

**Public Accounts Committee  
Parliament of New South Wales**



**Annual Report  
Year Ended 30 June 1990**

**Report Number 51**

**October 1990**

The New South Wales Public Accounts Committee is composed of five members of the Legislative Assembly of the New South Wales Parliament. Its functions and powers are defined in the Public Finance and Audit Act and its role generally is to serve as a Parliamentary watchdog of government expenditure to ensure that government organisations are implementing government policy as efficiently and effectively as possible.

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# **The Public Accounts Committee**

## **Annual Report Year Ended 30 June 1990**

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## MEMBERS OF THE PUBLIC ACCOUNTS COMMITTEE

The members of the Public Accounts Committee of the Forty-ninth Parliament are:

**Mr Phillip Smiles, LL.B., B.Ec, MBA, Dip.Ed, MP, Chairman**

Phillip Smiles was elected Member for Mosman in March, 1984. A management and marketing consultant since 1974, Phillip Smiles has been involved with entrepreneurial business activities since his teens. Since entering Parliament he has been actively interested in the areas of small business, emergency services, welfare and financial analysis. He was appointed a Member of the Public Accounts Committee in 1984 and was elected Chairman in 1988.

**Mr George Souris, B.Ec, Dip.Fin.Mangt, FAIM, FASA, CPA, MP, Vice-Chairman\***

George Souris was elected Member for Upper Hunter in 1988. An accountant in public practice for 12 years, George Souris also served as a Shire Councillor in Singleton for 7 years, 4 of which were as Deputy President. At University, he was a Rugby Blue, represented NSW Country, Australian Universities and Australian Colts rugby teams. He is the NSW Parliament's appointed Member on the University of Newcastle Council. George Souris has experience in taxation and business management and an interest in financial analysis. He is a member of Rotary and other community organisations.

**Mr John Murray, BA, MP**

John Murray, formerly a teacher, was elected Member for Drummoyne in April, 1982. An Alderman on Drummoyne Council for 3 terms, John Murray was Mayor of the Council for 5 years and served 4 years as a Councillor on Sydney County Council. He has served as a member of the Prostitution Committee and the House Committee, and is a former Chairman of the Public Accounts Committee.

**Mr Allan Walsh, BA(Hons), Dip.Ed, MP**

Allan Walsh was elected Member for Maitland in September, 1981. Following 8 years as a Mirage fighter pilot with the RAAF, he was involved in business management. Allan Walsh has also taught industrial relations, management and history at technical colleges.

**Mr Terry Griffiths, MP**

Terry Griffiths was elected Member for Georges River in 1988. Prior to being elected to Parliament he was Chief Executive of the Scout Association of Australia. Before this he was an Army Officer. He is a graduate of the Officer Cadet School, Portsea, a graduate of the School of Military Engineering and a Fellow of the Australian Institute of Management. He has been actively involved in Lions, Rotary and other community organisations.

\* Mr Souris was appointed to the Committee on 23 February 1989, and elected Vice-Chairman on 2 March 1989. He replaced Miss W S Machin, MP, who was appointed to the position of Chairman of Committees on 23 February 1989.



**From left:**  
Phillip Smiles (Chairman), George Souris (Vice Chairman), Allan Walsh, Terry Griffiths, John Murray

## CHAIRMAN'S REVIEW



The 1989/90 year proved a challenging twelve months for the Public Accounts Committee. During the latter part of 1989, the Committee's major focus was on completing the Darling Harbour Inquiry, and early 1990 saw the Committee focus on the Inquiry into the New South Wales Auditor-General's Office.

Concurrent with these inquiries, the Committee tabled its report entitled "The Challenge of Accountability", which provided a significant opportunity for the Committee to critically examine financial accountability and reporting associated with New South Wales government departments and authorities.

Further, the Committee commenced research and the conducting of formal hearings associated with its inquiries into Local Government Auditing, the Lord Howe Island Board, the New South Wales Forestry Commission and the New South Wales National Parks and Wildlife Service.

The diversity of the inquiries and the supplementary work undertaken to prepare for conferences, responses to Treasury initiatives as required under the Public Finance and Audit Act, as well as liaison with members of the general public, which is becoming increasingly interested in the activities of the Public Accounts Committee, provided a most interesting year.

I would like to take this opportunity to express my gratitude to my fellow Committee Members, George Souris (Vice-Chairman), Terry Griffiths, John Murray and Allan Walsh, for their continuing support and tremendous contribution to the activities of the Committee, and to the Director of the Committee, Victoria Walker, and the staff team, for their support and their dedication to the task of encouraging increasing efficiency, effectiveness and accountability in the New South Wales public sector.

A handwritten signature in black ink, which appears to read "Phillip M Smiles". The signature is fluid and cursive, with a large initial "P" and "S".

Phillip M Smiles, LL.B., B.Ec., MBA,  
Dip.Ed., MP  
**Chairman**

## MISSION STATEMENT, AIMS AND OBJECTIVES

### MISSION STATEMENT

To serve the Parliament and thereby the taxpayer by:

- \* acting as Parliamentary watchdog of Government expenditure;
- \* ensuring Government organisations implement government policy as efficiently and effectively as possible;
- \* promoting value for money in the public sector; and
- \* ensuring greater accountability to Parliament and the public.

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### AIMS

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

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### OBJECTIVES FOR 1990/91

- \* to complete the inquiry into the Auditor-General's Office;
- \* to complete the inquiry into local government auditing;
- \* to complete the inquiry into the management of the Lord Howe Island Board;
- \* to conduct an inquiry into the payment performance of statutory authorities and major inner-budget sector departments;
- \* to complete the inquiry into the Forestry Commission;
- \* to conduct an inquiry into legal services provided to local government;
- \* to conduct an inquiry into the National Parks and Wildlife Service of New South Wales;
- \* to conduct formal reviews of actions taken in response to the following eight past Committee inquiries:
  - Over-Expenditure in Health Funding to Hospitals (2nd Report);
  - Public Accountability in Public and other subsidised Hospitals (3rd Report);
  - Superannuation Liabilities of Statutory Authorities (10th Report);
  - Follow-up Report on Inquiries into NSW Public Hospital System (22nd Report);
  - Report on the Home Care Service of NSW (32nd Report);
  - Report on the Purchasing Practices and the Allocation of Stores and Equipment Resources within the Technical and Further Education System (39th Report);
  - Report on the NSW Ambulance Service (44th Report); and
  - Report on Payments to Visiting Medical Officers (45th Report).
- \* to conduct an examination of Family and Community Services Juvenile Transport;

**OBJECTIVES FOR 1990/91  
(continued)**

- \* to conduct an inquiry into selected aspects of the administration of the New South Wales Legislative Assembly;
- \* to conduct an inquiry into selected aspects of urban infrastructure financing;
- \* to examine the anomalies and deficiencies highlighted by the Auditor-General in his Report for 1990, relating to:
  - the Sydney Fish Marketing Authority;
  - the Victims Compensation Tribunal;
  - the school furniture complex of the Department of School Education; and
  - the employment and training programs of the Department of Industrial Relations and Employment.
- \* to conduct a seminar at Parliament House on Parliamentary scrutiny of performance of the public sector;
- \* to inquire and report on matters related to the accounts referred to the Committee by the Legislative Assembly, a Minister or the Auditor-General;
- \* to examine payments in 1989/90 made in accordance with Section 22 of the Public Finance and Audit Act 1983; and
- \* to examine any other matter which the Committee deems appropriate and timely.

**CHARTER AND PROCEDURES**

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

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

The importance of this role has been recognised in recent years as government expenditure has increased, and demands on government for services have grown.

Concomitant with these developments has been a growing public concern with ensuring that the taxpayer is receiving value for money in relation to expenditure in the public sector.

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**LEGISLATION**

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



## PUBLIC ACCOUNTS COMMITTEE

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

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

- \* to examine the Public Accounts;
- \* to examine the accounts of Statutory Authorities;
- \* to examine the Auditor-General's Report and related documents;
- \* to report to the Legislative Assembly upon any items in, or circumstances connected with, these accounts, reports or documents;
- \* to report to the Assembly on any alteration the Committee thinks desirable in the form of the accounts, or in the method of keeping accounts, or the receipt or control of money;
- \* to inquire into and report to the Assembly on questions relating to the accounts referred to it by the Legislative Assembly, a Minister or the Auditor-General; and
- \* to inquire into and report on any expenditure by a Minister of the Crown made without Parliamentary sanction or appropriation or otherwise than in accordance with this Act or any other Act.

The Committee is permitted, under specific circumstances, to inquire into Government policy. While the Committee does not seek to question the adequacy of Government policy, it must inform itself about the nature of Government policy in order to determine whether policy is being adequately implemented.

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

departmental official administering policy.

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

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

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### PROCEDURES

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

Of the 48 reports which the Committee tabled to 30 June 1990, 11 arose from references from a Minister, 5 from references from the Treasurer and 4 from references from the Auditor-General. Appendix 3 summarises the origin of Committee inquiries and reports.

### INQUIRIES ARISING FROM A REFERENCE

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

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

Letters or questionnaires may be written to Government organisations or private bodies seeking information or submissions.

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

The Committee finds field inspections particularly useful in getting a first hand view of an organisation. The major inspections carried out by the Committee during 1989/90 are listed in Appendix 4.

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

For a number of inquiries, the Committee sought information from other states in order to develop interstate comparisons. Details are included in Appendix 4.

### **EXAMINATION OF THE AUDITOR-GENERAL'S REPORT**

The Committee examines the Auditor-General's Report for anomalies, or deficiencies revealed by the Auditor-General or noted by Committee members.

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

For other matters the Committee may consider that further evidence and investigations are needed. In these cases public hearings are held, after which the Committee decides on the form in which it will report the matter to Parliament.

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## **THE INQUIRY PROCESS**

### **TIME OF MEETING**

The Committee is limited to meeting when the Legislative Assembly is not sitting, unless express leave is given by the Assembly to meet when it is sitting. Meeting dates for 1989/90 are shown in Appendix 4.

### **POWER TO CALL WITNESSES**

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

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

### **PUBLIC HEARINGS**

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

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

for report writing. Through the public hearings, which are regularly attended by members of the media, the Committee aims to ensure that its activities are as open and public as possible and to encourage participation and consultation.

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

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

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

The Committee prefers to hold public hearings and only rarely has it been considered necessary to protect confidentiality by holding private hearings.

The Committee meets in closed sessions when it deliberates, receives briefings, or reviews draft reports.

## REPORTS 1989/90

Three reports were tabled in the last financial year. Brief summaries of each report follow.

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### ANNUAL REPORT FOR YEAR ENDED 30 JUNE 1989 - Forty-Sixth Report (dated October 1989)

Although the Committee is not legally required to table an annual report, it believes that it should provide an exemplary model to departments and statutory bodies by reporting, in a timely manner, on its activities to the Parliament and the public.

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### THE CHALLENGE OF ACCOUNTABILITY - Forty-Seventh Report (November 1989)

On 9 February 1989, the Public Accounts Committee resolved to conduct an examination under section 57 (1) of the Public Finance and Audit Act, into certain aspects of the financial statements of statutory authorities.

In reporting, the Committee focussed on the Auditor-General's Report for 1988. Despite the fact that strict legislation has been effective, in the form of the Annual Reports (Statutory Authorities) Act 1984 and the Annual Reports (Departments) Act 1985, reporting obligations had not been met by all organisations concerned. The Committee found that in 1988 approximately 20 percent of the statutory bodies audited by the Auditor-General did not submit their financial statements within the specified time, and further, the majority of these had failed to apply to the Treasurer for an extension.

Another matter of concern raised by the Auditor-General was the number of qualified audit certificates issued in 1988 (46), which was double the percentage from the previous year. The majority of such qualifications were due to a departure from accounting standards or uncertainty of the financial information, while the remainder of the qualifications were due to non-compliance with the Public Finance and Audit Act, or the Auditor-General's disagreement with the treatment of the reporting.

In improving the accountability and reporting by statutory bodies the Committee recommended that:

- \* late tabling of a report should require a Ministerial explanation of the circumstances;
- \* Treasury should report more fully to Parliament on its discharge of responsibility in relation to the administration of reporting and accounting legislation;
- \* Executive Service Officers' annual review of performance should include their success or failure in meeting their obligations of accounting and reporting;
- \* exemptions or extensions relating to the Auditor-General's appointment as external auditor of subsidiaries be granted only in exceptional circumstances which are fully reported; and
- \* a tightening of the disclosing requirement relating to "*particulars*" of operations and arrangements with subsidiaries, partnerships, joint ventures and other associations.

**REPORT ON THE DARLING HARBOUR AUTHORITY - Forty-Eighth Report (December 1989)**

The Public Accounts Committee received a reference from the Minister for Local Government and Minister for Planning on 10 August 1988, to examine and report on the operations of the Darling Harbour Authority.

The Darling Harbour Authority, established in 1984 to co-ordinate the development of Darling Harbour, operated under a cloud of controversy, as design and construction overlapped and the project was "fast-tracked" in order that the site could be the focal point of the State's Bi-centenary celebrations.

Specifically, the Committee was directed to review the Authority's tendering procedures, leasing and contractual arrangements, administration, industrial relations management and consultancy arrangements.

The Committee found that there was no evidence to support any claims of mismanagement in the Authority's co-ordination, and that its internal procedures and controls were of a high standard of propriety and accountability as is expected within the public sector. However, the large-scale development drew widespread attention, focussing on planning and environmental issues, industrial relations and the mooted introduction of a casino and the monorail. The deadline set for the development to be completed, and the volume of construction work, combined with the current peculiar climate in the building industry, placed considerable pressure on the Authority.

The Committee found that the placement of key managers was slow, and early crucial decisions were rushed. Contract management was inadequate, with contract variations and claims not appropriately handled.

The Committee found that the Authority had various problems in handling public relations and marketing. There was no definitive marketing direction for the development, and only minimal public relations was attended to. Negative publicity giving somewhat inaccurate reports of expenditure, was not effectively countered by the Authority. The effect simply snow-balled into greater adverse opinion.

The Committee proposed options for financial restructuring based on the commercial and non-commercial elements of the project, and the need for realistic financial goals to be set.

The disruptive nature of problems concerning the construction industry should, in future, be avoided. Recommendations were made regarding the improvement of industrial relations and occupational health and safety for any such future projects.

In conclusion, the Committee recommended the amalgamation of the Darling Harbour Authority and the Sydney Cove Redevelopment Authority, and this new Board should include the General Manager of the NSW Tourism Commission and a representative from the Council of the City of Sydney. In tackling the marketing problems the Committee recommended the establishment of a Marketing Board to be chaired by the Marketing Director of the new Board.

## OTHER ACTIVITIES

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### CONSIDERATION OF PROPOSED LEGISLATION

The Committee has a clearly defined interest in monitoring proposed changes to public sector accounting requirements. The Treasury has, in addition to the requirements under section 63A of the Public Finance and Audit Act (*"Reference of matters to the Public Accounts Committee"*), adopted a practice of referring to the Committee, for comment, any proposed changes to the Act.

In 1989/90, legislation considered by the Committee included the following:

#### **1 Amendments to the Annual Reports (Statutory Bodies) Regulation**

The Committee considered the proposed amendment specifying that surplus funds should be invested via the Hourglass Facility provided by the Treasury Corporation, and such investments be disclosed in the annual report.

The Committee agreed with the proposed amendment as it is in line with the Committee's continuing endeavour to improve accountability in the public sector.

#### **2 Amendments to the Public Finance and Audit Act, the Annual Reports (Statutory Bodies) Act and the Annual Reports (Departments) Act**

Proposed amendments relating to the Auditor-General's Office and particular audits were considered by the Committee. In general, the Committee agreed with these amendments, but it proposed that consideration of the amendments be deferred pending the outcome of the Report into the Auditor-

General's Office, due to be tabled in July.

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### AUSTRALASIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEES

At the 6th Biennial Conference of Public Accounts Committees, in Brisbane in 1989, it was proposed that the Australasian Council of Public Accounts Committees be established. At that Conference, Mr Phillip Smiles, MP, was elected President, and Sydney was to host the Inaugural Mid-term Meeting of the Australasian Council of Public Accounts Committees (ACPAC).

On Friday, 15 June 1990, the New South Wales Public Accounts Committee hosted the Inaugural Conference of the Australasian Council of Public Accounts Committees. The Constitution was ratified at this meeting, and open discussions were then held.

ACPAC membership is open to all members of Parliamentary Public Accounts Committees or similar legislative committees scrutinising public spending in Australia, New Zealand and New Guinea.

The Conference offers the members and secretariats of Public Accounts Committees a forum for discussion of matters of importance to the Committees. It encourages the sharing of knowledge, ideas and experiences, without the constraints of political beliefs.

ACPAC aims to:

- \* facilitate the exchange of information and opinion relating to Public Accounts Committees and to discuss matters of mutual concern;

## PUBLIC ACCOUNTS COMMITTEE

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- \* improve the quality and performance of Public Accounts Committees to ensure that taxpayers are getting value for money;
- \* work with Auditors-General so as to improve the effectiveness of both auditors and the Public Accounts Committees;
- \* work with individuals and organisations knowledgeable about matters of concern to Public Accounts Committees; and
- \* educate elected Members of Parliament, the media and the general public as to the purposes and activities of Public Accounts Committees.

This passing on of knowledge proved to be most beneficial to the Queensland Parliamentary Committee of Public Accounts which has been recently formed after laying dormant for many years.

Topics discussed at the Conference included:

- \* successful inquiry management techniques;
- \* witness management;
- \* Crown privilege;
- \* liaison with the Commonwealth;
- \* possible joint/common projects by Public Accounts Committees;
- \* staff selection and research skills; and
- \* public profile of Public Accounts Committees.

The next Biennial Conference is to be held in Darwin in May 1991.

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### COMMITTEE REPRESENTATION AT CONFERENCES AND SEMINARS

Members of the Committee represented the Committee at the following conferences and seminars:

July 1989 - Canadian Conference of Public Accounts Committees;

March 1990 - Malaysian Council of Public Accounts Committees Conference;

March 1990 - New South Wales Government Familiarisation Seminar;

May 1990 - Public Sector Accountability in the '90s Conference;

June 1990 - Local Government Auditors' Annual Conference; and

June 1990 - Canadian Conference of Public Accounts Committees.

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### VISITS FROM OTHER PARLIAMENTS AND COMMITTEES

The Committee hosted visits from the Members and secretariats of other Committees from interstate. These included:

Queensland Public Accounts Committee  
Queensland Works Committee  
Queensland Ambulance Inquiry Committee  
Northern Territory Public Accounts Committee

As well, the Committee was visited by delegations from:

The Solomon Islands; and

The Budgetary Committee of the Parliament of the Federal Republic of Germany.

## REVIEW OF PERFORMANCE 1989/90

In its annual report for the year ended 30 June 1989, the Committee identified a number of broad objectives and a number of specific plans or goals for the following year.

The first section of the performance review is organised around the three broad objectives; the second section measures achievements against the specific goals for 1989/90.

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### ACHIEVEMENT OF BROAD OBJECTIVES

The Committee's overall objective of increasing public sector value-for-money and accountability is expressed in terms of three subsidiary objectives:

- 1 To increase the efficiency and effectiveness with which government policy is implemented;
- 2 To increase the public sector's awareness of the need to be efficient and effective, and accountable for its operations; and
- 3 To increase the awareness and understanding of Parliamentarians and members of the public of the financial and related operations of government.

The nature of these objectives is such that performance is measured in qualitative, rather than precise, quantitative terms.

The Committee is concerned with monitoring the impact of its work, especially in terms of both the results of its major inquiries and reports and also its wider educative role and "*watching brief*" on public sector financial management and administration.

The Committee investigates, in particular, what action has been taken in

response to its findings and recommendations, and where appropriate, may complete a full-scale follow-up inquiry and report. The Committee also relies on comments by external parties for indication of its performance.

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

The Committee is requested by Ministers to check on the implementation of government policies. One of the Committee's ongoing operation is to check the efficiency and effectiveness of government policy. Although it does not call into question policies themselves, the Committee can make comment on alternative methods to achieve greater accountability

The inquiry into the payment performance of statutory authorities and major inner-budget sector departments, requested by the Premier, Treasurer and Minister for Ethnic Affairs, the Hon. N F Greiner, MP, is specifically an investigation to check that the government policy of prompt payment (Treasury Direction 219.01) has been efficient and effective.

Such a request maintains the Committee's confidence that its activities are in the interests of the Parliament, guarding the public's purse. When the report into prompt payments is tabled it will be regarded as important to both sides of the Parliament as a gauge of the public sector's ability to adopt new government policy.



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

The Committee, in emphasising the need for efficient and effective government services, seeks to maintain a high profile among public sector managers.

Members of the Committee and the Secretariat work to achieve this through involvement with professional associations, particularly in accounting, and presentations at conferences and seminars. Members of the Committee were asked to present papers for conferences and seminars for the Canadian Conference of Public Accounts Committees, and the New South Wales Government Familiarisation Program.

The Challenge of Accountability, tabled in November 1989, examines the issues of financial reporting and accountability. The standards of reporting prescribed in the annual reporting legislation and the Public Finance and Audit Act 1983, need to be met, in order to assure the people of New South Wales that the State-owned assets are being efficiently and effectively managed. In order to achieve this, performance measures need to be taken. This report highlighted the point that many departments and statutory authorities were not meeting the legislative requirements nor the professional standards of financial management required by the Parliament.

The Report on the Darling Harbour Authority earmarked the difficulties encountered when a "fast-tracking" approach is taken in a project, and how mismanagement of human and financial resources leads to inefficiency. The importance of marketing was also a major point of this report. Performance indicators are required to monitor the progress of such a large scale project. The Darling Harbour project was estimated to cost \$200 million when it was announced in 1984 that it would be

constructed, but by the end of 1989 it had actually cost \$1.093 billion. With the public constantly being made aware of the expense of such a project via the media, the public sector needs to be continually accountable for its operation.

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

The Public Accounts Committee is a vehicle for the public disclosure of the financial affairs of the Government.

It publicises its work through notices in the press about its inquiries and public hearings, its reports, presentations by members of the Committee, and contact with the media. The Committee publishes its findings in reports and makes them available at reasonably accessible outlets.

The Committee is a bipartisan Parliamentary group committed to asking "*tough questions*" about public sector financial management and administration, honestly reporting its findings, and assisting the Parliament to get value for money for the taxpayer's dollar.

The Public Accounts Committee is often referred to as a "*watchdog*", with news reports, columns and editorials commenting not only on its role but also on the substantive issues raised by the Committee related to accountability and public administration.

Its activities attract the attention of the media, and the interest of the public and Members of Parliament other than its own members.

The inquiry into the Auditor-General's Office was undertaken during this year and will be tabled in July 1990. It is a review of the management of one Parliamentary watchdog by another

Parliamentary watchdog. The report makes recommendations on the terms and conditions of the appointment of the Auditor-General, for an upgrading of the operations of his/her office, its funding, and its personnel selection. It also recommends the development of more progressive and updated auditing, moving from the current practice of attest auditing to a mixture of attest and performance, or value-for-money, auditing. This report will stand as an indicator for progression for one of the State government's operations.

Members of the Committee and the Secretariat were pleased as in past years, to assist Members of Parliament with any questions about the Public Accounts, accounts of authorities of the State, or about the Committee's ongoing or possible future investigations.

The Committee aims to keep accounting bodies abreast of its activities. The Chairman has presented papers on over 30 separate occasions to groups as diverse as Chambers of Commerce, Local Government Auditors' Association, and other professional accounting bodies. In addition, the Committee has been involved in overseas conferences. The Chairman was keynote speaker at the Malaysian Council of Public Accounts Committees Conference held in Sarawak in March 1990. One Committee member presented a paper at the Canadian Conference of Public Accounts Committees in June 1990.

The Committee enjoys good relations with Parliamentarians outside NSW. In 1989/90, it enjoyed visits from delegations from the Parliaments of the Federal Republic of Germany and the Solomon Islands. Members of the Committee visited the Parliaments of Norfolk Island and various Parliaments in Canada, the United States of America and Malaysia.

Throughout the year, the Committee Secretariat was visited by parliamentary officers from the Thailand Parliament, who used the opportunity of visiting to learn the functions of our legislature.

The Committee was visited by representatives of three Queensland Parliamentary Committees, disseminating information on a range of the Committee's activities. They took the opportunity while in Sydney to sit in on some of the Committee's public hearings.

An additional element of the Committee's communication with Parliamentarians and members of the public is through the availability of its reports. Copies of all reports produced by the Committee are sent to all Members of Parliament and circulated to libraries and other relevant organisations both in NSW and interstate. In addition, copies of the reports are sold to members of the public from the Secretariat office and the Government Information Office. During 1989/90, 476 copies of Committee reports were sold.

The Committee will issue a pamphlet on its activities and its relationship with the financial operations of government, in an effort to further increase the awareness of Parliamentarians and the general public of the impact of the Committee on the governments financial operations.

**ACHIEVEMENT OF SPECIFIC OBJECTIVES FOR 1989/90**

Thirteen specific objectives for the year 1989/90 were set by the Committee and published in the 1988/89 Annual Report. Details of the progress in achieving those objectives follows:

**To complete the Inquiry and report on the operations of the Darling Harbour Authority**

Inquiry completed, and Report No. 48 tabled December 1989.

**To complete an examination and report on public sector accounting and reporting.**

Examination completed and The Challenge of Accountability, report No. 47, tabled December 1989.

**To undertake an inquiry into the role of the functions of the NSW Auditor-General's Office.**

Inquiry completed during 1989/90 and report being printed for presentation in July 1990.

**To undertake an inquiry into selected aspects of the administration of the New South Wales Legislative Assembly.**

Inquiry postponed pending outcomes of Office of Public Management Inquiry and report of the Select Committee on Resources of the Legislative Council.

**To undertake an inquiry into selected aspects of the National Parks and Wildlife Service.**

Inquiry held over at Minister's request until tabling of the 1989/90 Annual Report of the National Parks and Wildlife Service.

**To undertake an inquiry into selected aspects of the Forestry Commission.**

Investigations commenced March 1990, hearings completed, due for tabling December 1990.

**To undertake an inquiry into government motor vehicles with particular reference to fleet management.**

Inquiry deferred.

**To review the provision and administration of Government employee staff housing throughout the NSW public sector.**

Inquiry deferred.

**To examine the anomalies and deficiencies highlighted by the Auditor-General in his report for 1989.**

The Committee commenced its inquiry into the Lord Howe Island Board in March 1990, which was prompted by the third successive qualified audit certificate issued to the Board. Report due for tabling November 1990.

**To conduct a seminar at Parliament House on public sector accountability.**

Plans for the Parliamentary Scrutiny of Performance Seminar drafted - to be held in November 1990.

**To inquire and report on matters related to the accounts referred to the Committee, by the Legislative Assembly, a Minister of the Auditor-General.**

The Committee commenced its inquiry into the auditing of Local Government in March 1990, following its receipt of a reference from the Minister for Local Government and Minister for Planning, The Hon. D A Hay, M.P. The inquiry is considering the appropriateness of the terms and conditions of appointment of the auditors for Local Government councils.

In April 1990, the Committee received a reference from the Minister for Natural Resources, the Hon I R Causley, M.P., to inquire into aspects of the management and accountability of the Forestry Commission. The inquiry commenced in April 1990.

**To examine payments in 1989/90 made in accordance with section 22 of the Public Finance and Audit Act 1983.**

Examination deferred.

**To seek formal advice on what action has been taken in response to recent Committee inquiries, findings and recommendations.**

In March 1990, the Committee resolved to conduct ongoing follow-up of all its past reports every five years. Departmental heads and responsible Ministers will be requested to supply the Committee with progress of the adoption of recommendations, and their

effectiveness, as well as reasons for the non-adoption of recommendations. The reports to be followed up in 1990/91 include:

- \* Over-Expenditure in Health Funding to Hospitals (No 2);
- \* Public Accountability in Public Hospitals (No 3);
- \* Superannuation Liabilities of Statutory Authorities (No 10);
- \* Follow-Up Report on Inquiries into NSW Public Hospital System (No 21);
- \* Report on the Home Care Service of New South Wales (No 32);
- \* Report on the Purchasing Practices and the Allocation of Stores and Equipment Resources within the Technical and Further Education System (No 39);
- \* Report on the NSW Ambulance Service (No 44); and
- \* Report on Payments to Visiting Medical Officers (No 45).

## CURRENT PROJECTS

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### AUDITOR-GENERAL'S OFFICE INQUIRY

The Report on the Auditor-General's Office, due to be tabled in July 1990, is a review of the practices of the Auditor-General's Office. In his 1988/89 Report the Auditor-General had stated his concern regarding his office's performance, and the Public Accounts Committee took it upon itself to inquire into reasons for this concern. Most significantly, the Committee has looked at revising the terms and conditions of appointment of the Auditor-General. The Committee found there to be a lack of efficient management of human resources, and that there was a high loss of staff at the bottom level.

The report is currently being considered by the Committee, and it is due to be tabled in July 1990.

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### LORD HOWE ISLAND BOARD INQUIRY

In February 1990, the Committee resolved, and then it received a reference from the Minister for the Environment, the Hon. T J Moore, MP, to examine the financial and administrative practices of the Lord Howe Island Board. This resolution followed consistent adverse comments by the Auditor-General in his annual reports for 1988 and 1989. The inquiry, which commenced in May 1990, will be reporting on circumstances relating to the late lodgements of financial statements for 1987 to 1989; the adequacy of the accounting, financial and management systems of the Board; the impact on services to the Board due to the location; and the planning and administration of Capital Works projects.

The Committee has completed its public hearings in the island and in Sydney, and it has also visited Norfolk Island to gain a wider perspective on similar island economies and management issues.

The Committee's report will include an examination of the financial administration, island management and administration, the financial position of the Board, tourism and alternative business opportunities and future options for the island. It is expected that the Committee will table its report in November 1990.

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### LOCAL GOVERNMENT AUDITING INQUIRY

The Committee commenced its inquiry into Local Government auditing in March 1990, following receipt of a reference from the Minister for Local Government and Minister for Planning, The Hon D A Hay, M.P. The inquiry considers the terms and conditions of the appointment, and the functions of the auditors of Local Government councils.

In order to gain maximum input from evidence, the Committee visited country areas and conducted a public hearing in Maitland, held meetings for councils in the country areas surrounding Dubbo, and made visits to councils in the surrounds of Wagga Wagga, Coffs Harbour and Grafton. The Committee also visited councils in the Sydney metropolitan region. Hearings have been completed and there are only a few more inspections to be conducted.

The report is due to be tabled in November 1990.

## **FORESTRY COMMISSION INQUIRY**

The Committee received a reference from the Minister for Natural Resources, the Hon I R Causley, M.P. in April 1990, to conduct an inquiry into aspects of the Forestry Commission relating to its overall structure, management and accountability. Inspections have commenced, some public hearings have been held, and more are to be conducted. It is hoped that this report, reviewing such a large government department, will make a great impact on the Commission, and that progressive restructuring will take place, making the Commission more accountable and efficient to take it into the 21st Century.

The report is due to be tabled in December 1990.

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## **PAYMENT PERFORMANCE OF DEPARTMENTS AND STATUTORY AUTHORITIES**

In November 1989, the Committee received a request from the Premier, Treasurer and Minister for Ethnic Affairs, the Hon. N F Greiner, M.P., to conduct an inquiry into the payment performance of departments and statutory authorities. This reference is a review of the effectiveness of the implementation of the Treasurer's direction 219.01, relating to the prompt payment of accounts. A questionnaire will be issued seeking information regarding the promptness of payments in comparable periods in the financial years of 1988/89 and 1989/90, prior to and following the implementation of the Treasurer's Direction. This report is directly in keeping with the Committee's mission statement of ensuring that government organisations implement government policy as efficiently and effectively as possible.

**SECRETARIAT**

During 1989/90 the secretariat was restructured and the permanent staffing level increased. After having functioned for seven years, the Committee and the Secretariat determined that it no longer had adequate human resources to administer its increasing workload. The level of staff was increased and statements of duties reassessed to enable a greater performance level. The staff currently comprises a Director, a Senior Project Officer, a Clerk, and 2 Committee Stenographers. In addition, an officer from either the Auditor-General's Office or Treasury is seconded to the Committee on a full-time basis for a six-month period.

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**STAFF AS AT 30 JUNE 1990**

**Ms Victoria Walker, MA**  
*Director*

**Mr Thomas Benjamin, BA, MBA,  
M.Psych, Dip.SIA**  
*Senior Project Officer*

**Ms Bernadette Gurr**  
*Clerk*

**Miss Norma Rice**  
*Committee Stenographer*

**Ms Rebecca Turrell, BA (Visual Arts)**  
*Committee Stenographer*

**Mr Ian Holt, B.Bus**  
*Advisor to the Committee seconded from  
Treasury*

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**CONSULTANTS**

During the 1989/90 financial year the Committee engaged the following consultants for the mentioned projects:

**Inquiry into the Darling Harbour Authority**

Mr Clive Monk, AM, FTS, ASTC(Hon),  
FIE Aust, MAus.IMM, FAIB, FAIM,  
FIArb.A, LGE

**Inquiry into the Auditor-General's Office**

Dr Glenn Swafford, BA (Hons), Ph.D.

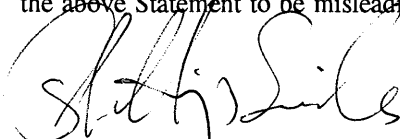
**Inquiry into the Forestry Commission of New South Wales**

Mr Michael Smart, A.B.(Harvard University)

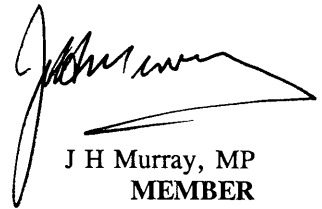
## STATEMENT BY APPOINTED MEMBERS

We state that:

- (a) The accompanying financial statement has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit (Departments) Regulation 1986, and the Treasurer's Directions to the extent that such Act, Regulation and Directions are applicable to the accounts of the Committee.
- (b) The statement presents a true and fair view of the payments relating to the Committee for the year ended 30 June 1990.
- (c) There are not any circumstances which would render any particulars included in the above Statement to be misleading or inaccurate.



P M Smiles, MP  
**CHAIRMAN**  
 2 August 1990



J H Murray, MP  
**MEMBER**  
 2 August 1990

being members of the Public Accounts Committee appointed by the Committee by resolution of 2 August 1990, to sign the Statement of Payments approved by the Committee on that date.

### Statement of Payments

#### For the Year Ended 30 June 1990

Previous Year \$		1989/90 \$
150,579	Secretariat salaries, wages, etc	148,721
51,327	Seconded Staff salaries (Note 7)	41,999
78,022	Travelling and Subsistence	89,727
18,480	Advertising and Publicity	20,539
1,213	Books, Periodicals and Newspapers	1,683
7,085	Postal, Telephone and Courier Expenses	6,728
95,877	Fees for services rendered (including consultants)(Note 6)	63,170
47,212	Printing and Stationery	9,685
11,027	Furniture, Equipment, Stores, Maintenance, other expenses	13,087
<u>6,886</u>	Gas and Electricity (Note 3)	<u>5,094</u>
<b><u>467,708</u></b>	<b>TOTAL EXPENDITURE</b>	<b><u>400,433</u></b>



Notes to the Statements of Payments

1. The Committee is neither a statutory body nor a government department. The Public Finance and Audit Act 1983, the Annual Reports (Statutory Bodies) Act 1984 and the Annual Reports (Departments) Act 1985, do not apply to the Committee. It shares and allocation for working expenses from the Consolidated Fund under the appropriation to the Legislature.

Budget appropriation to the Legislature for Parliamentary Committees: \$1,891,000

Total payments by the Public Accounts Committee as determined by Presiding Officers of the Parliament: \$400,433.

2. The Statement has been prepared on a cash accounting basis except for the accrual of salaries unpaid at 30 June 1990: \$4,158. No other amounts owed to or by the Public Accounts Committee at the close of the year are included in the Statement. Outstanding commitments as at 30 June 1990: \$10,280.52.

3. Office occupancy costs are not charged to the Committee. However, in 1989/90 a pro-rata charge for gas and electricity was raised.

4. From 1 July 1989 the employers' and basic benefit contributions to the State Superannuation Fund were transferred from Treasury to the Legislature. The unfunded employer superannuation liability has been assessed actuarially by the State Authorities Superannuation Board for the Legislature as a whole.

5. Members of the Committee receive an allowance for their service on the Committee. The costs of these allowances is met direct by the Legislature and not from the Committee's funds. Currently the Chairman receives a salary of office of

\$3,613 p.a. and an expense allowance of \$3,623 p.a. Other members receive a Committee allowance, currently \$1,657.

6. The fees for services rendered includes consultants engaged by the Committee to advise on the highly detailed and complex issues involved in the inquiries into Darling Harbour, the Auditor-General's Office and the Forestry Commission.

7. The secretariat of the Committee was without the full complement of staff from November 1989 to May 1990. During 1989/90 five members of staff left the secretariat. In November 1989 the secretariat was restructured and increased in number from four to five.

**This is the end of the audited financial statements.**

**Auditor-General's Certificate**

The accounts of the Public Accounts Committee for the year ended 30 June 1990 have been audited as required by section 35 (2) of the Public Finance and Audit Act 1983 and in accordance with Section 34 of that Act.

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



**K J Robson, ECPA**  
**Auditor-General of New South Wales**  
Sydney, 25 September 1990.

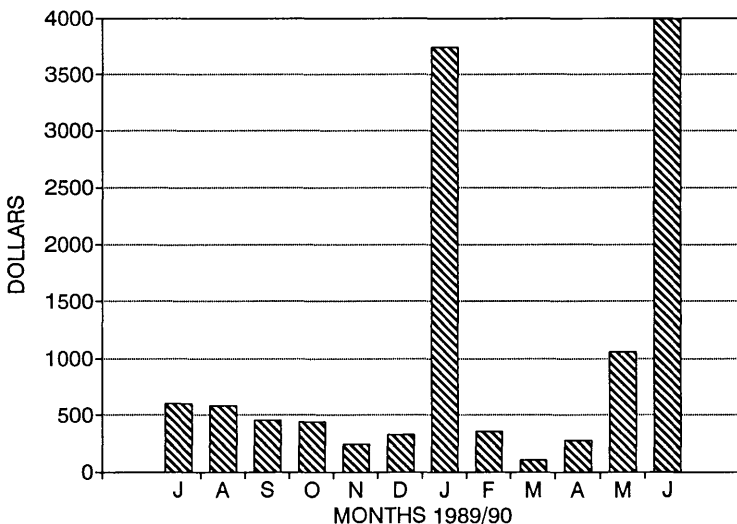
**Expenditure by Month, 1989/90**

As recommended in the Committee's 20th Report on Year End Spending, a graph is provided below of spending on stores and equipment purchases. This recommendation is incorporated into the Annual Reports (Departments) Regulations 1986 (clause 4(b)).

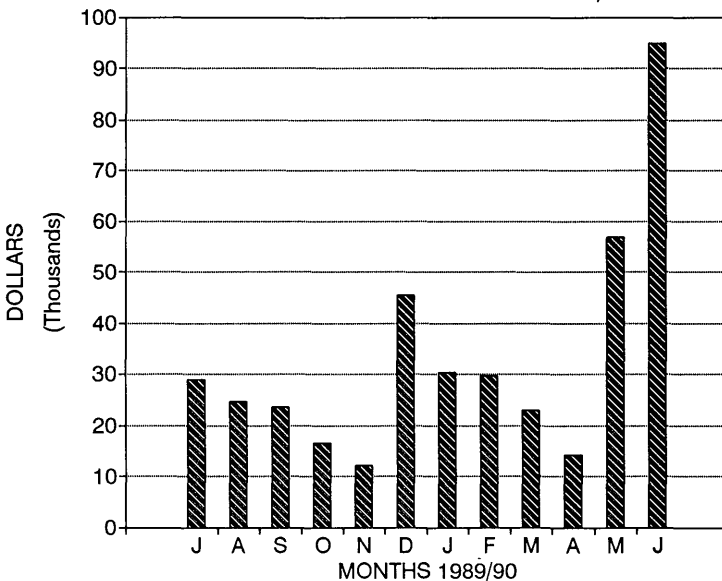
Expenditure on stores and equipment in 1988/89 was \$11,027. By comparison stores and equipment expenditure in

1989/90 totalled \$13,087, which included \$3,200 on significant building maintenance, and also expenditure on upgrading computer equipment, where there was a delay in supplying the equipment. In the interest of full disclosure, the expenditure pattern for all non-salary items is included in addition to total expenditure on stores and equipment, in the graphs below.

**STORES AND EQUIPMENT EXPENDITURE BY MONTH 1989/90**



**TOTAL EXPENDITURE BY MONTH 1989/90**



APPENDIX 1

**FUNCTIONS OF THE PUBLIC ACCOUNTS COMMITTEE**

Section 57 (1) to (3) of the Public Finance and Audit Act 1983, sets out the functions of the Public Accounts Committee.

1 The functions of the Committee are:

- a) to examine the public accounts transmitted to the Legislative Assembly by the Auditor-General;
- b) to examine the accounts of authorities of the State, being accounts that have been -
  - i) audited by the Auditor-General or an auditor appointed under Section 47(1); or
  - ii) laid before the Legislative Assembly by a Minister of the Crown;
- c) to examine the reports of the Auditor-General transmitted with the public accounts of laid before the Legislative Assembly with the accounts of an authority of the State (including any documents annexed or appended to those reports);
- d) to report to the Legislative Assembly from time to time upon any item in, or in any circumstances connected with, those accounts, reports of documents which the Committee considers ought to be brought to the notice of the Legislative Assembly;
- e) to report to the Legislative Assembly from time to time any alteration which the Committee thinks desirable in the form of those accounts or in the method

of keeping them or in the method of receipt, expenditure or control of money relating to those accounts;

- f) to inquire into, and report to the Legislative Assembly upon any question in connection with those accounts which are referred to it by the Legislative Assembly, a Minister of the Crown, or the Auditor-General; and
  - g) to inquire into expenditure by a Minister of the Crown made without Parliamentary sanction or appropriation or otherwise than in accordance with the provisions of this Act or any other Act, and report to the Legislative Assembly from time to time upon any matter connected with that expenditure which the Committee considers ought to be brought to the notice of the Legislative Assembly.
- 2) The functions of the Committee extend to an examination of, inquiry into of report upon a matter of government policy if, and only if, the matter has been specifically referred to the Committee under subsection 1 (f) by the Legislative Assembly or a Minister of the Crown.
- 3) The functions of the Committee do not extend to an examination of, inquiry into or report upon the estimates of any proposed expenditure by the state or by an authority of the State.

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APPENDIX 2

**EVOLUTION OF THE PUBLIC ACCOUNTS COMMITTEE**

**1902**

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

The Committee had two functions:

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

**1978**

Report of the Select Committee of the Legislative Council on Public Accounts of Statutory Authorities chaired by The Hon. Lloyd Lange, M.L.C.

**1980**

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

**1981**

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

Reference received on 11 November 1981, from the Minister for Health to inquire into over-expenditure in public hospitals and the general accountability of the public hospital system. This was the first occasion on which the Committee had exercised its powers under Section 16(a) of the Audit Act 1902, to inquire and report to the Legislative Assembly upon matters referred to it.

**1982**

The Committee held public hearings for the first time. The hearings were held pursuant to the Committee's Inquiry into the causes of expenditure over-runs in the health funding to Schedule 2 and Schedule 3 hospitals and the accountability of these hospitals to the Parliament of New South Wales.

**Audit (Public Accounts Committee) Amendment Act 1982.**

This act greatly expanded the powers of the Public Accounts Committee. In addition to its former functions, the Committee was empowered:

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

**1983**

Audit Act 1902 replaced by the Public Finance and Audit Act 1983.

Permanent Secretariat established.

PUBLIC ACCOUNTS COMMITTEE

APPENDIX 3

Origin of Committee Inquiries and Reports to 30 June 1990

No.	Report	Reference from Minister	Reference from Treasurer	Reference from Auditor-General	Initiated by PAC
1	Expenditure without Parliamentary Sanction				A*
2	Over-Expenditure in Health Funding to Hospitals	*			
3	Public Accountability in Public Hospitals	*			
4	Expenditure without Parliamentary Sanction				A*
5	Overtime Payments to Police			*	
6	Overtime Payments to Corrective Service Officers			*	
7	Accountability of Statutory Authorities		*		
8	Grain Sorghum Marketing Board		*		
9	Matters examined in relation to Auditor-General's Report 1981/82				A*
10	Superannuation Liabilities of Statutory Authorities		*		
11	Annual Report 1983/84				*
12	Matters examined in relation to Auditor-General's Report 1982/83 (Statutory Bodies)				A*
13	Proposed Regulations to Annual Reports Act and Public Finance and Audit Act		*		
14	Investment Practices in NSW Statutory Authorities				*
15	Performances Review Practices				*
16	Brief Review of Macarthur Growth Area				A*
17	Brief Review of Statutory Funds of Department of Environment and Planning				A*
18	Brief Review of Land Commission of NSW				A*
19	Annual Report 1984/85				*
20	Report on Year-End Spending				A*

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No.	Report	Reference from Minister	Reference from Treasurer	Reference from Auditor-General	Initiated by PAC
21	Follow-Up Report on Inquiries into NSW Public Hospital System	F*			
22	Report on Recommended Changes to Public Accounts		*		
23	Proposed Regulations Accompanying the Annual Reports (Departments) Act 1985		*		
24	Follow-Up Report on Overtime Payments to Corrective Service Officers			F*	
25	Report on the Collection of Parking and Traffic Fines				A*
26	Follow-Up Report on Annual Reporting of Statutory Authorities				F*
27	Annual Report 1985/86				*
28	Follow-Up Report on Overtime, Sick Leave and Associated Issues in the NSW Police Force			F*	
29	Report on the NSW Builders Licensing Board				
30	Report on Brief Review of: The Sydney Opera House Trust; Harness Racing Authority of NSW; and NSW Cancer Council				A*
31	Report on the NSW Film Corporation				A*
32	Report on the Home Care Service of NSW	*			
33	Annual Report 1986/87				*
34	Supplementary Report 1986/87				*
35	Report on the Wine Grapes Marketing Board and Grain Sorghum Marketing Board				*
36	Report on the Biennial Conference of Public Accounts Committees, Sydney - May 1987				*
37	Report on the Ravensworth Coal Washery				A*
38	Report on the Proceedings of the Accrual Accounting Seminar				*
39	Report on the Purchasing Practices and the Allocation of Stores and Equipment Resources within the Technical and Further Education System	*			

**PUBLIC ACCOUNTS COMMITTEE**

No.	Report	Reference from Minister	Reference from Treasurer	Reference from Auditor-General	Initiated by PAC
40	Report on the Heritage Council of NSW	*			
41	Annual Report 1987/88				*
42	Report on the Management of Arson in the Public Sector				*
43	Report on Payments without Parliamentary Appropriation				*
44	Report on the NSW Ambulance Service	*			
45	Report on Payments to Visiting Medical Officers	*			
46	Annual Report 1988/89				*
47	The Challenge of Accountability				*
48	Report on the Darling Harbour Authority	*			
	<b>TOTAL</b>	<b>11</b>	<b>5</b>	<b>4</b>	<b>28</b>

A Matters raised in the Auditor-General's Report

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

## APPENDIX 4

MEETINGS OF THE PUBLIC ACCOUNTS COMMITTEE  
1 JULY 1989 - 30 JUNE 1990

DATE	SUBJECT	ORGANISATION	IN ATTENDANCE/ WITNESSES
10.8.89	Deliberative Meeting		
29.8.89	Deliberative Meeting		
30.8.89	Deliberative Meeting		
31.8.89	Deliberative Meeting		
7.9.89	Inspection	Darling Harbour Complex	
14.9.89	Deliberative Meeting		
21.9.89	Deliberative Meeting		
28.9.89	Deliberative Meeting		
12.10.89	Meeting	Auditor-General - Mr K.J. Robson	
19.10.89	Deliberative Meeting		
26.10.89	Deliberative Meeting		
31.10.89	Deliberative Meeting		
31.10.89	Public Hearings: Inquiry into Auditor-General's Office	University of New South Wales Auditor-General's Office Treasury Auditor-General's Office - South Australia Price Waterhouse	Prof. R G Walker Mr K J Robson Mr D F Nicholls Mr J S Abraham  Mr J Kropp
3.11.89	Public Hearings: Inquiry into Auditor-General's Office	Peat Marwick Hungerford Deloitte Haskins and Sells University of Sydney Premier's Department Office of Public Management  University of Technology, Sydney	Mr J D Spencer Mr R J Steel Prof. A T Craswell Mr K P Baxter Mr V Prasad Mr S J Horne Mr G G Mostyn Prof. D J Fraser
23.11.89	Deliberative Meeting		
5.12.89	Public Hearings: Inquiry into Auditor-General's Office	Zoological Parks Board New Zealand Controller and Auditor-General Premier's Department Business and Consumer Affairs  State Rail Authority Hunter Water Board	Dr J Kelly Mr B H C Tyler  Mr R G Humphry Mr A T Clyne Mr R J Walker Mr R E Sayers Mr J E Slattery
21.12.89	Deliberative Meeting		



**PUBLIC ACCOUNTS COMMITTEE**

<b>DATE</b>	<b>SUBJECT</b>	<b>ORGANISATION</b>	<b>IN ATTENDANCE/ WITNESSES</b>
12.2.90 to 15.2.90	Inspections: Inquiry into National Parks and Wildlife Service Meetings	Tasmania - National Parks  Victorian Land Conservation Council Public Sector Management Institute, Monash University	Mr T Donovan Mr R Wesley  Mr D Scott  Professor W Russell
19.2.90	Meetings: Inquiry into Auditor-General's Office	Auditor-General's Office  Peat Marwick Hungerford	Mr K J Robson Mr W Baker Mr R A Lamond Mr S Grant
22.2.90	Deliberative Meeting		
1.3.90	Deliberative Meeting		
11.3.90 to 15.3.90	Meeting and Inspections: Inquiry into National Parks and Wildlife Service	South Australia National Parks and Wildlife Service South Australia - National Parks	Mr B Leaver  Mr F Vickery Mr P Dougherty
13.3.90	Meeting: Inquiry into the Auditor-General's Office	South Australia Auditor-General's Office	Mr T Sheridan Mr K Bockman
22.3.90	Deliberative Meeting		
29.3.90	Deliberative Meeting		
5.4.90	Deliberative Meeting		
9.4.90	Public Hearings: Inquiry into Local Government Auditing	Department of Local Government Phillips Fox KPMG, Peat Marwick Coopers and Lybrand Waverley Municipal Council Retired Town Clerk	Mr F A Elliott  Mr J H Mant Mr J D Spencer Mr G J Wilson Mr R J Ball Mr C V Ellis
10.4.90	Public Hearings: Inquiry into Local Government Auditing	Department of Local Government Auditor-General's Office  University of NSW Oxley County Council Department of Local Government	Mr F A Elliott  Mr K J Robson Mr J A Parkinson Mr J R Mitchell Prof. R J Walker Mr R F Newling Mr A M Baldwin

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<b>DATE</b>	<b>SUBJECT</b>	<b>ORGANISATION</b>	<b>IN ATTENDANCE/ WITNESSES</b>
17.4.90	Meetings and Inspections: Inquiry into Local Government Auditing	Grafton City Council Nymboida Shire Council Maclean Shire Council Ulmarra Shire Council Copmanhurst Shire Council Local Government Auditors  Wagga Wagga City Council Albury City Council Gundagai Shire Council Junee Shire Council Lockhart Shire Council Southern Riverina County Council Wagga Wagga City Public Accounts	Mr J Shepard Mr S Llewellyn
18.4.90	Meetings and Inspections: Inquiry into Local Government Auditing	Coffs Harbour City Council Bellingen Shire Council Local Government Auditors  Narrandera Shire Council	Mr B Herd Mr A Hogbin
18.4.90	Inspection: Inquiry into Forestry Commission	Narrandera Forestry Commission Retail Nursery Wagga Wagga Forestry Commission Retail Nursery	
19.4.90	Meeting: Inquiry into Local Government Auditing	Macquarie County Council Coonamble Shire Council Coonabarabran Shire Council Coolah Shire Council Narromine Shire Council Parkes Shire Council Wellington Shire Council	
19.4.90	Inspection: Inquiry into Forestry Commission	Dubbo Forestry Commission Retail Nursery	
20.4.90	Public Hearings: Inquiry into Local Government Auditing Held in Maitland City Council Chambers	Maitland City Council  Port Stephens Shire Council Cessnock City Council  Dungog Shire Council Lake Macquarie City Council  Newcastle City Council Muswellbrook Shire Council  Scone Shire Council Singleton Shire Council Coopers and Lybrand	Ald. G A Brown Mr P T Blackmore Mr J W Walsh Mr C L Cowan Mr S T Neilly Mr P J Landy Mr J R Rankin Ms S J Browne Mr W B Lewis Mr I E Seymour Mr L P Fisher Mr I R Nunn Mr J A Flannery Mr E C Glover Mr C D Haxton

**PUBLIC ACCOUNTS COMMITTEE**

<b>DATE</b>	<b>SUBJECT</b>	<b>ORGANISATION</b>	<b>IN ATTENDANCE/ WITNESSES</b>
23.4.90	Public Hearings: Inquiry into Local Government Auditing	Local Government Auditors  North Sydney Municipal Council Ku-ring-gai Municipal Council	Mr J W C Thackray Mr R W Ferrier Mr R D Kempshall  Mr W I Taylor
24.4.90	Public Hearings: Inquiry into Local Government Auditing	Sydney City Council Hurstville City Council Botany Municipal Council Marrickville Municipal Council Prospect County Council Sydney County Council Illawarra County Council Local Government and Shires Association of NSW	Mr B T Nevin Mr H E J Wallace Mr J F Patterson Mr B S Gardner Mr P H Smiles Mr D K Gray Mr M W Greentree Mr W A Henningham Mr D J McSullea
3.5.90	Deliberative Meeting		
10.5.90	Meeting: Inquiry into the Lord Howe Island Board	Lord Howe Island Board	Mrs J D Mortlock
11.5.90	Public Hearings: Inquiry into the Lord Howe Island Board	Lord Howe Island Board Lord Howe Island Board Lord Howe Island Board Lord Howe Island Board Lord Howe Island Board Lord Howe Island Board Lord Howe Island Preservation Movement Lord Howe Island Board Lord Howe Island Board Lord Howe Island Board	Mr J M Lonergan Mr J Gilloway Ms E Wilson Mr D B McFadyen Mr G C Wilson Mr R B Schwartz Ms S D Beaumont Mr A B Campbell Mr D K Hiscox Mr H J Ackers Mrs J D Mortlock
11.5.90	Deliberative Meeting		
17.5.90	Deliberative Meeting		
24.5.90	Deliberative Meeting		
28.5.90	Inspection: Inquiry into the Forestry Commission of NSW	Forestry Commission Complex, Pennant Hills	Mr G Mitchell Dr J Turner Mrs M Lambert
28.5.90	Inspections: Inquiry into the Forestry Commission of NSW	Department of Woods and Forests, South Australia Murray Bridge and Mount Lofty	
29.5.90	Inspection: Inquiry into the Forestry Commission of NSW	Mount Gambier Forestry Complex	
30.5.90	Inspection: Inquiry into the Forestry Commission of NSW	Australian Paper Mills, Morwell Forestry Commission, Eden Duncan's Sawmilling Complex, Eden Harris-Daishowa Woodchip Mill, Eden	

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<b>DATE</b>	<b>SUBJECT</b>	<b>ORGANISATION</b>	<b>IN ATTENDANCE/ WITNESSES</b>
31.5.90	Inspection: Inquiry into the Forestry Commission of NSW	Eden forest area	
4.6.90	Public Hearing: Inquiry into the Lord Howe Island Board	Lord Howe Island Board	Ms V K Ingram
4.6.90	Inspection: Inquiry into the Forestry Commission of NSW	Forestry Commission Headquarters, Sydney	
5.6.90	Inspection: Inquiry into the Lord Howe Island Board	Administration Office, Ministry of Finance, Legislative Assembly, Norfolk Island	
7.6.90	Meetings: Inquiry into Local Government Auditing	Warringah Shire Council Manly Municipal Council Mosman Municipal Council Sutherland Shire Council Rockdale Municipal Council	
18.6.90	Public Hearings: Inquiry into Forestry Commission of NSW	Forestry Commission  Total Environment Centre Australian Conservation Foundation NSW Forest Products Association Australian Forestry Development Institute	Mr J H Drielsma Mr P A Fisher Dr J Turner Mr J S Angel Dr J I Cameron  Mr W J Hurditch  Dr M E Thorpe
19.6.90	Public Hearings: Inquiry into the Forestry Commission of NSW	Forestry Commission Forestry Commission Forestry Commission Forestry Commission Forestry Commission Forestry Commission	Mr R V Wilson Mr G A King Mr F G Hoschke Mr P A Fisher Mr G D Pople Mr J M Lowery Mr D J Pettigrew
26.6.90	Deliberative Meeting		

APPENDIX 5

PAST REPORTS

Prior to 30 June 1989, the Committee had tabled 45 reports. Brief summaries of each of these reports follow:

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**EXPENDITURE WITHOUT PARLIAMENTARY SANCTION OR APPROPRIATION - First Report (November 1981)**

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

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**OVER-EXPENDITURE IN HEALTH FUNDING TO HOSPITALS - Second Report (February 1982)**

A reference was given to the Committee by the Minister for Health concerning budget over-runs of \$15.7M by the 37 New South Wales public hospitals. The Committee concluded that the budget over-run was attributable, not only to the budgetary process, but also to the failure of departmental and hospital officials to take budgets seriously.

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

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**PUBLIC ACCOUNTABILITY IN PUBLIC AND OTHER SUBSIDISED HOSPITALS - Third Report (April 1982)**

The Committee made 44 recommendations to improve the standard of accountability in hospitals in Report No. 2.

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

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**EXPENDITURE WITHOUT PARLIAMENTARY SANCTION OR APPROPRIATION - Fourth Report (September 1982)**

The Committee investigated over-expenditure by 14 Ministers in 1981/82 amounting to a total of \$294M.

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

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**OVERTIME PAYMENTS TO POLICE - Fifth Report (November 1982)**

A reference was given to the Committee by the Auditor-General regarding overtime payments to police officers. By 1980/81 police overtime payments amounted to \$21.5M, a rise from \$8.7M in 1976/77, despite an increase of 1,000 police officers.

The Committee concluded that a:

*"considerable amount of overtime is avoidable and rises from*

*inappropriate policy, inefficient rostering and inefficient job organisation".*

The Committee tabled a Follow-up Report (No. 28) in November 1986.

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**OVERTIME PAYMENTS TO CORRECTIVE SERVICES OFFICERS - Sixth Report (May 1983)**

In an inquiry arising from a reference made by the Auditor-General, it was found that more than half of the New South Wales prison officers had received overtime payments in excess of 50% of their normal salary, and 10% received more than 100% of their salary in overtime payments.

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

The Committee noted that one of the major causes of overtime was the high level of sick leave throughout departments.

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

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**ACCOUNTABILITY OF STATUTORY AUTHORITIES - Seventh Report (June 1983)**

This inquiry from a reference made by the Treasurer. The reference was a response to widespread concern about the need for greater information from statutory bodies.

Most of the recommendations in the Committee's Report have been incorporated in the new Annual Reports

(Statutory Bodies) Act 1984 and the Public Finance and Audit (Amendment) Act 1984.

A follow-up report was tabled in July 1986 (Twenty-sixth Report).

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**GRAIN SORGHUM MARKETING BOARD - Eighth Report (November 1983)**

An inquiry concerning the administration, efficiency, effectiveness and accountability of the Grain Sorghum Marketing Board was referred to the Committee by the Minister for Agriculture and Fisheries.

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

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

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**AUDITOR-GENERAL'S REPORT 1981-82 - Ninth Report (December 1983)**

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

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**SUPERANNUATION LIABILITIES OF STATUTORY AUTHORITIES - Tenth Report (August 1984)**

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

The Committee's recommendations concerning disclosure of accrued superannuation costs should be introduced.

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**ANNUAL REPORT FOR YEAR ENDED 30 JUNE 1984 - Eleventh Report (August 1984)**

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

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**MATTERS EXAMINED IN RELATION TO THE 1982/83 REPORT OF THE AUDITOR-GENERAL - Twelfth Report (October 1984)**

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

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**PROPOSED REGULATIONS ACCOMPANYING THE ANNUAL REPORTS (STATUTORY BODIES) ACT 1984 AND THE PUBLIC FINANCE AND AUDIT ACT 1983 - Thirteenth Report (January 1985)**

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

The regulations were published in the Government Gazette on 14 June 1985. A total of 95 percent of the Committee's recommendations were gazetted. These regulations incorporated the Committee's recommendations concerning performance measurement.

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**INVESTMENT PRACTICES OF NEW SOUTH WALES STATUTORY AUTHORITIES - Fourteenth Report (June 1985)**

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

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**PERFORMANCE REVIEW  
PRACTICES IN GOVERNMENT  
DEPARTMENTS AND  
AUTHORITIES - Fifteenth Report  
(June 1985)**

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

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

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

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**BRIEF REVIEW OF THE  
MACARTHUR GROWTH AREA -  
Sixteenth Report (July 1985)**

This inquiry arose out of the Committee's examination of the Report of the Auditor-General for 1982/83. The Report recommends clarification of the role of the Macarthur Growth Area, that clear and realistic objectives be established and performance measures identified. The Report also states that the question of repayment of debts to the State and Commonwealth governments should be resolved as quickly as possible to enable the MGA's financial accounts

to reflect the actual losses that have been accepted.

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**BRIEF REVIEW OF THE  
STATUTORY FUNDS OF THE  
DEPARTMENT OF ENVIRONMENT  
AND PLANNING - Seventeenth  
Report (July 1985)**

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

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**BRIEF REVIEW OF THE LAND  
COMMISSION OF NEW SOUTH  
WALES - Eighteenth Report (July  
1985)**

In this brief report the Committee reviewed the efficiency of Landcom's operations and project management practice. The report also points out the lack of clear objectives for Landcom and underlying conflicts in roles and objectives.

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**ANNUAL REPORT FOR THE YEAR  
ENDED 30 JUNE 1985 - Nineteenth  
Report (September 1985)**

The Second Annual Report of the Committee.

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**REPORT ON YEAR-END SPENDING  
IN GOVERNMENT DEPARTMENTS  
AND SELECTED AUTHORITIES -  
Twentieth Report (March 1986)**

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



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

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**FOLLOW-UP REPORT ON INQUIRIES (1982) INTO THE NEW SOUTH WALES PUBLIC HOSPITAL SYSTEM - Twenty-First Report (April 1986)**

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

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

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

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**REPORT ON RECOMMENDED CHANGES TO THE PUBLIC ACCOUNTS - Twenty-Second Report (May 1986)**

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

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

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

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**REPORT ON PROPOSED REGULATIONS ACCOMPANYING THE ANNUAL REPORTS (DEPARTMENTS) ACT 1985 AND THE MISCELLANEOUS AMENDMENTS CONCERNING ANNUAL REPORTING - Twenty-Third Report (May 1986)**

A reference was received from the Treasurer to review requirements under the Annual Reports (Departments) Act 1985 and the Public Finance and Audit Act 1983.

The Committee supported the extension of many of the reporting requirements of statutory bodies to departments. The Committee was pleased to note that its earlier recommendation that performance measurement information should be required in annual reports of both

departments and authorities was taken up by the regulations and that its recommendation that monthly spending for stores and equipment purchases be graphically depicted in department's reports was also included.

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**FOLLOW-UP REPORT ON OVERTIME PAYMENTS TO CORRECTIVE SERVICES OFFICERS - Twenty-Fourth Report (June 1986)**

This inquiry was conducted by the Committee following comment by the Auditor-General on the level of outstanding parking and traffic fines.

The major recommendation made by the Committee was that drivers failing to pay large fines or having outstanding fines for three or more infringements should have their licences cancelled rather than imprisoned to cut out fines.

The Committee concluded that alternative sanctions to the incarceration of fine defaulters must be found. The use of commercial agencies to locate fine defaulters was also recommended. The Government is now implementing many of the Committee's recommendations.

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**FOLLOW-UP REPORT ON ANNUAL REPORTING OF STATUTORY AUTHORITIES - Twenty-Sixth Report (July 1986)**

This Report reviewed action taken following the Committee's Seventh and Thirteenth Reports, both concerning annual reporting.

It was found that although the relevant legislation reflected the recommendations contained in the Committee's prior reports, 78% of statutory bodies had received at least one exemption from the legislation and that others had not conformed with the legislation but had

not applied for exemptions.

The Committee reported that it was most dissatisfied with the attitude of many authorities towards annual reporting regulations. Exemptions sought from the Treasurer were considered excessive.

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**ANNUAL REPORT FOR YEAR ENDED 30 JUNE 1986 - Twenty-Seventh Report (August 1986)**

Third Annual Report of the Committee.

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**FOLLOW-UP REPORT ON OVERTIME, SICK LEAVE AND ASSOCIATED ISSUES IN THE NEW SOUTH WALES POLICE FORCE - Twenty-Eighth Report (November 1986)**

This report monitored action taken on the Committee's Fifth Report into Police overtime and sick leave.

The follow-up report found overtime hours had been significantly reduced. However, the Committee noted that the collection and analysis of overtime data was still inadequate and recommended urgent action to collect the same as a basis for identifying changes in policy and management procedures.

The report also examined use of police motor vehicles. The Committee found in some cases transport to and from police officers' homes appeared to be the major use of vehicles.

Following the Committee's Report the Minister instigated reviews and subsequently implemented changes in sick leave, overtime and motor vehicles.

**REPORT ON THE NEW SOUTH WALES BUILDERS LICENSING BOARD - Twenty-Ninth Report (December 1986)**

Swift action was taken by the then Minister for Consumer Affairs, the Hon. D M Grusovin, M.L.C., following the Committee's Report.

A Review Committee was established and subsequently the Board was abolished and a new body, the Building Services Corporation was established.

The Committee's Report identified community dissatisfaction with the Board, delays of 12 weeks in inspections and a virtually unused insurance scheme with funds of \$8.7 million.

Most of the Committee's recommendations have been adopted by the new corporation.

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**REPORT OF BRIEF REVIEW OF: THE SYDNEY OPERA HOUSE TRUST; HARNESS RACING AUTHORITY OF NEW SOUTH WALES; AND NEW SOUTH WALES CANCER COUNCIL - Thirtieth Report (February 1987)**

The Committee's Report recommended that the Park and Ride Service be on a user pays basis and that the Trust's Annual Report incorporate performance measures. (The Park and Ride Service had been subjected to comment by the NSW Commission of Audit).

Similarly, the Committee recommended that the Harness Racing Authority develop performance measures as well as examine its Benevolent Fund and seek changes to the method of funding the Authority.

In relation to the Cancer Council, issues discussed included the purchase and sale of office accommodation, a loan to the

former Medical Director to purchase a home, termination payments to the Medical Director, and fund raising expenses.

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**REPORT ON THE FILM CORPORATION OF NEW SOUTH WALES - Thirty-First Report (June 1987)**

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

The Committee investigated individual projects which received script development funding from the Corporation. The report expressed concern at the large sums channelled into projects which eventually lapsed.

During the course of the inquiry a decision was taken that the General Manager of the Corporation would no longer be a Director of the Corporation. A prominent business person was appointed to fill this vacancy.

In May 1988, the Government announced that the Corporation would be abolished and that an Office of Film and Television would be established.

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**REPORT ON THE HOME CARE SERVICE OF NEW SOUTH WALES - Thirty-Second Report (July 1987)**

This report arose from a reference from the then Minister for Youth and Community Services, the Hon. John Aquilina, M.P.

The Home Care Service is the largest community welfare organisation of its type in the State. It operates from some 165 branches and had a budget of some \$57 million for 1986/87.

The major recommendations of the Committee were for structural change and for the Service to ensure that available resources are allocated to achieve maximum benefit and to satisfy the greatest community need. While the Service had taken some action in recent years to review the allocation of resources, the Committee believed it had not gone far enough.

In May 1988, the Minister for Family and Community Services, the Hon. Virginia Chadwick, M.L.C., introduced legislation into Parliament establishing the Service as a statutory corporation to make it more accountable. This is in line with the Committee's report and has also been recommended by independent management consultants.

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**REPORT ON THE WINE GRAPES MARKETING BOARD FOR THE SHIRES OF LEETON, GRIFFITH, CARRATHOOL AND MURRUMBIDGEE AND THE GRAIN SORGHUM MARKETING BOARD - Thirty-Fifth Report (September 1987)**

The Committee initiated preliminary inquiries into the Wine Grapes Marketing Board as part of its follow-up of matters arising from the Auditor-General's 1985/86 Report. The Auditor-General indicated a deteriorating financial position.

Subsequently, the Committee received a reference from the Minister for Agriculture, the Hon. Jack Hallam, M.L.C. The Minister requested the Committee to inquire into the Board's operations and matters relevant to its efficiency, effectiveness and accountability.

The Committee's Report recommended that the Marketing of Primary Products Act be amended to assist the Board in exercising security over the grapes vested in the Board and that it adopt a more positive approach in marketing.

The Grain Sorghum component of this report was a follow-up to determine the extent of the implementation of the Committee's Report into the Grain Sorghum Marketing Board (No. 8) tabled in 1983.

When the report was tabled the Sorghum Board was insolvent and its future in jeopardy. The Report had made a series of recommendations aimed at minimising the likelihood of other marketing boards finding themselves in a similar position.

The Committee's follow-up report found that grower confidence and support had returned and the financial position improved; and was pleased the Minister had seen fit to adopt and implement the Committee's earlier recommendations.

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**REPORT ON THE BIENNIAL CONFERENCE OF PUBLIC ACCOUNTS COMMITTEE - MAY 1987 - Thirty-Sixth Report (October 1987)**

The Committee was pleased to host and arrange this Conference. It provided a forum for the presentation, consideration and discussion of issues of concern in public sector administration.

The theme of the Conference was "*Government - A Big Business*".

One of the major issues raised at the Conference was accrual accounting for the government.

Other issues canvassed were:

- \* Improving the Financial Decision-Making and Accountability of Government;

- \* Government as a Big Business - The Last Ten Years;
  - \* Asset Replacement;
  - \* Emerging Issues in Public Sector Administration; and
  - \* Accountability: Past, Present and Future.
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**REPORT ON THE RAVENSWORTH COAL WASHERY - Thirty-Seventh Report (October 1987)**

This report followed the Committee's examination of matters arising from the Auditor-General's 1985/86 Report which referred to financing arrangements for the Ravensworth Coal Washery.

The Coal Washery Report, concludes that the Electricity Commission of New South Wales inefficiently managed the washery project and misled the responsible Minister.

The Committee reported *inter alia* that:

- \* the history of the coal washery was a sorry saga of ineptitude, inappropriate options and insufficient preplanning;
- \* the decision to construct the washery was not taken in conformity with the expectation held for such an organisation;
- \* when problems arose, remedial action was delayed;
- \* Elcom believed the problem would resolve itself; and
- \* proposed solutions by line staff to management appear to have been rejected or ignored.

In the circumstances, the project lurched from one problem to another. Only when the matters became public did

Elcom attempt to fully address the issue.

The Committee's inquiry found that explanation and assessment reports were less than frank and often led to delays in revealing the true position. Moreover, the project was plagued by the failure to observe clear lines of reporting and accountability. It became evident during the inquiry that the lines of accountability and responsibility were confused and ignored by senior management. The inquiry revealed that much clearer management reporting lines were needed within Elcom.

The Committee is gratified that when its report was released, the then Minister announced that all the Committee's recommendations would be or already had been implemented. Shortly thereafter, expressions of interest from the private sector to take over the washery were called for.

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**REPORT OF THE PROCEEDINGS OF THE ACCRUAL ACCOUNTING SEMINAR - Thirty-Eighth Report (May 1988)**

The decision by the Committee to hold a seminar on Accrual Accounting arose from the interest expressed in this issue at the Biennial Conference of Public Accounts Committees held in Sydney in May 1987.

It was evident at the Biennial Conference that this was the topic of the decade in accounting circles in public sector administration.

Moreover, the Committee was of the view that to provide a forum to promote debate and discussion of this issue was consistent with the broad objective of the New South Wales Public Accounts Committee:

- \* to increase public sector awareness of the need to be efficient and effective; and

- \* to increase the awareness and understanding of Parliamentarians and members of the public of the financial and related operations of government.

The Seminar was a resounding success. Public Accounts Committees and delegations of parliamentarians from Queensland, Western Australia, Northern Territory, Tasmania, South Australia and the Commonwealth attended.

In addition, numerous politicians from New South Wales were present, as were Auditors-General from all over Australia and senior managers from the public sector.

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**REPORT ON THE PURCHASING PRACTICES AND THE ALLOCATION OF STORES AND EQUIPMENT RESOURCES WITHIN THE TECHNICAL AND FURTHER EDUCATION SYSTEM - Thirty-Ninth Report (February 1988)**

This Report followed a reference from the then Minister for Education, the Hon. Rodney Cavalier, M.P., to examine and report on the economies which could be made in relation to the purchasing practices and the allocation of stores and equipment resources within the NSW Technical and Further Education (TAFE) System.

The Committee's report recommends greater stringency in control over TAFE stores and equipment. It appeared to the Committee that the Department spent a great deal of time and effort in planning courses and maintaining course relevance. Unfortunately, long term management of equipment resources was found to be given a low priority.

Overall, the Committee concluded that the planning and evaluation of resources could be improved by the application of improved information systems and performance indicators.

In respect of stores acquisition, the Committee's inquiry found there was a "paper war" being waged between colleges, regions, Heads of Schools and Head Office. The lack of communication between schools often resulted in duplication of equipment in colleges. The Committee was of the view this could be overcome by engendering an "intercollegiate ownership" attitude towards stores and equipment.

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**REPORT ON THE HERITAGE COUNCIL OF NEW SOUTH WALES - Fortieth Report (June 1988)**

The Committee received a reference for this inquiry from the former Minister for Planning and Environment, Mr Bob Carr, M.P.

The Council had been operating for 10 years without review of its role and procedures by an external agency. The Committee found a lack of corporate planning and the failure to produce a mission statement.

The Committee's inquiries revealed that the Council had not developed well defined objectives or adequate performance measures. This led to an absence of public accountability, inappropriate reporting and confusion concerning responsibilities within the management structure.

Principal recommendations by the Committee were:

- \* that both strategic and corporate plans be implemented; and
- \* that performance review mechanisms be established.

## PUBLIC ACCOUNTS COMMITTEE

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As well, the Committee considered that there should be greater accountability for grants, loans and assistance provided under the National Estates Program and that procedures for engaging consultants should be significantly upgraded.

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### **ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 1988 - Forty-First Report (September 1988)**

Fifth Annual Report of the Committee.

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### **REPORT ON THE MANAGEMENT OF ARSON IN THE PUBLIC SECTOR - Forty-Second Report (December 1988)**

This report was initiated by the Committee under section 57 (1) of the Public Finance and Audit Act. The report examines the cost and incidence reduction of arson. An estimated \$15 million worth of public assets are lost annually, and services disrupted, due to the escalating incidences of arson.

Little actuarial detail on the financial costs of arson is kept, and of that which is, there is little consistency in calculating costs. The inquiry highlighted apathy and the narrow perspective which some departments take in approaching arson.

The Committee has outlined potentials to reduce the cost of arson through improvements in:

- \* information management about the costs and risks of arson;
- \* school electronic surveillance systems;
- \* State Rail Authority emergency procedures;
- \* Fire Brigade and Police training, control and investigation procedures;

- \* co-ordination through the establishment of an Arson Council;
  - \* building design practices of the Public Works Department; and
  - \* performance measurement of arson control programmes.
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### **REPORT ON PAYMENTS WITHOUT PARLIAMENTARY APPROPRIATION - Forty-Third Report (February 1989)**

In the 1986 and 1987 reports, the Auditor-General expressed concern at the weakening of Parliamentary control over the public purse of section 22 payments under the Public Finance and Audit Act. Parliamentary approval had been granted, in many cases, after the payments had been made. In most cases, the "payments" made under section 22 were actually transfers to the Special Deposits Accounts within Treasury, and left unspent for up to 12 months. The payments were made to actually balance the budget and not to meet urgent payments.

Although the payments legally satisfied the Public Finance and Audit Act requirements, the appropriateness of the service was often questioned.

The Committee recommended that section 22 payments continue, but they are to be limited to urgent and essential works. The Committee also recommended that a second Appropriation Bill be presented to Parliament in the second half of the financial year to enable Treasury to adjust the Budget with Parliamentary consent.

**REPORT ON THE NEW SOUTH WALES AMBULANCE SERVICE - Forty-Fourth Report (February 1989)**

The Committee found the Ambulance Service ran on a cumbersome, outdated management structure. The Committee recommended the establishment of a five-member Board, appointed by and responsible to the Minister, to manage the Service. In May 1990, this recommendation was implemented by the Minister for Health, the Hon P E J Collins, MP.

The Committee also found that the service lacked appropriate personnel management resulting in inadequate allocation of human resources and low staff morale.

The Committee made several recommendations to ensure more effective use of the Service's vehicles, and the proposed introduction of a Computer Aided Despatch System should enhance these.

A fleet rationalisation programme for non-ambulance administrative vehicles has also been recommended to cut costs. The Committee has also proposed differential ambulance transport fee structures to help alleviate the cost burdens of inter-hospital transfers.

The Committee was pleased with the Service's guidelines for better utilisation of the helicopter rescue service, but it was doubtful of an equitable distribution of funds between the two helicopter services.

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**REPORT ON PAYMENTS TO VISITING MEDICAL OFFICERS - Forty-Fifth Report (June 1989)**

In October 1988, the Minister for Health, the Hon. P E J Collins, M.P., gave a reference to the Committee to inquire into the circumstances

surrounding these increases.

The industrial determination by Justice Macken in 1985 was one of the chief causes of the increases in payments to visiting medical officers (VMOs), from \$46 million in 1983/84 to an estimated \$204 million in 1988/89. Sessional payments to VMOs were further increased in that period following litigation initiated by the Australian Medical Association.

The Committee highlighted lack of management control within the hospitals in relation to appointments and rostering, and verification of claims for payment not being accountable. Future service requirements and doctor's productivity could not be adequately measured on the Department's management information system.

The Committee recommended:

- \* stricter internal control guidelines for all hospitals and better reporting for accountability;
- \* the modification of fees-for-services remuneration; and, most significantly
- \* the abandoning of sessional payments, due to its lack of efficient, equitable and accountable method of remuneration of VMOs.



**THE PUBLIC ACCOUNTS COMMITTEE**

**Annual Report for the Year Ended 30 June 1990**

**COMMITTEE PUBLICATIONS**

- \* Selected Committee Reports are available from:

The Government Information Centre  
Goodsell Building  
Hunter Street  
SYDNEY 2000

- \* Copies of all Committee Reports are available from:

Public Account Committee  
Level 11  
Parliament House  
Macquarie Street  
SYDNEY 2000

Telephone: (02) 230 2631  
Facsimile: (02) 230 2831

Office Hours: 9.00 a.m. to 5.00 p.m.

**Secretariat as at 30 June 1990**

**Victoria Walker, MA, Director**

**Tom Benjamin, BA, MBA, M.Psych, Dip.SIA, Senior Project Officer**

**Ian Holt, B.Bus, Advisor to the Committee seconded from Treasury**

**Bernadette Gurr, Clerk**

**Norma Rice, Committee Stenographer**

**Rebecca Turrell, BA (Visual Arts), Committee Stenographer**