

Public Accounts Committee

Report 1/57



History of the Public Accounts Committee: 1902 - 2018



Legislative Assembly
of New South Wales

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The motto of the coat of arms for the state of New South Wales is “Orta recens quam pura nites”. It is written in Latin and means “newly risen, how brightly you shine”.

Contents

<i>Membership</i>	<i>vii</i>
<i>Charter of the Committee</i>	<i>viii</i>
<i>Chair's Foreword</i>	<i>ix</i>
<i>Chapter One: Historical Background</i>	<i>1</i>
<i>Financial Management Under the Westminster System</i>	<i>1</i>
<i>Financial Management in New South Wales</i>	<i>2</i>
<i>Development of Parliamentary Public Accounts Committees</i>	<i>3</i>
<i>Attempt to Establish a NSW Committee</i>	<i>4</i>
<i>The Audit Act 1902</i>	<i>5</i>
<i>Chapter Two: The Early Committee</i>	<i>7</i>
<i>Operations of the Public Accounts Committee</i>	<i>7</i>
<i>The Meaning of "Expenditure in Suspense"</i>	<i>7</i>
<i>Appropriateness of Using Expenditure in Suspense</i>	<i>8</i>
<i>Initial Efforts of the Committee</i>	<i>9</i>
<i>What the Reports Reveal</i>	<i>9</i>
<i>Trends in Level of Expenditure in Suspense</i>	<i>11</i>
<i>Change in Financial Management Practices</i>	<i>13</i>
<i>Quality of Departmental Explanations</i>	<i>16</i>
<i>Comments on Policy</i>	<i>17</i>
<i>References to the Committee</i>	<i>17</i>
<i>Rejection of Expenditure in Suspense</i>	<i>19</i>
<i>Comments on Estimates and Alterations to Estimates</i>	<i>19</i>
<i>Recommendations of the Committee</i>	<i>20</i>
<i>Effectiveness of the Committee</i>	<i>21</i>
<i>Timeliness of Committee Reports</i>	<i>21</i>
<i>Prestige of the Committee</i>	<i>22</i>
<i>Attitude of Committee Members</i>	<i>23</i>

<i>Reasons for Lack of Effectiveness</i>	24
<i>Survival of the Committee</i>	25
<i>Conclusion</i>	25
Chapter Three: Reform and Revitalisation	28
<i>Early Attempts at Reform</i>	28
<i>Review of State Financial Management</i>	30
<i>Legislative Council Select Committee on the Public Accounts and Financial Accounts of Statutory Authorities</i>	30
<i>Joint Committee on the Public Accounts and Financial Accounts of Statutory Authorities</i>	31
<i>Changes to the Operation of the Committee</i>	33
<i>Legislative Change</i>	34
<i>Conclusion</i>	36
Chapter Four: Advocates of Reform	37
<i>Major Areas of Inquiry</i>	37
<i>Sources of Inquiries</i>	38
<i>Method of Operation</i>	39
<i>Case Studies</i>	39
<i>Modification of the Committee's Powers</i>	47
<i>Fundamental Review</i>	49
<i>Effectiveness of the Committee</i>	49
<i>Performance Indicators</i>	50
<i>Self-review</i>	50
<i>World Bank Criteria</i>	51
<i>Conclusion</i>	51
Chapter 5: More Recent Developments	52
<i>Audit Office Reviews</i>	52
<i>Audit Office Briefings</i>	53

<i>Parliamentary Relations</i>	53
<i>Comprehensive Examination of Performance Audits</i>	55
<i>The Parliamentary Budget Office</i>	55
<i>Amended Legislation</i>	56
<i>Conclusion</i>	57
<i>Chapter Six: Committee Membership and Career Advancement</i>	58
<i>A Joint Committee</i>	58
<i>Appointment Process</i>	58
<i>Types of Members Appointed to the Committee</i>	60
<i>Continuity of Committee Membership</i>	61
<i>Chairmen</i>	63
<i>Gender Diversity</i>	63
<i>Other Positions held by Members</i>	63
<i>Conclusion</i>	65

Appendices

<i>1: Reports of the Committee from the 19th to the 46th Parliaments (1902 - 1980)</i>	66
<i>2: Reports of the Committee from the 47th to the 56th Parliaments (1981 - 2018)</i>	71
<i>3: Members of the Committee 19th - 56th Parliaments</i>	82

Membership

Chair	Mr Greg Piper MP, Member for Lake Macquarie
Deputy Chair	Mrs Tanya Davies MP, Member for Mulgoa
Members	Mr Adam Crouch MP, Member for Terrigal Mr Lee Evans MP, Member for Heathcote Mr Ryan Park MP, Member for Keira Ms Felicity Wilson MP, Member for North Shore



Contact details	Public Accounts Committee Parliament of New South Wales Macquarie Street SYDNEY NSW 2000
Telephone	(02) 9230 2843
E-mail	pac@parliament.nsw.gov.au
URL	www.parliament.nsw.gov.au/publicaccounts

Charter of the Committee

The Public Accounts Committee plays a key role in public sector accountability and its functions are established under section 57 of the Public Finance and Audit Act 1983.

The Committee examines the Government's use of resources and the financial operations of State agencies. It also looks at both financial probity and regularity, and focuses on whether agency programs are achieving their objectives. The Committee reviews reports made by the Auditor-General, to ensure that agencies respond appropriately to the Auditor-General's recommendations.

As well as reviewing the operation of the Audit Office every four years, the Committee also monitors and reviews the operations of the Parliamentary Budget Officer.

Chair's Foreword

I am pleased to present this report on the history of the New South Wales Public Accounts Committee. The report documents the origins and evolution of the Committee and charts its significant contribution to public accountability and Parliamentary scrutiny of executive government in New South Wales. This report supplements an earlier report tabled in 2003, and has been updated to reflect the work of the Committee in succeeding Parliaments until the conclusion of the 56th Parliament in 2018.

The NSW Committee is the longest continually operating public accounts committee in Australia. Established by the Audit Act 1902, the Legislative Assembly appointed five Members to the first Public Accounts Committee on 4 September 1902, meeting for the first time on 19 November 1902.

An earlier Public Accounts Committee was appointed by the Victorian Parliament in 1895, but was disbanded in 1932 due to the Depression and not reconstituted until 1955. The Commonwealth Parliamentary Joint Committee of Public Accounts, established in 1912, also ceased to operate as part of the economy measures taken during the Depression.

Conversely, the New South Wales Public Accounts Committee was reestablished in each Parliament from its inception, although less priority was given to the immediate appointment of Members in its early life. Questions concerning its relevance and utility were raised as early as 1918.

In the first eighty years of its existence, the Committee's main role was to examine the public accounts and, in particular, the reasons for expenditure beyond the level appropriated by Parliament. Except for the period from 1904 to 1907, and in 1953, the Committee issued annual reports on this topic until the 1980's, when changing financial management practices rendered this unnecessary.

The 1980's saw the Committee's revitalisation as part of fundamental changes to the financial management of the public sector. The Committee's powers were expanded and it was able to initiate its own inquiries. Importantly, it was also given the support of a permanent secretariat rather than relying on part time clerks and information supplied by the Treasury.

In its new guise, the Committee undertook a number of inquiries into accountability arrangements for departments and statutory bodies. The Committee's work led to immediate improvements in annual reporting requirements, as well as the introduction of accrual accounting in the NSW public sector.

The Committee continues to improve accountability, primarily by following up issues raised in Auditor-General's reports to Parliament. It also investigates key techniques

for improving the effectiveness and efficiency of administration, such as the nature of contractual partnerships with the private sector.

While the purpose of this report is not to provide a history of financial management in the State, administrative and financial management changes have been important factors influencing the Committee's operation over time. The 1902 Committee had a very different approach to its role than the one most recently appointed.

Even though the State administration a century ago was subject to many of the financial constraints and infrastructure project cost over-runs seen today, the operations of government have evolved to reflect changes in management practices, development pressures and increases in population. At the commencement of Federation, the Colonial Treasurer was locked in disputes with the Auditor-General about the effectiveness of a new accounting system called "cash accounting". The Committee was subsequently instrumental in replacing this methodology with accrual accounting.

In the early years, the major emphasis in managing the public accounts was related to effective stewardship of the State's finances. The Committee worked to ensure justification for spending without the approval of Parliament, however small. Later years have seen changes resulting in improved management practices, greater Parliamentary scrutiny and enhanced accountability.

The report initially provides the background to the original Committee and describes the rationale for its establishment under the Audit Act 1902. Succeeding chapters outline attempts to reform and improve State financial management, and the Committee's revitalisation under the Public Finance and Audit Act 1983.

Subsequent chapters discuss the use of the Committee's increased powers to improve accountability and briefly examine its key areas of operations, including the impact of Committee inquiry recommendations. The report also describes the contemporary Committee and its current operations, referring to more recent developments governing its role and responsibilities. The last chapter covers the impact of Committee membership on Parliamentary careers.

The appendices detail all Committee reports and membership changes from 1902 to 2018.



Greg Piper MP
Chair

Chapter One: Historical Background

Financial Management Under the Westminster System

- 1.1. Since the mid nineteenth century, representative government in New South Wales has been based on the Westminster system, reflecting the British Palace of Westminster model of responsible government. At the heart of the system is the separation of powers between the three branches of government, namely: the Legislature (the Parliament which makes law); the Executive (the Governor, Ministers and agencies implementing the law); and the Judiciary (the courts interpreting and applying the law).
- 1.2. A key feature of the modern Westminster system is that Parliament must approve all spending by the Executive. In New South Wales this means that from the beginning of responsible self-government in 1856¹, the Treasurer has presented annual budgets to the Parliament. These budgets include appropriation bills describing the proposed spending under various headings. After being debated and agreed to by both Houses and after receiving royal assent, the bills become Appropriation Acts.
- 1.3. The principle of Parliamentary approval of spending was the long term result of debates in the seventeenth century between the monarchy and the Parliament, leading to the English Civil War.² In the 1930s, Professor Bland, of the University of Sydney, emphasised the importance of this principle for Parliamentary democracy:

In its control of the purse lies Parliament's chief defence against the encroachments of the Executive.³

- 1.4. Other spending is not similarly sanctioned, and in theory should not be incurred. In practice, the Executive may need to authorise expenditure without first obtaining approval from the Parliament in order to address unforeseen circumstances. In these cases Parliament should have the opportunity to debate whether or not to approve funding retrospectively.
- 1.5. Several factors may limit the Parliament's ability to oversee the Executive's spending. Public financial management is highly complex, especially for untrained and inexperienced Members. Additionally, there may be little opportunity to investigate or debate issues and Parliament is often reliant on information solely held and provided by the Executive. Indeed, one commentator has wondered whether Parliamentary control of expenditure has ever been more than an ideal in any country.⁴
- 1.6. On the other hand, Parliaments in many countries using the Westminster model

1 Responsible self-government began in New South Wales in 1856 with the commencement of the Parliament enacting an amended Constitution. This new Constitution provided for a democratically elected Legislative Assembly in addition to the already existing Legislative Council.

2 R S Parker *The Government of New South Wales*, Brisbane, 1978, p 357.

3 F A Bland *Budget Control: an Introduction to the Financial System of New South Wales*, Sydney, 1938, p 25.

4 G N Hawker, *Parliament of NSW, 1856-1965*, Sydney, 1971, p 93.

have been assisted by the office of the Auditor-General in monitoring Executive spending. This position was created to bring government expenditure to the attention of the Parliament. William Lithgow was appointed as the first Auditor of the colony of New South Wales in 1824, acting under instructions from the British Treasury rather than the colony's Governor.⁵

Financial Management in New South Wales

- 1.7. In the nineteenth century, Parliamentary debate about the financial position in New South Wales has been described as “the wretched and disgraceful wrangling which occurs every year when the financial statement is made.”⁶ It was characterised by a lack of both reliable information and real Parliamentary control over spending by the Executive.
- 1.8. Although the State's Auditor-General had strong powers, and after 1870 could only be removed by a vote of both Houses of Parliament, the position had an unusual departure from the traditional Westminster model in not also being the Comptroller of Finance. The Comptroller would have been responsible for administering expenditure of the government's funds and ensuring that it was in accordance with the appropriations. Instead, the head of Treasury performed this function, whereby the executive government had the opportunity to spend funds in excess of Parliamentary appropriations.
- 1.9. Eventually, a semblance of Parliamentary control was created by the “Governor's Warrant” system, where the Auditor-General recommended that the Governor approve particular spending in accordance with appropriations. However, there was no requirement for the Executive to produce a signed warrant to obtain funds from banks. In practice, the Executive was able to bypass the warrant system and spend money not appropriated by Parliament.⁷
- 1.10. Until 1895, although Budgets were presented annually the appropriations were used until they were fully spent, rather than expiring at the end of the financial year. This meant that it could take longer than five years for all funds to be expended. The Treasurer also had a fund called the “Treasurer's Advance Account”, which could be spent on items entirely at his discretion.⁸ In the 1890s, the Auditor-General repeatedly advocated the introduction of cash based accounting to help address this lack of financial discipline.⁹
- 1.11. The Auditor-General and the Treasurer each maintained their own accounts and disagreed repeatedly about which one reflected the true state of the finances.¹⁰ For instance, in 1897-98 the Auditor-General was very critical of the Treasurer for making statements to create the appearance of a surplus, which he contended was in fact a deficit. This led to political embarrassment for the Treasurer.¹¹
- 1.12. In addition, money bills were made well after the commencement of the financial year. While not uncommon for colonial Parliaments to pass the annual financial

5 D Nicholls, *Managing State Finance: the New South Wales Experience*, Sydney, 1991, p 24.

6 NSW Legislative Assembly Hansard, 8 September 1896, p 2949.

7 Nicholls, *op. cit.* pp 18, 25.

8 Hawker *op. cit.* p 92.

9 NSW Legislative Assembly Hansard, 8 September 1896, p 2949.

10 Nicholls *op. cit.* p 25.

11 Hawker *op. cit.* p 93.

bills late, New South Wales was one of the tardiest and most frequent offenders.

- 1.13. Taken together, these practices combined to confuse both the public and the Parliament about the State's financial position. There was widespread concern that it was increasingly difficult for Parliament to understand the public accounts and that this situation needed remedying.

Development of Parliamentary Public Accounts Committees

- 1.14. From the eighteenth century, committees were a common feature of the British House of Commons, providing a means for Parliament to delegate particular responsibilities to a group of Members. As a consequence, the number of select committees increased significantly in the nineteenth century.¹²
- 1.15. In 1861, William Gladstone as Chancellor of the Exchequer, instigated the appointment of a House of Commons Parliamentary Select Committee of Public Accounts. Its purpose was to complete the cycle of Parliamentary financial control of public expenditure by reviewing reports of government spending.
- 1.16. This gave the House of Commons the first effective control over the Executive's purse and was part of a comprehensive improvement of the financial system, including the introduction of audit legislation. The following year, Gladstone moved for the creation of a Standing Order to make such a committee appointed annually.
- 1.17. The House of Commons committee was highly regarded and very effective in improving the stewardship of public funds, operating in a bipartisan spirit from its inception. The Members worked closely with the Auditor-General and Treasury officials and conducted interviews with the chief financial officers of departments, meeting between ten and twelve times a year. The recommendations of the committee were taken seriously by the Treasury officials.
- 1.18. The committee also made a habit of following up to see whether its earlier report recommendations had been adopted. By 1873, the committee had demonstrated its effectiveness to its founder Gladstone, who commented that it was "of the greatest consequence to the welfare of the state".¹³
- 1.19. The value of a public accounts committee was widely recognised. For instance, the Canadian House of Commons established a Committee of Public Accounts in 1867.¹⁴
- 1.20. In Victoria, the question of establishing a committee was raised as early as 1868 and then several more times over the next two decades. However, these efforts were not successful until the 1890s when it was considered that the State's parlous economic circumstances and unexpectedly high level of debt could have been averted, or at least predicted by a public accounts committee.
- 1.21. This was achieved in June 1895, when Victoria's first public accounts committee was established to:
- examine the State's accounts and receipts and report on any matter it considered appropriate;

12 A Trumble, *Thrift and the Noiseless Step: 100 years of Public Accounts Committees of the Parliament of Victoria*, Melbourne, 1994, p ix.

13 B Chubb *The Control of Public Expenditure: Financial Committees of the House of Commons*, Oxford, 1952, p 36.

14 Trumble, *op cit.*, p 22.

- recommend any desirable improvements in accounting or financial control to the House; and
- inquire into and report upon questions which may have arisen in connection with the public accounts.¹⁵

- 1.22. The Victorian committee examined the annual reports of the Audit Commissioners' reports and made its own reports to Parliament. In its early years, it was responsible for improving accounting procedures in government departments. The committee also noted whether action had been taken to implement recommendations of previous reports, and when considered necessary, undertook detailed investigations of inefficient uses of public money.
- 1.23. In the first decades of the twentieth century, the committee inquired into the government's support for a cold storage facility at the Melbourne docks and a sugar beet processing factory at Maffra.

Attempt to Establish a NSW Committee

- 1.24. The first formal attempt to establish a NSW public accounts committee was made in 1896 by Mr William Piddington MP, the Member for Uralla-Walcha. His stated primary aim was for a neutral committee to resolve the annual disputes between the different parties when Parliament dealt with the public accounts. He proposed establishing a committee based on those of the British House of Commons and Victoria, as he considered such a committee to be "one of the most important committees that could possibly be appointed by Parliament."¹⁶
- 1.25. The proposed powers of the committee included: examining the accounts and receipts of expenditure; recommending changes to keeping accounts or financial control; to inquire into and report on any questions arising from the accounts; and to deal with any special references that may be made to them by the Legislative Assembly. He proposed that any Member of the Legislative Assembly could refer matters of finance to the committee.
- 1.26. Mr Piddington further argued that the committee would be useful training for young Members aspiring to the position of Treasurer, as they would become knowledgeable about public finance. Another claimed benefit of such a committee would be bringing any questions on the Auditor-General's reports to the Parliament's attention, whenever appropriate.
- 1.27. Such reports received little attention at the time, as they were tabled well after the events to which they related.¹⁷ Another Member considered that the committee would ensure that the recommendations of the Auditor-General were implemented.¹⁸ One very optimistic speaker in support of the motion declared:

In my opinion public accounts should be correct, and, if they are not correct, we should find out when they are wrong. At the present time one set of gentlemen say we have a surplus, and another that we have a deficiency, and we find treasurers using very hard words about their predecessors. If we had

15 Trumble, op cit., pp 3, 23.

16 NSW Legislative Assembly Hansard, 8 Sep 1896, p 2951.

17 NSW Legislative Assembly Hansard, 8 Sep 1896, p 2949.

18 NSW Legislative Assembly Hansard, 8 Sep 1896, p 2951.

*a committee of this kind we should do away with all that kind of thing.*¹⁹

- 1.28. The proposal received grudging support from the then Treasurer, the Hon George Reid MP. Perhaps as an indication of concern by the Executive to limit the level of information available to Members, he noted that, while he wanted accounts to be accessible and would support a trial of the committee, he was “a little apprehensive the committee would have six or seven sucking treasurers, who will be apt to make things worse than they were before.” He also strongly opposed paying Members to serve on the committee.²⁰
- 1.29. While the motion was passed by the House and referred to the Standing Orders Committee, this did not result in the establishment of a committee at that time.

The Audit Act 1902

- 1.30. In 1902, the New South Wales public financial management system was reformed with the introduction of a new Audit Act. This Act was based on one developed by a committee of State Auditors-General for the new Commonwealth Government. Importantly, the 1902 Act reduced the scope for disputes between the Treasurer and the Auditor-General by replacing the former practice whereby both maintained separate accounts, with a single set of public accounts maintained by Treasury. Before these could be tabled in Parliament, they had to be submitted to the Auditor-General for certification.²¹
- 1.31. Section 16 of the Audit Act 1902, provided for the establishment of a Public Accounts Committee, consisting of five Members of the Legislative Assembly who were not Ministers. The Act specified that a Minister supply nominations for the committee Members for election by the House within 30 days of the commencement of the first session of each new Parliament (after an election).
- 1.32. Ordinarily, membership lasted until the Parliament dissolved prior to the next election, although Members could resign or would cease to be Members if they became Ministers or left the Legislative Assembly. The Act specified that Members were not to receive any remuneration for serving on the Committee (s16(3)), but granted the Committee power to examine witnesses and call for papers under section 16(4).
- 1.33. The role of the Committee under section 16(1) was to:
 - enquire into and report to the Legislative Assembly upon any question which may have arisen in connection with the Public Accounts, and which may have been referred to the committee, either by a Minister of the Crown or by the Auditor-General or by a resolution of the Legislative Assembly.
 - enquire into and report to the Legislative Assembly upon all expenditure by a Minister of the Crown made without Parliamentary sanction or appropriation.
- 1.34. Its primary reporting duty was defined in section 16(5) as:

The committee shall submit to the Legislative Assembly annually, appended to the annual report of the Auditor-General on the Public Accounts, a report

19 NSW Legislative Assembly Hansard, 8 Sep 1896, p 2964.

20 NSW Legislative Assembly Hansard, 8 Sep 1896, p 2963.

21 NSW Legislative Assembly Hansard, 26 June 1902 p 784; Nicholls op. cit. p 29.

on all matters submitted during the year for its inquiry. In such report the committee may lay before the Legislative Assembly any suggestions arising out of any matters submitted for its inquiry which may appear desirable for the better conduct of the public business or keeping of the Public Accounts.

- 1.35. It is important to note that unlike the Victorian committee, the NSW Public Accounts Committee did not have the power to initiate its own inquiries but was only able to inquire into matters referred by other parties.
- 1.36. It is apparent from the debate on the Audit Bill that the Committee was not unanimously supported. The Leader of the Opposition and Member for Tenterfield, Mr C A Lee MP, was particularly vocal in opposition to the Bill. He claimed there was a real risk a hostile committee could “down the government of the day” with their reports because they had the power to “adjudge that the government to be spending money either properly or improperly.”
- 1.37. In an apparent contradiction, he also argued that the Committee’s role of reporting on whether unauthorised expenditure should be approved was ineffective as it would not be able to report on this topic at the time of the presentation of the Budget. He noted that “by the time we get the accounts we lose all interest in them.”²² As will be noted in Chapter Two, this proved to be a major weakness of the Committee.
- 1.38. Mr David Storey MP, a later Member of the Committee, also objected to its establishment. He stated that it would not have the confidence of the public as “do what we will, we cannot rid a committee nominated by the government and appointed by the House of partisanship”.²³
- 1.39. The first Public Accounts Committee in New South Wales was appointed by the Legislative Assembly in the 19th Parliament on 4 September 1902.²⁴ It met initially on 19 November 1902, tabled its first report on 18 December 1902 and has been reappointed in each succeeding Parliament to date.

22 Nicholls op. cit. p 29.

23 NSW Legislative Assembly Hansard, 26 June 1902, pp 776, 777.

24 NSW Legislative Assembly Hansard, 4 September 1902, pp 2489-2491.

Chapter Two: The Early Committee

- 2.1. This Chapter describes the operations of Public Accounts Committees from the 19th to the 46th Parliaments, covering almost eight decades from 1902 to 1980 and reflecting the nature of Committee operations during this period. The Committee appointed in the 47th Parliament operated in a significantly different way, even though there were no formal changes to its powers for another two years.
- 2.2. The form and subject matter of the Committee's 98 reports in this period are also covered, indicating how this reflected the evolution of State financial management. Finally, an analysis is provided of the Committee's effectiveness in fulfilling its legislative functions, compared to other committees with similar roles in other jurisdictions.

Operations of the Public Accounts Committee

- 2.3. As noted earlier, the Public Accounts Committee was given notionally strong powers of financial control under the Audit Act 1902. However, in practice, its area of operation was much more limited than the committees appointed by the Victorian and British Parliaments. The NSW Committee faced the dual limitations of an inability to initiate its own inquiries and a reluctance by the Parliament and the Auditor-General to refer matters for investigation.
- 2.4. In its early years, the Victorian committee undertook detailed investigations of public administration and travelled to the regional town of Maffra to examine first-hand the operations of a sugar beet processing factory. There is no evidence that in the first 80 years of its existence the NSW Public Accounts Committee went further afield than the Treasury offices.
- 2.5. Whereas the Victorian Audit Commission presented their reports to the committee for consideration, the NSW Committee was obliged to forward its reports to the Auditor-General for inclusion in the annual report on the Public Accounts.²⁵ The major responsibility of the NSW Committee came to be confined to its function under section 16(1)(b) of the Act, namely inquiring into expenditure made in excess of Parliamentary appropriation.

The Meaning of "Expenditure in Suspense"

- 2.6. Section 37 of the Audit Act required all government expenditure to have Parliamentary approval in the form of an Appropriation Act. However, as noted in Chapter One, the executive government in New South Wales had the administrative capacity to spend money in excess of the amounts appropriated by Parliament. This meant that officials were able to obtain funds from banks without producing a warrant signed by the Governor.
- 2.7. This expenditure came under the purview of the Public Accounts Committee with two important exceptions. In the first instance, the Treasurer had access to discretionary funds in the Treasurer's Advance Account. The amount in this account was approved by Parliament through the budgetary process but enabled

25 NSW Audit Act 1902, section 16(5).

the Treasurer to have a degree of operational flexibility as its use did not require detailed explanation.

- 2.8. It was a significant sum: in 1902 it was £150,000. In the 1930s, it remained at the same level but increased to \$35 million in 1979-80.²⁶ In some years, the amount of the Treasurer's Advance was higher than the amounts of excess expenditure considered by the Committee.
- 2.9. The other exception was a convenience to enable departments to continue to function if the Budget had not been passed by the end of the financial year on 30 June. Under section 33 of the Audit Act, if the Budget was not passed and the previous appropriations lapsed, departments were able to continue to spend at the same rate as their earlier appropriations.
- 2.10. This spending was to be considered part of the new appropriations when they were passed. If the new appropriations were lower, any sums in excess of the new appropriation had to be repaid. In the 1902 Act, this power was limited to one month but was later extended for up to three months.²⁷
- 2.11. In other cases, departments or agencies sought the permission of the Treasurer to spend in excess of Parliamentary approval under the heading of "Expenditure in Suspense". This included new items arising after the Budget was passed or, as was commonly the case, items that were needed before the Budget was passed, and which were in excess of the previous year's appropriation.
- 2.12. It was the task of the Public Accounts Committee to examine the reasons for this expenditure and recommend Parliamentary approval after the event. Upon establishing the Committee, the then Treasurer envisaged its investigations taking the following form:

*Some considerable time invariably elapses between the delivery of the financial statement and the validation. These accounts will be on the table of the House before a bill is passed validating the unauthorised expenditure. In the meantime the public accounts committee will report to the House and if they find that the money has not been properly expended the Government can be censured.*²⁸

Appropriateness of Using Expenditure in Suspense

- 2.13. In 1980, a joint Parliamentary committee noted that the extent to which these types of unauthorised payments were used in NSW was unusual in the Westminster system. More commonly, other jurisdictions sought Parliamentary approval for supplementary appropriations later in the financial year.²⁹
- 2.14. In the 1930s, the Auditor-General regarded the reliance on expenditure in suspense as unconstitutional and demanded the passage of an Indemnification Act to protect the Treasurer and officers from prosecution for illegal expenditure.

26 NSW Legislative Assembly Hansard, 26 June 1902 p 782; F A Bland Budget Control: an Introduction to the Financial System of New South Wales, Sydney, 1938, p 40; Report from the Joint Committee of the Legislative Council and Legislative Assembly upon Public Accounts and Financial Accounts of Statutory Authorities, Parliament of NSW 1981, p 24.

27 Section 33, Bland op. cit. p 55; Progress report from the Joint Committee of the Legislative Council and Legislative Assembly upon Public Accounts and Financial Accounts of Statutory Authorities, Parliament of NSW 1980, p x.

28 NSW Legislative Assembly Hansard, 26 June 1902, p 777.

29 Progress Report op. cit. p x.

Professor Bland, a distinguished contemporaneous academic, agreed with this position noting ultimately that:

If payments can be made without prior appropriation by Parliament, and without observance of the procedure that no payment should be made without the Governor's warrant, then it is conceivable that a Government which felt strong enough to disregard criticism might use this method of financing its operations without consulting Parliament and obtaining its approval to expenditure.³⁰

- 2.15. A former Auditor-General, Mr W J Campbell, also criticised the practice in the following terms:

Practice thus followed by the State is of such long-standing that it could almost be regarded as usage having the force of law. This regular annual acceptance by Parliament of the practice of expenditure does not exonerate the Auditor-General from treating the expenditures other than as illegal.³¹

Initial Efforts of the Committee

- 2.16. It is apparent that at least in the early years, the task of reviewing expenditure in suspense was undertaken assiduously. For its first report, the Committee held five meetings and extensively examined five high ranking public servants. In the following year the Committee held seven meetings examining nine witnesses, including the Colonial Treasurer, the Hon Thomas Waddell MP, and the Deputy Auditor-General.³²
- 2.17. Curiously, the Committee elected in 1904 for the 20th Parliament issued no reports. For each year from 1905 to 1907 the Committee Clerk, a Treasury official, wrote to the Auditor-General explaining that this was because no matters were submitted for inquiry.³³ Hansard is silent about the Committee in these years.
- 2.18. The lack of Committee activity could indicate a high level of administrative inefficiency, or the lack of references may have been a deliberate ploy to render the Committee redundant. The new government may not have wanted to subject its Colonial Treasurer to a similar grilling to that suffered by Mr Waddell, who was now a Member of the Committee. It seems highly unlikely that this was a rare period of budgetary discipline.
- 2.19. For every other year except 1952-53, the Committee issued a report, however perfunctory, into the expenditure in excess of Parliamentary appropriations.

What the Reports Reveal

- 2.20. While committee reports open a window into State financial management, they

30 Bland op. cit. pp 40-41.

31 WJ Campbell "Parliamentary Control of Expenditure" quoted in Report of the Joint Committee of the Legislative Council and Legislative Assembly upon Public Accounts and Financial Accounts of Statutory Authorities, Parliament of NSW, 1981, p 23.

32 NSW Public Accounts Committee, Report 1/19, 1902; Report 2/19, 1903.

33 Auditor-General's Report on the Public Accounts for the Year ended 30 June 1905, p 210.

do not reveal the entire landscape. In the Committee's examination of unexpected expenditure, the reports provide a potted history of the various economic and environmental problems faced by the Executive at the time. For instance: droughts led to unexpected expenses for transporting fodder and starving stock; good rainfall led to unbudgeted subsidies for the transport of bumper crops; infrastructure projects constantly needed extra funds for design changes or to increase the rate of work in order to earn income; and unpredicted public sector wage and salary rises frequently led to increased costs.

- 2.21. The reports tend to be brief and there was usually less than a single page of commentary containing any recommendations, with often a formulaic statement that:

*After careful consideration, the Committee decided to regard each of the appended Departmental explanations as satisfactory.*³⁴

- 2.22. Reports at the time also contained tables of expenditure in suspense divided into the relevant accounts and departmental headings. The major accounts were the Consolidated Revenue Fund and the General Loan Account. In 1928, major utilities such as railways and buses were separated from the Consolidated Fund. New funds created in this period included: the Sydney Harbour Trust Fund; the Government Railway Fund; the Road Transport and Traffic Fund; and the Metropolitan Transport Trust – General Fund.³⁵
- 2.23. Appended to this list were the Departmental explanations for the expenditure. Until 1943, Committee minutes containing witness questions or discussing issues were either interspersed with explanations or appended. The third report of the 33rd Parliament in 1943 was the final report to include any record of Committee discussion, until reports of the 46th Parliament in the late 1970s.
- 2.24. In the intervening years, the reports only contained departmental explanations for expenditure. This change in format is unfortunate, as there was no indication how the Committee regarded departmental explanations. The lack of relevant background is highlighted in 1946, when the report indicates the Committee sought additional information, without providing any indication of the subject matter.³⁶
- 2.25. A more graphic illustration of the lack of detailed reasons for decisions was to be found in the first report of the 45th Parliament in 1976. When the Committee considered the unauthorised expenditure of \$373 million, it was told that it was due to the unprecedented machinery of government changes effectively negating the operation of the Appropriations Acts. Furthermore, the blocking of Federal Supply delayed the delivery of Commonwealth grants to the State in the order of \$254 million. The report is customarily brief and notes that after detailed examination of departmental reasons, the Committee agreed that the explanations were satisfactory.³⁷
- 2.26. Where minutes are available, they show that Committee Members tended to ignore the larger items of expenditure and concentrate on cheaper, but generally more politically sensitive items.

34 NSW Public Accounts Committee, Report 5/39, 1961.

35 Nicholls op. cit. p 29, Bland op cit., pp 110-113.

36 NSW Public Accounts Committee, Report 3/34, 1946.

37 NSW Public Accounts Committee, Report 1/45, 1976, p 1.

- 2.27. Of the 98 reports tabled, the total length of the reports together with attachments ranged from three to 25 pages with an average of around nine and a half pages. The average for the report proper was 2.3 pages, with 7.2 pages for the attachments.
- 2.28. A single report for each financial year was prepared until 1954. In 1953, the Committee was not appointed until after the passage of the Budget and did not table a report into expenditure in suspense for 1952/53, for the stated reason that it had already been approved by Parliament.³⁸
- 2.29. From 1954, the Committee prepared an additional annual report on the state of the General Loan Fund for that part of the financial year before the passage of the Budget. This shortened by a year the time between the expenditure being incurred and its approval through the Budget process. It was a significant improvement to the accountability process, although there is no indication that the Committee prompted this change in reporting practices. This General Loan Fund report was prepared until 1975, except for its omission in 1963.
- 2.30. The Committee tabled three reports in 1975, reflecting the extremely unusual effects of machinery of government changes and the Federal constitutional crisis. In 1976 and 1977, there were reports of all expenditure for the new financial year as well as the General Loan Account. For the years 1978 to 1980, only one report was issued.
- 2.31. These reports into the part-year General Loan Account expenditure tend to be shorter than the others, ranging from one to five pages with an average of slightly more than two pages. The other reports prepared during these years cover the remaining expenditure in suspense and run from three to 25 pages in length, averaging 9.4 pages. This is about three pages shorter than the average for the full year reports tabled from 1902 to 1953/54.
- 2.32. There is a direct correlation between the length of reports and Committee activity. For instance, when Mr John Thomas Lang MP, the then Leader of the Opposition was the Committee's Chairman in the 26th Parliament, the reports were longer and more critical than usual. The two reports of the 46th Committee in 1979 and 1980 are well above average length, at 18 and 25 pages respectively. This Committee was the first for a number of years to seek supplementary information and ask detailed questions about the explanations submitted.

Trends in Level of Expenditure in Suspense

- 2.33. The reports of the Committee show that the amount of expenditure in suspense varied from year to year, sometimes by quite large amounts, consistent with the purpose of the system in catering for unexpected expenditure.
- 2.34. The Table below shows how the amounts can vary over a decade. For instance, the expenditure in 1915-16 is more than three times the amount for the previous year and almost ten times as much as in 1906-07.

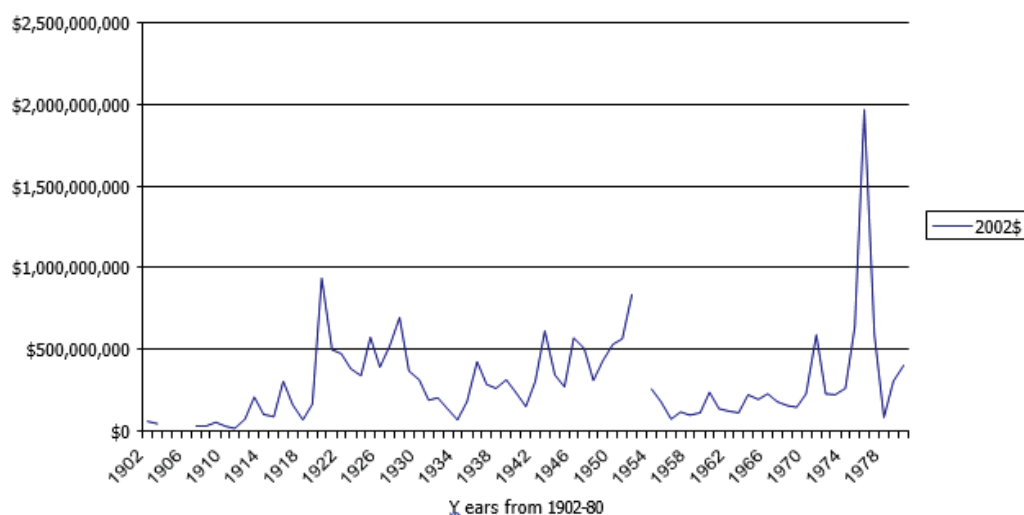
³⁸ Statement by Parliamentary Public Accounts Committee incorporating Crown Solicitor's advice on the non-presentation to Parliament of the Committee's Report for the year ended 30 June 1953, 21 September 1954.

*Expenditure in Suspense 1906 -07 to 1915 -16*³⁹

Year	Amount (£)	2002 (\$M)
1906-07	184,000	34
1907-08	180,000	33
1908-09	330,000	59
1909-10	200,000	35
1910-11	120,000	20
1911-12	450,000	75
1912-13	1,300,000	211
1913-14	670,000	106
1914-15	590,000	92
1915-16	2,030,000	308

- 2.35. The amounts of expenditure in suspense for each year from 1902 to 1980 in 2002 dollars appear in the chart below. The year with the largest amount was 1975/76, at \$403 million, due to the circumstances noted above when the State Government had adopted machinery of government changes following the appointment of a new Ministry in January 1976. It also implemented the interim finance arrangements with the Commonwealth following the dismissal of the Whitlam Government in November 1975, before Parliament had approved the normal States grants.⁴⁰

Amount of Expenditure in Suspense 1902-80



39 Conversion based on Australian Bureau of Statistics Consumer Price Index Historical Series, 6401.0.

40 NSW Public Accounts Committee, Report 1/45, 1976. P 1.

2.36. Average amounts for each decade vary as shown in the table below:

Ten Year Average of Expenditure in Suspense

Average expenditure	2002 (\$M)
1901/02-1910/11	42
1911/12-1920/21	264
1921/22-1930/31	428
1930/32-1940/41	230
1941/42-1950/51	448
1951/52-1960/61	208
1961/62-1970/71	222
1971/72-1979/80	525

- 2.37. Apart from a definite increase in the amounts after 1910/11, there is no consistent trend in the amount of expenditure in suspense. However, there was some reliance by the Executive on the use of expenditure in excess of Parliamentary approval as a means of managing unexpected expenditure.
- 2.38. These amounts were rarely a significant proportion of the total Budget. In the 1919/20 report, the Committee noted with alarm that the amount in suspense was one sixth of total expenditure.⁴¹ However, this was an unusual year and represents the second highest level of expenditure in suspense in real terms.
- 2.39. In 1981, the report of the Joint Committee of Public Accounts and Statutory Accounts noted that the ratio of expenditure in suspense to the entire Consolidated Revenue Fund was lower than it had been in the past. In 1949/50, expenditure in suspense had been 5.25% of Consolidated Revenue expense, as opposed to: 3.46% in 1959/60; 2.2% in 1969/70; and 3.10% in 1979/80.⁴² This may indicate some improvements in planning for contingencies by Treasury officials over time.

Change in Financial Management Practices

- 2.40. Variations in the level of expenditure in suspense covered not only unexpected expenditure but also reflected accounting convenience, particularly for commercial State operations. The reports of 1911 and 1912 note that expenditure on railways and tramway operations was often more than compensated for by an increase in revenue, which was collected into another account.⁴³

41 NSW Public Accounts Committee, Report 1/25, 1921.

42 Report from the Joint Committee of the Legislative Council and Legislative Assembly upon Public Accounts and Financial Accounts of Statutory Authorities, Parliament of NSW 1981, p 24.

43 NSW Public Accounts Committee, Report 1/22, 1911; 2/22, 1912.

Commonwealth Grants

- 2.41. Specific purpose payments from the Commonwealth to the States, initially allocated in 1923-24 for road construction, increased in type and complexity after 1945.⁴⁴ For accounting purposes, expenditure for some Commonwealth grants to the State was charged to the expenditure in suspense account.
- 2.42. An example of this was £2 million charged in 1958 for a grant under the States Grants Act out of a total amount in suspense of only £3.8 million. Similarly, £2.2 million was allocated in 1962 for a Commonwealth grant from a total of £4.1 million. In 1963, Commonwealth grants accounted for £1.6 million out of a total of £4.5 million and in the 1966 report on the Loan Account, grants constituted \$3 million out of a total of \$4 million.⁴⁵

Departmental Working Accounts

- 2.43. During the 1940s, the amounts in Departmental Working Accounts and Advances to be Recovered increased significantly in real terms and as a proportion of the total amount in suspense. These accounts had been established in 1928 as an administrative convenience for departments and in 1944/45 represented £3 million out of a total of £4.1 million, increasing in 1945/46 to £5.9 million out of a total amount of £9.1 million. These amounts were lower in the 1950s and ceased for new expenses in 1960.⁴⁶

Types of Unexpected Expenditure

- 2.44. The kinds of unexpected expenditure included in Committee reports reflected the fluctuating economic or environmental problems at the time. As previously noted, in 1967 the easing of the drought resulted in the wheat transport subsidy becoming unexpectedly inflated. In 1968, \$3.7 million was needed for drought relief and in 1969, \$800,000 was spent transporting starving stock, whereas in 1971 both drought and flood relief were needed.⁴⁷
- 2.45. The reports also demonstrate the impacts of the Depression. In the report for the 1931/32 year, considerable funds were spent in excess of appropriation on the 50% subsidy for rail carriage of coal to meet overseas contracts. The reports of these years show redundancy payments for married female teachers and the impacts of public servant salary reductions.
- 2.46. In the 1930s, the government advanced money to the Railway Commissioners even though it became apparent the Commissioners would not be in a position to pay the requisite interest. In years such as 1948 and 1954, the Executive chose to forward funds from the expenditure in expense account in order to account for the interest on these loans. The debt was finally cleared in 1957.⁴⁸
- 2.47. The impact of broader financial pressures is also evident in Committee reports. The report covering 1935/36 detailed that money could now come from the

44 Nicholls, op. cit. p 110.

45 NSW Public Accounts Committee, Reports 5/38, 1958; 1/40, 1962; 3/40, 1963; 4/41, 1966.

46 NSW Public Accounts Committee, Reports /34, 1945; 3/34, 1946.

47 NSW Public Accounts Committee, Reports 1/43, 1971; 5/41, 1967; 1/42, 1968; 3/42, 1969.

48 NSW Public Accounts Committee, Reports 1/31, 1936; 2/35, 1948; 1/37, 1954; 3/38, 1957.

Consolidated Revenue Account, which had for a few years been unavailable as it would have caused an increase in taxation which was no longer such a pressing issue. In 1935, public service salaries were also restored.⁴⁹

- 2.48. The reports also show where the Executive juggled money to avoid difficulties in the Budget processes. For instance in 1957, 1959 and 1960, £357,000 was charged against the expenditure in suspense account for “arrears in maintenance of schools and police buildings”. This indicated that money had unexpectedly become available to deal with longstanding repairs to public buildings.
- 2.49. In 1963, £425,000 was spent on this item, on the basis that it was not possible to finance these works through normal appropriations as the need for the works had arisen after the War when there was a shortage of material. In subsequent years, the financial situation limited the amount of funds available.⁵⁰
- 2.50. There are also some unusual items. In the 1938 report, the police services incurred extra costs due to the need to prevent children crossing the border from Victoria and perhaps spreading polio. Similarly, police overtime bills were high in 1969/70 because of the extra work required at anti-Vietnam moratoriums and for a Royal visit.⁵¹
- 2.51. During the Second World War, a paper shortage resulted in the reports from 1940/41 to 1942/43 being tabled in Parliament but not printed. These reports reflect the unexpected budgetary impacts of wartime, such as the cost of distributing fruit otherwise wasted because it could not be exported. Funds were also needed to refurbish railway tunnels in Sydney to be deployed as air raid shelters.⁵²

Wage and Salary Increases

- 2.52. Common reasons for expenditure in suspense were increases in wages following the passage of the Budget. In 1921, the Committee noted that it was impossible to make an accurate estimate of expenditure in any one year because the basic wage determinations were handed down in October and could not be known at the time of preparing the Estimates. Despite the Committee recommending changing the timing of the wage determination prior to Parliamentary consideration of the Budget, this recommendation had no apparent effect.⁵³
- 2.53. There is evidence that officials attempted to budget for wage increases for the coming year but could not predict these accurately. A departmental explanation from 1943 stated:

When the Estimates were being prepared it was anticipated that an amount of £100,000 would be sufficient to meet increases in State and Federal basic wages. Total expenditure, however, amounted to £176,116.1.8 and as there was not sufficient balance on the Treasurer’s Advance Account to meet the excess expenditure of £76,116.1.8, this sum was provided from Consolidated

49 NSW Public Accounts Committee, Reports 3/31, 1936; 4/31, 1936.

50 NSW Public Accounts Committee, Reports 3/38, 1957; 1/39, 1959; 3/39, 1960; 3/40, 1963.

51 NSW Public Accounts Committee, Reports 1/32, 1938; 5/42, 1970.

52 NSW Public Accounts Committee, Reports 2/33, 1943; 4/33, 1943.

53 NSW Public Accounts Committee, Report 1/25, 1921. In Report 2/25, the Committee notes that the recommendations from the previous year were ignored.

Revenue Account, Expenditure Suspense Account, pending Parliamentary Appropriation.⁵⁴

- 2.54. This situation prevailed and in 1959, an additional £1 million was needed for salaries and wages for primary and secondary education because of a new salaries agreement, combined with a 28% pay increase for rail employees. In the 1960s, the wages of police officers were increased and in 1964 the clerical staff of the railway authority received two years of back pay for a pay rise. There were very large amounts of expenditure in suspense during times of high inflation and large wage rises in the early 1970s, such as the \$18 million needed for wage increases in 1974.⁵⁵
- 2.55. While these reports explain the reasons for use of expenditure in suspense and show how the Executive dealt with financial management problems, they do not provide a complete picture of the economic circumstances of the State.

Quality of Departmental Explanations

- 2.56. The quality of departmental explanations for expenditure provides some indication of the importance given to seek Parliamentary approval for the expenditure in suspense.
- 2.57. Commentary about large infrastructure projects tended to provide limited justification for any cost overruns. The explanation for over-expenditure on dam construction in the 1940s was “owing to unexpected early delivery of ordered plant”. In 1969, the reason for spending \$1.19 million on public buildings in excess of appropriation was to prevent delays to the work.
- 2.58. In 1915, the explanation for a half million pound cost overrun in railway construction was that there was an urgent need to finish the project in order to start receiving revenue. In 1937, the Committee noted that the departmental explanation did not detail why the costs for a grain elevator exceeded the estimate. This implies that departments did not consider Parliamentary approval of funding particularly important, as Treasurer’s approval for the expenditure had already been given.⁵⁶
- 2.59. In contrast, the detailed explanation for very small items could at times be painstakingly granular. For instance in 1938, nine shillings was spent on maintaining lorries which could not be attributed anywhere else and in 1938/39, 1 shilling 7 pence was spent on extra interest on a sum lent to a War widow.
- 2.60. Misappropriation of very small cheques was accounted for at length in three successive reports. In the 1950s, many departmental accounts were exceeded because of small and apparently predictable costs, including holding periodic elections for agricultural marketing boards, such as the £14 required in 1954 for elections to the French Bean marketing board. These trivial items had longer explanations than those for hundreds of thousands of pounds on infrastructure projects.⁵⁷

54 NSW Public Accounts Committee, Report 4/33, 1943 p 8.

55 NSW Public Accounts Committee, Reports 1/39, 1959; 3/39, 1960; 5/39, 1961; 3/40, 1963; 4/40, 1964; 5/42, 197; 1/43, 1971; 2/44, 1974.

56 NSW Public Accounts Committee, Reports 3/35, 1949; 4/42, 1969; 2/23, 1915; 5/31, 1937.

57 NSW Public Accounts Committee, Reports 1/32, 1938; 2/32, 1939; 2/35, 1947; 3/35, 1948; 1/36, 1950; 1/37, 1954.

- 2.61. This level of variation in quality seems to indicate that there was limited centralised quality control in the departmental explanations. The Committee rarely registered concerns about this.

Comments on Policy

- 2.62. Although not empowered to examine government policy, the Committee on a number of occasions discussed policy issues as part of reviewing the reasons for expenditure in suspense. In 1926, the Committee commented that compensation to loyalist workers on the waterfront, without Parliamentary sanction, set a bad precedent.⁵⁸
- 2.63. Some of the more heated comments on government policy were made when the Hon J T Lang MP, then Leader of the Opposition, was Committee Chair from 1923 to 1924. Indeed, there was a degree of public interest in Committee operations during this era and representatives of the press were turned away from a meeting in 1924.
- 2.64. In 1923, the Committee commented that the Treasurer's practice of reducing budgets below a reasonable minimum was penny wise and pound foolish and served to mislead Parliament. The railways were criticised for spending money on projects which differed from those agreed to in the Budget.
- 2.65. In the second report, there was a comment that public consultation expenses for rural credit and community settlement should not be used to advocate for a particular policy, as this was open to abuse. The minutes indicate that these consultations were politically motivated.
- 2.66. The three reports of this Parliament were critical of the need to make several large payments to assist the Australian Wheat Board with losses sustained in 1916/17. In its third report, the Committee commented that Ministers should not vary the Budget voted on by Parliament.⁵⁹
- 2.67. This level of activity prevailed despite Mr Lang being the Treasurer during the previous Parliament, when the Committee protested about its report being ignored.⁶⁰ He was also one of the few people to chair the Committee as a Member of an opposition party. Mr Lang was also appointed to the Committee in the 28th Parliament, and although not the Chairman, did offer his valuable experience in advising the other Members on the appropriate form of the report.⁶¹

References to the Committee

- 2.68. Under the Audit Act, Ministers and the Auditor-General were able to refer matters to the Committee for investigation. From 1903 to 1906, the Committee did not make a report "because no matters had been referred to it".⁶² After this time, expenditure in suspense appears to have been referred to the Committee as a matter of course.
- 2.69. On two occasions prior to the reform of the Committee in the 1980s, matters

58 NSW Public Accounts Committee, Report 1/27, 1926.

59 NSW Public Accounts Committee, Reports 1/26, 1923; 2/26, 1924.

60 NSW Public Accounts Committee, Report 2/25, 1922.

61 NSW Public Accounts Committee, Report 1/28, 1928.

62 Auditor-General's Report on the Public Accounts for the Year ended 30 June 1905, p 210.

other than expenditure in suspense were referred for investigation. In 1918 and 1931, the Committee received references, investigated issues and made recommendations which were adopted.

- 2.70. In 1918, the Auditor-General and the Treasurer disagreed about the process of paying interest on sums advanced to soldier settlers for sinking bores to ensure reliable water supplies. The Assistant Treasurer referred the matter to the Committee for consideration. The Committee's report stated equivocally:

The Committee after carefully considering the question, was of opinion that interest should be borne by the settlers, particularly as the bores are sunk on their private holdings; but as this question had been determined by the Government as a matter of policy, the Committee decided to deal only with the aspect of covering the loss of interest, and, after examining the Auditor-General and the Comptroller of Accounts, came to the conclusion that this should be done by taking a special vote as suggested by the Auditor-General.⁶³

- 2.71. The minutes note the opinion of the Treasury Comptroller of Accounts that there was no need for the matter to have been referred to the Committee for discussion. It could instead have been mentioned in the Auditor-General's report to Parliament.
- 2.72. Apparently the Committee's recommendation was followed, and in subsequent reports the amounts of interest regularly appeared as expenditure in suspense, due to difficulties predicting the number of loans requested in any single year.
- 2.73. In 1931, the Auditor-General asked the Committee to investigate the advances for Departmental Working Accounts. These accounts had commenced in 1928/29, as an alternative method to the Treasurer's Advance Account of funding activities. The object was to remove any transactions in the nature of 'convenience' accounts, which were not true expenditure.
- 2.74. The use of other existing accounts would have undesirable consequences during the special arrangements made during the Depression for minimising public debt. Under these arrangements, additions to the Consolidated Revenue Account would require an increase in taxation and the ability of the State to raise debt was strictly curtailed.
- 2.75. The report contained lengthy explanations of the issue and a note that the Committee discussed the issue briefly and agreed that such accounts could be used. These accounts subsequently became a feature of public accounts for many years. In 1960, the advances to departmental working accounts was closed for new transactions.⁶⁴
- 2.76. The Committee was not asked to investigate any further issues until 1981, when the Hon Laurie Brereton MP, who had formerly chaired the Committee and had recently been appointed Minister for Health, requested an inquiry into public hospital finance.

63 NSW Public Accounts Committee, Report /24, 1918, p 3.

64 NSW Public Accounts Committee, Reports 1/29, 1931; 3/39, 1960.

Rejection of Expenditure in Suspense

- 2.77. While the Committee generally accepted the explanations for expenditure in suspense with a brief resolution, on a number of occasions opposition was registered to some items, particularly if there was no urgency to justify the use of the expenditure in suspense account.
- 2.78. In its inaugural report of 1902, the Committee objected to expenditure on Government House in preparation for the arrival of the first Governor-General, particularly the £4,000 for furniture. It considered that such expenditure should have been referred to the Public Works Committee for consideration as there had been adequate time to allow this.⁶⁵
- 2.79. In 1918, the Committee objected in the strongest possible terms to the sums given to an aviation school because it was well over estimated cost, as well as being a Federal responsibility.⁶⁶ In the previous year's report, the Committee considered that over- expenditure for mental health patients was not justified on urgency grounds.⁶⁷

Comments on Estimates and Alterations to Estimates

- 2.80. Another regular topic of Committee discussion was criticism of the estimates process. Inadequate estimates were seen as a cause of over-expenditure, leading to the use of the suspense accounts. For instance, in 1903 the Committee was critical of the lack of a proper estimate for the cost of resuming land to build the port at Darling Harbour.⁶⁸
- 2.81. Whereas at times the Committee appeared to be criticising the Treasurer for reducing the estimates below reasonable levels, departments were also criticised for continuing to spend money at a rate above authorised levels.
- 2.82. In 1917, the Committee was struck by the number of times the reduction of estimates was used by departments as an excuse for over-expenditure. The Committee resolved that expenditure in departments should as far as practicable be kept strictly within estimates. The following year, the Committee objected to the "arbitrary reduction of estimates" as, for instance, the mental health allocation was 10% below the previous year's spending.⁶⁹
- 2.83. In 1921, the Committee drew attention to the enormous level of funds (one sixth of the total Budget) included in expenditure in suspense accounts. This totalled £6.8 million and the Committee argued that the estimates should be more accurate. The amount was almost six times higher than the previous year and almost twice as much as the following year. The Committee considered that departments should not keep spending, but at the same time the Treasurer should not cut estimates for departmental commitments.⁷⁰
- 2.84. In 1923, the Committee commented that by reducing budgets below a reasonable

65 NSW Public Accounts Committee, Report 1/19, 1902.

66 NSW Public Accounts Committee, Report 1/24, 1918.

67 NSW Public Accounts Committee, Report 4/23, 1917.

68 NSW Public Accounts Committee, Report 2/19, 1903.

69 NSW Public Accounts Committee, Reports 4/23, 1917; 1/24, 1918.

70 NSW Public Accounts Committee, Report 1/25, 1921.

minimum, the Treasurer was misleading Parliament.⁷¹ In 1926, the Committee stated:

*The Treasurer's practice of reducing estimates below what may be regarded as the reasonable requirements of the various Departments and necessitating provision of additional funds at a later date should be discontinued.*⁷²

2.85. In 1931, the Committee recommended discontinuing the practice of making poor estimates or asking for insufficient funds in the estimates.⁷³ In its report for 1930-31, perhaps reflecting the straitened circumstances of the Depression, the Committee commented that expenditure in excess of the estimates prevented Parliamentary representatives from curtailing expenditure and the practice should be restricted.⁷⁴

2.86. The 1936 report stated:

*The Committee directs attention to the expenditure of large sums of money without Parliamentary appropriation on services that are of a permanent character and for which it should be possible to obtain reliable estimate... [This practice] should be discontinued.*⁷⁵

Recommendations of the Committee

2.87. As provided under the Audit Act, the Committee made a number of comments about the form of the accounts. In particular, there were repeated requests for earlier reports and an indication of the amount spent on a previous year's program, as this expenditure was only included for some items until the 1970s.

2.88. In 1917, the first report of the 24th Parliament included a recommendation that the estimates include the previous year's spending. The following year's report included a minute from the Treasurer explaining that this was not feasible as it would delay the preparation of estimates until the second quarter of the financial year (i.e. after 30 September), while the amount was being calculated.

2.89. From the minutes appended to this report, it was apparent that Departments did not know how much money they had to spend until the financial year was half over. In 1936, one Member, Mr W J McKell MP, said it would be helpful if amounts spent in the previous year were shown against each item.⁷⁶

2.90. In 1939, the Committee recommended that their powers be broadened to equal those of the Public Accounts Committee in the United Kingdom.⁷⁷

2.91. In 1952, a year when the amount in suspense had ballooned to £26.7 million from the previous year's £14.3 million, the Committee recommended:

71 NSW Public Accounts Committee, Report /26, 1923.

72 NSW Public Accounts Committee, Report 1/27, 1926.

73 NSW Public Accounts Committee, Report 1/29, 1931.

74 NSW Public Accounts Committee, Report 1/30, 1933.

75 NSW Public Accounts Committee, Report 4/31, 1936.

76 NSW Public Accounts Committee, Reports 1/24, 1917; 3/31, 1936.

77 NSW Public Accounts Committee, Report 2/32, 1939.

*That it is desirable that the report of the committee should be tabled in the Legislative Assembly prior to the presentation of the Financial Statement and Estimates of Expenditure for the ensuing year.*⁷⁸

- 2.92. An election intervened, and there was a lengthy delay before the next Committee was appointed. Its first action was to seek advice about the Committee's role, as the Parliament had already approved the expenditure in suspense for 1952/53.⁷⁹
- 2.93. In 1962, the Committee made some practical recommendations to the Treasurer about estimating the cost of a program subsidising local councils for rates for pensioners. The program was repeatedly in excess of estimates and in 1961/62 the overrun was £100,000. This advice was apparently disregarded because by 1978, the amount in excess of estimates was \$2 million (although changes to broaden the eligibility criteria for the pension contributed to this increase).⁸⁰

Effectiveness of the Committee

- 2.94. The Committee reports from 1902 to 1980 show that the Committee's main activity was reviewing the reasons for expenditure in suspense on behalf of the Parliament. Matters were only referred for inquiry twice, and only rarely did Committee recommendations receive a response from the Executive. This was a clear indication that the Committee had limited ability to supervise the Executive effectively, with reduced scope for improving State financial management.
- 2.95. Within these limitations, possible criteria for assessing the Committee's effectiveness include the timeliness of reports and how well the Committee was generally regarded.

Timeliness of Committee Reports

- 2.96. One of the Committee's key responsibilities was to forward a report each year to the Auditor-General for inclusion in the report on the Public Accounts. This did not happen in some years (such as the reports for 1931/32 and 1933/34), even though the Committee had met to consider issues. In the 1941/42 report, the Auditor-General noted that he had not received the report but "I am informed that the matters have not yet been inquired into by the committee."⁸¹
- 2.97. In his 1942/43 report, the Auditor-General noted that although the Committee's reports dealing with the matters of 1940/41 and 1941/42 were presented to Parliament on 23 June 1943, no reports were furnished to him for inclusion in his report.⁸²
- 2.98. Until the Second World War, there were frequent delays in considering the reasons for expenditure in suspense. In most years, the Committee met during the Budget session prior to Parliament approving this expenditure, usually between September and December.
- 2.99. It is clear that in some years, the Committee's review occurred after Parliament

78 NSW Public Accounts Committee, Report 3/36, 1952.

79 Statement by Parliamentary Public Accounts Committee, op. cit. 21 Sept 1954.

80 NSW Public Accounts Committee, Reports 1/40, 1962; 4/45, 1976.

81 Auditor-General's report on the Public Accounts for 1942-43, p 40.

82 Auditor-General's report on the Public Accounts for 1942-43, p51.

had approved the spending. For instance in 1916, Members considering the explanations for expenditure for 1914/15 noted that Parliament had already approved the expenditure and concluded that this left little for the Committee to do.⁸³

- 2.100. In many years when the Committee met late, there was a background of financial crisis because of War or the Depression. This may have contributed to the timing of Committee reports. The September 1908 report of the 21st Parliament considered expenditure for 1906/07.
- 2.101. During the First World War, the Committee tabled reports between nine and 14 months after the end of the financial years under consideration. However, the reports for the years from 1919/20 to 1924/25 were also late, and tabled between eight and 15 months after the completion of the financial year. In 1927, although the Committee met nine months after the end of 1925/26, the report was not tabled for some months as the Chairman, Mr Mark Gosling MP, had died and the report was without signature until the appointment of a new Chairman.
- 2.102. During the Depression, the Committee met years after the financial year in question. Expenditure for 1928/29 was considered in July 1931, 1929/30 expenditure was considered in September 1931 and it was not until April 1936 that reports into 1932/33 and 1933/34 were tabled.
- 2.103. For the next few years, Committee reports were timely until the Second World War, when they were delayed again. Expenditure in suspense for 1939/40 was considered in September 1941, and although the Committee met in December 1942 to discuss the spending in 1940/41, this report was not tabled until June 1943.
- 2.104. In 1953, the Committee sought advice from the Crown Solicitor about not submitting a report for the 1952/53 financial year, as Parliament had approved the expenditure in suspense before the Committee could meet. The Crown Solicitor advised that the Committee's duties were limited to considering expenditure not authorised at the time of meeting. However, he recommended that:

Of course it is desirable for the proper discharge of the Public Accounts Committee's duties that the Committee should meet at such time as will enable it to inquire into and report upon all, and not merely some, of the expenditure made without Parliamentary sanction or appropriation in a particular financial year before the Executive seeks Parliament's concurrence in what has been done in that respect.⁸⁴

- 2.105. After this advice, the Committee considered the previous year's expenditure in suspense far more promptly, However, it assists in illustrating that the Committee did not provide a timely check on unauthorised spending by the Executive.

Prestige of the Committee

- 2.106. The early Committee seems to have had a poor reputation. In the 1930s, Professor Bland noted that:

83 NSW Public Accounts Committee, Report 3/23, 1916.

84 Statement by the Parliamentary Public Accounts, op. cit. 21 September 1954.

The composition, powers and prestige of the Committee make a sharp contrast with the Committee appointed by the House of Commons.⁸⁵

- 2.107. As early as 1918, the effectiveness of the Committee's role had been challenged in Parliament. In debating a bill enabling the late nominations and election of Members to the Committee for the 24th Parliament, Mr J Storey MP, who had not served on the Committee, commented that he would prefer to have the bill amended "to abolish this committee which is absolutely valueless". He described its operations:

*Having given some attention to this matter, I doubt whether any good purpose is served by the Public Accounts Committee. The committee was appointed by Parliament in the first instance presumably for the purpose of closely examining the amounts of money expended from the £150,000 generally placed at the disposal of the Treasurer to meet unforeseen expenditure. If [H]on. members peruse the reports they will see the committee meets and examines Treasury officials who before they appear before the committee have sanctioned and in many instance advised the expenditure from this fund. As a consequence, the committee, by putting its imprimatur on what has been done, legalises every expenditure from the fund, no matter how wrong it may have been.*⁸⁶

Attitude of Committee Members

- 2.108. There is some evidence that Members were frustrated by the Committee's lack of power and may not have taken their role seriously. In 1916, when a Member objected to the expenditure of £39,000 for land resumption, the Chairman, Mr George Black MP, commented:

I think Sir Henry Parkes resumed the Chisholm estate for something like 200,000 pounds without the authority of Parliament first being obtained.

- 2.109. The matter was passed without further comment.⁸⁷
- 2.110. In the 1936 report (discussing expenditure in 1933/34), one Member had a question about an item but rather than interviewing a departmental officer, the Chairman, Mr H L Primrose MP, said "there was some explanation" and asked the secretary to provide details.⁸⁸
- 2.111. On the other hand in 1922, after having issued an extremely critical report the previous year, the Committee refused to consider the expenditure in detail and resolved:

*Consequent upon the fact that Parliament has already sanctioned the expenditure herein detailed and, in view of the fact that no consideration has been given to the protests and recommendations made in our last Report, the accounts as submitted be passed in globo.*⁸⁹

85 Bland, op cit., p 24.

86 NSW Legislative Assembly Hansard, 5 Feb 1918, pp 2440-41.

87 NSW Public Accounts Committee, Report 3/23, 1916.

88 NSW Public Accounts Committee, Report 1/31, 1936.

89 NSW Public Accounts Committee, Report 2/25, 1922.

2.112. Former Committee Members were also active in asking for an increase in the powers of the Committee over the years. For instance, Mr Vernon Treatt MP, in seeking a newly constituted Committee in 1954, was perhaps exaggerating for rhetorical effect in saying:

I am well aware that there is already in existence a committee which bears the title Public Accounts Committee. Indeed, I have served on it and can say that it does very little indeed. It meets for a few hours only each year and then places its imprint upon matters that have already taken place.... It may inquire only into matters referred to it by a Minister. Human nature being what it is, no Minister has yet deemed it desirable to have his administration examined in this way.⁹⁰

Reasons for Lack of Effectiveness

2.113. A World Bank survey listed four requirements for effective Public Accounts Committees, as follows:

- having a broad scope;
- self-referencing power;
- power to report and follow up its reports; and
- support from the Auditor-General, Members of Parliament and research staff.⁹¹

2.114. In the first eight decades of its existence, the New South Wales Public Accounts Committee did not meet any of these criteria. Its scope was limited to examining over-expenditure; it was unable to initiate inquiries; could not follow up its reports; and had minimal support from the Parliament in considering its reports. In addition, Committee Members had little incentive to meet as they received no allowance for their work.⁹²

2.115. A commentator in the 1930s considered that the weakness in the structure of the Committee was symptomatic of a general lack of concern for budgetary control in the State:

Not only is there no systematic discussion of the Auditor-General's report, but nothing is done by Parliament to investigate the infringements of its authority to which he regularly draws attention. Again, in accordance with section 16 of the Audit Act 1902, Parliament solemnly appoints a Public Accounts Committee, and gives it specific instructions to inquire into and report upon certain matters connected with the Public Accounts. These two documents are as important as the Estimates in the scheme of finance, and yet they hardly receive any more notice than that given to other reports which are required by statute to be submitted annually to Parliament. They may be referred to incidentally in the debates upon the Estimates or upon the

90 NSW Legislative Assembly Hansard, 30 September 1954, p 753.

91 E Bosak, Improving Public Financial Accountability the Way Forward: Draft results of a World Bank Study, presented to the 7th Biennial Conference of the Australasian Council of Public Accounts Committees, Melbourne 2-5 February 2003.

92 Nicholls, op. cit., p 269.

*Budget, but this is not enough. Can anyone imagine the board of directors of a commercial concern confining its attention to authorizing the spending of money and then ignoring the report of the manager upon the results of that expenditure?*⁹³

Survival of the Committee

- 2.116. Until 1982, there was little change to the provisions of the Audit Act relating to the Committee. Although the original Act required that Members be elected within the first session of Parliament, there was difficulty complying with this requirement, especially when the first session was short.
- 2.117. In 1918, 1920 and 1922, amendments to the Audit Act were made to enable the later election of Members to the Committee for the 24th, 25th and 26th Parliaments. In 1925, the Act was again amended to enable the election in the second session if the first session was shorter than 30 days. Despite its apparent lack of prestige, the Committee was not abolished, resulting in its recurrent reappointment every Parliament.
- 2.118. This longevity was unusual in the Australian context. At Commonwealth level, the Joint Select Committee on Public Accounts was established in 1912, but in order to save money during the Depression, was not immediately reconstituted after its 1932 report. In 1932, the Victorian Public Accounts Committee was also disbanded and a new committee not established until 1955.
- 2.119. The NSW Committee appointed for each Parliament from 1902 to 1980 was a relic of the financial management legislation at the turn of the 20th century. As a former Treasury official noted:

*What had been created was a tame tiger and until its reform in the 1980s its reports are hardly worth a glance.*⁹⁴

- 2.120. From 1980, the Committee changed in character to become more active and the report that year expressed the Committee's dissatisfaction with having only five days to consider matters. It held three meetings and sought supplementary information on a number of issues. The Committee also referred the adequacy of its powers for review by the Joint Committee on Public Accounts and Financial Accounts of Statutory Authorities.⁹⁵

Conclusion

- 2.121. For the first eight decades of its operation, the New South Wales Public Accounts Committee was established with less power than equivalent committees in the United Kingdom and Victoria, and with a severely constrained role. There is little evidence the few recommendations made were ever implemented by the Executive. Reports were normally a rubber stamp to accept pro forma explanations for the essentially illegal spending of significant sums of money. Consequently, the Committee was not taken seriously or highly regarded by the Parliament or the Executive.

93 Bland op. cit. pp 101-102.

94 Nicholls op. cit., p 269.

95 NSW Public Accounts Committee, Report 2/46, 1980.

2.122. The work of the Committee during this period could therefore not be seen as a major force in improving State financial management or providing effective Parliamentary scrutiny of the Executive.



Public Accounts Committee – 21 April, 1924

Chapter Three: Reform and Revitalisation

- 3.1. This Chapter outlines relevant changes in State financial management, prompting the increasing importance and advancement of the Public Accounts Committee's role in the early 1980s.

Early Attempts at Reform

- 3.2. In the first period of the Committee's life, a number of calls were consistently made for its powers to be expanded. These increased in frequency following the establishment of the Commonwealth Joint Committee on Audit and Accounts by the Menzies-Fadden Coalition Government in 1951.
- 3.3. In 1953, the NSW Public Accounts Committee was not appointed during the first session of the 37th Parliament. On 18 August, early in the second session, Mr William Chaffey MP, an Opposition Member who had served on the Committee in the previous Parliament, asked when the Committee's report would be tabled. He was told that it would be considered by the Committee, once appointed.⁹⁶
- 3.4. On 23 September, a week after the Committee's appointment, Mr Chaffey asked the Premier and Treasurer, the Hon John Cahill MP, about the previous Committee's recommendation that its report be tabled each year before consideration of the Budget and estimates, and when the report for 1952/53 would be made available. The following day, Mr Cahill said that Treasury was very busy preparing the Budget and loan estimates at that time of year but he had asked them:

*To expedite the completion of the information to be placed before the Committee and the time of completion of the Committee's report to Parliament will then be a matter for the Committee itself.*⁹⁷

- 3.5. Additional questions revealed that the expenditure in suspense by Parliament had been approved before the Committee was able to meet. One of the serving Members from the Opposition, Mr George Brain MP, asked whether the powers of the Committee could be broadened to provide for minority reports.⁹⁸
- 3.6. In that year, Opposition Members also asked a number of questions about increasing the powers of the Committee, based on the model of the British and Commonwealth committees. Mr Chaffey asked Mr Cahill whether he had investigated the House of Commons Public Accounts Committee on a recent trip, and whether there were any plans to consider adopting a committee with similar powers in New South Wales.
- 3.7. The Leader of the Opposition and a former Committee Member, Mr Vernon Treatt MP, asked the government to establish a committee with vastly increased powers. He was told the matter needed more research.⁹⁹

96 NSW Legislative Assembly Hansard, 18 August 1953, p 113; 19 August 1953, p 169.

97 NSW Legislative Assembly Hansard, 23 September 1953, p764; 24 September 1953, p 823.

98 NSW Legislative Assembly Hansard, 10 November 1953, p 1785; 24 November 1953, p 2165.

99 NSW Legislative Assembly Hansard, 15 September 1953, p 563; 27 October 1953, p 1396.

- 3.8. The campaign continued the following year, with Mr Chaffey asking whether the Premier had completed his investigations. He was told that:

No other State parliament in Australia has a public accounts committee. Consequently the [H]on. Member will appreciate that as this State does afford an all-party committee the opportunity and full facilities for examining unauthorised expenditure, and as Parliament itself examines all other expenditures prior to their appropriation, it is already in advance of all other State governments in this matter.¹⁰⁰

- 3.9. Mr Treatt made a lengthy speech during the Budget debate about the benefits of establishing a committee for investigating issues identified by the Auditor-General. These included problems with the timeliness of the Sydney Fish Markets in paying its bills or the efficiency of the relatively expensive Navy Beans Board representing a small and declining number of growers.¹⁰¹ A few days later, on 5 October 1954, Mr Chaffey spoke in support of the work of the Commonwealth committee as an improvement to public governance:

That body has wide powers, may initiate inquiry itself and has been responsible for presenting a number of valuable reports to the Federal Parliament...The committee has not revolutionised the system of accounting, but it has been able to ascertain the methods used, and working with the full co-operation and assistance of high public officials, such as the under Secretary to the Treasury and the Commonwealth Auditor-General, it has established a liaison between the parliament, the executive and the public service which undoubtedly makes for better government. A similar body could be established in New South Wales if the Government would depart from its machine-bound approach to politics and seek the co-operation of all [H]on. members in dealing with these problems.¹⁰²

- 3.10. He suggested a powerful public accounts committee could investigate the metropolitan transport finances more closely. On 27 October, Lt Col Robson MP, a Member of the Liberal Party, noted that the Commonwealth committee had met 68 times in its short life and issued 15 comprehensive reports, in contrast to the single meeting held by the New South Wales Committee in 1954.
- 3.11. Mr Chaffey also expressed concern that the New South Wales Committee was informed by Treasury itself about the reasons for expenditure in suspense, having approved the expenditure in the first place. He recommended much closer Parliamentary supervision and unsuccessfully moved for an all-party committee to revise the system under which the Public Accounts Committee operated.¹⁰³
- 3.12. Over the next decade, Mr Chaffey was persistent, although unsuccessful, in efforts to widen the powers of the Committee. On 21 August 1958, concerned that the Parliament should have the Auditor-General's report before considering the Budget, he introduced an unsuccessful urgency motion that "in the opinion of House the present restricted powers of the Public Accounts Committee should be

100 NSW Legislative Assembly Hansard, 30 September 1954, p 739; 6 October 1954, p 843.

101 NSW Legislative Assembly Hansard, 30 September 1954, p 757.

102 NSW Legislative Assembly Hansard, 5 October 1954, p 833.

103 NSW Legislative Assembly Hansard, 27 October 1954, pp1295-98.

widened.”¹⁰⁴ In 1964 he tried again, moving:

*That a select committee be appointed to [I]nquire into and report on the form of legislation required to establish in this State a Parliamentary Public Accounts Committee with the necessary powers on behalf of Parliament to investigate the machinery and methods applying to the collection and expenditure of all forms of State revenue [and] to study the legislation and system operating by law in the Commonwealth Parliament and the Parliaments of other States of the Commonwealth.*¹⁰⁵

- 3.13. Once the Coalition had won government in 1965, the Premier, Sir Robert Askin MP, proved less eager to implement reforms to the Committee. In the words of one former Treasury official:

*In its usual methodical fashion the Treasury had noted that one of the undertakings of Sir Robert Askin in his 1965 policy speech was to “establish a Public Accounts Committee”. Some two weeks after the Liberal-Country Party took office the Head of the Treasury handed Sir Robert a folder. He asked what it was and was told it was a draft Bill to reform the Public Accounts Committee as promised in that speech which could be submitted to Cabinet. In a style for which he became renowned Bob said - leave it with me and I’ll discuss it with you later. Later proved to be a very long time.*¹⁰⁶

- 3.14. The Committee continued to operate in the same manner until the conduct of subsequent major reviews of State financial management.

Review of State Financial Management

- 3.15. In the 1970s, Premier Neville Wran MP commissioned a review of the administration of New South Wales by Professor Peter Wilenski. In November 1977, a wide-ranging study, “Directions for Change”, also known as the “Wilenski Report”, was issued. The report recommended reform to accountability arrangements in many areas of government, including the Budget. It led to a process of modernisation of State financial management arrangements, culminating in the repeal and replacement of the Audit Act 1902.¹⁰⁷
- 3.16. This public consideration of the principles of modern financial management led to renewed calls for expansion of the powers of the Public Accounts Committee.

Legislative Council Select Committee on the Public Accounts and Financial Accounts of Statutory Authorities

- 3.17. Responding to the issues raised in the Wilenski Report, in 1978 the Legislative Council appointed a Select Committee to examine and report on the future form

104 NSW Legislative Assembly Votes and Proceedings, 1958, p 17; NSW Legislative Assembly Hansard, 21 August 1958, p 104.

105 NSW Legislative Assembly Votes and Proceedings, 29 April 1964, p 570.

106 N Oakes, AO Public Finance and the process of Parliamentary Review: Reflections from the Inside Out, pp 31-40 in Parliamentary Scrutiny of Performance, Seminar Papers, NSW Public Accounts Committee Report no 56, 1991, p 32.

107 Nicholls op. cit. p 30.

and construction of the Public Accounts and the Financial Accounts of Statutory Authorities. Its aim was to make them comprehensive, readily comprehensible and to require fair disclosure of the financial position at the end of a financial year.¹⁰⁸

- 3.18. As part of this inquiry, the Select Committee took evidence from current and former Auditors-General, a serving Member and the current Secretary of the Public Accounts Committee, and a Member and staff of the Commonwealth Public Accounts Committee.
- 3.19. The Select Committee surveyed the powers of Public Accounts Committees in the Commonwealth and those States with such committees (excluding Queensland). It concluded that the New South Wales Committee had fewer powers and was less effective, meeting between two and four times a year for around half an hour, while the others met twice a week for two to three hours.
- 3.20. In addition, whereas most other committees had the power to initiate inquiries and were supported by dedicated support staff, the NSW Committee was severely restricted by its inability to initiate inquiries and was unable to examine the accounts of statutory authorities, responsible for managing \$5 billion a year.
- 3.21. In the view of Mr W J Campbell, Auditor-General from 1950 to 1963:

*[The Committee] has been rather a sinecure over the years. It has been more lively in the Federal sphere, more attention has been given to its findings, but it is not a lively body in the State.... It has never been an investigatory body in the true sense of the term.*¹⁰⁹

- 3.22. In March 1978, the Select Committee issued an interim report before completing its investigation, due to the likely prorogation of Parliament. The report made 11 recommendations to increase the investigative and regulatory powers of the Public Accounts Committee. This included the power to initiate inquiries into the public accounts and the accounts of statutory bodies. It also recommended that the Committee be empowered to summon witnesses, call for the production of documents and take evidence in public.
- 3.23. Furthermore, the Committee should consist of seven Members to be elected from the Legislative Assembly with four Members from the government and three from the opposition. Although the Committee should receive support as required from the Treasury and Audit Office, it should be serviced by a permanent secretariat of Parliamentary officers.¹¹⁰

Joint Committee on the Public Accounts and Financial Accounts of Statutory Authorities

- 3.24. When Parliament resumed, a joint committee from the Legislative Assembly and the Legislative Council was appointed to review the Public Accounts and the Accounts of Statutory Authorities with instruction to evaluate the recommendations of the previous Select Committee. Although a report was not

108 Interim report of Select Committee on Public Accounts and Financial Accounts of Statutory Authorities, March 1978, p xxv.

109 Minutes to Select Committee Interim Report, p 12.

110 Interim Report op. cit. p xiii.

issued before the election in October 1978, a Joint Committee was appointed on identical terms at the commencement of the 46th Parliament. This committee held a number of hearings and inquired comprehensively into the complexities of State financial arrangements.

- 3.25. In March 1980, this Joint Committee issued a progress report. The Joint Committee, consisting of five then Members of the Public Accounts Committee as well as three Members of the former Select Committee, stated in its report that it “attaches great importance to its recommendations on the future role of the Public Accounts Committee”.¹¹¹ The Joint Committee noted :

In New South Wales it is beyond question that there has been a less than energetic response throughout the machinery of Government to the potential role the Public Accounts Committee could play in providing the stimulus of criticism and examination needed by the Departments. This is required with all large scale organisations, whether public or private, particularly as the criteria of performance are in so many cases not clear and measurable.

- 3.26. The Joint Committee also noted the lack of referrals of issues to the Public Accounts Committee, commenting:

*This suggests either a standard of efficiency in the financial administration of Departments stretching credulity to more than reasonable limits or alternatively – and more probably – a lack of understanding on the part of both the Legislature and the Executive of the need for vastly improved machinery for improvement in the control of public finance.*¹¹²

- 3.27. The Joint Committee saw the Public Accounts Committee as a potentially valuable means of improving contact between Ministers, public servants and the public. It considered that the Committee’s powers should be extended when examining expenditure in suspense. When any case of proven negligence resulting in loss or extravagance was brought to its attention, the Committee should be able to call the Minister or department to explain.
- 3.28. In its report, the Joint Committee issued 13 recommendations and similar findings to those made by the Select Committee two years earlier with some variation, namely that:
- investigation of general expenditure matters be included in the Terms of Reference for the Public Accounts Committee. This would in effect make the Committee an “expenditure review committee” able to examine the costs and benefits of programs of works in a bipartisan way, including consideration of how any policies implicit in expenditure and estimates could be carried out more economically;
 - the Auditor-General lacked power to direct departments to do things in a certain way and only reported to the Treasurer on the results of audits in “red-line reports”. The Joint Committee considered that the Public Accounts Committee should also receive these reports at the same time as the

111 Progress report of Joint Committee on Public Accounts and Financial Accounts of Statutory Authorities, March 1980, p vi.

112 Progress report of Joint Committee on Public Accounts and Financial Accounts of Statutory Authorities, March 1980, p xxix.

Treasurer;

- the Public Accounts Committee should be a joint committee with five Members from the Assembly and three from the Council, in line with the proposed new responsibilities for the Committee; and
- the Chairperson of the Committee should receive an allowance.¹¹³

- 3.29. In May 1981, the Joint Committee, now chaired by the Hon Laurie Brereton MP, tabled a final report. The report reiterated the 13 recommendations directed at the Public Accounts Committee in the progress report. The Joint Committee also recommended that the Public Accounts Committee have responsibility for compiling and maintaining a complete list of statutory authorities.
- 3.30. Additionally, the Joint Committee assessed the Public Accounts Committee's process of endorsing expenditure in suspense and asked whether an alternative system of supplementary appropriations should be introduced. It noted this would mean a significant change to Parliamentary procedure and recommended no change be made. It did, however, recommend that the Public Accounts Committee receive departmental explanations for expenditure in suspense by 1 September each year.¹¹⁴
- 3.31. By the end of the 46th Parliament, three reports recommending significant expansion of the powers of the Committee had been tabled. Implementation of most of these recommendations led to a more effective and revitalised committee in the 47th Parliament.

Changes to the Operation of the Committee

- 3.32. Even before any changes had been made to increase the Committee's powers, the Public Accounts Committee appointed in November 1981 for the 47th Parliament was more active than previous committees. The first report of this Committee not only examined expenditure in suspense for 1980-81, but hinted that it would like a matter to be referred to it for inquiry, stating:

In the Committee's view expenditure on Police Overtime both "authorized" and "unauthorized" is a matter which would warrant an investigation on a more intensive basis than can be encompassed by the Committee under section 16 (1)(b) of the Audit Act [about expenditure without appropriation]. The Committee is examining its position in relation to section 16(1)(a) [about investigating issues referred to the committee]¹¹⁵

- 3.33. In February 1982, the Auditor-General wrote to the Committee asking it to make a detailed investigation of the payment of overtime to Police and Corrective Services Officers.¹¹⁶ The Committee undertook a lengthy inquiry and tabled its first report on this issue in November 1982.
- 3.34. In its report, the Committee concluded that a considerable amount of overtime

113 Progress report of Joint Committee on Public Accounts and Financial Accounts of Statutory Authorities, March 1980, pp xxxii-xxxiii.

114 Report of Joint Committee on Public Accounts and Financial Accounts of Statutory Authorities, May 1981, p 24, p 8.

115 NSW Public Accounts Committee, Report 1/47, 1981, p 3.

116 NSW Public Accounts Committee, Report 5/47, 1982, pp 1-3.

was avoidable and arose from inappropriate policy, as well as inefficient rostering and job organisation. The Committee made 35 initial recommendations, followed by an additional six in a supplementary report. In 1986, a further report estimated that implementation of the Committee's recommendations had saved Corrective Services around \$18.9 million and that police overtime had been reduced from 900,000 hours annually in 1982, to 570,000 hours.

- 3.35. The Committee also received a reference from Mr Brereton, the newly appointed Health Minister and former Committee Chairman. He asked the Committee to examine over-expenditure in the Public Health System. The Committee issued two reports on this matter in February and April 1982. Running to 91 and 102 pages, these were far lengthier than the Committee's previous reports.
- 3.36. The Committee was keen to demonstrate its abilities. In his foreword to the second report, the Chairman, Mr Michael Egan MP, welcomed the government's commitment to introducing legislation to widen the Committee's powers and stated:

The current enquiry is being carried out as expeditiously as possible. This is essential if the Committee is to be an effective means of finding solutions to pressing problems, rather than a pigeonhole for those problems.

Expedition and thoroughness, however, are not mutually exclusive. In only three months, the Committee has taken more evidence (10 days and approximately 70 hours from 62 witnesses), made more inspections (seven), studied more submissions (almost 3,000 pages) and held more meetings and discussions than most Select or Joint Committees in recent years.¹¹⁷

- 3.37. The reports made over 60 recommendations about the management of the public health system. Nearly all recommendations were accepted by the Minister, who tabled a response to the report in November 1982. The response highlighted that the reports were very helpful and provided conclusive proof of the usefulness of the Public Accounts Committee and such committees in general.¹¹⁸

Legislative Change

- 3.38. Prior to the amendments to the Audit Act in 1982, the Committee's main powers were to inquire into any matter in the public accounts referred to it by a Minister, the Auditor-General or resolution of the Legislative Assembly, and into expenditure by a Minister without appropriation.¹¹⁹

- 3.39. The amended legislation expanded the Committee's specific powers to investigate the accounts of statutory bodies. It was also given powers to examine the reports of the Auditor-General transmitted with the public accounts or laid before the Legislative Assembly with the accounts of an authority of the State. The functions of the Committee included:

16(d) to report to the Legislative Assembly from time to time upon any item in, or any circumstances connected with, those accounts, reports or documents

117 NSW Public Accounts Committee, Report 2/47, 1982, p 5.

118 Response by the Minister for Health, the Hon L J Brereton MP to the recommendations of reports 2/47 and 3/47 (relating to an inquiry into a reference made by the Minister or Health to the Committee under the provisions of section 16 of the Audit Act 1902), November 1982, p 3.

119 Audit (Public Accounts Committee) Amendment 1982 (No 125).

which the Committee considers ought to be brought to the notice of the Legislative Assembly;

- 16(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;
- 3.40. However, the functions of the Committee could only extend to an examination of government policy if, and only if, the matter had been specifically referred by the Legislative Assembly or a Minister of the Crown. In addition, the functions of the Committee specified in sections 16(2) and 16(3) did not extend to an examination of the estimates of any proposed expenditure by the State or by an authority of the State.
- 3.41. In recognition of the increased workload imposed by these additional functions, the Chairman of the Committee was added to the list of recipients of fees by the Parliamentary Remuneration Tribunal under the Parliamentary Remuneration Tribunal (Public Accounts Committee) Amendment Act 1982.
- 3.42. Although proposed in the Joint Committee's report, the following recommendations were not included in the amended legislation:
- extending membership of the Committee to the Legislative Council;
 - allowing the Committee to examine estimates; and
 - requiring the provision of Auditor-General "red-line" reports to the Committee.¹²⁰
- 3.43. While these report recommendations were opposed by Members of the Opposition, there was broad bipartisan support for the expansion of the Committee's role and a recognition that increased powers would assist the Committee's work in increasing accountability to Parliament.¹²¹ A then Member of the Committee from the Opposition summarised the Committee's attitude in approaching its new tasks:

The Public Accounts Committee has much to do. It has submitted its report to the Parliament about police overtime. Soon it should be able to present its reports on the Department of Corrective Services. Government instrumentalities have been living in a wonderland for so long that the best thing that could have happened in the interests of the people of New South Wales was the establishment of a committee to provide independent scrutiny of their administration and make them responsible to the Parliament instead of only direct to the appropriate Minister.... An unbiased committee considering the problems of public administration can recommend extremely beneficial refinements.¹²²

- 3.44. The adopted amendments came into force early in 1983. In late 1983, the new Public Finance and Audit Act was passed. This replaced the Audit Act 1902 with a fundamentally modernised system of State financial management. Many of the

120 NSW Legislative Assembly Hansard, 4 November 1982, p 2281.

121 NSW Legislative Assembly Hansard, 23 November 1982, p 2795.

122 NSW Legislative Assembly Hansard, 23 November 1982, p 2806.

practices were replaced with new systems in keeping with modern accounting. Key features included:

- ensuring departmental heads were responsible for the implementation of proper accounting systems including internal audit;
- revised formats for the public accounts;
- a strengthening of auditing in relation to statutory authorities and departments; and
- more flexible arrangements for authorising expenditure before the Budget was handed down, such as allowing the transfer of functions between Ministers and changes to Commonwealth grants.

3.45. Importantly, the old system of payments unauthorised in suspense was tidied up. Section 22 provided that the Treasurer had to seek the Governor's permission for required expenditure in anticipation of Parliamentary approval in the following year's Appropriation. These would still be examined by the Committee but were no longer against the law.¹²³

3.46. The provisions relating to the Committee were included in the new Act with very minor modification. This Act commenced in early 1984 and a permanent Committee secretariat was established in August 1983.

Conclusion

3.47. As a result of a series of reviews into State financial management, the Committee was revitalised and empowered to undertake its own inquiries. This motivated the Committee to undertake many important wide-ranging investigations.

123 NSW Legislative Assembly Hansard, 10 November 1983, pp 2955-56.

Chapter Four: Advocates of Reform

- 4.1. This Chapter describes the work of the Public Accounts Committee from the 47th to the 52nd Parliaments, following the expansion of its powers in 1982. It examines how the Committee used its powers to contribute to improved accountability and advocated for reform of public sector management.

Major Areas of Inquiry

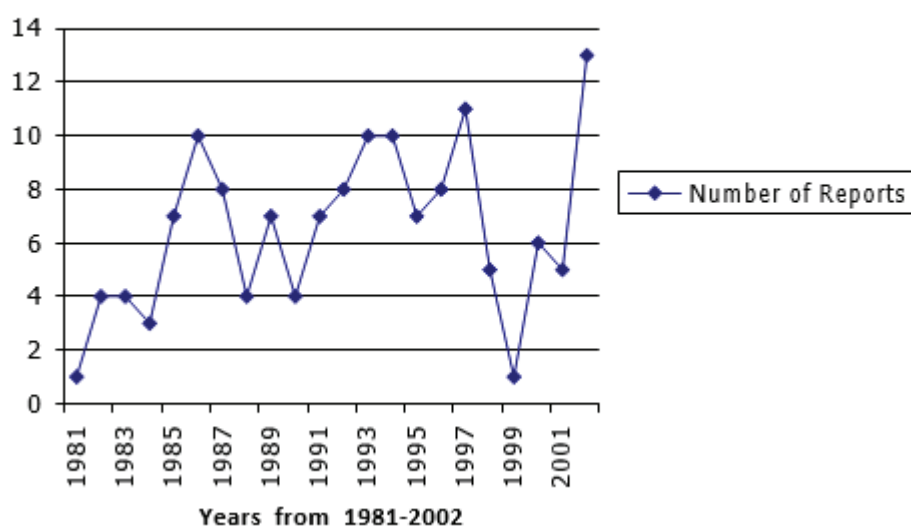
- 4.2. The 1980s were characterised by a period of significant change in the public sector. At times, the newly empowered Committee played an important part in advocating for and reviewing the implementation of public sector financial reforms. Key areas of activity included annual reporting, improved accountability of statutory authorities and the introduction of accrual accounting.
- 4.3. The Committee was actively investigating the feasibility of partnerships between the public and private sector in infrastructure provision. It also issued reports on improving corporate governance by reviewing particular instances of corporate failure, including inquiries into the collapse of the New South Wales Grains Board and flawed investment decisions in developing the coal washery at Ravensworth.
- 4.4. In addition, the Committee discharged its essential role of examining and following up the reports of the Auditor-General into the public accounts.
- 4.5. The Committee issued 143 reports between the beginning of the 47th Parliament in 1981 and the end of the 52nd Parliament in February 2003. This is an average of almost 24 per Parliament or around 6.5 reports per year, although the number ranges from 1 to 13. The variability in reports issued is summarised as follows:

Number of reports tabled by the Public Accounts Committee in each Parliament

Parliament	47th	48th	49th	50th	51st	52nd
(Years)	(1981-84)	(1984-88)	(1988-91)	(1991-95)	(1995-99)	(1999-2003)
Number of reports	9	28	19	32	30	25

- 4.6. The length of reports varied significantly from a few pages to several hundred, depending on the complexity of the issue of investigation. Appendix Two contains a complete list of these reports.

Number of Committee Reports Tabled Each Year 1981-2002



Sources of Inquiries

- 4.7. Upon receiving new powers, the Committee was also able to initiate its own inquiries, while continuing to receive references from Ministers, the Treasurer and, less frequently, the Auditor-General.
- 4.8. Receiving inquiry referrals from Ministers is important for two reasons. In the first instance, it allows the Committee to investigate matters of policy which would otherwise be outside its power, while also creating a level of government support for a Committee inquiry, thereby increasing the likelihood that recommendations will be implemented.
- 4.9. A 1997 review of committee reports from 1988 and 1996 found that a Ministerial reference was more likely to lead to a report with greater direct impact on government priorities and activities than inquiries initiated by the Committee itself.¹²⁴
- 4.10. The reports of the Auditor-General provided an additional important source of Committee work. About a third of Committee initiated inquiries followed up issues raised by the Auditor-General, as demonstrated in the Table below, enumerating the source of the references in 143 Committee reports.
- 4.11. Of the 100 reports initiated by the Committee, 33 were prompted by matters raised in reports by the Auditor-General and 12 were subsequent investigations of matters referred to the Committee by a Minister or the Auditor-General.
- 4.12. The distribution of these sources of inquiry is not uniform. Of the nine reports in the 47th Parliament, three were the result of references from Ministers, one from the Treasurer and two from the Auditor-General. The high numbers for the 50th Parliament reflected the “hung Parliament”, when the government relied on the support of Independent Members. Three of these references were from the Legislative Assembly and one, concerning Public Defenders, came from a Minister after negotiation between the Independent Members and the government. The

124 NSW Public Accounts Committee, Report 107, Follow-Up of Selected Public Accounts Committee Reports: 1988 – 1996, June 1997, p 72.

Committee received no references during the 52nd Parliament.

Number of references to the Committee in each Parliament

Parliament	47th	48th	49th	50th	51st	52nd
(Years)	(1981-84)	(1984-88)	(1988-91)	(1991-95)	(1995-99)	(1999-2003)
Number of references	2	8	9	19	2	0
Number of reports	9	28	19	32	30	25

Method of Operation

- 4.13. Unlike the early part of the century, when the Committee was dependent on Treasury for providing very limited information, the newly empowered Committee became extremely active in investigating issues relating to public accountability.
- 4.14. Supported by a small secretariat and the occasional use of consultants, the Committee was able to research complex issues and obtain detailed technical advice. The Committee also benefited from the expertise of seconded officers from the Audit Office, Treasury and other State government agencies.
- 4.15. The Committee regularly called for submissions, held public hearings as part of the inquiry process and often inspected locations related to the subject matter of the inquiry.
- 4.16. At times, the Committee assumed a leadership role in advocating for public sector reforms. It convened public conferences on annual reporting and public private partnerships for which it published the proceedings. It also organised round-table and informal discussions with representatives of industry sectors relevant to inquiries. Members also spoke at conferences about Committee's projects.

Case Studies

- 4.17. This section describes the work of the Committee by reviewing the major reports issued in a number of the key areas relating to public accountability.

Annual Reporting

- 4.18. One of the major areas of Committee activity in the 1980s and early 1990s was advocating for improvements to annual reporting for departments and statutory authorities.
- 4.19. In June 1983, the Committee tabled its Report on the Accounting and Reporting Requirements for Statutory Authorities, following a reference from the Treasurer. The report noted that there were some 300 statutory authorities governed by confusing and contradictory accountability arrangements.¹²⁵

125 NSW Public Accounts Committee, Report 7, Accountability of Statutory Authorities, June 1983.

- 4.20. The Committee recommended that a comprehensive annual reporting Act be established for statutory authorities, specifying their accounting requirements. In most cases, this included the adoption of accrual accounting and led to the enactment of the Annual Reports (Statutory Bodies) Act 1984.¹²⁶
- 4.21. The Committee led by example in choosing to issue an annual report of its own operations, although this was not a legislative requirement. The first report was tabled in 1984, and continued every financial year until the year ended June 2000, when the Committee decided that there was no longer a need to produce a report separate from that of the Legislative Assembly.
- 4.22. In January 1985, the Committee issued a report on proposed regulations to accompany the Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit Act 1983. This was followed in 1986 by a report into the regulations for annual reporting for Departments.¹²⁷ The importance of the Committee's work in this area was recognised by the legislative requirement to consult the Committee about any proposed amendments.
- 4.23. A 1986 follow up report into annual reporting by statutory authorities, found that the majority of Committee recommendations were included in the legislation. The Committee was concerned to note that 78% of statutory authorities had received at least one exemption from the legislation and others did not comply and had not sought exemptions.¹²⁸
- 4.24. In Reports 47 and 61, from 1989 and 1992 respectively, the Committee considered the question of accountability more generally, including reviews of the quality and timeliness of annual reporting.¹²⁹ The Committee found there was significant scope for improvement and recommended that chief executives be held accountable for late annual reports through their performance agreements.
- 4.25. In the mid-1990s, the Committee planned a major review of annual reporting as part of the Treasury's revision of reporting and financial management legislation. In 1995, the Committee published an issues paper (Report 90) which included the results of a survey of Members of Parliament conducted in 1994 regarding annual reports. This paper canvassed some of the issues to be examined in the inquiry, such as effectiveness of current annual reporting, specific requirements in the new legislation and mechanisms to monitor compliance.
- 4.26. The Committee also held a seminar, with the proceedings reported to Parliament in Report 92, entitled Annual Reporting in the NSW Public Sector: the Best is Yet to Come. Some of the issues to emerge from the seminar included: the need for annual reports to focus on performance; increased Parliamentary scrutiny of annual reports; the role of modern technology in annual reports; and accessibility of reports to readers.
- 4.27. The final report, The Truth, The Whole Truth And Nothing But The Truth?: Annual Reporting in the NSW Public Sector (Report 95) was tabled in April 1996. While

126 D Nicholls, *Managing State Finance: the NSW Experience*, Sydney 1991, p 243.

127 NSW Public Accounts Committee, Report 13, Proposed Regulations accompanying the Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit Act 1983, January 1985; Report 23, Report on Proposed Regulations Accompanying the Annual Reports (Departments) Act 1985 and Miscellaneous Amendments Concerning Annual Reporting, May 1986.

128 NSW Public Accounts Committee, Report 26, Follow-Up Report on Annual Reporting of Statutory Authorities 1986.

129 NSW Public Accounts Committee, Report 47, The Challenge of Accountability, November 1989; Report 61, Follow-up Report on Financial Accountability June 1992.

the Committee declared its general support for the annual reporting framework proposed by Treasury in its revision of the legislation, it also recommended some additions including:

- a clear statement of the legal obligations of Ministers and chief executives;
- performance information in program performance statements to be the minimum level of performance information included in annual reports;
- that the Auditor-General assesses performance information in annual reports; and
- the maintenance of public accountability by continuing to publish peripheral information as part of annual reports.

4.28. Of the 22 recommendations to this inquiry, the government accepted eight, although implementation depended on finalisation of the revised reporting legislation.¹³⁰

4.29. The Committee became less active in the area of annual reporting mainly due to the establishment in 1995 of the Legislative Assembly Public Bodies Review Committee, which was charged with examining the annual reports of all public bodies and reporting on the adequacy of these reporting arrangements.

Infrastructure Management and Financing in New South Wales (Report 73)

4.30. One of the major innovations in public sector financing in recent years has been the use of private finance to build public infrastructure such as roads, and provide some services traditionally delivered by the public sector, for example prisons. New South Wales had several such road projects during the 1980s and 1990s, including the Sydney Harbour Tunnel, the M2 (to Castle Hill), the M4 (to Penrith) and the M5 (to Campbelltown).

4.31. The Committee's two reports in this area came at a time when there was little expertise or experience in government for managing these arrangements.¹³¹ What might be regarded as standard procedure in later years was still experimental in the early 1990s .

4.32. During the 1990s, the government released a series of guidelines on privately financed projects (PFPs), culminating in a policy with expanded guidelines in November 2001. The Premier also released Memorandum 2000-11, covering the disclosure of government contracts. The significant number of Committee recommendations adopted in these documents illustrates the strength of the Committee's reports. In fact, the Memorandum largely reproduces recommendation 47 in the first report, along with the adoption of the following recommendations:

- the publication of a risk matrix showing the risks the government considers appropriate to assume itself;
- the publication of a list of potential PFPs in the State Infrastructure Strategic

130 NSW Public Accounts Committee, Report 107, p 69.

131 NSW Public Accounts Committee, Report 73, Infrastructure Management and Financing in NSW Volume 1: From Concept to Contract – Management of Infrastructure Projects, July 1993 and Report 80 Infrastructure Management and Financing in New South Wales – Public-Private Partnerships – Risk & Return in Infrastructure Financing (Vol. 2), February 1994.

Plan;

- the requirement for Cabinet Committee approval for a PFP to proceed;
- government agencies to fund Environmental Impact Statements and have them carried out on their behalf;
- the use of competitive bidding to select contractors and the publication of the reasons for direct negotiations, if entered into;
- limiting the number of final bidders to three;
- contract summaries, checked by the Auditor-General, are required for projects over \$5 million; and
- the publication of cost-benefit analyses to demonstrate that private participation led to a net benefit to the public.

Ravensworth Coal Washery (Report 37)

- 4.33. In 1987, the Committee investigated the financial and accountability arrangements surrounding the construction of a coal washing facility for the Electricity Commission (Elcom) at Ravensworth. The Committee chose to undertake this inquiry because the Auditor-General discussed financing arrangements for the washery in a 1985/86 audit report.
- 4.34. The washery was designed to reduce the level of ash in coal supplied to the Liddell power station as a way to improve the station's efficiency. As well as significant delays and cost increases during construction, the washery did not work as intended, requiring extensive and costly modification. The Committee investigated the technical aspects of the washery and examined whether it should have been built, was appropriately located and designed and offered value for money.
- 4.35. The Committee found significant flaws in the decision making process. Prior to designing the washery, Elcom relied on coal assessments performed by consultants, who became commercially involved in the design and construction. These assessments later proved to be flawed. Additionally, the staff of the Liddell power station were not consulted about their considerable experience in handling local coal and only became involved late in the design phase, adding to the final cost.
- 4.36. Because of financial and environmental concerns, the management decided not to include particular features recommended by the consultants in the final design. However, in deciding not to include these features, contractual responsibility for ensuring satisfactory performance was transferred to Elcom. This arrangement was of great concern to the Committee. After it became clear the washery was not working efficiently, features similar to those recommended by the consultants were added at high cost.
- 4.37. In his foreword to the report, the Chairman described the history of the coal washery as "a sorry story of ineptitude, inappropriate options and insufficient preplanning."¹³²
- 4.38. The Committee found that approval was given without sufficient analytical rigour, and rectification work was delayed by poor communication between management. Of great concern was that advice provided to the Minister by the

132 NSW Public Accounts Committee, Report 37, Report on the Ravensworth Coal Washery, October 1987, p i.

Commission did not accurately reflect the prevailing state of the operation. The report concluded that the Electricity Commission managed the project inefficiently, thereby misleading the responsible Minister.

- 4.39. In its report, the Committee recommended remedial action involving a review of the operational arrangements and the prevention of a recurrence of these management problems. This included recommending formal investment appraisal strategies for Elcom including external scrutiny, reviewing Elcom's structure, and strategies for improving the accuracy of advice to Ministers.
- 4.40. The government responded by announcing that all Committee recommendations would be implemented. Shortly thereafter, the government called for expressions of interest from the private sector to take over the washery. Meanwhile independent "acceptance tests" were carried out to ascertain its full capacity, to ensure that senior management functions were reviewed, a Ministerial Services Unit set up within the Commission, and an assessment made that the general performance of the washery had subsequently improved.¹³³
- 4.41. This report demonstrated the ability of the Committee to investigate complex technical and financial issues and make practical recommendations for addressing immediate problems, as well as suggesting actions to prevent similar occurrences.

Review of the Auditor-General's Office (Report 49)

- 4.42. In July 1990, the Committee tabled a review of the operation of the Office of the Auditor-General.¹³⁴ The Committee undertook this inquiry because the Auditor-General raised concerns about the adequacy of his powers to inform the Parliament and public that State finances were properly managed.
- 4.43. In its report, the Committee expressed satisfaction with the performance of the Office but considered that it was "time to update a 1960s' model Auditor-General's Office". The Committee recommended that the Auditor-General be empowered to carry out comprehensive audits (performance audits) and provided with funding for the development work for moving towards a comprehensive audit approach.
- 4.44. The report supported the 1988 change, thereby removing the Office from the Budget sector to a reliance on fees for service, using the payment for auditing services as a motivator for agencies to improve their internal processes. However, the Committee noted the Auditor-General's independence was somewhat constrained by the fact that Treasury set the fees.
- 4.45. The Committee also considered the need for Auditors-General to have up-to-date skills and recommended discontinuing the practice of life appointments, suggesting that future occupants of the position be appointed for a non-renewable term of seven years.
- 4.46. The Committee also identified problems with the depth and breadth of the skills base of staff at the Auditor-General's office. It proposed addressing this through recruitment and staff exchanges. The report recommended that the Auditor-

133 NSW Public Accounts Committee, Report 51, Annual Report for the Year Ended 30 June 1990, October 1990, p 43.

134 NSW Public Accounts Committee, Report 49, Report on the Auditor-General's Office of New South Wales, July 1990.

General be given the power to appoint his or her own staff, establish conditions and terms of employment and determine the staffing profile of the Office to enable it to respond better to changes in modern public sector auditing practice. The report also recommended that peer reviews of the Auditor-General's office be conducted at three year intervals.

- 4.47. Of the 40 recommendations in the report, 30 were accepted by the Treasurer and formed the basis for amendments to the Public Finance and Audit Act 1983. As a result, the Auditor-General:
- was appointed for a non-renewable term of seven years;
 - was able to carry out performance audits into economy, efficiency and effectiveness;
 - could appoint staff and establish conditions and terms of employment; and
 - became subject to triennial external reviews.
- 4.48. Whereas the Committee had recommended that the Auditor-General be appointed by a Parliamentary selection committee, this did not eventuate. However, Parliamentary involvement in the recruitment process was increased by amendments to the Act, giving the Committee veto power over the appointment of the government's preferred candidate for the position.
- 4.49. In June 1993, the Committee tabled report 70: *Review of Special Auditing Function of NSW Auditor-General's Office*. This arose from a recommendation in report 49 that the method and level of recurrent funding and progress achieved in moving towards comprehensive audits be reviewed after two years.
- 4.50. The report found that the Auditor-General had not addressed effectiveness adequately in the three performance audits undertaken at that stage. The Committee recommended the Auditor-General be provided with continued funds for special audit work. After a review of a subsequent performance audit of the HomeFund program, the Committee tended to the view that the current legislation for special audits was too onerous, but would not recommend amendments until further reviews.
- 4.51. In an assessment of its own reports in 1997, the Committee identified the 1990 review of the Audit Office as one of the most important inquiries it had undertaken, directly contributing to the restructuring of the Audit Office and the modernisation of public sector auditing.¹³⁵

Forestry Commission Review (Report 52)

- 4.52. In 1990, the Minister for Natural Resources asked the Committee to investigate the operations of the Forestry Commission, with particular reference to its accounting processes and performance. Other key issues were the functioning and general performance of the Forestry Commission in relation to efficiency, economy, effectiveness, marketing and pricing policies, production controls and finance and administration.
- 4.53. At that time, a number of statutory authorities were moving towards operating on a purely commercial basis. The Commission had been removed from the Budget sector in 1988, but had not restructured effectively, with Head Office

135 NSW Public Accounts Committee, Report 107, p 22.

consuming 26% of costs in a top heavy structure. It was reliant on significant government subsidies and tended to promote technical forestry staff to positions more appropriate for people with other skills, such as marketing and economics. The Committee found the Commission to be insular and not engaged with the community in addressing the best means of managing forests. The Chairman noted:

[The inquiry] provides detailed evidence of an organisation locked in a time warp and in consequence displaying a management structure, commitment to productivity and ethos which one would normally associate with a British colonial bureaucracy of the 1950s.¹³⁶

- 4.54. The resulting report, tabled in December 1990, generated much public interest and contained 78 recommendations for improving the management structure and practices of the Forestry Commission. These included:
- restructure of the Commission into four principal divisions which would separate the management of the native forests and of pine plantations;
 - the phased removal of all major subsidies;
 - an increase in hardwood royalties;
 - the development of more eucalypt plantations;
 - the reorganisation and reduction in the size of head office;
 - a new emphasis on marketing; and
 - changes to the Forestry Act, including provision for public participation in management planning.¹³⁷
- 4.55. Of the 78 recommendations contained in the report, the Commission agreed to 32, agreed in principle or subject to qualifications to 27, and only disagreed specifically with four. By 1992, 51 of the recommendations were implemented and a further 11 were accepted or implemented with qualification.¹³⁸
- 4.56. When the report was tabled, the Commission was preparing for a restructure with a new corporate plan, management structure and financial management information system. This restructure was implemented in 1992. The Committee planned to undertake a follow up review to see how many of its recommendations had been implemented but this was postponed, initially to enable the Commission to stabilise after the restructure. Later, the Council on the Cost of Government, established in 1995, was given a mandate to review the implementation of the Committee's recommendations.¹³⁹
- 4.57. In 1997, the Committee considered the impact of this report on the former Forestry Commission, later renamed State Forests. It noted that there had been some tension between the Committee and the Minister, as the report appeared while the Commission was being restructured on a commercial basis.
- 4.58. The Minister considered the Committee had not given these efforts sufficient

136 NSW Public Accounts Committee, Report 52, Report on the Forestry Commission, 1990, p ix.

137 NSW Public Accounts Committee, Report 52, Report on the Forestry Commission, 1990, pp xvii-xxxi.

138 NSW Public Accounts Committee, Report 58, Annual Report for the Year ended 30 June 1991 p 7.

139 NSW Public Accounts Committee, Report 66, Annual Report for the Year Ended 30 June 1992, p 45; Report 75, Annual Report for the Year Ended 30 June 1993, p 53.

weight, as many of the report recommendations were consistent with activities already underway. Nevertheless, the Committee noted that many of the recommendations were adopted and concluded that the inquiry assisted with the move towards the reform of the Commission.

- 4.59. The inquiry demonstrated the Committee's ability to investigate complex natural resource management issues and recommend the best structural arrangements for promoting the operation of a commercially viable authority.

Inquiry into the Collapse of the NSW Grains Board (Report No 128)

- 4.60. In 2001, the Committee investigated the reasons for the collapse of the NSW Grains Board, following press reports in July 2000 that the Board was in financial difficulty. At the time of the report, losses were estimated in excess of \$90 million.
- 4.61. The Grain Marketing Act 1991 created the Grains Board and vested it with monopoly export rights to coarse grains such as barley and oats and oilseeds, including sunflower and canola. The Act amalgamated the four previous boards managing these activities.
- 4.62. The Board comprised a Managing Director and six part-time members, four of whom had to be growers, and two with business qualifications. A five-member selection committee, four of which were appointed by the NSW Farmers' Association, chose the members of the Board. The Association also appointed the consultative committee, which had an oversight role.
- 4.63. The Committee first examined the Grains Board's corporate governance framework and adopted the principles from the Auditor-General's performance audit report, Corporate Governance (1997). An underlying principle was that such boards should act in the best interests of the organisation, rather than the interests of the group they represent. The majority of members on the Board, however, were growers and suffered from a conflict of interest. High grain purchase prices benefited their private businesses, but worked against the interests of the Board.
- 4.64. The Auditor-General also recommended that the composition of boards should be balanced with a cross section of interests and expertise, to prevent a specific interest group having undue influence over decisions. Not only was the Board dominated by growers, but it was dominated by the NSW Farmers' Association, excluding other groups from the selection process.
- 4.65. One of the Public Accounts Committee's functions is to support the work of the Auditor-General. In this case, the Committee recommended that government commercial entities should have a majority of independent board members with commercial backgrounds and a consultative committee representing a cross section of stakeholders.
- 4.66. The Committee then examined the accountability of the key players. Corporate collapses usually result in a focus on the conduct of three parties: the board; the external auditors; and regulators. In the case of the Board, the Committee found it relied excessively on executive management, internal control systems and auditor's reports. The Board failed to detect non-compliance with the Grains Board's policies, and once detected by the Audit Office the Board failed to initiate corrective measures.
- 4.67. The Committee accepted that Board members were not necessarily experts and

needed to rely on the advice and direction of management. However, this did not mean they should have passively accepted information and recommendations put to them, resulting in poorly presented reports from management.

- 4.68. In relation to the conduct of the auditors, the Committee did not have access to the Auditor-General's working papers and could not express an opinion about whether the audit was properly carried out. However, the Committee made a number of comments on the Auditor-General's reports to Parliament.
- 4.69. In the first instance, the Committee concluded that the Audit Office did not consider its audience in preparing reports. Although an accountant would be aware of the concepts raised, report readers are primarily public citizens and Members of Parliament, who would generally need to have the reports elucidated. The Committee recommended more explanation in the reports, which was supported by the Auditor-General.¹⁴⁰
- 4.70. Although many of the problems at the Grains Board were of long standing, the report did not highlight repeat findings or the lack of remedial action by the Board. The Committee recommended that the Auditor-General label all repeat findings, which is now standard practice in its reports to Parliament.
- 4.71. Finally, the Grains Board was subject to statutory oversight by the Director-General of the Department of Agriculture. This officer was required to generally keep its activities under review and make regular reports to the Minister. The Director-General also had the power to request management audits and information from the Grains Board on specified activities, which the organisation had to provide.
- 4.72. The Committee found the Director-General did not fulfil his statutory responsibilities. For example, the Grains Board achieved an operating profit at 31 August 1999 of \$2.45 million by imposing an administrative charge on the pool accounts of \$2.7 million. The size of this charge, which put the Grains Board into profit, should have been investigated.
- 4.73. In conclusion, a number of benefits flowed from the report, including holding the main parties to account through the public hearings and publication of its findings. Although court action may have ensued over the collapse, the inquiry was of use to the community and the Parliament because of its timeliness after the issue became public.¹⁴¹
- 4.74. The second benefit of the report was that the Auditor-General took on board a number of the recommendations in relation to reporting. This served to make audit reports more effective, and ultimately contributed to better financial management in NSW. Finally, the Committee supported the Auditor-General's work on corporate governance in the public sector, and in light of corporate collapses in the private sector such as HIH, One-Tel and Enron, paved the way for future reform.

Modification of the Committee's Powers

- 4.75. The *Public Finance and Audit Act 1983* was amended several times in the period under review, including modifications to provisions to clarify or augment the

140 Audit Office of NSW Annual Report 2002, p 3.

141 Audit Office of NSW Auditor-General's Report 2002, Volume 6, p 81.

Committee's powers.

- 4.76. In 1991, the Committee was given responsibility for selecting the reviewer for the independent reviews of the Audit Office, to be held at least once every three years. Upon completion, the Auditor-General was required to forward the report to the Committee for tabling in the Legislative Assembly.¹⁴²
- 4.77. Since 1992, the Treasurer has been required to refer a prospective appointment to the position of Auditor-General to the Committee. Although the Committee is able to veto the proposal, this veto power has never been exercised¹⁴³.
- 4.78. Another amendment in 1991, enabled the Committee to meet while Parliament was sitting.¹⁴⁴ Previously, the Committee's Chairman had to seek leave of the House for the Committee to meet. This requirement appears to have created some inconvenience, as the Votes and Proceedings listed several occasions where such permission was sought.¹⁴⁵
- 4.79. The Committee also received additional responsibility when the annual reporting Acts for statutory authorities and departments were passed. These Acts included requirements that the Treasurer consult the Committee about any changes to the legislation, enabling the Treasurer to refer matters relating to annual reporting for its investigation.¹⁴⁶
- 4.80. In 1999, the Act was amended to expand the Committee's membership from five to six. The number required for a quorum was also increased by one, to four Members.¹⁴⁷ These numbers have remained stable to date.
- 4.81. Although there is no legislative requirement for the government to implement Committee recommendations, there is a requirement under a Premier's Memorandum issued in 1996 for Ministers to consider them and provide a formal response within six months of tabling. The Memorandum was updated in 1998, to instruct Ministers to respond to any follow up questions the Committee might have 18 months after a report on the implementation of recommendations.¹⁴⁸
- 4.82. In 1995, the government established a Council on the Cost of Government, one of the functions of which was to co-ordinate government action on recommendations from watchdog bodies such as the Committee. The Committee and Chairman of the Council met with a view to progressing this several times over the course of four years.
- 4.83. However, this responsibility was removed when the Council was reconstituted as the Council on the Cost and Quality of Government in 1999. While there is no longer a central agency with formal responsibility for advising the government about implementation of Committee recommendations, the Committee can undertake its own further inquiry to investigate the fate of its recommendations.¹⁴⁹

142 Section 48A inserted No 88, 1991.

143 Section 57A, inserted No 43, 1992.

144 Section 56(9) inserted No 94, 1991.

145 NSW Legislative Assembly Votes and Proceedings, 12 June 1984 p 156; 25 November 1987 p 1128; 5 April 1989 p 340; 2 July 1991 pp 31- 30.

146 Section 19 Annual Reports (Department) Act 1985, Section 19; Annual Reports (Statutory Authorities) Act 1984, Section 16.

147 Parliamentary Committee Legislation Amendment Act 1999 (No 16).

148 Premier's Memorandum 98-11 and 96-9.

149 NSW Public Accounts Committee, Report 103 Annual Report for the Year Ended 30 June 1996, May 1997, pp29-30.

Fundamental Review

- 4.84. Treasury undertook a detailed review of financial management legislation over a number of years. In a discussion paper released in July 1998¹⁵⁰, it discussed the operation of the Committee in the context of public sector financial management and recommended that:

The Committee is to be given an explicit power to examine the Government's responses to its reports, and to conduct follow-up inquiries and to report further to Parliament.

The Committee is to be given an enhanced role in relation to the oversighting of the Auditor-General and the Audit Office similar to that conferred on the Parliamentary Committees oversighting the Offices of the Ombudsman and the Independent Commission Against Corruption.

The Committee is to have the same powers as other Parliamentary Committees in relation to the calling of persons, papers and records for the purposes of the conduct of its inquiries and the issue of the confidentiality of evidence is to be clarified.

Effectiveness of the Committee

- 4.85. Due to the lack of a systematic review of its operations after receiving its new powers, it is difficult to measure the effectiveness of the then Committee. Although having achieved a higher profile than in the past, and its work attracting significant media attention and some praise from both the government and the opposition, there were occasions when the Opposition was quite critical of the Committee's performance.
- 4.86. Soon after the reforms, newspaper articles typically described an energetic Committee eager to investigate a dastardly public service. Headlines included: "Accountability PAC watchdog snaps at PS sleepers"; and "Public bodies find paper tiger does have teeth."¹⁵¹
- 4.87. The Committee's 1993-94 annual report dutifully listed 94 references to its work in various major newspapers and publications in that year.¹⁵²
- 4.88. In 1988, the Leader of the Opposition and former Committee Chairman, Mr Robert Carr MP, described the Committee as:

*Undoubtedly ...the most successful attempt by the Parliament of NSW to give itself some say over what is happening out there in the administration...it's laid the basis of reform....it's one of the most remarkably successful activities the Parliament has engaged in.*¹⁵³

- 4.89. By way of contrast, in 2001 as part of a debate on a motion to include Members

150 NSW Treasury, *Fundamental Review of NSW Financial and Annual Reporting Legislation*, July 1998.

151 GO September 1985, p16, *Business Review Weekly* March 11, 1985 p 114.

152 NSW Public Accounts Committee, Report 85, *Annual Report for the Year Ended 30 June 1994*, October 1994 pp117-120.

153 Mr Robert Carr MP, Radio 2GB, 1988 cited in *Committee Working Paper the NSW Public Accounts Committee*, undated, 48th Parliament.

of the Legislative Council on the Committee, the Hon. Brian Pezutti MP, an Opposition Member, was particularly critical of the Committee. He claimed that only one of its reports had any impact on the running of the State, complaining about the “extraordinarily bloated committee staff numbers” and describing one report as “the most extraordinary and inept report that I have ever seen on the subject matter”.¹⁵⁴

- 4.90. Mr Pezutti considered that “on a cost-benefit basis, the Committee probably should be abolished altogether.” As these types of comment are dependent on the motivations and attitudes of their originators, it is difficult to use them to draw reliable conclusions about the Committee’s effectiveness.

Performance Indicators

- 4.91. Most work on performance criteria for Parliamentary committees has tended to focus on an effectiveness assessment of implementation of Committee recommendations. However, there are difficulties with this approach, as recommendations vary in relative importance, complexity, quality and relevance depending on internal and external circumstances.
- 4.92. Such an approach may also not effectively capture less tangible results of Committee work. For instance, it is hard to establish the direct impact of the Committee’s advocacy of annual reporting improvements on departments and statutory authorities. Additionally, the powers of the Committee to undertake detailed inquiries may have deterred some maladministration, triggered internal reviews and prompted other improvements in agency financial processes.¹⁵⁵

Self-review

- 4.93. The Committee has made efforts to review its own effectiveness by investigating the results of earlier reports. In June 1997, the Committee issued Report 107 Follow up of Selected Public Accounts Committee Reports 1988-96. This report examined the impact of 27 reports by reviewing government responses, assessing the level of implementation of recommendations, determining whether or not the reports were successful and how the level of success could be improved.
- 4.94. The report noted that, although a large number of Committee recommendations had been implemented, not all reports had equal impact. It concluded that, of the 25 assessable reports, 16 could be defined as successful. On this basis, the Committee decided “it has made a valuable contribution to improving the accountability and management practices of the public sector”.¹⁵⁶
- 4.95. It also proposed improvements to the system for government responses to committee reports, which at that time only required a single initial response without a follow up. The Committee recommended that government responses be tabled in Parliament.

154 NSW Legislative Assembly Hansard, 25 October 2001, p 17990.

155 M Aldons, Rating the Effectiveness of Parliamentary Committee Reports: the Methodology, pp22-32 Legislative Studies, Vol 15 No 1 Spring 2000, passim and particularly pp 28-29, Rating the Effectiveness of committee reports: some examples, pp 52-60 Australian Parliamentary Review, Vol 16 No 1, 2001.

156 NSW Public Accounts Committee, Report 107, op. cit. p 71, p v.

World Bank Criteria

- 4.96. As noted in Chapter Two, the World Bank listed four requirements for effective public accounts committees, namely:
- having a broad scope;
 - self-referencing power;
 - power to report and follow up its reports; and
 - support from the Auditor-General, Members of Parliament and research staff.¹⁵⁷
- 4.97. It was clear that the Committee had performed far better against these criteria with its new powers than under the original establishing legislation. It was now able to initiate inquiries into a wide range of areas, could demonstrate how the Executive and Parliament had responded to report recommendations, and there were formal requirements for Ministers to respond to Committee reports within six months of tabling.¹⁵⁸
- 4.98. In addition, the Committee met frequently, consulted widely as part of its inquiries and had regular discussions with the Auditor-General, drawing on advice from his office when appropriate. Finally, the Committee was supported by permanent staff, with access to specialist skills from secondees and consultants as required.

Conclusion

- 4.99. In the twenty years covered in this Chapter, the Committee made major contributions to improvements in public administration. It worked with the Auditor-General to investigate significant public programs and undertook its own investigations on a range of topics.
- 4.100. The Committee's efforts in the area of annual reporting and improving corporate governance were particularly important. It had the resources and the power to make credible recommendations and proved to be an effective critic of the delivery of government services and the management of State finances.

157 E Bosak, *Improving Public Financial Accountability the Way Forward: Draft results of a World Bank Study*, presented to the Biennial Conference of the Australasian Council of Public Accounts Committees, Melbourne 2-5 February 2003.

158 Premier's Memorandum 98-11 and 96-9.

Chapter 5: More Recent Developments

- 5.1. As detailed in the previous Chapter, by 2003 the Public Accounts Committee had established its credentials as an effective and important contributor to improved Parliamentary scrutiny of public administration and financial accountability. It has continued to consolidate its role and oversight capabilities in successive Parliaments. This Chapter documents further refinements to the operation of the Committee, resulting from changes in the legislative and procedural landscape from the 52nd to the 56th Parliaments, concluding in 2018.

Audit Office Reviews

- 5.2. A significant aspect of the work of the Public Accounts Committee is to supplement the effective scrutiny of public expenditure by the Auditor-General. The Committee adds additional heft to the reports made by Audit Office and, by further reviewing and reinforcing the Auditor-General's recommendations, provides greater impetus for ensuring that these are implemented.
- 5.3. In its complementary, yet distinct role of acting as the reporting authority for the Auditor-General to the Parliament, the Public Accounts Committee also exercises the legislative function of scrutinising the performance of the Auditor-General's Office. As previously indicated, changes to the Public Finance and Audit Act 1983 resulting from the Committee's 1990 report into the operation of the Auditor-General's Office mandated a triennial external review of the Auditor-General.
- 5.4. Section 48A was inserted into the Public Finance and Audit Act 1983 in 1991, following a recommendation of the Public Accounts Committee in its 1990 report on the Auditor-General's Office. One of the factors prompting the Committee's inquiry and the resultant change to the Act, arose from the Auditor General's concern that he was 'fulfilling neither Parliament's expectations nor the modern role of an Auditor-General', and the Committee's impetus to update a 1960s model of the Auditor-General's Office.¹⁵⁹
- 5.5. Section 48A of the Act provided for an independent review of the NSW Audit Office at least once every three years. In its most recent report on the matter, tabled in September 2011, the Public Accounts Committee made a recommendation to extend the time between the reviews to four years by amending the Act.¹⁶⁰ This was formalised in legislation in 2012 and ensured that such a review would be carried out once in the life of a four-yearly Parliamentary fixed term.
- 5.6. According to section 48A (2), the purpose of the independent reviews is to examine the auditing practices and standards of the Auditor-General and to determine whether the Auditor-General is complying with those practices and standards in the carrying out of functions legislated under the Act.
- 5.7. Prior to the insertion of section 48A, there were no independent reviews of the Audit Office, although there were external peer reviews of the Office undertaken

159 NSW Public Accounts Committee, Report 49, Report on the Auditor-General's Office of New South Wales, July 1990.

160 NSW Public Accounts Committee, Report 1/55, Conduct of the 2009 Review of the Audit Office under s48A of the Public Finance and Audit Act 1983, September 2011.

in 1984 and 1988. Peer reviews are commissioned by the Audit Office itself without the involvement of the Committee and the results, which are not made public, cannot be objectively described as truly independent.

- 5.8. The independent review is particularly important when one considers that the relationship between the Public Accounts Committee and the Auditor-General is different from that of general oversight committees and other officers of the Parliament, such as the Ombudsman. For instance, the Public Accounts Committee does not examine the annual reports of the Auditor-General in order to gain an understanding of the operations of the Office.
- 5.9. In conducting the independent review, the Committee is tasked with appointing the reviewer and determining the terms and conditions of the appointment. The selection criteria for the tender are assessed based on:
 - the degree of understanding of the Committee's requirements demonstrated by the bidder;
 - the appropriateness and quality of the method the bidder proposes to follow, including the approach to the task and the proposed schedule and timetable of activities;
 - the bidder's relevant experience, as well as the expertise and experience of the people proposed to do the work;
 - the total cost, including any significant, additional use of the Parliament's personnel and facilities; and
 - the management of any conflicts of interest.
- 5.10. Once completed, the report of the reviewer is transmitted to the Committee and subsequently tabled in Parliament. Seven such reports had been published up to and including 2018, resulting in administrative and procedural improvements to the operation of the Audit Office.

Audit Office Briefings

- 5.11. In order to enhance its ability to scrutinise the work of government agencies in collaboration with the Audit Office, the Committee instigated more regular contact with the Auditor-General in 2013, by requesting routine briefings on Audit Office reports upon tabling.
- 5.12. This practice, which is now embedded in the Committee's work program, provides an ideal opportunity for Members to familiarise themselves with the current activities and schedule of Audit Office reviews. It also facilitates discussion, collaborative interaction and knowledge sharing between the Audit Office and the Committee. This has proven to be extremely valuable in assisting and strengthening the Committee's remit.

Parliamentary Relations

- 5.13. The scope of the Committee's activities also encompasses information sharing and joint meetings with similar bodies in other jurisdictions. This includes the Australasian Council of Public Accounts Committees (ACPAC), the Commonwealth Association of Public Accounts Committees (CAPAC) and

assisting visiting delegations representing Public Accounts Committees from other countries.

ACPAC

- 5.14. The Committee is an active participant in the Australasian Council of Public Accounts Committees (ACPAC), formed in 1989 as a forum for the exchange of information and opinions relating to Public Accounts Committees. ACPAC provides committees with the opportunity to share experiences, best practice and matters of mutual interest. Its stated aim is to improve the quality and performance of Public Accounts Committees, with an emphasis on Australasia.
- 5.15. The ACPAC membership is open to all Public Accounts Committees within Australasia, being defined as Australia, New Zealand, Papua New Guinea, Fiji and the Solomon Islands. The Council operates on a two-year cycle, with a biennial conference and a mid-term meeting in each alternate year.
- 5.16. The New South Wales Public Accounts Committee hosted the twelfth biennial ACPAC conference in Sydney on 10 and 11 April 2013, with the theme of 'Public Accounts Committees - Adapting to a Changing Environment'. The conference program focused on the role of Public Accounts Committees and the operations of, and challenges faced by, Public Accounts Committees in different jurisdictions.
- 5.17. The conference included national and international speakers from Public Accounts Committees, academics and auditors. More than 100 delegates attended, representing 25 different jurisdictions, including Committee Members from all Australian States and Territories, as well as delegates and participants from: Bougainville, Samoa; Tonga; New Zealand; Papua New Guinea; Fiji; Indonesia; Kiribati; South Africa; the Free State Legislature; the Gauteng Provincial Legislature; the Limpopo Legislature; the Northern Cape Provincial Legislature; Uganda; Vanuatu; and the United Kingdom.

CAPAC

- 5.18. The Commonwealth Association of Public Accounts Committees was formally instituted at a Commonwealth Heads of Government Meeting (CHOGM) in Malta on 27-29 November 2015. It was established as a network for strengthening public financial management and accountability and to maintain the trust of citizens in the integrity of governments and legislatures.
- 5.19. According to the CAPAC Constitution, the aim of the Association is to ensure that all Commonwealth Parliaments and the citizens they serve benefit from strong and independent public accounts or equivalent committees to sustain and promote the highest principles of public finance.
- 5.20. The First Biennial CAPAC Conference was convened at Westminster in 2017, where its Constitution was ratified. The two categories of membership comprise full (national) and associate (sub-national), where sub-national membership is contingent on full membership and support for its application by the national committee.
- 5.21. As the Federal Joint Committee of Public Accounts and Audit (JCPAA) has full membership, the NSW Public Accounts Committee has applied for associate

membership. This is still to be ratified.

Comprehensive Examination of Performance Audits

- 5.22. During the 53rd Parliament, the Public Accounts Committee commenced a new approach to its examination of the Auditor-General's performance audits. Whereas the Committee's past practice had been to conduct general inquiries into one or two selected audits each year, the Committee began to systematically review the responses of relevant government agencies to all performance audits undertaken, 12 months after every audit.
- 5.23. This new system was adopted in September 2007 and introduced gradually throughout the year, commencing with all performance audits tabled after 1 July 2006. Initially the Committee sought only written comments from responsible agencies and the Auditor-General on the response to the audit.
- 5.24. For audits tabled after 12 December 2006, the Committee invited agency representatives to appear at public hearings to clarify any questions arising from their submissions. The new approach improved agencies' public accountability for their response to the Auditor-General's recommendations and allowed both the recommendations and the responses to be tested in a public forum.
- 5.25. This process has focussed agencies' attention on how best to respond to issues identified by the audit. Examination by the Committee has led agencies to explicitly rethink their responses to recommendations, or to update and implement responses in time for hearings.
- 5.26. The Committee's systematic follow up process has sent a clear message that Parliament wants to ensure that the recommendations of the Auditor-General are adequately considered and addressed. The Committee's recommendations from this process have also resulted in further government action, with greater acceptance of the audit itself including additional recommendations made by the Committee in its reports.
- 5.27. A further benefit has been efficiency savings for the Audit Office. By providing an effective system for following up agency responses to audits, the Committee has freed up the resources of the Audit Office from the need for follow-up audits. From 2005 to 2007 the Audit Office produced 12 follow-up audits at a cost of nearly \$500,000 a year. In subsequent years, the Auditor-General has not tabled any follow-up performance audits.

The Parliamentary Budget Office

- 5.28. The Parliamentary Budget Officer Act 2010 provides for the establishment of a Parliamentary Budget Office (PBO) in NSW. The Parliamentary Budget Officer is an independent officer of Parliament who is appointed to scrutinise election costings provided by the major parties. The Parliamentary Budget Office commenced operation in the lead-up to the 2011 NSW election.
- 5.29. Amendments to the Act, made in 2013, charge the Public Accounts Committee with a monitoring and review role in relation to the PBO. In particular, section 15 of the Act states that the PAC:
 - (1) may monitor and review the operations of the Parliamentary Budget Officer appointed for a State general election and report to Parliament on any

matter relating to that Officer.

- (2) The Parliamentary Budget Officer is to provide to the PAC a copy of the operational plan of the Parliamentary Budget Officer as soon as practicable after it is approved by the Presiding Officers.
- (3) The Parliamentary Budget Officer is required to furnish a report to the PAC as soon as practicable after the State election for which he or she was appointed. The report may include recommendations on operational arrangements and activities of the Parliamentary Budget Officer in respect of future general elections.¹⁶¹

- 5.30. The requirement to submit a report to the Public Accounts Committee soon after State general elections ensures accountability of the PBO to the Parliament, and provides a means for the PBO to report on its operational arrangements and the effectiveness of its interactions with the major parties. However, although the PBO reports to the Committee, there is no direct requirement for the government to consider its recommendations.
- 5.31. In order to address this shortcoming for the 2015 election, the Committee resolved to advocate on behalf of the PBO by tabling the report in Parliament, with additional comments and further recommendations as required. This action automatically triggers a government response obligation within six months after tabling.
- 5.32. The additional step in the process ensures that the recommendations and work of the Parliamentary Budget Office are heeded by the government, and thereby improves the capacity of the PBO to assist in the conduct of future New South Wales elections.

Amended Legislation

- 5.33. As part of an overhaul of NSW government financial management practices, a new legislative framework was established, commencing in December 2018. The Committee's previously described operational charter under Part 4 of the Public Finance and Audit Act 1983, was re-established in the Government Sector Audit Act 2018. The change in name of the enabling legislation does not materially alter the constitution, role or powers of the Committee or its procedures.
- 5.34. The passage of the contingent Government Sector Finance Bill 2018 and the Government Sector Finance Legislation (Repeal and Amendment) Bill 2018, both part of the government's financial management transformation program, replaced the previous legislative framework for public sector financial management which had been in place for more than 30 years.
- 5.35. The new legislation provided an opportunity for debate and the moving of amendments in the Legislative Council in June 2018 to establish the Committee as a joint committee of both Houses, chaired by an opposition Member. In previous Parliaments, where the Legislative Council had moved to extend Committee membership to both Houses, such amendments have not been agreed to on the basis that money bills originate in the Legislative Assembly.
- 5.36. The 2018 amendments were therefore also not agreed to, as it was considered that the Assembly was the more appropriate forum to consider the public accounts. In the words of the then Treasurer, the Hon Dominic Perrottet MP:

161 Parliamentary Budget Officer Act 2010.

...It is important that the Legislative Assembly retain control of the committee, given its significant and longstanding role in relation to the scrutiny of public finance and the part it plays in the Legislative Assembly's constitutional functions with respect to public finance. The proposed amendments could not achieve the intended objective of an effective joint committee.¹⁶²

Conclusion

- 5.37. Since 2003, the Committee has further streamlined its functions and taken on additional oversight responsibilities. The contemporary Committee has continued to build on its previous success and further enhanced its reputation as an essential constituent of Parliamentary financial oversight and accountability.

162 NSW Legislative Assembly Hansard, 14 November, 2018, p64.

Chapter Six: Committee Membership and Career Advancement

- 6.1. This Chapter examines the role and influence of Public Accounts Committee membership on the future Parliamentary careers of its Members, particularly its Chairmen. Also described is the process of selecting Members, factors affecting the length of time they served on the Committee and whether this service enhanced their career prospects.
- 6.2. From 1902 to 1999, five Members were appointed to the Committee for each Parliamentary term. Although the Committee has always operated in a bipartisan manner, the majority of Members came from the party or parties of the government of the day. Since 1999, the Committee has had six Members: three from the government; two from the opposition; and one independent.

A Joint Committee

- 6.3. As previously mentioned, Members of the Committee have always come from the Legislative Assembly, despite repeated proposals to extend membership to the Legislative Council. Calls for a joint committee commenced in the 1950s, when Opposition Members made reference to the example of the Commonwealth Joint Committee on Audit.
- 6.4. In 1980, the Joint Committee on the Public Accounts and Financial Accounts of Statutory Authorities considered a joint committee more appropriate for reviewing public accounts. In 2001, the Legislative Council agreed that Committee membership should include their House.
- 6.5. However, the government of the day has always resisted these proposals on the grounds that the lower house is responsible for introducing money bills and so should consider the public accounts. The comments of the then Attorney General, the Hon D P Landa MP, in 1983 summarises this position:
- 6.6. The Government's view has been and has been stated on a number of occasions that this House of review does not have a role that encompasses consideration of money bills and finance matters such as would render it appropriate to have membership of the Public Accounts Committee.¹⁶³
- 6.7. As already referenced in the previous Chapter, the most recent example of an attempt by the Legislative Council to include their Members in a joint committee occurred in 2018, when amendments moved to the Government Sector Finance Bill 2018, to establish the Committee as a joint committee of both Houses, was defeated on the same grounds.

Appointment Process

- 6.8. The Audit Act 1902 and the Public Finance and Audit Act 1983 provided that Members of the Committee be elected by the Legislative Assembly. For most committees appointed under the Audit Act, Hansard records a straightforward process of the Speaker informing the House that the Colonial Treasurer or the Premier had provided the nominations, which were read out in alphabetical order

¹⁶³ NSW Legislative Assembly Hansard, 29 November 2001, p 17990; NSW Legislative Council Hansard, 28 November 1983.

and a day fixed for voting. A few days later, the names were read out again and approved. In some cases, this process was marginally more complicated.

- 6.9. Perhaps because of its novelty, Members of Parliament took great interest in the election of the first Committee in 1902. As a consequence, two Members were elected in a division of the House, rather than on the voices. There was also some debate about the process of selecting Members for nomination, with one Member asking whether the Opposition had nominated two Members. He was told that the Executive had followed the practice of the House of Commons.
- 6.10. Sir John See, the Colonial Secretary, initiated the Committee's traditional bipartisan operations by stating that, while all three sides of the House were consulted about nominations, it was not meant to be a committee on Party lines. He said in relation to the nominees:

*They are very good men. In fact, I think that all those who have been appointed to the committee are very good men.... What I have stated shows there was no favouritism or party feeling so as the Government was concerned. There has been no party vote at all.*¹⁶⁴

- 6.11. At various times, the election process was not straightforward. In 1907, William Holman MP, a future Premier, withdrew his nomination when Members were about to be elected.¹⁶⁵ In 1928, Mr Bryce Crawford Walmsley MP could not be elected as the replacement for a deceased Member as it was discovered he was already a Member, a fact escaping everyone's notice until the last minute.¹⁶⁶
- 6.12. On a number of occasions, elections were delayed by other political events. In 1913, nominations were read out with the vote scheduled for the following day, when Parliament did not sit and was prorogued before the House could vote to appoint the Members.¹⁶⁷ In 1917, Parliament was prorogued on the day nominated for voting on nominees to the Committee.¹⁶⁸
- 6.13. In 1920, the nominations were announced but not voted on before prorogation on 28 April. Despite Parliament resuming in May, notice of nomination (of the same five Members) was not given until November.¹⁶⁹ This may indicate the low level of importance of the Committee at the time.
- 6.14. Despite the legislative imperative to elect Members in the first session of every Parliament, there was no reason to address the situation until the Budget session, when the Committee was required to consider aspects of the public accounts.
- 6.15. On two occasions, the procedure for announcing the date of electing Members in advance was not followed. In 1916, Members were elected to the Committee the same day as nominations were read, and in 1939 the Votes and Proceedings record the election of Mr Eric Saxby Solomon MP to the Committee (in place of a Member who had become a Minister) without any form of prior notification.¹⁷⁰
- 6.16. In 1910, the Hon William Wood MP, an Opposition Liberal Party Member

164 NSW Legislative Assembly Hansard, 4 September 1902, p 2490-91.

165 NSW Legislative Assembly Hansard, 31 October 1907, p 657.

166 NSW Legislative Assembly Votes and Proceedings, 25 September 1928.

167 NSW Legislative Assembly Votes and Proceedings, 23 December 1913.

168 NSW Legislative Assembly Votes and Proceedings, 17 and 18 April 1917.

169 NSW Legislative Assembly Votes and Proceedings, 20, 28 April 1920; 3 and 7 November 1920.

170 NSW Legislative Assembly Votes and Proceedings, 7 December 1916; 27 July 1939.

and former Minister, used the occasion to query the financial acumen of two nominees, Mr David Storey MP from the Freetrade Party and Mr George Black MP from the ALP. He spoke at length, harshly criticising the behaviour of Mr Storey on the entirely separate matter of a public disagreement with the Liberal Party leadership about upcoming referenda.

- 6.17. Debate was interrupted when the Speaker was reminded that previous Speakers had ruled against debate on the nominees. Mr Black's election went to a division and his nomination was supported with a margin of 47:22. The other Members were subsequently elected without further incident.¹⁷¹
- 6.18. The appointment of Members to more recent Committees has been relatively uneventful.

Types of Members Appointed to the Committee

- 6.19. As noted in Chapter One, one of the suggested reasons for establishing the Committee was to provide an opportunity for newer Members of the House to learn about financial management. Indeed, when debating the proposed Committee in 1896, the then Treasurer, the Hon George Reid MP, vividly evoked an image of a litter of future Ministers with the phrase "a committee of sucking Treasurers".¹⁷²
- 6.20. This Chapter tests whether the Committee was in fact used for this purpose, by discussing other positions held by Committee Members and their career progression before and after having served on the Committee.¹⁷³ It also discusses the benefits of having experienced Members for the effective operation of a committee.

Stage of Parliamentary Career

- 6.21. In recent years, it has become customary for Members to be appointed to committees early in their Parliamentary careers. This would be in their first, second or even third Parliamentary term.
- 6.22. The Table below illustrates the stage of Committee Members' Parliamentary careers by indicating how many terms they had served when they were first appointed. For comparative purposes, this is divided into two periods of roughly fifty years.

171 NSW Legislative Assembly Votes and Proceedings, 30 November 1910.

172 NSW Legislative Assembly Hansard, 8 Sep 1896, p 2957.

173 Unless otherwise stated, the biographical information in this Chapter is derived from the official Parliamentary Record 1824-1999 Volume VI, Parliament of NSW, 1999. Information regarding appointment of Committee Members is drawn from the Votes and Proceedings of the Legislative Assembly.

Stage of Parliamentary career at which members first appointed to the committee

Term	1st	2nd	3rd	4th	5th	6th or more	Total
Members appointed in first half century (19th –36th Parliaments 1902 – 1953)	15	16	12	6	5	7	61
Members appointed in second half century (37th -32nd Parliaments 1953-2003)	20	19	8	7	1	3	59
Total members appointed 19-52nd Parliaments (1902-2003)	35	35	20	13	6	10	119

- 6.23. The database reflects the operation of the Committee in its first 100 years.
- 6.24. Of the 119 Members in the Committee’s first century of operation, 70 were appointed in their first or second term and a further 20 were appointed in their third term. However, there was also a relatively high proportion of very experienced Parliamentarians appointed to the Committee for the first time.
- 6.25. This trend is not consistent, as witnessed in the Committee’s first 50 years, where seven of the Members who had served six or more terms were appointed, including four in the first decade of the twentieth century.
- 6.26. There was also a slightly lower proportion of Members serving their first or second terms, indicating that in this period, training of new Parliamentarians was less of a potential motive for selecting Committee Members. However, in the second half century the proportion of relatively inexperienced Committee Members had increased so that more than two-thirds were first appointed during their first or second term.

Continuity of Committee Membership

- 6.27. The United Kingdom has a practice of repeat appointments to the House of Commons Committee on Public Accounts, as it considers that the Committee benefits from their skills and past experience.¹⁷⁴ The situation is not directly comparable to the NSW Committee, as Members are appointed for each Parliamentary term, rather than annually.
- 6.28. This means that if a Member is appointed for a second time, they would bring three or four years of experience to the Committee. On this basis, one might expect that a single experienced Member would be able to guide the Committee’s deliberation effectively. However, there has been a tendency for a greater number of reappointments, indicating that their selection was made at least partly on the basis of previous service.
- 6.29. It has been quite rare for all the same Members to be appointed to successive committees. This has happened only in 1944 and 1962, following elections at which there had been no change of government.
- 6.30. By the same token, it has been rare for an entirely new Committee to be appointed, only occurring in 1922, 1941 and 1991. While the first two instances followed a change of government, in 1991 the reasons were more complex. In

174 Chubb op. cit. p 37.

this case two Members of the previous Committee were appointed to the Ministry and the two Opposition Members who had served two terms each were replaced by new Members.

- 6.31. In many instances, Members who had served on either the previous or earlier committees were reappointed. It was quite common for three previous Committee Members to be reappointed, as demonstrated in the Table below:

Number of Members who had previously served on Committee re-appointed 1902-2018

No. of Members re-appointed	0	1	2	3	4	5
No. of occurrences	3	11*	10	9	5	2

*includes one Member appointed for a second term in 2003

- 6.32. On occasion, Members left the Committee partway through a term due to promotion or retirement and it was rare for previous Committee Members to be appointed in their place. Of the 25 Members who were appointed in the middle of a Parliament, only two had previously served on the Committee. Nevertheless, it was not unusual for Members appointed in the middle of a term to be reappointed to subsequent committees, which happened on nine occasions.
- 6.33. Reappointment to the Committee was common, and of the 119 Committee Members in its first century, 60 served more than one term. The record for length of service is five terms, held by Mr Thomas Patrick Murphy MP, the Labor member for Concord, who chaired the Committee from 1953 to 1968. Excepting 17 months as an Assistant Minister in 1964-65, this was the entirety of his Parliamentary career. The Table below shows the distribution of Members' terms on the Committee:

Number of terms served by Committee Members 1902-2018

1 term	2 terms	3 terms	4 terms	5 terms	Total
78	48	11	6	1	144

- 6.34. There is a trend over time towards a lower number of terms. Of the 34 Members first appointed after 1981, only one, Mr Ian Glachan MP, served for more than two terms. This is perhaps to be expected, as before the Committee was revitalised in the 47th Parliament, service was not very time consuming. Members only met a few times a year during consideration of the public accounts and an experienced Committee could deal with these largely procedural issues more quickly.
- 6.35. After the Committee received its new powers, it began meeting more often and undertaking more complex and high profile inquiries. From 1984 onwards, all Members received an allowance in recognition of the significant workload that membership entailed. It may be that the benefit of having experienced

Members to deal with issues quickly was outweighed by giving new Members an opportunity to serve on a high profile committee.

Chairmen

- 6.36. In most Commonwealth countries, public accounts committees are chaired by Members of the Opposition. The New South Wales Committee, however, has usually been chaired by a Member of the party of the government of the day.
- 6.37. Prior to the 1950s, there were five instances where the Committee elected a Chairman from different parties to the Party in power. Mr James Ashton MP, of the Reform Party, became the Chairman in 1903, after the elevation of Mr Fegan to the Ministry when the Protectionist Party was in power.
- 6.38. The next two Chairmen, Mr David Storey MP and Mr David Fell MP, were also affiliated with non-government parties. From 1916 to 1917, the Hon Thomas Waddell MP, a distinguished former Treasurer of the Progressive Party, chaired the Committee during a Nationalist Government.
- 6.39. From 1923 to 1924, Mr J T Lang MP of the ALP and Leader of the Opposition, chaired the Committee during another Nationalist Government. For most of the next two decades, Chairmen came from the government benches until Mr A J L Williams MP, the representative of Georges River who had no party affiliation, became Chairman during an ALP Government in 1941, serving until 1946. Mr Frank O'Neill MP, also from Georges River and also without party affiliation, chaired the Committee from 1954 to 1955 during an ALP Government.
- 6.40. This demonstrates the long tradition of bipartisanship of the Committee, where the skills and experience of particular individuals can overcome simple Party affiliation in selecting a leader.

Gender Diversity

- 6.41. A final observation about the Committee in its first 100 years is that only three of the 119 Members were women. The first of these, Ms Wendy Machin MP, was appointed in 1988, but only served for a year before being appointed as Chair of another committee. The remaining two, the Hon Pam Allan MP and the Hon Katrina Hodgkinson MP, served in the 52nd Parliament, from 1999-2003. Ms Gladys Berejiklian MP was appointed to the Committee in 2003.
- 6.42. Since 2013, an additional four women have been appointed to the Committee in successive Parliaments, namely: Ms Noreen Hay MP as Chair and the Hon Kristina Keneally MP as Committee Member in 2005; Ms Jodi McKay MP in 2007; and Mrs Roza Sage MP in 2013. Even after taking into account that women Members of Parliament were comparatively rare until recently and still constitute well below half of the Members of the Legislative Assembly, this demonstrates a particularly low level of representation.

Other Positions held by Members

- 6.43. As noted above, one of the stated benefits of establishing the Committee was to train Members in financial management for future ministerial positions. In recent years, there has been a high correlation between Committee service and the Ministry. This applies to a number of senior Ministers during the 1990s, including

three Cabinet Ministers, a Premier, Treasurer and Speaker, who had all been Committee Chairs.

- 6.44. An examination of the careers of the 119 Members of the Committee in the first century shows that 59, or roughly half, have been appointed to posts as Ministers or the Speaker. This is a higher proportion than would be expected from a random sample of Members. Of all the 867 Members of the Legislative Assembly during that period, only 292 or 34% were appointed to such positions.
- 6.45. Since 2013, three additional Members have been appointed as Speaker, Treasurer and Premier respectively. In total, the number of elevations into Ministerial and Presiding Officer positions subsequent to Committee service are as follows:
- 9 Premiers;
 - 3 Deputy Premiers;
 - 13 Treasurers;
 - 7 Speakers;
 - 7 Ministers for Justice;
 - 6 Ministers for Health;
 - 4 Ministers for Education;
 - 3 Attorneys-General; and
 - 5 Colonial Secretaries
- 6.46. It should be noted that there is some overlap, in that these 57 senior positions were held by 39 Members. This shows that of the Members promoted, a very high proportion attained senior positions.
- 6.47. Committee Members were also prominent in Opposition. Twelve Members became Leaders of the Opposition. Two of these, Mr Vernon Treatt MP in the 1940s and Mr John Thomas Lang MP in the 1920s, were Leaders of the Opposition while serving on the Committee, with Mr Lang as Chairman.
- 6.48. Other Members, such as the Hon Laurie Brereton MP and the Hon Bob Brown MP were prominent Ministers in the Federal Parliament. Committee alumni even include one Governor-General, Sir William McKell, who was appointed in 1947. Most Members who became Ministers served on the Committee towards the beginning of their Parliamentary careers. Only seven served after being Ministers, usually following a change of government. This included the Hon Alexander Mair MP who served in the term following his Premiership.
- 6.49. Another five Members served on the Committee between terms as Ministers, including Messrs Fegan, William McKell and J T Lang. The Hon Thomas Waddell MP served on the Committee twice, both times after appointment as Colonial Treasurer, which gave him a great deal of direct knowledge in guiding the Committee's consideration of the Treasury's explanations for expenditure in suspense.
- 6.50. These rates of advancement indicate that there is a high level of correlation between serving on the Committee and receiving a Ministerial appointment, particularly to the position of Treasurer. It also shows that highly talented and successful Parliamentarians were appointed to the Committee, usually at the outset of their careers.

Conclusion

- 6.51. The fact that a very high proportion of Public Accounts Committee Members have been promoted to the Ministry or Speakership, suggests that such membership helped their future careers by providing useful training in financial management.

*Appendix One: Reports of the Committee
from the 19th to the 46th Parliaments (1902 - 1980)*

<i>Report number</i>	<i>Date tabled</i>	<i>Period reviewed</i>
19th Parliament 1901-1904 (Committee appointed 1902)		
1st Report of 19th Parliament	18/12/1902	1900-02
2nd Report of 19th Parliament	30/09/1903	1902-03
20th Parliament 1904-1907		
No reports as no matters referred to the committee		
21st Parliament 1907-1910		
1st Report of 21st Parliament	10/09/1908	1906-07
2nd Report of 21st Parliament	10/09/1908	1907-08
3rd Report of 21st Parliament	30/09/1909	1908-09
4th Report of 21st Parliament	19/08/1910	1909-10
22nd Parliament 1910-1913		
1st Report of 22nd Parliament	5/10/1911	1910-11
2nd Report of 22nd Parliament	21/11/1912	1911-12
23rd Parliament 1913-1917		
1st Report of 23rd Parliament	7/07/1914	1912-13
2nd Report of 23rd Parliament	22/06/1915	1913-14
3rd Report of 23rd Parliament	31/03/1916	1914-15
4th Report of 23rd Parliament	17/04/1917	1915-16
24th Parliament 1917-1920		
1st Report of 24th Parliament	12/06/1918	1916-17
2nd Report of 24th Parliament	10/12/1918	1917-18
3rd Report of 24th Parliament	2/12/1919	1918-19
25th Parliament 1920-1921		
1st Report of 25th Parliament	30/08/1921	1919-20
2nd Report of 25th Parliament	1/02/1922*	1920-21
26th Parliament 1922-1925		
1st Report of 26th Parliament	16/08/1923	1921-22
2nd Report of 26th Parliament	1/07/1924	1922-23
3rd Report of 26th Parliament	11/9/1924*	1923-24

<i>Report number</i>	<i>Date tabled</i>	<i>Period reviewed</i>
<i>27th Parliament 1925-1927</i>		
1st Report of 27th Parliament	28/09/1926	1924-25
2nd Report of 27th Parliament	15/6/1927*	1925-26
<i>28th Parliament 1927-1930</i>		
1st Report of 28th Parliament	3/10/1928*	1926-27
2nd Report of 28th Parliament	18/12/1928	1927-28
<i>29th Parliament 1930-1932</i>		
1st Report of 29th Parliament	9/07/1931	1928-29
2nd Report of 29th Parliament	15/09/1931	1929-30
<i>30th Parliament 1932-1935</i>		
1st Report of 30th Parliament	14/9/1933*	1930-31
2nd Report of 30th Parliament	14/9/1933*	1931-32
<i>31st Parliament 1935-1938</i>		
1st Report of 31st Parliament	2/04/1936	1932-33
2nd Report of 31st Parliament	2/04/1936	1933-34
3rd Report of 31st Parliament	21/10/1936	1934-35
4th Report of 31st Parliament	16/12/1936	1935-36
5th Report of 31st Parliament	17/12/1937	1936-37
<i>32nd Parliament 1938-1941</i>		
1st Report of 32nd Parliament	10/12/1938	1937-38
2nd Report of 32nd Parliament	3/11/1939	1938-39
<i>33rd Parliament 1941-1944</i>		
1st Report of 33rd Parliament	18/09/1941	1939-40
2nd Report of 33rd Parliament	23/06/1943	1940-41
3rd Report of 33rd Parliament	23/06/1943	1941-42
4th Report of 33rd Parliament	28/10/1943	1942-43
<i>34th Parliament 1944-1947</i>		
1st Report of 34th Parliament	8/11/1944	1943-44
2nd Report of 34th Parliament	4/10/1945	1944-45
3rd Report of 34th Parliament	20/11/1946	1945-46
<i>35th Parliament 1947-1950</i>		
1st Report of 35th Parliament	18/11/1947	1946-47
2nd Report of 35th Parliament	10/11/1948	1947-48

<i>Report number</i>	<i>Date tabled</i>	<i>Period reviewed</i>
3rd Report of 35th Parliament	27/10/1949	1948-49
<i>36th Parliament 1950-1953</i>		
1st Report of 36th Parliament	26/10/1950	1949-50
2nd Report of 36th Parliament	25/10/1951	1950-51
3rd Report of 36th Parliament	13/11/1952	1951-52
<i>37th Parliament 1953-1956</i>		
1st Report of 37th Parliament	14/9/1954*	1953-54
2nd Report of 37th Parliament	9/11/1954*	General Loan Account 1/7- 8/11/1954
3rd Report of 37th Parliament	15/09/1955*	1954-55
4th Report of 37th Parliament	18/10/1955*	General Loan Account 1/7-7/10/1955
<i>38th Parliament 1956-1959</i>		
1st Report of 38th Parliament	6/09/1956*	1955-56
2nd Report of 38th Parliament	31/10/1956	General Loan Account 1/7-23/10/1956
3rd Report of 38th Parliament	18/09/1957*	1956-57
4th Report of 38th Parliament	22/10/1957	General Loan Account 1/7-11/10/1957
5th Report of 38th Parliament	18/09/1958*	1957-58
6th Report of 38th Parliament	27/11/1958	1/7-22/10/1958
<i>39th Parliament 1959-1962</i>		
1st Report of 39th Parliament	24/09/1959*	1958-59
2nd Report of 39th Parliament	26/11/1959	1/7-9/11/1959
3rd Report of 39th Parliament	15/09/1960*	1959-60
4th Report of 39th Parliament	3/11/1960	1/7-24/10/1960
5th Report of 39th Parliament	20/09/1961*	1960-61
6th Report of 39th Parliament	23/11/1961	1/7-7/11 1961
<i>40th Parliament 1962-1965</i>		
1st Report of 40th Parliament	20/09/1962*	1961-62
2nd Report of 40th Parliament	6/12/1962	General Loan Account 1/7-28/11/1962
3rd Report of 40th Parliament	18/9/63*	1962-63
4th Report of 40th Parliament	15/09/1964*	1963-64
5th Report of 40th Parliament	26/11/1964	General Loan Account 1/7 - 16/9/1964

<i>Report number</i>	<i>Date tabled</i>	<i>Period reviewed</i>
41st Parliament 1965-1968		
1st Report of 41st Parliament	24/09/1965*	1964-65
2nd Report of 41st Parliament	25/11/1965	General Loan Account 1/7 – 17/11/1965
3rd Report of 41st Parliament	20/09/1966	1965-66
4th Report of 41st Parliament	1/12/1966	General Loan Account 1/7- 24/11/1966
5th Report of 41st Parliament	21/09/1967	1966-67
6th Report of 41st Parliament	16/11/1967	General Loan Account 1/7-8/11/1967
42nd Parliament 1968-1971		
1st Report of 42nd Parliament	26/09/1968	1967-68
2nd Report of 42nd Parliament	6/11/1968	General Loan Account 1/7-5/11/68
3rd Report of 42nd Parliament	25/09/1969	1968-69
4th Report of 42nd Parliament	13/11/1969	General Loan Account 1/7 – 6/11/1969
5th Report of 42nd Parliament	17/09/1970	1969-70
6th Report of 42nd Parliament	29/10/1970	General Loan Account 1/7-23/10/1970
43rd Parliament 1971-1973		
1st Report of 43rd Parliament	28/09/1971	1970-71
2nd Report of 43rd Parliament	18/11/1971	General Loan Account 1/7 – 2/11/1971
3rd Report of 43rd Parliament	28/09/1972	1971-72
4th Report of 43rd Parliament	9/11/1972	General Loan Account 1/7-2/11/1972
5th Report of 43rd Parliament	18/10/1973	1972-73
44th Parliament 1973-1976		
1st Report of 44th Parliament	13/12/1973	General Loan Account 1/7-11/12/1973
2nd Report of 44th Parliament	19/09/1974	1973-74
3rd Report of 44th Parliament	21/11/1974	General Loan Account 1/7-10/11/1974
4th Report of 44th Parliament	18/09/1975	1974-75
5th Report of 44th Parliament	23/10/1975	All accounts 1/7- 10/10/1975

<i>Report number</i>	<i>Date tabled</i>	<i>Period reviewed</i>
6th Report of 44th Parliament	6/11/1975	General Loan Account 1/7-24/10/75
45th Parliament 1976-1978		
1st Report of 45th Parliament	14/09/1976	1975-76
2nd Report of 45th Parliament	4/11/1976	All accounts 1/7 – 21/10/1976
3rd Report of 45th Parliament	15/09/1977	1976-77
4th Report of 45th Parliament	7/09/1978	1977-78
46th Parliament 1978-1981		
1st Report of 46th Parliament	13/09/1979	1978-79
2nd Report of 46th Parliament	16/09/1980	1979-80

* Where a report is only available from the Auditor-General's report into the Public Accounts, this indicates the date the Committee Chairman signed the report.

*Appendix Two: Reports of the Committee
from the 47th to the 56th Parliaments (1981 - 2018)*

No	Report title	Date	Reference from			Initiated by PAC ¹⁷⁵
			Minister	Treasurer	Auditor-General	
47th Parliament 1981-1984						
1	Expenditure without Parliamentary Sanction or Appropriation	Nov 1981				A
2	Over-Expenditure in Health Funding to Hospitals	Feb 1982				
3	Public Accountability in Public and Other Subsidised Hospitals	Apr 1982				
4	Expenditure without Parliamentary Sanction or Appropriation	Sept 1982				
5	Overtime Payments to Police	Nov 1982				
6	Overtime Payments to Corrective Services Officers	May 1983				
7	Accountability of Statutory Authorities	Jun 1983				
8	Report on the Grain Sorghum Marketing Board	Nov 1983				
9	Matters examined in relation to the Auditor-General's Report 1981-82	Dec 1983				A
48th Parliament 1984-1988						
10	Superannuation Liabilities of Statutory Authorities	Aug 1984				
11	Annual Report for the Year Ended 30 June 1984	Aug 1984				
12	Matters examined in relation to the Auditor-General's Report 1982-83	Oct 1984				A
13	Proposed Regulations accompanying the Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit Act 1983	Jan 1985				
14	Investment Practices of New South Wales Statutory Authorities	Jun 1985				A

175 "A" denotes reports initiated in response to matters raised in an Auditor-General's Report.
"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

No	Report title	Date	Reference from			Initiated by PAC ¹⁷⁶
			Minister	Treasurer	Auditor-General	
15	Performance Review Practices in Government Departments and Authorities	Jun 1985				
16	Brief Review of the Macarthur Growth Area	Jul 1985				A
17	Brief Review of the Statutory Funds of the Department of Environment and Planning	Jul 1985				A
18	Brief Review of the Land Commission of New South Wales	<u>Jul 1985</u>				A
19	Annual Report for the Year Ended 30 June 1985	Sep 1985				
20	Report on Year-End Spending in Government Departments and Authorities	Mar 1986				A
21	Follow-Up Report on Inquiries into the NSW Public Hospital System	Apr 1986				F
22	Report on Recommended Changes to the Public Accounts	May 1986				
23	Report on Proposed Regulations Accompanying the Annual Reports (Departments) Act 1985 and Miscellaneous Amendments Concerning Annual Reporting	May 1986				
24	Follow-Up Report on Overtime Payments to Corrective Service Officers	Jun 1986				F
25	Report on the Collection of Parking and Traffic Fines	Jul 1986				A
26	Follow-Up Report on Annual Reporting of Statutory Authorities	Jul 1986				F
27	Annual Report for the Year Ended 30 June 1986	Aug 1986				
28	Follow-Up Report on Overtime, Sick Leave and Associated Issues in the NSW Police Force	Nov 1986				F
29	Report on the New South Wales Builders Licensing Board	Dec 1986				
30	Report on the Brief Review of the Sydney Opera House Trust; Harness Racing Authority of New South Wales, and the New South Wales Cancer Council	Feb 1987				A

176 "A" denotes reports initiated in response to matters raised in an Auditor-General's Report.

"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

No	Report title	Date	Reference from			Initiated by PAC ¹⁷⁷
			Minister	Treasurer	Auditor-General	
31	Report on the Film Corporation of New South Wales	Jun 1987				A
32	Report on the Home Care Service of New South Wales	Jul 1987				
33	Annual Report for the Year Ended June 30	Sep 1987				
34	Supplementary Report for the Year Ended June 30	Sep 1987				A, F
35	Report on the Wine Grapes Marketing Board for the Shires of Leeton, Griffith, Carratrhool and Murrumbidgee and the Grain Sorghum Marketing Board	Sep 1987				
36	Report on the Biennial Conference of Public Accounts Committees, Sydney, May 1987	Oct 1987				
37	Report on the Ravensworth Coal Washery	Oct 1987				A
38	Proceedings of the Accural Accounting Seminar held 5 February 1988	May 1988				
39	Report on the Purchasing Practices and the Allocation of Stores and Equipment Resources within the Technical and Further Education System	Feb 1988				
40	Report on the Heritage Council of New South Wales	Jun 1988				
41	Annual Report for the Year Ended 30 June 1988	Sep 1988				
49th Parliament 1988-1991						
42	Report on the Management of Arson in the Public Sector	Jan 1989				
43	Report on Payments without Parliamentary Appropriation	Feb 1989				
44	Report on the NSW Ambulance Service	Feb 1989				
45	Report on the Payments to Visiting Medical Officers	Jun 1989				
46	Annual Report for the Year Ended 30 June 1989	Oct 1989				

177

"A" denotes reports initiated in response to matters raised in an Auditor-General's Report.

"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

No	Report title	Date	Reference from			Initiated by PAC ¹⁷⁸
			Minister	Treasurer	Auditor-General	
47	The Challenge of Accountability	Nov 1989				
48	Report on the Darling Harbour Authority	Dec 1989				
49	Report on the NSW Auditor-General's Office	Jul 1990				
50	Report on the Lord Howe Island Board	Dec 1990				A
51	Annual Report for the Year Ended 30 June 1990	Oct 1990				
52	Report on the Forestry Commission	Dec 1990				
53	Report on the Auditing of Local Government	Jan 1991				
54	Examination of the Juvenile Transport Service of the Department of Family and Community Services	Mar 1991				A
55	Report on Payment Performance of Major Statutory Authorities and Inner Budget Sector Departments	Apr 1991				
56	Parliamentary Scrutiny of Performance Seminar November, 1990	Apr 1991				
57	Report on Legal Services Provided to Local Government	May 1991				
50th Parliament 1991-1995						
58	Annual Report for the Year Ended 30 June 1991	Oct 1991				
59	Report on the National Parks and Wildlife Service	Dec 1991				
60	Report on Dividend Payments made by Statutory Authorities to the Consolidated Fund	Apr 1992				A
61	Follow-Up Report on Financial Accountability	Jun 1992				F
62	Phase One Report on the Public Accounts Committee Special Inquiry into the Port Macquarie Hospital Contract	Jun 1992	Legislative Assembly			
63	Report of Proceedings of the Seminar to Review Progress of Financial Reform in the NSW Public Sector	Jun 1992				

178 "A" denotes reports initiated in response to matters raised in an Auditor-General's Report.

"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

No	Report title	Date	Reference from			Initiated by PAC ¹⁷⁹
			Minister	Treasurer	Auditor-General	
64	Report on the Progress of Financial Reform in the NSW Public Sector	Jun 1992				
65	Public Accounts Committee - Ninetieth Anniversary	Nov 1992				
66	Annual Report for the Year Ended 30 June 1992	Nov 1992				
67	Inquiry into Financing of Urban Infrastructure - Report on European Inspection Tour 30 October - 12 November 1992	Dec 1992				
68	Report on the School Student Transport Scheme	Jan 1993				
69	Proceedings of the 90th Anniversary Seminar on Internal Control and Audit	Jan 1993				
70	Review of the Special Auditing Function of the NSW Auditor-General's Office	Jun 1993				
71	Internal Audit in the NSW Public Sector	Jun 1993				
72	Funding of Health Infrastructure and Services in New South Wales	Jun 1993	Legislative Assembly			
73	Infrastructure Management and Financing in NSW Volume 1: From Concept to Contract - Management of Infrastructure Projects	Jul 1993				
74	Inquiry into the Financing of Urban Infrastructure - Report on the United States Study Tour 28 August - 5 September 1993	Nov 1993				
75	Annual Report for the Year Ended 30 June 1993	Nov 1993				
76	The Financing of Infrastructure Projects - Discussion Paper	Nov 1993				
77	Proceedings of the Conference on Risk & Return - Traditional & Innovative Financing for Infrastructure Projects (Vol. 1)	Dec 1993				
78	Proceedings of the Seminar on Internal Audit - Implementation of Change	Feb 1994				
79	Expansion of the Hawkesbury District Health Services	Feb 1994				

179

"A" denotes reports initiated in response to matters raised in an Auditor-General's Report.

"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

No	Report title	Date	Reference from			Initiated by PAC ¹⁸⁰
			Minister	Treasurer	Auditor-General	
80	Infrastructure Management and Financing in New South Wales - Public-Private Partnerships - Risk & Return in Infrastructure Financing (Vol.2)	Feb 1994				
81	Report on Public Defenders	Jun 1994				
82	Matters Arising from the Auditor-General's Reports	Jun 1994				A
83	Preparations for the Peer Review of the Auditor-General's Office	Jun 1994				
84	A Tale of Two Olympic Cities: Visit to Los Angeles and Montreal by the Public Accounts Committee	Oct 1994				
85	Annual Report for the Year Ended 30 June 1994	Oct 1994				
86	Inquiry into State Debt Control (Balanced Budget) 1994	Dec 1994				
87	Co-ordination of Government Inputs into Overseas Projects - International Market Development Activities of NSW Marketing Boards	Dec 1995				
88	Report on the Rural Assistance Authority	Feb 1995	Legislative Assembly			
89	Proceedings of the Seminar on Accrual Accounting - the Scorecard to Date	Feb 1995				
51st Parliament 1995-1999						
90	Annual Reports - Issue Paper	May 1995				F
91	Report on Darling Harbour - Sporting Facilities	Aug 1995				
92	Proceedings of the Seminar on Annual Reporting in the NSW Public Sector: The Best Is Yet To Come, 9 August 1995	Sept 1995				F
93	Annual Report for the Year Ended 30 June 1995	Nov 1995				
94	Offshore and Off-Target - Why NSW Lags in Overseas Projects	Nov 1995				

180 "A" denotes reports initiated in response to matters raised in an Auditor-General's Report.

"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

No	Report title	Date	Reference from			Initiated by PAC ¹⁸¹
			Minister	Treasurer	Auditor-General	
95	Annual Reporting in the NSW Public Sector (The truth, the whole truth and nothing but the truth?)	Apr 1996				
96	Proceedings of the Seminar on Asset Valuation in the Public Sector: Issues in the Controversy	Apr 1996				
97	Review of the Audit Office of NSW under section 48A of the Public Finance and Audit Act 1983 (Volumes 1 & 2)	Apr 1996				
98	Australasian Council of Public Accounts Committees Mid-Term meeting (Transcript of Proceedings)	May 1996				
99	Customer Service in Courts Administration The Missing Dimension - A Review by the Public Accounts Committee of the Interim Performance Report by the NSW Audit Office into Courts Administration	Jun 1996				F
100	Pioneers - Progress but at a Price. The Implemetation of Accrual Accounting in the NSW Public Sector	Jun 1996				
101	Matters arising from the NSW Auditor-General's Report for 1995	Jun 1996				A
102	Proceedings of the Conference on Public/Private Infrastructure Financing: Still Feasible?	Oct 1996				
103	Annual Report for the Year Ended 30 June 1996	May 1997				
104	Proceedings of the Biennial Conference of the Australasian Council of Public Accounts Committees	May 1997				
105	Proceedings of the Seminar on Debts and Debtors: Getting Better Results	May 1997				
106	The Public's Debts to the State: Better Agency Collection, Higher State Revenue - Discussion Paper	Nov 1997				
107	Follow-Up of Selected Public Accounts Committee Reports: 1988-1996	Jun 1997				F
108	Matters Arising from the Auditor-General's Report for 1996	Jun 1997				A

181 "A" denotes reports initiated in response to matters raised in an Auditor-General's Report.
"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

No	Report title	Date	Reference from			Initiated by PAC ¹⁸²
			Minister	Treasurer	Auditor-General	
109	Follow-Up Report to the Auditor-General's Performance Audit Report entitled Effective Utilisation of School Facilities	Jun 1997				A
110	Follow-Up Report to the Auditor-General's Performance Audit Report entitled Joint Operations in the Education Sector	Jun 1997				A
111	Annual Report for the Year Ended June 30 1997	Nov 1997				
112	Legal Services to Local Government: Minimising Costs Through Alternative Dispute Resolution - Discussion Paper	Nov 1997				
113	Proceedings of the Conference on Doing Business with the World Bank and the United Nations	Mar 1998				
114	Proceedings of the Interactive Seminar on Dispute Management in Local Government	Apr 1998				
115	Changing the Culture: Dispute Management in Local Councils	Jun 1998				
116	Annual Report for the Year Ended 30 June 1998	Oct 1998				
117	Follow-Up Report: Offshore and Off-Target - Why NSW lags the field in overseas projects	Nov 1998				
118	Streamlining Payments of Overdue Debts	Dec 1998				
52nd Parliament 1999-2003						
119	Annual report for the Year Ended 30 June 1999	Dec 1999				
120	Review of the Audit Office of NSW under section 48A of the Public Finance and Audit Act 1983	Feb 2000				
121	Problems in the Administration of the Public Finance and Audit Act 1983 during the review of the Audit Office of New South Wales	Feb 2000				
122	ED100: Arrangements for the Provision of Public Infrastructure by other Entities: Disclosure Requirements - Discussion Paper	Jun 2000				

182 "A" denotes reports initiated in response to matters raised in an Auditor-General's Report.
"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

No	Report title	Date	Reference from			Initiated by PAC ¹⁸³
			Minister	Treasurer	Auditor-General	
123	Report on Cost Control in the Department of Justice	Jul 2000				A
124	Report on the Financial Disclosure of the Work Cover Scheme Statutory Funds	Jul 2000				A
125	Report on the Long Term Financial Viability of the Waste Recycling and Processing Service	Jul 2000				A
126	Inquiry into the Funding of Capital Projects by the New South Wales Government: Parramatta Rail Link Pre-Tender Procurement - A Case Study	Jan 2001				
127	Submission to the Green Paper: "Working With Government - Private Financing of Infrastructure and Certain Government Services in NSW"	Apr 2001				
128	Inquiry into the Collapse of the NSW Grains Board	May 2001				A
129	Annual Report for the Year Ended 30 June 2000	Jun 2001				
130	Industry Assistance	Jun 2001				A
131	Inquiry into the School Student Transport Scheme	Feb 2002				
132	Annual Review	Feb 2002				
133	Inquiry into Court Waiting Times	Jun 2002				A
134	Case Studies and Issues in the Private Financing of Public Infrastructure and Services	Oct 2002				
135	Delegation by the Minister for Health	Oct 2002				A
136	Valuation of the Australian Museum's Collection Assets	Nov 2002				A
137	Follow-up's of Auditor General's reports to Parliament 2001: Omnibus Volume	Nov 2002				A
138	Review of Reporting Requirements for Small Agencies - Discussion Paper	Nov 2002				

183 "A" denotes reports initiated in response to matters raised in an Auditor-General's Report.
"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

No	Report title	Date	Reference from			Initiated by PAC ¹⁸⁴
			Minister	Treasurer	Auditor-General	
139	Annual Review 2001-2002	Dec 2002				
140	The Role of Auditing and Accounting in Recent Corporate Collapses	Oct 2002				
141	Inquiry into the New South Wales Aboriginal Land Council's Mortgage Fund	Dec 2002				A
142	Inquiry into the Practice of Trading with Customers who have defaulted on Renegotiated Payment Terms	Dec 2002				A
143	First Home Owner Grant Scheme	Dec 2002				A
144	History of the Committee: 1902-2002	Jan 2003				
53rd Parliament 2003-2007						
145	Review of the Audit Office under s48A of the Public Finances and Audit Act 1983	Sep 2003				
146	Inquiry into the NSW Ambulance Service: Readiness to Respond	Jun 2004				A
147	Annual Review 2002-03	Jun 2004				
148	Fire Services Funding	Sep 2004				
149	Infringement Processing Bureau	Sep 2004				
150	Academics' Paid Outside Work	Sep 2004				A
151	Government (Open Market Competition) Bill 2003	Oct 2004	Legislative Assembly			
152	Annual Review 2003-04	Nov 2004				
153	Inquiry into the Reporting and Auditing Requirements for Small Agencies	Dec 2004				
154	Review of the Operations of Audit Committees	Apr 2005				A
155	Risk Management in the NSW Public Sector	Nov 2005				A

184 "A" denotes reports initiated in response to matters raised in an Auditor-General's Report.
"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

No	Report title	Date	Reference from			Initiated by PAC ¹⁸⁵
			Minister	Treasurer	Auditor-General	
156	Value for Money from NSW Correctional Centres	Sep 2005				A
157	Annual Review 2004-05	Nov 2005				
158	Sustainability Reporting in the NSW Public Sector	Nov 2005				
159	Inquiry into Public Private Partnerships	Jun 2006				
160	Review of the Audit Office under s48A of the Public Finance and Audit Act 1983					
161	Annual Review 2005-06					
162	Managing Animal and Plant Diseases	Nov 2006				
163	Inquiry into the Home and Community Care Program	Jan 2007				
54th Parliament 2007-2011						
164	Annual Review 2006-07	Oct 2007				
165	Report on the Examination of Auditor-General's Performance Audits	Nov 2008				A
166	Annual Review 2007-08	Nov 2008				
167	State Plan Reporting	Nov 2008				
168	Report on the Examination of Auditor-General's Performance Audits	Mar 2009				A
169	Report on the Examination of Auditor-General's Performance Audits	Jun 2009				A
170	Review of the Audit Office under s48A of the Public Finance and Audit Act 1983	Aug 2009				A
171	Annual Review 2008-09	Oct 2009				
172	Environmentally Sustainable Procurement	Mar 2010				
173	Report on the Examination of Auditor-General's Performance Audits	Jun 2010				A

185 "A" denotes reports initiated in response to matters raised in an Auditor-General's Report.
"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

No	Report title	Date	Reference from			Initiated by PAC ¹⁸⁶
			Minister	Treasurer	Auditor-General	
174	Report on the Examination of Auditor-General's Performance Audits	Jun 2010				A
175	Annual Review 2009-10	Sep 2010				
176	Report on the Examination of Auditor-General's Performance Audits	Dec 2010				
55th Parliament 2011-2015						
177	Review of the Audit Office under s48A of the Public Finance and Audit Act	Sep 2011				
178	Report on Recommendations of the PAC in the 54th Parliament	Nov 2011				
179	Report on the Examination of Auditor-General's Performance Audits	Feb 2012				A
180	Financial Audit Report	May 2012				
181	Report on the Examination of Auditor-General's Performance Audits					
183	The Economics of Energy Generation					
184	Procurement and Management of ICT Services in the NSW Public Sector	May 2013				
185	Report on ACPAC Conference	May 2013				
186	Report on the Examination of Auditor-General's Performance Audits	May 2013				A
187	Review of the Audit Office under s48A of the Public Finance and Audit Act	Aug 2013				
188	Efficiency and Effectiveness of the Audit Office of NSW	Sep 2013				
189	Report on the Examination of Auditor-General's Performance Audits	Oct 2013				A
190	Follow-up of the Auditor-General's Financial Audit Reports	Nov 2013				A

186 "A" denotes reports initiated in response to matters raised in an Auditor-General's Report.
"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

No	Report title	Date	Reference from			Initiated by PAC ¹⁸⁷
			Minister	Treasurer	Auditor-General	
191	Polygeneration in NSW	Mar 2013				
192	Report on the Examination of Auditor-General's Performance Audits	May 2013				A
193	Planning NSW Infrastructure for the 21st Century	Jun 2013				
194	Report on the Examination of Auditor-General's Performance Audits	Aug 2013				A
195	Report on the Examination of Auditor-General's Performance Audits	Nov 2013				A
196	Report on the Follow-up of Repeat Recs from Financial Audits 2013	Nov 2013				A
197	Tenancy Management in Social Housing	Nov 2013				
56th Parliament 2015-2019						
198	Report on the Parliamentary Budget Office 2015 Post-Election Report	Oct 2015				
199	Report on the Examination of Auditor-General's Performance Audits	Mar 2016				A
200	Management of NSW Public Housing Maintenance Contracts	Oct 2016				
201	Report on the Examination of Auditor-General's Performance Audits	Mar 2017				A
202	Report on the Examination of Auditor-General's Performance Audits	Sep 2017				A
203	Review of the Audit Office under s48A of the Public Finance and Audit Act	Feb 2018				
204	Report on the Examination of Auditor-General's Performance Audits					A
205	Inquiry into the Management of Health Care Delivery					
206	Report on the Examination of Auditor-General's Performance Audits	Nov 2018				A

187 "A" denotes reports initiated in response to matters raised in an Auditor-General's Report.
"F" denotes a follow up inquiry by the Committee but original inquiry was a reference to the Committee.

Appendix Three: Members of the Committee 19th - 56th Parliaments

* Denotes that Member was appointed Premier, † as Treasurer and ‡ as Speaker

<i>19th Parliament (1901-1904)</i>		<i>Committee appointed 4 September 1902</i>	
John Lionel Fegan	Chairman	Discharged 7 July 1903	
James Ashton	Chairman	Appointed 15 July 1903	
David Robert Hall			
Thomas Fitzherbert Hawkins McKenzie			
Patrick Edward Quinn			
John Thomson		Appointed 15 July 1903	
<i>20th Parliament (1904-1907)</i>		<i>Committee appointed 29 September 1904</i>	
John Rowland Dacey†			
John Gillies			
Thomas Fitzherbert Hawkins McKenzie			
David Storey			
Thomas Waddell*†1			
<i>21st Parliament (1907-1910)</i>		<i>Committee appointed 31 October 1907</i>	
David Storey	Chairman		
John Henry Cann†	Acting Chairman	1909	
Arthur Hill Griffith			
David Fell			
Mark Fairles Morton			
<i>22nd Parliament (1910-1913)</i>		<i>Committee appointed 30 November 1910</i>	
David Fell	Chairman		
George Black			
John Rowland Dacey†		Discharged 10 September 1912	
Mark Fairles Morton			
David Storey			
William Calman Grahame		Appointed 12 September 1912	
<i>23rd Parliament (1913-1917)</i>		<i>Committee appointed 3 April 1914</i>	
George Black	Chairman	Discharged 6 July 1915	

Thomas Waddell*†	Chairman	Appointed 8 July 1915
Thomas Simpson Crawford		
William Calman Grahame		Discharged 6 July 1915
Mark Fairles Morton		
David Storey		Discharged 7 December 1916
James John Morrish		Appointed 8 July 1915
Arthur Alfred Clement Cocks†		Appointed 7 December 1916
<i>24th Parliament (1917-1920)</i>		<i>Committee appointed 4 March 1918</i>
Mark Fairles Morton	Chairman	
Arthur Alfred Clement Cocks†		
Simon Hickey‡		
John Percy Osborne		
Follet Johns Thomas		Resigned April 1919
Valentine Carlisle Ross Wood Johnston		Appointed 26 August 1920
<i>25th Parliament (1920-1921)</i>		<i>Committee appointed 9 November 1920</i>
Carlisle Johnston	Chairman	
Thomas Rainsford Bavin*†		
John Joseph Cleary		
Arthur Alfred Clement Cocks†		
Simon Hickey‡		
<i>26th Parliament (1922-1925)</i>		<i>Committee appointed 2 November 1922</i>
John Thomas Lang**† David More Anderson	Chairman	
Lt Col Michael Frederick Bruxner*		
William Robert FitzSimons		
William John McKell*†		
<i>27th Parliament (1925-1927)</i>		<i>Committee appointed 10 December 1925</i>
Mark Gosling	Chairman	Became a Minister in 1927
Robert Towers Gillies	Chairman	Appointed 1927
David More Anderson		
William Thomas Ely		
William Robert FitzSimons		Deceased 1926
John Charles Lucas Fitzpatrick†		Appointed 14 October 1926
<i>28th Parliament (1927-1930)</i>		<i>Committee appointed 15 November 1927</i>
Hyman Goldstein	Chairman	Deceased September 1928

Bryce Crawford Walmsley	Chairman	Appointed September 1928
Mark Gosling		
John Thomas Lang*†		
Alfred John Pollack		
Major James Barclay Shand		Appointed 27 September 1928
<i>29th Parliament (1930-1932)</i>		<i>Committee appointed 11 December 1930</i>
Daniel Clyne†	Chairman	
Edward Parnell Kinsella		
Abram Landa		
Alfred John Pollack		Deceased 1931
Maj. James Barclay Shand		
Lewis Ormsby Martin		Appointed 3 March 1931
<i>30th Parliament (1932-1935)</i>		<i>Committee appointed 13 September 1932</i>
Maj. Milton Livingstone Fredericks Jarvie	Chairman	
Daniel Clyne†		
Robert Henry Hankinson		
Stanley Allan Lloyd		
William John McKell*†		
<i>31st Parliament (1935-1938)</i>		<i>Committee appointed 2 October 1935</i>
Hubert Leslie Primrose	Chairman	
Daniel Clyne†		
Robert Henry Hankinson		
Stanley Allan Lloyd		
William John McKell*†		
<i>32nd Parliament (1938-1941)</i>		<i>Committee appointed 21 July 1938</i>
Hubert Leslie Primrose	Chairman	Discharged 25 July 1939
Stanley Allan Lloyd	Chairman	
Daniel Clyne†		
Robert Henry Hankinson		
William John McKell*†		
Eric Saxby Solomon		Appointed 27 July 1939
<i>33rd Parliament (1941-1944)</i>		<i>Committee appointed 7 August 1941</i>
Arthur John Leonard Williams	Chairman	
David Henry Drummond		

Francis John Finnan		
William Henry Lamb†		
Alexander Mair*†		
<i>34th Parliament (1944-1947)</i>		<i>Committee appointed 28 September 1944</i>
Arthur John Leonard Williams	Chairman	
Francis John Finnan	Acting Chairman	1945
David Henry Drummond		
William Henry Lamb†		
Alexander Mair*†		Resigned September 1946
Vernon Haddon Treatt		Appointed 4 September 1946
<i>35th Parliament (1947-1950)</i>		<i>Committee appointed 21 October 1947</i>
Francis Harold Hawkins	Chairman	
David Henry Drummond		
James Leo Geraghty		
Clarence Gordon Robertson		
Vernon Haddon Treatt		
<i>36th Parliament (1950-1953)</i>		<i>Committee appointed 11 October 1950</i>
Ambrose George Enticknap	Chairman	Discharged August 1952
John Stanley Freeman	Chairman	Appointed 19 August 1952
George William Brain		
William Adolphus Chaffey		
James Leo Geraghty		
John Michael Alfred McMahon		Appointed 19 August 1952
<i>37th Parliament (1953-1956)</i>		<i>Committee appointed 16 September 1953</i>
Frank O'Neill	Chairman	
George William Brain		
John Stanley Freeman		
Thomas Patrick Murphy		
D'Arcy Rose		
<i>38th Parliament (1956-1959)</i>		<i>Committee appointed 10 April 1956</i>
Thomas Patrick Murphy	Chairman	
George William Brain		
John Stanley Freeman		
D'Arcy Rose		

Reginald Francis Xavier Connor		
<i>39th Parliament (1959-1962)</i>		<i>Committee appointed 24 September 1959</i>
Thomas Patrick Murphy	Chairman	
Francis George Downing		
Heathcote Clifford Mallam		
Ian Louis Robinson		
Eric Archibald Willis*†		
<i>40th Parliament (1962-1965)</i>		<i>Committee appointed 10 May 1962</i>
Thomas Patrick Murphy	Chairman	Discharged 21 May 1964
Francis George Downing	Chairman	Appointed 21 May 1964
Heathcote Clifford Mallam		
Ian Louis Robinson		Resigned 1963
Eric Archibald Willis*†		
Frank Lionel O'Keefe		Appointed 25 February 1964
James Bernard Southee		Appointed 21 May 1964
<i>41st Parliament (1965-1968)</i>		<i>Committee appointed 14 September 1965</i>
Maxwell Stanley Ruddock	Chairman	
Lionel Frost Bowen		
George William Brain		
Thomas Patrick Murphy		
Frank Lionel O'Keefe		
<i>42nd Parliament (1968-1971)</i>		<i>Committee appointed 9 April 1968</i>
James Arthur Clough	Chairman	
Lionel Frost Bowen		Resigned 1969
Sydney David Einfeld		
Frank Lionel O'Keefe		Resigned 1969
Maxwell Stanley Ruddock		
Lawrence Borthwick Kelly		Appointed 16 October 1969
Roger Corfield Anson Wotton		Appointed 16 October 1969
<i>43rd Parliament (1971-1973)</i>		<i>Committee appointed 28 April 1971</i>
James Arthur Clough	Chairman	
David Bruce Cowan		
Robert Joseph Kelly†		Discharged September 1971
Keith O'Connell		
Maxwell Stanley Ruddock		

Lawrence Borthwick Kelly		Appointed 21 September 1971
<i>44th Parliament (1973-1976)</i>		<i>Committee appointed 11 December 1973</i>
James Arthur Clough	Chairman	
David Bruce Cowan		Discharged 1975
Vincent Patrick Durick		
Keith O'Connell		
Maxwell Stanley Ruddock		Discharged February 1975
Keith Ralph Doyle		Appointed 19 February 1975
Robert Bruce Duncan		Appointed 24 February 1976
Arthur Edward Allanby Viney		Appointed 24 February 1976
<i>45th Parliament (1976-1978)</i>		<i>Committee appointed 25 August 1976</i>
Vincent Patrick Durick	Chairman	
Keith Ralph Doyle		
Robert Bruce Duncan		
Keith O'Connell		
Patrick Allan Rogan		
<i>46th Parliament (1978-1981)</i>		<i>Committee appointed 9 November 1978</i>
Vincent Patrick Durick	Chairman	Discharged April 1980
Laurence John Brereton	Chairman	Appointed 2 April 1980
John Charles Boyd		
Robert James Brown		Resigned September 1980
Bruce John McDonald		
Patrick Allan Rogan		
Michael Rueben Egan [†]		Appointed 11 September 1980
<i>47th Parliament (1981-1984)</i>		<i>Committee appointed 10 November 1981</i>
Michael Rueben Egan [†]	Chairman	
John Charles Boyd		
Nicholas Frank (Hugo) Greiner ^{*†}		Resigned March 1983
Stanley Thomas Neilly		
Thomas Stephen Webster		Resigned 1983
Peter Edward James Collins [†]		Appointed 29 March 1983
John Joseph Aquilina [‡]		Appointed 30 March 1983
<i>48th Parliament (1984-1988)</i>		<i>Committee appointed 10 May 1984</i>
Robert John Carr [*]	Chairman	Resigned 4 January 1985

John Joseph Aquilina [‡]	Chairman	Appointed 4 January 1985
John Henry Murray [‡]	Chairman	Appointed 20 February 1986
Peter Edward James Collins [‡]		Resigned August 1984
Colin Murray Fisher		Discharged 1986
Phillip Murray Smiles		Appointed 15 August 1984
Andrew Refshauge		Appointed 20 February 1985
Alan Peter Walsh		Appointed 20 February 1986
<i>49th Parliament (1988-1991)</i>		<i>Committee appointed 17 May 1988</i>
Phillip Murray Smiles	Chairman	
Terence Allan Griffiths		
Wendy Susan Machin		Discharged February 1989
John Henry Murray [‡]		
Alan Peter Walsh		
George Souris		Appointed 23 February 1989
<i>50th Parliament (1991-1995)</i>		<i>Committee appointed 2 July 1991¹⁸⁸¹</i>
James Alan Longley	Chairman	Discharged September 1992
Andrew Arnold Tink	Chairman	
Raymond Francis Chappell		Discharged September 1993
Geoffrey Steward Irwin		
Michael Stephen Photios		Discharged July 1992
Terry Rumble		
Peter Lachlan Cochran		Appointed 9 September 1993
Andrew Humpherson		Appointed 14 September 1994
<i>51st Parliament (1995-1999)</i>		<i>Committee appointed 23 May 1995</i>
Terry Rumble	Chairman	
Peter Lachlan Cochran		Discharged April 1996
Doric Glachan		
Patrick Allan Rogan		Discharged September 1996
Joseph Guerino Tripodi		
Raymond Francis Chappell		Appointed 16 April 1996

188 On 1 May 1992 the Legislative Assembly appointed a Select Committee on the Port Macquarie Base Hospital. This was based on the Public Accounts Committee, with additional membership of John Hatton MP, John Turner MP, Dr Andrew Refshauge MP and Andrew Tink MP. After Mr Tink was appointed to the Committee in September 1992, Dr Elizabeth Kernohan MP served on the Select Committee. The Select Committee completed two reports which were published as Public Accounts Committee Report No 62 in June 1992 and Report 72 in June 1993. These additional Members are not included in the table, unless they were formally appointed to the Committee itself.

Gerald James Sullivan		Appointed 24 September 1996
<i>52nd Parliament (1999-2003)</i>		<i>Committee appointed 3 June 1999</i>
Joseph Guerino Tripodi	Chairman	
Pamela Diane Allen		
Barry Joseph Collier		
Ian Doric Glachan		
Katrina Ann Hodgkinson		
George Richard Torbay		
<i>53rd Parliament (2003-2007)</i>		<i>Committee appointed 8 May 2003</i>
Matthew James Brown	Chairman	Discharged 23 September 2005
Noreen Hay	Chairman	Appointed 19 October 2005
Greg Aplin		Appointed 12 October 2005
Gladys Berejiklian†		Discharged 12 October 2005
Kristina Kerscher Keneally		Appointed 12 October 2005
Paul Edward McLeay		Discharged 13 September 2005
George Richard Torbay‡		
John Harcourt Turner		
Steve Whan		
<i>54th Parliament (2007-2011)</i>		<i>Committee appointed 21 June 2007</i>
Paul Edward McLeay	Chairman	Discharged 17 November 2009
Paul Bernard Gibson	Chairman	Appointed 10 March 2010
Ninos Khoshaba		
Jodi McKay		Discharged 8 September 2008
Robert James Murray Oakeshott		Discharged 13 August 2008
Anthony Roberts		Discharged 11 March 2010
John Harcourt Turner		
Peter Ross Draper		Appointed 24 September 2008
Grant Anthony McBride		Appointed 24 September 2008
Victor Dominello		Appointed 11 March 2010

<i>55th Parliament (2011-2015)</i>		<i>Committee appointed 22 June 2011</i>
Jonathan O'Dea	Chairman	
Bart Edward Bassett		Discharged 17 September 2013
Michael John Daley		
Geoff Lee		
George Richard Torbay†		Discharged 20 March 2013
John Douglas Williams		
Greg Piper		Appointed 21 March 2013
Roza Eva Maria Sage		
<i>56th Parliament (2015-2019)</i>		<i>Committee appointed 28 May 2015</i>
Bruce Notley-Smith	Chairman	
Stephen Bromhead		
Michael John Daley		Discharged 10 August 2017
Lee Evans		
Greg Piper		
Mark Taylor		Discharged 20 September 2017
Ryan John Park		Appointed 10 August 2017
Adam Sibery Crouch		Appointed 20 September 2017