

1980

PARLIAMENT OF NEW SOUTH WALES

SECOND REPORT
OF THE
PUBLIC ACCOUNTS COMMITTEE
OF THE
FORTY-SIXTH PARLIAMENT

16 September, 1980

Ordered to be printed 25 September, 1980

BY AUTHORITY
D. WEST, GOVERNMENT PRINTER, NEW SOUTH WALES—1981

ISSN 0156-398X

**SECOND REPORT OF THE PUBLIC ACCOUNTS COMMITTEE
OF THE FORTY-SIXTH PARLIAMENT**

The Public Accounts Committee appointed by the Legislative Assembly under the provisions of Section 16 of the Audit Act, 1902, with power, inter alia, to:

Inquire into and report to the Legislative Assembly upon all expenditure by a Minister of the Crown made without Parliamentary sanction or appropriation,

sat on 12th, 15th and 16th September, 1980, for the purpose of inquiring into the items of unauthorized expenditure set out hereunder.

The meeting on the 12th September, 1980, was attended by:

Mr L. J. Brereton, MP
Mr J. C. Boyd, MP
Mr M. R. Egan, MP
Mr B. J. McDonald, MP
Mr P. A. Rogan, MP

The meeting on the 15th September, 1980, was attended by:

Mr L. J. Brereton, MP
Mr M. R. Egan, MP
Mr B. J. McDonald, MP
Mr P. A. Rogan, MP

and the meeting on the 16th September, 1980, was attended by:

Mr L. J. Brereton, MP
Mr J. C. Boyd, MP
Mr M. R. Egan, MP
Mr B. J. McDonald, MP
Mr P. A. Rogan, MP

After careful consideration, the Committee decided to regard the appended departmental explanations and the supplementary information as satisfactory.

The Committee noted that the departmental explanations for "Expenditure in Suspense" were not available until Thursday, 11th September, 1980, and it was necessary for the Committee's Report to be finalized by Tuesday, 16th September, 1980, in order that it could be printed as an appendix to the Auditor-General's Report in accordance with section 16 (5) of the Audit Act (1902).

The Committee believes that this timetable provides an inadequate opportunity for the Committee to exercise its powers under section 16 of the Act and recommends that this situation be the subject of consideration by the Joint Committee of the Legislative Council and Legislative Assembly upon Public Accounts and Financial Accounts of Statutory Authorities.

The Committee also resolved to invite the Joint Committee of the Legislative Council and Legislative Assembly upon Public Accounts and Financial Accounts of Statutory Authorities to examine and report upon the adequacy or otherwise of the existing provisions of the New South Wales Audit Act, No. 26, 1902, section 16, as it relates to the provision in section 44 of the New South Wales Constitution Act, which provides that no part of Her Majesty's Revenue in New South Wales shall be issued, or shall be made issuable, excepting by warrants under the hand of the Governor directed to the Treasurer.

16th September, 1980

L. J. BRERETON, MP
Chairman, New South Wales, Public Accounts Committee

SERVICE

Payments made
during period
1st July, 1979
to 30th June, 1980,
without
Parliamentary
Appropriation

FROM CONSOLIDATED REVENUE FUND

\$

PREMIER—

Police Department—

Salaries, Wages and Allowances	15,719,000.94
Payments for Leave on Retirement, Resignation, etc.	833,478.39
Overtime	2,843,479.72

MINISTER FOR TRANSPORT—

Head Office—

Subsidies for Travelling Concessions to Pensioners and others on Privately Operated Omnibuses	273,395.15
Drivers Licence Concession to Pensioners	499,727.00

MINISTER FOR HEALTH—

Health Commission of New South Wales—Administration—

Salaries, Wages and Allowances	1,285,121.50
Ambulance Services Fund—Contribution	2,500,000.00

TREASURER—

Treasury—Head Office—

Pay-roll Tax	997,427.93
Interest Payable	764,434.18

Public Transport Commission of N.S.W.—Contributions in respect of losses including losses on existing or new Country Development Railways, Fare and Freight Concessions, etc.—

Rail Services—

Freight Concessions, re—Freight Rebates on Wheat and Wheaten Products ..	2,123,681.98
Contribution towards Government Railways Superannuation Account ..	1,121,000.00

To provide for Grants and Advances to Departments and Undertakings for Working Capital, etc.—

Advances for Welfare Housing	20,000,000.00
Other	3,501,089.00
Assistance to Abattoir Councils in respect of debt charges	2,195,354.86
Provision for Relief Measures associated with Natural Disasters	4,457,953.96
Special Schemes to promote youth employment and employment generally—Amount carried to Special Deposits Account	960,000.00
Special Apprenticeship Training Initiatives	6,000,000.00
Special Welfare Assistance Programmes	4,000,000.00

State Lotteries Office—

Salaries, Wages and Allowances	661,207.40
Maintenance, Alterations, Additions, and Renewals	211,704.96
Advertising and Publicity	159,299.03

MINISTER FOR INDUSTRIAL DEVELOPMENT—

Industrial Development	676,639.62
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MINISTER FOR SERVICES—

Department of Services—

Head Office—

Board of Fire Commissioners Contribution (Act No. 9, 1909)	536,772.00
Government Cleaning Service—	
Salaries, Wages and Allowances	4,774,323.13

MINISTER FOR CORRECTIVE SERVICES—

Department of Corrective Services—

Salaries, Wages and Allowances	4,306,714.33
Overtime	1,937,942.31
Prison Industries—Gratuities to Inmates and Purchase of Manufacturing Stores,	538,041.87

SERVICE	Payments made during period 1st July, 1979 to 30th June, 1980, without Parliamentary Appropriation
FROM CONSOLIDATED REVENUE FUND—continued	\$
MINISTER FOR FORESTS—	
Forestry Commission	5,493,511.24
MINISTER FOR PUBLIC WORKS AND MINISTER FOR PORTS—	
Central Administration—Head and District Offices—	
Salaries, Wages and Allowances	1,337,378.89
Maintenance of Public Works and Services, Including Renewals, Surveys, and Investigations—	
Electricity, Gas, etc.	567,671.35
Fees Payable to Consultants in respect of Architectural Works	1,593,155.90
MINISTER FOR EDUCATION—	
Ministry of Education—	
Adult Migrant Education Salaries and Other Expenses	893,158.57
Department of Education—	
Primary Education—	
Salaries, Wages and Allowances	5,391,504.94
Provision for Special Assistance to Disadvantaged Schools	730,122.22
Secondary Education—	
Salaries, Wages and Allowances	8,180,186.09
Allowance for secondary pupils in non-State Schools	652,806.50
Provision for Special Assistance to Disadvantaged Schools	365,871.15
Department of Technical and Further Education—	
Salaries, Wages and Allowances	3,059,219.34
Stores, Provisions, Furniture, Equipment, Minor Plant, etc. (including Maintenance and Repairs)	1,804,977.10
MINISTER FOR YOUTH AND COMMUNITY SERVICES—	
Department of Youth and Community Services—Head Office and General Division—	
Family Allowances	1,226,804.38
Cash and Other Assistance to Persons in Necessitous Circumstances	1,930,889.24
MINISTER FOR MINERAL RESOURCES—	
Mineral Resources	5,395,451.90
MINISTER FOR CONSERVATION AND MINISTER FOR WATER RESOURCES—	
Water Resources Commission—	
Subsidies in respect of Farm Water Storages, Bores, Wells, etc.	249,999.99
MINISTER FOR AGRICULTURE—	
Soil Conservation Service	3,056,034.47
Fisheries	1,211,811.31
Total—Consolidated Revenue Fund	<u>\$127,018,343.84</u>
FROM GENERAL LOAN ACCOUNT	\$
MINISTER FOR TRANSPORT	
Public Transport Commission of N.S.W.—Rail Services—	
Waterfall to Port Kembla—Electrication—Planning and Design	30,000.00
MINISTER FOR LANDS, MINISTER FOR FORESTS AND MINISTER FOR WATER RESOURCES—	
Water Resources Commission—	
River Murray Commission—State contribution towards cost of Dartmouth Dam on the Mitta Mitta River	631,250.00
Total—General Loan Account	<u>\$661,250.00</u>

**DEPARTMENTAL EXPLANATIONS
CONSOLIDATED REVENUE FUND
PREMIER**

Police Department—

Salaries, Wages and Allowances—\$15,719,000.94

During 1979-80, expenditure on the above item exceeded the allocation by \$20,499,719.39. Of this amount, \$15,719,000.94 had to be paid without Parliamentary Appropriation.

Total expenditure on the item exceeded the estimate by 13.34 per cent for the following reasons:

- During 1979-80, police officers were awarded a salary increase of 13.5 per cent by the Industrial Commission of New South Wales. The cost of this salary award increase, which was retrospective to 6th July, 1979, amounted to \$17,894,050 last financial year.
- A National Wage award increase of 4.5 per cent which took effect from 4th January, 1980. This increase resulted in additional expenditure of \$3,056,874 in 1979-80.
- Interim awards granted to general establishments (non Police Constabulary) staff. These awards resulted in additional expenditure of \$381,660 in 1979-80.

These increases resulted in total additional expenditure of \$21,332,584 in 1979-80.

Payments for Leave on Retirement, Resignation, etc.—\$833,478.39.

Expenditure for the item in 1979-80 amounted to \$3,533,478.39 and exceeded the amount of appropriation available by \$833,478.39.

The additional funds required to meet this commitment were provided from Consolidated Revenue Expenditure Suspense Account, pending Parliamentary Appropriation.

Although expenditures brought to account on the item relate to all sections of the Department the bulk of the expenditure is incurred as a consequence of retirements and resignations from the Police Force.

The basis of the appropriation and the final expenditure may be summarized as follows:

	<i>Appropriation</i>	<i>Expenditure</i>	<i>Variation</i>
	\$	\$	\$
Constabulary—			
Retirements	1,910,000	2,499,038	+ 589,038
Resignations	400,000	572,650	+ 172,650
General Establishment—			
Retirements	190,000	234,298	+ 44,298
Resignations	200,000	227,492	+ 27,492
	<u>\$2,700,000</u>	<u>\$3,533,478</u>	<u>+ \$833,478</u>

Expenditure in a year is difficult to estimate because of unknown factors such as the numbers likely to retire or resign and the extent to which those that leave the Department may be entitled to receive a payment of the monetary value of accrued leave.

It will be noted that the major variations occurred in relation to retirements (which include officers retired on medical grounds) and resignations from the Constabulary, and, to a lesser extent, retirements from the public service staff.

In summary, the overexpenditure on the item in 1979-80 occurred principally as a result of the following:

- There were 173 resignations from the Police Force compared with 132 resignations in 1978-79, i.e., an increase of 31.1 per cent.
- Members of the Police Force were granted a salary award increase of 13.5 per cent, retrospective to 6th July, 1979. The effect of this salary award was to increase payments for leave on retirement, resignation, etc., by approximately \$420,000.
- Four more retirements from the Police Force than had been anticipated, including the retirement of the former Senior Assistant Commissioner of Police.
- A higher level of resignations and retirements amongst general establishment (non Police Constabulary) staff than had been anticipated.

Overtime—\$2,843,479.72

A total of \$14,343,479.72 was expended by the Police Department on overtime in 1979-80 and this exceeded the amount of appropriation available by \$2,843,479.72. Funds to this extent were made available from Consolidated Revenue Expenditure Suspense Account, pending Parliamentary Appropriation to enable the Department's commitment to be met.

Payments from the item relate to the undermentioned groups of personnel employed by the Department and amounts expended compared with the appropriation allocated to each group were roundly as follows:

Group	Appropriation \$	Expenditure \$	Variation \$
Constabulary—			
General overtime	7,500,000	9,751,000	2,251,000
Shift Allowances	3,400,000	3,902,000	+ 502,000
	10,900,000	13,653,000	+2,753,000
Parking Police	255,000	270,000	+ 15,000
Security Officers	26,000	30,000	+ 4,000
Police Matrons	9,000	11,000	+ 2,000
Public Service Staff	310,000	380,000	+ 70,000
	\$11,500,000	\$14,344,000	+\$2,844,000

A number of special factors contributed significantly to the general overtime.

	Est. Cost in 1979-80 \$
● Salary increases. During 1979-80, police were awarded a salary increase of 13.5 percent, retrospective to 6th July, 1979, and a national wage increase of 4.5 per cent	790,000
● Overtime resulting from strike action by Custodial Officers at Corrective Services institutions	514,000
● Overtime paid in respect of the demonstrations at Terania Creek and Parklea ..	339,000
● Overtime in respect of major bushfires and the Appin Mine disaster	123,000
● An estimated 7 500 man-hours spent in the search for the escapee, Raymond Denning	85,000
● Extensive inquiries which were carried out in New South Wales, following the murder of Detective Sergeant Lane of the Victorian Police Force	138,000
● An estimated 40 000 hours of overtime which was necessary because of staff shortages	424,000

The growth in the size of the Police Force in recent years has placed additional demands on the Department's administrative areas. The Court Process Section, the Traffic Penalties Section and the Accounts Section required significant amounts of overtime to maintain their work position.

The increase in shift allowances flows automatically from the increase in salaries.

MINISTER FOR TRANSPORT

Head Office—

Subsidies for Travelling Concessions to Pensioners and Others on Privately Operated Omnibuses—
\$273,395.15.

For many years private bus operators have been subsidized for the loss of revenue as a result of fare concessions granted to pensioners. As from 1st October, 1979, these concessions were extended to the unemployed and other recipients of certain Commonwealth Social Security benefits and subsidy payments to bus operators were increased to cover the additional revenue loss involved.

In assessing the amount of \$3,950,000 provided to meet these subsidy payments during 1979-80, special allowance was made for the effects of extending fare concessions to other groups and an anticipated 10 per cent fare increase during the year. However, as from 7th November, 1980, private bus fares were increased by 13.92 per cent—about 40 per cent more than anticipated when preparing the Estimates—while the allowance made for the extension of fare concessions also proved to be inadequate.

Subsidies payable during the year totalled \$4,223,395.15 and, in order that these payments could be effected, it was necessary to provide additional funds to the extent of \$273,395.15 from Consolidated Revenue Expenditure Suspense Account, pending Parliamentary Appropriation.

Drivers Licence Concession to Pensioners—\$499,727.

Since 1st January, 1979, pensioners holding a Health Benefits Card have been entitled to drivers licence fee concessions. For the first twelve months a 50 per cent concession was granted and as from the start of 1980 the fee was abolished.

The revenue forgone by the Department of Motor Transport is reimbursed from the Consolidated Revenue Fund each six months on the basis of claims submitted by the Department. Funds for this purpose are provided under the Minister for Transport—Head Office vote.

Largely because of uncertainty as to the number of pensioners likely to claim the concessions, assessment of the amount to be provided to meet reimbursements during 1979–80 was very difficult. However based on the experience of the first six months of the scheme (involving payments of \$1,372,148 in 1978–79), it was estimated that about 87 000 licensees would obtain the concession in 1979–80. An amount of \$1,980,000 was accordingly provided in the 1979–80 Estimates to meet the Department's claims.

In the event, the number of licensees granted the concession during the year totalled 120 760, some 33 000 (38 per cent) more than expected. A considerable number of these licences were issued for three years, with a consequently larger subsidy requirement. Claims by the Department in respect of revenue loss totalled \$2,479,727 and, in order to meet these claims, it was necessary to provide additional funds to the extent of \$499,727 from the Consolidated Revenue Expenditure Suspense Account pending Parliamentary Appropriation.

MINISTER FOR HEALTH*Health Commission of N.S.W.—Administration—*

Salaries, Wages and Allowances—\$1,285,121.50.

Expenditure on this item in 1979–80 amounted to \$35,276,433, \$1,795,329 in excess of the Budget Estimate. After inter-item transfers, the balance of \$1,285,121.50 was met from Consolidated Revenue Expenditure Suspense Account, pending Parliamentary Appropriation.

The excess expenditure is mainly attributable to costs associated with the National Wage Case decision in January, 1980, and other Award variations and salary determinations which were not provided for in the 1979–80 Budget allocation. A dissection of the additional costs is set out hereunder:

	\$
Additional cost of increases awarded under January, 1980, National Wage Case ..	893,206
Regional Directors and Deputy Regional Directors of Health—Determination ..	143,184
Senior Medical Officers—Agreement ..	129,444
Clerks, Administrative and Clerical Division—Interim wage determination ..	115,588
Medical Technologists—Determination ..	115,043
Clerical Assistants, Administrative and Clerical Division—Agreement ..	88,750
Stenographers and Machine Operators—Agreement ..	66,572
Laboratory Assistants, Technical Assistants, Technical Officers—Determination ..	48,863
Other (including \$145,555 for miscellaneous Award variations) ..	194,680
	<u>\$1,795,330</u>

Ambulance Services Fund—Contribution—\$2,500,000.

The 1979–80 Budget allocation for the item was \$12,550,000. The actual State contribution required to support the net operating expenditure requirements of the Ambulance Services in that year was \$15,050,000, the excess of \$2,500,000 being charged to Consolidated Revenue Fund Expenditure Suspense Account.

The need for the additional State contribution arose due to the Ambulance Services' income from the Contribution Scheme and transport charges having fallen significantly below the budgeted levels. Details are as follows:

Income	Estimate	Actual	Variation
	\$000	\$000	\$000
Transport Fees ..	16,000	14,796	— 1,204
Contribution Scheme ..	20,950	18,348	— 2,602
Other Income ..	1,158	1,160	+ 2
Total ..	<u>\$38,108</u>	<u>\$34,304</u>	<u>— \$3,804</u>

The balance of the revenue shortfall, after allowing for the additional State contribution, was offset in part by savings on operating expenditure (\$800,000) and the remainder met by utilizing existing balances in the Ambulance Services Fund.

Additional information requested by the Committee

Factors which have been identified as contributing to the shortfall in actual income from contributions compared to the budgeted figure are as follows:

- (1) the original estimate was overstated by an estimated 5.5 per cent as it was based on statistics which included unfinancial contributors who subsequently failed to renew their membership;
- (2) the incidence of existing members failing to renew (apart from those referred to above) increased from the average 5-7 per cent to over 9 per cent, presumably due to the 25 per cent increase in fees which applied from 1st January, 1980 (these figures do not take into account new membership numbers);
- (3) industrial problems at Australia Post prevented renewal notices being issued on schedule, resulting in a drop in fees income in 1979-80 estimated at \$500,000.

The numbers of contributors as recorded by the Ambulance Services as at 30th June, 1978, 1979, and 1980, are as set out hereunder. It should be noted that the figure at 30th June, 1979 is the one which was not correctly adjusted for unfinancial members, as referred to under (1) above.

		<i>Family</i>	<i>Single</i>	<i>Pensioner</i>	<i>Total</i>
30-6-78	.. .. .	579,465	279 293	368 816	1 227 574
30-6-79	.. .. .	611 816	313 330	402 110	1 327 256
30-6-80	.. .. .	597 344	310 801	410 845	1 318 990

The overall savings figure of \$800,000 is a net figure after allowing for overexpenditure in some areas and underexpenditures in others. The underexpenditure resulted in two areas—

- (a) the provision of \$2.95 million for expenditure on replacement ambulances was under-spent by roundly \$1.78 million due to delays in the letting and completion of contracts for vehicles; and
- (b) a saving of \$109,000 resulted from fewer officers attending training schools than were originally estimated.

TREASURER

Treasury Head Office—

Pay-roll Tax—\$997,427.93

An amount of \$69,000,000 was included in the 1979-80 Estimates to provide for payments on behalf of State Departments and Authorities. This amount was assessed on estimates of expenditure subject to tax with allowance for amounts expected to be recovered from a number of authorities responsible for meeting their tax obligations but on whose behalf the tax is initially paid from the Consolidated Revenue Fund.

Mainly as a result of the non-recoupment of the vote by some authorities during the year, the net expenditure from the item in 1979-80 amounted to \$70,039,652.88 of which \$997,427.93 was provided from Consolidated Revenue Expenditure Suspense Account pending appropriation by Parliament, the remaining \$42,224.95 being covered by transfers of savings of appropriation from other items.

Additional information requested by the Committee

At the time of preparation of the Estimates information is not available which would enable the liability of departments and authorities on whose behalf pay-roll tax payments are made by the Treasurer to be accurately determined.

The provision included in the Estimates is determined by taking the previous year's expenditure from the item (which is a net expenditure after allowing for recoups) and adding a percentage to provide for expected movements in salaries wages and growth in employment numbers in the ensuing year. The provision therefore is also net of any amounts that may be recoverable from activities not wholly financed from the Consolidated Revenue Fund.

Equal monthly instalments based on the estimated total liability of all departments and authorities operating on the item are remitted to the Commissioner for Payroll Tax and recoups are sought from those bodies which operate on funds outside the Consolidated Revenue Fund.

During the then current year a calculation is made of the Treasurer's actual tax liability for the preceding year and a credit is allowed or payment made in the current year having regard to the total payments made in respect of that year.

Payments made by the Treasurer in 1979-80 on behalf of the Water Resources Commission amounted to \$1,513,956.53 of which \$1,086,219.59 was not recovered until early 1980-81. Had this payment been received in 1979-80 net expenditure would not have exceeded the amount authorized by Parliament.

The Committee noted that the procedures followed in respect of transactions on the item were being examined with the object of improving controls.

Interest Payable—\$764,434.18

A provision of \$9,040,000 was included in the 1979-80 Estimates to provide for the payment of interest by the Treasurer in certain circumstances.

Payments fall into two main categories—

- those in respect of amounts at credit of various Special Deposits Accounts and regarded as being on fixed deposit with the Treasurer or eligible for interest on daily credit balances; and
- amounts payable to the Commonwealth in respect of advances for Housing received by the State but not immediately required by the Housing Commission.

The provision included in the 1979-80 Estimates anticipated that the following payments would be made.

	\$
Special Deposits Account, etc.	7,740,000
Commonwealth Government (Housing)	1,300,000
	<u>\$9,040,000</u>

In the event payments to depositors with the Treasurer required \$8,824,223.37 as a result of an increase in the amounts on deposit throughout the year and the higher interest rates applicable in the last half of the year.

With regard to interest paid to the Commonwealth, the current Commonwealth-State Housing Agreement provides that funds advanced by the Commonwealth are repayable over 53 years with interest at the rate of 5 per cent in respect of funds allocated to the Housing Commission and 4½ per cent in respect of funds channelled into terminating building societies. Annual repayments to the Commonwealth are effected in June of each year. In 1979-80, 30 per cent of the total funds available was provided to building societies.

The agreement also provides for the Commonwealth to remit the annual amount allocated to the State by equal monthly instalments unless otherwise agreed.

The Housing Commission relies to the maximum extent on income from rentals, etc., to finance its annual capital works and recurrent programmes and drawings on new money are kept to a minimum.

During the year, a total of \$36.8 million was received in the Treasury for expenditure by the Housing Commission, and this was not drawn by the Commission until June, 1980, when an amount of \$56,088,785 comprising principal and interest was forwarded to the Commonwealth in repayment of amounts previously advanced.

Since the State had the use of the Commonwealth advances pending their requirement by the Housing Commission, interest charges to the date of drawing by the Commission are met by the Treasury.

There is no actual cost to the State under this arrangement since the funds are placed on deposit in accordance with the Treasurer's normal policy of investing funds not immediately required.

Interest amounting to \$980,210.81 was paid by the Treasurer to the Commonwealth on this account in 1979-80.

Overall expenditures from the item exceeded the appropriation available by \$764,434.18 and this amount was provided from Consolidated Revenue Expenditure Suspense Account, pending Parliamentary Appropriation.

Contribution in respect of losses on existing or new Country Developmental Railways, Fare and Freight Concessions, etc. —

Rail Services—

Freight Rebates on Wheat and Wheaten Products—\$2,123,681.98

The freight concession for wheat and flour mill products financed from State revenue has applied since 1951. When introduced its aim was to lessen the effects of freight rate increases. The concession takes the form of a rebate on freight charged for wheat, and the original object was to keep down as far as possible rises in the price of basic commodities such as bread.

The concession represents a percentage reduction in the relevant freight by-law charge payable by individual consignors for the carriage of the grain. The annual cost to the Treasury, which takes the form of payments to the Railway Authority (formerly the P.T.C.), is purely a reflection of the quantities shipped by rail and the distances hauled throughout the year. Separate accounts are rendered by the Authority for the consignor's charge and, on the Treasury, for the corresponding rebate amount.

The initial estimate of wheat tonneages expected to be carried during 1979–80 was, in retrospect, significantly understated, and P.T.C. revenue for the year from that source proved to be of the order of \$8 million over budget.

The related estimate of the Treasury's liability to the P.T.C. (i.e. \$10 million was based on that lower expectation of wheat haulage and, with the benefit of hindsight, it was likewise understated.

The additional expenditure on the item was for committed charges and was accordingly unavoidable.

Funds to the extent of \$2,123,681.98 were provided from Consolidated Revenue Expenditure Suspense Account to provide for the additional payments pending Parliamentary Appropriation.

Contribution towards Government Railways Superannuation Account—\$1,121,000.00

In addition to a basic annual subsidy of \$1.6 million to the Government Railways Superannuation Account, the Government meets from General State revenue the full cost of the following two components of the payments from the Account to pensioners:

- (a) the pension indexation subsidy introduced from October, 1976, and varied each September according to changes in the Sydney Consumer Price Index for the June quarter; and
- (b) widows' pensions paid from the Account.

When the 1979–80 Estimates were framed the actual CPI figure for the June, 1979 quarter had not become available. A rate increase of 8 per cent was assumed in calculating the indexation subsidy payable. In the event, the rate proved to be higher at 9.8 per cent. This resulted in an under-provision in the Estimates for the indexation subsidy relating to the P.T.C.'s rail service of the order of \$200,000.

At a meeting of Cabinet in February, 1980, approval was given to the preparation of legislation to increase by a maximum of 12½ per cent pensions paid from the Government Railways Superannuation Account which were low in relation to years of service, and also to increase widows' pensions. The legislation has since passed and the increase made retrospective to September, 1979. Approval was also given to the full cost (assessed at around \$921,000 for the P.T.C.'s rail services for 1979–80) being met from the Consolidated Revenue Fund.

To meet these increased commitments \$1,121,000 was provided from Consolidated Revenue Fund Expenditure Suspense Account, pending Parliamentary Appropriation.

Additional information requested by the Committee

The estimate was made initially by the Public Transport Commission. The Commission's Revenue and Capital Works programmes added to a combined operation in excess of \$1,000 million. Of necessity the Budget process has to begin some considerable time before the presentation of the Budget.

The P.T.C. estimate for this particular item was probably made as early as May or June, 1979. The most recent information available on the CPI at that time would have been the March, 1978, to March quarter, 1979, variation. The all States average increase was 8.2 per cent, the increase for N.S.W. 8.8 per cent, Melbourne was 8 per cent. In the economic climate at the time, predictions and expectations were that the inflation rate would fall—the rate for the coming year was estimated at 8 per cent.

The estimate would have been based on an assumption of 8 per cent influenced by the May quarter situation and expected improvements regarding the June, 1979, figure. In retrospect the assumption was wrong. The actual figures for the June quarter were released by the Australian Bureau of Statistics in the last week of July, 1979. In the mass of detail involved in the State's overall Capital Works and Revenue Budgets the opportunity to adjust to provide for the correct rate of increase was overlooked.

To provide for Grants and Advances to Departments and Undertakings for Working Capital, etc.—

Advances for Welfare Housing—\$20,000,000.00

Other—\$3,501,089.00

Advances for Welfare Housing

In his budget speech, the former Treasurer, the Hon. J. B. Renshaw, placed considerable emphasis on the need to provide supplementary funds for welfare housing following severe reductions in Commonwealth funding and against a background in which there were still 29 000 persons who qualified for welfare housing on the waiting list of the Housing Commission.

An amount of \$50,000,000 was provided in the 1979-80 Estimates to supplement the funds available from Commonwealth sources and from revolving funds for welfare housing.

It was anticipated that this allocation would enable the waiting list to be held at this level. Instead, the overall waiting list increased substantially to a level which it was felt would reach some 34 000 by the end of the financial year.

This was a matter of considerable concern to the Government. Following a review of the likely availability of funds to the Housing Commission in 1980-81 and in view of the improvement in Consolidated Revenue receipts during 1979-80, the Premier and Treasurer announced in June, 1980, that further advances of \$20 million would be made to the Housing Commission for welfare housing.

The advance was made available to the Housing Account within Special Deposits Account for application towards the welfare housing programme of the Commission and was charged to Consolidated Revenue Expenditure Suspense Account, pending Parliamentary Appropriation.

Other—

The purpose of this item is to provide working funds to departments and undertakings in respect of those activities that are reflected through working accounts in Special Deposits Account. The general principle on which these accounts are operated is that expenditure is met in the first instance pending a recovery of charges for the service provided.

The demands for working capital under these circumstances is extremely difficult to assess and may be influenced markedly by rising costs, delays in recoupments and increased activity.

Repayable advances are also provided from the item as a source of temporary finance to enable essential works to proceed in anticipation of the receipt of funds from other sources.

In addition to the advances for Welfare Housing a total of \$11,501,089 was made available from the item for the following purposes:

	\$
State Electoral Office Working Account—Additional Capital	10,000.00
Department of Motor Transport—Advance to meet costs involved in the purchase of 5 specially equipped lorries (heavy lorry inspection scheme)	139,133.00
Recoupable Legal Expenses Account—Additional Capital	40,000.00
Wild Dog Destruction Board Account—Advance	50,000.00
Land Homesites—Advance	2,000,000.00
Water Resources Commission Working Account—Additional Capital	1,000,000.00
State Dockyard—Retrenchment Costs and Additional Costs in deferring retrenchments of personnel employed by the Dockyard	21,956.00
Plumbers, Gasfitters and Drainers Board—Advance	100,000.00
Department of Technical and Further Education Wool Working Account—Additional Capital	45,000.00
Department of Tourism—Credit Sales Working Account—Additional Capital	100,000.00
Motor Vehicle Repair Industry Council—Working Capital Advance	50,000.00
Homebush Abattoir Corporation—Advance	6,745,000.00
Noxious Insects Destruction Account—Additional Capital	1,200,000.00
	\$11,501,089.00

Since the appropriation available for these purposes amounted to \$8 million it was necessary to provide \$3,501,089 from Consolidated Revenue Expenditure Suspense Account pending appropriation by Parliament.

Additional Information requested by the Committee

Development of Additional Crown Land Homesites—Advance—\$2,000,000

The Premier and Treasurer announced at the Labor Party Conference held on 14th June, 1980, that the homesite development programme would be accelerated so as to provide over 6 000 blocks in the next five years in the Sydney, Newcastle and Wollongong areas.

Finance for the programme is to be provided by short term borrowings by the Land Commission.

To permit an immediate commencement of the programme, \$2 million was made available to the Minister for Lands in 1979-80 as working capital pending the availability of short term borrowings. The question of repayment of the advance is to be reviewed at a later date having regard to the progress achieved in the raising of the short term loans and cash flows generally.

Assistance to Abattoir Councils in respect to debt charges—\$2,195,354.86

In accordance with agreements under section 493A of the Local Government Act, financial assistance is provided by the Government to councils in respect of abattoir undertakings. The extent of assistance each year to any council is the equivalent of loan repayments or operating deficit, whichever is the lesser.

An amount of \$1,500,000 was provided in the 1979-80 Estimates to meet anticipated payments to councils under the five year agreement which expired on 31st December, 1979. However, mainly for the following reasons the provision proved inadequate:

- (1) a reduction in the number of stock presented for slaughter which resulted in a general deterioration in the financial position of council abattoirs and an increase in the level of financial assistance required.
- (2) the Government's decision to extend the assistance scheme for a further twelve months to the end of 1980 and expand the scheme to provide assistance in respect of 1979 as well as 1980 to certain additional councils not previously involved.

Assistance approved during 1979-80 under the previous (1975-79) and new (1980) agreements amounted to \$3,695,354.86 and, to enable this to be paid to councils, it was necessary to provide additional funds from the Consolidated Revenue Expenditure Suspense Account to the extent of \$2,195,354.86 pending Parliamentary Appropriation.

Additional Information requested by the Committee

Payments were made to the undermentioned Councils—

	\$
Lachlan Valley County Council (Forbes)	747,142.97
New England (Abattoir) County Council (Guyra)	318,221.47
Gwydir Valley County Council (Moree)	261,000.00
Blayney Abattoir County Council	916,410.78
Goulburn City Council	437,000.00
Newcastle City Council	302,609.84
Wagga Wagga City Council	712,969.80
	<u>\$3,695,354.86</u>

Provision for Relief Measures Associated with Natural Disasters—\$4,457,953.96

An amount of \$4 million was included in the 1979-80 Estimates on the item "Provision for Relief Measures Associated with Natural Disasters".

Because of the nature of the expenditure met from the item the allocation was determined having regard to the costs likely to be associated with disasters known at the time the Estimates were prepared.

During 1979-80 two major natural disasters occurred. They were the bushfires during last summer, which involved expenditure of roundly \$700,000 on relief and restoration schemes, and the drought. Actual expenditure on drought relief measures was \$3,451,224.

Total expenditure from the item in 1979-80 was as follows:

	\$
Amount charged direct to the item by Departments operating on the Consolidated Revenue Fund and the Rail Authority in respect of relief and restoration measures falling within their administration	2,821,269
Assistance to Departments not operating on the Consolidated Revenue Fund in respect of expenditure incurred by them in 1979-80 in restoring assets damaged by natural disasters	1,036,685
Advances to Rural Bank for, flood, bushfire and drought relief loans	4,500,000
Amount transferred to "Special Deposits Account No. 2477—Natural Disaster Relief" to enable grants to be made by the Flood Relief and Bushfire Relief Committees to relieve personal hardship and distress	100,000
	<u>\$8,457,954</u>

Funds to the extent of \$4,457,953.96 were provided from Consolidated Revenue Expenditure Suspense Account pending Parliamentary Appropriation to enable this emergent expenditure to be met.

Special schemes to promote youth employment generally—amount carried to Special Deposits Account— \$960,000

The youth employment scheme was established in 1977-78 and has been funded annually since then, funds being carried to Special Deposits Account to meet emerging costs.

An amount of \$7,500,000 was provided in the Estimates based on estimated requirements for the on-going schemes. The additional amount of \$960,000 was applied in the following manner:

	\$
Pay-roll Tax Rebates	350,000
State Apprenticeship Scheme	395,000
Youth Work Co-operatives	5,000
State Youth Employment Training Programmes (S.Y.E.T.P.—Councils)	200,000
S.Y.E.T.P. Administration Costs	10,000
	<u>\$960,000</u>

Expenditure associated with the Pay-roll Tax Rebate increased significantly in 1979-80 largely due to increased publicity being given to the availability of the rebate. Several large firms inquired about the scheme for the first time in the year.

Provision was required to allow for the costs of an extra 100 apprentices above the 600 taken on in January, 1979, and January, 1980 intake—300 on each occasion. Costs for apprentices also increased with wage rises.

In relation to the S.Y.E.T.P. Scheme some trainees were taken on earlier than originally anticipated leading to greater expenditure in 1979-80.

The amounts of \$5,000 and \$10,000 are attributable to increased activity on the schemes concerned.

UNEMPLOYMENT SCHEMES 1979-80
SUPPORTING DETAILS OF FUNDING AND EXPENDITURE

Item details	Funds available from Special Deposits	1979-80 Budget	C.R.F. Supplement-ation 1979-80	Total available 1979-80	Expenditure in 1979-80	Funds in Special Deposits 30-6-80	Comments
	\$000	\$000	\$000	\$000	\$000	\$000	
Councils \$ for \$ Scheme—							
Urban .. .. .	....	3,000	....	3,000	514	2,486	} Slower rate of expenditure than in previous schemes*.
Country .. .. .	....	2,000	....	2,000	444	1,556	
Pay-roll Tax Rebates	354	....	350	704	684	20	} Ongoing.
S.Y.E.T.P. (1978) Departments and Authorities	172	....	....	172	86	86	
State Apprenticeship Scheme	2,275	400	395	3,070	2,169	901	} Finalizing payments 1980-81.
Youth Work Co-operatives	647	....	5	652	649	3	
S.Y.E.T.P. 1979 onwards Departments and Authorities	3,200	1,000	....	4,200	3,544	656	} Ongoing.
S.Y.E.T.P. Councils	800	1,000	200	2,000	1,779	221	
S.Y.E.T.P. Administration Costs	100	....	10	110	105	5	} New scheme in 1979-80 Budget.
Group Apprenticeship Scheme .. .. .	....	100	....	100	10	90	
Totals	\$ 7,548	7,500	960	16,008	9,984	6,024	

* Scheme announced in Budget Speech 25-9-79. Letters to Councils immediately afterwards seeking projects which might receive assistance. Funds fully allocated and Councils advised 17-12-79.

Special Apprenticeship Training Initiatives—\$6,000,000.00

There is currently a shortage of tradesmen in the building, metal, and electrical trades. This will be substantially increased by the requirements of industrial development in the Hunter Region and for the accelerated electricity development programme generally.

Following a review of apprenticeship needs, the Premier and Treasurer announced a number of urgent initiatives in June, 1980, designed to increase the number of apprentices in these trades.

These initiatives were—

- Pay-roll tax refunds for additional building, metal and electrical trades apprentices taken on between 1st July, 1980, and 30th June, 1981.
- Reimbursement of employers for the cost of workers' compensation premiums for the first year of apprenticeship for these apprentices.
- A \$4 million supplementary programme for the temporary expansion of technical college facilities and resources to cope with expanded intakes in these three trade groupings.
- the appointment of thirty additional apprenticeship supervisors to help arrest the wastage rates in apprenticeships generally, to seek to promote and maintain apprenticeship opportunities and to provide closer supervision of apprenticeship training.

An amount of \$6 million was allocated to fund these initiatives. This amount has been charged against Consolidated Revenue Expenditure Suspense Account and carried to Special Deposits Account to ensure that funds will be available as required to meet these needs.

Special Welfare Assistance Programmes—\$4,000,000.00

Budget allocations of \$6.4 million for the Community Services Fund and of \$2.6 million for the Drug and Alcohol Authority were made in 1979-80. These allocations, while a considerable increase on the amounts provided in the previous year, have not been sufficient to meet all demands for welfare services.

In particular, the amount of \$1.25 million provided in the Community Services Fund for additional needs by organizations catering for alcoholics and homeless persons only went part of the way towards meeting the overall need, while it had become clear that improvements were needed in health based drug and alcohol services generally.

After a review of the position, the Premier and Treasurer announced in June, 1980, that a special allocation of \$4 million was proposed for welfare programmes, to be directed particularly to the assistance of alcohol and drug victims, destitute and homeless men and women.

This amount was charged against Consolidated Revenue Expenditure Suspense Account and carried to Special Deposits Account to enable further assistance to be provided in relation to these services.

Additional Information requested by the Committee**Distribution of \$1.25 million provided in Community Services Fund—**

	Capital \$	Recurrent \$	Total \$
St Vincent de Paul—			
(1) Mathew Talbot Hostel	300,000	20,000	320,000
(2) Granville	15,000	20,000	35,000
(3) Goulburn	10,000	10,000	20,000
(4) Lismore	10,000	10,000	20,000
(5) Wollongong	10,000	10,000	20,000
Salvation Army—			
(1) Foster St	2,500	6,846	9,346
Uniting Church—			
Wesley Central Mission	5,200	26,200	31,400
Sydney City Mission—			
(1) Rawson House	25,000	30,000	55,000
(2) The Opposition	40,000	40,000	80,000
(3) Parramatta	100,000	12,500	112,500
Total			703,246
Balance—to be distributed			846,754
			\$1,250,000

No distribution has so far been made of the special allocation of \$4 million to the assistance of alcohol and drug victims, destitute and homeless men and women.

The Committee has been informed that the distribution of the \$4 million together with the balance of the allocation of \$1.5 million will be announced by the Premier and Treasurer when presenting the State's 1980-81 Budget to Parliament.

*State Lotteries Office—**Salaries, Wages and Allowances—\$661,207.40*

Total expenditure from this item in 1979-80 amounted to \$4,265,882.40 of which \$661,207.40 exceeded funds available under Parliamentary Appropriation.

The excess expenditure on the item is attributable to costs associated with the substantial increase in staffing levels during the year related to the Office's participation in the running of "Lotto"; costs associated with the National Wage Case decision in January, 1980, and other Award variations and salary determinations. No provision was made in the 1979-80 Budget allocation for these additional costs which have been assessed as follows:

	\$
Cost of additional staff	436,951.40
Additional cost of increases awarded under January, 1980, National Wage Case ..	98,957.00
Additional cost of various Public Service Board salary determination and variations ..	125,299.00
	\$661,207.40

Pending Parliamentary Appropriation funds to the extent of \$661,207.40 were provided to the Treasurer from Consolidated Revenue Expenditure Suspense Account to enable the additional costs to be met.

Maintenance, Alterations, Additions and Renewals—\$211,704.96.

Total expenditure from this item in 1979-80 amounted to \$278,989.96 of which \$211,704.96 exceeded funds available under Parliamentary Appropriation.

The excess expenditure on the item is wholly attributable to cost associated with "fitting-out" of new branches of the Lotteries Office following the expansion of the Office's role with the introduction of "Lotto" in November, 1979.

No provision was made in the Lotteries Office's allocation for costs associated with the introduction of "Lotto" in the 1979-80 financial year.

Details of specific costs associated with the "fitting-out" of these branches are as follows:

	\$
Lotto—Greenwich accommodation	17,031.37
Wynyard Concourse	83,290.47
Parramatta (David Jones)	32,679.00
Waltons Dept Store, Park St, Sydney	18,755.21
Kotara	59,948.91

Pending Parliamentary Appropriation funds to the extent of \$211,704.96 were provided to the Treasurer from Consolidated Revenue Expenditure Suspense Account to enable the additional costs to be met.

Advertising and Publicity—\$159,299.03.

Total expenditure from this item in 1979-80 amounted to \$884,899.03 of which \$159,299.03 exceeded funds available under Parliamentary Appropriation.

The excess expenditure on the item is attributable to a special advertising campaign for the new Million Dollar Lottery and to increase television advertising during the period April to June, 1980.

Pending Parliamentary Appropriation funds to the extent of \$159,299.03 were provided to the Treasurer from Consolidated Revenue Expenditure Suspense Account to enable the additional costs to be met.

MINISTER FOR INDUSTRIAL DEVELOPMENT

Industrial Development—\$676,639.62

MINISTER FOR MINERAL RESOURCES

Mineral Resources—\$5,395,451.90

MINISTER FOR FORESTS

Forestry Commission—\$5,493,511.24

MINISTER FOR AGRICULTURE

*Soil Conservation Service—\$3,056,034.47**Fisheries—\$1,211,811.31*

A new Ministry was established from 29th February, 1980, which involved the creation of new portfolios, the discontinuance of former portfolios and a transfer of certain administrative functions from one existing portfolio to another.

In those instances where administrative functions were transferred between existing portfolios the new Minister was authorized to incur expenditure pending passing of the Appropriation Bill, 1980, under delegation from the Minister in whom authority to incur expenditure was vested by Parliament under the Appropriation Act, 1979.

The portfolio of Mineral Resources and Industrial Development was not continued in the new Ministry and three separate portfolios of Mineral Resources, Technology and Industrial Development were created.

Parliamentary appropriation to the former Minister for Mineral Resources and Development lapsed from 28th February, 1980, and it was necessary for the activities of Mineral Resources and Technology and Industrial Development to be funded from Consolidated Revenue Fund Expenditure Suspense Account.

As indicated above the unauthorized expenditures on this account amounted to roundly \$5,395,452 and \$676,640 respectively. By comparison savings in the amounts appropriated to the former Minister for Mineral Resources and Development amounted to roundly \$4,989,569 and \$670,058 respectively.

The former portfolio of Conservation was superseded by a new portfolio for Forests and accordingly Parliamentary appropriation in respect of expenditures on Soil Conservation Service, Fisheries and Forestry Commission lapsed from 28th February, 1980, and were financed from Consolidated Revenue Expenditure Suspense Account to 30th June, 1980.

Also from 29th February, 1980, the administration of the Soil Conservation Service and Fisheries was vested in the Minister for Agriculture.

Although the "unauthorized" expenditure that became necessary as a result of this change in the Ministry was roundly \$5,493,511 in respect of the Forestry Commission \$3,056,035 for Soil Conservation Service and \$1,211,811 in respect of Fisheries making a total of \$9,761,357 this may be compared with savings amounting in all to roundly \$10,306,296 in the appropriation to the former Minister for Conservation for the three activities.

The cost of the abovementioned services from 1st July, 1980, will continue to form a charge against Consolidated Revenue Expenditure Suspense Account pending passing of the Appropriation Bill, 1980.

MINISTER FOR SERVICES

Department of Services—Head Office

Board of Fire Commissioners—Contribution (Act No. 9, 1909)—\$536,772

Under the provisions of the Fire Brigades Act the Treasurer is required to contribute one-eighth of the annual estimated cost of fire services as determined by the Board of Fire Commissioners. Councils are also required to contribute one-eighth and insurance companies three-quarters of the total estimated annual requirements of the Board.

Parliamentary Appropriation of \$6,500,000 for the contribution payable to the Board was sought on the basis of the known commitment for the second half of the Board's 1979 accounting year (\$3,096,102) plus an estimate of the likely requirement in the first half of the 1980 calendar year (\$3,403,898) based on information available at the time.

The Board's estimates relate to expenditure in a calendar year and payments to the Board are made quarterly on the first day of January, April, July and October. Since their preparation is not commenced until the month of October preceding each year exact details of the Board's requirements in the second half of the financial year are not available for inclusion in the State Budget.

The estimates subsequently adopted by the Board for 1980 provided for a total expenditure of \$63,050,720 and allowed for an increased rate of expenditure to enable improvements to be made in fire fighting facilities.

So far as the State contribution was concerned an amount of \$3,940,670 was required to be paid in the second half of 1979-80 compared with \$3,403,898 being the balance available under Parliamentary Appropriation and it was necessary to provide the balance of \$536,772 from Consolidated Revenue Expenditure Suspense Account.

Government Cleaning Service—

Salaries, Wages and Allowances—\$4,774,323.13

Expenditure from the item in 1979/80 amounted to \$90,660,899.20 and this exceeded the amount of Parliamentary appropriation on the item of \$85,048,570 by \$5,612,329.20. After allowing for the transfer of the balance of the appropriation available on other items the amount of "unauthorized" expenditure from the item was reduced to \$4,774,323.13 and funds to this extent were provided to the Minister from Consolidated Revenue Expenditure Suspense Account, pending Parliamentary Appropriation to enable all commitments to 30th June, 1980 to be met.

The whole of the expenditure in excess of the appropriation available was attributable to the additional costs associated with the undermentioned National Wage variations, award increases and variations to cleaners agreements not provided for in the 1979-80 Estimates—

	\$
Female Cleaners—	
Variation to Female School Cleaners agreement—various increases effective from 31-3-78, 4-8-78, 27-9-79 and 11-10-79	1,235,561
Award increase to Female Cleaners in schools and in Departmental premises—effective from 18-1-80	2,161,000
	<u>3,396,561</u>
Male Cleaners—	
Award increase—effective from 9-11-79	381,621
National Wage increase—effective from January, 1980	1,707,055
Other new Agreements, etc.	23,153
	<u>\$5,508,390</u>

The remainder of the expenditure in excess of the initial appropriation available on the item related to the employment of more temporary assistants than anticipated when preparing the 1979-80 Estimates. These casual staff are employed for relief purposes when regular cleaning staff were absent from schools and Government offices on recreation leave, sick leave or for other reasons.

MINISTER FOR CORRECTIVE SERVICES

Department of Corrective Services—

Salaries, Wages and Allowances—\$4,306,714.33

Total expenditure from this item in 1979-80 amounted to \$30,321,714.33, of which \$4,306,714.33 exceeded funds available under Parliamentary Appropriation.

The following factors contributed to the increase in expenditure, viz:

1. Increased costs resulting from decisions in respect of wage awards.
2. The costs of additional—
 - (a) staff appointments to the Department,
 - (b) supernumerary staff,
 - (c) temporary assistance, and
3. The non-realization, to the full extent, of savings in expenditure from staff vacancies and turnover anticipated when the estimate of expenditure from the item was prepared.

The costs involved in these elements have been assessed as follows:

	\$
Additional cost of increases resulting from Wage Awards	2,686,716.00
Net cost of 226 additional positions	673,066.00
Cost of additional supernumerary staff	427,500.00
Cost of additional temporary assistance	106,094.32
Non-realization of savings from staff vacancies and turnover	413,338.01
	<u>\$4,306,714.33</u>

When the Estimates were prepared it was anticipated that the Department would experience difficulty in recruiting staff to fill all the positions then vacant and the new positions to be established during the year. At the 30th June, 1979, there were 114 vacancies on the overall staff.

An extensive advertising campaign was conducted which resulted in the recruitment of a large number of trainee officers. This resulted in all the vacancies being filled as well as 143 newly-created positions and, at the 30th June, 1980, the Departmental staffing numbers were in fact slightly over the increased staffing ceiling. The savings allowed in the Budget for vacancies and staff turnover was \$1,319,141 but actual savings were some \$413,000 below this.

To meet urgent requirements throughout the year the Department also engaged part time custodial and clerical staff.

The overall effect was a significant increase in expenditure and, pending Parliamentary Appropriation, funds to the extent of \$4,306,714.33 were provided to the Minister for Corrective Services from Consolidated Revenue Expenditure Suspense Account to enable the additional costs to be met.

Overtime—\$1,937,942.31

The amount of \$9,750,000 appropriated for Overtime in 1979-80 represented an increase of 18 per cent on the level of expenditure for this purpose in the previous financial year. The estimate assumed that because of an increase in staff numbers the need for working overtime might decline slightly and was based on the per annum value of overtime paid in June-July, 1979. It was anticipated that the cost of future wage rises would be offset by the slight decline expected to occur in the hours of overtime chargeable to the item amounted to \$11,687,942.31 an increase of \$1,937,942.31 or 20 per cent over the appropriation available.

The bulk of expenditure related to additional hours worked by custodial staff. As well as covering normal overtime payments weekend and night shift allowances paid to custodial officers were also charged to the item. From 1st July, 1980, these latter costs will be charged to the "Salaries . . ." item.

Almost 60 per cent, i.e., some \$1,157,000 of the additional expenditure is attributable to the effect on overtime and shift allowances of the substantial increase in Prison staff salaries that emerged during the 1979-80 financial year. These were the new and unforeseen award increases of 8 per cent to 12 per cent per annum granted to Custodial Staff retrospectively to 6th July, 1979, and the 4½ per cent National Wage increase introduced from January, 1980.

At the same time while there was a net addition to staff numbers of 241 during the year, the anticipated decline in overtime did not occur. The increase in staff was not sufficient to overcome the chronic staff shortages experienced by the Department. Instead, an analysis of events during the year has revealed that there was an increase in overtime worked primarily due to the following factors:

1. The manning of additional essential security posts due to escapes, prison disturbances, etc.
2. Increased escort duties of Prison officers due to greater movement of prisoners between gaols following the classification or review of classification; prison disturbances and court appearances; and more extensive outside medical treatment being provided to prisoners.
3. Increases in sick leave being taken by prison officers, particularly due to strain from the number of hours they are required to work (including double shifts) because of staff shortages.

Because of the continuing substantial increases in overtime worked by officers of the Department from year to year steps have been taken to have expenditure on this item closely monitored during the 1980-81 financial year.

In all, funds totalling \$1,937,942.31 were provided to the Minister for Corrective Services from Consolidated Revenue Expenditure Suspense Account, pending Parliamentary Appropriation to enable the additional payments to be made.

Prison Industries—

Gratuities to Inmates and Purchase of Manufacturing Stores, Plant, etc.—\$538,014.87

Expenditure from the item in 1979-80 amounted to \$6,888,041.87 and this exceeded the amount of Parliamentary appropriation on the item of \$6,350,000 by \$538,041.87.

Broadly, expenditure on the item relates to two main classifications, viz—

- (a) Prison Industries (domestic and revenue earning)—purchase of manufacturing stores, plant, etc.; and
- (b) Inmate Bonus and Incentive payments to those prisoners engaged in the various prison industries and Gratuity payments to inmates on their being released from custody.

The bulk of the expenditure in excess of the appropriation available related to an unforeseen increase of \$418,227 in the manufacturing stores, etc., requirements of the prison industries, in particular the textile conversion industry located at Parramatta. Because the bulk of the textiles used by the textile conversion prison industry are obtained from overseas unforeseen delays can eventuate from various causes such as world shortages of cotton, etc., shipping delays, etc. As a result it is difficult to forecast with any degree of certainty the "cash" allocation requirements of this particular industry. Long lead times of many months are generally required for the ordering of textiles if sufficient materials are to be available to ensure that production schedules and client requirements are to be met.

The remaining expenditure in excess of the appropriation relates to the bonus and incentive payments made to prisoners engaged in both domestic and revenue earning industries. The appropriation for the item for the 1979-80 financial year included a provision for the rates of certain bonus and incentive payments to be reviewed and, in general, increased. In the event and in the light of the actual numbers of inmates engaged in the various prison industries during 1979-80, the actual expenditure on bonus and incentive payments in the financial year amounted to \$119,815 more than was anticipated when the new individual bonus payment rates were determined and introduced effective from 1st November, 1979.

The increased expenditure of \$538,041.87 on the item overall was more than offset by increased revenue derived from the various prison industries of \$839,794 above the Budget Estimate. This sum included \$467,893 in relation to the Textile Conversion prison industry.

MINISTER FOR PUBLIC WORKS AND MINISTER FOR PORTS

Central Administration, Head and District Offices—

Salaries, Wages and Allowances—\$1,337,378.89

In determining the allocation for this item an assessment is made of the proportion of the gross amount of salaries, wages and allowances which is chargeable to Loan and Other Votes and Accounts for Works and Services of Government Departments and Undertakings and to Outside Bodies. An estimate is also made of the likely level of savings consequent upon retirements, resignations, etc.

The overexpenditure in 1979-80 resulted from—

	\$	\$
1. Wage increases arising from—		
(a) the December, 1979, National Wage Case		845,883
(b) award determinations:		
(i) Foremen and Related Trades	263,147	
(ii) Administration and Clerical Officers	138,834	
(iii) Stenographers and Machine Operators	45,627	
(iv) Clerical Assistants	37,796	
(v) Typists and Communication Assistants	20,711	
(vi) Professional Officers	332,534	
	<hr/>	838,649
2. Cost of new positions		243,533
		<hr/>
		1,928,065
Less Savings on vacancies, etc., in excess of estimate		181,151
		<hr/>
		\$1,746,914

After allowing for the transfer of the balance of the appropriation available on other items, the amount of "unauthorized" expenditure was reduced to \$1,337,378.89 and funds to this extent were provided to the Minister from Consolidated Revenue Expenditure Suspense Account to enable the additional costs to be met.

Maintenance of Public Works and Services, including Renewals, Surveys and Investigations Electricity, Gas, etc.—\$567,671.35

This item is charged with the costs incurred for electricity and gas by the bulk of Government Departments. Costs for electricity and gas are influenced by—

- (a) tariff and price increases; and
- (b) increased consumption, which can result from:
 - (i) general increased usage;
 - (ii) upgrading of existing installations; or
 - (iii) additional installations.

While under normal circumstances, a reasonable allowance can be made for tariff increases, it is extremely difficult, given the variable factors involved, to estimate increases in consumption accurately.

The 1979-80 allocation of \$17,900,000 allowed for an increase of 13.5 per cent on the previous year's expenditure, however, actual costs of \$18,467,671.35 (17 per cent more than 1978-79) exceeded this allocation by \$567,671.35. The following table details, under Ministerial Headings, expenditure in both years.

	1978-79	1979-80
	\$	\$
The Legislature	93,227	338,354
Premier	481,535	361,880
Minister for Transport	1,302	1,867
Treasurer	51,837	51,401
Minister for Industrial Development and Decentralization ..	12,638	7,460
Attorney-General and Minister of Justice	612,731	708,559
Minister for Police and Minister for Services	213,376	355,714
Minister for Corrective Services	579,317	725,249
Minister for Lands, Minister for Forests and Minister for Water Resources	284,019	535,137
Minister for Public Works and Minister for Ports	739,384	1,076,430
Minister for Local Government and Minister for Roads ..	1,753	1,674
Minister for Education	11,084,997	12,731,874
Minister for Sport and Recreation and Minister for Tourism ..	160,312	181,572
Minister for Youth and Community Services	579,703	635,328
Minister for Mineral Resources and Technology	85,419	84,878
Minister for Industrial Relations and Minister for Energy ..	28,493	34,097
Minister for Consumer Affairs, Minister for Housing and Minister for Co-operative Societies	47,403	53,106
Minister for Conservation and Minister for Water Resources ..	264,984*	....
Minister for Agriculture	416,069	560,297
Minister for Planning and Environment	36,542	22,794
Totals	\$15,775,041	\$18,467,671

* 1978-79 Ministerial Heading—in 1979-80 Soil Conservation was transferred to the Minister for Agriculture and Water Resources was transferred to the Minister for Lands.

To enable the 1979-80 expenditures to be met, funds to the extent of \$567,671.35 were provided to the Minister from Consolidated Revenue Expenditure Suspense, pending Parliamentary Appropriation.

Fees Payable to Consultants in respect of Architectural Works—\$1,593,155.90

As the State's main constructing authority, the Department of Public Works has the responsibility for the design and documentation in respect of major capital works. To assist in this function the Department, when necessary, employs consultants whose fees are met from the funds provided for this item.

The extent to which consultants are employed depends on the capacity of the Department's "in-house" staffing to meet the design and documentation needs of the capital works programme being undertaken.

At the time of determining the Estimate for this item, there is a high degree of uncertainty as to which capital works will be referred to consultants. It is also difficult to assess to what extent accounts will be presented by consultants before the 30th June.

In 1978-79 expenditure on this item amounted to \$7.2 million. Because of this, the 1979-80 allocation was determined at \$8 million. In the event it was necessary for the Department to expand \$9,593,155.90 to ensure sufficient documentation to enable work to proceed on those capital projects for which funds were available.

In these circumstances, an additional \$1,593,155.90 was made available to the Minister from Consolidated Revenue Expenditure Suspense, pending Parliamentary Appropriation, to enable the Department to pay all consultants fees due.

MINISTER FOR EDUCATION

Ministry of Education—

Adult Migrant Education—Salaries and Other Expenses—\$893,158.57

Expenditure of the Adult Migrant Education Service is, generally speaking, recovered from funds provided by the Commonwealth Department of Immigration and Ethnic Affairs which are credited to Consolidated Revenue Fund Receipts.

The 1979-80 expenditure estimate of \$5,683,452 was based on information provided by the Commonwealth but in the event actual expenditure reached roundly \$6,576,611, and the amount of \$893,159 in excess of appropriation was met from Consolidated Revenue Expenditure Suspense Account.

Except for a State contribution of \$74,000 towards the cost of refurbishing part of the Blackfriars school at Chippendale to provide accommodation for the service, the excess expenditure in 1979-80 will be fully recovered from the Commonwealth.

Department of Education—

*Primary Education—Salaries, Wages and Allowances—\$5,391,504.94**Secondary Education—Salaries, Wages and Allowances—\$8,180,186.09*

	Primary \$	Secondary \$	Total \$
1979-80 Budget Estimates	397,860,000	404,820,000	802,680,000
Actual Expenditure in 1979-80	407,251,505	415,253,036	822,504,541
Excess	9,391,505	10,433,036	19,824,541
Less Treasurer's Advance and transfers	4,000,000	2,252,850	6,252,850
Payments Unauthorized in Suspense	5,391,505	8,180,186	13,571,691

After taking into account available balances of appropriation on other items and amounts of \$4 million for Primary and \$2 million for Secondary available from Treasurer's Advance Account, unauthorized expenditure amounted to \$5,391,505 for Primary and \$8,180,186 for Secondary Education.

Increases during the year due to National Wage, Interim Teachers Awards and other salaries and wage variations totalled \$17,871,000 for Primary and \$18,344,000 Secondary. An allowance of \$11 million was included in each of the allocations for this purpose so that the over budget expenditure from this cause amounted to \$6,871,000 Primary and \$7,344,000 Secondary.

The remaining over expenditure of \$2,520,505 Primary and \$3,089,036 Secondary was in the main due to greatly increased levels of expenditure in respect of casual teachers appointed to fill positions of permanent teaching staff temporarily absent from duty.

During 1979-80, expenditure on casual teachers exceeded anticipated levels by roundly \$6.0 million Primary and \$2.4 million Secondary. There were offsetting savings of \$3.5 million on estimated expenditure for permanent teachers in Primary Education (due to extended absences on Maternity leave, etc.). However, additional expenditure of \$0.7 million was incurred in Secondary Education due to an increase in teacher numbers to permit the introduction during the year of further betterments such as class size reductions and to provide for enrolment levels higher than budgeted for.

Provision for Special Assistance to Disadvantaged Schools—\$1,095,993

	Primary \$	Secondary \$	Total \$
1979-80 Budget allocation	3,290,500	835,000	4,125,500
1979-80 Expenditure	4,020,622	1,200,871	5,221,493
Variation	(+) \$730,122	(+) \$365,871	(+) \$1,095,993

Under the provisions of the States Grants (Schools Assistance) Acts, the Commonwealth provides grants to the State to recoup expenditure on programmes in disadvantaged schools. The grants are provided on a calendar year basis with the result that actual expenditure during a financial year will normally vary from the Budget Estimate as information is not available at the time the Budget is presented as to the level of Commonwealth funds to be provided in the subsequent calendar year.

In the light of advice as to the Commonwealth allocations it was necessary to increase the Budget allocation and funds were provided from Consolidated Revenue Expenditure Suspense Account, pending Parliamentary Appropriation, for this purpose.

Secondary Education—Allowance for secondary pupils in non-State Schools—\$652,806.50.

The Budget allocation of \$27,000,000 for this item was exceeded by roundly \$652,807, this excess being met from Consolidated Revenue Expenditure Suspense Account pending Parliamentary Appropriation.

Payments of allowances are calculated on enrolment numbers at approved per capita rates for each school year. Per capita rates are based on 20 per cent of the cost of educating a child in a government school, as determined in accordance with a formula prescribed by the Australian Education Council.

The estimate of expenditure for 1979-80 was based on the approved 1979 per capita rate (\$266) and the rate estimated at the time to apply in 1980 (\$303). Enrolments were estimated at 94 445 in 1979 and 95 500 in 1980.

In the event the per capita rates approved for 1980 was higher (\$306) and actual enrolments exceeded the estimated figures—these variations would account for overexpenditure of roundly \$652,807.

*Department of Technical and Further Education—
Salaries, Wages and Allowances—\$3,059,219.34*

Details of the Budget and Expenditure figures in respect of the item for 1979-80 are set out below (rounded to the nearest dollar)—

	\$
1979-80 Budget Allocation	114,767,000
1979-80 Expenditure	117,826,219
Variation	\$3,059,219

The allocation for 1979-80 included \$3 million as a provision to meet the cost of national wage and other salary and wage agreements and award variations expected to be handed down during the year. In addition, \$2 million was included in the allocation as a provision to meet the estimated cost in the year of new appointments to provide for growth in student enrolments and other staffing betterments.

In the event, the cost of national wage and other salary and wage variations during the year (including the interim teachers' award effective from 7th December, 1979) amounted to roundly \$5,383,000 i.e. \$2,383,000 in excess of the provision made in the allocation. Further, the provision of \$2 million for new appointments was insufficient to allow the employment of teaching and teaching support staff up to the approved staff numbers to provide for growth in student enrolments and other approved staffing betterments.

Pending Parliamentary Appropriation, funds to the extent of \$3,059,219.34 were provided to the Minister for Education from Consolidated Revenue Expenditure Suspense Account to enable the additional costs to be met.

*Department of Technical and Further Education—
Stores Provisions, Furniture, Equipment, Minor Plant, etc. (including Maintenance and Repairs)—
\$1,804,977.10*

This item provides for expenditure on stores, furniture, equipment, etc., at some 80 technical colleges and 140 smaller centres throughout the State for the conduct of over 800 courses covering many fields of study at different levels.

Details of the Budget and Expenditure figures in respect of the item for 1979-80 are set out below (rounded to the nearest dollar).

	Budget \$	Expenditure \$	Variation \$
State funds	10,500,000	12,034,977	(+) 1,534,977
Commonwealth funds	800,000	1,070,000	(+) 270,000
Total	\$11,300,000	\$13,104,977	(+) \$1,804,977

The State-funded section of the allocation for 1979-80 did not include specific provision for the cost of the initiatives announced in the Budget to increase the number of pre-apprenticeship and day secretarial course places in 1980. In the event, expenditure of \$600,000 was incurred in the year on the provision of equipment and consumables for use in the conduct of these additional course places.

Other factors which affected expenditure last year included—

- (a) increased cost of printing undertaken by the Government Printing Office for the College of External Studies;
- (b) increases in the cost of meat of approximately 75 per cent over the past 12 months (large quantities of meat are used at a number of colleges in courses such as Butchery, Meat Inspection and Retail Meat Merchandising);
- (c) general increases in the cost of materials used in all teaching schools, particularly in the schools of Automotive and Aircraft Engineering Trades, Civil Engineering, Biological Sciences and Vehicle Trades.

Funds are also provided on this item for the conduct of certain programmes, the costs of which are fully recoverable from the Commonwealth Government under the provisions of the State Grants (Tertiary Education Assistance) Act. The Commonwealth contributions are carried to Consolidated Revenue Fund Receipts. The amounts available for expenditure on Commonwealth funded programmes are determined after the State budget is prepared.

During 1979-80, the Department increased the level of expenditure on the Commonwealth-funded programmes beyond that provided on the item and this factor also contributed towards the amount of expenditure in excess of the appropriation.

Overall, funds totalling \$1,804,977.10 were provided to the Minister for Education from Consolidated Revenue Expenditure Suspense Account, pending Parliamentary Appropriation, to enable the additional costs on the item to be met.

MINISTER FOR YOUTH AND COMMUNITY SERVICES

Department of Youth and Community Services—

Head Office and General Division—

Family Allowances—\$1,226,804.38

Expenditure from the item relates to the regular benefits provided to supporting mothers during the first 6 months after the event which gives rise to eligibility. After this period recipients are eligible for a Commonwealth benefit and payment of State assistance ceases. The Commonwealth reimburses the State 50 per cent of expenditure incurred.

Since 1977-78 the State benefit has been maintained in full parity with the Commonwealth Supporting Parents benefit, which since November, 1979, has been adjusted every 6 months in line with movements in the Consumer Price Index. Provision was made within the amount of \$18,600,000 allocated for expenditure in 1979-80 for the rate to be increased by 8.8 per cent from November 1979 (12 months) and a further 4 per cent from May, 1980. The actual increase in November, 1979, was in line with the estimate but the May, 1980, increase was 5.4 per cent or 1.4 per cent above the provision made.

Apart from the regular 6 monthly CPI adjustment to the rate of the benefit, the main contributing factor to increased expenditure on the item is the increasing number of recipients. On an overall basis expenditure in 1979-80 increased 15.2 per cent over the previous year compared to the Budget provision of an 8.1 per cent increase.

Late in the financial year it became evident that expenditures chargeable to the item would exceed the amount of appropriation available and funds to the extent of \$1,226,804.38 were provided from Consolidated Revenue Suspense Account to provide for the additional payments pending Parliamentary Appropriation.

Cash and Other Assistance to Persons in Necessitous Circumstances—\$1,930,889.24

Expenditure from the item relates to the provision of financial assistance to people in necessitous circumstances for special foods for medical reasons, spectacles, surgical aids, clothing, transport, the burial of destitute persons, as well as direct cash assistance.

A means test is applied to determine eligibility for assistance for most items other than special cash assistance where grants are provided on the merits of individual cases. The range of items where assistance may be provided was the same as in the previous year.

The amount of authorized expenditure on the item in 1979-80 of \$3,289,000 (compared with expenditure of \$3,686,669 in 1978-79) allowed for the transfer of responsibility for issuing spectacles and surgical aids to the Minister for Health from 1st October, 1979. However this did not eventuate due to difficulties in obtaining Commonwealth acceptance for these costs to be included in the Medibank agreement. As a result total expenditure on the provision of spectacles and surgical aids on the item in 1980-81, \$1,876,964, exceeded the amount of \$550,000 provided for the purpose by \$1,326,964.

Expenditure from the item is difficult to predict and is affected by cost increases and, particularly, increases in the numbers seeking special cash assistance and the extent of assistance granted. The latter aspect is to some extent related to unemployment levels and to an increasing awareness of the availability of assistance.

Late in the financial year it became evident that expenditure chargeable to the item would exceed the amount of appropriation available for the purpose and to meet the situation funds to the extent of \$1,930,889.24 were provided from Consolidated Revenue Suspense Account to provide for the additional payments pending Parliamentary Appropriation.

MINISTER FOR CONSERVATION AND MINISTER FOR WATER RESOURCES

Water Resources Commission—

Subsidies in respect of Farm Water Storages, Bores, Wells, etc.—\$249,999.99

Subsidies to landowners up to a maximum of \$1,000 or 25 per cent of the cost of the work, whichever is the lesser, are provided under the terms of the Farm Water Supplies Act. Expenditure from the item is difficult to forecast and while a total of \$1.9 million in subsidies was anticipated in 1979-80, the prolonged drought resulted in an increased demand for assistance and subsidies exceeded the amount originally provided by roundly \$250,000. Funds to meet the additional expenditure were provided from Consolidated Revenue Expenditure Suspense Account pending Parliamentary Appropriation.

General Loan Account

MINISTER FOR TRANSPORT

Public Transport Commission of N.S.W.— Rail Services—

Waterfall to Port Kembla—Electrification—Planning and Design—\$30,000.00

With a view to reducing the State Railways dependence on liquid fuel and also to provide electrified railway track and rolling stock capacity by 1984-85 to haul rapidly increasing tonnages of export coal from the South Western and Western Coal Fields to Port Kembla, the Public Transport Commission was directed by the Government to proceed with the investigation and planning of the extension of electrification of the Illawarra Line between Waterfall and Port Kembla.

Expenditure incurred during the year related to initial ground surveys, aerial mapping and other studies in connection with tunnels.

It was considered inappropriate to charge this expenditure to any of the items for which Parliamentary Appropriation was available to the Minister and in the circumstances funds were provided from General Loan Expenditure Suspense Account.

Additional expenditures will be brought to account in respect of this item in 1980-81 and until the 1980 General Loan Account Appropriation Bill is passed by Parliament this expenditure will also form a charge against General Loan Expenditure Suspense Account. The total expenditure during this interim period is not expected to exceed \$100,000.

Loan Council recently signified its agreement to this project being regarded as an Infrastructure Project, and ultimately the cost will be met from the proceeds of special Infrastructure borrowings.

MINISTER FOR CONSERVATION AND MINISTER FOR WATER RESOURCES**Water Resources Commission—**

River Murray Commission—State's contribution towards cost of construction of Dartmouth Dam on the Mitta Mitta River—\$631,250

The cost of constructing the above dam is being shared by the Commonwealth, New South Wales, Victoria and South Australia in equal proportions.

Although the dam had been completed and officially opened, the overall cost was continuing to escalate because of finalizing works found necessary. In addition a claim by Thiess Bros Pty Ltd, the main contractors for the project, for cost variations amounting to \$22.6 million was settled for \$5.5 million on the basis that payment was made before 1st January, 1980. If not paid by that date additional interest at the rate of 11.5 per cent per annum or almost \$53,000 per month would have been incurred.

As New South Wales had accepted the revised cost of the project and as the Commonwealth and other States had provided funds to meet the contractual commitments before 1st January, 1980, it was imperative that New South Wales also provide its share and so avoid the payment of substantial amounts of interest (approximately \$145,000 before the 1980-81 Loan Appropriation Act is passed).

Additional expenditures are to be brought to account in respect of this item in the early part of 1980-81 and until the 1980 Appropriation Bill is passed by Parliament this expenditure will also be regarded as "Unauthorized in Suspense". The overall expenditure involved in this interim period is not expected to exceed \$329,000.
