

Public Accounts Committee
Parliament of New South Wales

**Follow-up Report on Annual Reporting
of Statutory Authorities**

1985-86

Parliament of New South Wales

**Public Accounts Committee of the
Forty-eighth Parliament**

Twenty-sixth Report

Follow-up inquiry pursuant to Section 57 (1) of the Public Finance and Audit Act, 1983, into action taken on recommendations in the Seventh Report (1983) and Thirteenth Report (1985) on annual reporting of Statutory bodies.

July, 1986

MEMBERS OF THE PUBLIC ACCOUNTS COMMITTEE

The members of the Public Accounts Committee are:

Mr John Murray, M.P.,Chairman

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

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

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

Mr Colin Fisher, M.P.

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

Mr Phillip Smiles, M.P.

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

Mr Allan Walsh, M.P.

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



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

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CHAIRMAN'S FOREWORD

The Public Accounts Committee has an unqualified commitment to open government and to public reporting of public sector performance.

As pressure mounts for a rationalisation of government expenditure, yet the demand for government services remains, there is a growing recognition that governments must account fully for their activities. They must also inform the public of their goals and how efficiently and effectively these are pursued.

This sentiment was expressed by the Senate Standing Committee on Finance and Government Operations in 1978 which reported:

"We consider that the taxpayer is the 'universal guarantor' of authorities and that authorities should therefore be accountable to their shareholders. A primary method of ensuring this accountability is the presentation to Parliament of a comprehensive annual report."

Public disclosure also enhances the efficiency and effectiveness of organisations. Knowing that actions and operations are open to public scrutiny improves the performance of organisations, both in the public and private sectors. Authorities which shroud themselves in secrecy tend to be arrogant and accident prone.

The Committee's Seventh Report, tabled in 1983, on the annual reporting of statutory authorities proved a landmark in New South Wales public sector accountability. It seems strange today to remember that in 1983 many large statutory authorities did not publish annual reports and many of those that did, produced a sub-standard effort.

The Committee's 1983 report recommended an Annual Reports Act to specify reporting and accounting requirements of statutory bodies. The Report recommended a vast expansion in disclosure, including descriptions of the organisation's charter, aims and objectives,

management structure and performance measurement. The Committee's Thirteenth Report, tabled in 1985, amplified many of these recommendations with regard to regulations to accompany the annual reporting legislation.

The Committee is pleased to report that most of its recommendations have been taken up by the government and included in annual reporting legislation. There has been a parallel improvement in the content and timeliness of these reports.

Complementary to the Committee's work has been the crucial role played by the Government in ensuring that the concept of accountability has strong legislative backing. The Committee notes in particular the role of the Treasurer, Mr Ken Booth in this area.

On behalf of the Committee I would like to thank the Committee's staff for their sterling work on this report, in particular Bob Pritchard, advisor on secondment from the Auditor-General's office.

John Murray, M.P.

Chairman.

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SECTION 1: SUMMARY AND RECOMMENDATIONS

- 1.1. The Committee's inquiry into Accounting and Reporting Requirements for Statutory Authorities (Seventh report) was one of the most successful efforts undertaken by the Committee. In all it made 15 recommendations, 3 of which were supported by sub-recommendations (totalling 59). Eliminating any double counting, there were 71 recommendations. Of these 51 recommendations (71.8%) were either fully or substantially adopted by the Government. (Refer Section 3.17).
- 1.2. Of those recommendations not adopted immediately, the most significant related to the establishment of performance indicators and measurement of results. The Committee notes that the latest amendments to the relevant Acts and Regulations include the adoption of these recommendations.
- 1.3. The Seventh Report triggered off significant changes in the public accountability of statutory authorities in this State. It also led to a number of subsequent inquiries by the Public Accounts Committee. The most notable of these were into the superannuation liabilities of statutory authorities and the performance review practices in Departments and Authorities.
- 1.4. It would be immodest of the Committee to claim all the credit for changes in N.S.W. public sector accountability. The Committee acknowledges that these changes would not have occurred without the enthusiastic support of the Government and, in particular, the Treasurer, The Hon. Ken Booth, M.P.
- 1.5. The Committee does not wish to quibble over minor variations between its recommendations and subsequent legislation and regulations. It does consider, however, that it is worth repeating those of its more important recommendations which have not been substantially implemented. The Committee continues to believe that these recommendations warrant further consideration. (Section 3.18)

1.6. It is recommended that further consideration be given to recommendations that Annual Reports should contain the following non-financial information.

- (a) Review of operations
 - (b) Achievement of objectives
 - (c) Research and development, where relevant
 - (d) Plans and prospects
 - (e) Prices and pricing policy
 - (f) Personnel and industrial relations
 - (g) Promotion and public relations activities
- (Refer Section 3.19)

1.7. Regulations under the Public Finance and Audit Act and the Annual Reporting (Statutory Bodies) Act give effect to most of the recommendations put forward by the Committee both in its original report on Annual Reporting (Seventh Report) and in the Committee's report on proposed regulations (Thirteenth Report). A number of significant recommendations contained in the Committee's report on the Superannuation Liabilities of Statutory Authorities have also been adopted. (Refer Section 4.12).

1.8. The Committee recommends minor alterations to a number of Regulations to the Public Finance & Audit Act, namely:

- (a) That clause 4(1) should be amended to make it clear that the setting aside of funds for renewal or replacement of assets over and above their historical cost is optional and not compulsory.
- (b) That clause 4(1)(g) be amended by deleting the word "Non-repayable"
- (c) That clause 6(b) be amended to more clearly reflect the intent of the original proposal.
- (d) That clause 7(1)(m) be amended to more clearly state its intent.
- (e) That further consideration be given to the inclusion of clause 7(3).

- (f) That clause 4 be amended by the addition of the following sub-clause (as recommended in the 13th Report):

"information concerning any major reviews of the objectives, functions or structure of the body which have been carried out during the financial year and including the outcome of the reviews and any changes or proposed changes to the body's objectives, functions or structure as a result of each review". (Refer Section 4.13)

- 1.9. It is pleasing to note that there has been a marked improvement in the standard of annual reports under the new requirements. In a few cases, however, there has been more emphasis on literal requirements rather than the spirit of the reforms. At this stage the Committee has not conducted a detailed review of the annual reports presented, considering it prudent to allow a settling in period to elapse before making a more detailed review. The Committee therefore foreshadows a future review of the standard of annual reports and financial statements. (Refer Section 5.5)
- 1.10. The Treasurer has the authority to grant exemptions from the Annual Reports {Statutory Bodies} Act, the Public Finance and Audit Act and regulations issued under these acts. Exemptions under the Public Finance and Audit Act are subject to the concurrence of the Auditor-General. Where an extension of time for submission of financial statements is involved, this can only be granted after consultation with the appropriate Minister and the Auditor-General. The Committee has reviewed such exemptions granted for statutory bodies in 1983-84 and 1984-85. Lists of authorities granted exemptions are attached as Appendix 2. (Refer Section 5.6)
- 1.11. It is noted that of the 172 statutory bodies listed in Schedule 2 of the Public Finance and Audit Act, 134 or 78% applied for and were granted at least one exemption under the Acts or regulations. As Appendix 2 indicates the majority were exemptions from the requirements to produce a balance sheet and account on an accrual basis and for extensions of time to prepare financial

accounts for the Minister and the Auditor-General. (Refer Section 5.7)

- 1.12. Many of the exemptions granted were for 1984-85 only. The Committee understands that many authorities had difficulties complying with the regulations in their first year of operation, especially since the regulations were not gazetted until June 1985. This may have attributed to the large number of exemptions. The Committee expects to see a dramatic reduction in applications for exemptions for 1985-86 and foreshadows its intention to report on this area in the future. (Refer Section 5.9)
- 1.13. The Committee is concerned at the number of authorities which have received dispensation to keep their accounts on a cash basis. While full accrual accounting may not be appropriate for many smaller organisations, the Committee believes that a receipts and payments statements may not provide enough information for the public and for parliamentarians on the financial position of all the authorities concerned. In this regard, the Committee recommends that the Treasurer review dispensations granted to authorities on an annual basis. (Refer Section 5.10)
- 1.14. In general terms the Committee is most dissatisfied with the attitude adopted by many authorities towards the annual reporting regulations. It believes that the number of exemptions sought from the Treasurer is excessive and should be discouraged. The Committee is also disturbed at the extent of unauthorised non compliance with the legislation. To this end it foreshadows its intention to review these areas in the future. (Refer Section 5.13).
- 1.15. The Committee believes that there is scope for improvement in the public accountability, both financial and non-financial, of local government. It recommends to the Minister for Local Government that consideration be given to the applicability to local government authorities of the measures taken by the Treasurer in respect of government departments and statutory authorities. (Refer Section 5.17)

SECTION 2: INTRODUCTION

- 2.1. The inquiry into Accounting and Reporting Requirements for Statutory Authorities (the Committee's Seventh Report) arose from a reference received in December, 1982 from the Treasurer, the Hon. Ken Booth, M.P., (Appendix 1). In it he stated that he would be recommending to Cabinet -

"...new legislation to give, where possible, a more standardised presentation of financial accounts by statutory authorities. This will ensure more disclosure of information about financial operations of these bodies. Greater uniformity in financial reporting will also facilitate comparisons between authorities".

- 2.2. The need for better annual reporting by statutory authorities was recognised in Victoria, the Commonwealth and New South Wales in the late 1970's. In New South Wales, Professor Peter Wilenski stated in his interim report "Directions for Change":

"... statutory authorities account for a large proportion of public expenditure and are entrusted with meeting important public needs. The price of their relative independence ... should be regular scrutiny of their strategies, operations and efficiency".

- 2.3. Improvements in the financial statements of NSW statutory authorities can be dated back to the 1979-80 Report to Parliament by the Auditor-General. That Report included guidelines as to what basic information was needed in the financial statements of statutory authorities.
- 2.4. The recommendations of the Seventh Report and details of subsequent action by the Government are summarised in Section 3. The legislation which gave effect to the recommendations was the Public Finance and Audit Act, 1983, (plus subsequent amendments) and the Annual Reports (Statutory Bodies) Act, 1984.
- 2.5. The Committee's Thirteenth Report, "Report on Proposed Regulations Accompanying the Annual Reports (Statutory Bodies) Act 1984 and Public Finance And Audit Act 1983" arose from a

reference in November 1984 from the Treasurer. (Appendix 2) The Committee's recommendations on the regulations under the two acts and details of the regulations subsequently gazetted by the Government are discussed in Section 4.

SECTION 3: ACTION ON RECOMMENDATIONS OF THE 7TH REPORT

3.1. This Section sets out the recommendations made by the Committee in its 7th Report and subsequent action on these recommendations. In this Section the Public Finance and Audit Act, 1983, is referred to as the P. F. & A. Act and the Annual Reports (Statutory Bodies) Act, 1984 as the Annual Reports Act.

3.2. Recommendation:A register of public bodies be compiled and maintained by the Premier's Department and to be presented to Parliament annually.

Action: In 1983 a Register of Public Statutory Bodies was published by the Premier's Department. In March, 1985 the Register was updated and combined with the NSW Government Directory. Both the Register and the Directory are publicly available through the Government Information Service. Although the document is publicly available, the Committee is still of the view that benefits would accrue to parliamentarians and the public if the Register was tabled annually in Parliament.

3.3. Recommendation:An Annual Reports Act be enacted specifying the reporting and accounting requirements for statutory authorities.

Action: The Annual Reports Act was assented to on 28 June, 1984. The P. F. & A. Act was assented to on 29 December, 1983. Regulations under each Act were gazetted on 14 June, 1985.

3.4. Recommendation:An Annual Reports Act require statutory authorities to provide an income and expenditure statement, a balance sheet or statement of assets and liabilities, consolidated accounts where appropriate, a source and application of funds statement and adequate notes to the accounts.

Action: Now required by S.41B of the P. F. & A. Act. As an alternative to the income and expenditure statement, statutory bodies can seek permission to have a statement of receipts and payments. The statement of assets and liabilities is referred to in the Act as a statement of balances.

3.5. Recommendation:Regulations under an Annual Reports Act provide that financial statements include:

- (a) description of authorities' accounting policies;
- (b) comparative figures for previous years;
- (c) categories of specific fixed assets, investments and capital;
- (d) provision for doubtful debts;
- (e) the basis for providing for known commitments and anticipated contingencies;
- (f) separate description of important items of income and expenditure;
- {g} signed and dated statements of accounts.

Action: (references are to P. F. & A. Act Regulations)

- (a) Clause 7(1)(a),(b) and (c)
- (b) Clause 8
- (c) Clauses 5 and 6
- (d) Clauses 4(1)(e) and 5(1)(1)
- (e) Clauses 4(1)(d), & 7(1)(d), {f),(g) and (h){i}
- (f) A number of items considered important are specifically referred to in clause 4(1)(a) to (k). Clause 4(1)(1) requires all other material items to be shown separately.
- (g) P. F. & A. Act, S.41B(f); P. F. & A. Act Regulations, clause 11.

3.6. Recommendation:An Annual Reports Act require statutory authorities to adopt accrual accounting, unless exempted by the Auditor-General after receiving the views of the Public Accounts Committee.

Action: The P. F. & A. Act, S.41B(1)(b), requires accrual accounting. However, S.41B(2) allows the Treasurer to grant exemptions. There is no requirement that the Public Accounts Committee be consulted.

3.7. Recommendation:Regulations under an Annual Reports Act specify that:

- (a) interest on borrowed funds and depreciation on the historical cost of assets, based on the anticipated life of the assets, be charged as operating expenses;
- (b) amounts to cover the difference between historical cost and replacement cost depreciation and to provide that repayment of loans be charged as an appropriation of profit and be shown in the balance sheets as an Asset Replacement Fund and a Capital Expansion Fund respectively.

Action:

- (a) P. F. & A. Act Regulations, clauses 4(1)(c) requires the amounts of interest paid to be shown while clause 4(1)(a) requires depreciation to be shown.
- (b) Clause 4(1)(b) requires the difference between historical cost and replacement cost depreciation to be shown as an appropriation of surplus or profit. No specific references have been made to an Asset Replacement Fund or a Capital Expansion Fund. Clause 4(1)(f) requires the amount appropriated for the repayment off loans, etc, to be shown.

3.8. Recommendation:Each authority identify and publicly list all real estate together with a description of its current or planned use, and give a ranking according to its potential for alternative use. The Valuer-General have power to review this ranking either on his own initiative or at the request of the authority, the Minister, the Auditor-General or the Public Accounts Committee.

Action: P. F. & A. Act, S.41B(1)(d)(i) requires that the financial statements be accompanied by a summary of land owned or occupied by the body, classified according to the actual use of the land. The Annual Reports Act, S.14, requires more detailed information on land holdings to be maintained in the Premier's Department. Under S.14(1)(5), if the Valuer-General

is of the opinion that any matters contained in this register, or any information re land furnished to the Premier's Department, is incorrect, inadequate or inappropriate, the Valuer-General is required to make a report to the Secretary of the Premier's Department.

While a statutory authority is required to identify land essential to its operations, there is no requirement for land to be given a ranking according to its potential for alternative use.

- 3.9. Recommendation:The Valuer-General develop a central register of all land holdings of public bodies which can be used to provide information according to use or geographic area.

Action:The Committee has been advised by the Premier's Department that a register is being prepared under the auspices of the newly created State Land Information Council. The register will contain existing uses and geographic area information.

- 3.10. Recommendation:Authorities disclose in their annual reports the current market value, determined on a three yearly cycle, of all real estate designated as having potential for alternative use together with the most recent valuation for all other real estate.

Action:The P. F. & A. Act, S41B(1)(d)(ii), requires that the summary of land accompanying the financial statements show the value of the land, where appropriate, and if it can be readily established. Reasons are required to be stated for not showing the value. There appears to be no requirement to publicly identify land having a potential for alternative use. While no valuation cycle is specified in the P.F.&A. Act, S14{3} of the Annual Reports (Statutory Bodies} Act, 1984 requires valuations to be reviewed at intervals of not more than 3 years. See also comments, Section 5.11.

- 3.11. Recommendation:As a minimum requirement, annual reports of statutory authorities include the following non-financial information:

- (a) charter;
- (b) access;
- (c) aims and objectives;
- (d) management and structure;
- (e) review of operations;
- (f) a statement by the Minister;
- (g) achievement of objectives;
- (h) research and development;
- (I) plans and prospects;
- (j) legislative changes;
- (k) prices and pricing policy;
- (l) personnel and industrial relations;
- (m) promotion and public relations activities;
- (n) consumer complaints and suggestions for improvements;
- (o) service delays;
- (p) budget.

Action: { references are to the Annual Reports {Statutory Bodies Regulations)

- (a) Clause 4(a) (b) Clause 4(c) (c) Clause 4(b) (d) Clause 4(d)
- (e) Clauses 4(e) and (h) cover the majority of the Committee's sub-recommendations. The two omissions were: performance measures and indicators used; and policies and the bases of policy decisions made. It is noted that the Government has recently included the former in amendments to the Regulation, gazetted on 27 June, 1986.
- (f) There is no requirement for a statement by the Minister.
- (g) Clauses 4(g) and (h)(i) implemented two of the Committee's sub-recommendations. The two omissions were: appropriate quantitative and qualitative measures or indicators of performance; and performance statistics over a span of up to five years with narrative explanation of trends and other features of significance. As stated above it is noted that the Government has recently included the first of these omissions in amendments to the Regulation, gazetted 27 June, 1986.

- (h) Clause 4(i) implemented the sub-recommendation on research and development but included an exemption where publication of details would adversely affect the body's operations. A sub-recommendation requiring information on anticipated changes in technology and the environment that may affect the organisation was omitted.
- (i) No action was taken on the recommendation re plans and prospects. The two sub-recommendations had suggested publication of the corporate or strategic plan and an assessment of how the external environment might impinge upon the organisation's activities. Clause 4(f)
- (k) No action was taken on the recommendation re prices and pricing policy. The two sub-recommendations had suggested publication of: prices, rates and charges and the basis for establishing these; and an explanation of any exceptions to cost recovery or user pay principles.
- (l) Clause 4(j) implemented three of the sub-recommendations in full and a substantial part of another. The sub-recommendations omitted suggested publication of:
- total wages bill;
 - the training component of personnel policies and practices;
 - significant changes in working conditions including occupational health;
 - description of relations with union and employee associations; and
 - details of industrial disputes including cost and future implications.
- (m) Clause 4(k) is broadly worded to require details of publications and other information available on the functions and activities of the body. The sub-recommendations not specifically addressed in the clause were:
- activities designed to develop an awareness of the organisation and its area of operation;
 - facilities available to clients or the community generally; and
 - marketing or public relations activities undertaken.

- (n) Clause 4(1)
- (o) Clause 4(m)
- (p) Clause 5 and the Annual Reports Act, S.7(1)(a)(iii)

3.12. Recommendation:Annual reports of statutory authorities be tabled within three months of the end of the reporting period except where exemption is given.

Action:The Annual Reports Act, S.10(1), requires the annual report to be submitted to the Minister not later than four months after the end of the financial year. S.11(1) of the Act requires the Minister to table the report within one month after having received it.

3.13. Recommendation:Authorities be responsible for having their annual reports available at the Government Information Centre for public sale at approximate cost of production.

Action:Now required by the Annual Reports Act Regulations at clause 8.

3.14. Recommendation:An Annual Reports Act specify the framework for reporting and accounting requirements of statutory authorities.

Action:This recommendation has been adequately covered by the Annual Reports Act and the P. F. & A. Act, together with the regulations under each Act.

3.15. Recommendation:Detailed reporting and accounting requirements be specified in the regulations under an Annual Reports Act.

Action:Same comment as in 3.14.

3.16. Recommendation:An Annual Reports Act provide that amendments to the regulations under the Act be first referred to the Public Accounts Committee for examination and report.

Action:Annual Reports Act, S.16(2) and P. F. & A. Act, S.63A(3).

Conclusion

3.17. The Committee's Seventh Report made 15 recommendations, three of which were supported by sub-recommendations (totalling 59).

Eliminating any double counting, there were 71 recommendation Of these; 51 recommendations (71.8%) were either fully or substantially adopted by the Government?

- 3.18. The Committee does not wish to quibble over minor variations between its recommendations and subsequent legislation and regulations. It does consider, however, that it is worth repeating those of its more important recommendations which have not been substantially implemented. The Committee continues to believe that these recommendations warrant further consideration.
- 3.19. It is recommended that further consideration be given recommendations that Annual Reports should contain the following non-financial information:
- (a) Review. of operations
 - policies and the bases of policy decisions made
 - (b) Achievment of objectives
 - performance statistics over a span of up to five years with narrative explanation of trends and other features of significance.
 - (c) Research and Development
 - Anticipated changes in technology and the environment that may affect the organisation, where relevant.
 - (d) Plans and Prospects
 - Corporate or strategic plan
 - An assessment of how the external environment might impinge upon the authorities' activities.
 - (e) Prices and Pricing Policy
 - Prices, rates and charges and the basis for establishing these
 - An explanation of any exceptions to cost recovery or user pay principles.

(f) Personnel and Industrial Relations

- total wages bill
- the training component of personnel policies and practices
- significant changes in working conditions including occupational health
- description of relations with unions and employee associations
- details of industrial disputes including cost and future implications

(g) Promotion and Public Relations Activities

These are described broadly in clause 4(k) of the Regulation. Matters not specifically addressed were:-

- activities designed to develop an awareness of the organisation and its area of operation
- facilities available to clients or the community generally · marketing or public relations activities undertaken.

SECTION 4: ACTION ON RECOMMENDATIONS OF THE 13TH REPORT

- 4.1. The Committee's Seventh Report was tabled in Parliament in June, 1983. In December, 1983 the Audit Act, 1902, was replaced by the Public Finance and Audit Act, 1983. In June, 1984, the Public Finance and Audit (Amendment) Act, 1984 provided a framework for the Committee's financial recommendations. The Annual Reports {Statutory Bodies} Act, 1984, enacted on the same day, served a similar function for the non-financial recommendations.
- 4.2. In November, 1984 the Treasurer forwarded to the Committee, for examination and report, proposed regulations under the two principal Acts. The Committee's 13th Report, "Report on Proposed Regulations Accompanying the Annual Reports (Statutory Bodies} Act, 1984 and Public Finance and Audit Act 1983" was tabled in January, 1985.
- 4.3. Section 3 established the links between the recommendations of the Seventh Report, the two principal Acts and the regulations eventually gazetted. To avoid repetition the comments in this Section will deal mainly with additional items raised by the Committee or added by the Treasurer to the regulations originally proposed.

Regulation under the Public Finance and Audit Act, 1983

- 4.4. The Committee's 10th Report {1984} 'Superannuation Liabilities of Statutory Authorities', contained recommendations related to financial statements. (Other recommendations of that Report will be followed up in a later report). The 10th Report noted that there was no consistent policy for reporting superannuation costs, making it difficult to compare the financial performance of authorities. The Committee was concerned at the failure of authorities to recognise superannuation liabilities in their financial statements. The result was that the costs reported as being incurred in the provision of services were being understated.

4.5. At paragraph 2.24 of the 10th Report it was stated:

"Each statutory authority's Statement of Revenue and Expenses should include the full superannuation expense for the period. Not to do so would amount to deceiving the Parliament and the public as to the true cost of running an authority and would be inconsistent with the objectives of accrual accounting which was recently introduced by the Government via the 1984 amendments to the Public Finance and Audit Act, 1983".

4.6. The Report also recommended that regulations be introduced to prescribe:

- (a) That the amount of unfunded past service costs of a statutory authority should be disclosed in its balance sheet.
- (b) That the calculation of superannuation expense accrued in an accounting period be calculated by reference to annual estimates of the amount of unfunded past service costs using an accrued benefit method based on projected salaries.
- (c) That estimates of the amount of unfunded past service costs be obtained from the Government Actuary on an annual basis.
- (d) That revisions of estimates of the amount of unfunded past service costs arising from periodical actuarial reviews need not be treated as an accounting expense of the period in which that assessment was undertaken, but might at the discretion of the statutory authority concerned be allocated over a period not exceeding three years.
- (e) That to the extent that an amount of unfunded past service costs is attributable to services rendered before the start of the accounting period in which

superannuation commitments are first fully recognised as a liability, those sums should be treated as an adjustment to the accumulated funds of the authority concerned.

- (f) That statutory authorities should disclose the following information concerning superannuation liabilities and expenses:
 - (i) The date of the most recent actuarial report upon which calculations of superannuation liability and expense were based;
 - (ii) The following assumptions adopted by the Government Actuary:
 - interest rates
 - rate of increase in the consumer price index
 - rate of salary increases.
 - (iii) The effect on the calculation of the amount of unfunded past service costs of the adoption of different values for the key economic assumptions and any other assumptions that the actuary considered to be of critical importance.
 - (iv) Any material changes in the terms and conditions of the superannuation scheme since the date of the last actuarial report.
 - (v) The amount of any superannuation expenditure carried forward in a given year as part of the cost of capital works.

4.7. These recommendations on superannuation were substantially covered in the main additional recommendations of the Committee to the regulations under the Public Finance and Audit Act, in the 13th Report. They were adopted by the Treasurer as clauses 4(1)(k), 5(1)(q) and 7(1)(q). The importance placed on the

superannuation requirements can be gauged from the concluding words added by the Treasurer to clauses 4(1)(k) and 5(1)(q). Clause 4(1)(k) requires that:

"the full amount of expense arising in the financial year in respect of superannuation and deferred employee entitlements... be shown separately in the income and expenditure statement and not by way of note;"

Clauses 5(1)(q) requires that:

"the amount of unfunded past service costs in respect of superannuation and other deferred employee entitlements... be shown on the face of the balance sheet and not by way of note" .

These detailed requirements for the income and expenditure statement and the balance sheet were the only ones specifically barred from being disclosed only in the notes to the accounts.

- 4.8. Some of the detailed financial requirements in the proposed regulations submitted to the Committee did not originate directly from the Committee's earlier recommendations. The Committee, however, had no objection to the additional items and gave them its support.
- 4.9. In the regulations gazetted (Public Finance & Audit Act) there were numerous minor alterations to the wording of the clauses in the proposed regulation. Comments on the more significant alterations and further recommended amendments follow:
 - (a) Clause 4(1)(b) deals with amounts charged for, or set aside for, the renewal or replacement of fixed assets over and above their historical cost. This had been discussed in the 7th report but no firm recommendation was made. Adoption of this practice does not appear to be widespread. It introduces an element of current cost accounting and could result in excessive "depreciation" being charged. While the Committee does not have a strong

view on the matter, it considers that clause 4(1)(b) should be amended to make it clear that the setting aside of funds for renewal or replacement of assets over and above their historical cost is optional and not compulsory.

- (b) Clause 4(1)(g). The wording originally proposed by the Treasurer, and accepted by the Committee, simply referred to "appropriations, grants and subsidies", other than those of a capital nature, received from the Commonwealth and State governments. When gazetted this reference was restricted to "non-repayable appropriations, grants and subsidies". The Committee is not aware of the reason for this restriction. It understands that many of the major grants, etc, received by authorities are in fact repayable to the extent they are unspent and the grantor can require the refund of unexpended monies. While in practice most of these grants are non-repayable, the inclusion of this restriction could lead to hair-splitting. It is therefore recommended that clause 4(1)(g) be amended by deleting the word "Non-repayable".
- (c) Clause 6(b). Clause 6 requires that a statement of balances shall contain all of the matters required to be included in a balance sheet except for certain restrictions relating to fixed assets and stores. The original wording proposed by the Treasury for 6(b) excluded from the statement of balances "stores held in departments, divisions or sections of an authority which have been issued from a central store". When gazetted, this sub-clause lost its clarity and now appears to require the opposite to what was originally proposed. The Committee supports the original proposal and recommends that clause 6(b) be amended to more clearly reflect the intent of the original proposal.
- (d) Clause 7(1)(m) requires that there shall be shown by way of notes or otherwise:

"any non-current asset, where material, shown in the accounts or records of the body at an amount which, having regard to its value to the body as a going concern, exceeds the replacement cost in current condition at the end of the financial year and, when adequate provision for writing down that asset is not made, such information or explanations shall be included as will prevent the accounts from being misleading by reason of the overstatement of the amount of that asset;"

The Committee believes that this sub-clause lacks clarity and recommends that clause 7(1)(m) be amended to more clearly state its intent.

- (e) The Committee added a clause 7(3) to the regulation proposed by the Treasurer. It required information on post balance date events and read as follows:

"Details of significant matters arising after the end of the financial year and before submission of certified financial statements to the Minister, whether being such matters as detailed elsewhere in this regulation or otherwise, which could have a significant effect on the financial operations of the body".

The recommendation was not included in the regulations gazetted. The Committee believes that the financial statements, and the notes thereto, should be complete within themselves. The omission of references to significant post-balance date events could mislead the readers of financial statements. It therefore recommends that further consideration be given to the inclusion of clause 7(3).

- 4.10. The Committee notes that an Australian Accounting Standard AAS 8 "Events Occurring After Balance Date" covers this situation. The

adoption of Australian Accounting Standards is covered by clause 3 to the Regulation.

Regulations under the Annual Reports (Statutory Bodies) Act, 1984

- 4.11. The proposed regulation included a sub-clause after 4(g) which required information to be shown in the annual report concerning any major reviews of the objectives, functions or structure of the body which have been carried out during the financial year. This sub-clause was added to by the Committee, however, the whole of the sub,clause was omitted from the regulation gazetted. The Committee reaffirms its belief that information on major reviews should be included in annual reports. It therefore recommends that clause 4 be amended by the addition of the following sub-clause (as recommended in the 13th Report):

"information concerning any major reviews of the objectives, functions or structure of the body which have been carried out during the financial year and including the outcome of the reviews and any changes or proposed changes to the body's objectives, functions or structure as a result of each review".

Conclusion

- 4.12. Regulations under the Public Finance and Audit Act and the Annual Reporting (Statutory Bodies) Act give effect to most of the recommendations put forward by the Committee both in its original report on Annual Reporting (Seventh Report) and in its report on proposed regulations (Thirteenth Report). A number of significant recommendations contained in the Committee's report on the Superannuation Liabilities of Statutory Authorities have also been adopted.
- 4.13. The Committee reconmends minor alterations to a number of Regulations to the Public Finance and Audit Act, namely:
- (a) That clause 4(1)(b) should be amended to make it clear that the setting aside of funds for renewal or replacement of

assets over and above their historical cost is optional and not compulsory.
(S.4.9(a))

- (b) That clause 4(1)(g) be amended by deleting the word 'Non-repayable'. (S.4.9(b))
- (c) That clause 6(b) be amended to more clearly reflect the intent of the original proposal. (S.4.9(c))
- (d) That clause 7(1)(m) be amended to more clearly state its intents (S.4.9(d))
- (e) That further consideration be given to the inclusion of clause 7(3). (S.4.9(e))
- (f) That clause 4 be amended by the addition of the following sub-clause (as recommended in the 13th Report):

'information concerning any major reviews of the objectives, functions or structure of the body which have been carried out during the financial year and including the outcome of the reviews and any changes of proposed changes to the body objectives, functions or structure as a result of each review'.

SECTION 5: FURTHER RECOMMENDATIONS

- 5.1. The process of improving annual reports and financial statements is an evolving one. The Committee does not consider that its past recommendations are immutable or that detailed recommendations in all areas necessarily remain applicable to present needs. It is more concerned that the spirit of its recommendations be translated into legislation and regulations.
- 5.2. The Committee recognises that the Acts and regulations on annual reports and financial statements will need to be regularly updated. The recently gazetted regulations under the Annual Reports (Departments) Act, 1985, contain some improvements in a number of areas. It is to be hoped that these improvements will eventually flow through to the statutory bodies' regulations.
- 5.3. As noted earlier in this report there are a number of past recommendations which the Committee still believes should be implemented. Some of these are understood to have been adopted by central administrative decisions while others have been voluntarily adopted by the more progressive statutory authorities. The Committee, however, believes that it is preferable for requirements to be included in the regulations.
- 5.4. The Committee recommends that further consideration be given to its more important earlier recommendations in the following areas:
- Plans and prospects
 - Prices and pricing policy
 - Personnel and Industrial Relations
- 5.5. It is pleasing to note that there has been a marked improvement in the standard of annual reports under the new requirements. In a few cases, however, there has been more emphasis on literal requirements rather than the spirit of the reforms. At this stage the Committee has not conducted a detailed review of the annual reports presented, considering it prudent to allow a settling in period to elapse before making a more detailed

review. The Committee therefore foreshadows a future review of the standard of annual reports and financial statements.

Exemptions, Dispensations and Extensions

- 5.6. The Treasurer has the authority to grant exemptions from the Annual Reports (Statutory Bodies) Act, the Public Finance and Audit Act and regulations issued under these acts. Exemptions under the Public Finance and Audit Act are subject to the concurrence of the Auditor-General. Where an extension of time for submission of financial statements is involved, this can only be granted after consultation with the appropriate Minister and the Auditor-General. The Committee has reviewed such exemptions granted for statutory bodies in 1983-84 and 1984-85. Lists of authorities granted exemptions are attached as Appendix 2.
- 5.7. It is noted that of the 172 statutory bodies listed in Schedule 2 of the Public Finance and Audit Act, 134 or 78% applied for and were granted at least one exemption under the Acts or regulations. As Appendix 2 indicates the majority were exemptions from the requirements to produce a balance sheet and account on an accrual basis and for extensions of time to prepare financial accounts for the Minister and the Auditor-General.
- 5.8. Eight exemptions were applied for but refused by the Treasurer. These related in the main to requests for exemption from the requirement to keep accounts on an accrual basis and to dispense with outline budgets in annual reports. (Refer Appendix 4).
- 5.9. Many of the exemptions granted were for 1984-85 only. The Committee understands that many authorities had difficulties complying with the regulations in their first year of operation, especially since the regulations were not gazetted until June 1985. This may have attributed to the large number of exemptions. The Committee expects to see a dramatic reduction in applications for exemptions for 1985-86 and foreshadows its intention to report on this area in the future.

- 5.10. The Committee is concerned at the number of authorities which have received dispensation to keep their accounts on a cash basis. While full accrual accounting may not be appropriate for many smaller organisations, the Committee believes that a receipts and payments statements may not provide enough information for the public and for parliamentarians on the financial position of all the authorities concerned. In this regard, the Committee recommends that the Treasurer review dispensation granted to authorities on an annual basis.
- 5.11. The Treasury has advised that many authorities had difficulty in determining a market value for their fixed assets, as required by Clause 5 (1)(a) of the Public Finance & Audit Act (Statutory Bodies) Regulations. Twenty-two authorities were granted exemption for 1984-85. The Committee is of the view that in most cases market value of fixed assets is assessable and should be included in the authorities' financial statements. It is recognised however that a small numbers of organisations have some fixed assets which do not have readily ascertainable commercial value. The Committee considers that in these cases a value, such as replacement or insurable value, should be provided in the financial statements. The Committee understands that this matter is currently under review by Treasury Officers.
- 5.12. In addition to exemptions and extensions granted, the Committee understands that a number of authorities failed to comply with legislative requirements and did not seek exemptions. While this may in large part be due to the fact that some authorities are not yet familiar with the requirements of the legislation, the Committee would expect all statutory authorities to be fully aware of their responsibilities for the 1985-86 reporting year. Attached as Appendix 5 is a list of authorities who failed to forward their accounts to the Auditor-General within 6 weeks of the end of the 1984-5 financial year, but did not seek exemption from this requirement from the Treasurer.
- 5.13. In general terms the Committee is most dissatisfied with the attitude of many authorities towards the annual reporting regulations. It believes that the number of exemptions sought

from the Treasurer is excessive and should be discouraged. Committee is also disturbed at the extent of unauthorised non compliance with the legislation. To this end it foreshadows its intention to review these areas in the future:

Local Government accountability and reporting

- 5.14. The changes proposed in the Seventh Report were directed at improving the accountability of the State's statutory authorities. In his forward to that Report, the then Chairman, Mr Michael Egan, B.A., forecast that:

"... many of the recommendations in this Report, particularly those relating to non-financial reporting, will also prove useful to both councils and departments in improving reporting standards and accountability."

- 5.15. Measures since taken to improve the public accountability of government departments were contained in the Annual Reports (Departments) Act, 1985 and the Public Finance & Audit (Further Amendment) Act, 1985. Proposed regulations under these Acts are the subject of the Committee's 23rd Report.

- 5.16. The extension to local government authorities of this process of improvements in public accountability has not yet occurred. The Committee is aware that many local government authorities have of their own volition taken steps to better inform their constituents. It also recognises the wish of local government to be more independent of Federal and State governments. Nevertheless, the Committee does see a role for the State Government in setting guidelines for greater accountability in this sphere.

- 5.17. The Committee believes that there is scope for improvement in the public accountability, both financial and non-financial, of local government. It recommends to the Minister for Local Government that consideration be given to the applicability to local government authorities of the measures taken by the Treasurer in respect of government departments and statutory authorities.

APPENDIX 1TERMS OF REFERENCE FROM THE TREASURER

TREASURER
NEW SOUTH WALES

SYDNEY
17 DEC 1982

M. R. Egan, Esq., B.A., M.P.,
Chairman,
Public Accounts Committee,
New South Wales. Legislative Assembly,
Parliament House,
SYDNEY

Dear Mr. Egan,

The accounts of Statutory Authorities have received some criticism, largely on the basis of timeliness, inconsistency in treatment between authorities and lack of comparability between authorities. A working party of officers from Treasury, Auditor General, Public Service Board, Ministerial Advisory Unit and a Statutory Authority have submitted a report on Public Sector Accounting and Reporting Standards for Statutory Authorities. The report, a copy of which is attached, recommends:

- (i) The adoption by all statutory authorities of the guidelines as proposed by the Auditor General and recorded in Appendix 3 of his Report (1980), subject to specified variations.
- (ii) A Source and Application of Funds. Statement to be prepared by each authority to form an integral part of the authority's published statements, to be audited by the Auditor General.
- (iii) Statements of Account to be submitted to the Auditor-General no later than three months after the close of the financial period unless exemption has been approved by the responsible Minister in consultation with the Treasurer.
- (iv) Statutory authorities to adopt accrual accounting unless specifically exempted by agreement between the responsible Minister and the Treasurer.
- (v) Income and expenditure accounts to disclose the sources of income, relate them to operating expenses and provisions, leaving a residue described as Net Income.
- (vi) Balance Sheet terminology such as 'Accumulated Funds' or 'General Reserve' be replaced by the term 'Retained Earnings'.
- (vii) The Public Authorities (Financial Accommodation) Act, 1981 be amended, with references to 'Reserve for Loan Repayment Fund' being replaced by 'Provision for Loan Repayment'.

- (viii) A group be set up to work in co-operation with experts in other States and to report to the Treasurer on matters involving accounting standards applicable to the Government Sector.
- (ix) A Standing Officer Committee be set up to monitor and review submissions of the research group.
- (x) The form of accounts and content of reports of statutory authorities be regulated through a (State) Annual Reports Act.

In my press release of July 12, 1982, responding to Professor Wilenski's release of the Review of NSW Government Administration Further Report (Unfinished Agenda), I announced that the Government would be introducing "new legislation to provide for a more standardised presentation of the annual accounts of statutory authorities".

In the attachment to the press release as well as in this year's Budget Paper No.2 (page 94) the proposed legislation was elaborated upon as follows':

"In response to the final report of the Working Party on Public Sector Accounting and Reporting Standards the Treasurer will be recommending to Cabinet the introduction of new legislation to give, where possible, a more standardised presentation of financial accounts by statutory authorities. This will ensure more disclosure of information about financial operations of these bodies. Greater uniformity in financial reporting will also facilitate comparisons between authorities."

Recently I appointed a Committee of officers from Treasury, Auditor Generals and Premiers Department to review the Audit Act, 1902. Amongst other things the Committee is likely to recommend inclusion of a standard audit Clause in the Acts of Statutory Authorities. A suitable clause already exists in the Meat Industry Act, 1978.

While such a clause will be an improvement on the present confusing variety of accounting requirements of different statutory authorities, a comprehensive Annual Reports Act might be a preferable solution over the longer term.

With this in mind I would be grateful if the Public Accounts Committee would examine and report to me within six months on the appropriateness of an Annual Reports Act to govern the accounting and reporting requirements of statutory authorities, with particular reference to the recommendations of the Final Report of the Working Party on Public Sector Accounting and Reporting Standards (July 1981). Hopefully, the views of the Treasury, Auditor General, individual statutory authorities, Australian Society of Accountants and other community groups and interested individuals would be sought by your Committee as part of its enquiry.

As your Committee is no doubt aware, I have given particular attention since becoming Treasurer to reforming the State's financial systems and processes (see Budget Paper No.2, pages 93-95). Improving the presentation of statutory authority accounts so as to give the Government and Parliament greater insight into and thereby control over their operations, is one of my highest priorities.

APPENDIX 1

I look forward to receiving the recommendations of the Public Accounts Committee on this most important subject.

Yours sincerely,

(KEN BOOTH)

TREASURER
NEW SOUTH WALES

SYDNEY

Mr R J Carr
Chairman
Public Accounts Committee
Parliament House
SYDNEY 2000

Dear Mr Carr

In terms of Section 16 (2) of the Annual Reports (Statutory Bodies) Act I am forwarding herewith for your Committee's examination and report, proposed regulations on the annual reporting of statutory authorities. In view of the importance of making these regulations available to statutory authorities I would appreciate it if you could provide me with your comments within 2 weeks. I might add that I have provided the Auditor General with a copy for his comment and that a further copy has been sent to the Parliamentary Counsel to ensure that the drafting is correct.

Yours sincerely

Ken Booth TREASURER

APPENDIX 3

Exemptions, Dispensations and Extensions Granted for 1983-4 and 1984-5 by the Treasurer to Annual Reports
(Statutory Bodies) Act, Public Finance and Audit Act, and Regulations Under the Acts

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TABLE 1: PUBLIC FINANCE AND AUDIT ACT 41B(1)(c)

Format of Accounts

Authority	Exemption
Architects of N.S.W., Board of	Statement of balances sufficient
Main Roads Board of N.S.W.	Statement of receipts and payments
Main Roads Corporate Sole, Commissioner for	in lieu of statement of revenue and expenditure
Water Resources Commission	Exempt From source and application of Funds statement

TABLE 2: PUBLIC FINANCE AND AUDIT ACT 41B(1)(d)

Summary of land to be disclosed, with actual use of land, value of land, and why it is inappropriate to value the land or why the value cannot be readily established

Authority	Exemption
Fish River Water Supply	Easements not included in land summary
South-West Tablelands Water Supply	Easements not included in land summary

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TABLE 3: PUBLIC FINANCE AND AUDIT ACT 41B(2) EXEMPTION
FROM ACCRUAL ACCOUNTING

Authority	Exemption
Anzac Memorial Building, Trustees of	Receipts & Payments Basis
Architects of N.S.W., Board of	Modified Accrual Basts
Archives Authority of N.S.W.	Modified Accrual Basts
Art Gallery of N.S.W.	Modified Accrual Basts
Australian Museum Trust	Modified Accrual Basts
Barristers Admission Board	Receipts & Payments (Cash) Basts
Bursary Endowment Board	Receipts & Payments (Cash) Basts
Centennial Park Trust	Modified Accrual Basts
Chiropodists Registration Board	Receipts & Payments (Cash) Basts
Chiropactors Registration Board	Receipts & Payments (Cash) Basts
Chipping Norton Lake Authority	Receipts & Payments (Cash) Basts (Approval to lapse once construction is complete)
Coal Compensation Board	Receipts & Payments (Cash) Basts
Colleges of Advanced Education	Modified Accrual Basts
Armidale CAE	
Cumberland College of Health Sciences	" " "
Hawkesbury Agricultural College	" " "
Kuring-gai CAE	" " "
Macarthur Institute of Higher Education	" " "
Mitchell CAE	" " "
Nepean CAE	" " "
Newcastle CAE	" " "
New South Wales Institute of Technology	" " "
Northern Rivers CAE	" " "
Orange Agricultural College	" " "
Riverina-Murray Institute of Higher Education	" " "
Sydney College of the Arts	" " "
Sydney CAE	" " "
Conservatorium of Music Board of Governors of N.S.W. State	Modified Accrual Basts
Dams SaFety Committee	Receipts & Payments (Cash) Basts
Dental Board	Receipts & Payments (Cash) Basis
Dental Technicians Registration Board	Receipts & Payments (Cash) Basis
Drug and Alcohol Authority of N.S.W.	Modified Accrual Basts
Election Funding Authority of N.B.W.	Receipts & Payments (Cash) Basts
Historic Houses Trust of N.S.W.	Modified Accrual Basts
Law Reporting, Council of	Receipts & Payments (Cash) Basts
Library Council of N.S.W.	Modified Accrual Basts
Lord Howe Island Board	Modified Accrual Basts
Main Road Board of N.S.W. - Main Roads Corporation Sole, Commissioner for	Modified Accrual Basts
Medical Board. N.S.W.	Receipts & Payments (Cash) Basts

Where a time period is not specified, the exemption is indefinite,

TABLE 3 (Cont.)

Authority	Exemption
Museum of Applied Arts & Sciences	Modified Accrual Basis
Nurses Registration Board	Receipts ~ Payments (Cash) Basis
Optical Dispensers Licencing Board	Receipts C Payments (Cash) Basis
Optometrical Registration Board of	Receipts & Payments (Cash) Basis
Pharmacy Board' of N.S.W.	Receipts & Payments (Cash) Basis
Physiotherapists Registration Board	Receipts & Payments (Cash) Basis
Police Superannuation Board	Receipts & Payments (Cash) Basis
Poultry Farmer Licencing Committee	Receipts C Payments (Cash) Basis
Public Trustee	Receipts & Payments - Office Administra- tion A/c - 1984/5 only
Railway Service Superannuation Board	Receipts & Payments (Cash) Basis
Real Estate Valuers Registration Board	Receipts & Payments (Cash) Basis
Royal Botanic Gardens & Domain Trust	Modified Accrual Basis
Science & Technology Council N.S.W.	Receipts & Payments (Cash) Basis
Solicitors Admission Board	Receipts & Payments (Cash) Basis
Sporting Injuries Committee	Receipts & Payments - Supplementary Fund 1984/5 only
State Sports Centre Trust	Modified Accrual - 1984/85 only
Suitors' Fund Act Corporation Sole	Receipts & Payments (Cash) Basis
Surveyors of N.S.W. Board of	Receipts & Payments (Cash) Basis
Sydney Opera House Trust	Modified Accrual Basis
Traffic Authority of N.S.W.	Modified Accrual basis 1984/5 only
Universities	Modified Accrual Basis
Macquarie University	
University of New England	" " n
University of New South Wales	
University of Newcastle	"
University of Sydney Senate of	"
University of Wollongong	" " n
Veterinary Surgeons of N.S.W. Board	Receipts & Payments (Cash) Basis
Water Resources Commission	Receipts ; Payments (Cash) Basis
Workers' Compensation (Dust Diseases) Board	Receipts & Payments (Cash) Basis

Where a time period is not specified, the exemption is indefinite.

TABLE 4: PUBLIC FINANCE AND AUDIT ACT- 41B(3){a}

EXEMPTION FROM REQUIREMENT TO INCLUDE BALANCE SHEET IN FINANCIAL STATEMENTS

Authority	Exemption
Anzac Memorial Building Trustees of	Statement of Financial Position in lieu of balance sheet
Archives Authority of NSW	Statement of Financial Position in lieu of balance sheet
Art Gallery of NSW	Statement of Financial Position in lieu of balance sheet
Australian Museum Trust	Statement balance sheet
Barristers Admission Board	Dispense with Balance Sheet - must prepare a statement of balances
Bursary Endowment Board	Dispense with Balance Sheet
Centennial Park Trust	Dispense with Balance Sheet - Statement of Financial Position to be prepared
chiropractists Registration Board	Dispense with Balance Sheet
Chiropractors Registration Board	Dispense with Balance Sheet
Chipping Norton Lake Authority	Dispense with Balance Sheet (Approval to lapse once construction is complete)
Coal Compensation Board	Dispense with Balance Sheet
Colleges of Advanced Education	Statement of Balances in lieu of b/s
Armidale CAE	
Cumberland College of Health Sciences	"
Hawkesbury Agricultural College	
Kuring-gal CAE	
Macarthur Institute of Higher Education	
Mitchell CAE	
Nepean CAE	
Newcastle CAE	" " " "
New South Wales Institute of Technology	
Northern Rivers CAE	
Orange Agricultural College	" " "
Riverina-Murray Inst. of Higher Education	
Sydney College of the Arts	
Sydney CAE	"
Conservatorium of Music Board of Governors of NSW State	Dispense with balance sheet - Statement of financial position to be prepared
Dams Safety Committee	Dispense with balance sheet
Dental Technicians Registration Board	Dispense with balance sheet
Election Funding Authority of NSW	Dispense with balance sheet
Historic Houses Trust of NSW	Dispense with balance sheet. Statement of financial position to be prepared
Law Reporting, Council of	Dispense with balance sheet
Library Council of NSW	Dispense with balance sheet. Statement of financial position to be prepared
Medical Board, NSW	Dispense with balance sheet
Museum of Applied Arts S Sciences	Dispense with balance sheet - Statement of financial position to be prepared

Where a time period is not specified, exemptions are indefinite.

TABLE 4 (Continued)

<u>Authority</u>	<u>Exemption</u>
Optometrical Registration Board of	Dispense with balance sheet
Optical Dispensers Licensing Board	Dispense with balance sheet
Pharmacy Board of NSW	Dispense with balance sheet
Physiotherapists Registration Board	Dispense with balance sheet
Police Superannuation Board	Dispense with balance sheet
Poultry Farmer Licensing Committee	Dispense with balance sheet
Public Trustee	Dispense with balance sheet
	Office Administration 1984-85 only
Railway Service Superannuation Board	Dispense with balance sheet
Real Estate Valuers Registration Board	Dispense with balance sheet
Royal Botanic Gardens & Domain Trust	Dispense with balance sheet - statement financial position to be prepared
Science & Technology Council NSW	Dispense with balance sheet
Solicitors Admission Board	Dispense with balance sheet - must prepare a statement of balances
Sporting Injuries Committee	Dispense with balance sheet - Supp Fund - 1984-5 only
State Sports Centre Trust	Dispense with balance sheet - Statement of Financial Position to be prepared 1984-5 only
Suitors Fund Act Corporation Sole	Dispense with balance sheet
Surveyors of NSW. Board of	Dispense with balance sheet
Sydney Opera House Trust	Dispense with balance sheet - statement of financial position to be prepared
Universities	Statement of balances in lieu of b/s
Macquarie University	u " , ,
University of New England	
University of New South Wales	
University of Newcastle	u
University of Sydney Senate of	
University of Wollongong	
Veterinary Surgeons of NSW Board	Dispense with balance sheet
Water Resources Committee	Statement of Balances in lieu of b/s
Workers Compensation (Dust Diseases Board)	Dispense with balance sheet

Where a time period is not specified, exemptions are indefinite.

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TABLE 5: PUBLIC FINANCE AND AUDIT ACT 4IB (3){b} Preparation of Consolidated Accounts

<u>Authority</u>	<u>Extension</u>
Colleges of Advanced Education	Exempt - consolidation of external funds
Armidale CAE	
Cumberland College of Health Sciences	
Hawkesbury Agricultural College	
Kuring-gai CAE	
Macarthur Inst. of Higher Education	
Mitchell CAE	
Nepean CAE	
Newcastle CAE	" " " "
New South Wales Inst. of Technology	
Northern Rivers CAE	" " " n
Orange Agricultural College	" " " n
River[ha-Murray Inst. of Higher Education	
Sydney College of the Arts	
Sydney CAE	" , , ,
Electricity Commission of N.S.W.	Consolidation of collieries - disclose by way of notes
Government Insurance Office	Dispense consolidation of Divisional Accounts 1984/5
Public Trustee	Dispense with Consolidated accounts 1984/5 only
Sporting Injuries Committee	Dispense with Consolidated accounts 1984/5 only
State Superannuation Board	Consolidation of Joint Ventures - disclose as single investments
Universities	Exempt from consolidation of funds not directly responsible for
Macquarie University	
University of New England	
University of New South Wales	
University of Newcastle	
University of Sydney Senate of	" " "
University of Wollongong	

APPENDIX 3

TABLE 6: PUBLIC FINANCE AND AUDIT ACT 42(3) - EXTENSION OF TIME FOR SUBMISSION OF ACCOUNTS

<u>Authority</u>	<u>Extension</u>
Aboriginal Land Council (A.L.C.)	To 11 September 1084
Aboriginal Land Councils (Regional)	10 week extension 1983/4 only
Central Coast A.L.C.	, , , u
Central Regional A.L.C.	
Far South Coast Regional A.L.C.	, n , ,
Murray River Regional A.L.C.	
North Coast Regional A.L.C.	, , , n
North Western Regional A.L.C.	" " " "
Northern Regional A.L.C.	" u " n
Northern Tableland Regional A.L.C.	, , u n
South Coast Regional A.L.C.	
Sydney and Newcastle Regional A.L.C.	n u n n
Western Metropolitan Regional A.L.C.	
Western Regional A.L.C.	n u n "
Wiradjui Regional A.L.C.	" " " "
Albury-Wodonga (NSW) Corporation	22 September 1984. (1983/4) § week extension 1984/5
Art Gallery of N.S.W.	2 week extension 1084/5
Auctioneers & Agents Council of	2 week extension 1984/5
Barristers Admission Board	7 September 1984. (1983/4)
Building & Construction Industry Long	
Service Payments Corporation	2 weeks 1984/5
Coal Compensation Board	2 week extension
Government Insurance Office	to 20 Sep - 1983/4 only to 14 Oct - 1084/5 only
Rome Care Service of N.S.W.	to 25 Sep 1085 - 1984/5 only
Lord Rowe Island Board	B weeks extension of time
Murray Valley (NSW) Citrus Marketing Board	Extension to 7 March 1086 (1984/5 only) {Financial year ending 31 December}
Rice Marketing Board	Extension to 28 Feb 1986 1084/5 only {Financial year ended 31 Oct}
Tobacco Leaf Marketing Board	Extension to 30 June 1085. 1984/5 only {financial year ending 31 December}
Public Authorities Superannuation Board	Extension to 28 May. 1085 (financial year ending 31 March) (1984/5 only)
Soil Conservation Commission of N.S.W.	Extension to 31 Aug 1084 (1083/4 only) Extension to 5/g/85 sought (1984/5 only)
Solicitors Admission Board	Extension to 7 Sep 1984 (1983/4 only)
State Bank of N.S.W.	3 week extension 1984/5 only
State Rail Authority. N.\$.W.	4 week extension 1084/5 only
Sydney Opera Rouse Trust	2 week extension 1984/5 only
Teacher Housing Authority of N.S.W.	2 week extension 1984/5 only
University of Wollongong	Extension to 8 March 1085. 1984 only {financial year ending 31 Dec}
Urban Transit Authority of N.S.W.	4 week extension 1984/5 only
Water Resources Commission	Extension to § Dec 1985 {1984/5 only}
West Scholarships Trustees	2 week extension 1084/5 only
Wild Dog Destruction Board	Extension to 31 May 1085. 1984 only {financial yearended 31 Dec}
Zoological Parks Board of N.S.W.	2 week extension 1984/5 only

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TABLE 7: PUBLIC FINANCE AND AUDIT REGULATION 3

Statements Prepared in Accordance with Australian Accounting Standards

<u>Authority</u>	<u>Exemption</u>
Broken Hill Water Board	AAS4 - Exempt from depreciation of non-current assets - 1985 and 198§ only
Cobar Water Board	AAS4 - Exempt from depreciation of non-current assets - 1985 and 198§ only
Electricity Commission of N.S.W.	AAS4 - 1984/5 only AAS14 - use of equity method for investments in associated companies 1984/5 only
Fish River Water Supply	AAS4 - 1985 and 1986 only
South West Tablelands Water Supply	AAS4 - 1985 and 198§ only

TABLE 8: PUBLIC FINANCE AND AUDIT REGULATION 4 (1)(k)

Full Amount of Superannuation Expense to be Included in
Income and Expenditure Statement

<u>Authority</u>	<u>I</u>	<u>Exemption</u>
Urban Transit Authority of N.S.W.	I	Pay as you go disclosure of superannuation
Metropolitan Water Sewerage g Drainage Board] I	Deferred employee entitlement disclosed by way of note 1984-85 only

TABLE g: PUBLIC FINANCE AND AUDIT REGULATION 4 {1}(1)

Income and Expenditure Items Shown on a Program Basis

<u>Authority</u>	<u>I</u>	<u>Exemption</u>
Drug & Alcohol Authority of N.S.W. Motor Transport, Commissioner Motor Vehicle Repair Industry Council Psychiatry, N.S.W, Institute of] m I	Estimates for program basts 1984/5 only No program breakup until 1986/7 No program basts 1984/5 No program basts 1984/5

APPENDIX 3

TABLE 10= PUBLIC FINANCE AND AUDIT REGULATION 5(1)(a)

<u>Market Value of Fixed Assets</u>	
<u>Authority</u>	<u>Exemption</u>
Anzac Memorial Building Trustees of	1984/5 only
Auctioneers C Agents Council	1984/5 only
Broken Hill Water Board	1984/5 only
Building and Construction Industry - Long Service Payments Corporation	1984/5 only
Cancer Council of N.S.W.	1984/5 only
Cobar Water Board	1985 only
Dairy Corporation of N.S.W.	1984/5 only
Electricity Commission of N.S.W.	1984/5 only
Energy Authority of N.S.W.	1984/5 only
Fish River Water Supply	1984/5 only
Forestry Commission of N.S.W.	1984/5 only
Government Printing Office	1984/5 only
Grain Handling Authority of N.S.W.	1984/5 only
Hunter District Water Board	1984/5 only
Legal Aid Commission of N.S.W.	1986/5 only
Lord Howe Island Board	1984/5 only
Maritime Services Board of N.S.W.	1984/5 only
Metropolitan Waste Disposal Authority	1984/5 only
Metropolitan Water Sewerage & Drainage Board]	1984/5 only
Nine Subsistence Board	1984/5 only
Psychiatry, N.S.W. Institute of	1984/5 only
South-West Tablelands Water Supply	1984/5 only
State Brickworks	1984/5 only
State Rail Authority of N.S.W.	1984/5 only
Sydney County Council	1984/5 only
Sydney Cricket & Sports Ground Trust	Insurable value of buildings acceptable as market value
Sydney Farm Produce Market Authority	1984/5 only
Teacher Housing Authority of N.S.W.	1984/5 only
Totalizer Agency Board of N.S.W.	1984/5 only
Urban Transit Authority of N.S.W.	1984/5 only
Water Resources Commission	-

TABLE 11= PUBLIC FINANCE AND AUDIT REGULATION 5(1)(Cd)

Disclosure of Loans to Corporations Which Have as a Director
an Officer or Employee of the Body

<u>Authority</u>	<u>I</u>	<u>Exemption</u>
Sydney University)	Exempt from clause related to employees (not officers)

I

APPENDIX 3

TABLE 12: PUBLIC FINANCE AND AUDIT REGULATION 5(1)(e)

Details of Stock on Hand

<u>Authority</u>	I	<u>Exemption</u>
Anzac Memorial Building Trustees of	i	Exempt from valuation of inventories

TABLE 13: PUBLIC FINANCE AND AUDIT REGULATION 5(1)(q) Disclosure of Unfunded Superannuation

<u>Authority</u>	I	<u>Exemption</u>
Dairy Corporation of N.S.W.	i	I Disclosure of last assessment meets regulation
State Bank, N.G.W.	I	I Unfunded super disclosed by way of note

TABLE 14: PUBLIC FINANCE AND AUDIT REGULATION 7

Capital Expenditure Contracted For

<u>Authority</u>	i	<u>Exemption</u>
State Rail Authority of N.S.W,	I	Capital Expenditure Commitments - 1984/5] only]

TABLE 15: PUBLIC FINANCE AND AUDIT REGULATION 7 (1)(o)

Method of Asset Evaluation

<u>Authority</u>	I	<u>Exemption</u>	I
Lord Howe Island Board	I	PWD valuation satisfactory for 1984/5	I
Psychiatry, N.S.W. Institute of	I	I Basis OK for 1984/5	I
)		I

APPENDIX 3

TABLE 16= PUBLIC FINANCE AND AUDIT ACT REGULATION 8

<u>Previous Year Amounts</u>		
<u>Authority</u>	<u>I</u>	<u>Exemption</u>
Water Resources Commission	I I I	1984/5 only

TABLE 17: PUBLIC FINANCE AND AUDIT REGULATION g

Source and Application of Funds Statement to be on Program Basis

<u>Authority</u>	<u>1</u>	<u>Exemption</u>
Drug and Alcohol Authority of N.S.W. Psychiatry, N.S.W. Institute of	I m I] Estimates for program basts, 1984/5 only No program basts 1984/5

TABLE 18: ANNUAL REPORTS (STATUTORY BODIES) REGULATION 7(1)

Size of Annual Report to be B5

<u>Authority</u>	<u>I</u>	<u>Exemption</u>
Egg Corporation of N.S.W.	I	1984/5 only
Tobacco Leaf Marketing Board	I	1985 only
Metropolitan Waste Disposal Authority	I	1985 only
Poultry Farmer Licensing Committee]	1985 only
State Superannuation Board	I	1984/5
Sydney Opera House Trust]	1984/5

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TABLE 19: ANNUAL REPORTS (STATUTORY BODIES) REGULATION 7(2)

Dispense with Budget For Following Year

<u>Authority</u>	<u>Dispensation</u>
Government Insurance Office	Dispense with outline budget; dispense with detailed budget
Law Reporting Council of	Dispense with outline budget
Barley Marketing Board	Dispense with outline budget
Grain Sorghum Marketing Board	Dispense with outline budget
Oats Marketing Board	Dispense with outline budget
Oilseeds Marketing Board	Dispense with outline budget
Wine/Grapes Marketing Board	Dispense with outline budget
Science and Technology Council, N.S.W.	Dispense with outline budget
State Bank N.S.W.	Dispense with outline budget; dispense with detailed budget
State Dockyard Board of N.S.W.	Dispense with outline budget
Sydney Farm Produce Market Authority	Dispense with outline budget

TABLE 20: ANNUAL REPORTS (STATUTORY BODIES) ACT 13(3)

Requirement to Present Annual Report to Minister Within Four Months of End of Financial Year.

<u>Authority</u>	<u>Extension</u>
Albury-Wodonga (N.S.W.) Corp.	6 week extension 1984/5
Government Insurance Office	Extension to 31.12.85 - 1984/5 only
Home Care Services N.S.W.	Extension by 7 weeks - 1984/5 only
State Bank N.S.W.,	3 Week extension 1984/5 only
Travel Agents Registration Board	6 week extension 1984/5 only
Urban Transit Authority of N.S.W.	2 week extension 1984/5 only

APPENDIX

EXEMPTIONS, DISPENSATIONS AND EXTENSIONS APPLIED FOR BUT NOT APPROVED BY THE

TREASURER

<u>Authority</u>	<u>Determination</u>
Barristers Admission Board	Not approved to dispense with outline budget in annual report
Darling Harbour Authority	Summary of land to be disclosed with valuations or reasons for not valuing
Insurance Premiums Committee	Not approved to dispense with budgets in annual report
Solicitors Admission Board	Not approved to dispense with outline budget in annual report
Suitors Fund Act Corporation Sole	Not approved to dispense outline budget
Sydney Cricket & Sports Ground Trust	Market value not exempted
Sydney University	Exemption super not approved (P.F.& A. Regulation 4(1)(k)
West Scholarships Trustees	Accrual Basis required
Wild Dog Destruction Board	cash Basis not approved, accrual basis required

AUTHORITIES NOT CONFORMING WITH THE PUBLIC FINANCE AND AUDIT ACT, SECTION 41A

(Source: 1984-85 Report of the Auditor-General, Part II, pp 415-416.)

Financial statements received outside sixweeks time limit and extension not sought:

Friends of the University of Wollongong Limited
Illawarra Technology Centre Limited
Kensington Colleges
Trustees of the Fund or Funds specified in an order published in the Gazette for the purposes of S.3 or 6 of the
Technical Education Trust Funds Act, 1967
Unisearch Limited
University of New South Wales International House Limited

Fiancial statements not received by Audiror-General as as 16 September, 1985:

Aboriginal Land Councils:
N.S.W. Council
Wiradjuri Region
Central Region *1
Western Region
North Western Region
Central Coast Region
North Coast Region
Northern Region
Northern Tablelands Region
Western Metropolitan Region
Sydney and Newcastle Region
Murray River Region
Far South Coast Region
South Coast Region
+ Australian Museum Trust
+ Banana Marketing Control Committee
Government Insurance Office of New South Wales *2
Health Professional Boards:
Chiropodists Registration Board
Nurses Registration Board
Physictherapists Registration Board
Chiropractors Registration Board
Dental Technicians Registration Board
Pharmacy Board of New South Wales
Medical Board of New South Wales
Dental Board of New South Wales
Board of Optometrical Registration
Optical Dispensers Licensing Board
Home Care Service of New South Wales
+ New South Wales Dairy Corporation
West Scholarship Trust

- *1 On 27 August 1985, the Central Regional Aboriginal Land Council sought an extension of time. The request is currently under consideration.
+ Draft financial statements have been received and appropriate comment included in this Report.
*2 On 9 August 1985, the Government Insurance Office sought exemption from s.41 of the Public Finance and Audit Act, 1983. The request is currently under consideration.