as well.

Topics for the 7<sup>th</sup> biennial ACPAC Conference were also discussed. The Western Australian Public Accounts Committee proposed that the meeting examine the issue of government financial reporting, particularly the development of a consistent framework for government reporting in Australia.



## Appendix One

### Public Accounts Committee Reports and Origin of Committee Inquiries

No.	Report	Reference From			Initiated by the PAC
		Minister	Treasurer	Auditor-General	
1	Expenditure without Parliamentary Sanction or Appropriation (November 1981)				A
2	Over-Expenditure in Health Funding to Hospitals (February 1982)				
3	Public Accountability in Public and Other Subsidised Hospitals (April 1982)				
4	Expenditure without Parliamentary Sanction or Appropriation (September 1982)				
5	Overtime Payments to Police (November 1982)				
6	Overtime Payments to Corrective Services Officers (May 1983)				
7	Accountability of Statutory Authorities (June 1983)				
8	Report on the Grain Sorghum Marketing Board (November 1983)				
9	Matters examined in relation to the Auditor-General's Report 1981-82 (December 1983)				A
10	Superannuation Liabilities of Statutory Authorities (August 1984)				
11	Annual Report for the Year Ended 30 June 1984 (August 1984)				
12	Matters examined in relation to the Auditor-General's Report 1982-83 (October 1984)				A
13	Proposed Regulations accompanying the <i>Annual Reports (Statutory Bodies) Act 1984</i> and the <i>Public Finance and Audit Act 1983</i> (January 1985)				
14	Investment Practices of New South Wales Statutory Authorities (June 1985)				A
15	Performance Review Practices in Government Departments and Authorities (June 1985)				
16	Brief Review of the Macarthur Growth Area (July 1985)				A
17	Brief Review of the Statutory Funds of the Department of Environment and Planning (July 1985)				A
18	Brief Review of the Land Commission of New South Wales (July 1985)				A
19	Annual Report for the Year Ended 30 June 1985 (September 1985)				
20	Report on Year-End Spending in Government Departments and Authorities (March 1986)				A
21	Follow-Up Report on Inquiries into the NSW Public Hospital System (April 1986)				F
22	Report on Recommended Changes to the Public Accounts (May 1986)				
23	Report on Proposed Regulations Accompanying the				

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	Annual Reports (Departments) Act 1985 and Miscellaneous Amendments Concerning Annual Reporting (May 1986)				
24	Follow-Up Report on Overtime Payments to Corrective Service Officers (June 1986)				F
25	Report on the Collection of Parking and Traffic Fines (July 1986)				A
26	Follow-Up Report on Annual Reporting of Statutory Authorities (July 1986)				F
27	Annual Report for the Year Ended 30 June 1986 (August 1986)				
28	Follow-Up Report on Overtime, Sick Leave and Associated Issues in the NSW Police Force (November 1986)				F
29	Report on the New South Wales Builders Licensing Board (December 1986)				
30	Report on the Brief Review of the Sydney Opera House Trust; Harness Racing Authority of New South Wales; and the New South Wales State Cancer Council (February 1987)				A
31	Report on the Film Corporation of New South Wales (June 1987)				A
32	Report on the Home Care Service of New South Wales (July 1987)				
33	Annual Report for the Year Ended 30 June 1987 (September 1987)				
34	Supplementary Report for the Year Ended 30 June 1987 (September 1987)				A, F
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)				
36	Report on the Biennial Conference of Public Accounts Committees, Sydney – May 1987 (October 1987)				
37	Report on the Ravensworth Coal Washery (October 1987)				A
38	Proceedings of the Accrual Accounting Seminar held 5 February 1988 (May 1988)				
39	Report on the Purchasing Practices and the Allocation of Stores and Equipment Resources within the Technical and Further Education System (February 1988)				
40	Report on the Heritage Council of New South Wales (June 1988)				
41	Annual Report for the Year Ended 30 June 1988 (September 1988)				
42	Report on the Management of Arson in the Public Sector (January 1989)				
43	Report on Payments without Parliamentary Appropriation (February 1989)				
44	Report on the NSW Ambulance Service (February 1989)				
45	Report on the Payments to Visiting Medical Officers (June 1989)				
46	Annual Report for the Year Ended 30 June 1989 (October 1989)				
47	The Challenge of Accountability (November 1989)				
48	Report on the Darling Harbour Authority (December 1989)				
49	Report on the NSW Auditor-General's Office (July 1990)				
50	Report on the Lord Howe Island Board (December 1990)				A



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51	Annual Report for the Year Ended 30 June 1990 (October 1990)				
52	Report on the Forestry Commission (December 1990)				
53	Report on the Auditing of Local Government (January 1991)				
54	Examination of the Juvenile Transport Service of the Department of Family and Community Services (March 1991)				A
55	Report on Payment Performance of Major Statutory Authorities and Inner Budget Sector Departments (April 1991)				
56	Parliamentary Scrutiny of Performance Seminar held 9 November 1990 (April 1991)				
57	Report on Legal Services Provided to Local Government (May 1991)				
58	Annual Report for the Year Ended 30 June 1991 (October 1991)				
59	Report on the National Parks and Wildlife Service (December 1991)				
60	Report on Dividend Payments made by Statutory Authorities to the Consolidated Fund (April 1992)				A
61	Follow-Up Report on Financial Accountability (June 1992)				F
62	Phase One Report on the Public Accounts Committee Special Inquiry into the Port Macquarie Hospital Contract (June 1992)	LA			
63	Report of Proceedings of the Seminar to Review Progress of Financial Reform in the NSW Public Sector (June 1992)				
64	Report on the Progress of Financial Reform in the NSW Public Sector (June 1992)				
65	Public Accounts Committee – Ninetieth Anniversary (November 1992)				
66	Annual Report for the Year Ended 30 June 1992 (November 1992)				
67	Inquiry into Financing of Urban Infrastructure – Report on European Inspection Tour 30 October – 12 November 1992 (December 1992)				
68	Report on the School Student Transport Scheme (January 1993)				
69	Proceedings of the 90 <sup>th</sup> Anniversary Seminar on Internal Control and Audit (January 1993)				
70	Review of the Special Auditing Function of the NSW Auditor-General's Office (June 1993)				F
71	Internal Audit in the NSW Public Sector (June 1993)				
72	Funding of Health Infrastructure and Services in New South Wales (June 1993)	LA			
73	Infrastructure Management and Financing in NSW Volume 1: From Concept to Contract – Management of Infrastructure Projects (July 1993)				
74	Inquiry into the Financing of Urban Infrastructure – Report on the United States Study Tour 28 August – 5 September 1993 (November 1993)				
75	Annual Report for the Year Ended 30 June 1993 (November 1993)				
76	The Financing of Infrastructure Projects – Discussion Paper (November 1993)				

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77	Proceedings of the Conference on Risk & Return – Traditional & Innovative Financing for Infrastructure Projects (Vol. 1) (December 1993)				
78	Proceedings of the Seminar on Internal Audit – Implementation of Change (February 1994)				
79	Expansion of the Hawkesbury District Health Services (February 1994)				
80	Infrastructure Management and Financing in New South Wales – Public-Private Partnerships – Risk & Return in Infrastructure Financing (Vol. 2) (February 1994)				
81	Report on Public Defenders (June 1994)	MU			
82	Matters Arising from the Auditor-General’s Reports (June 1994)				A
83	Preparations for the Peer Review of the Auditor-General’s Office (June 1994)				
84	A Tale of Two Olympic Cities: Visit to Los Angeles and Montreal by the Public Accounts Committee (October 1994)				
85	Annual Report for the Year Ended 30 June 1994 (October 1994)				
86	Inquiry into State Debt Control (Balanced Budget) 1994 (December 1994)				
87	Co-ordination of Government Inputs into Overseas Projects – International Market Development Activities of NSW Marketing Boards (December 1994)				
88	Report on the Rural Assistance Authority (February 1995)	LA			
89	Proceedings of the Seminar on Accrual Accounting – The Scorecard to Date (February 1995)				
90	Annual Reports – Issue Paper (May 1995)				F
91	Report on Darling Harbour: Sporting Facilities (August 1995)				
92	Proceedings of the Seminar on Annual Reporting in the NSW Public Sector: The Best is Yet to Come, 9 August 1995 (September 1995)				F
93	Annual Report for the Year Ended 30 June 1995 (November 1995)				
94	Offshore and Off-Target – Why NSW lags in Overseas Projects (November 1995)				
95	Annual Reporting in the NSW Public Sector (The truth, the whole truth and nothing but the truth?) (April 1996)				
96	Proceedings of the Seminar on Asset Valuation in the Public Sector: Issues in the Controversy (April 1996)				
97	Review of the Audit Office of NSW under section 48A of the <i>Public Finance and Audit Act 1983</i> (Volumes 1 & 2) (April 1996)				
98	Australasian Council of Public Accounts Committees Mid-Term meeting (Transcript of Proceedings) (May 1996)				
99	Customer Service in Courts Administration: The Missing Dimension A Review by the Public Accounts Committee of the Interim Performance Report by the NSW Audit Office into Courts Administration (June 1996)				F
100	Pioneers – Progress but at a Price. The Implementation of Accrual Accounting in the NSW Public Sector (June 1996)				



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101	Matters arising from the NSW Auditor-General's Report for 1995 (June 1996)				A
102	Proceedings of the Conference on Public/Private Infrastructure Financing: Still Feasible? (October 1996)				
103	Annual Report for the Year Ended 30 June 1996 (May 1997)				
104	Proceedings of the Biennial Conference of the Australasian Council of Public Accounts Committees (May 1997)				
105	Proceedings of the Seminar on Debts and Debtors: Getting Better Results (May 1997)				
106	The Public's Debts to the State: Better Agency Collection, Higher State Revenue – Discussion Paper (November 1997)				
107	Follow-Up of Selected Public Accounts Committee Reports: 1988 – 1996 (June 1997)				F
108	Matters arising from the Auditor-General's Report for 1996 (June 1997)				A
109	Follow-Up Report to the Auditor-General's Performance Audit Report entitled <i>Effective Utilisation of School Facilities</i> (June 1997)				A
110	Follow-Up Report to the Auditor-General's Performance Audit Report entitled <i>Joint Operations in the Education Sector</i> (June 1997)				A
111	Annual Report for the Year Ended 30 June 1997 (November 1997)				
112	Legal Services to Local Government: Minimising Costs Through Alternative Dispute Resolution – Discussion Paper (November 1997)				
113	Proceedings of the Conference on Doing Business with the World Bank and the United Nations (December 1997)				
114	Proceedings of the Interactive Seminar on Dispute Management in Local Government (April 1998)				
115	Changing the Culture: Dispute Management In Local Councils (June 1998)				
116	Annual Report for the Year Ended 30 June 1998 (October 1998)				
117	Follow-Up Report: Offshore and Off-Target Why NSW lags the field in overseas projects (November 1998)				F
118	Streamlining Payment of Overdue Debts (December 1998)				
119	Annual Report for the Year Ended 30 June 1999 (December 1999)				
120	Review of the Audit Office of New South Wales under section 48A of the <i>Public Finance and Audit Act 1983</i> (February 2000)				
121	Problems in the Administration of the <i>Public Finance and Audit Act 1983</i> during the review of the Audit Office of New South Wales (February 2000)				
122	ED100: Arrangements for the Provision of Public Infrastructure by other Entities: Disclosure Requirements – Discussion Paper (June 2000)				
123	Report on Cost Control in the Department of Juvenile Justice (July 2000)				A
124	Report on the Financial Disclosure of the WorkCover Scheme Statutory Funds (July 2000)				A



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125	Report on the Long Term Financial Viability of the Waste Recycling and Processing Service (July 2000)				A
126	Inquiry into the Funding of Capital Projects by the New South Wales Government: Parramatta Rail Link Pre-Tender Procurement – A Case Study (January 2001)				
127	Submission to the Green Paper: “Working with Government – Private Financing of Infrastructure and Certain Government Services in NSW” (April 2001)				
128	Inquiry into the Collapse of the NSW Grains Board (May 2001)				A
129	Annual Report for the Year Ended 30 June 2000 (June 2001)				
130	Industry Assistance (June 2001)				A

Public Accounts Committee inquiries may be initiated by a reference from a Minister, the Legislative Assembly, the Auditor-General, or by the Committee itself.

<b>Key</b>	A	=	Matters raised in the Auditor-General's Report
	F	=	Follow-up inquiries by the Committee, but original inquiries may have been referred by a minister, the Auditor-General or the Treasurer
	LA	=	Reference from the Legislative Assembly
	MU	=	Reference from a minister following negotiations between the Independents, as a result of The Memorandum of Understanding



## Appendix Two – Attendance

### Attendance by Committee Members July 2000 – June 2001

MEETING	MEMBERS					
DATE	TRIPODI	ALLAN	HODGKINSON	TORBAY	GLACHAN	COLLIER
09-Aug-2000	✓	Apology	✓	✓	✓	✓
11-Oct-2000	✓	✓	✓	✓	✓	✓
1-Nov-2000	Apology	✓	✓	✓	✓	✓
13-Nov-2000	Apology	✓	✓	✓	✓	✓
16-Nov-2000	✓	✓	✓	✓	✓	✓
23-Nov-2000	✓	Apology	✓	✓	✓	✓
29-Nov-2000	✓	✓	✓	✓	✓	✓
30-Nov-2000	✓	✓	✓	✓	✓	✓
5-Feb-2001	✓	✓	✓	✓	✓	✓
28-Feb-2001	✓	✓	✓	✓	✓	✓
28-Mar-2001	✓	✓	✓	✓	✓	✓
1-Apr-2001	✓	Apology	✓	✓	✓	Apology
4-Apr-2001	✓	Apology	✓	✓	Apology	✓
1-May-2001	✓	Apology	Apology	✓	✓	✓
30-May-2001	✓	Apology	✓	✓	✓	✓
6-Jun-2001	✓	Apology	✓	✓	✓	✓
20-Jun-2001	✓	Apology	✓	✓	✓	✓
27-Jun-2001	✓	✓	✓	✓	✓	✓



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## Appendix Three

### Committee Expenses during 2000-2001

Members of the Committee receive an allowance for their service directly from the Legislature. The amount is determined by the Parliamentary Remuneration Tribunal under the *Parliamentary Remuneration Act 1989*. The Committee does not contribute to the allowances.

The Chairman of the Committee is entitled to a salary of office per annum equivalent to 7% of his/her annual salary in recognition of the responsibilities of the position. The Committee members receive an allowance of \$2,845 per annum in recognition of their responsibilities.