

March, whereas we had budgeted to start on 1st January, because of the legalities it was not to be applied until March, that intervening period would account for the first part of your question as to the \$1.8 million.

What has happened since is that the coal industry have agreed to pay the 25 per cent from March provided that they are given the protection of an index over the next three years on freight rate increases. We have agreed to do that and many months have been spent negotiating that far. The point we are at now is arguing what is an appropriate index. We are very firm now that we have gone as far as we can. Given this mammoth expenditure on coal infrastructure, the sort of things I have just outlined, the rate of increases in servicing that is obviously greater than the normal consumer price index, for example. Nevertheless, in deference to the problems the coal industry are facing, we are prepared to give them the protection of an index for the next three years below what we would anticipate to be the cost increases of servicing the industry. But the increases we have come up with—and they are all Australian Bureau of Statistics indicators because the coal industry wanted public rather than railway indices, and we have accepted that—are roughly 60 per cent for movements in labour, 20 per cent for movements in capital costs and 20 per cent for movements in material costs. All three of those indices are Australian Bureau of Statistics.

We know, and they know, from the available Australian Bureau of Statistics figures that that means that next year they are looking at an increase of approximately 15 per cent. The coal industry is still baulking at that level.

I think that the railways have already made a considerable concession. We are losing, as Mr Greiner will remind us; the Government is having to subsidize the railways significantly now and I think that we have gone reasonably towards accommodating the coal industry. I have written to the chairman. They were the Joint Coal Proprietors, but they have just changed their name. I have written to Mr Dick Austin and told him that we are at the end of the line now.

Mr GREINER: Could you tell me at what date you were advised by the Government that you were required to repay the \$221 million?—A. Not offhand. I can supply that.

Q. To the nearest week or month?—A. I could not even guess the month.

Q. At the same time as you provide me with that, could you provide me with the dates of the seven leverage leasing packages, as to when they were undertaken,—  
A. I do not have that here. I thought I might have the dates on this sheet of paper. We can provide all that information, surely.

(The witness withdrew.)

#### MINISTER FOR HEALTH—NEW SOUTH WALES

Sydney, 24th August, 1982.

Mr M. R. Egan, B.A., M.P.,  
Chairman,  
Parliamentary Public Accounts Committee,  
Parliament House,  
Sydney.

Dear Mr Egan,

Reference is made to your letter requesting departmental explanations as to the reasons for expenditure in 1981-82 made without Parliamentary sanction or appropriation.

Dealing firstly with the item Contribution to the Hospital Fund for Subsidies and Other Assistance to Hospitals and Allied Services, the amount of \$91.423 m. was approved by way of supplementation by Treasury as follows:

Date	\$m.
7th April, 1982 .....	0.366
13th May, 1982 .....	1.670
14th May, 1982 .....	1.300
21st May, 1982 .....	75.364
23rd June, 1982 .....	10.500
30th June, 1982 .....	2.223
<b>Total .....</b>	<b>\$m91.423</b>

Higher than budgeted cost of Salaries and Wages Award costs were largely responsible for expenditure in excess of the original allocation. In particular, provision had not been made in the budget for the size and extent of retrospectivity of the wage increases granted to employees under the Nurses (State) Award. Payment of award increases to Hospital and Community Health staff in 1981-82 in total amounted to \$89.518m more than provided in the budget.

The other main area not provided for in the original budget related to Hospital Patient Fees. Apart from action to ensure as far as possible that Hospitals raise accounts promptly and actively pursue collection of outstanding debts, it is difficult to hold Hospitals responsible for shortfalls in budget revenue. The actual level of Hospital revenue from Patient Fees in any period is largely dependent on the number of chargeable patients treated and the speed with which the various Health Insurance Funds pay accounts.

The 1981-82 level of Patients Fees in Recognized Hospitals was budgeted having regard to the revenue raising potential determined by the Commonwealth at the time of termination of the Hospital Cost Sharing Agreement and introduction of the revised health insurance arrangements from September, 1981. Despite a subsequent decision to increase the rates for Patient Fees from January, 1982, there was a substantial shortfall from the total of \$331.5m originally estimated.

Based on figures prepared at the end of April, Regional Directors on the Health Commission were projecting a budget shortfall in Patient Fees of \$22.881m. Although revenue from Patient Fees was increasing it was necessary to seek supplementation from the Treasury to ensure that Hospitals would have cash available to meet expenditure commitments. After careful review of May figures Treasury agreed to the Patient Fees allocation being reduced to \$320m, effectively providing supplementation of \$11.5m.

Other less sizeable factors leading to additional expenditure include shortfall in amount budgeted for Commonwealth Health Grant \$6.264 m, higher premium Public Liability Insurance \$1.3m, and transfer of Surgical Aids Programme from Department of Youth and Community Services \$366,000.

To a very large extent these smaller unbudgeted cost impositions were able to be offset by savings achieved elsewhere. The main area of saving was on Salaries and Wages. In Hospitals, beds were closed main on a temporary basis especially over the Christmas holiday period, while restrictions were placed on staff recruitment.

In relation to the Ambulance Services Fund it is advised that the amount of \$4.67m to which you refer is comprised of two separate sums, \$3m and \$1.67m, approved by the Treasurer on, respectively, 6th April, 1982, and 10th June, 1982, in supplementation of the Minister for Health, Health Commission of New South Wales—Administration item "C8. Ambulance Services Fund—Contribution".

The sum of \$3.0m approved on 6th April, 1982, was a net amount made available on the following basis:

Expenditures not provided for in allocation:	
	\$000
Salaries and Wages—Award Costs .....	3,984
Payroll Tax Surcharge .....	570
Workers Compensation Insurance .....	40
	<hr/>
	4,594

Less: Additional Revenue—

	\$000	
Transport Fees .....	895	
Miscellaneous Income .....	122	
	<hr/>	
		1,017
		<hr/>
		3,577

<i>Less: Savings required to be made as offsets—</i>		
Ambulance Replacements . . . . .	350	
Repairs, Maintenance, Renewals and Other Expenses . . . . .	227	577
		<u>3,000</u>

It will be noted that the primary purpose of this supplementary funding was to provide for Ambulance Service award costs. In this regard, the allocation initially determined for the Fund's operations in 1981-82 included a provision of \$1.513m for this purpose, while actual award costs during the year amounted to \$5.545m.

The sum of \$1.67m approved on 10th June, 1982, was provided to offset the estimated loss of Ambulance Fund Contribution Scheme revenue following the introduction, from 1st January, 1982, of free ambulance transport for those persons eligible for free hospital treatment under Commonwealth and State guidelines.

As regards Commission witnesses, I propose Mr L. A. McDonald, Director of Finance, and Mr A. Woollett, Assistant Secretary (Finance).

Yours sincerely,  
L. J. BRERETON.

LESLIE ALLEN McDONALD, Director of Finance of the Health Commission, [REDACTED], affirmed and examined:

CHAIRMAN: Did you receive a summons issued under my hand to attend before this Commission?—A. (*Mr McDonald*) I did.

CLARENCE ALLAN WOOLLETT, Assistant Secretary (Finance) Health Commission, [REDACTED], affirmed and examined:

CHAIRMAN: Did you receive a summons issued under my hand to attend before this Committee?—A. (*Mr Woollett*) I did.

Q. Mr McDonald, we have received a letter from the Minister for Health, Mr Brereton. Is it your wish that that letter be included as part of your sworn evidence?—A. (*Mr McDonald*) Yes.

Mr NEILLY: On the first page of the letter from the Minister the concluding paragraph refers to the change in the hospital cost-sharing rearrangements and the estimation of fees to be derived from patients. Apparently the net shortfall is something of the order of \$11.5 million. Would there be any initial query with the way the Commonwealth determined the \$331.5 million, or was that just something that progressed during the course of the year that was found to come about?—A. We had been in dispute with the Commonwealth about the way they arrived at their formula for patient fee revenue. I think that one of the major items in that, which we are in dispute about, was the level of bad debts that could be expected from patient fees, particularly outpatient fees. Up to that time, to the beginning of the last financial year, because of the hospital cost-sharing agreement we had not had a great deal of experience in what the likely levels of bad debts were going to be in some areas. I think both the Commonwealth and the State were operating in a bit of a vacuum in that respect.

Our view was that the level of bad debts would be higher than the Commonwealth was estimating. Their view was obviously that it was going to be lower. There was also a dispute about the chargeable level of bed days that could be expected, particularly in the light of patient fee

increases that were expected to occur during the year. We anticipated a fall in the number of chargeable bed days and the federal Government I think were operating on the view that they would stay relatively the same.

Q. On the second page of the Minister's letter he indicates that other factors included a shortfall in the amount budgeted for Commonwealth health grant of \$6.264 million. Again, was that budgeted for by the State or was it in consequence of any argument with the Commonwealth?—A. Yes. That was largely as the result of a dispute which has still not been resolved between the State and the federal Government over what is called the washup of the 1980-81 cost sharing.

There were a number of items that were still in dispute between the Commonwealth and the State as to whether they should be included in the figures or not. That has an effect on the overall level of the Commonwealth grant to New South Wales for 1980-81, and because of the fact that subsequent years are based on that, it will also affect the level of those. As we were still not in agreement by the end of 1981-82 with the Commonwealth, the Commonwealth made a unilateral adjustment to our final month's subsidy payment to the State, which we did not find out about until after we received the subsidy payment, and their view expressed on this when the State Treasury queried them was that this was their estimate of what will eventually be the washup of the 1980-81 year, and they were deducting it at that time from our grant for 1981-82. We are still in dispute about that with the Commonwealth.

Q. It could turn out to be beneficial or detrimental?—A. Yes.

Q. In the concluding paragraph on the second page of his letter, the Minister states that the allocation initially determined for operations in 1981-82, I refer to the ambulance services fund, included \$1.513 million for this purpose, while the actual award costs during the year amounted to \$5.545 million. That is a hefty difference?—A. Yes.

Q. What was the increase granted?—A. I think the principal increase was a 10 per cent increase which was retrospective to about mid-June, 1981.

Q. Your anticipation in the budget was prepared on the basis that an increase would not be made retrospective to that extent, or the increase would not have been as high as that?—A. Not to the same level. One point I should make about the provisions that finally appeared for us for award variations were not necessarily always the ones we had estimated, because we would make an estimate in our estimate to Treasury, and Treasury would then make their own estimate of what they thought the award variations were, and on a number of these major items Treasury's estimates were below ours. We ended up with an award variation supplement originally which was below what we had estimated, and therefore it had to be supplemented. Even our estimate was below what eventually occurred. There was no way of being able to guess the size of the variations, particularly the nurses' awards, which were backdated to August of 1980.

Mr BOYD: The Minister's letter refers to overruns in the period when the extra allocation was made. A total of \$91.4 million is referred to. The following paragraph states that the increases in awards in the hospital system amounted to \$89.5 million. Those two figures almost offset each other. The real source of the increases was award rises?—A. Yes. Almost completely. The \$89.5 million

of the \$91.4 million was due to increases in excess of those anticipated.

Q. So, that is basically the reason for the similarity of those figures?—A. Yes.

CHAIRMAN: What was the total increase in wages and salaries? I take it that it would be the \$89.5 million plus whatever was allowed for?—Yes. It was the \$89.5 million plus what had already been provided by the Health Commission. It was \$145.9 million.

Mr GREINER: Briefly, on the matter of ambulance services, do I understand that the total provision made for award increases in the last Budget was \$1.5 million but that the wage and salaries bill was of the order of \$44 million?—A. Yes.

Q. Was that sensible? I understand that you did not make the decision but you would have thought that was reasonable to estimate only an increase of 2 per cent for possible award increases?—A. (Mr Woollett) The provision covered the additional award costs that were expected during the year but that figure does not cover the carry forward cost of the awards that were granted the previous financial year. (Mr MacDonald) I think your point, Mr Greiner, was somewhat different to that explained by Mr Woollett. Your point was whether we should have expected a larger percentage increase in awards in 1981–82 than 2 per cent. What must be remembered is that when we make that sort of decision—and this was not ours, it was the Treasurer's—it can be affected by other things. We recommended a figure closer to \$2 million. The other was a Treasury figure. When indexation disappeared it became very difficult to predict precisely the way wages would move. Many people thought that wages would move more slowly and others thought they would move more rapidly. Perhaps we, and the Treasury, were caught a little flatfooted. It seems that most people were.

CHAIRMAN: The anticipation in the Budget itself was that there would be a greater percentage rise, would not that have caused you to be more careful in your view?—A. Not necessarily. It depends on the range of award increases that occurred, especially those in the ambulance service area just prior to the commencement of the year. I think the estimate in the ambulance service field was that it would increase by 4 per cent and for only half of the year but, as it turned out, that prediction was substantially insufficient.

Mr GREINER: If that degree of error were manifest throughout the entire public accounts that would be disastrous?—A. Yes.

Q. I turn now to the question of the \$91.4 million and the \$89.5 million which relate to the Minister's letter. Can you tell me how many hospitals are covered by that?—A. In the second and third schedule there is about 270 different hospitals and in the fifth schedule about twenty. So there are about 290 hospitals altogether.

Q. How many of those hospitals contributed to the overrun due to award increases?—A. I can tell you how many have overspent their budgets but whether that was directly attributable to award variations I cannot say unless I go through the matter in detail. Generally, we monitor them on gross operating payments and that includes salaries, wages and other costs. Virtually all of them would have overspent on salaries and wages had the supplementation not been taken into account. In the

second and third schedule thirty-six hospitals exceeded their budgets. Most of those did so by a relatively small amount of money, well under 1 per cent. In fact many overspent by an order of .05 per cent. I think there will be recommendations that seven have action taken against them. Those recommendations will go to the Minister.

CHAIRMAN: Overall, it seems all hospitals underspent their budgets?—A. Yes.

Q. What was the total amount?—A. In expenditure terms I think it would be about \$11 million. The gross operating payments for recognized hospitals were \$8.2 million favourable and for non-recognized hospitals \$800,000 favourable. So, overall for recognized and non-recognized it is about \$9.5 million favourable on gross operating payments.

Mr NEILLY: Which were the seven hospitals and what were the amounts involved which related to serious overruns?—A. I have a bit of a problem in answering that question as no recommendations have yet been made to the Minister. I received this paper only this morning. I am not sure of the proprieties of revealing this information here first.

Q. We are not supporting or denying any right to refer the matter to the Minister, we are simply curious as to which hospitals were concerned. Perhaps you could simply supply us with the amount of overruns, without specifying the hospitals involved?—A. For the first, to the nearest \$1,000, it was \$164,000; for the second, \$3,000. It must be remembered that even if these figures seem small they may nevertheless be large in relation to the particular hospital concerned. For the third hospital it was \$5,000; for the fourth it was \$44,000; for the fifth it was \$13,000; for the sixth it was \$13,000; and then we have \$17,000 with \$42,000. There are eight figures that I have given, but the last two relate to an annexe of the one hospital, the \$17,000 and \$42,000.

Q. Were there any hospitals that exceeded their basic budget by a figure of \$1 million or a figure like that?—A. No.

Mr WEBSTER: In relation to patient fees are you satisfied that the agreement with the Commonwealth is satisfactory in so far as you can ascertain the calculations?—A. No. We are still in dispute with the Commonwealth about their assessment of what it is possible for us to earn in fee revenue. As I mentioned earlier, this is based on two major considerations; one is the difference on the level of bad debts that would be encountered. In fact, certainly in 1981–82, we have seen that the level of bad debts concerning outpatients is considerably higher than the Commonwealth's estimate. The second major consideration is in respect of the fall-off in chargeable bed days as a result of fee increases.

It seems that the Commonwealth was assuming largely that chargeable bed days would remain pretty much the same. We estimated there would be a fall in chargeable bed days because of the fee increases. In fact, that is what transpired. In fact, there has been a fall in chargeable bed days, not by a great percentage but, in money terms, fairly substantial. I think the percentage fall last year was about 3 per cent. The total patient fee revenue last year was about \$370 million. Thus it can be shown that even 3 per cent is a substantial amount of that figure.

We have two points of dispute with the Commonwealth. We are continuing discussions with them about those

points. We hope to have some resolution within the next couple of months. Already further meetings have been set down with the Commonwealth to discuss this question.

Q. Did they simply refuse to give you their calculation?

—A. No. They told us largely how they calculated it but we disagreed with the assumptions made on those calculations. It was demonstrated last year that patient fee revenue was not collected to the point the Commonwealth had estimated it would be. That was so even though we had a patient fee increase that had not been taken into account in the original Commonwealth estimate. In spite of that increase we still had the problem of patient fee revenue not reaching the estimate. One of the problems in the year has been the length of time it takes the hospital funds to make payments to the hospitals on patient fees. We have taken a number of actions to try and control this and bring it within reason again, and they have been partially successful. However, at 30th June there was still something like \$90 million outstanding in patient fee revenue and the bulk of that was owed by the funds. That represents about 2.6 months of patient fees outstanding, so this means there is a fairly substantial sum of money involved.

Mr NEILLY: Can you tell us the total figure by which the hospitals exceeded their gross operating budget last financial year, in 1981-82?—A. They did not exceed. They came under their gross operating payments total by about \$9 million. That is for both recognized and non-recognized hospitals. Added together, the figure is \$8.199 million under for recognized hospitals and \$809,000 under for non-recognized hospitals. That comes to about \$9.6 million or \$9.7 million which they were under on their gross operating payments overall. In fact, revenue overall was up as well. We were \$5.984 million favourable on revenue for recognized hospitals and \$1.198 million favourable for non-recognized. They were a bit over \$7 million favourable on revenue.

(The witnesses withdrew.)

NEW SOUTH WALES MINISTER FOR  
POLICE AND EMERGENCY SERVICES

1st September, 1982.

Mr M. Egan, Esq., B.A., M.P.,  
Chairman,  
Public Accounts Committee,  
Parliament of New South Wales,  
Parliament House,  
Sydney.

Dear Mr Egan,

I have noted the contents of your letter of 13th August, 1982, concerning expenditure made without Parliamentary sanction or appropriation within my portfolio in the following areas:

Payments for Leave on Retirement,	
	\$
Resignation, etc. ....	983,174.38
Overtime .....	2,258,677.29
Rent, Rates, etc .....	1,590,530.20
Postal and Telephone Expenses ...	677,713.61
Gas and Electricity .....	233,163.49
Settlement of claim relating to injury on duty .....	100,000.00

As requested, departmental explanations as to the reasons for the unauthorized expenditure are shown hereunder.

1. *Payments for Leave on Retirement, Resignation, etc.*

The amount allocated for this item for 1981-82 was \$6,700,000 and the actual expenditure totalled \$7,683,174.38, being an over-expenditure of \$983,174.38.

This item is to some extent uncontrollable because of payments being subject to award increases and because of the rate of termination of services either voluntary or otherwise, including Police retired as medically unfit. The increase in expenditure in this item is mainly attributable to a 13.5 per cent award increase and an increase in the number of retirements medically unfit. Estimated expenditure for retirements medically unfit was \$1,286,000 whereas the actual expenditure was \$2,363,000.

Because of concern at trends becoming evident in medically unfit retirements of Police and doubts as to the adequacy of existing policies and procedures applying to Police who are sick or injured, on 31st March, 1982, the Commissioner of Police approved a complete review of all policies and procedures related to the sickness of Police. Terms of reference of the survey are attached and I am informed that the review will be the most searching ever undertaken into this area of Police administration.

I am further informed that a number of proposals submitted by the survey team have already been approved by the Commissioner and are in the course of implementation and others are being formulated prior to submission to the Commissioner. Approved proposals relate to variation of procedures for Police attending the Police Medical Officer for short absences, introduction of new procedures concerning Police attending Medical Boards with a view to retirement and revision of the rules of the Police Mutual Provident Leave Fund. For the information of the Committee this Fund comprises donations of annual leave by Police, from which benefits are paid when normal sick leave entitlements cease.

The Commissioner believes the review of procedures in this area will have very beneficial effects.

2. *Overtime*

The amount allocated for this item for 1981-82 was \$18,175,000 and the actual expenditure totalled \$20,433,677.29, being an over-expenditure of \$2,258,677.29.

As a detailed submission by the Commissioner of Police has already been considered by the Public Accounts Committee concerning this item and an examination of witnesses has already been undertaken by the Public Accounts Committee, I have refrained from furnishing further comment.

3. *Rents and Rates*

The amount allocated for this item for 1981-82 was \$3,940,000 and the actual expenditure totalled \$5,530,530.20 being an over-expenditure of \$1,590,530.20.

The following rental increases were required to be paid during 1981-82:

	Previous annual rental	Actual 1981-82
	\$	\$
Bankstown—432 Chapel Road	34,840	44,582
North Sydney—Babcock House	51,020	109,962
Headquarters—College Street	1,067,853	1,991,728
Remington—Main Lease ....	857,345	1,816,448
Remington—Car Park .....	136,345	215,208
Total .....	\$2,147,403	\$4,177,428
Total increase ...	\$2,030,525	

I am informed that the increases in rentals for these premises were unavoidable but because of the situation created by the transfer of lease management from the Government Real Estate Office and the subsequent delegation of responsibilities to Departments by the Public Service Board's Office Accommodation Bureau it was not until that delegation took place that the Police Department was aware of pending rent increases. Consequently, no provision had been made in the Police Department Estimates to meet the possible increases.

The total rent increases, as shown were to some extent offset by savings in other rental provisions which did not eventuate and by an under-expenditure of approximately \$100,000 in rates from the budgeted figure.

4. *Postal and Telephone Expenses*

The amount allocated for this item for 1981-82 was \$5,800,000 and the actual expenditure totalled \$6,477,713.61, being an over-expenditure of \$677,713.61.

The increased expenditure resulted from increased charges by Telecom for metered calls, installations and telex rental from January, 1982.

The average percentage increase over the previous four years on this item was 10.98 per cent. However, during 1981-82 the percentage increase was 20.54 per cent, mainly because of a 33 per cent cost increase in metered calls, effective from 1st January, 1982.

#### 5. Gas and Electricity

The amount allocated for this item for 1981-82 was \$1,488,000. Actual expenditure totalled \$1,721,163.49 being an over-expenditure of \$233,164.49.

During 1981-82 local supply authorities increased charges for consumption, mainly electricity, by approximately 25 per cent.

#### 6. Settlement of claim relating to Injury on Duty

Funds were approved by the Treasury on papers T81/3307 for the payment of \$100,000 in settlement of Supreme Court action by former Senior Constable J. A. Hall in relation to a shooting incident at Hornsby Police Station on 28th June, 1975. This Department was represented by Senior Counsel and the action taken was upon his recommendation and that of the Crown Solicitor.

I am informed that it was not possible to effect compensating savings elsewhere on the Department's Consolidated Revenue Fund allocation.

#### 7. General Comment

In relation to items (3), (4) and (5) above I am informed that when it became apparent that the Department would exceed its allocation every effort was made by the Commissioner, through the Department's Budget Committee, to curtail expenditure in other areas, consistent with the efficient and effective operation of the Force.

Amongst the measures taken were postponement of a number of Police courses; drastic restrictions on supply on the item "B4 Stores—Provision of Furniture, Equipment, Minor Plant, etc."; restriction of the Properties Branch refurbishing programme; and restrictions on the installation of new telephone facilities.

Also as a flow-on from action taken in relation to the Government Energy Management Programme there was an estimated saving of 564 200 kwh/p.a., caused by the removal of 5 434 fluorescent tubes from the Police Headquarters and Remington building alone, disregarding other smaller areas where the Department had taken action to reduce electricity consumption.

Other restrictions were imposed and several new innovations undertaken, all designed to effect economies in Departmental expenditure.

During the course of the year I received regular reports from the Commissioner of Police concerning the state of the Department's finances and oversight action taken to achieve economies.

I am satisfied, keeping in mind the reasons for the increases to which the Committee has drawn attention, that every effort was made by the Commissioner and his officers to restrict expenditure in other areas as far as possible, consistent with the efficient and effective operation of the Force.

Yours faithfully,  
PETER ANDERSON,

Minister for Police and Emergency Services.

#### SURVEY INTO POLICY AND PROCEDURES RELATED TO SICKNESS OF POLICE

##### Terms of Reference

1. Review the statutory provisions relating to—
  - (a) Police sick leave.
  - (b) Police injured on duty.
  - (c) Authority to direct medical examination.
  - (d) Authority to pay hospital and medical accounts.
  - (e) Any other related provisions.

2. Review and define the role, duties and responsibilities of the Senior Police Medical Officer and his medical staff.

3. Review the policy, procedures and clerical functions related to—

- (a) The necessity for Police to attend the Police Medical Officer when sick and/or regular medical examination.
- (b) Maintenance of sick report and medical records at various levels including the need for medical history sheets for country Police to be retained centrally.
- (c) Claims for injuries to be approved as "hurt on duty".
- (d) Payment of hospital and medical accounts.
- (e) Applications by Police and/or recommendation by Police Medical Officer to appear before the Police Medical Board with a view to retirement.

4. Review the rules of and the procedures related to the granting of benefits from the Police Mutual Provident Leave Fund.

5. Review the policy and legal situation relating to Police claiming civil damages for injuries received both on and off duty.

6. Review staffing levels.

7. Investigate the necessity to maintain statistics and Management information to determine trends in sickness in the Police Force.

8. Examine and review any other related matters which come to notice, including the authority of the Police Medical Officer to obtain advice from independent specialists.

LEO FREDERICK VINEBURG, Secretary of the New South Wales Police Department, residing at [REDACTED],

IAN ROBERT ROE, Deputy Secretary of the New South Wales Police Department, residing at [REDACTED], and

ARTHUR ADAMS, Accountant of the New South Wales Police Department, residing at [REDACTED] were sworn and examined:

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

Q. Mr Roe, have you received a summons issued under my hand to attend before this Committee?—A. (*Mr Roe*) Yes.

Q. Mr Adams, have you received a summons issued under my hand to attend before this Committee?—A. (*Mr Adams*) Yes.

Q. Mr Vineburg, I understand that there is a correction you wish to make?—A. (*Mr Vineburg*) I have supplied a signed copy of the submission to the Committee, but on the third page of the copies that were handed to the Committee the item concerning postal and telephone expenses, which is the fourth item, the second last line refers to, "However, during 1981-82 the percentage increase was 20.54 per cent mainly because of a 33 per cent cost increase in metered calls." There was some confusion that it might have meant a 33 per cent increase in the use of telephones, but it was a cost increase as a result of increased charges.

Q. With that correction is it your wish that the letter be included as part of your sworn evidence?—A. Yes. The letter reads:

Q. The only question I have relates to the increase in rents referred to on the third page of the submission.

Would you expand upon that matter for the Committee?—A. It was a substantial figure of some \$1.981 million of which we were not aware at the time the renewal of the leases of both headquarters and the Remington building became due, which was at the same time. The information was not conveyed to us by the Government Real Estate Branch and no provision was made for that in the estimates.

Q. When did that information become available?—A. (*Mr Roe*) I cannot help on that, but it was a fair while after the budget was brought down. (*Mr Adams*) The standard practice with estimates for rents and the like is we furnish Treasury with a list of known rents at 30th June. This has been the standard practice for many years. When there is an increase in rents through re-negotiated leases and the like, each case is the subject of a separate supplementation letter. From past experience we knew that the figure we gave at 30th June would be insufficient for the following year. We have never been given an increase in the actual estimates. We were told there would be increases in the rent for the Remington building and other sections throughout the year. We are told that we can put estimates based only on known rents at 30th June. Even if we had known a figure of \$1 million, we could not have put that in. This is one of the things pointed out to former Commissioner Lees. I told former Commissioner Lees that when I put the figure in all that we receive is the figure as at 30th June. I informed him that if the rents doubled in twelve months we would have to make an approach to the Treasury to cover this increase.

Q. Does that apply to other departments?—A. I should imagine it would apply in all Government departments. We have a rent schedule and they are paid in four different lots, monthly, quarterly in advance and so on. This is the way we have worked.

Q. The removal of 5 434 fluorescent tubes from the Remington building, I should not have thought there were that many in the entire building?—A. (*Mr Roe*) When Mr Gleeson called department heads to the Premier's Department to inform them of the wishes of the Government to push ahead with an energy management plan and laid it on the department heads to do something positive about it, we purchased our own light meter and went round to headquarters building and took light readings. We reduced the level to an acceptable standard and that is the number of tubes that were removed.

Mr GREINER: What reduction was there?—A. I should say a third.

CHAIRMAN: Does that mean that in that section of the Remington building leased by the Police Department there are 15 000 fluorescent tubes?—A. (*Mr Vineburg*) Yes.

Mr NEILLY: The first item in the Minister's letter states that there is to be a complete review of all policies and procedures relating to the sickness of police. Has that review commenced?—A. Yes.

Q. How far has it progressed?—A. A couple of items have been implemented. (*Mr Roe*) I should say about a third of the way through. Three recommendations have been approved by the commissioner, one relating to the attendance of police who have been sick for short periods, for instance, a day. In the metropolitan area those police were required to attend the police medical officer before resuming duty and that meant they were away for two

days. That has been changed and they no longer have to do that. They can take up to three days without a certificate.

The procedures for police applying to be boarded out as medically unfit have been tightened. That is in the course of implementation. The third thing concerns the granting of leave from the Police Mutual Provident Leave Fund. This is a fund where police contribute so many days a year to a fund and in recent years there has been an increasing drain on the fund to the extent that it became concerned. Recently meetings were held with the people who manage the fund and they have included certain provisions in the rules that require police to take leave without pay and a proportion of annual leave before they receive benefits from the fund. Those procedures have been tightened considerably. As it was, police could exhaust their sick leave and without any penalty receive benefits from the fund for indefinite periods.

(*Mr Vineburg*) As secretary of the superannuation fund, I share with the Commissioner of Police, who is the chairman, concern about the increasing incidence of police retiring because of stress-related illnesses. There has been a sharp increase in such retirements, which is causing a problem. (*Mr Roe*) It will be another six months before the survey is completed and implemented.

Mr GREINER: How many medically unfit retirements have occurred in the year in question?—A. (*Mr Vineburg*) I do not know if Mr Roe has the annual report of the superannuation fund, but it was in the hundreds.

CHAIRMAN: Last year we sought some information which gave us a comparison of that year with the previous year?—A. I have that in the annual report and I would be able to furnish that report to the Committee. It was about 200.

Q. That would be an increase if about 100 per cent?—A. Yes, that would be a fair comment. I shall produce that report to the Committee.

Mr NEILLY: In relation to the second point in the Minister's letter concerning overtime, it is said that significant over-expenditure has occurred in that area. I gained the impression from the Treasury that there is an allocation for overtime irrespective of wage increases during the year. From evidence received during the course of our inquiries into police overtime I received the impression that the figure provided for overtime should be varied to provide for wage increases. The clarification I seek is, who is right?—A. The only way to control overtime is to work on the number of hours allocated. That is the only way in which we can exercise managerial control. You are right when you say that the award variations and other increases granted in shift allowances and other remuneration received by police are beyond our control and they alter sharply the monetary value of the overtime. We have returned to that control mechanism that there will be an allocation of hours overtime and not monetary figures. This will be tied to that allocation.

The department has established a very strong budget committee now. This was not in existence previously. It consists of the Deputy Commissioner, Administration; the Deputy Secretary, Mr Roe; the Assistant Commissioner, Services—one of the heavy spenders of revenue; the Assistant Secretary, Finance; the Budget Officer, a newly created position; and an officer of the Treasury. I tender this document for the information of the Committee. The officer of the Treasury is on the committee as required in an advisory capacity.

That committee is responsible for developing budgetary proposals, recommending allocations and closely monitoring expenditure and results. This is the kind of mechanism that is only recently created. We hope that that committee will listen to all the arguments advanced by district superintendents, for example, and on the strength of their arguments and on the assessment of priorities between districts, will make an allocation of hours overtime to those particular districts, with the strict proviso that once those hours are exceeded it will be very difficult to get any supplementation whatever. I do not know whether that answers your question, but hours will be the basis on which we work. It is difficult to work in monetary terms.

Q. Will the hours take into account anticipated award increases or will they be based on the budgetary allocation and award wages at the time that the budget is made?—A. When we receive information about our allocation a decision will be made. I should think though that the hours allocated for this year will be allocated on the lines of the controlled overtime figures that operated for the last six months of the last financial year.

Q. I move on to item 3 of the Minister's letter that was referred to earlier, rents and rates. To enable me to know the magnitude of the rent increases, could you indicate to the Committee whether the rent increases were applicable for the whole or only part of the twelve months?—A. I would have to turn to Mr Adams. (Mr Adams) Some of the rents, especially the Remington and headquarters, were back about a year and a half. They were certainly more than the current financial year, the year in question. They were back-dated. There has been an argument between our properties section and Stocks and Holdings and so on—it has been going on for weeks and weeks. Eventually, when the letter came, we had to back-date the rental increase. It was not just to cover the year; it went back into the previous year. The Remington building and headquarters building were the main two. Some of the other buildings would have a slight backlog, but the increases would be applying basically to the financial year 1981–82.

Q. So the large increase in the area is really an 18-months' increase in rentals?—A. Yes. The two major ones were headquarters and Remington.

Mr BOYD: Mr Vineburg, I appreciate your concern—as secretary of the Police Department—about cutting back overtime. Are you balancing the monetary demands in cutting back overtime with the physical demands of police to do a job in the community that calls for overtime? Is the monetary consideration the only one?—A. (Mr Vineburg) It would be a balanced judgment made by this budget committee, based on the case put up by the district superintendents and others that require overtime. I think that decision would be in the best interests of the force so that the efficiency and effectiveness of the force are not impeded in any way.

Mr WEBSTER: I had intended to ask Mr Vineburg whether the department has looked into appointing an audit manager and a management strategy unit in the way that apparently the Corrective Services Commission has just done. However, you say the department has appointed the budget committee?—A. Yes.

Q. Has the budget committee replaced the overtime management review committee?—A. No. The overtime management review committee still exists.

Q. Is there an overlap there?—A. I would think, Mr Roe, that the overtime management review committee would be putting up submissions to the budget committee. (Mr Roe) The overtime management review committee reports to the Assistant Commissioner General who has been instructed to keep the Deputy Commissioner Administration informed of all developments in the overtime area and the Deputy Commissioner Administration is the chairman of the Budget Committee. So, in effect, the Budget Committee has some monitoring effect over overtime.

Q. I am aware that you do not have a copy of the submission to the Committee by the Corrective Services Commission. The effect of it is generally that they appoint an audit manager and a management strategy unit for the long-term management of the department, but to my knowledge the people that are to be on these committees are trained in administration, as opposed to the overtime management review committee, the members of which were police officers. Can you see any scope for administrators to be more involved with the overtime management review committee?—A. (Mr Vineburg) That is a very pertinent question. As late as last month we created a position of budget officer within the Police Department. He is someone who is skilled in accounting matters. The role of this budget officer is to examine existing departmental expenditure and systems and procedures applying in respect of it, to develop and recommend improved costing procedures and appropriate financial information systems and to build controls into accounting systems at headquarters and at metropolitan and country police administrative districts.

That officer, in an acting capacity at the moment, is fulfilling this role and is also the executive officer of the overtime committee, as well as being the executive officer of the Budget Committee. So there has been a strengthening of the role there. As well, we have recently appointed an assistant secretary, finance, who is yet to take up duty. This officer is a person highly qualified in the accounting field and is at present leading the team reviewing the process of getting money into the Treasury in the quickest possible time so that the Government reaps the benefit of the interest that goes with it. So we are strengthening our team very much in that area.

In addition I have approached the Public Service Board and asked that it make our department the trial department for a computerized government accounting package deal to overcome many of the problems that we have now in the way of finding out the state of affairs at any particular time. For example, under the present accounting arrangements or up until recently, no record was kept of commitments; so the computer print-out would merely let you know how much you have spent but there was no idea of how much had been committed. We are now recording that information in a commitment register so a greater element of control will be able to be exercised. We will know month by month how we are going instead of suddenly finding out that we are in a lot of trouble. These controls are being built into the system. We hope very soon to have the computerized accounting package that will aid in control. I suppose they are the three main thrusts in our activities at present.

Q. The evidence presented to the Committee by the Police Department in regard to overtime showing that the overtime management review committee has suggested that the overtime results for the previous month are sent to the superintendents and if there is anything in them that is extraordinary they have to explain it. I can imagine that with the amount of paper that must pile up on the desk

of a superintendent, sometimes the request to explain extraordinary overtime may not be looked at very closely. It led me to believe that the management systems in the department were not all that good. Is that a correct assumption?—A. (Mr Roe) The commissioner at present has under consideration—arising out of the Lusher report—the formation of a police inspectorate, as Justice Lusher recommended. I understand it is to be called the management review group. This group will go out and look at the management of districts by superintendents. When it gets off the ground the overtime management review committee will probably become defunct—it will be merged in it. It will not only look at overtime; it will look at rostering of police and the whole management of districts by superintendents.

The group will probably be chaired by a chief superintendent with a number of senior superintendents and possibly with public service officers to do the detailed book audit that is undertaken at police stations at the moment by police. I think that was the point of your question, really about what review of management practices takes place. That has been put up to the commissioner but no firm decision has been made on it yet.

(Mr Vineburg) This will be in line with the district autonomy proposal or regionalization that we are entering into, in that there will be district budgets and the chief superintendent, as he will be named, of the district will be expected to run his district within that budget, to make the best possible use of personnel across divisions throughout the district, rather than resort to overtime, wherever it is practicable, and to make the best use of resources generally rather than resort to overtime, wherever it is practicable. As Mr Roe mentioned, this team—the review unit—will be set up to go out and help in the process of regionalization and delegation of authority. Also it will exercise this control function as it goes round the districts.

(Mr Adams) As you say, the superintendents do get computer print-outs for their own particular districts, but in headquarters these are all merged into one report and they will go to Superintendent Toohey who is in charge of the overtime review. He then picks out the normal averages for a district. If he finds something abnormal he makes a personal visit to the district to find out the reasons for it. Each time he has taken one of these reviews out he has come up with a satisfactory explanation to satisfy the commissioner. One of them was in the western suburbs. There were some taxi murders. We could have a dispute. We could have the homosexual murders at Kings Cross that were on at one time. The overtime just blew out of all proportion when it was compared to figures on the monthly trend. Where the figures were double, Superintendent Toohey went to Darlinghurst police station and said, "Your overtime has doubled in the past four weeks. Can you tell me why?" They said, "Yes, we have had a lot of investigation dealing with this murder".

That is Superintendent Toohey's main function. He gets the overall picture and works from that. That is the strategy they have been using. They have been monitoring the exceptional cases. Where they have been sticking basically to an average of say, 2 000 hours a fortnight, he has left them alone. He has picked out the ones that have suddenly doubled or where there has been a sharp decrease. We found that some of the police inspectors over-reacted when we sent out letters. They said, "All overtime must stop forthwith"—bang. The men literally obeyed that. If they were following a suspect, they would stop dead. They said, "Sorry, my time is up"—bang. Some of them did over-react. There was a lot of over-reaction. But I think basically the function of Mr Toohey's team was to monitor the isolated incidents where there were exceptions.

So there is some management control at that level. As you say, the superintendents do get the print-out. That is basically to help them with their own rostering system. However, the team also went to various districts that I know of and suggested new roster systems for the police. I believe the team is having a look at a whole review of roster systems. They are going to saturate certain areas at certain peak times—for example, Saturday nights. That also has been mentioned in discussions. It is being monitored and it is being controlled in that regard.

(The witnesses withdrew)

WILLIAM CHARLES LANGSHAW, Director General, Department of Youth and Community Services, and residing at [redacted], and

GRAHAM KELLY, Acting Finance Manager, Department of Youth and Community Services, residing at [redacted], were sworn and examined:

CHAIRMAN: Mr Langshaw, did you receive a summons issued under my hand to attend before this Committee?—A. (Mr Langshaw) I did.

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

Q. Mr Langshaw, we have received a letter from the Minister for Youth and Community Services in relation to your department. Is it your wish that that be included as part of your sworn evidence?—A. (Mr Langshaw) Yes. That reads:

MINISTER FOR YOUTH AND COMMUNITY SERVICES—NEW SOUTH WALES

Sydney, 25th August, 1982.

Dear Mr Egan,

I refer to your communication in which you requested explanations for Budget Items within my portfolio where the expenditure during the 1981–82 financial year exceeded the total funds approved by Parliament. The reasons for the over-expenditures on the particular items are as follows:

DEPARTMENT OF YOUTH AND COMMUNITY SERVICES—HEAD OFFICE AND GENERAL DIVISION  
C3. Maintenance of Children in Shelters and Cost of Transfer to and from Country Centres, Hospitals, etc.

The funds position in respect of this item was as follows:

	\$
Funds Provided .....	1,110,000.00
Less:	
Expenditure 1981–82 .....	1,225,227.35
Over-expenditure .....	<u>\$115,227.35</u>

The Budget Item comprises a number of sub-items and details are as follows:

	1981–82 Sub- Allocation \$	1981–82 Expenditure \$	Over- Expenditure (Saving) \$
Wages and Expenses of Escorts .. .. .	555,580.00	569,659.52	14,079.52
Transport of Wards and Juvenile Offenders—Rail .. .. .	57,450.00	54,158.93	(3,291.07)
Air .. .. .	182,840.00	189,900.66	7,060.66
Hire Car, Bus, Taxi .. .. .	112,450.00	105,140.28	(7,309.72)
Temporary Foster Care Scheme .. .. .	201,680.00	306,367.96	104,687.96
Total ..	<u>\$1,110,000.00</u>	<u>\$1,225,227.35</u>	<u>\$115,227.35</u>

### Wages and Expenses of Escorts

The over-expenditure of \$14,079.52 for escorts wages and expenses has occurred following an increase in the Award for travelling attendants which was handed down on 30th April, 1982, and was retrospective to 28th August, 1981. The average increase in wages was 10 per cent. The escorts also received the increase of 4.3 per cent which was effective from 1st January, 1982.

### Transport of Wards and Juvenile Offenders

The costs incurred under this sub-item covers all transport expenditure for wards both in foster care placements and in the Department's Children's Homes. As well as normal travel, expenditure is also incurred when children are placed in temporary holiday placements during school vacations.

Travelling costs are also incurred in transporting juvenile offenders from Children's Courts, Remand Facilities and Departmental Training Schools throughout the State.

The large increases in fares which have taken place during the 1981-82 financial year would have contributed to the over-expenditure and as the children must be conveyed from one location to another, the over-expenditure which occurred on air transport was offset by savings in other forms of transport.

### Temporary Foster Care Scheme

The Temporary Foster Care Scheme was introduced during the 1979-80 financial year when the Treasurer provided funds of \$75,000 to enable the new Scheme to commence. Prior to this Scheme being introduced there was in existence a Remand Home Scheme and the new system incorporated this Scheme. The concept behind the Scheme was to provide for children in terms of crisis and by using the Temporary Foster Care Scheme, it provides an alternative to placing children in the Department's Children's Homes. If the Scheme was not available then the cost of maintaining children in the Department's homes would be substantially higher.

The new Scheme did not become fully operational until October, 1980, when guidelines were issued, a copy of which is attached (Appendix "A"). During the 1979-80 financial year \$64,217 was expended on the new expanded Scheme compared with \$187,276 in the 1980-81 financial year. The expenditure further increased under this sub-item to \$306,368 in the 1981-82 financial year.

It is emphasized that the rationale behind temporary foster care is that the Scheme is used as a general preventive method in my officers' casework with families leading to the avoidance of the heavy cost and time factors associated with the undertakings of court proceedings. It might be noted that when a Children's Court orders a child to be held in custody or in the care of the Department, there is no alternative for the Department but to accept the care and custody of the child and to meet the costs involved in that care. Expenditure for 1981-82 is realistic in terms of my Department's commitment to the policy of only bringing children into wardship as a last resort.

The rates paid in respect of Temporary Foster Care are the same as those paid to my Department's foster parents caring for wards and is currently \$30.00 per week.

The Temporary Foster Care Scheme will acquire a statutory base when the Community Welfare Act commences during the 1982-83 financial year.

### C9 Cash and Other Assistance to Persons in Necessitous Circumstances

#### Legislative Base

The Statutory base for the Department's Social Welfare Programme in New South Wales is the Government Relief Administration Act, 1930, which was amended in 1973 to make the Director-General of the Department of Youth and Community Services the Director of Government Relief.

#### Allocation and Expenditure 1981-82

In the 1981-82 financial year \$8,500,000 was allocated in the budget for the Department's Social Welfare Programme under this item. This programme provides a wide range of social welfare assistance for persons who are experiencing economic stress and are in need of financial support. To qualify for assistance applicants must meet the requirements of a strict means test.

The following schedule details the allocations and expenditures for the 1981-82 financial year. During this year responsibility for the provision of Surgical Aids was transferred

to the Health Commission effective from 1st January, 1982, and after all accounts were paid it resulted in a saving on this sub-item of \$372,988.

	Allocation \$	Expenditure \$
Special Cash .....	4,474,000	4,812,942
Transport .....	180,000	213,547
Clothing .....	1,108,000	1,352,555
Spectacles .....	1,402,000	1,485,487
Surgical Aids .....	1,336,000	963,012
<b>Total .....</b>	<b>\$8,500,000</b>	<b>\$8,827,543</b>

The 1981-82 expenditure of \$8,827,543 represented an increase of \$1,160,617 or 15.13 per cent over the 1980-81 financial year expenditure. The major portion of this increase was in the payment of Special Cash grants which increased by \$776,822 or 19.25 per cent.

As detailed in the attached table (Appendix "B") expenditure on the overall Social Welfare Programme since 1977-78 has increased over each of the years from \$2,634,138 to \$8,827,543. The increased expenditure of 15.13 per cent in 1981-82 compares favourably with these earlier years when considerably larger increases occurred (31.29 per cent in 1978-79, 39.69 per cent in 1979-80, 58.69 per cent in 1980-81) and indicates that my officers have made concerted efforts to control the escalating expenditure even though economic conditions became more acute.

The reason for the increased expenditure on this item and the need for supplementation is manifold and is clearly the failure of the Commonwealth Government to provide adequate income levels. Because of this, and the Commonwealth Government's current economic and social policies, my Department experienced an ever increasing demand on its emergency assistance programmes.

The Commonwealth Government's policies have been clearly marked by continued levels of high unemployment, reduced living standards, continued low levels of income maintenance and increasing inflation particularly related to rental, food and clothing items. In this regard it is significant to note that:

A survey of the Department's grants covering the three monthly period from 1st November, 1981, to 31st January, 1982 (copy enclosed), revealed that 94 per cent of all Departmental cash grants were provided to persons in receipt of Commonwealth Pensions or Benefits.

The potential client population in New South Wales is steadily increasing, e.g., those in receipt of Commonwealth Benefits have increased by 40 193 over the past 12 months from 887 186 to 927 379.

There is an increasing public awareness of the services offered by the Department undoubtedly influenced by briefings of all officers of the Commonwealth Department of Social Security of my Department's services. This situation was accelerated following the transfer of Family Assistance Payments to the Commonwealth in October, 1980.

Rents in New South Wales, particularly Sydney have continued to escalate over the past 12 months.

The major voluntary agencies such as the Smith Family, St Vincent de Paul Society and Salvation Army are referring more families to my Department for assistance.

The increasing percentage of clients in receipt of Commonwealth Pensions and Benefits is a reflection of the trend which has been developing over a number of years. This is reflected in my Department's overall increase in expenditure where cash assistance is becoming a means of income supplementation rather than a "one off" grant to provide for emergency situations. I am certainly concerned at this trend and it has become apparent that families and individuals are now increasingly looking to my Department as a source of income support.

The Commonwealth's continuing reluctance to provide adequate income maintenance has meant that benefit and pension recipients are often living in poverty and without my Department's continued financial and material assistance (cash assistance, clothing, blankets, spectacles, etc.) would simply become destitute.

The Department is fully aware of the limited funds available for its Social Welfare Programme and officers of my Department have continued to exercise their delegations with discretion in an endeavour to maintain expenditure within the Budget allocation whilst ensuring that those families in need were not left without support.

Issued 20th October, 1980

The Annual Cash Grant Survey for the whole State conducted for the period 1st November, 1981, to 31st January, 1982, supported this as the average cash grant issued for the period was \$46.05 compared with \$48.77 in 1980-81. Based on this three monthly survey approximately 103 000 cash grants were issued in 1981-82 which compares to 21 200 in 1977-78; 29 700 in 1978-79; 42 000 in 1979-80, and 68 000 in 1980-81.

This increase in the number of cash grants is directly related to the overall increase in the number of persons in receipt of Commonwealth pensions and benefits. In 1977-78 the percentage of total cash grants issued to persons on Commonwealth Pensions and Benefits was 75.3 per cent which increased to 92.8 per cent by 1980-81 and 94 per cent in 1981-82.

Therefore, the conclusion which can be derived from these facts is that the increase in the number of persons in receipt of Pensions and Benefits (e.g., Supporting Parents Benefit increased by 19 per cent from 37 954 in 1980-81 to 45 197 in 1981-82; Unemployment Benefit Recipients increased by 21 per cent from 138 164 in 1980-81 to 167 633 in 1981-82). This is directly related to the number of cash grants issued by my Department and the current rate of income maintenance is insufficient to meet current family needs.

As mentioned earlier assistance is granted in terms of a strict means test and if the applicant meets the requirements they are given some limited help to relieve immediate financial distress.

Officers of my Department have and will continue to exercise their Social Welfare delegations with discretion conscious of the need to keep expenditure within the Budget Allocation whilst adhering to the following principles:

- No family should be placed in jeopardy.
- No person should be without food or shelter.
- No child should be at risk of institutionalization just because his parents have a temporary financial crisis.
- No person should be without clothing.
- Staff should attempt to provide all service with compassion.

This will ensure people in genuine need are not left without financial and material support.

Also enclosed is a copy of a Cash Assistance Survey analysing trends of expenditure over the four years from 1977-78 to 1980-81.

#### Conclusion

In view of the foregoing, although there was an overrun on expenditure for these two virtually uncontrollable budget items of \$442,770, savings were effected in the remaining "Other Services" budget items under my portfolio which resulted in a net over-expenditure for the 1981-82 financial year of \$361,761.

Officers of my Department were very conscious of the difficult financial position in which the State was placed and all avenues of financial constraint were investigated. The final result of the 1981-82 financial year was encouraging in view of the heavy demand made upon all items of expenditure under my portfolio. The 1981-82 Public Accounts reflect the result but in summary form the position was as follows:

	1981-82 Budget Allocation \$	1981-82 Expenditure \$	Over- Expenditure (Saving) \$
Salaries and Payments in the Nature of Salaries .. ..	44,416,250	46,360,950	1,944,700
Maintenance and Working Expenses	9,286,770	8,994,090	(292,680)
Other Services ..	57,007,700	57,369,461	361,761
Grand Total	\$110,710,720	\$112,724,501	\$2,013,781

I wish to nominate my Director-General, Mr W. C. Langshaw, to give evidence at your enquiry, if required.

Yours sincerely,  
KEVIN STEWART,

Minister for Youth and Community Services.

Mr M. R. Egan, B.A., M.P.,  
Chairman,  
Public Accounts Committee,  
Parliament House,  
Sydney, N.S.W. 2000.

## CHILDREN IN NEED OF CARE—TEMPORARY FOSTER CARE

### 1. Concept behind the use of temporary foster homes

For some years it has been the practice where children are taken before a court on a complaint of neglect to use private foster homes during the remand period.

This is regarded as appropriate and in the best interests of the children concerned, except where their behaviour, medical condition and other factors indicate that they would be better placed in the professional care of staff in a Departmental establishment.

In addition the need has become increasingly apparent for temporary placement where there is a short term crisis in the family, e.g., illness of parents, the need for a break from the children, an accommodation problem, etc., and there is no necessity for the child to enter permanent care. Such temporary placements offer the advantage of not removing the child from his/her own community, school and friends. They provide some continuity at a time of some considerable emotional disruption.

This policy extends to situations where larger family groups are concerned and not only to where one or two children have to be accommodated. Ideally a family of children in these circumstances should be kept together in one foster home, rather than broken up. This is not always possible, but the use of two or more homes in close proximity can be arranged as an alternative.

### 2. Children to whom the scheme relates

- (i) Non wards where emergency accommodation is required.
- (ii) Remand cases where the placement is considered suitable.
- (iii) Wards prior to placement in a foster home.
- (iv) Wards who are experiencing a crisis and require another placement during the "cooling off" period.
- (v) Any other case where a child needs temporary care.

### 3. Cases where the scheme may not be appropriate

- (i) Situations where arrangements cannot be made to keep siblings together or in close proximity.
- (ii) where natural parents are likely to be disruptive.
- (iii) Where natural parents may be threatened by placement with another family.
- (iv) Special facilities are required, e.g., severe physical or intellectual handicap.
- (v) Any other circumstances where it is deemed to be in the best interest of the child.

### 4. The voluntary nature of the scheme

(i) Except where the child has been remanded by a court or the child is a ward of the Minister, the person having the care of the child must give consent, in writing, to the placement of the child in temporary foster care. (Appendix 1 where the applicant is a parent or guardian of the child or Appendix 2 where the applicant is not a parent or guardian of the child.)

The officer-in-charge is authorized to arrange a suitable placement. Where they are able to be expressed, the wishes of the child or children should be taken into account.

(ii) If the person having the care of the child (whether parent or not) does not also have legal custody of the child, the consent may nonetheless be acted on but the officer taking the consent must as soon as possible *make all reasonable efforts* to ascertain whether or not the person who has legal custody consents to the placement of the child in temporary foster care. If that person does not consent, the placement cannot continue. If he does, his consent should be obtained in writing.

This procedure need not be followed in those cases where although the person who has the care of the child does not also have legal custody, the child is in the care of that person as the result of an apparently permanent placement of the child with that person by the child's parent(s). In these cases, the consent of the person who has the care of the child is all that is required.

(iii) If the person who has the care of the child does not consent to the making of such a placement, the scheme should not be used and the matter should be resolved by some other means.

(iv) A copy of his consent is to be given to any person consenting to the placement.

(v) Subject to 4 (vii) below—

(a) the child is to be returned to the person who has legal custody on the demand of that person;

(b) if the person seeking the return of the child does not have legal custody, the child may be returned to that person only if the person who has legal custody agrees. If efforts to contact the person who has legal custody have been unsuccessful, the child may be returned to the person who had the care of the child prior to temporary placement in foster care on the demand of that person;

(c) does not apply when, prior to coming into temporary foster care, the child was in the care of a person who did not have legal custody but with whom the child was placed on an apparently permanent basis by the child's parent(s): the child is to be returned to that person on the demand of that person.

(vi) The officer-in-charge is authorized to make the arrangements for the return of the child pursuant to (v) above.

(vii) If it is considered not to be in the child's best interest to be returned to the care of the person who would otherwise be entitled to regain care pursuant to (v) above, the demand of that person should not be complied with and court proceedings should be commenced.

#### 5. Placement of Children

Where possible children should be placed within their local community.

#### 6. Temporary nature of the scheme

The scheme, in essence, is aimed at temporary care in the community and is not a substitute for court action or for application for admission to State control where that is appropriate.

However, the officer-in-charge may authorize the placement for a period of two months and following a case conference the officer-in-charge of the District Office may approve an extension up to a maximum period of a further four months after which period the case must be submitted to the Area Supervisor for further extension.

#### 7. Case Conferences

Case conferences should be held within two months with ratification for extension of the period beyond two months where this is appropriate by the officer in charge of the District Office. If it is not possible to hold a case conference within the two months the officer may approve of an extension of four weeks pending the holding of a case conference.

Further case conferences should be held at two monthly intervals but where temporary care is to extend beyond six months it must be submitted to the Area Supervisor for approval to continue the placement.

Information regarding the progress of the children in the temporary foster placement and the views of the foster parents should be obtained for the use at the case conference.

#### 8. Contribution by the parents

Where the parents are in a position to contribute towards the maintenance of the child they should be encouraged to do so. The parent may make the contribution direct to the foster parent and the delegated officer is authorized to pay the balance between the contribution by the parent and the approved rate of payment. Where the parent fails to make the contribution following arrangements to do so, delegated officers may arrange payment for the outstanding amount.

#### 9. Rates of payment

The current rates of payment are as follows:

- (1) \$1.40 per service (i.e., each meal and a bed total maximum of four services per day) or a maximum \$27.50 per week per child whichever is the lesser.

#### 10. Ancillary benefits

(1) The cost of medical treatment is to be borne by the Department unless the parent can make a claim on a medical fund. In appropriate cases delegated officers may pay the difference between the amount of refund by the fund and the account by the medical practitioner, dentist or pharmacist.

(2) Payment of essential school requisite, service fees and clothing may be met by the Department.

#### 11. Approval of temporary foster homes

The normal procedures regarding licensing of private foster homes under Part VII are to be adhered to. When the home is approved a letter of approval (Appendix 3) is to be sent with the licence.

Records regarding payment, etc., to private foster homes are to be retained on the Private Foster Home licensing file.

#### 12. Temporary placements which become permanent

Where a temporary placement becomes permanent by admission or committal of the child to State Control and the child is to remain with the temporary foster parents, a Form 6 is to be obtained (Application for the Care of Ward). Following approval for the retention of the child in the home as a ward the Form 6 is to be attached to the foster parent file.

#### 13. Family Allowances

Family Allowances will not be claimed by the Department.

#### 14. Contact and visits by parents and relatives

Contact and visits to the foster home by parents and relatives should be encouraged but suitable arrangements must be made with the temporary foster parents.

#### 15. Liaison with non-government agencies

The scheme has been developed to maximize co-operation with the Association of Child Caring Agencies and its members. Many of these agencies have already developed programmes for Temporary Foster Care and have selected and trained a substantial number of foster parents to become involved in this field. The interest of children who are in need of Temporary Foster Care can best be met if all agencies government and non-government—co-operate to the full. A temporary foster home recruited by an agency should not be used for Departmental placements without the consent of the agency.

#### 16. Medical and Dental Treatment

Where a child requires an urgent operation or dental treatment the consent of the parent should first be obtained for the operation and the anaesthetic. Where it is impossible after an inquiry to contact the parent prior to the treatment the officer in charge of the District Office may give consent.

#### 17. Records

Where a child requires an urgent operation or dental treatment the consent of the parent should first be obtained for the operation and the anaesthetic. Where it is impossible after an inquiry to contact the parent prior to the treatment the officer in charge of the District Office may give consent.

#### 18. Clothing

Essential clothing is to be provided for children. This is to be arranged by the local District Office through the Service Centre or, if not available, by local purchase.

#### 19. Retainer

Approval may be given to pay temporary foster parents a retainer of \$104 per annum as a form of incentive to be available for crisis placements on an "on call" basis. Payment of the retainer is to be made six monthly in advance and continuation will be subject to a demonstrated need in the community for that resource.

Officers-in-Charge should assess the likely maximum number of temporary foster homes that may be required and pay the retainer according to that assessment.

The following officers are authorized to provide clothing and arrange payments for services in accordance with the standard rates:

#### 20. Delegations

Area Supervisors and Officers-in-Charge of District Offices are authorized to approve placement and return of the child or other action as outlined in paragraph 4.

Officers-in-charge are authorized to determine the number of temporary foster parents to whom the retainer will be paid and to authorize the payment.

Area Supervisors.  
Senior District Officers.  
Assistant Senior District Officers.  
District Officers.  
Office Managers.  
District Office Graded Clerks.  
Officers-in-Charge Specialist Child Protection Facilities.  
Second Officers Specialist Child Protection Facilities.

#### APPENDIX "B"

#### Social Welfare Expenditure 1977-78 to 1981-82

Sub-item	1977-78	1978-79	1979-80	1980-81	1981-82
	\$	\$	\$	\$	\$
Food orders .. .. .	174,438	175,980	113,210	65,193	4,630
Special cash (general)/temporary assistance .. .. .	1,259,033	1,521,826	1,945,112	3,498,293	4,325,808
Cash assistance (Housing) .. .. .	.....	.....	277,399	472,634	482,504
Spectacles .. .. .	547,181	794,556	1,001,671	1,264,943	1,485,487
Surgical aids .. .. .	279,746	431,919	825,293	1,205,030	963,012
Transport of necessitous persons .. .. .	62,452	78,542	104,293	161,516	213,547
Clothing .. .. .	311,288	455,599	564,340	999,317	1,352,555
Total .. .. .	\$2,634,138	\$3,458,422	\$4,831,318	\$7,666,926	\$8,827,543
Percentage increase .. .. .	23.80	31.29	39.69	58.69	15.13