

### 5. PROJECTIONS FOR 1981-82 FINANCIAL YEAR

Because of insufficient information on the factors underlying the annual increases in grants and expenditure an accurate projection for 1980-81 financial year is not able to be arrived at.

Some of the factors likely to be related to the increase in special cash assistance are—

- (a) The greater accessibility of the Department's services. Both the number and location of Offices have improved in recent years.
- (b) A greater awareness among other agencies of the Department's emergency assistance programme. An example would be the extensive references to cash assistance in the recent N.S.W.C.O.S.S. Directory of Community Welfare Services.
- (c) A more ready acceptance of the service in the community.
- (d) The increasing proportion of the population receiving or dependent on Commonwealth pensions and benefits.
- (e) Rises in the cost of living, particularly rented accommodation in the metropolitan areas.
- (f) Changing perceptions among field staff as to the appropriateness and necessity of cash assistance.

There are doubtless other factors involved and the contribution of each to the trends evident in the last few years remains a matter of speculation.

Notwithstanding the above if the 61.5 per cent increase in grants seen between the 1979-80 and 1980-81 surveys were maintained, 110 000 grants could be expected in the financial year 1981-82.

The average yearly rise in grant levels over the last few years has been approximately 2 per cent. If this remained consistent, the average grant would reach \$49.75 in 1981-82, giving an anticipated expenditure in that year of \$5,472,000 (to which amount would need to be added expenditure on continuing cash grants for total outlays to be calculated). If, however, the average amount of grant were to more closely mirror rises in the cost of living, an increase of the order of 10 per cent should be allowed for, bringing the anticipated average grant for 1981-82 to \$53.65. It is realized that not all items covered by Special Cash Assistance would rise by this amount; nevertheless the reasons why average amounts of grants have remained virtually constant are not known and it is therefore equally reasonable to postulate that they may rise at a faster rate in the future. If average grants rose by 10 per cent outlays on special cash assistance in 1981-82 would reach \$5,900,000. Both expenditure projections are based on a 61.5 per cent growth factor in grants issued.

If 30 minutes remained a reliable estimate of staff time for cash grants 55 000 man hours would be involved in the provision of special cash assistance. This is the equivalent of a full workload over the entire year for thirty-seven people a workload increase over the current year equivalent to fifteen full-time positions. Since it is doubtful these positions would be forthcoming within current staff ceilings the extra time needed would be made available at the expense of other programmes.

Mr NEILLY: My question is directed to the over-expenditure for cash and other assistance to persons in necessitous circumstances. In December last year the Commonwealth Department of Social Security suffered industrial action, and that certainly must have brought pressure to bear upon the Department of Youth and Community Services. In terms of cost, was the additional cost outlaid by the department recovered from the Commonwealth, and did that period have an impact on the funds available to the department for the remainder of the financial year?—A. We did receive a refund of more than \$800,000 that we had paid out. That was the full reimbursement. That was repaid to the Vote so it is not reflected in the overpayment that subsequently occurred. Perhaps it had an impact in the sense that I understand,

from reports from officers, that a number of people who needed to get assistance from the department in that period of the strike did come back to us again subsequently with other financial crises they had, and to some extent I suppose we got some more custom as a result of that involvement.

Mr BOYD: Looking at appendix B at the back of the written submission and the percentage increases of expenditure from all social welfare expenditure, which is detailed year by year, the increases range from 23.8 per cent to 31.29 per cent, 39.69 per cent, 58.69 per cent to a levelling off for this year of 15.13 per cent. That had been going along at a fairly steady climb. What is the reason for that levelling off factor at the moment? Is it lack of finance generally, or is there some other reason for it?—A. In February this year it was fairly obvious that we were going to overspend the budget allocation. I took action to issue some guidelines to the officers of the department; they are referred to in the Minister's letter to you. At the same time we negotiated with the Commonwealth Department of Social Security to try to ensure that that department paid out special benefits urgently if people were expressing concern and were without finances. They did in fact pay out their benefits on time. We got good co-operation from the Department of Social Security in that regard and I think that has meant some reduction; people were able to get assistance from the appropriate department straight away.

Q. So that it reduced the need for bridging assistance from your department?—A. Yes.

Q. Do you expect that type of co-operation to continue in the future?—A. I would hope so, yes.

Q. Was it very difficult to get that co-operation?—A. No. At senior officer level it is quite easy. I think it varies a little from place to place with various local managers but generally the co-operation is good because their officers also do need assistance from my officers from time to time.

Q. Yes, that has been experienced in country areas; I would hope that it would be the same here in the metropolitan area. I find that there is very close liaison and it works quite effectively?—A. Yes.

Q. The other question I wish to deal with is on page 3 of your submission, special cash grants. The allocation was \$4.4 million and the actual expenditure was \$4.8 million, which is pretty much on line with budget in general terms. How are those cash grants monitored? Is that left to the discretion of Ministers or departmental officers? How are they monitored?—A. It is very much at the discretion of the local departmental officers. I have brought along some papers giving a resume of the department's assistance in this area that might be of interest to the members of the Committee. I produce those papers.

#### RESUME OF SOCIAL WELFARE ASSISTANCE PROVIDED BY THE DEPARTMENT OF YOUTH AND COMMUNITY SERVICES, N.S.W.

##### 1. Temporary Assistance (Appendix A—Scales A, B, C and D)

###### *Conditions of Eligibility*

To be eligible for temporary assistance, applicants must be:

- Waiting payment of a Commonwealth pension or benefit.
- Waiting initial payment of wages.

Waiting payment of third party or workers compensation and who have no other income.

Unable to obtain the Special (Hardship) Benefit from the Department of Social Security.

Persons who have been forced out of work by a strike but who are not on strike.

#### *Persons Ineligible for Assistance*

Persons ineligible to receive Temporary Assistance are those:

Excluded by the means test.

In receipt of a Commonwealth pension or benefit.

On strike.

Left work without having arranged other employment.

Women living in conjugal relationship.

Full time students.

Who are eligible for an immediate payment from the Department of Social Security.

#### *Rates of assistance paid—paragraph 3*

In all of the above cases, assistance is paid as shown in Appendix "A".

#### 2. Means tests for temporary assistance

The maximum assets allowed are \$500.00. Such assets include:

Money held in the Bank, Building Society, Credit Union, etc., by applicant or dependent children but proceeds of compensation claims for dependent children are disregarded.

Money held on hand by applicant or dependent children.  
Market value of shares or other investments.

The rate of allowance payable is not reduced because of the value of assets held but no assistance is payable where assets exceed \$500. In exceptional circumstances, approval can be given to disregard assets in excess of \$500.

The rate of assistance is reduced dollar for dollar for income in excess of allowable income as shown in Appendix "A". Certain income as set out in paragraph 23 is disregarded when assessing income.

#### 3. Ancillary Assistance

In addition to the payment of Temporary Assistance certain other assistance is available as listed in paragraphs 9 to 20.

#### 4. Method of obtaining assistance (Metropolitan Area)

To obtain assistance, the applicant calls at the nearest District Office to their place of residence, provides identification and completes an application form. Assistance is not usually provided in the metropolitan area because of the availability of special hardship benefits from the Department of Social Security.

Upon completion of the application and having complied with the above conditions, immediate assistance is made available by cheque.

#### 5. Method of obtaining assistance (Country Areas)

The same procedures are followed as for metropolitan district offices. In isolated areas where a local office of the Department is not available, the applicant can call at a police station and complete an application.

#### 6. Special Cash Assistance

Special Cash Assistance is available to persons in need and to meet emergency situations from any District Office of the Department. Senior Field Officers are delegated to approve an amount of up to \$100.00 in any one approval except for Cash Assistance for essential housing resettlement where their delegation is up to \$250.00 provided failure to assist would result in the children being brought before the Court. Where amounts in excess of the delegations are

required, Senior Field Officers can obtain immediate phone approval from their senior officer.

#### *Persons Eligible*

Special cash assistance is only issued to persons who are:

- (a) in receipt of a full Commonwealth Pension or Benefit including all forms of supplementary assistance; or
- (b) waiting receipt of a full Commonwealth Pension or Benefit; or
- (c) low income earners in employment whose income does not exceed an amount equivalent to the basic pension or benefit rate including all forms of supplementary assistance that the applicant would receive if he/she were in respect of a pension of benefit.

#### *Means Test*

Cash assistance is not given where the applicant has sufficient funds or means at hand to meet the purpose for which a cash grant is being sought. When considering cash grants all circumstances are taken into account, and measured against what has been requested. As a guide the following are generally considered:

Total income of family.

Total assets held by family, e.g., cash in hand, cash in bank, building society, credit union, value of investments, etc.

Size of family.

Whether some other Agency or person has responsibility.

Fixed liabilities of the family.

Whether the need can be met in another form.

Whether maximum pension and allowance are being received, e.g., family allowance.

Assessment of previous application.

When all circumstances have been taken into account, it rests with the officer who is to exercise the delegation to decide the need and the amount to meet the emergency situation.

#### *Usual Circumstances in which Assistance is Granted*

(a) Following the loss or theft of a pension payment in those country areas where the applicant lives a considerable distance from the nearest office of the Department of Social Security.

(b) To supplement Temporary Assistance where there is an obvious need.

(c) To assist with removal expenses where the general welfare of the family will be promoted by removal.

(d) To assist with payment of outstanding commitments where the welfare of the family is in jeopardy, e.g., payment of light or gas account to forestall cutting off of supply.

(e) To assist with the provision of temporary accommodation (usually overnight), where a family is homeless.

(f) To assist with the purchase of essential clothing not available from the Department's Services Centre.

(g) To assist with transport of necessitous cases (subject to the Transport of Necessitous Persons Means Test) where rail warrants cannot be used, e.g., bus, ferry or taxi in special circumstances.

(h) To assist in the purchase of medicines prescribed by a registered medical practitioner where hardship would result from the cost of purchase of such medicines.

(i) Distinctive school clothing.

(j) To assist towards housing resettlement where failure to assist would result in the children being brought before the Court.

#### *Circumstances where Assistance is not usually Granted*

(a) To pay water or land rates. Each is controlled by a Government Authority and arrangements can be made for deferment or non-payment of accounts.

(b) To pay convalescent home fees.

(c) To persons who are on strike.

(d) To replace other services offered by this Department or other Government Departments (both State and Commonwealth) and private organizations.

(e) To pay arrears for Housing Commission accommodation.

#### 7. Disasters

Assistance can be provided to persons who require immediate help because of an emergency such as fire, flood or other disasters. There is no specific means test in these situations and assistance is provided on the basis of immediate need. Clothing and blankets can also be provided in these cases. (See also paragraph 21.)

#### 8. Continuous Cash Grants for Support of Children in Foster Care

Continuing cash grants can be paid for children whose foster parents require financial assistance for them to continue the care of the children. The fortnightly rate payable is assessed in individual cases but will not exceed the rate of the Ward Boarding Out Allowance. The other forms of ancillary assistance available to wards is not available in these cases.

Assistance of this type is usually restricted to situations where there is clear financial need, it is likely that in the absence of the grant the child would have to be committed or admitted to State Control and it is essential for the continuation of the placement for an allowance to be paid to the foster parents for the support of the child.

#### Means Test

Cases are generally restricted to pensioners and low income earners but may also be paid to other persons who have a foster child in care.

#### 9. Surgical Aids

Surgical aids with the exception of artificial limbs are provided, subject to a Means Test (see paragraph 13), to persons who are in receipt of pensions and low incomes. A list of the typical aids supplied is shown in Appendix "B".

Wheelchairs and other expensive surgical aids are usually provided on a loan basis and regular follow up is maintained to ascertain that the aid supplied is proving satisfactory.

#### 10. Spectacles

Assistance with the provision of spectacles is provided to pension or benefit recipients, persons waiting for a pension or benefit and low income earners who hold a prescription.

Application is usually made direct to the District Office by the applicant and provided persons meet the means test (see paragraph 13) an immediate order for supply is issued.

#### 11. Assistance with Oxygen

The Department assists people by the payment of accounts for oxygen and breathing apparatus. Applicants are mainly aged and invalid pensioners and a Means Test applies to this assistance. (See paragraph 13.)

When the Department is advised that oxygen assistance is required, arrangements are made for an officer to visit the home to obtain financial particulars and also to ascertain the amount of oxygen being used. Cases are reviewed on a regular basis.

#### 12. Transport of Necessitous Persons

Rail, bus and in special cases air travel is made available, subject to the undermentioned means test (paragraph 13), to persons in receipt of Commonwealth Pensions or Benefits, low income earners or persons in receipt of State Family Assistance.

The cost of transport can be approved by delegated officers at each Departmental District Office for persons who meet the means test and require transport for the following circumstances:

(a) to receive necessary medical or dental treatment at the nearest centre where suitable treatment is available;

(b) to visit her husband in hospital, or vice-versa, or to enable parents to visit their children in hospital;

(c) to visit their children who are resident in Children's Homes: or in the Department's care

(d) who are stranded to return to their home;

(e) to take up residence in another district;

(f) to travel to temporary accommodation;

(g) to travel to another organization to obtain assistance;

(h) to attend Court for their own maintenance cases;

(j) assistance can also be provided in other cases where there are special circumstances concerning the need for travel.

The means test is set out in paragraph 13.

Rail warrants may be provided for parents and children who reside outside the Sydney Metropolitan area to attend the Grosvenor Hospital or Queenscliff Health Centre. There are no means tests concerning travel to these centres by train. Assistance involving cash payments for other forms of travel and for accommodation costs can also be provided but are confined to cases involving hardship.

#### 13. Means Test for Paragraphs 12 and 15

The Means Test allows for applicants to receive income to the equivalent to the basic pension rate of the Age, Invalid or Widows Pension (including all forms of supplementary assistance where applicable), and also to have additional income (e.g., casual earnings, superannuation, other pension, etc.), as follows:

For—

(i) Single person \$10.00 per week.

(ii) Husband and wife or parent and one or more dependents—\$17.00 per week.

Or assets (e.g., bank accounts, market value shares, etc., up to: For:

(i) Single person—\$500.00.

(ii) Husband and wife or parent and one or more dependents—\$1,000.00.

The applicant may have a combination of additional income and assets but income cannot exceed that given above, and the combined totals of assessable additional annual income and assets are not to exceed \$500.00 in (i) above or \$1,000.00 in (ii) above.

#### 14. Transport Concession Fare Certificate

(a) *Persons Eligible—*

(i) Persons in respect of maximum rate of Commonwealth Unemployment, Special or Sickness Benefit and their spouse provided the spouse is registered for employment.

(ii) Persons attending Special Migrant English Courses and receiving payment from the Department of Immigration equivalent to the maximum rate of Unemployment Benefit.

(iii) Persons attending Educational Programme for Unemployment Youth Courses.

(b) *Method of Application—*

Application is made to the nearest office of the Department. In country areas where there is no office nearby, applications can be made by post.

Applicants receiving Commonwealth benefits are required to establish eligibility by production of one of the following documents:

(i) a current Social Security cheque; or

(ii) a current form of—

"Application for Continuation of Unemployment Benefit" (SU19B); or

"Notice of Assessment of Sickness Benefit" (SU58).

#### *Period of Issue*

(i) Certificates may be issued for periods up to, but not exceeding three calendar months.

(ii) The issuing officer has discretion to determine the period of issue within the three months period taking into consideration the known factors in the individual case.

### Use of Certificates

The certificates may be used on any day of the week and the holder is entitled to—

- (i) Half the full adult's single fare on all bus services within New South Wales (including private bus services), except special buses to racecourses, trotting grounds and tourist services.
- (ii) Half the full adult's fare on all public ferry services within New South Wales (excluding hydrofoils and special cruises).
- (iii) Half the full adult's single or return fare on all rail services within New South Wales.

### 15. Assistance to Parents or Guardians to Visit Children in Hospital

Generally, the scheme covers the cost of return economy rail fares of parent(s) or guardian(s) visiting their children in hospital but air fares will be considered in exceptional circumstances, e.g., illness of such a nature that immediate attendance of parents at the hospital is necessary.

The benefit is paid, subject to the means test, except where travel is less than 50 km or wholly within the County of Cumberland, the City of Greater Wollongong, Municipalities of Kiama and Shellharbour or within 50 km of the Newcastle and Canberra City Post Offices. While this exclusion means that no benefit is paid for travel within the specified areas, it is paid for travel of more than 50 km between such areas as, for example, a parent travelling from Newcastle to Sydney is not excluded from receiving the State benefit.

### Means Test

The Means Test applied is as follows:

#### *For Husband and Wife with Children*

Income of \$185 per week gross plus \$7.50 per week per child.

Assets of \$4,000 plus \$1,000 per child.

#### *For Lone Parent with Children*

Income of \$165 per week gross plus \$7.50 per week per child.

Assets of \$2,000 plus \$1,000 per child.

### 16. Clothing and Footwear

This assistance is made available to persons in receipt of Age, Invalid pensions and Supporting Parents Unemployment, Sickness and Special Benefits and low income earners, subject to a Means Test. When approved an order is placed on the Departmental Clothing Store and the items are despatched. If a distinctive item of school clothing is required a cash grant is made available to assist in the purchase of the item.

### 17. Blankets

Blankets are provided on the same basis as for clothing and footwear. N.B.: In addition to special cash assistance, clothing and blankets can be provided to persons who require immediate help because of a fire, flood or other disaster. There is no means test in these situations.

### 18. Baby Outfits

A full layette of baby clothing including napkins is made available subject to a Means Test to persons as outlined in paragraph 16.

### 19. Means Test for Paragraphs 16 to 19

The Means Test applied allows for applicants to receive in come to the equivalent of the basic pension rate of the Age, Invalid or Widows Pension (including all forms of supplementary assistance where applicable), plus additional income (e.g., casual earnings, superannuation, other pension, etc.) and assets (e.g., Bank Account, Shares at market value, etc.) provided that the combined total of the additional annual income and assets does not exceed in the case of—

- (a) a single person—\$300.00; or
- (b) husband and wife or parent and one or more dependents—\$500.00.

### 20. Burial of Destitute Persons

Financial assistance up to the cost of a burial at Government contract rates may be provided to relations who meet the means test for special cash assistance who have arranged a burial and cannot afford to meet the cost.

The Cost of Destitute Funerals is under contract burial arrangements is the responsibility of the Health Commission.

### 21. Bush Fire and Flood Relief

The State Bush Fire and Flood Relief Committees are based in the Department. Departmental Field Officers investigate claims in respect of householders claims.

The Committee has no statutory base and actually consists of two Committees—Bush Fire and Flood—but the composition of both Committees is identical.

The Committee can call on assistance (and does) from Western Lands Commission, Public Works Department, Soil Conservation Service and Fisheries. The Rural Bank is also heavily involved in the case of owner-farmers.

### *Classes of Applicants Assisted*

#### Householders

Basically assistance is to provide a measure of relief to overcome necessitous circumstances—it is not compensation for loss (i.e., NOT INSURANCE). *Main items considered*—clothing, floor coverings, bedding, essential household equipment (e.g., stoves, refrigerators, certain furniture).

There is no means test but income and liquid assets are taken into account. Heights of water (floods) and precautions taken are examined.

#### Owner-Farmers in Necessitous Circumstances

Owner-Farmers in necessitous circumstances should apply to the nearest Branch of the Rural Bank or to the Bank's Head Office in Sydney. Advances may be considered where producers are in necessitous circumstances for such purposes as the purchase of household stores, seed, feed, fertilizer and other essentials. Such advances are made through the Government Agency Section of the Rural Bank from Government funds and carry interest at a concessional rate with repayment spread over a period according to the merits of each case.

In addition, the Advances to Settlers Agency of the Rural Bank which is another Government Agency operating on Government funds, is authorized to consider applications from primary producers, who need not necessarily be in necessitous circumstances for the purpose of assisting settlers in essential flood restoration work, including replacement of fencing or farm buildings (not covered by insurance) by way of advances at a concessional rate of interest with repayment spread over a period according to merits of each case.

In cases where an owner-farmer considers that they are in distressed financial circumstances, they can request the Bank, when lodging an application, to be considered for a grant, and in such cases the Bank will refer the application on to the Committee for consideration.

#### Share and Tenant Farmers

Share and Tenant Farmers who claim to be in distressed circumstances may apply to the Committee for a grant, or if they desire, they may apply to the Rural Bank for an advance.

### 22. Conditions of Eligibility and Allowable Income and Assets

#### *Conditions of Eligibility*

Persons and their dependents who qualify under the various means tests are eligible for Social Welfare Assistance, except where they are—

- (a) visiting New South Wales and usually reside outside the State;
- (b) receiving a reduced rate of Commonwealth Pension or Benefit, as a reduced pension or benefit rate indicates that the applicant has income/assets in excess of that allowed;
- (c) patients of Psychiatric Hospitals where eligible from other statutory sources; and
- (d) hospitals or nursing home patients, unless otherwise stated.

*Allowable Income*

When considering the provision of any form of social welfare assistance, all income assessed with the exception of that listed below:

- Family Allowance (formerly child endowment).
- Maternity Allowance.
- Domiciliary Care Allowance.
- Handicapped Child Allowance.
- Isolated Children's Allowance.
- Funeral Benefits.
- Hospital and Pharmaceutical Benefits.
- Income Tax Rebates.
- Board paid by applicant's children.
- Amounts received from boarders other than the applicant's children.
- Amounts received from sub-letting rooms up to the full amount of rent of premises, or weekly rate of home payments.
- Education allowances paid in respect of the applicant's children, e.g., Aboriginal Secondary Grants, Bursaries, Scholarships, etc.
- Allowances paid in respect of wards of the Minister, or under section 27A of the Child Welfare Act.
- Double Orphan Pension.
- Applicant's interest in a deceased person's estate which has not yet been received.
- Assets held in trust for children which are not, by any process of Law, immediately available for the maintenance of those children.
- Gifts of money provided by any person other than the parent or parents of the child.
- Gifts of money of a non-recurring nature given by any person as a birthday or Christmas gift.
- Donations received from charitable organizations such as the Smith Family, St Vincent de Paul, etc.
- Weekly instalments paid for preliminary expenses.

*Allowable Assets*

The value of assets held by the applicant and his/her family are assessed in accordance with policy when considering applications for assistance. However, personal or domestic property such as the applicant's own home in which he/she is residing, or the applicant's motor vehicle or household furniture, etc., is not regarded as an asset for assessment purposes. Proceeds of compensation claims for dependent children are disregarded when assessing applications.

## 23. Home Help Service of New South Wales

The Home Help Service of New South Wales is a quasi Governmental body administered by an Executive Committee comprising Government, private and branch representatives and is under the policy direction of the Minister for Youth and

Community Services. The Service is subsidized partly by the State Government and partly by the Commonwealth Government under the States Grants (Home Care) Act, the funds being disbursed through the Department of Youth and Community Services.

The Home Help Service has currently 148 branches operating in Metropolitan and Country areas throughout the State, each branch being operated at the local level by voluntary committees.

*Aims of the Service*

To maintain the family or individual in the home by providing housekeeping and/or other home help as may be necessary when there is illness, incapacity, confinement or crisis.

*Conditions of Service*

1. The need for the Service may be on social as well as medical grounds.

2. Assistance is provided on the basis of need rather than income and in the case of limited resources, preference should be given to those on lower incomes.

At the present time the Service offers 2 types of assistance.

1. Part-time home aid assistance, that is, an hourly service dependent on the needs of the client. This can be up to 6 hours per day, five days per week.

2. Live-in housekeeper assistance. This assistance is restricted by lack of available staff. The availability of this service varies from area to area.

Full-time daily or live-in assistance is usually limited to a maximum period of eight weeks during the "emergency" situation, but part-time assistance may continue indefinitely.

*Type of Assistance*

All regular household duties, including preparing and cooking meals, cleaning, washing, ironing and shopping, as necessary. Child care may be involved in addition to housekeeping assistance.

Some Branches have aides specifically trained to assist with handicapped children and to provide personal care assistance to disabled adults.

Branches may also provide a Handyman service for the maintenance of homes, such as minor repair work, essential grass-cutting, etc.

*Payment of Fees*

Fees are charged in accordance with ability to pay. Fees payable will vary from "nil" to the current maximum rate of \$6.00 per hour or \$139.80 per week for live-in housekeeper. (The live-in maximum fee is currently being reviewed).

*Guidelines for Method of Assessment—Fees Payable*

Assessment of rate applicable to each Client will be determined by taking allowable deductions from determined income on the following basis:

Income	Deductions	\$ Per Week
<i>Net Income—</i>		
Gross wages/salary per week, less tax .. .. \$ ..	For each person in the household 12 years and over ..	15.00
Income from other sources per week .. .. \$ ..	For each child under 12 years in the household .. ..	10.00
See below for working member of household .. .. \$ ..	<i>Light and Fuel—</i>	
	Actual cost to maximum of .. .. ..	8.00
	<i>Rent or Repayment on Home—</i>	
	Actual cost to maximum of .. .. ..	60.00
	<i>Essential Home/Unit—</i>	
	Maintenance costs to maximum of .. .. ..	8.00
	Rates to maximum of .. .. ..	10.00
	House Insurance to maximum of .. .. ..	2.00
	Personal Insurance to maximum of .. .. ..	2.00
	Hire Purchase Payments to maximum of .. .. ..	15.00
	<i>Subscriptions to—</i>	
	Hospital, Medical, Funeral and Ambulance Funds (if not deducted from wages) .. .. ..	Actual cost
	School Expenses to maximum of .. .. ..	3.00
	(including pre-school fees) per child.	
	Other Commitments to maximum of .. .. ..	8.00
<b>Total Income .. .. .. \$ ..</b>		
<b>Less: total deductions as per opposite column .. .. \$ ..</b>		
<b>Fee Payable per Week .. .. .. \$ ..</b>		
(Divide by 5 for daily fee or by 30 for hourly fee).		

In addition to the Client's assessed fee all working members of the household are expected to contribute a minimum amount of \$2.00 per hour towards the cost of the Service.

N.B.: In all cases, the person completing the assessment will have *discretionary power* to recommend a variation in the fee payable where special circumstances exist warranting higher or lower rate than that resulting from application of the above guidelines.

### Working Members of Household

Not all cases can be assessed by set formula, owing to the varying circumstances in households, and individual factors have to be considered but as a general rule each working member of the household is expected to contribute towards the cost of the Service.

The following example describes a commonly-occurring situation: Bachelor son lives with aged parents—son helps with gardening, shopping and other jobs as needed when time allows. Mother has always done his washing and ironing as well as the housework.

In the case it is reasonable for full rate of \$4.00 per hour to be charged, explaining that parents would pay the usual \$1.50 per hour and son contribute \$2.50 per hour. If the parents feel the son would be reluctant to contribute; a phone call by the assessor to speak to the son after work will often reveal he is happy to co-operate.

Where working members of the household are unwilling to contribute and do not pay towards the cost of the Service, the Home Aid does not clean for them, but the Client should not be penalized for this and should be entitled to receive service at a reasonable charge.

### Self-employed Persons

It is also sometimes difficult to assess persons who are self-employed or live on rural properties or own business and in these circumstances, the assessor may need to exercise discretionary power in determining an appropriate fee.

### APPENDIX A

#### Scales of temporary assistance and allowable income

Classification	Scale	Temporary assistance per fortnight	Allowable income per fortnight
Male or female 16 years of age and over without dependent children.	A	\$11.00	\$4.00
Male or female with one or more dependent children.	B	\$13.20 plus the value of 600 ml of milk per day for each child under 7 years of age.	\$8.00
Husband and wife with no dependent children.	C	\$16.50	\$4.00
Husband and wife with dependent children.	D	\$19.80 plus the value of 600 ml of milk per day for each child under 7 years of age.	\$4.00

### APPENDIX B

#### LIST OF SURGICAL AIDS

Item—	
Atomizer.	Pads (incontinent).
Bags (Urinary).	Quad sticks.
Bandages, tapes, dressing.	Railing (bath, shower, toilet).
Belt.	Ring—monkey for quad.
Boots.	and para. cases.
Brace.	Seat shower.
Brassieres.	Sheepskins.
Briefs.	Sheets (incontinent).
Calipers, iron and stops.	Shoes and slippers (surgical).
Catheters.	Splints.
Collar (cervical).	Stocking and pantihose (surgical).
Commode chairs.	Swabs, cotton wool, etc.
Condoms.	Syringes and needles.
Corset.	Toilet seats.
Crutches.	Tong hand grips.
Cushions.	Truss.
Gloves—disposable for colostomy and quad. and para. cases.	Tubing, hose, etc.
Hand splint.	Uridomes.
Handshower.	Urinal—commode pan.
Mastectomy prosthesis and brassieres.	Walking frame.
Metatarsal arch supports, bar.	Walking stick.
Oxygen.	Wigs.
	Wheelchairs.

That sets out the departmental means test, and that is followed in relation to special cash assistance. The material on page 58 indicates the kind of matter we take into account. On page 59 there is set out the actual means test that applies for some of our other assistance such as transport for necessitous persons and so on. Generally speaking the figures shown there on page 59 also apply to cash assistance grants but we tend to be as flexible as possible so that if special need is evidenced we do not tie ourselves too closely to the actual cash situation.

CHAIRMAN: I take it the fact that someone falls within that means test would not automatically mean that they get assistance?—A. Not automatically; certainly not every time they approach the department, but it would mean that if they had some special requirement that they were not able to meet, they would be likely to get it. There is no restriction on the number of grants any one family may receive in any one year, for example. If they are still eligible within the terms of reference, subject to the local discretion that assistance is provided. The basis on which we have asked officers to operate is shown on page 27 of the Minister's letter. We are particularly concerned to try to see that children do not have to come into substitute care merely on temporary financial crisis grounds and that kind of reasoning is at the basis of our programme.

Q. Is there any provision for payments being repaid in appropriate circumstances? I have in mind cases where the department may assist someone with a rental bond while they are waiting the return of their bond on their previous accommodation?—A. In recent times we have tended not to set up proper sundry debtor records, but we will accept repayments in some instances, yes. We would invite people to repay but generally speaking people who do get assistance are in such poor circumstances that the likelihood of really getting much back by way of repayment is very limited and we do not press it.

Mr WEBSTER: With the allocations that the department makes to voluntary organizations I would believe that with the smaller ones, and by that I mean the smaller allocations, you would not be able to audit them too closely without an army of people. But with the larger ones how strictly do you audit their official records? Could I follow on by saying who actually does the audit? Is it the local office or is it the head office?—A. As officers, we do not actually carry out an audit. We expect organizations to provide a properly audited financial statement each year, and that is now one of the conditions of the grant. Certainly it would be a condition of a further grant being made. We try to ensure that an officer does have contact with the organization to try to satisfy himself that the programme as funded is in fact being carried out. But we do rely on the audit certificate for the financial aspects of it.

Mr GREINER: I might say first I think it is really a very good submission which might be followed by some of the other larger spending departments, who do not in any way live up to it. My only question concerns the first paragraph in the conclusion on page 27 of the Minister's letter. May I ask whether the savings the Minister mentioned were in fact effected? In other words in what services were the savings effected?—A. Mostly in the B items. We tried to keep a strict control over the department's expenditure. For example in building maintenance that was underexpended by \$13,500; travel and removal expenses were underspent by \$89,900; freight, \$22,000; books and periodicals, \$4,700; fees for services rendered, \$40,800. Fees perhaps are a little uncontrollable but the others are all controllable and we did try to live

within the Premier's injunction that we should be as economical as possible in our operation. We saved \$133,724 on the stores allocation by trying to ensure that only urgently needed necessities were purchased. The total savings were approximately \$292,000 in the B items.

Q. To what extent has the slowing down or deferment of the regionalization programme effected any savings?

—A. One of the conditions of us entering into regionalization was to try to avoid increased expenditure, and certainly our staff ceiling situation is such that we have had to regionalize within those limitations. In a large measure the regional officers have been placed within unused accommodation within our residential facilities; for example, staff quarters in the southwest region, unused classrooms at Parramatta, where young people have been transferred to Cobham when that remand centre was opened. At Newcastle they are in departmental premises. So, in my opinion, there has been very little extra expenditure because of regionalization. Rental at Wollongong, and now at Lismore and Armidale, will be really the only increases.

Q. On the last page of the Minister's submission, Appendix B—perhaps you have covered it to some extent in your remarks in the letter—the rate of increase in the overall social work expenditure would appear to be remarkably low, given the general social climate that is referred to in the letter. Is that simply an effect of cost containment? In other words, the individual items that have actually increased or grown relatively slowly, for example, surgical aids, is that reduction there due to some slackening in demand for surgical aids or is it due to the policy decisions that say we will spend less money or slow the process of spending money in those sorts of areas?

—A. No. Responsibility for surgical aid expenditure now has been changed in that during this last financial year the responsibility for that was transferred to the Health Commission. You may be aware that the Commonwealth Government introduced a new service for the supply of surgical appliances for persons who were unable to get them from any other government source. That was a Commonwealth health initiative and it seemed appropriate to transfer administration of the programme to the Health Commission. So in fact, from memory, that expenditure of \$963,000 would not represent total spending by the State. I think we transferred about half a million dollars to the Health Commission.

(Mr Kelly) Three hundred and seventy thousand dollars.

(The witnesses withdrew.)

(Luncheon adjournment.)

WALLACE KEITH PILZ, Director of Public Works, residing at [REDACTED], sworn and examined:

CHAIRMAN: Have you received a summons issued under my hand to attend before this Committee?—A. (Mr Pilz) Yes.

DONALD JOHN STANTON, Financial Controller, Public Works Department, residing at [REDACTED], sworn and examined:

CHAIRMAN: Have you received a summons issued under my hand to attend before this Committee?—A. (Mr Stanton) Yes.

Q. Mr Pilz, we have received a letter from the Deputy Premier and Minister for Public Works and Minister for Ports in relation to our inquiries. Is it your wish that that letter be included as part of your sworn evidence?

—A. (Mr Pilz) Yes. The letter reads as follows:

MINISTER FOR PUBLIC WORKS AND PORTS—  
NEW SOUTH WALES

Sydney, 25th August, 1982.

Mr M. Egan, M.P.,  
Chairman,  
Public Accounts Committee,  
Parliament House,  
Sydney.

Dear Mr Egan.

I refer to your letter of 13th August, 1982, requesting that I provide explanations of certain expenditures made without Parliamentary sanction or appropriation, viz.:

	\$
Public Works Department—	
Maintenance of Public Works and Services, including Renewals, Surveys and Investigations—	
Public Buildings generally . . . . .	11,382,482.83
Electricity, Gas, etc. . . . .	760,438.84
State Telephone Services . . . . .	2,651,918.20
Compensation for Termination of Leasehold on Kooragang Island . . . . .	444,472.50

Detailed expenditures and supplementary advice are attached.

Mr W. Pilz, Director of Public Works, assisted by Mr D. Stanton, Financial Controller, is nominated to attend Parliament House to provide such further information and explanation as the Public Accounts Committee may require.

Because of his pressing duties and the need to fix other appointments, I would appreciate it if Mr Pilz could be given early notification of the day and approximate time his presence will be required. Preferably, attendance might not be required on 1st September.

Yours faithfully,  
L. J. FERGUSON,

Deputy Premier and Minister for Public Works and Ports.

C1. MAINTENANCE OF PUBLIC WORKS AND SERVICES, INCLUDING RENEWALS, SURVEYS AND INVESTIGATIONS—PUBLIC BUILDINGS GENERALLY

	\$
1981-82 Allocation . . . . .	18,300,000
1981-82 Expenditure . . . . .	29,682,483
Variation . . . . .	+11,382,483

The Building Construction and Maintenance Branch of the Public Works Department is a building organization set up to maintain in good order and condition the vast network of public buildings in New South Wales. The Branch also undertakes new building construction work and is staffed by qualified trades persons skilled in all aspects of the building industry. It is a major employer of apprentices. Area Office/Depots are strategically located throughout the State to provide an efficient service of maintenance, repair, renovation and construction for Government departments and authorities.

For its trades force activities, the branch operates on a trading undertaking basis, that is, the cost of labour and relevant overheads is recovered against client funded jobs, the major such client being the Department of Education. Funds provided for the C1 Public Buildings generally item normally represents a small proportion of the total programme undertaken.

In 1981-82, the budgetary allocations provided to departments for maintenance and repairs were generally reduced in real terms compared to 1980-81 and earlier financial years, in view of the need of the Government to effect the greatest possible economies in the maintenance and working expenses of departments. Requirements of the major works and other sections of the School Buildings programme also resulted in lesser funding being available from that programme for minor capital works normally commissioned to B. C. & M.

Notwithstanding that the co-operation of Ministers and of their departments and authorities was obtained in maximizing from within their allocations the programmes of works available to B. C. & M., it became evident that the levels of funding would be such that it would be necessary to consider making a major reduction in field staff. One particular area of concern was that there would have been a need to reduce the number of apprentices being trained so as to retain a proper balance of apprentices to trades persons.

Following consideration of the alternatives, it was decided by Cabinet that while some reduction should be effected by natural attrition, additional funding should be made available to enable an increase programme of necessary works to be undertaken, thereby avoiding a need for retrenchment of employees. In this connection, the Treasurer approved on 7th December, 1981, of the provision of funds up to a maximum of \$16 million in supplementation of the "Public Buildings Generally" item.

It was necessary to utilize \$12 million of the additional funding which was available. Partial offsetting savings were effected within other sections of the overall programme covered by the item (e.g., electrical and mechanical maintenance and improvements and other works undertaken by the Government Architect's Branch) thereby reducing the extent of the supplementary funds actually required to \$11,382,483. Almost \$9 million of the amount provided was expended on work associated with school buildings, which would have normally been met from allocations to the Department of Education.

Item C1. Electricity, Gas, etc.—

	\$
Expenditure 1980-81 .....	21,499,937
Allocation 1981-82 .....	25,000,000
Expenditure 1981-82 .....	25,760,439
Variation .....	+760,439

Supplementation of \$1.2 million was approved by the Treasurer for the purpose of meeting price increases for electricity extending beyond the provision made in the Estimates. The details are traversed in the Department's letter of 22nd March, 1982—copy attached (Annexure 1).

In the event, economies effected by departments resulted in the available funds not having to be fully utilized.

Annexure 2 sets out the 1980-81 expenditures against the respective Ministers (column 1), the initial 1981-82 estimates for expenditure (column 2) and actual expenditures in 1981-82 (column 3). In column 4 amounts have been calculated representing proportional estimates against the various Ministers (based on the 1980-81 expenditures and 1981-82 estimates) to embrace the average price increases experienced. Column 5 lists all cases where the proportional estimates were exceeded and notes are provided to identify factors which contributed to those cases where the variance was 10 per cent or greater.

ANNEXURE 1.

22nd March, 1982 M. 3756/81.

Mr I. W. Neale, 270/4270.

The Secretary and Comptroller of Accounts,  
The Treasury,  
Sydney.

SUPPLEMENTATION OF ITEM "C1. ELECTRICITY,  
GAS, ETC."

Funds to the extent of \$25 million were provided in the current financial year to meet expenditure incurred under the Group Vote item "C1. Electricity, Gas, etc."

The allocation represented a 16.3 per cent increase on expenditure incurred in 1980-81 and it is understood that provision was allowed for price increases of approximately 15 per cent and growth of approximately 2 per cent. While price increases for the supply of gas have been negligible, the effects of increases in tariffs imposed by electricity supply authorities have been significantly higher than envisaged when the 1981-82 Estimates were prepared.

Expenditure on electricity represents in excess of 80 per cent of the overall vote. Increases imposed from 1st January, 1981, averaged 16.5 per cent per annum and the carried forward effect of those increases to be met in 1981-82 has been estimated at \$1,562,000.

As from 1st January, 1982, tariff increases ranging from 12 per cent to in excess of 30 per cent have been imposed by the electricity supply authorities. On average the increases have been assessed at 25.9 per cent and have been estimated as increasing expenditure in the current financial year by roundly \$2,254,000.

Based on expenditure to the end of February, 1982, the anticipated requirements under the Group Vote are as follows:

	\$	\$
Expenditure to 28th February, 1982—		17,463,288
Expenditure March-June, 1981	7,278,763	
Plus Effect of increases in electricity tariffs (say 20 per cent)* .....	1,455,753	8,734,516
		<u>26,197,804</u>

The payment of accounts is decentralised within the Department and individual cost centres have furnished reports indicating that additional funds of the order of \$1.7 million will be required. However, on the basis of overall expenditure trends experienced under the item in previous years (and these have in the past proved a reliable indicator) it appears that expenditure will be of the order of \$26.2 million as indicated above.

In view of the efforts currently being made to restrict usage and evidence that the economy programme is achieving savings, it is likely that expenditure will not exceed the lower assessment. While the actual timing of accounts may necessitate a further approach later in the financial year, at this stage approval is sought to the provision of funds to the extent of \$1.2 million in supplementation of the Public Works Department item "C1. Electricity, Gas, etc."

The proposition that expenditure under Group Vote items of this nature are uncontrollable by this department has been canvassed previously and indication has been given that the Treasury supports this view. Accordingly in planning the Department's expenditure programmes it has been assumed that the Department will not be expected to endeavour to achieve savings (additional to those already nominated to offset increases in salary and wages awards) towards offsetting the additional expenditure incurred in meeting electricity and gas accounts.

B. D. LLOYD, Secretary.



## Consolidated Revenue Fund—Statement showing expenditure from Electricity and Gas Group Vote

	(1) Expenditure 1980-81	(2) Estimate 1981-82	(3) Expenditure 1981-82	(4) Proportional Expenditure Estimate 1981-82	(5) + Variations (3) — (4)	Notes
	\$	\$	\$	\$	\$	
The Legislature .. .. .	316,658	368,000	303,325	379,187	230,873 (29.8%)	1
Premier .. .. .	647,443	753,000	1,006,764	775,891		
Minister for Transport .. .. .	5,864	7,000	21,913	7,213	14,700 (203.8%)	2
Treasurer .. .. .	64,536	75,000	78,969	77,280	1,689 (2.2%)	
Minister for Industrial Development and Minister for Decentralisation .. .. .	13,131	15,000	21,349	15,456	5,893 (38.1%)	3
Attorney General, Minister of Justice and Minister for Aboriginal Affairs .. .. .	866,095	1,007,000	1,017,147	1,037,613		
Minister for Police and Minister for Services .. .. .	445,506	518,000	537,950	533,747	4,203 (.8%)	
Minister for Corrective Services .. .. .	933,128	1,085,000	1,388,479	1,117,984	270,495 (24.2%)	4
Minister for Local Government and Minister for Lands .. .. .	531,668	619,000	553,377	637,818		
Minister for Public Works and Minister for Ports Minister for Energy and Minister for Water Resources .. .. .	1,288,398	1,498,000	1,391,992	1,543,539		
Minister for Education .. .. .	59,755	69,000	60,141	71,098		
Minister for Sport and Recreation and Minister for Tourism .. .. .	14,377,521	16,718,000	17,007,614	17,226,227		
Minister for Youth and Community Services .. .. .	186,341	217,000	253,566	223,597	29,969 (13.4%)	5
Minister for Mineral Resources .. .. .	753,708	876,000	882,543	902,630		
Minister for Industrial Relations and Minister for Technology .. .. .	124,481	145,000	138,895	149,408		
Minister for Consumer Affairs and Minister for Roads .. .. .	78,854	92,000	89,455	94,797		
Minister for Housing and Minister for Co- operative Societies .. .. .	20,660	24,000	48,105	24,730	23,375 (94.5%)	6
Minister for Agriculture and Fisheries .. .. .	4,656	5,000	568	5,152		
Minister for Planning and Environment .. .. .	740,358	861,000	893,309	887,174	6,135 (.7%)	
	41,176	48,000	64,978	49,459	15,519 (31.4%)	7
Totals .. .. .	\$21,499,937 (1.1982)	\$25,000,000 (1.0304)	\$25,760,439	\$25,760,000		

## C1. ELECTRICITY, GAS, ETC.—NOTES TO ANNEXURE 2

## 1. Premier (+\$230,873 + 29.8 per cent)

The increase was attributable to the opening in September, 1981 of Stage 1 of the Power House Museum. Accounts totalling \$267,708 were paid in 1981-82 and no specific provision was made under "Premier" in the estimate for the financial year.

Pending completion of tariff negotiations with the Sydney County Council, it was necessary to pay accounts on the Industrial and Commercial General Tariff. The County Council has agreed to utilization of a cheaper "demand" tariff and a retrospective reduction is being sought on amounts paid.

## 2. Minister for Transport (+\$14,700 + 203.8 per cent)

Prior to January, 1981, the Ministry occupied the Treasury Building. Electricity costs for that building were included in another section of the Group Vote. The 1980-81 expenditure for the Minister for Transport represented only one full quarter's costs for offices in Aetna Tower, whereas 1981-82 expenditure took in a full four quarters.

## 3. Minister for Industrial Development and Minister for Decentralisation (+\$5,893 + 38.1 per cent)

An additional 10 000 square feet of accommodation was occupied in premises at 139-141 Macquarie Street, Sydney, during 1980-81, that is an accommodation increase of 38 per cent. P.W.D. records do not disclose the amount paid for the electricity costs associated with the additional accommodation in 1980-81 but it is apparent that such costs were met for only a portion of that financial year compared to a full year in 1981-82.

A further 680 square feet display area was occupied from January, 1982. Total electricity costs for the Macquarie Street premises increased from \$5,259 in 1980-81 to \$13,021 in 1981-82.

## 4. Minister for Corrective Services (+\$270,495 + 24.2 per cent)

Compared to the average 20 per cent increase experienced by departments (for price increases) the Department of Corrective Services had a 48.8 per cent rise. There have been major increases in power usage and cost associated with most goals consistent with the programme which has been undertaken to provide amenities for prisoners. Also, because of the additional time out of cells allowed to inmates, it has been necessary to install new and/or improved security lighting systems.

Major electrical upgrades were completed in Goulburn and Parramatta goals during the latter part of 1980-81. In consequence, costs at Goulburn increased from \$79,073 to \$143,060 (+81 per cent) and at Parramatta from \$56,050 to \$114,000 (+103 per cent). At Cessnock and Maitland, electrical upgrades and other works were completed in 1981-82 and power costs increased by \$72,273 (71 per cent) and \$49,980 (96 per cent) respectively.

## 5. Minister for Sport and Recreation and Minister for Tourism (+\$29,969 + 13.4 per cent)

The Department of Sport and Recreation runs outdoor education and recreation programmes at its various centres. Following representations from a number of areas about the limited number of children who could be accommodated, the Department changed its programme formats as from 1982 to provide for camps on a five day basis instead of on a seven day basis. This has resulted, to a large extent, in programmes for school children being confined to Mondays to Fridays and has led to greater occupation of the centres by community

groups at weekends. There has therefore been more intensive use of the centres resulting in increased power charges.

The Department has otherwise encouraged greater utilization of the centres by the communities. A programme of flood-lighting tennis courts at most centres was completed in 1980-81. A new swimming pool was opened at Point Wolstoncroft in August, 1981 and is being attended extensively by the local swimming club and members of the public. Use by the public of the pool at the Narrabeen centre has also been extended.

It is understood that additional revenue is being generated by the above measures.

6. *Minister for Consumer Affairs and Minister for Roads*  
(+ \$23,375 + 94.5 per cent)

While an apparent increase of \$23,375 is indicated on the statements, the position is that the 1980-81 expenditure of \$20,660 was understated by \$20,306 due to:

	\$
(a) proportion of No. 1 Oxford Street being included under Minister for Industrial Relations .....	19,130
(b) other adjustments (Coffs Harbour) ...	1,176
	<u>\$20,306</u>
Allowance for price increase experienced (20 per cent) .....	4,061
	<u>\$24,367</u>
less "apparent" increase .....	\$23,375
adjusted variation	—\$992

7. *Minister for Planning and Environment* (+\$15,519 + 31.4 per cent)

The increase is as a result of re-assessment of the proportion of floor space occupied by the Department of Planning and Environment within the Remington Building and the application of the new assessment to electricity costs. Effectively, 1980-81 expenditure could be said to have been understated in the light of the re-assessment.

NEW ITEM—COMPENSATION FOR TERMINATION OF LEASEHOLD ON KOORAGANG ISLAND

1981-82 Allocation—Nil.  
1981-82 Expenditure—\$444,472.50.

At the time of preparation of the 1981-82 Estimates, negotiations were proceeding with Eglo Engineering Pty Limited for the early vacation of the Rotten Row site occupied by the Company, which was required in connection with the construction of the Kooragang Island Coal Loader. The negotiations and associated matters did not reach the stage necessary to permit the determination and notification of the compensation payable to the Company prior to presentation of the 1981-82 Estimates to the Parliament.

Subsequently an agreement was entered into with the Company whereby it was to be granted leases and extension options over an alternative waterfront site and would receive monetary payments up to \$562,000 towards relocation expenses, including dredging and filling. The negotiations were conducted primarily by the Industrial Investment Unit of the Premier's Department and the terms of offer were approved by the Premier.

The provision of funds was approved by the Treasurer and advice in this regard was forwarded to the Secretary, Public Works Department, on 4th December, 1981. The Company fulfilled conditions entitling it to the payments actually made in the 1981-82 financial year totalling \$444,472.50.

SUPPLEMENTATION OF ITEM C1.—STATE TELEPHONE SERVICES

	\$
Expenditure 1980-81 .....	14,766,166
Allocation 1981-82 .....	12,000,000
Approved Supplementation ..	2,700,000
	<u>\$14,700,000</u>
Expenditure 1981-82 .....	\$14,651,918

Supplementation of \$2.7 million was approved by the Treasurer to cover increases in Telecom charges and essential major telephone installations estimated at \$100,000. No provision for these additional expenses was made in the 1981-82 Estimates. A copy of the Department's letter of 5th April, 1982, detailing the need for supplementation is attached as Annexure 1.

Annexure 2 sets out the 1980-81 expenditures against the respective Ministers (column 1), the initial 1981-82 estimates of expenditure (column 2) and actual expenditures in 1981-82 (column 3). In column 4 amounts have been calculated representing proportional estimates against the various Ministers (based on the 1980-81 expenditures and 1981-82 expenditures) to embrace the average price increases experienced. Column 5 lists all cases where the proportional estimates were exceeded and notes are provided to identify factors which contributed to those instances where the variance was 10 per cent or greater.

Under the Group Vote system the Public Works Department acted as an accounting office for the payment of accounts and did not have authority to restrict usage by departments. Moreover departments on whose behalf accounts were being paid did not have access to information in sufficient detail to permit them to exercise a financial control function. However, all Ministers were advised by the Premier of the need to effect the greatest economy in the use of telephones.

In October, 1980, a new computerized system of payment was introduced to facilitate the prompt payment of accounts. The system was designed to provide management information to permit individual departments to monitor expenditure.

In recognition of the difficulty of controlling usage under the Group Vote system the then Premier and Treasurer decided in May, 1981, that the monitoring system should be developed as quickly as possible to the point where data could be made available to departments so that they could effectively monitor telephone usage. As envisaged at that time the Group Vote system has been replaced from 1st July, 1982, by a system of departmental allocations but the existing centralized payment system, providing regular management reports, will be retained. These measures are aimed at achieving greater control over telephone usage and associated costs.

ANNEXURE 1.

5th April, 1982.

The Secretary and Comptroller of Accounts,  
The Treasury,  
Sydney.

M. 3756/81. T. 80/2152.

Mr I. Neale, 270 4270.

STATE TELEPHONE SERVICES

In your letter of 8th September, 1981, it was acknowledged that there would be a need to provide substantial additional funds to meet the cost to the Government of proposed increases in rental and call charges to be imposed by Telecom. It was stated that arrangements would be made to provide the necessary funds to meet overall additional requirements, including an extra \$100,000 for essential major installations, after the financial implications of the Telecom price increases had been assessed.

As you would be aware, rentals and other miscellaneous charges were increased with effect from 1st September, 1981. Increases varied in amount for different services. However, it has been assessed that the increases for rentals averaged 25 per cent while those for miscellaneous charges averaged 15 per cent.

The increases for calls were imposed in January, 1982. These increases amounted to 33 per cent.

From a computer dissection of expenditure to 9th March, 1982, it has been established that funds to that date have been expended as follows:

	\$
Rentals .....	2,117,060
Calls .....	7,693,037
Miscellaneous Charges .....	363,186
	<u>\$10,173,283</u>

The above expenditure figures encompass approximately 9 months' accounts. Having regard to the amount of the Telecom increases and the timing of their imposition, it has been assessed that additional funds to a total of \$2.7 million will be required to meet expenditure properly chargeable in the current financial year. Details of calculations supporting this figure are furnished in the attached statement.

At this stage it is difficult to assess the impact of efforts to achieve economies in telephone usage as the management information being generated in the current financial year will form the basis for future assessment of the usage factor. However, on the basis of expenditure to date, it is evident that additional funds to the full extent of the assessed impact of price increases will be required by way of supplementation of the existing allocation to meet anticipated expenditure under the item.

In the circumstances approval is sought to the provision of funds totalling \$2.7 million in supplementation of the Public Works Department item "C1 State Telephone Services" to enable the Department to meet increases in Telecom charges and additional expenditure (previously approved) in respect of major telephone installations.

As indicated when recently seeking supplementation of the item "C1. Electricity, Gas, etc.", the Department does not have the capacity to achieve savings under other items, in addition to those already nominated to cover increases in salary and wages awards, towards offsetting the additional expenditure to be incurred in respect of State Telephone services. However, it is understood that it has been accepted that the Department should not be expected to achieve savings in respect of over-expenditures on Group Vote items under which it has no direct control over the level of usage.

B. D. LLOYD, Secretary.

STATE TELEPHONE SERVICES—ASSESSMENT OF REQUIREMENTS IN 1981-82

1. Rentals—	\$	\$
Expenditure to 9th March, 1982 (including 6 months at + 25 per cent) .. .. .	2,117,060	
Plus—3 months at base expenditure figure of \$201,625 .. .. .	604,875	
—25 per cent increase for 6 months (rentals payable in advance) .. .. .	302,438	
		3,024,373
2. Miscellaneous Charges—		
Expenditure to 9th March, 1982 (including 6 months at + 15 per cent) .. .. .	363,186	
Plus—3 months at base expenditure figure of \$36,685 .. .. .	110,055	
—15 per cent increase for 3 months .. .. .	16,508	
		489,749
3. Calls—		
Expenditure to 9th March, 1982 (including 2 months at + 33½ per cent) .. .. .	7,693,037	
Plus—3 months at base expenditure figure of \$795,831 .. .. .	2,387,493	
—33½ per cent increase for 3 months .. .. .	795,831	
		10,876,361
		\$14,390,483
4. Installations—		
1981-82 allocation .. .. .	200,000	
Additional approved expenditure .. .. .	100,000	
		300,000
Revised estimate .. .. .		14,690,483
Less: Available funds .. .. .		12,000,000
Supplementation required .. .. .		\$2,690,483

ANNEXURE 2.

Consolidated Revenue Fund—Statement showing Expenditure from State Telephone Services Group Votes, 1981-82

	Expenditure 1980-81	Estimate 1981-82	Expenditure 1981-82	Proportional Expenditure 1981-82	+ Variations (3) - (4)	Notes
	\$	\$	\$	\$	\$	
The Legislature .. .. .	324,254	264,000	291,505	322,344	..	
Premier .. .. .	505,267	411,000	405,440	501,831	..	
Minister for Transport .. .. .	91,799	75,000	52,025	91,575	..	
Treasurer .. .. .	92,371	75,000	198,056	91,575	+106,481 (116%)	1
Minister for Industrial Development and Minister for Decentralisation .. .. .	157,185	128,000	138,169	156,288	..	
Attorney General, Minister of Justice and Minister for Aboriginal Affairs .. .. .	888,703	722,000	864,299	881,562	..	
Minister for Police and Minister for Services .. .. .	437,198	355,000	478,824	433,455	45,369 (10%)	2
Minister for Corrective Services .. .. .	878,605	714,000	898,618	871,794	26,824 (3%)	
Minister for Local Government and Minister for Lands .. .. .	1,225,555	996,000	1,224,452	1,216,116	8,336 (1%)	
Minister for Public Works and Minister for Ports .. .. .	4,413,545	3,587,000	3,977,077	4,379,727	..	
Minister for Energy and Minister for Water Resources .. .. .	234,162	190,000	222,484	231,990	..	
Minister for Education .. .. .	2,424,647	1,971,000	2,463,920	2,406,591	57,329 (2%)	
Minister for Sport and Recreation and Minister for Tourism .. .. .	83,849	68,000	98,848	83,028	15,810 (19%)	3
Minister for Youth and Community Services .. .. .	1,030,401	837,000	1,002,934	1,021,977	..	
Minister for Mineral Resources .. .. .	201,058	163,000	173,482	199,023	..	
Minister for Industrial Relations and Minister for Technology .. .. .	239,150	194,000	195,643	236,874	..	
Minister for Consumer Affairs and Minister for Roads .. .. .	117,025	95,000	132,505	115,995	16,510 (14%)	4
Minister for Housing and Minister for Co-operative Societies .. .. .	42,542	35,000	32,689	42,735	..	
Minister for Agriculture and Fisheries .. .. .	1,248,047	1,014,000	1,678,362	1,238,094	440,268 (36%)	5
Minister for Planning and Environment .. .. .	130,803	106,000	122,586	129,426	..	
Totals .. .. .	\$14,766,166	\$12,000,000	\$14,651,918	\$14,652,000		

## C1. STATE TELEPHONE SERVICES—NOTES TO ANNEXURE 2

### 1. Treasurer (+ \$106,481 + 116 per cent)

Expenditure of \$74,982 was incurred for a major telephone installation at the Stamp Duties Office. The need for this work became apparent after the 1981-82 allocation was determined and, in view of the revenue generating role of the office, the Treasurer approved of additional funds being provided to enable the work to proceed.

Expenditure incurred in respect of the Land Tax Office exceeded the 1980-81 level by \$33,798. Expenditure details are as follows:

1979-80	1980-81	1981-82
\$	\$	\$
26,422	17,217	51,008

The Land Tax Office transferred from premises at 50 Hunter Street, Sydney, to new offices at the M.L.C. Centre in May, 1980. The existing switchboard was relocated as part of the transfer in June, 1980. Telecom did not submit accounts for the rental of the switchboard during the 1980-81 financial year or for the costs of relocation and provision of additional lines.

In consequence it was necessary to meet carry-over costs totalling almost \$25,000 in the 1981-82 financial year. Therefore, after adjustment for these factors the following comparison emerges:

	1979-80	1980-81	1981-82
	\$	\$	\$
Expenditure brought to account .. .. .	26,422	17,217	51,008
Transfer of 1980-81 rental .. .. .	..	+10,000 (est.)	-10,000 (est.)
	<u>26,422</u>	<u>27,217</u>	<u>41,008</u>
Transfer relocation costs .. .. .	..	+14,872	-14,872
Adjusted totals .. .. .	<u>\$26,422</u>	<u>\$42,089</u>	<u>\$25,136</u>

### 2. Minister for Police and Minister for Services (+ \$45,369 +10 per cent)

Expenditure on behalf of the State Emergency Services exceeded expenditure in 1980-81 by \$46,418. Expenditure details are as follows:

1979-80	1980-81	1981-82
\$	\$	\$
203,919	216,954	263,372

Examination has revealed that expenditure of \$12,125 recorded in 1981-82 should have been brought to account under the Minister for Public Works as it related to Government Offices at Cootamundra occupied by a number of departments. In addition, non-recurring charges of \$3,312 were met in arranging for the relocation of the Sydney Western Office.

The move of the Sydney Western Office from Richmond to Castle Hill (brought about by a lack of suitable alternative accommodation at Richmond) would have also contributed to increase expenditure as the office mainly services areas outside of the Sydney Telephone district.

When the effect of these factors and price increases are taken into account the increases in expenditure are not considered excessive.

### 3. Minister for Sport and Recreation and Minister for Tourism (+ \$15,820 + 19 per cent)

Expenditure under this heading is solely attributable to the Department of Sport and Recreation.

There has been increased telephone usage due to changes in departmental policies. Recruitment of children for camps, etc., has been decentralized and there has been a more cost effective trend for local centres and establishments to make telephone contact with people living locally rather than through correspondence, which was the practice when recruitment was handled centrally.

There has also been a greater usage of sport and recreation centres during 1982 which, it is understood, has generated additional revenue.

### 4. Minister for Consumer Affairs and Minister for Roads (+ \$16,510 + 14 per cent)

Expenditure under this heading relates solely to the Department of Consumer Affairs.

The Department has advised that due to the effects of financial constraints and a staff freeze, there has been a tendency for inspectors to spend a greater proportion of their time at their offices. To investigate complaints under these circumstances greater use has had to be made of telephone services. It is also understood that contact by telephone rather than by correspondence is encouraged by the Department with a view to speedily settling disputes and achieving cost benefits.

### 5. Minister for Agriculture and Fisheries (+ \$440,268 + 36 per cent)

Comprises three departments, that is, Fisheries, Agriculture and Soil Conservation Service.

FISHERIES	1979-80	1980-81	1981-82
	\$	\$	\$
Expenditures .. . . .	128,934	119,650	149,485

The pattern of expenditure tends to indicate that 1980-81 expenditure for Fisheries contained a lesser proportion of carry-over expenditure from 1979-80 than experienced by most departments. Particular matters affecting the level of 1981-82 expenditure were—

(a) The following amounts were paid in 1981-82 which related to billing periods prior to 31st May, 1981:

	\$
Forster .. . . .	1,325
Narrandera .. . . .	2,215
Deniliquin .. . . .	1,201
Dutton .. . . .	1,510
Tea Gardens .. . . .	1,185
	<u>\$7,436</u>

(b) In respect of certain telephone numbers at Jindabyne, Cooma and Taree, no accounts were paid for a period of twelve months which basically related to the 1980-81 financial year. The estimated cost met in 1981-82 relative to 1980-81 was \$7,050. It is not clear whether non-payment was because of disputes over accounts or the accounts were not submitted by Telecom.

(c) An overcharge by Telecom estimated at \$3,000, met in 1981-82 should be recovered in 1982-83.

(d) Changes in periods of billing from 6 months to 3 months resulted in a number of additional accounts being met in 1981-82. The examination made did not determine the full effect of these changes but identified additional accounts paid of at least \$3,900.

From adjustments for (a)-(d) above, the following comparison emerges:

	1979-80	1980-81	1981-82
	\$	\$	\$
Expenditures .. . . .	128,934	119,650	149,485
Carry-overs (a) .. . . .	—	+7,436	-7,436
Carry-overs (b) .. . . .	—	+7,050	-7,050
Overcharge (c) .. . . .	—	—	-3,000
Additional Accounts (d) .. . . .	—	—	-3,900
Adjusted Totals:	<u>\$128,934</u>	<u>\$134,136</u>	<u>\$128,099</u>

AGRICULTURE	1980-81	1981-82
	\$	\$
Expenditure .. . . .	1,248,047	1,678,362

The Director-General of Agriculture has advised:

" . . . the State is in the grip of a very substantial drought, which is regarded as the worst this century. This has had dramatic implications for the agricultural industry and has required frequent advice being provided immediately from a number of country centres by way of telephone, telex and facsimile transmission. Immediate information was required by the Department and the Minister in order that the Government may respond in an appropriate way to the drought situation. It was necessary also for the Minister and the Govern-

ment to be kept advised of the rainfall and crop forecast situations so that the Government could frame a policy and also plan the use of facilities.

In addition, the Department had to respond to agricultural disease situations which are of a dynamic nature and which required immediate action and response. Two such disease outbreaks which occurred during the past financial year related to widespread warehouse beetle infestations and an outbreak of boil smut in the maize crop.

Other Departmental activities which may have reflected themselves in increased communications charges could relate to the Minister's policy of increased advisory services to farmers. During the past financial year the Department undertook a programme of increasing its "front line" service to the farming community by the deletion of support positions at Head Office and in country centres and the creation in lieu thereof of advisory staff. As part of this programme, the Department opened 6 new offices in country centres. I would assume that the additional advisory staff would have implications on telephone charges in view of the need for such officers to establish contact with members of the farming community in their assigned areas.

In that regard, I would also point out that there were financial restrictions on the Department in terms of its motor vehicles and travelling allocations and I would expect that this could have resulted in more telephone contact with the farming and agricultural industries.

As indicated above, these are primarily assumptions on my part and if a detailed investigation of the reasons for increased costs is required, it would be necessary for specific financial information to be provided and investigated. As also indicated, this would be a time-consuming process."

It is also evident that, as in the case of Fisheries, reductions in periods of billing from 6 months to 3 months resulted in a number of additional accounts being received in 1981-82.

#### SOIL CONSERVATION SERVICE

1980-81	1981-82
\$205,065	\$288,697

In 1981-82 telephone installations were carried out at Cowra at a cost of \$9,100 and this cost plus additional usage would have contributed an increase in expenditure of roundly \$15,000.

At Kempsey the Service's Offices were relocated involving the extensive transfer of telephone facilities and additional costs of \$16,400 were incurred at this centre.

Expenditure at Orange exceeded the 1980-81 level by \$22,000. However, investigation has revealed that the Soil Conservation Service's only accommodation at Orange is in the Government Office Block and this expenditure should have been accounted for under the Minister for Public Works.

Within the limited time available it has not been possible to explain in full the overall variation in expenditure by the Soil Conservation Service. However, there is a pattern of increased expenditure at country centres (\$51,000 after allowing for the effect of the above factors) which is partly offset by a fall in head office expenditure (\$21,000).

Q. The first matter I would like to refer to is that which deals with the maintenance works and services, including renewals, surveys and investigations of public buildings generally. Cabinet decided that additional funds would be made available to retain the existing work force in the department? Is that the case?—A. Yes, subject to natural attrition.

Q. So the expenditure required to do that was the additional expenditure noted?—A. Essentially. Our initial estimate was somewhat higher than that, and Treasury provided an additional allocation greater than the amount required. We took efforts to ensure that what we might call other clients made work available to the B. C. & M. branch, and that did occur, with the result that we needed only the \$11.5 million instead of the \$16 million that Treasury had approved.

Q. In previous years that would have been income derived from client departments, I take it?—A. That is right. The amount that came to us from client departments last year was of the order of about \$70 million, compared with the previous year—just to give one comparison—of \$88 million, but that in terms of actual work represented more than \$100 million worth of work. In other words, there was a big drop-off in availability of funds from client departments.

Mr NEILLY: I will go to the State telephone services. I understand, from reading through the submission that the provision for escalation in charges was less than the actual increase incurred during the year, but I noted that probably the greatest contributor to overexpenditure was the Minister for Agriculture and Minister for Fisheries, namely \$440,000. The Director General of Agriculture advised the reasons for that significant increase, and I wondered whether the Department of Public Works had any comments to add on the reasons recorded by the Director General of Agriculture?—A. (Mr Pilz) No, I have no real personal knowledge of other factors, other than the ones that have been mentioned here. I do not know whether Mr Stanton might have any more detailed information than I have. (Mr Stanton) We had a look at the bills and a print-out that was about 5 centimetres deep. There were a number of things contributing as well as the things that were mentioned. In some years Telecom did not bill on a particular service for a year, but generally speaking those were offset. You could expect the same thing to happen in other years. There was nothing really special noted apart from that.

Q. There was reference to compensation on the sale of Kooragang Island of \$444,472.50. In relation to that compensation you stated that an agreement was entered into with the company whereby it was to be granted leases and compensation options over an alternative waterfront site, and would receive monetary payments up to \$562,000 towards relocation expenses including dredging and filling. Who undertook the dredging and filling? Was it the department or Eglo Engineering Pty Limited?—A. I think it was let on contract. (Mr Pilz) To be absolutely sure I would need to check on the facts, but my recollection is that there was work being undertaken by Westham for the Maritime Services Board with respect to the deepening of Newcastle Harbour and it was arranged with the Maritime Services Board that the contractor should undertake the necessary work.

Q. Could you state how much money was paid in compensation to Eglo Engineering Pty Limited?—A. During the financial year? I do not know how much of that \$444,472 would be in respect of dredging, but that would be the amount paid out.

Q. I was seeking a dissection between the compensation paid and the dredging carried out?—A. (Mr Stanton) The amount of \$562,000 was to be given—\$243,000 on production of letter of credit, \$35,000 on entering into the dredging contract, and \$45,000 on entering into the contract for the supply of fill. There was a further amount of \$244,000 on vacation of the site.

Q. The major amount is the \$11.4 million. I am wondering if we can get some more detail of that. Was it spent widely over the State, on 100 projects or 200 projects, or how was it spent?—A. (Mr Pilz) We would have figures giving the dissection of it across the departments, and certainly the major expenditure related to maintenance work in the Department of Education. Mr Stanton has some other figures. It would have involved a lot of skilled work throughout the State. (Mr Stanton) The

figure is \$9,037,000. That included some minor construction works as well as the repairs and maintenance. There was \$401,000 on Health Commission works, \$347,000 on technical and further education, \$66,000 on youth and community services, and \$2,150,000 on sundry departments that normally come under public buildings revenue. That consists of the corrective services and so on. It had a particularly wide spread across the State. (*Mr Pilz*) We have some ten country offices with B. M. & C. work as well as a number of metropolitan regional offices, and it was spread across the whole work force.

**Mr WEBSTER:** I speak of the telephone services used by the State government departments. Can you indicate to the Committee whether there is a dual responsibility where the cost of telephone services must be kept down? I am trying to establish whether, because you pay the bills, there is not the same pressure on departmental heads to reduce their telephone charges simply because they are not a charge against their own department?—**A. (*Mr Pilz*)** You may not be aware that we have been advocating there should be greater association between the actual costs incurred and the user, the department incurring the costs. It has been decided that there should be an allocation of funds in future to individual departments for telephone accounts. At the same time we shall be retaining, certainly for the moment, the centralized paying system because we have a computer system for the payment of accounts. I feel that will be an improvement in trying to get control over the expenditure for this item.

**CHAIRMAN:** Does that mean there will be an appropriation each year to the department for telephone services?—**A.** Yes, that is correct. I believe that will bring the expenditure closer to the department itself and thus should bring about some reduction in cost. When I say that, I am not suggesting that any department is worse than any other in its attitude towards this, but I believe it is a matter of human nature that each department should be more directly involved in having to find the money to make payment for the telephone service. It will bring about a closer departmental overview.

**Mr WEBSTER:** It seems that it could possibly result in a lower overall cost for the telephone service. Why was that not done before?—**A.** I am sure there are certain economies in aggregating all this work together. At present they are suggesting that, rather than each department having its own paying system we should still retain the central paying system. There are pros and cons for both systems, but pressure at present is to reduce or minimize expenditure. It is a very good step in the way the Government has decided to move.

**Q.** The allocations for the next financial year will not be on the basis of accounts for the year 1981-82?—**A.** The Treasury, no doubt, has just about finalized the allocations that will be made to individual departments. We have certainly supplied historical information and individual departments will have to make their submissions as to how much money they would need to meet their telephone account.

**Q.** In regard to the building, construction and maintenance branch, is it customary, or has it ever been done, that, for the work of renovation you might perhaps do for the Department of Education a comparison is made of it with that provided by private industry. If so, is that comparison valid?—**A.** It is a very difficult comparison because you never seem quite to be comparing apples with apples. All of the work done by building, construction and maintenance is not performed by direct labour. A lot is done by contract, by subcontract and by suppliers, and

so on. We have period contracts for certain types of work. For example, there may be a specialist subcontractor dealing with the replacement of glass in schools. You would be amazed how many acres of glass are broken in school windows. We refer to glass by the acre. We have a period contractor who comes as the result of tenders having been called. Usually we have a second one so that there is a back-up if one cannot do it. Certainly, I think that work can be performed more cheaply by using these specialist contractors rather than by simply sending our own men to do it.

On the other hand, there are always times when, for one reason or another, a contractor cannot perform the work or the job and it would be better to do it with our own men. In courts it is not possible to use contractors and the work is done by our own men. But by the same token there is other work where the greater expertise is possessed by our men and not the private sector. In some circumstances contractors have called on us to undertake certain work for them because we had the capability of doing it and they could not do it from the outside.

**CHAIRMAN:** Do you do that?—**A.** Yes. It is not normal for private work but it may be a contract associated with a major work. There may be some masonry work. For example, there has been more than one occasion where it has not been possible for a contractor to get staff with adequate expertise outside. We have always considered that there should be horses for courses, and have endeavoured to let out the contract to a subcontractor who could do the work that way. In painting you can have gangs of painters to do the work, although sometimes that would mean a need for greater supervision to ensure the work was carried out. But certainly one could get cheaper prices around the city by using other than your own staff. We have gangs, but it is not all done by the actual labour workforce.

**Mr GREINER:** My questions will be directed to the figure of \$11.4 million, and the timing of the budgetary process. Mr Ferguson says, in explanation, that the departmental allocations were down. Your allocation under this heading was basically the same as that of the previous year, so it was obviously down in real value terms. Would it not have been obvious in August, June or even considerably earlier, that precisely what did happen was in fact going to happen?—**A.** Final allocations would not have been known that early. In the case of allocations to our client departments one of our difficulties from a departmental point of view is that they have to break up their allocations and say how much is going to schools for headmasters or principals to use and how much is allocated to us. From a departmental point of view we feel we are the last priority.

It seems that everyone gets looked after first and we get what is left. In a year when funds are short the sum that is left is significantly smaller than in a better year. We are in the position where we do not have a right to any percentage of the funds allocated to other clients, and they represent something like 85 per cent of our expenditure. It is obvious there is an unknown quantity. Mr Stanton points out that for education last year \$45 million was allocated but in the previous year, when the dollar was worth more, \$62 million was allocated. That means there was a very significant drop. That department is a major client.

**Q.** Do you feel there is a case for some change in the budgetary process? Would you agree that a budget brought into Parliament in November and changed by

almost 100 per cent, from \$16 million to \$18 million within a matter of weeks, shows cause for change?

CHAIRMAN: That was a decision made by the Government subsequent to the Budget. It was not a decision for which Mr Pilz was responsible.

Mr GREINER: I am not trying to hold him responsible. I am seeking to elicit his views on the nature of the budgetary process, that it is quite obviously inadequate from a departmental point of view.

CHAIRMAN: I do not think we can properly ask Mr Pilz for his views about the decisions of the Government.

Mr GREINER: I am not seeking his views on the correctness or otherwise of the decision to allocate more money. I am seeking his views on whether there should be an alternative means of budgeting so that that situation would not arise. He had been speaking about the inability of his department to know until well into the year in question just how much the actual departments were going to have to spend. I do not question the probity or otherwise of the Government's decision to spend twice the allocation, I am seeking to know whether there is an alternative means of budgeting that would prevent that situation arising so that the Government would not have a choice of making large numbers of people redundant or else effectively reversing the present process.

Can you answer that?—A. My answer may sound like having two bob each way. I think that is what it is. There are pros and cons. It is my view, for example, that if money were allocated to the Department of Public Works we would know how much we had and it would be simpler for us. On the other hand, when we are talking about funds for maintenance or to build the courts surely the responsible Minister is the one who is going to have to make the important decision in that regard. There must be a balancing effect. Last year we saw a situation arise which had not occurred to any major extent before. That was because of the sudden downturn in funding availability. That made the problem show up to a much greater extent than it would have done otherwise.

Q. In previous years that sort of situation has not occurred to a comparable extent?—A. (Mr Pilz) No.

CHAIRMAN: I take it a large proportion of the funds you have available for building construction and maintenance would come from the capital works budget?—

A. (Mr Stanton) Quite a bit from education for minor works and some suitable major construction works. Mr Pilz) One reason for allocating specifically what we refer to as minor loan works, which are significant works to the building construction and maintenance branch, is because we are a large employer of apprentices—in fact more than 400—and it is important that they have a full range of work available to them. We specifically allocate suitable minor works to the branch to provide that experience for apprentices.

Q. How much would that involve?—A. (Mr Pilz) Last year it was probably a greater amount than usual. (Mr Stanton) Last year within what is known as the public buildings loan vote, which comprises general public buildings, police, courts, corrective services and youth and community service, there was a total of \$5.16 million made available from that source which was given to the building construction and maintenance section. From the loan vote of the Department of Education \$10 million was made available for minor loan works and \$7.7 million for major loan works and there was \$4 million

for demountables. There is a figure of \$2.8 million for the Health Commission, but I am not aware what part of that is loan and what is revenue. The greater part of it is funded from revenue.

Mr BOYD: In respect of telephones within the Treasury there was a substantial increase?—A. It was basically because of a \$75,000 installation for the Stamp Duties Office. Land tax was about \$51,000, which was much higher than the previous year. When we looked into that we found that Telecom had relocated telephones and had not billed the department for eighteen months. We went from \$17,000 to \$51,000 for land tax, but after you make adjustments for the late billing, the comparison is really \$26,000, \$27,000 and back to \$25,000. Many of these things arise out of Telecom anomalies and the changing of billing procedures.

Q. I notice that the Department of Public Works has a high telephone account. You actually look after the telephones for other departments but not necessarily all of them?—A. (Mr Pilz) That is right—all telephone systems in government buildings where they are not occupied by a single department, other than our own. (Mr Stanton) Within that figure relating to the Minister for Public Works and Minister for Ports is contained a figure for our district offices, which is less than \$1 million.

(The witnesses withdrew.)

ATHOL CEDRIC VERDON, Acting Secretary of the Department of Education, residing at [REDACTED];

ARTHUR JAMES CROTHERS, Officer-in-Charge, Budget Division, Department of Education, residing at [REDACTED];

JAMES WILLIAM HOPKINS, Acting Administrative Officer, Office of the Minister for Education, residing at [REDACTED], sworn; and

GEOFFREY CLIVE ROSSITER, Assistant Secretary, Finance, Department of Education, residing at [REDACTED] affirmed and examined:

CHAIRMAN: Mr Verdon, did you receive a summons issued under my hand to attend before the Committee?—A. (Mr Verdon) Yes.

Q. Mr Crothers, did you receive a summons issued under my hand to attend before the Committee?—A. (Mr Crothers) Yes, I did.

Q. Mr Hopkins, did you receive a summons issued under my hand to attend before the Committee?—A. (Mr Hopkins) Yes.

Q. Mr Rossiter, did you receive a summons issued under my hand to attend before the Committee?—A. (Mr Rossiter) Yes.

Q. Mr Verdon, the Committee has received a letter from the Minister for Education in response to a request from the Committee. Is it your wish that that letter be included as part of your evidence?—A. (Mr Verdon) Yes. I have seen the letter and the attachments, which read:

The Secretary,  
Public Accounts Committee,  
Parliament House,  
Sydney 2000

30th August, 1982.

Dear Sir,

I refer to the letter from the Chairman of the Public Accounts Committee in relation to expenditure made without Parliamentary sanction or appropriation within my portfolio during 1981-82.

Departmental explanations as to the reasons for the unauthorized expenditure are set out in the attached schedule. I advise that the following witnesses will be attending on my behalf:

Department of Education—

Mr A. C. Verdon—Acting Secretary.  
Mr G. C. Rossiter—Assistant Secretary.  
Mr A. Crothers—O.I.C., Budget Division.

Office of the Minister for Education—

Mr J. Hopkins—Acting Administrative Officer.

Yours faithfully,

R. J. MULOCK,  
Minister for Education.

OFFICE OF THE MINISTER FOR EDUCATION—  
CONSOLIDATED REVENUE EXPENDITURES—  
1981-82

*Adult Migrant Education Service—Salaries and Other Expenses—*

Expenditure against this item is wholly a reflection of funds received from the Commonwealth Government. At the time of formulation of the Budget Estimates the Commonwealth Government's intentions in relation to the extent of the programme to be conducted were not known. Following discussions with Treasury officials, it was determined that the sum of money appropriate to the line item within the State's consolidated revenue should be established at a level commensurate with the approved programme in 1980-81, allowing for minor increases in some areas. In determining this sum, salary and wage components were costed at July, 1981, levels. In the final event, there were two major variations in salary, these being the 4.3 per cent interim determination followed by the 7.10 per cent final adjustment. The Commonwealth Government agreed to meet the cost of these variations and also approved of an escalation in programme levels in some areas. It is therefore pertinent to point out that expenditure in 1981-82 reflected the funding approved by the Commonwealth government to conduct the adult migrant education programmes in New South Wales.

DEPARTMENT OF EDUCATION—CONSOLIDATED  
REVENUE EXPENDITURES 1981-82

At the outset, it is pertinent to note that the consolidated revenue estimates of expenditure for 1981-82 were framed within a context of an allowance of 5 per cent increase on expenditures incurred in the previous financial year. Because of the particular nature of this Department's activities, estimates were framed against that background, and complemented by a separate set of estimates indicating the Department's assessed real needs. The Department is not aware of the basis upon which the Treasury determined many of the allocations, but there is a conclusion that in the salaries areas, having regard to movement which occurred in the latter part of the 1980-81 financial year, the allocations for 1981-82 carried little more than 2 per cent reserve against prospective salary increases which might have occurred in the following year.

Against these comments, attention might now be directed to the various areas where expenditure was made without parliamentary sanction or appropriation:

*Head Office*

Workers Compensation Insurance—The premium paid by the Department is determined on the basis of actual salaries outgoings for the previous financial year. This information is

subjected to a formula determined by the Government Insurance Office, out of which arises the premium payable.

In his letter of 3rd August, 1981, the then Premier and Treasurer advised "... have given careful thought to the position in relation to maintenance and working expenses, that is the "B" items ... with the exception of the item B1 Workers Compensation Insurance, there will be complete flexibility to interchange the budget allocations in this subsection. In the case of workers compensation, the premiums have not yet been decided in many cases and I will be prepared to provide additional funds, should this prove necessary". The Department's premium was in an amount of \$624,935 (not \$263,841 as referred to in the Chairman's letter) in excess of allocation and was the subject of supplementation request to the Treasury on 13th January, 1982, shortly after the premium advice was received from the Government Insurance Office.

Provision for Payments in Respect of Claims for Compensation, etc.—Each year the Treasury provides a nominal amount by way of allocation against this item to enable the Department to meet claims for compensation in respect of accident, injury or loss of property occasioned by misadventure in schools and other Departmental institutions. The major part of the expenditure in each year arises from court actions involving the payment of damages to school pupils who have sustained significant injury. In each case the result of the court action, or the arrangement for settlement out of court is the subject of reference to the Treasury for the provision of specific funds. During 1981-82 the following major settlements were made:

	\$
Tommy Newton—72/502623 . . . . .	720,000
Robert Hicks—77/505351 . . . . .	62,727
Craig Boyle—75/503818 . . . . .	35,000
Jessica Puls—77/505241 . . . . .	15,623
Stephen Taylor—77/505326 . . . . .	15,000

Handicapped Children's Centres—Subsidies Towards Costs of Supervision and Travel of Children—Handicapped children's centres are the subject of a State Government policy which accepts responsibility for the payment of the costs of teachers' salaries subject to the constraints imposed by a pupil teacher ratio. This ratio stands at nine children to one teacher. In addition, the costs of conveyance of children daily to these centres is met by the Government. In the formulation of its estimates each year, the Department recognizes the existence of each centre and the circumstances relating to the employment of teachers and the conveyance of children. There is however, no means by which the Department can control the development of new centres nor the admission of additional children who will attend these centres. As a consequence there is every likelihood of claims, in accordance with Government policy, being submitted to the Department for payment. The Department's estimate of expenditure in this area was \$3,710,000, against which an allocation of \$3,500,000 was made. The request for supplementation in this area was advanced to the Treasury of 9th June, 1982.

Special Developments in Education for Handicapped Children—Expenditure against this item is wholly a reflection of funds received from the Commonwealth government against various programmes encompassed within the States Grants (Schools) Acts. At the time of the formulation of budget estimates for 1981-82 the Commonwealth government's intentions in relation to programmes covering severely handicapped children and the integration of handicapped children were not known. In these areas the Commonwealth government makes known its intentions, and requires the State to formulate programmes which must be submitted to the Commonwealth Minister for his approval. As a consequence considerable delay exists in the commencement of expenditure, and no opportunity exists for determination of the sums of money which should be appropriate to the various line items within the State's consolidated revenue expenditure. In the case of the severely handicapped programme for 1981-82 a total amount of \$1.1895 million has been received. There was no expectation at the time of formulating the budget estimates of any funds being available in this area. Actual expenditure against the sum of \$1.1895 million was \$774,200. In the case of the integration programme, receipts in an amount of \$373,000 were forthcoming against which expenditure of \$233,790 has been recorded. Overall of course, this means that the Department's expenditure against the line item, taking into consideration these unplanned receipts, falls below the level of allocation. It is however highly pertinent to point out that in respect of this programme, and the programme for provision of special assistance to disadvantaged schools which will be the subject of later comment, funds provided by the Commonwealth are on a calendar year basis. This means that estimates of expenditure in terms of the State consolidated revenue fund are based upon residual funds remaining for the latter part of



one calendar year, and 50 per cent of the funds anticipated within the financial year is at a level below or in excess of the estimate made is relatively irrelevant, in the sense that any residual funds are available for expenditure in the latter part of the second calendar year, or if expenditure has been at a level in excess of that originally estimated, reductions in activities will be applied in that second half of the calendar year. As developments occur which will affect the funding arrangements of the various programmes operating through States Grants (Schools) Act funding, Treasury officials are advised appropriately.

#### Primary Education

**Salaries, Wages and Allowances**—As mentioned earlier, minimal provision was made in the budget estimates for 1981–82 to recognize likely wage increases. In the final event there were two major variations in salary affecting teachers and other members of the workforce; these being the 4.3 per cent interim determination followed by the 7–10 per cent final adjustment. In the case of the primary allocation, the cost for teachers and ancillary staff was in excess of \$32 million, to which there was a further cost relating to awards for ancillary staff (valued at + \$3 million) and the cost of the locality allowances award for teachers of \$461 million. An area of considerable concern was the escalating costs of relief casual teachers, which reflects the application of government policies providing for immediate replacement of an absent regular teacher in a primary school.

**Payments for Conveyance of Children to School**—Government policy provides for the free conveyance of children to school where they live in excess of 1.6 km distant by the nearest practicable walking route from the school attended. The cost to the government is dependent upon the number of children who meet the policy definitions. The annually increasing cost of conveyance has been a matter of great concern to this Department and to the Treasury and is evidenced by the correspondence which has been exchanged between this Department, the Premier and the Minister for Transport. A number of options aimed at reducing the cost of conveyance, estimated to save \$14 million, have been advanced to the government.

At this stage no decision has been announced. Over the previous 12 months the Department has taken action to apply a uniform rate for charter bus services. To date savings amount to \$1.07 million and it is expected that when all charter services are paid at this uniform rate the savings will be in the order of \$3 million per annum. Significant savings cannot be anticipated in areas other than charter services unless action is taken either by the government or the transport authorities. In formulating the estimates of expenditure for conveyance, the Department assesses its needs on an incremental basis taking into account the likelihood of approved increases in rates granted to bus proprietors. The Department's estimates of expenditure for 1981–82 were \$54 million and the allocation was \$51 million. Supplementary funds were the subject of request on 17th June, 1982.

**School Telephone Expenses**—Expenditures on school telephones became the subject of Departmental concern some years ago, as a result of which a survey was undertaken with a view to providing allocations of funds deemed to be adequate to meet the needs of schools. As an outcome of this survey, significant reductions in expenditure were realized. In formulating the estimates of expenditure for the financial year 1981–82, the Department was aware of the intention of Telecom to increase charges in relation to calls, rentals and installations. Hence the Department's estimate of expenditure was \$1,179,000. The need for economy in the use of telephones has been the subject of Departmental advices to Regional Directors, and to principals of schools, but the Department is in the situation that it has no awareness of costs until the time when accounts are rendered. Failure to pay the account will of course result in disconnection of the service to the school, and the Department would view such an occurrence as one which could be expected to provoke a significant degree of public outcry. The Department is aware of many areas in which the use of phones is essential, not the least of which is the need for multiple calls (sometimes up to 40 or more) in order to secure relief teachers to replace absent regular teachers. Nevertheless the Department endeavours to monitor and control the level of expenditure by requiring schools with abnormally high telephone costs to provide explanations on the usage leading to such levels of cost.

**Allowances for Primary Pupils in Non-State Schools**—The budgetary provision in this area is based upon estimates of numbers of children who will attract the allowance. Payment of the allowance is a matter of government policy, and the rate payable is determined by the Treasurer.

In the Department's estimates of expenditure for 1981–82 provision was made for \$31,834,000. The allocation was \$31,630,000. In the final event, expenditure reached \$31,994,827 representing claims due but unpaid in the previous financial year in an amount of roundly \$70,000, and unanticipated enrolments for which funds had not been provided.

**Provision for Special Assistance to Disadvantaged Schools**—Some reference to this item has already been made in respect of special developments in education for handicapped children. Like that item, the expenditure is totally from funds provided by the Commonwealth government under the States Grants (Schools) Act. The funding is on a calendar year basis and opportunity offers for funds to be expended at a level in excess of anticipations in the first half of a calendar year requiring an offsetting reduction in expenditure in the second half of the calendar year. In relation to this item however, it is necessary to appreciate that the funds provided by the Commonwealth government find their way into four budgetary headings, namely, Primary and Secondary A1 and the Primary and Secondary C items entitled Provision for Special Assistance to Disadvantaged Schools. In the formulation of estimates, bearing in mind that this occurs some eight months before the expenditure relevant to the next calendar year, it is quite probable that many projected areas of activity will change. As a consequence funds which have been regarded as likely to be expended through the A1 items will, by virtue of change in programme thrust, be expended through one or other of the C items. It is irrelevant to the Commonwealth authorities whether the expenditure is in the salaries area or in areas such as grants. The Department's responsibility is to ensure that expenditures do not exceed the level of available funds and that necessary acquittances to the Commonwealth in respect of the total level of funds provided can be given.

#### Secondary Education

**Salaries, Wages and Allowances**—The comments relevant to the primary item apply equally to secondary education. It is noteworthy that the additional costs incurred in 1981–82 in respect of the 4.3 per cent and 7–10 per cent increases in salary aggregated in excess of \$33.5 million and that provisions for the locality award and ancillary staff agreement were \$211 million and \$2.755 million respectively.

**School Telephone Expenses**—Comments relevant to the primary item apply equally to the secondary item. In this case the Department had sought an amount of \$705,000, against which the allocation provided was \$650,000. It is not irrelevant to note that that allocation exceeded expenditure incurred in 1980–81 by only 1.02 per cent. In the case of primary education the variation was 1.03 per cent. Telecom increases were in the order of 33 per cent for local telephone calls and lesser percentages for rentals, installations and S.T.D./trunk line calls.

**Secondary Textbook Allowances**—Government policy provides for the payment of secondary textbook allowances at the rates of \$13.00 for each secondary student enrolled in years 7–10 and \$32.00 for those enrolled in years 11–12. The allowance is attracted by students attending both government and non-government schools. The Department's estimate of expenditure was based upon anticipated enrolments in both government and non-government secondary schools and provided for a betterment in the rates of allowances. That betterment was not forthcoming, and the allocation provided was \$6,050,000. Based upon anticipated enrolments, without change in rates, the Department required \$6,372,000. Realized enrolments produced claims aggregating \$6,301,438.

**Mr NEILLY:** The second item dealt with is workers' compensation insurance. In the conclusion of that item you refer to the premium being \$624,935 in excess of allocation and not \$263,841 as referred to in the chairman's letter. Members of the Committee have looked briefly at the matter and it appears that the explanation is inter item transfers. Would that be correct?—**A. (Mr Rossiter)** That would be the situation in the final accounts of the department, yes.

**Q.** In the first paragraph you said that the premium paid by the department is determined on the basis of actual salaries outgoings for the previous financial year. My understanding of workers' compensation premiums is that there is a post-period adjustment in respect of estimated wages for the past period and actual wages paid

as one component and there is a second component of estimated wages for the ensuing period. In total there appears to be an increase on budget provision of 23 per cent in workers' compensation premiums. Can you tell the Committee whether the method of ascertaining workers' compensation premiums of the Department of Education is any different from that which would be applicable in private enterprise? Have you any comment about the 23 per cent increase in premiums?—A. (*Mr Crothers*) In our supplementation request to the Treasury we requested approval for \$625,000. At the time we submitted our estimates the premium rate was not available. In the letter from the Premier it was advised that he would provide supplementation. Subsequently the rate of premium was increased by the Government Insurance Office from .223 per cent to .293 per cent, which is a 31.39 per cent increase. The Treasurer at the time of his allocation letter realized that the rate had not been set when the Budget was handed down and gave us a let-out in his letter of allocation to us. I shall quote from the Premier's letter that came to us. It said—

I have given careful thought to the position in relation to maintenance and working expenses—that is B items. I realize that the amounts I have approved could fall short of normal requirements for several items. Accordingly I have decided that with the exception of the item B1, workers' compensation insurance, there will be complete flexibility to interchange the Budget allocations in this subsection.

The letter goes on—

In the case of workers' compensation, the premiums have not yet been decided in many cases and I will be prepared to provide additional funds should this prove necessary.

Q. I move on to provision for payments in respect of claims for compensation, etc. Is public liability insurance carried or is it just an unusual occurrence of that one major award of \$720,000?—A. (*Mr Verdon*) We do not carry public liability insurance. We rely on the Treasury to fund claims that are made against the department that have to be settled, whether they are settled in court or settled out of court. At the time of the budget going to the House we knew that there was to be at least a \$720,000 claim to be settled and we had to seek supplementation because of that. We had to seek approval under supply pending the passing of the estimates so that we could meet that claim.

The Treasurer's letter said that approval had been given to the provision of funds to the extent of \$720,000 from the Treasurer's advance account in supplementation of the amount to be provided in 1981–82 for the Department of Education head office item C seeking provision for payment in respect of claims for compensation et cetera to provide additional expenditure requirements during the current financial year. He went on to say that the amount was available under supply to meet the costs, pending the passing of the estimates for 1981–82. So it seemed that the provision had been decided so far as the Department of Education item was concerned, but that provision was not sufficient to meet this claim that was outstanding at the time. In our notes that we sent to the Committee we indicated that there were other claims that occurred later in the year which made our position even worse in the long term.

Q. I come next to the item under primary education, salaries, wages and allowances. In the conclusion of the comment there you state that an area of considerable concern was the escalating costs of relief casual teachers, which reflects the application of government policies pro-

viding for immediate replacement of an absent regular teacher in a primary school?—A. Yes.

Q. That seems to be a bland statement without specific reference in terms of cost. When you deal with secondary education in respect of salaries, wages and allowances, there is no similar comment made. Is there a difference between primary schools and secondary schools?—A. There is in respect of the provision of relief by casual teaching. The conditions under which relief may be provided are settled by either award or agreement negotiations between, formerly, the Public Service Board and the New South Wales Teachers Federation and latterly the New South Wales Teachers Federation and the Education Commission. The Department of Education has to implement those conditions of service. With primary teachers the school principal is delegated to engage what we call instant relief—that is, if the class teacher is away for one day, instant relief is provided or is available if he can arrange it. In a secondary school relief may be provided after two days' absence, which means that the first day's absence is carried by the remainder of the staff, unless there are multiple absences of teachers on that first day, when the principal has delegated authority to engage relief for that purpose. So there is that difference in the provision of instant relief. There is of course a difference in cost because of that.

Q. There must have been an increase in the incidence of relief casual teaching in primary schools beyond that budgeted for?—A. (*Mr Crothers*) As well as the additional incidence, of course, we had the small allowance that was provided—only 2 per cent for salaries. The relief teachers also had the salary increase of 4.3 per cent and the 7 to 10 per cent increase that came in from 1st January this year.

Mr BOYD: Dealing still with relief teachers for primary schools, there is a definite allocation for a given period, is there not?—A. (*Mr Verdon*) Within the salaries items.

Q. When that is exhausted, no further relief is being provided at the moment in the primary schools, I understand?—A. Could you repeat the question.

Q. There is a figure set out in your budget for relief teachers, I understand. I am talking about primary schools. When that figure has been exhausted no relief teacher is being appointed in some circumstances?—A. No. If you are saying that once the money is expended we then cease further appointments—

Q. I am talking about the present failure in a great number of instances to provide relief teachers for sporting activities in primary schools. I am getting a great number of letters about it, as I presume other members are. It seems to indicate that that policy has been changed specifically for this year, so we have zone sports and things of that nature where children cannot participate because of the monetary constraints?—A. I do not know that that is quite true. There are conditions under which relief may be provided for those kinds of activities—zoned sports. We call those release days available to the regional director to allocate at that level for those kinds of activities and it is for him to decide whether or not he allows that release.

Q. The responsibility rests with the regional director?—A. Yes. In fact the monitoring of the engagement of relief and the conditions under which the delegations are exercised at school level is for the regional director.

Of course, we monitor from the centre and we ask questions from the centre, and there is a great deal of activity in ensuring that there is no abuse of the provisions so far as the engagement of relief teachers is concerned.

Q. There is an equitable distribution between regions, I take it?—A. Yes.

Q. It would depend largely on the policy of the regional director more than the amount of funds available to him?—A. I would say that it is a combination of both factors, really. There is an equitable distribution between regions but, at the same time, the centre reserves the right to be able to reallocate funds depending on how the funds are being used at regional level. It may be that there is less demand in one region for provision of relief than in another region, and so we have to move the money. The reasons for the lessening in the demand can be subject to several factors; it may be that relief teachers are just not available, so that the schools go without relief. That is not an uncommon situation in the western suburbs.

Q. The inter-relationship between wages and salary increases, or the over-expenditure perhaps would be the better way to put it: the primary sector had an over-expenditure of \$16 million and the secondary sector had an increase of \$40 million. Given that the number of teachers in primary and secondary are approximately the same, from memory, how do you explain the discrepancy? Has there been a difference in awards?—A. (*Mr Crothers*) No. An increased supplementation provided for primary of \$37.123 million as against \$41.764 million for secondary.

Q. We do not have that figure here. I am reading from the Treasury report and it shows very emphatically that the primary education salary and allowances over-expenditure was \$16 million.

Mr DANE: If I can intercede: it so happened in the allocation of expenditure, suspense and Treasurer's advance account the balancing item I think was either primary or secondary. We could not put a lot across. There was only need for part. I think that would explain the difference.

Mr BOYD: We had better have a full explanation of it.—A. (*Mr Rossiter*) I think you are reading from the final accounts as opposed to the final budget papers.

Q. I am reading from the Treasurer's report. Have you seen this document?—A. (*Mr Verdon*) No. (*Document produced to witness.*)

(*Mr Rossiter*) I am afraid that the figures which are contained within this document represent excerpts from the department's final accounts. The department's final accounts are a statement of parliamentary appropriations, actual expenditures, with any savings offset against this situation where expenditure has exceeded allocation. The figures to which we are referring are simply the final expenditure figures by comparison with the budgetary allocations with no offsets. Hence the difference indicated in respect of the workers' compensation insurance referred to earlier, and again in this primary education figure.

Q. What is the true figure, then?

Mr DANE: Again in the case of primary education the preliminary public accounts as audited show the total

expenditure for primary would be \$555.9 million and in respect of secondary education \$560.5 million. Reverting to primary education, \$520.4 million was covered by parliamentary authority as voted; \$18.1 million, almost \$18.2 million was met from the special provision Treasurer's advance; \$16.3 million was provided as unauthorized. That was the balancing figure. In terms of secondary education, \$520 million, almost \$520.2 million was met from outright parliamentary authority. There was no money provided from or charged to the Treasurer's advance account. \$40.4 million was charged as a payment unauthorized in suspense. So the difference lies in the fact of how they were dealt with in the accounts and after allocating all expenditures to the Treasurer's advance account there still remained a balance of \$18.2 million, which was applied towards meeting part of the overrun of primary education. Had that not occurred, the situation would have been something like \$32 million or \$33 million charged against expenditure suspense against the 40 per cent.

Mr BOYD: That has clarified it. The other point I make is with regard to the question of compensation. I notice that the case in question, where there was a settlement for \$720,000, dates back to 1973?—A. (*Mr Verdon*) Yes.

Q. That was quite a protracted case. This is a general question: I know the policy of the department for a long time has been, if you have a child injured sue us and we will accept full responsibility if you win your case in court. Is that putting it too bluntly or too simply?—A. I am not sure what you are getting at.

Q. Let us say you have a child injured at school. To take the child referred to here, it was Tommy Newton?—A. It is Tammy; it was a girl. That is a mistake.

Q. The child was injured in 1973. Obviously there is no provision to compensate; I think you covered that earlier. I am well aware of that. But the system is, because the department's policy has been for a number of years "We will accept full responsibility if you can win your case in court", is it not?—A. The department usually denies liability. That has been the practice, and that is done on legal advice. But not all cases go to court. We do pay quite a number of compensation claims without going anywhere near court. It depends on the circumstances of the case. In this case it would have been a matter of the effect of the injury upon the child, and in that case the parents would have certainly approached the department and wanted to institute a claim for damages, which they did. It got to the settlement stage outside of court; \$720,000 was the agreed figure. They take a long time to get to court, whether it be workers' compensation or this kind of compensation. But the girl suffered brain damage and it was reported that her occupational potential is negligible, which, of course, had some influence upon the size of the settlement.

Q. While all of this is happening, who pays the medical costs; the parents, do they not?—A. I would expect, yes, it would be met by the parents, or by a medical fund, or whatever. There is no advance payment, if that is what you are getting at. There is no advance payment by the department.

Q. Because it is not workers' compensation you do not accept any responsibility for medical costs at all until there is a settlement?—A. That is true.

Q. The practicality of this particular policy is that it imposes enormous hardship on certain people who have not got the money, in the first place, to pay the medical expenses. You are aware of that, are you?—A. Yes, we are aware of that.

Q. Is there any better way of doing it so that there is some equity for the parents of a child who is injured at school and they do not have the imposition of these incredible costs until they reach a settlement?—A. In answering that, I think one has to consider the position of the Crown.

Q. Let me say I am considering the position of the constituents?—A. I appreciate that, too, and I am not a legal person but I would suggest that if the department, the Minister or the Government, for that matter made an advance payment against one of these claims it might be prejudicial in the final result, and I do not know that the department or the Government or the Minister should be placed in that position, in the same way as any other employer would be placed.

Q. There was a suggestion by my colleague the member for Cessnock that perhaps you could do what most people do, carry a personal accident policy or a general accident risk policy to offset at least the medical expenses almost immediately of somebody who had been attended to, and you are not completely out on a limb, as it were?—A. A number of parents do take out accident policies in respect of the attendance of children at schools, and of course that is encouraged. But the extent to which the cover is provided under those policies, I am not sure. If the department were to take on board that kind of cover, I think we would have to get some legal advice about that from the Crown Solicitor, and certainly it would have to be funded by the Treasury. So it becomes a matter of Government policy as to whether that department would do that. It is not just the Department of Education that you are really talking about; you are talking about all Government instrumentalities and departments, because whatever is done by one would need to be done by the others, so it becomes merely a matter of Government policy.

Q. It has more effect in the Department of Education than other departments because of the general risk?—A. Yes, it may.

Q. What I was trying to come back to was, has a study of it been made to see that it is better to do it this way in the way I am suggesting, than the way you are doing it?—A. I cannot answer that. I would have to have some research done to answer that question. I am not aware of what might have happened in years gone by, but certainly not in recent times, to my knowledge.

CHAIRMAN: I think it is general practice that the Government carries its own insurance?—A. Yes, it is.

Mr BOYD: I have no complaint with that, except in the Department of Education because I have seen some dreadful situations of hardships on parents, and I always felt it was inequitable. I was wondering if this was an opportunity to discuss it and see if there was some saving in it for the department?—A. I do not know if the research has ever been done. I cannot answer for that. The department's officers are also very concerned about the load the parents may have to carry in those circumstances. We are all very sympathetic to them.

Mr GREINER: Frankly I am a little bewildered by the first paragraph on page 1, the Department of Education consolidated revenue expenditure. It is the introductory paragraph, a precursor of the detailed explanations. In your own words can you explain to me how the budget for the Department of Education for that year was in fact determined? Am I right in understanding that in fact Treasury determines the budget for wages and salaries rather than the Department of Education, who prepared what amounts to a substitute budget which was not revealed?—A. The Department of Education does prepare its estimates under all line items, and salaries is one of them. We believe that we do that conscientiously. We use computer resources to provide teacher salaries and also we use those kinds of resources to provide the other salaries items. We provide the figures and those figures are available to the Treasury. How they interpret the figures is really a matter for them.

We may not agree and sometimes certainly do not agree with the provisions that are made. There are constraints upon the department as far as estimates are concerned. We can estimate only on known changes. When it comes to teachers' salaries, for instance, it is a matter of getting from the computer the cost of the known variations that will happen and that means the numbers of teachers, and progression on an incremental basis, to build up a cost per teacher. So it is all aggregated. There are other items that have to be looked at, as far as the casual relief teacher and the casual supply teacher can be based, on an estimate of what might occur, and a lot of that has to be historical, so we have room for error. Perhaps keeping to teachers, because that is where the real money is, we make an allowance for savings that may occur for one reason or another, replacement and vacancies. The extent of savings that we might see as appropriate might not be seen by the Treasury to be appropriate. There are lots of reasons why there might be divergences.

The final submission of assessed real needs is the end of the process you have described?—A. (*Mr Rossiter*) I am calling on my recollection from some twelve months or more ago, but in the Department of Education we commence our exercise in the formulation of the Budget estimates, in about March. Information flows to us from a variety of centres within the department, and our Budget division creates a lot of information itself and collates it for presentation to the departmental budget committee. Part of the estimates is delayed in its preparation because of the activities of other committees such as our manpower committee, which assesses our needs in terms of teacher numbers. We had embarked on some considerable extent upon the development of our estimates for 1981-82 when we were advised of a need to impose limitations upon the extent to which we sought funding, and that limitation expressed in most general terms was 5 per cent of expenditure in the previous year.

Please bear in mind that at that stage we had not reached the end of the previous year, so that in itself constitutes something of a difficulty. We were very conscious indeed of the fact that at that time there had been adjustments to teachers' salaries, so late in the financial year preceding, that a 5 per cent increase on that would be our final expenditure for that year would not suffice to meet the full year's salary of the workforce at the rates they were enjoying as a result of those increases.

Quite apart from any other consideration, there was no way we could live within the 5 per cent increase on annual expenditure unless we moved to severe reductions in staff, which everyone present would appreciate

would be a very difficult exercise. Quite apart from the salaries aspect, we have a number of areas which I think you gentlemen are well aware of, community reaction to any cuts—our supplies to schools, our grants to schools to purchase commodities, and the like.

Again we have a situation where in our budget exercise we have researched the level of cost increases that have occurred in a period of 12 months, and we were finding increases of 12 to 14 per cent. To suggest we should limit our increase to 5 per cent in the following year would mean a reduction in the availability of resources at schools. The end result of the exercise was, that we said when we submitted estimates, "Here is a set of estimates that has been prepared in conformity with the instructions that have been issued, and here is a set of estimates which we regard as a reflection of the true needs having regard to the needs for additional teachers and recognition of inflation in a number of areas".

We said that here were the consequences which would flow if we were not given increases in accordance with our real needs. We do not know upon what basis our allocations were determined. That comment could apply to any year. We do get a lot of information from Treasury officers where any substantial variations from our estimates have been made, but there is no way in which the Treasury can tell us of every situation where an alteration is made.

Q. What is the order of magnitude between your assessed real needs and the allocation you received?—

A. We did not bother to pull that figure out. (*Mr Crothers*) We would probably have based it upon the movement in the previous year and used that as an example, and the movements in the previous year were 4.2, 5.7, 3.7 and 3.6 in all salaries, and we would have submitted our estimates, as Mr Rossiter said. We conformed to what Treasury required, but we submitted a second set of estimates which were our real needs, and we would have gone in with the estimates as such.

CHAIRMAN: I missed part of the question.

Mr GREINER: I am seeking to determine the difference between the first paragraph, where you have the vast bulk of the over-expenditure, and what the departmental heads see as its assessed real needs, and the budget allocation that was received.

CHAIRMAN: Does that include the department's assessment of the increase in its wages and salaries bill for that year?—A. That is correct.

Q. In normal circumstances much of that would be held in the Treasurer's advance account, would it not?—A. In the schedule of salaries at the back. They list the various positions and the cost of the positions, and allow a provision for increases.

Q. In the budget which the Parliament appropriates for you it does not usually include the full allowance for the expected salary and wage increases in that year?—A. That is correct. (*Mr Verdon*) That is a figure inserted by Treasury. We are not allowed to do that. (*Mr Rossiter*) Over a ten year span there has been one occasion, and I think more than one occasion, on which we have been provided with very substantial sums against wage escalation. It seems to be an inconsistent approach. I recall one year when we had \$28 million primary and \$28 million secondary, for that purpose. (*Mr Crothers*) Our total over-expenditure on salaries was 5.8 per cent above our allocation. We had during the year a 4.3 per cent

increase for a half year, plus a 7 per cent, probably on average 8 per cent, so that 12.3 per cent would have applied for the half year from January to June. We are coming under if you take half of that 12.3 per cent.

Mr GREINER: Given the provision for adjustment in salaries below the line, was it really ever likely that you were going to live within the allocation you received plus that adjustment?—A. (*Mr Verdon*) No.

Q. That apparently was apparent to the department when it made the allocation?—A. (*Mr Crothers*) We wrote to the Treasurer to that effect.

Mr WEBSTER: Getting back to an item Mr Neilly raised in relation to salaries and relief staff, has there been any increase in the need for relief staff because of sick leave?—A. (*Mr Verdon*) That is very difficult to say, that there has been an increase in sick leave. We had lots of statistics about casual relief costs. There are many factors that contribute to it. This morning I looked at a table that made comparisons over the period of five years, and we looked at the teacher force and the composition of that force and we saw that we had a number of reserve teachers, people who were on the payroll whom we had a commitment to employ but they were not occupying established positions. We used these people to provide relief in schools as the need for relief arose. They were a mobile force. The cost of relief for all purposes at that time had to be looked at against that relief force, which was a reserve force of teachers in the schools.

As that number of teachers was reduced, over a period of years, they were unavailable to provide relief in the immediate vicinity, so it becomes necessary to provide casual teachers to pick up the relief that would have been provided by the reserve teachers. On the incidence of sick leave, I am not sure that we could say there has been an increase in sick leave. We have some figures. We have taken out surveys of the various sorts of leave on a regional basis.

Q. It may be easier if you would table those figures if they are available?—A. We have brought copies for you if you wish.

Q. Going to the figure in region 1, are we comparing like with like? Are we extracting the relief teacher factor that you mentioned?—A. The relief teacher is related to the absence of teachers.

Q. So there is a direct comparison?—A. There would be a direct comparison.

Q. Is there any reason why there was an increase of 24 per cent in sick leave?—A. It depends on the general health of teachers. Perhaps there was an epidemic of influenza in the winter of 1980 in that region.

Q. We have looked at other departments and there has been nothing like that change in sick leave?—A. I can only provide the information that we had in relation to teachers. I do not know what happened in other departments.

Q. I think I am speaking on behalf of all the committee members when I say that there have been complaints to members of Parliament in regard to ancillary staffing in schools with falling enrolments. Can the department see any economies that could be made in ancillary staffing, while maintaining some kind of presence of ancillary staffing in the schools?

CHAIRMAN: What has that to do with the general question?

Mr WEBSTER: It relates to the overall salaries of the department, trying to cut back some of the expenditure on salaries in the schools.—A. There is a lot of unhappiness in schools because of movements in enrolments which have caused reductions in entitlements relating to ancillary staff. The Department has looked at other ways of providing an ancillary staff entitlement, but within the funds now available. One solution was to take an enrolment band rather than a teacher base. By putting them into a band we found we would be disadvantaging more schools than we would be advantaging. It was not a workable proposition. In periods of declining enrolments the problems are much greater. In periods of increasing enrolments it is easy to keep within formulae and to provide additional positions if they are funded by the Treasury. It is difficult with diminishing resources to take the opposite course and to make better provision than we have at present. We have tried it and are still looking at it, but we have the problem to solve.

Mr BOYD: In your submission as to the provision for special assistance to disadvantaged schools, the Department says: "The Department's responsibility is to ensure that expenditures do not exceed the level of available funds and that necessary acquittances to the Commonwealth in respect of the total level of funds provided can be given". Earlier the submission makes clear that all this money comes from the Commonwealth, yet one sees a figure of over expenditure amounting to \$550,849. That does not appear to gell with the comments in the sentence I quoted.—A. (*Mr Rossiter*) I shall endeavour to put the matter as simply as I can but this has become a complex subject. The States Grants (Schools) Act and recently the States Grants (Schools Assistance) Acts are Commonwealth forms of legislation and authorize the disadvantaged programme in money payments to the State. Those Acts provide for payment of funds on a calendar year basis. The Department's role is to work up programmes with a view to utilizing this money.

We have a situation where in October–November, 1981, legislation will have been passed relating to 1982. That legislation for a start will have been based on the price index used by the Australian Schools Commission at best relating to June or possibly to the previous March quarter. The legislation is an attempt to cut up the cake on the basis of obsolete figures with provision for the admission of further legislation at a later point in time to upgrade the levels of entitlement for the various States.

Let us assume that in October, 1981, legislation was passed authorizing, say, a figure of \$6 million to the State of New South Wales for 1982. By the time 1982 expires and we reach May, 1983, we could, but for more recent adjustments to thinking in Canberra, have expected to find that that \$6 million had increased by a considerable amount.

At the time of putting together the budget estimates in the period March to June, 1981, we will have been looking at the residual funds arising from the calendar year 1981 and one-half of the funds authorized for the calendar year 1982. Much of that money will not become available until 1982 in respect of programmes to be administered in 1982. Therefore, there is a considerable period of time during which amendments to intentions in relation to programme may occur.

In looking at the sort of money we expect to receive, we will have been anticipating expenditures against pri-

mary and secondary A1 and C items. A1 reflects salary type payments, and C items reflect grant and purchase type expenditures. When we get to the second part of that financial year, which is the first part of the calendar year 1982, and find the thrust of the programme has changed, we can conclude that financial year with a vastly different expenditure against the C items, and a virtually indiscernible but nevertheless compensatory variation within the A items as between primary and secondary and total. In addition, we will have been told that as a result of review of price variation the level of grant to the State for 1982 has increased from \$6 million to whatever the figure may be.

Taking all those factors together, I think one will see a distinct opportunity for the C item expenditure to be recorded at levels well in excess of that which is anticipated.

In addition to all those other things, there is the prospect that a programme anticipated to occur in the latter part of 1982 will be advanced to the earlier part of 1982 and result in an earlier expenditure of funds available during 1982. So long as we have foreseen that development in sufficient time, we can have generated on the Commonwealth Government our advances so that the money is in the State Treasury available for credit on consolidated revenue to offset the expenditure for consolidated revenue.

Q. I assume that the amount of money I quoted is State's money?—A. No; it is Commonwealth money.

Q. So you have been over-expending Commonwealth money?—A. No. All we have done is spent it in advance of anticipation, or we have been given a supplement on the way through in advance of that which was originally expected.

Mr GREINER: In regard to the conveyance of children to school, is there an implicit admission or suggestion that the Department has been paying for more children than have actually travelled by a considerable amount?—A. (*Mr Verdon*) Yes. Because of the condition under which passes are issued. There is an eligibility provision which I can tell you if you wish to know. The provision is there, parents know it and seek passes. Whether children use the passes is another matter but payment is made on attendance at school rather than carriage by the vehicle.

Q. The reason is administrative convenience, is it?—A. No. The reason is that it is a matter of policy.

Q. Is that a sensible policy in terms of control?—A. I do not know that I can answer that question.

Q. Perhaps the answer is self evident?—A. The Department does not make the policy. It is involved in the policy.

Q. We heard earlier from the Department of Public Works about B items. Has there been a saving in maintenance in the general range of B items within the departmental budget?—A. Yes. In the B and C items overall we underspent by \$316,484.

(The witnesses withdrew.)