

Public Accounts Committee
Parliament of New South Wales

Annual Report
Year ended 30 June
1985

The Public Accounts Committee
Annual Report Year Ended 30 June 1985

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

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Members of the Public Accounts Committee

The members of the Public Accounts Committee of the Forty-Eighth Parliament were:
for

Mr John Aquilina, M.P., Chairman*
John Aquilina was elected Member for Blacktown in September, 1981. A high school is teacher by profession, John Aquilina was a University Commissioner of the Ethnic Affairs Commission for two years and the Mayor of Blacktown for four years before entering Parliament.

member

Mr John Murray, M.P., Vice-Chairman
The
John Murray, formerly a teacher, was elected *when* Member for Drummoyne in April, 1982. An *new* Alderman on Drummoyne Council for three terms, *Parliament*
John Murray was Mayor of the Council for five years and served four years as Councillor on Sydney County Council. He is currently a member of the Prostitution Committee and the House *to* Committee.

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

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

Dr Andrew Refshauge, M.P.**
Andrew Refshauge was elected as Member

Marrickville in October, 1983. He previously practised as a Medical Practitioner with the Aboriginal Medical Service and was a past President of the Doctors' Reform Society. He

currently a fellow of the Senate of the of Sydney.

The Committee at present consists of three members of the Labor Party, and one

each from the Liberal and National Parties

Committee member cease to hold office

the Legislative Assembly is dissolved, and a

Committee is appointed when a new

has commenced.

Ministers of the Crown and Parliamentary Secretaries are not eligible for appointment

the Committee.

*Mr John Aquilina was elected Chairman of Committee on 23rd January, 1985. The Chairman, Mr Bob Carr was appointed for Planning and Environment on 12 1984.

**Dr Refshauge was appointed to the on 20 February, 1985.

Opposite: Committee Members- from left:

Smiles, John Murray, (Vice Chairman),

Refshauge, John Aquilina (Chairman), Colin Fisher.

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Highlights of The Year

1984	1 July	Legislation requiring annual reporting by statutory bodies, which contained many recommendations made by the Public Accounts Committee, came into force.
	11 September	Report on Superannuation Liabilities of Statutory Authorities tabled.
	11 September	Annual Report tabled.
	18 October	Examination of Auditor-General's 1983-84 Report commenced.
	30 October	Report tabled on Matters Examined in Relation to the 1982-83 Report of the Auditor-General.
1985	22 January	Report on Proposed Regulations Accompanying the Annual Reports (Statutory Bodies) Act, 1984 and Public Finance and Audit Act, 1983 tabled.
related	10 April	Minister introduced State Public Service Superannuation Bill and
	24 April	bills, containing some recommendations made by the Committee. Inquiry into Year-end Spending by Government Departments and Selected Authorities commenced.
Authorities	11 June	Report on Investment Practices of New South Wales Statutory
	14 June	tabled. Regulations accompanying the Annual Reports (Statutory Bodies) Act, 1984 and Public Finance and Audit Act, 1983, gazetted. 95% of the Committee's recommendations adopted.
	25 June	Performance Review Practices in Government Departments and Authorities Report tabled.

Chairman's Review

The past year has been a busy and productive one for the Public Accounts Committee, with six reports produced and a number of inquiries initiated. In addition, the government promulgated a number of important legislative reforms concerned with accountability, efficiency and effectiveness.

In 1984-85, the Committee produced reports on the Superannuation Liabilities of Statutory Authorities, the Auditor-General's 1982-83 Report, Proposed Regulations to the Annual Reports (Statutory Bodies) Act, 1984 and the Public Finance and Audit Act 1983, Investment Practices of Statutory Authorities, Performance Review Practices and the 1983-84 Annual Report.

Inquiries were also opened into the Auditor-General's 1983-84 Report, Year-End Spending, the Macarthur Growth Area, Statutory Funds of the Department of Environment and Planning, and the Land Commission of New South Wales. Reports on the three latter inquiries were published in July, 1985.

Since the end of the financial year, the Committee has announced two new inquiries into government funding of community organisations and follow-up of past Committee recommendations.

John Aquilina, Chairman.

This is the second annual report of the Public Accounts Committee and, like the first, follows as faithfully as possible the Committee's own recommendations on the reporting requirements of statutory authorities. The Committee strongly believes that it has a duty to report fully on its activities to Parliament on an annual basis.

Achievement of objectives is often difficult to measure in quantitative terms and clearly the Committee has fallen short in some specific areas which are mentioned in the body of the report. In terms of its broad objectives, and the majority of its specific objectives, the Committee believes that it has been highly successful.

The Committee has reported in detail on its performance during the year in the body of the report, in line with its commitment to performance measurement and reporting on performance.

During 1984-85 the Government promulgated a number of important legislative reforms concerned with promoting increased accountability, efficiency and effectiveness. In particular, the Treasurer, Mr Ken Booth initiated moves towards increased accountability and

disclosure through the annual reports legislation for statutory bodies, which became effective from 1 July, 1984. Regulations accompanying this legislation, containing many of the Committee's recommendations, were gazetted in June, 1 985. The Government introduced legislation in April, 1985 to rationalise public sector superannuation schemes in New South Wales. The Committee's report in August, 1984 on the Superannuation Liabilities of Statutory Authorities had identified unfunded liabilities in the order of \$2.5 billion.

The Government's commitment to administrative reform and increased accountability in the public sector has complemented the work of the Public Accounts Committee. I look forward to continued movement towards increased value for money, efficiency and effectiveness in this sector during the coming year.

In particular I look forward to the introduction of annual reporting legislation for government departments.

The Committee continued to work closely with the Auditor-General during 1984-85. To assist in fostering closer links, the Auditor-General has since July 1984 seconded an officer to the Public Accounts Committee Secretariat. This arrangement has proved extremely beneficial to both organisations. The Committee has gained expert advice while the Auditor-General is kept informed of the activities and directions of the **Committee.**

I would like to pay tribute to the former Auditor-General, Mr Jack O'Donnell, for his staunch advocacy of the Committee and his co-operation and assistance. I also welcome the newly appointed Auditor-General, Mr Ken Robson. Mention must be made of the significant contributions of all parliamentary members of the Committee and particularly the contributions of the previous Chairmen, Mr Michael Egan and Mr Bob Carr.

Ruth Tait, Deputy Director of the Committee since the establishment of the Secretariat in August, 1983, left to take up another post in June 1985. I extend to her the Committee's best wishes for the future and our thanks for her invaluable assistance during her time with us.

The Committee also expresses its thanks to the staff of the Committee, Frank Sartor (Director), Paul Grant and Bob Pritchard (Advisors from the Auditor-General's Office), and Christina Assargiotis and Sandra Vine, the Committee's typists, for their excellent work during the year. Finally, I would like to acknowledge the excellent work of our newly appointed Senior Project Officer Sue Chapple in drafting the bulk of this report and Christina Assargiotis for typing it.

"

John Aquilina,
Chairman.

Objectives

The Public Accounts Committee has the overall objective of promoting value for money in the public sector and greater public accountability to the Parliament and to the public.

Consistent with this overall objective, the legislative functions of the Committee allow it to pursue the following broad objectives:

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

Plans for 1985-86

The Committee's objectives for the 1985-86 year are:

- to examine patterns of expenditure by government departments and selected statutory authorities to determine whether there is any evidence of unjustified year-end spending and make recommendations in respect of any deficiencies identified;

- to inquire into and report on the accountability

of community organisations for grants received from government;

- to review the reports of the Committee

completed prior to 31 December, 1984 so as to-

(a) examine whether deficiencies highlighted in these reports have been corrected by the relevant government organisations;

(b) ascertain those recommendations that have been implemented and recommendations which have not been implemented;

(c) recommend further action where appropriate.

- to complete the inquiry into the collection of parking and traffic fines;

· to inquire and report on any matter related to the accounts referred to the Committee by the Legislative Assembly, a Minister or the Auditor-General;

- to examine anomalies and deficiencies

highlighted by the Auditor-General in his 1984-85 Report;

- to examine payments in 1984-85 made in accordance with section 22 of the Public Finance and Audit Act 1983.

Charter and Procedures

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

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

The importance of this role has been recognised in recent years as government expenditure has increased, and demands on government for services have grown. Concomitant with these developments has been a growing public concern with insuring that the taxpayer is receiving value for money in relation to the expanded public sector.

Legislation

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

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

- to examine the Public Accounts;
 - to examine the accounts of Statutory Authorities;
 - to examine the Auditor-General's Report and related documents;
 - to report to the Legislative Assembly upon any items in or circumstances connected with these accounts, reports or documents;
 - ® to report to the Assembly on any alteration the Committee thinks desirable in the form of the accounts, or in the method of keeping accounts, or the receipt, expenditure or control of money;
 - to inquire into and report to the Assembly on questions relating to the accounts referred to it by the Legislative Assembly, a Minister or the Auditor-General.
 - to inquire into and report on any expenditure by Ministers without Parliamentary sanction.
- The Committee is precluded by the Public Finance and Audit Act 1983 from inquiring into Government policy. However, while the

Committee does not seek to question the adequacy of Government policy, it must inform itself about the nature of Government policy in order to determine whether policy is being adequately implemented.

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

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

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

Procedures

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

Inquiries Arising from a Reference

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

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

If relevant, letters or questionnaires may be written to Government organisations or private bodies seeking information or submissions. Answers received and submissions tendered are studied by the Committee. Organisations and interested parties may then be called to give evidence at a public hearing. The Committee from time to time conducts inspections if these are thought to be useful to the inquiry. Following the collection of all necessary information, a report is drafted and considered by the Committee in private hearings.

Of the fifteen reports which the Committee tabled to 30 June, 1985, three arose from references from a Minister, two from references from the Treasurer and two from references from the Auditor-General.

Examination of the Auditor-General's Report

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

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

For other matters the Committee may consider that further evidence and investigation are needed. In these cases public hearings are held, after which the Committee decides on the form in which it will report the matter to Parliament. The 1982-83 Auditor-General's Report, for example, led to a number of subsidiary inquiries, each of which became subject to a separate report.

The Inquiry Process

TIME OF MEETING

The Committee is limited to meeting when the Legislative Assembly is not sitting, unless express leave is given by the Assembly to meet on sitting days.

POWER TO CALL WITNESSES

Witnesses may be summoned to give evidence before the Committee by an order of the Committee signed by the Chairman. In practice, witnesses are notified by telephone of the time, place and subject matter of the hearing, and the summons is handed to them before the hearing. The Committee has thus far had the fullest co-operation of public officials in attending its hearings. It has never yet had to exercise its powers to compel a witness to attend through the issue of a warrant under the Parliamentary Evidence Act.

PUBLIC HEARINGS

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

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

further inquiry and provide a useful reference for report writing.

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

In seeking full information from public officials, the Committee is sympathetic to answers which reveal deficiencies yet also show commitment and a strategy to overcome problems.

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

Alternatively, if a witness requests to give evidence in private, and the Committee agrees that this evidence relates to a secret or confidential matter, the request is granted. Secret or confidential evidence usually relates to aspects of those organisations which compete with the private sector on a commercial basis. Similarly a document may be treated as confidential. Secret or confidential evidence taken in private at the request of a witness is not to be disclosed or published without the written consent of the witness. Otherwise, evidence taken in private can only be disclosed with the authority of the Committee.

The Committee clearly prefers to hold public hearings and only rarely has it been considered necessary to protect confidentially by holding private hearings. The Committee may however withhold the private addresses of witnesses from published records.

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

Report on Performance 1984-85

In its annual report for the year ended 30 June 1984 the Committee identified a number of broad objectives and a number of specific plans or goals for 1984-85.

Achievement of Broad Objectives

The broad objectives of the Committee were as follows:

- to increase the efficiency and effectiveness with which government policy is implemented;
 - to increase the public sector's awareness of the need to be efficient and effective, and accountable for its operations;
 - to reduce needless and extravagant spending by departments and statutory authorities;
 - to increase the awareness and understanding of Parliamentarians and members of the public of the financial and related operations of government;
 - to improve the readability, usefulness and timeliness of the financial statements of departments and statutory authorities and of public sector annual reporting generally.
- Achievement of these broad objectives is difficult to measure in quantitative terms. The Committee

considers, however, that it has:

- Increased public awareness of the operations of government and increased public sector awareness of the need to be more efficient, effective and accountable. During 1984-85, there was extensive discussion in the media and at professional seminars on Committee reports and on issues raised by the Committee. In its ninth and twelfth reports, the Committee published correspondence relating to minor matters raised as a result of its examination of the 1982-83 and 1983-84 Auditor-General's Reports.
- Improved annual reporting and public disclosure. The recommendations contained in the Committee's seventh report on annual

reporting and in the Committee's thirteenth report on regulations associated with the Annual Reports (Statutory Bodies) Act were largely adopted in the Annual Reports Act and in the Regulations that were ultimately gazetted. 86 out of 91 or 95% of substantial recommendations made by the Committee have been adopted by the Government. It is apparent that the Committee's recommendations have assisted the Government in its reformist program to improve accountability.

Assessments by external parties also support the view that the Committee has been highly successful in meeting its objectives. A sample of these assessments follows:

1. In the report of the Parliamentary Remuneration Tribunal of May 31, 1985 Mr Justice Slattery described the Public Accounts Committee in the following terms:

"The PublicAccounts Committee, being a statutory committee, is regarded by the Tribunal as being distinguishable from Joint and Select Committees. Further, it is satisfied that this Committee is exercising a very active, influential and responsible role and that service on it goes beyond service on other committees which aim, primarily, to make the Members better informed or in other ways enable them to perform more effectively their duties as Members of Parliament."

2. In an editorial in the Financial Review on Thursday, 6 September, 1984 the following

description of the Committee's work was given: *"A notable contribution to improved administration has been the work of the NSW PublicAccounts Committee, initially under the chairmanship of Mr Michael Egan more recently with Mr Bob Carr as chairman."*

The NSW committee has just set an example in the reporting field by issuing an annual report of 34 pages for 1983-84 within a relatively short period, in marked contrast to the extended delays characteristic of some

State government instrumentalities... Over the last three years the members of the committee have carried out extensive examinations of the administrative area, producing a number of significant reports. The interesting thing is that the impetus is continuing, with a general recognition of the value of this sort of scrutiny, running in parallel with the work of the Auditor-General."

3. In a report in the Sydney Morning Herald on

Saturday, 15 September, 1984 the Public Accounts Committee was described in the following terms:

"The Parliamentary Public Accounts Committee has added a new bi-partisan element to the reining in of the bureaucracy. In the last two years the committee has gained new strength against the bureaucrats and has started an efficiency audit of all departments."

4. The Business Review Weekly described the Committee in an article written in March 1, 1985 in the following terms:

"The committee has existed since 1902 but has become a force only in the 1980s under chairman Bob Carr (now Minister for the Environment), with vigorous inquiries into public hospitals, statutory authorities and now government departments."

Achievement of Specific Objectives for 1984-85

• To review the efficiency of Government operations and to identify potential savings of at least \$50m;

During the course of 1984-85 the Committee reviewed the efficiency of government operations in the context of inquiries into the performance review practices of government departments, the investment practices of statutory authorities, the

collection of parking and traffic fines (inquiry not

yet completed) and brief reviews of Landcom, Macarthur Growth Area and the Statutory Funds of the Department of Environment and Planning. The Committee has not been able to precisely estimate the overall effect of its inquiries on savings to the State.

In examining investment of short term funds the Committee identified that an improvement of 0.5% p.a. in the returns earned on short term funds held by authorities would save the State \$6.5 million per annum in the long run. The Committee has been advised that an improvement of 0.5% per annum could also be expected to be achieved on the earnings of long-term funds. If this were to be achieved total improvement in interest earnings in the long run would be of the order of \$50 million in a single year. The Committee believes that an improvement of 0.5% on many funds held by the State would occur over the long term if its recommendations were carried out.

The Committee's review of performance review practices led to a number of recommendations dealing with strengthening internal review practices. Again the quantification of this in monetary terms is not possible. However, savings are expected to be made in organisations with effective internal review procedures.

Improved procedures have already started to occur concurrently with the Committee's inquiries into parking and traffic fines. Improved earnings in the order of over \$1 million a year are expected in terms of the collection rate of parking and traffic fines. This will be further quantified in the Committee's final report.

· To review the accounts of government departments and statutory authorities representing 20% of total government expenditure;

This was achieved, although in some cases the review of the accounts was not as detailed as the Committee had hoped.

· To examine all anomalies and deficiencies highlighted by the Auditor-General in his 1983-84 Report;

The Committee examined all of the significant deficiencies highlighted by the Auditor-General in his 1983-84 Annual Report and a total of 39 inquiries were made of government departments and statutory authorities. In addition an inquiry has been commenced into the accountability of community organisations for funds received from Government.

· To establish a procedure to monitor the implementation of past recommendations;

The Committee did not achieve this objective due to lack of resources. However, since the end of the financial year, and prior to writing this report, an examination of past reports has commenced.

· To inquire and report on any matter related to the accounts referred to the Committee by the Legislative Assembly, a Minister or the Auditor-General;

The Committee received a reference from the Auditor-General concerning Landcom's role in the Wyong project. This was examined and included in the Committee's report on the operations of Landcom.

· To examine and report on all overexpenditure made by Ministers in 1983-84;

This was carried out. The Committee has examined all expenditure without Parliamentary sanction during 1983-84 and sought explanations from Ministers. The Committee was satisfied with these explanations and does not see the need to report separately on this matter.

· To examine and report on any failure of government organisations to comply with statutes in 1983-84 as identified by the Auditor-General in his report.

The Committee achieved this objective. A number of variations of statutes from previous years were followed up and three new variations identified and explanations sought.

· To examine the mechanisms currently in place for departments to improve their own performance and recommend improvements;

The Committee achieved this. Its report on the performance review practices of government departments and authorities was tabled on 25 June, 1985.

® To monitor the quality and timeliness of annual reports by statutory authorities during 1984-85,

This objective was not able to be achieved as the Regulations to the Annual Reporting Act were not gazetted until 14 June, 1985. The Committee does not consider it appropriate to examine annual reports until authorities have had sufficient time to comply with those requirements. The Committee will not be examining annual reports that relate to periods ending prior to December, 1985.

Activities 1984-85

Six reports were tabled in the last financial year during the forty-eighth Parliament. Brief summaries of each report follow. The month of tabling is shown in brackets.

Tenth Report- Superannuation Liabilities of Statutory Authorities(August 1984)

"The unfunded section of all public superannuation- if counted- would more than double the national debt-"

Australian Business, 18 January, 1984.

"Unfunded N.S.W. SuperLiability of \$2.5 Billion".

Financial Review, 29 August, 1984.

The Auditor-General in his 1981-82 and 1982-83 Reports drew attention to two major problems in relation to Superannuation Liabilities:

- That Statutory Authorities were not adequately disclosing the full amount of superannuation expenses and liabilities in their financial

statements.

- That the magnitude of these unreported liabilities was considerable and increasing.

Amendments to the Public Finance and Audit Act 1983 and Annual Reports (Statutory Bodies) Act 1984, which followed the Committee's Sixth Report of June 1983 into Reporting and Accounting Requirements for Statutory Authorities, aimed to ensure that the accounts of Statutory Authorities more accurately reflected the true costs of operations.

While preparing this legislation, the Treasurer considered the manner in which superannuation liabilities should be shown in the financial accounts of Authorities, the specific disclosure of provision for superannuation, and the manner in which it should be determined.

To assist his deliberations, the Treasurer referred specified aspects to the Public Accounts Committee in September 1983.

During the inquiry, the Committee sent questionnaires to 150 Statutory Authorities, heard evidence from some 20 authorities and interested professional bodies and received 22 submissions.

The Committee found that:

"the unfunded liability for past service for all statutory authorities, in respect of members of the State Superannuation Scheme and the New South Wales Retirement Scheme (the two major schemes) is of the order of \$2.5 billion".

The Committee considered that full disclosure and proper recognition of accounting expenses in relation to superannuation costs was a pressing necessity.

It also recommended that full-funding to meet deferred superannuation commitments and a consistent policy of accounting and reporting for superannuation costs should be introduced.

The report on Superannuation Liabilities received broad support. The Committee's recommendations concerning disclosure of accrued superannuation liabilities and expenses have subsequently been incorporated into the Public Finance and Audit Act regulations. The Committee felt that the investment performance and practices of public sector superannuation funds and of the authorities was an important issue in relation to funding and recommended closer scrutiny of this area.

As a result of this, the Committee undertook an

inquiry into the Investment Practices of Statutory Authorities, discussed below.

Eleventh Report- Annual Report Year ended 30 June 1984 (August 1984)

The Committee presented its first annual report in August 1984. Whilst the Committee is not a statutory authority the report followed as closely as possible the Committee's own recommendations on the reporting requirements of Statutory Authorities.

Twelfth Report- Matters Examined in Relation to the 1982-83 Report of the Auditor-General (October 1984)

Each year the Public Accounts Committee examines matters arising from the Auditor-General's Report. These concerns often form the basis of subsequent inquiries.

The Committee wrote to 65 organisations seeking information about anomalies and deficiencies revealed in their accounts or comments made in the 1982-83 Auditor-General's Report. The Committee's report summarises issues raised with each organisation, the organisation's response and the result of the Committee's deliberation.

Arising from answers to the Committee's queries, five subsidiary inquiries were launched:

- Uncollected parking and traffic fines.
- Investment practices of statutory authorities.

- Review of aspects of the operations of the Department of Environment and Planning.

- Review of aspects of the operations of the Land Commission of New South Wales.
- Review of aspects of the Macarthur Growth Area.

Thirteenth Report- Proposed Regulations accompanying the Annual Reports (Statutory Bodies) Act, 1984 and Public Finance and

Audit Act, 1983 (January 1985)

In response to a reference from the Treasurer, the Committee tabled Report No. 7, in June 1983 recommending the introduction of an Annual Reports Act and outlining the information which the Committee considered should be required in annual reports.

An Annual Reports (Statutory Bodies) Act and amendments to the Public Finance and Audit Act were enacted in June 1984. Subsequently, detailed regulations were drafted and forwarded to the Committee in November 1984, pursuant to the requirements of the two Acts which state that regulations under the Legislation must be referred to the Public Accounts Committee for examination and report.

The Committee's 13th Report noted that the majority of the recommendations contained in the Seventh Report were embodied in either the Acts or the proposed regulations.

In addition, the Committee recommended inclusion of a number of regulations concerning the reporting of annual expenses and liabilities associated with deferred employee entitlements such as superannuation. These recommendations were subsequently incorporated into the regulations.

The new regulations were published in the Government Gazette on 14 June, 1985. A total of 95% of the recommended regulations was gazetted.

The Committee is concerned to report that a number of significant recommendations were omitted from the regulations. In particular a number of references to recommendations that Statutory Authorities introduce performance measures were deleted.

Fourteenth Report- Investment Practices of New South Wales Statutory Authorities
(June 1 1985)

"Public Investment Shake-up sought by NSW Committee".

Financial Review, 13 June 1 1985.

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"We want to know if NSW taxpayers are getting the best possible return on their funds".

Bob Carr, Chairman.

"in the course of our inquiry we were hampered by the lack of information on investment performance.

It is completely unacceptable that authorities that handle billions of dollars have sat back comfortably for years and failed to measure and report on how well they were doing".

John Aquilina, Chairman.

Statutory Authorities in New South Wales have investments worth at least \$11 billion dollars. The Committee's inquiry addressed the extent to which these funds were being invested so as to maximise returns to the State. The Committee was concerned to establish whether investment practices were adequate both in the short and long term and whether any increase in the level of accumulated funds, as a result of greater funding of superannuation liabilities by Authorities, would be adequately invested.

The latter concern arose out of the Committee's earlier inquiry into the Superannuation Liabilities of Statutory Authorities (August 1984) which is discussed above.

The Committee took public evidence from nine Statutory Authorities and a number of interested parties.

It found that investment returns of Statutory Authorities sampled during the inquiry were generally consistent with returns achieved by private companies surveyed by IMS Investment Services. The Committee was pleased to report that during the last two or three years the State had not lost significant revenue as a result of poor investment performance.

However, the inquiry also revealed that there were substantial deficiencies in the strategies, policies and practices of authorities, which if not corrected, would in the long term result in poor investment returns.

The Committee considered that the income earned by many Authorities particularly the smaller ones, could be significantly increased. The main recommendations made in the report, were as follows:

- that the investment powers of Statutory Authorities be broadened.
- a greater use of outside investment expertise.
- a requirement that all bodies regularly

measure, and annually report, investment performance.

· the establishment of a Committee to advise the Treasurer on issues relating to investment performance of Statutory Authorities.

The Committee felt that the setting up of a State Investment Authority also warranted consideration.

Fifteenth Report- Performance Review Practices in Government Departments and Authorities (June 1985)

"The Public Accounts Committee is centrally interested in value for money and accountability. Its concern is that Government organisations should account to Parliament for the efficiency and effectiveness of their operations";

Report No. 15, p. (i).

Under the Public Finance and Audit Act 1983, Heads of Departments and Authorities are legally accountable for ensuring the efficiency, effectiveness and internal control of these organisation's operations.

The report examines the measures taken internally to monitor, control and improve performance. In this context, the Committee looked at objectives and performance measurement, management improvement plans, management information systems, internal audit and performance review.

The report is based largely on two questionnaires sent in August, 1984 and January, 1985 to all government departments and authorities which receive funds from the Consolidated Fund. The questionnaires sought information on the organisation's objectives, programmes, performance measurement, internal review practices and costs.

A number of findings emerged from the questionnaires. These included:

- The quality and focus of objectives was variable. Programme objectives cited tended to be statements of functions, rather than the objectives.
- Monitoring of performance against objectives in departments relied heavily on subjective judgement, supported by comparison with budgets and review of trends.
- Many departments did not have well developed internal management information systems.

· 79% of organisations surveyed had an Internal Audit section by January 1985. These units had little involvement in efficiency and effectiveness.

· High incidence of Workers' Compensation claims, sick leave and overtime in certain organisations and for certain groups. (This area will be subject to a future, separate inquiry by the Committee.)

The Committee made comprehensive recommendations concerning internal review of efficiency, effectiveness and internal control. These included:

· Departments and authorities be required to publish their external objectives and key performance measures in annual reports.

· Establishment of a unit within the Public Service Board to provide training in comprehensive auditing.

· Efficiency audit reports and management strategy reviews be tabled in Parliament within 18 months of their presentation to the Minister along with the organisation's response and programme of action.

The Committee is concerned with moves to question both its powers and the powers of the Auditor-General in regard to efficiency and effectiveness.

A further area of disquiet is actions to limit the reporting requirements of statutory authorities in relation to publication of performance indicators and performance measurement.

Other Activities

Expenditure without Parliamentary Sanction

The Public Finance and Audit Act 1983, Section 22, makes provision for payments made in anticipation of Parliamentary appropriation. Previously, such payments were automatically "unauthorised" but may now be made by the Treasurer, with the approval of the Governor, in anticipation of appropriation by Parliament. The Auditor-General's Report 1983-84 referred the matter of payments made in accordance with Section 22 to the Public Accounts Committee. The Committee examined such payments during the financial year, amounting to \$119.4 million, by 18 departments and authorities. The Committee sought explanations from a number of organisations concerning this expenditure and is satisfied with the responses obtained

Post Financial Year Reports and Current Projects

Three reports were tabled in July 1985. All are brief reports arising out of the Committee's examination of the 1982-83 Auditor-General's Report.

Sixteenth Report- Brief Review of the Macarthur Growth Area (July 1 1985)

In summary, the Committee found that although the role of the Macarthur Growth Area had changed since its establishment, it had not

changed its objectives. The Committee also noted that the total accumulated deficiency at 30 June, 1984 was \$91 million.

Seventeenth Report- Brief Review of the Statutory Funds of the Department of Environment and Planning (July 1985)

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

In addition, the Committee recommended that meaningful objectives and targets should be set, and performance measures devised.

Eighteenth Report- Brief Review of the Land Commission of New South Wales (July 1985)

The main conclusion to be drawn from the Committee's inquiry into the Land Commission of N.S.W. was the organisation's lack of clear objectives.

The Committee recommended that the role of Landcom be reviewed in light of current Government priorities; that market segment, pricing and policy on profit be determined and that clear objectives be established.

Current Projects and Activities Review of Year-End Spend Ups

This inquiry followed the Auditor-General's Progress Report to Parliament in April 1985 which raised the question of "alleged use of end of year 'spend-ups' of balances of appropriations".

In relation to this, the Auditor-General stated: *"One danger is that hastily contrived*

purchases might not always result in getting value for money. Subsequently, my officers extracted figures on the extent of payments in May/June 1984. A remarkably high incidence was found where, against expectation that payments for any two months would be 17% of the year's total, the May/June period bore 50, 60, 70% (or higher) of the year's total",

The Committee has sent questionnaires to all Government departments and a number of selected authorities seeking information on monthly expenditure over the last three years. In addition, submissions have been invited from interested parties and the public.

The Committee will shortly be taking evidence from departments, authorities and other interested parties on this question.

Review of 1983-84 Report of the Auditor-General

In accordance with the Committee's objective noted in its 1983-84 Annual Report "to examine anomalies and deficiencies highlighted by the Auditor-General in his 1983-84 Report", the Committee undertook a comprehensive review of the Auditor-General's Report.

As a result of this review, letters have been sent to departments and authorities seeking responses to matters raised by the Auditor-General. A summary of matters reviewed, the Committee's decision and current status is shown in Appendix V.

Community Funding

The Committee announced in July 1985 the launch of an inquiry into Government funding of community organisations, an issue raised by the Auditor-General's Report. This inquiry is currently at a preliminary stage.

Follow-up of Past Recommendations

The Committee has recently commenced a review of recommendations made in past reports. A consultant has been commissioned and it is anticipated that a review of the majority of the reports will be concluded by October, 1985.

N.S.W. Film Corporation

The Committee has undertaken preliminary investigations into the N.S.W. Film Corporation in response to matters raised in the 1982-83 and 1983-84 Reports of the Auditor-General. The Committee took evidence from officers of the Film Corporation in November 1984 and has subsequently received further submissions from the Corporation.

The Committee will continue to monitor the performance of Film Corporation and will review the course of its inquiries in light of the 1984-85 Auditor-General's Report.

Collection of Parking and Traffic Fines

The Committee instigated its inquiry as a result of the Auditor-General's 1982-83 Report. Over the last two financial years the Auditor-General reported that there was a substantial level of warrants outstanding as a result of uncollected parking and traffic fines. He reported that as at 30 June, 1984 the amount outstanding totalled \$38m. On 1 July, 1984 the Self Enforcement Infringement Notice System (SEINs) was introduced and this led to a substantial number of changes to the enforcement procedure which the Committee expects to improve the efficiency of the system. As a result of this and other changes the Committee has deferred finalisation of its report.

Fourth Biennial Conference of Public Accounts Committees

The fourth biennial conference of Public Accounts Committees was held in Adelaide from 10-12 July, 1985.

The Chairman of the N.S.W. Committee, Mr John Aquilina presented a paper entitled "Accountability of Community Organisations for Funds Received from Government". The paper sparked considerable interest at the conference and there was consensus that this was an area which Public Accounts Committees should investigate.

Contemporary Issues

Public Reporting and the Public's Right to Know

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

For this reason the Committee's reports are public documents and almost all of the Committee's hearings have been conducted in public.

The Committee's commitment to public disclosure has been a theme of the Committee's reports to date. The following examples illustrate this:

- In its seventh report on annual reporting of statutory bodies, the Committee recommended the creation of an Annual Reports Act to specify reporting and accounting requirements of statutory bodies. The report recommended a vast expansion in disclosure by statutory bodies including descriptions of the organisation's charter, aims and objectives, management and structure, review of operations, and so on.
- In its eighth report dealing with the activities of the Grain Sorghum Marketing Board the Committee recommended greater disclosure of the Board's trading activities, more details to be provided in the Board's annual accounts, disclosure of private dealings by board members and that board members keep growers well informed.
- In its thirteenth report the Committee considered proposed regulations to the annual reporting legislation put forward by the Treasurer and recommended a number of additions including the reporting of the outcome of major reviews of objectives, functions and structures of organisations, steps taken to overcome major problems, comprehensive reporting of superannuation costs and liabilities, a statement setting out the types of publications and information about the functions and activities of the body available to the public, post financial year information and so on.
- In its ninth and twelfth reports concerning matters raised in relation to the Auditor-General's reports the Committee published all correspondence with government departments and statutory bodies on minor matters raised.

® In its tenth report on the Superannuation Liabilities of Statutory Authorities, the Committee recommended in addition to other changes already gazetted into regulation, that prior to changes being made to a superannuation scheme, cost implications of benefit changes be presented to Parliament.

® In its fourteenth report on the Investment Practices of Statutory Authorities the Committee recommended that authorities be required to report annually on investment performance including comparisons with the private sector.

· In its fifteenth report on Performance Review Practices of Government Departments the Committee recommended that efficiency audit reports and management strategy reviews be tabled in Parliament within eighteen months of their presentation to the Minister along with the organisation's response and programme of action.

The above recommendations illustrate the Committee's commitment to public disclosure in the New South Wales public sector.

The Committee is pleased to say that most of those recommendations have been adopted, although it notes that a number of the recommendations to the annual reporting act were not gazetted. The Committee acknowledges that the Government has established within the Public Service Board a Programme Evaluation Unit and is hopeful that in the near future, when the Unit has had an Opportunity to assist departments in establishing programme performance measures, these regulations will be gazetted.

Finally the Committee looks forward to the proposed Annual Reporting Act for government departments. It strongly believes that greater annual reporting is an important means of heightening accountability and therefore improving value for money, efficiency and effectiveness in the Public Service.

The 1984-85 Annual Report of the Committee and its annual report for the previous year are examples of the Committee's own commitment to greater public disclosure. The level of disclosure by the New South Wales Public Accounts Committee is unprecedented by any other parliamentary expenditure review committee within Australia.

The Public Accounts Committee and Government Review Agencies

The Committee's role is to serve as a parliamentary watchdog on government expenditure to ensure that government organisations are implementing government policies as efficiently and effectively as possible. This definition of the Committee's role is supported by an advising obtained from the Crown Solicitor during 1984 which stated that Section 57 of the Public Finance and Audit Act empowered the Committee to examine questions of efficiency and effectiveness.

An issue often raised in forums of public servants is the role of the Public Accounts Committee compared to the roles of other external review agencies. Frequently members of the Committee are asked to define the exact role and sphere of operation of the Committee within the New South Wales public sector. Usually the question is prefaced by a statement that it is important to avoid duplication and so it is important to know what areas the PAC plans to look at.

In Chapter 6 of the Committee's Report on the Performance Review Practices of Government Agencies and Authorities (No. 15), the Committee listed the major public sector external review agencies. These agencies are summarised as follows:

Name	Responsibility to
Public Accounts Committee	Parliament
Auditor-General	Parliament
Ombudsman	Parliament
Management Strategy Reviews	Government
Efficiency Audits	Government

The Committee's role is unique in that it is parliamentary review by the Parliament to the Parliament. In contrast, reviews conducted by other agencies, although in some cases conducted for the Parliament, are not carried out by the Parliament.

Whilst the Committee's reviews may deal with questions of efficiency and effectiveness, which are also dealt with by some of the central agencies, the Committee believes that the perspective of parliamentarians provides an entirely different dimension to its reviews. Through the Committee, Parliament is exercising its democratic responsibility to oversight public expenditure.

Relationship with the Auditor-General

"The roles of Auditor-General and Public Accounts Committee are complementary. Acting in concert the two have proved beneficial in the United Kingdom, the Commonwealth, Canada and other legislatures. It is my earnest hope that this partnership will continue to flourish in New South Wales".

N.S.W. The Auditor-General, Progress Report, April 1985.

The Auditor-General and the Public Accounts Committee are both servants of Parliament. Both have roles in overseeing Government operations and reporting to Parliament.

The Committee relies to a large extent on the Auditor-General's Report to focus its attention on problems in Government administration. In turn, the Auditor-General is assisted by the Committee's consideration and investigation of matters raised in the Auditor-General's Report.

The former N.S.W. Auditor-General commented on this role in his April 1985 Progress Report:

"Clearly a busy legislature cannot allot extended time to detailed or technical studies of financial performance and of compliance with objectives authorised by Parliament. Reports by an Auditor-General can focus attention on matters arising from audits. A Committee, operating openly and in a non-partisan way, can examine and report on issues which would be too time-consuming for full Parliamentary debate".

To assist in fostering closer links between the Auditor-General and the Public Accounts Committee, the Auditor-General has since July 1984 seconded an officer to the Public Accounts Committee on a six monthly basis. This arrangement has proved extremely beneficial to both organisations. The Committee has gained expert advice while the Auditor-General is kept informed of the activities and directions of the Committee.

The former Auditor-General, Mr Jack O'Donnell, proved a staunch supporter of the Public Accounts Committee. In his Progress Report he argued strongly against attempts to limit the scope of the Committee, stating:

"As a taxpaying member of the N.S. W. community, I find it strange, too, that the right of Parliament to ask questions through a properly appointed committee in the course of its role as representatives of the public should be challenged".

The relationship between the Auditor-General and the Public Accounts Committee is fundamental to the effective functioning of the Committee. The Committee wishes to thank the former Auditor-General for his co-operation and assistance and welcomes the newly appointed Auditor-General, Mr Ken Robson.

Follow up of Committee Recommendations

The Committee has been concerned for some time that a number of its recommendations contained in prior reports may not have been satisfactorily acted upon by the relevant departments.

An example of the Committee's concern was a statement by the Honourable Peter Anderson, Minister of Police, who, in a speech to senior police officers in February 1985 stated:

"As most of you will know, this was one of the major recommendations of the Parliamentary Public Accounts Committee's report on police overtime in late 1982.

That report was scathing in its comments on the Force's record of managing overtime and shift allowances, but rather than simply wield the brickbat, the Committee also offered a recipe for improvement in the form of dozens of recommendations.

That was two years ago, and still we are beset by the very same problems with blown overtime budgets and underspent shift allowances.

The simple fact of the matter is that the Force has not responded to the Parliamentary Public Accounts Committee report, choosing in its insular arrogance to dismiss the Committee's deliberations as the work of amateurs."

This matter is being followed up in co-operation with the Minister.

The Committee had intended to establish procedures to examine the implementation of recommendations contained in all past reports during 1984-85. Due to lack of resources the Committee was unable to achieve this objective.

The Committee has since commissioned an advisor to examine past reports, and to measure departmental action against the Committee's recommendations.

This issue is one of concern to the Committee and although it believes that many of its recommendations have been carried out, it is determined to examine the extent of implementation and reasons for non action where this is the case. Where necessary, departments and authorities will be called to give evidence.

Gaps in Accountability

Members of the Public Accounts Committee have noted concern expressed from time to time about

the lack of accountability of community organisations for funds received from government.

Early this year the Committee resolved to conduct an inquiry into this area. Preliminary examination by the Committee's advisors reveals that in New South Wales there are approximately 40,000 community organisations. State Government funding of community groups in 1983-84 amounted to \$233 million, representing 3% of

total government expenditure from consolidated accounts.

Analysis of current trends suggests strongly that the community organisation sector is expanding and will continue to expand in the future. Governments are looking to decentralised structures and to using non-government sector organisations, both profit and non profit as vehicles for delivery of services.

On the other side of the scale community groups, pressured by the rising demands for community services, are increasingly seeking support and resources from government.

The Committee has become aware of many examples in the community sector which leave open to question whether value for money and adequate accountability exist for funds expended.

if government is to continue to extensively use community organisations to provide direct and indirect services to the community, then government must more clearly define the types of controls that can be used by these organisations.

The Committee is currently preparing to conduct an inquiry into this area. The inquiry, if successful, will extend the role of parliamentary review to fill an existing gap in accountability.

Another issue of important concern to the Public Accounts Committee for some time has been the accountability of organisations that receive funds from other tiers of government. The simplest example of this is universities that are substantially funded by the Commonwealth, but are created by State law. Another example is

general and specific purpose Commonwealth grants to the States that bypass the annual appropriation of the State legislature.

Both these issues were addressed at the Biennial Conference of Public Accounts Committees held in Adelaide on 10-12 July 1985. Papers on the subject were given by Mr Justice Ray Else-Mitchell, Chairman of the Commonwealth Grants Commission and Dr Cheryl Saunders, Senior Lecturer, Melbourne University Law School.

Although the Committee does not have any immediate plans to inquire into this type of funding, the area is clearly one that will be examined by public accounts committees in the future.

Staffing

The New South Wales Public Accounts Committee has a full-time secretariat of four- a Director, Senior Project Officer and two secretary-word processor operators. The Committee seconds public servants and engages outside consultants as necessary for its inquiries.

Ms Ruth Tait, who held the position of Deputy Director from the establishment of the Secretariat in August, 1983, left to take up another post in June, 1985. The Committee acknowledges the very valuable contributions Ruth made during her time with the Committee. Mrs Sandra Vine, secretary-word processor operator resigned in July, 1985. Sandra is due to have an infant and the Committee extends its best wishes.

The Secretariat currently comprises:

**Mr Frank Sartor, B.E., BCom.(Hons).
Director**

**Ms Sue Chapple, B.A. (Hons).
Senior Project Officer**

**Mr Bob Pritchard, AASA, CPA
Advisor on secondment from the Auditor-General's
Office**

**Mrs Christina Assargiotis
Secretary-Word Processor Operator**

Mr Paul Grant was seconded from the Auditor-General's Office to serve with the Committee as an advisor from July, 1984 until January, 1985. In February, 1985 Mr Bob Pritchard joined the Secretariat.

The Honourable Mr Justice Toose was appointed legal advisor to the Committee in July, 1984. During the year, the Committee hired consultants as follows:

Tenth Report-Superannuation Liabilities of Statutory Authorities

**Emeritus Professor A.H. Pollard, M.Sc., M.Sc.
(Econ.), Ph.D., D.Sc., FIAA, FIA, FASSA.
Professor Bob Walker, Ph.D., M.ec., B.Com., ACA.**

Fourteenth Report-Investment Practices of New South Wales Statutory Authorities Bain & Co. E.S. Knight &Co.

**Emeritus Professor A. H. Pollard, M.Sc., M.Sc.
(Econ.), Ph.D., D.Sc., FIAA, FIA, FASSA.
Michael Cole, Director, B.T. Australia Ltd.**

Fifteenth Report- Report on Performance Review Practices

Coopers & Lybrand W.D. Scoff Services

John Bragg, Managing Director

Leigh Minehah, Partner

Inquiry into the Execution of Police Warrants.

**Dr, Marianne Devin, B.A., LittB., M.Ed., (Hons),
MEal. Admin(Hons), Phd., Dip.Art.(Ed.).**

The Committee has compiled a register of consultants in appropriate fields to facilitate the speedy commissioning of consultants when an inquiry is initiated. Over one hundred individuals and organisations are now on the Committee's register.

**Statement of Expenditure
For the year ended 30th June, 1985**

Previous Year		Budget	Actual
\$		\$	\$
74,129	Salaries, Wages, etc. (Secretariat) (Note 4)	107,250	107,689
15,352	Salaries, etc. (Seconded Staff)	15,000	12,592
--	Workers Compensation Insurance	--	1,796
133	Meal Allowances (Staff)	250	36
4,935	Travelling and Subsistence	8,000)	5,042
1,680	Committee Allowances (Chairman))	1,008
2,518	Advertising and Publicity	3,000	4,646
413	Books, Periodicals and Newspapers	600	415
531	Postal Expenses	1,000	2,231
22,605	Fees for Services Rendered (including Consultants)	71,000	82,057
8,251	Printing	58,000)	30,587
2,630	Stationery)	4,458
6,487	Office Furniture and Equipment	5,000	5,406
1,920	Witnesses Expenses	--	--
1,083	Minor Expenses not elsewhere included	<u>3,900</u>	<u>1,444</u>
<u>\$142,667</u>	TOTAL EXPENDITURE	<u>\$273,000</u>	<u>\$258,901</u>

Statement by Appointed Officers

To the best of our knowledge and belief, the Statement presented herewith exhibits a true and fair view of the expenditure of the Public Accounts Committee for the year ended 30 June, 1985, in accordance with the accounting policies

J.J. Aquilina, M.P.,
Chairman

detailed in the notes which form part of the Statement.

The Statement of Expenditure has been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Regulations

J.H. Murray, M.P.,
Vice Chairman

under that Act, and the Treasurer's directions, to the extent that such Act, Regulations and directions are applicable to the accounts of the Committee.

We are not aware, as at the date on which this Statement is signed, of any circumstances which would render any particulars included in the above Statement to be misleading or inaccurate.

7 August, 1985
being members of the Public Accounts Committee appointed by the Committee by resolution of 7 August, 1985 to sign the Statement of Expenditure approved by the Committee on that date.

Notes to the Statement of Expenditure

1. The Committee is not a statutory body in terms of the Public Finance and Audit Act, 1983 and the Annual Reports (Statutory Bodies) Act, 1984. It receives an allocation for working expenses from the Consolidated Fund under the appropriation to the Legislative Assembly.

notes

Budget Allocation for 1984/85	273,000
Funds Expended	<u>258,901</u>
Balance of Allocation not expended	<u>\$14,099</u>

2. The Statement has been prepared on a cash accounting basis and does not include amounts

owed to or by the Public Accounts Committee at the close of the year. Outstanding financial commitments as at 30 June, 1985 were approximately \$3,636.

3. Expenses in relation to building services such as electricity, telephone, maintenance, etc. form a charge against the Legislature's general operating expenses and are not included in the Committee's Statement of Expenditure.

4. In the previous year, clerical assistance to the sum of \$17,973 did not form a direct charge against the Committee but was met out of the Legislative Assembly's general salary allocation.

5. During 1 984-85 there were no expenses arising in respect of superannuation, nor is there any deferred liability. There is no current liability for long service leave.

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Auditor-General's Certificate

The accounts of the Public Accounts Committee for the year ended 30 June, 1 985 have been audited as required by Section 35(2) of the Public Finance and Audit Act, 1 983 and in accordance with Section 34 of that Act.

In my opinion the accompanying statement of expenditure, read in conjunction with the

\$

thereto, exhibits a true and fair view of transactions for the year then ended.

K.J. Robson, FASA CPA
Auditor-General of New South Wales

Sydney, 2 September, 1985.

Appendix 1

Functions of the Committee

Section 57 (1) to (3) of the Public Finance and Audit Act, 1983 reads as follows:

(1) The functions of the Committee are-

- (a) to examine the Public Accounts transmitted to the Legislative Assembly by the Auditor-General;
- (b) to examine the accounts of authorities of the State, being accounts that have been -
 - (i) audited by the Auditor-General or an auditor appointed under section 47(1); or
 - (ii) laid before the Legislative Assembly by a Minister of the Crown;
- (c) to examine the reports of the Auditor-General transmitted with the Public Accounts or laid before the Legislative Assembly with the accounts of an authority of the State (including any documents annexed or appended to those reports);
- (d) to report to the Legislative Assembly from time to time upon any item in, or any circumstances connected with, those accounts, reports or documents which the Committee considers ought to be brought to the notice of the Legislative Assembly;
- (e) to report to the Legislative Assembly from time to time any alteration which the Committee thinks desirable in the form of those accounts or in the method of keeping them or in the method of receipt, expenditure or control of money relating to those accounts;
- (f) to inquire into, and report to the Legislative Assembly upon, any question in connection with those accounts which is referred to it by the Legislative Assembly, a Minister of the Crown or the Auditor-General; and
- (g) to inquire into expenditure by a Minister of the Crown made without Parliamentary sanction or appropriation or otherwise than in accordance with the provisions of this Act or any other Act and report to the Legislative Assembly from time to time upon any matter connected with that expenditure which the Committee considers ought to be brought to the notice of the Legislative Assembly.

- (2) The functions of the Committee extend to an examination of, inquiry into or report upon a matter of government policy if and only if the matter has been specifically referred to the Committee under subsection (t)(f) by the Legislative Assembly or a Minister of the Crown.
- (3) The functions of the Committee do not extend to an examination of, inquiry into or report upon the estimates of any proposed expenditure by the State or by an authority of the State.

Appendix 2

Evolution of the Public Accounts Committee

- 1902 @ The New South Wales Public Accounts Committee was established by the Audit Act 1902.
The Committee had two functions:
(1) to inquire into matters relating to the Public Accounts referred to it by the Legislative Assembly, a Minister or the Auditor-General.
(2) to inquire into expenditure by Ministers which had not been sanctioned and appropriated by Parliament.
- 1978 @ Report of the Select Committee of the Legislative Council on Public Accounts and Financial Accounts of Statutory Authorities chaired by the Hon. Lloyd Lange M.L.C.
- 1980 · Progress Report of the Joint Committee on Public Accounts and the Financial Accounts of Statutory Authorities chaired by Mr Vince Durick, M.P.
- 1981 · Final Report of the Joint Committee on Public Accounts and the Financial Accounts of Statutory Authorities, chaired by Mr Laurie Brereton, M.P.
· Reference from the Minister of Health to inquire into over-expenditure in public hospitals and the general accountability of the public hospital system. This was the first occasion on which the Committee had exercised its function of inquiring into matters referred to it.
- 1982 · The Committee held public hearings for the first time concerning over-expenditure.
· Audit (Public Accounts Committee) Amendment Act 1982. This Act greatly expanded the powers of the Public Accounts Committee. In addition to its former functions, the Committee was empowered:
- (1) to examine the public accounts;
- (2) to examine the accounts of statutory authorities;
- (3) to examine the Auditor-General's report and related documents;
- (4) to report to the Legislative Assembly upon any items in or circumstances connected with those accounts, reports or documents;
- (5) to report to the Assembly on any alteration the Committee thinks desirable in the form of the accounts, or in the method of keeping accounts, or the receipt, expenditure or control of money.
- 1983 · Audit Act 1902 replaced by the Public Finance and Audit Act 1983.
· Permanent secretariat established.

Appendix 3

Meetings of the Public Accounts Committee-1 July, 1984-30 June, 1985

Meeting No.	Date	Subject	Organisation	Witness
97	5/7/84	Public hearing- Inquiry into (1) Collection of Parking and Traffic Fines	Attorney-General's Department	Mr William John Robinson Mr Ian Henry Pike Mr Peter John Webb Mr Allan Darroll Moore Ms Sandra Jean Egger Mr Vernon John Dalton Mr Mark Souter Robertson Ms Brenda Jean Smith Mr Phillip William
			(2) Corrective Services Commission	
Crossley				
98	13/7/84	Public hearing- Inquiry into (1) Collection of Parking and Traffic Fines	Department of Motor Transport	Mr Jack Wallis Davies Mr Michael John Butler Mr Edward Bruce
Blackhall				
99	17/7/84	Public hearing- Matters arising from the 1982-83	(1) Maritime Services Board	Mr John MacDonald
Wallace				Mr Neville Frederick
Morton		Auditor-General's Report		Mr Jack Arthur Bonner Mr Ronald Jonathon
Longworth				
100	31/7/84	Deliberative Meeting		
101	1/8/84	Public hearing - Matters arising from the 1 1982-83 Auditor-General's Report	(1) Sydney University	Mr Stephen Barry M. Mr Ian Alistair Ramage
Harrison			(2) Land Commission of N.S.W.	Mr John Henry Plummer Mr Brian Charles
McElvogue				
102	2/8/84	Deliberative meeting		
103	7/8/84	Deliberative meeting Public hearing - Inquiry into Collection of Parking and Traffic Fines		Mr G.D. McIlwaine M.P.
104	23/8/84	Deliberative meeting		
105	13/9/84	Deliberative meeting		
106	20/9/84	Deliberative meeting		
107	27/9/84	Deliberative meeting		
108	11/10/84	Discussion Meeting with	(1) N.S.W. Film Corporation (2) Public Sector Accounting Standards Board	Mr David Elphick
		Public hearing- Inquiry into (1) Collection of Parking and Traffic Fines	Dun & Bradstreet (2) Don Farnie & Associates	Mr Anthony John Hayes Mr Bruce Weir Mr Donald Bruce Scott-
Farnie				Mr Norman Owens
109	18/10/84	Deliberative meeting		
110	19/11/84	Public hearing-Matters arising from the 1 1982-83 Auditor-General's Report	(1) Film Corporation	Mr Paul Riomfalvy Mr James Henderson Mr Lyndon Sayer-Jones Mr Daniel Collins
111	20/11/84	Public hearing - Investment Inquiry	(1) Australian Bank	Mr Michael Cole Mr Michael O'Riordan Mr Leigh Scott-Kemmis Mr Harry Rozenstein

Meeting No. Date	Subject	Organisation	Witness
112 4/12/84	Public hearing - Public hearing - Inquiry into (1) Privacy Committee Collection of Parking and	(1) Auditor-General of N.S.W.	Mr Jack O'Donnell Mr James William Nolan Mr Christopher Robin
Spink	Traffic Fines		
113 5/12/84	Public hearing- Inquiry into (1) State Rail Authority Performance Review Practices	(1) State Rail Authority (2) Corporate Affairs Commission (3) Government Supply Department	Mr David Hill Mr Lawrence John Fuller Mr John Charles Cooke Mr Robert James Hunt Mr Alan Stewart Combes Mr David Ingall Mr Brian Robert Campbell Mr Victor Tuxford Mr Kenneth William Frost Mr Keith William Thomas Mr Geoffrey David Allen Mr Ronald Richard Baker Mr James Edward Gadd
114 6/12/84	Public hearing-Inquiry into (1) Dept of Cooperative Performance Review Practices	(1) Dept of Cooperative Societies (2) Government Printing Office (3) Forestry Commission (4) Department of Public Works	Mr Donald-West Mr Alan Norman Fisher Mr Stanley Wallace Gentle Mr Roy Alan Free Mr Vivian William Carlow Mr Graham Stanley Lugton Mr Wallace Keith Pilz Mr John Mead Waring Mr Michael Joseph Driscoll Mr Douglas Arthur Swan Mr Robert Bruce Winder Mr Vincent Delany Mr David Charles Moore Mr Barry Norman Moore Mr Robert Joseph Walker Mr Bevan John Porter Mr Rodney Kenneth Tout Mr Gerald Gleeson Mr Heinz Heilpern Mr Peter Dale Darren Ms Beth Mcintyre
115 11/12/84	Public hearing- Inquiry into (1) Department of Education Performance Review Practices	(1) Department of Education (2) Public Service Board (3) Premier's Department (4) Dept Youth & Community Services	Mr Robert Bruce Winder Mr Vincent Delany Mr David Charles Moore Mr Barry Norman Moore Mr Robert Joseph Walker Mr Bevan John Porter Mr Rodney Kenneth Tout Mr Gerald Gleeson Mr Heinz Heilpern Mr Peter Dale Darren Ms Beth Mcintyre
116 12/12/84	Public hearing - Inquiry into (1) Treasury Performance Review Practices	Mr Norman Oakes (2) Institute of Internal Auditors	Mr Kenneth John Gibson Mr Robed Scullion Mr Barry Startfield
Leithhead			Ms Margaret Leslie
Campbell 117 23/1/85	Public hearing- Investment (1) Department of Main Roads Inquiry	(1) Department of Main Roads	Mr Bruce Norman Loder Mr Robert Bernard
McDowell		(2) Electricity Commission of N.S.W.	Mr Edward John Hanlon Mr Zoltan Hajas Mr Arthur William G.
Butler			

Meeting No. Date	Subject	Organisation	Witness
118 24/1/85	Public hearing- Investment Inquiry	(1) Metropolitan Water Sewerage and Drainage Board	Dr Peter John Crawford Mr Robert Ernest Wilson Mr Michael Histon Mr Henry William G.
Cavill		(2) Maritime Services Board	Mr Neville Frederick
Morton			Mr Norman Anthony
Pensabene		(3) State Bank	Mr Richard Lewis Morath Mr Richard William Turner Mr John Anthony O'Neill
119 30/1/85	Public hearing- Investment Inquiry	(1) Government Insurance Office	Mr William John Jocelyn Mr Alan Keith Clarke
		(2) Public Authorities Superannuation Board	Mr Allen Henderson Mr Roderick Ian W.
Macleod		(3) State Superannuation Board	Mr Gregory John W.
Bunbury			Mr Warwick Hurnell
Barber		(4) Dominguez Barry Samuel	Mr Brian Charles Enright Mr Derek Richard Mc.
Condell		Montagu	
120 31/1/85	Public hearing- Investment Inquiry	(1) Treasury	Mr Norman Oakes Mr Robert Scullion Mr Michael George
Lambert			
121 25/3/85	Visit of Inspection	(1) Metropolitan Water Sewerage and Drainage Board.	
	Visit of Inspection	(2) Money Market Operation State Bank	
122 28/3/85	Deliberative Meeting		
123 11/4/85	Deliberative Meeting		
124 18/4/85	Deliberative Meeting		
125 24/4/85	Deliberative Meeting		
126 20/5/85	Deliberative Meeting		
127 28/5/85	Deliberative Meeting		
128 4/6/85	Deliberative meeting		
129 19/6/85	Deliberative meeting		

Appendix 4 Past Reports

Prior to 1 July, 1984 the Forty-Seventh Parliament tabled nine reports. Brief summaries of each of these past reports follow:

First Report - Expenditure without Parliamentary Sanction or Appropriation (November 1981)

The Committee investigated over expenditure by Ministers in 1980-81. Over-expenditures of \$162 million by ten Ministers were examined. The Committee concluded that departmental explanations for all over expenditure were satisfactory.

Second Report- Over-Expenditure in health funding to hospitals (February 1982)

Inquiry into a reference made by the Minister for Health concerning budget overruns of \$15.7 million by 37 N.S.W. public hospitals.

The Committee concluded that the budget overrun was attributable, not only to the budgetary process, but also to the failure of

departmental and hospital officials to take budgets seriously.

Third Report- Public Accountability in Public and other subsidised hospitals (April 1982)

Inquiry into a reference made by the Minister for Health. The Committee made 44 recommendations to improve the standard of accountability in hospitals.

Among the recommendations that have subsequently been acted upon are:

- the introduction of modified global budgeting.

- introduction of an incentive reimbursement scheme for public hospitals.

- the delineation of the role of each hospital.

Fourth Report- Expenditure without Parliamentary Sanction or Appropriation (September 1982)

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

The Committee concluded that the explanations provided were satisfactory, with the qualification

that the cost of the Government Cleaning Service warranted further investigation.

Fifth Report- Overtime Payments to Police (November 1982)

Inquiry into a reference made by the Auditor-General into overtime payments to police officers. By 1980-81 police overtime payments amounted to \$21.5 million, a rise from \$8.7 million in 1976-77 despite an increase of 1000 police officers. The Committee concluded that a:

"considerable amount of overtime is avoidable and arises from inappropriate policy, inefficient rostering and inefficient job organisation."

Sixth Report- Overtime Payments to Corrective Services Officers (May 1983)

Inquiry into a reference made by the Auditor-General. The report showed that more than half N.S.W. prison officers had received overtime

payments in excess of 50% of their normal salary and 10% received more than 100% of their salary in overtime payments.

In 1981-82 overtime payments had totalled almost \$14 million, representing over 35,000 hours of overtime per fortnight. After the development of a strategic plan in June 1982, overtime was reduced in early 1983 to approximately 22,000 hours per fortnight. The Committee noted that one of the major causes of overtime was the high level of sick leave and foreshadowed its interest in sick leave throughout departments.

Seventh Report- Accountability of Statutory Authorities (June 1983)

Inquiry into a reference made by the Treasurer. The Treasurer's reference was a response to widespread concern about the need for greater information from statutory bodies.

Most of the recommendations in the Committee's report have been incorporated in the new Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit (Amendment) Act 1984.

Eighth Report- Grain Sorghum Marketing Board (November 1983)

inquiry into a reference by the Minister for Agriculture and Fisheries concerning the administration, efficiency, effectiveness and accountability of the Grain Sorghum Marketing Board.

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

Most of the recommendations by the Committee, which were designed to apply to all marketing boards in N.S.W, were embodied in the Marketing of Primary Products Act, 1983.

Ninth Report- Auditor-General's Report 1981-82 (December 1983)

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

Appendix 5

Matters Considered in Relation to 1 983-84 Auditor-General's Report

Pt 1	Page	Matter	Committee Decision and Action Taken	Status
1	13	Grants and subsidies to Community Organisations AG notes "Variety in departmental practice for monitoring the grantees' use of, and continued need for funds". States that "fairly simple control can be achieved".	Inquiry initiated July, 1985.	Inquiry current
2	14	State Telephone System AG reports on control problems - departments paying for phones that are not theirs, unexplained rental charge variations etc.	Committee wrote to bodies mentioned in AG's report seeking confirmation that action had been taken.	Completed
3	16	Computer Processing AG comments on overall deficiencies in government computer systems. AG intends to report further in his 1984-85 report.	Progress report requested from AG.	Incomplete.
4	20	Special Deposits Accounts Matter already taken up with Treasury by Committee.	No action in 1984-85.	Completed
5	38	Unpaid Land Tax Tax unpaid 30.6.84 \$40.9 million including \$14.8 million overdue.	Letter to Secretary of Finance.	To be examined in review of AG's 1984-85 Report
6	45	Unpaid Infringement Notices, Warrants etc. AG comments collection rate drops off sharply if delays in enforcement.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
7	50	Expenditure without Parliamentary Sanction AG comments that the important change (due to PF & A Act) is that review of this expenditure is at the discretion and perception of the Committee (S.57(1)(a) and (d) which now avoids "rubber stamping".	Letters sent to Departments and Authorities noted in AG's Report.	Completed.
8	53	Administration of Students Bus Pass System AG estimated it costs the Education Department at least \$1 m p.a. to administer.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
9	56	Ambulance Transport Fees Unpaid Accounts \$7m. Write offs \$4m - 31.5% of outstandings at 30.6.83.	Letter written to Secretary of Health Department.	To be examined in review of AG's 84-85 Report.
10	65	Police and Corrective Services Overtime and Sick Leave AG comments on procedures taken by departments to monitor overtime and sick leave.	To be examined as part of review of past recommendations made by the Committee.	Current inquiry.
11	68	Premier's Department- Special Assistance AG notes that government policy involved when commenting on major items of expenditure.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
12	79	Cattle Compensation Fund AG comments on high level of the balance of the account \$4m 83/84, \$3.5m 82/83	Letters written to Treasury and Agriculture.	To be examined in review of AG's 1984-85 Report.

Pt 1	Page	Matter	Committee Decision and Action Taken	Status
13	80	Closer Settlement and Public Reserves Fund AG again comments on deferred and unpaid interest, \$52m, and two disparate objectives of public reserves and closer settlement.	Letter written to Treasury.	To be examined in review of AG's 84-85 Report.
14	81	Coal Compensation Fund \$20m put in 82/83 further \$1.5m 1983/84, no payments yet. Fund to provide compensation for coal rights taken under Coal Acquisition Act 1981.	Letter written to Treasury.	To be examined in review of AG's 84-85 Report.
15	82	Fin, Assist, Post-Arrival Services for Migrants A/C Balance \$1,640,731 undisbursed since 30.6.81	Initial inquiry completed. No further action proposed in 1984-85.	Completed
16	101	Community Employment Programme A/C AG comments on unspent funds of \$1.8m.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
17	102	Swine Compensation Fund As per previous reports AG comments on this fund being outside Parliamentary control. Notes however under review by Treasury Committee.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
18	102	Tourist Industry Development Fund Comments that payments of instalments on existing loans are being met from fresh borrowings.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
19	107/8	Advertising Around Election Time AG questions expenditure on advertising by government bodies at election time.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
20	114/6	Variations of Statute	Letters written to selected bodies	To be reviewed in connection with AG's 1984-85 Report.
21	16	State Rail Authority (1) Payments for workers compensation increased by \$6,253,461 (28.7%) over last year- significant increase in the number of reported injuries, therefore State Rail Authority found it necessary to supplement the provision by special allocation of \$3.5 million. (2) Inquiry concerning purchasing procedures (3) Question of obtaining report on orderly disposal of non-essential land.	Letter sent to SRA Letter sent to SRA Letter sent to SRA	To be reviewed following AG's 1984-85 Report. Incomplete Completed.
22	20	Urban Transit Authority Theft of \$8,088 occurred on 26 May 1984, reported to the Auditor-General in July 1984.	Initial inquiry completed. No further action proposed in 1984-85.	Completed

Pt	Page	Matter	Committee Decision and Action Taken	Status
23	31	Department of Main Roads Costs associated with the Waterfall/Bulli Tollway continue to Over-run toll collection by a substantial sum. For 1983-84 this was \$2.8 million bring total short fall to about \$26.0 million. Sydney Harbour Bridge collection also fell short of costs. The deficiency was met by a transfer of \$1.6 million from general purpose funds.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
24	61	State Brickworks Homebush returned a loss of \$432,068 (surplus of \$371,911 in 82-83).	Initial inquiry completed. No further action proposed in 1984-85.	Completed
25	65	State Dockyard Operations for the year produced a loss of \$1,989,948 down from \$4,804,866 last year. The undertaking's accumulated deficiency is \$14,383,536.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
26	66	Floating Crane and Slipways Deficiency 1983 - \$224,901 1984- \$85,763	Initial inquiry completed. No further action proposed in 1984-85.	Completed
27	71	Metropolitan Water Sewerage & Drainage Board Net balance of income, \$50.4m appropriated to the Renewals and Other Purposes Reserve (\$57.2m in the previous year). Among other things, this reserve is intended to cater for depreciation and renewal of assets. However, as there has been no assessment of depreciation, there can be no realistic assessment of whether the amount appropriated is too great or too small.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
28	93	Water Resources Commission \$26.5m advanced to Irrigation Areas and Districts Working A/C since 1974. \$10m waived in 1977-78.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
29	98	Forestry Commission (1) Commission bought from Aust. Paper Manufacturers forests at cost price \$17m. The land was valued by VG at \$12.5m. (2) Financial aspects of the Forestry Commission's proposal to log areas of the Nullum State Forest, west of Mullumbimby.	Explanation received in answer to another inquiry. Letter sent to Forestry Commission.	Completed Incomplete
30	99	Soil Conservation Service "Significant surplus resulting from the sale of plant could indicate that depreciation rates are inappropriate and in need of re-assessment".	Initial inquiry completed. No further action proposed in 1984-85.	Completed
31	108	Heritage Council AG comments that Council's financial position very unhealthy and unless it gains enhanced income it will be forced to borrow increasing sums to pay interest and repayment instalments on moneys already borrowed.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
32	115	Opera House Trust Maintenance of fire-fighting equipment.	Letter sent to Opera House Trust.	Incomplete.

Pt 2	Page	Matter	Committee Decision and Action Taken	Status
33	120	N, \$, W, Film Corporation "The founding capital of the Corporation (provided from State Government Sources) has been largely used up in reality, by recent years' deficiencies. At current levels of funding and operations, it seems that the Corporation will soon be dependant on floating new loans to pay interest on existing borrowings."	Subject of current inquiry.	Current inquiry.
34	t31	Old Sydney Town "The loss for the year (\$184,874) increased the Company's accumulated deficiency to \$4,927,256 at 30 June, 1984, and reduced the net assets to \$113,236. To 30 June, 1984, the shareholders had released the Company from its obligation to repay amounts totalling \$4,300,746 (the Shareholder's Reconstruction Reserve). The future of the Company as a going concern and the consequent worth of the project expenditure and other fixed assets is dependent upon the continued financial support of its shareholders."	Initial inquiry completed. No further action proposed in 1984-85.	Completed
35	145	Teacher Housing Authority Rent barely covers capital interest payable. Thus \$2.6m needed to come from subsidies from public funds. (See also 36).	Letter sent to Teacher Housing Authority	Incomplete
36	146	Public Servant Housing Authority Rent at \$2.46m insufficient to service interest payable on capital \$3.1 7m. Thus subsidies from public funds to meet difference and other expenses \$2.4m. (See also 35).	Letter sent to Public Servant Housing Authority.	Incomplete
37	151	Sydney Cove Redevelopment Authority Gross deficiency of \$7,683,719 was \$1,913,609 (or 33.2%) higher than in 1982-83.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
38	161	Bathurst Orange Development Corporation "As reported in previous years the accounts again show clearly that the Corporation is not in a position to meet the accumulating burden of interest on Commonwealth and State Capital advances invested in it. Moreover the balance sheet valuation of net assets is less than the principal sum outstanding on loans and advances. As the repayment of private loans is covered by a State Government guarantee, it would seem now inevitable that the Government loans face substantial write-downs. In this situation, the continued raising of deferred interest charges is just a book entry."	Considered in 1982-83. No further action proposed in 1984-85.	Completed
39	163	The Minister, Aboriginal Land Rights Act, 1983 AG comments recent years very little follow up of outstanding home loans instalments. The former Aboriginal Lands Trust had outstanding rental debts exceeding \$1 m. Officers of the Ministry investigating current status.	Initial inquiry completed. No further action proposed in 1984-85.	Completed

Pt 2	Page Matter	Committee Decision and Action Taken	Status
40	173 Local Government Superannuation Board- Pension Fund Actuarial advice- Under present funding arrangements assets of the special authorities reserve will be exhausted in 42 years. Any deficiency Superannuation Report. in the reserve is met from Con Fund and a liability is accumulating which could need to be met in time by the Treasurer.	To be reviewed in conjunction with follow up of Superannuation Report.	Current inquiry
41	1 73 Railway Service Superannuation Board Closed to new entrants 1964. "This scheme is a classic example of the defects now seen in previous years' accounting practice". - current and future years' operations must pay for services rendered in previous years. - deferred costs will absorb \$100m in the next four years alone.	To be reviewed in conjunction with follow up of Superannuation Report.	Current inquiry
42	1 79 Coal & Oil Shale Mine Workers Super Fund Present expectation that the special contribution of 5.5% of the reference rate would fund the net liability of the fund in approximately 39 years. Had been hoped to fund the liability over 21 years.	To be reviewed in conjunction with follow up of Superannuation Report.	Current inquiry.
43	182 Parliamentary Contributory Super Fund AG comments on increase in Consolidated Fund contributions.	To be reviewed in conjunction with follow up of Superannuation Report.	Current inquiry.
44	186 Workers' Compensation Commission- Bush Fire Fighters Compensation Fund AG comments on increasing value of o/s claims 31.1.84 - \$3.1 m (estimated)	Letter sent to Workers Compensation Commission	Incomplete
45	188 Worker's Compensation (Dust Diseases) Board Outstanding liability reserve fund - balance rose by \$7.9m to \$56.6m. Liability estimated by Board to be \$88m at 30.6.84.	Letter sent to Board.	Incomplete
46	190 University of Sydney The Auditor-General comments that "some re-assessment of the accounting for superannuation costs (of this and other universities) may be appropriate in the light of recommendations by the Public Accounts Committee".	Initial inquiry completed. No further action proposed in 1 984-85.	Completed
47	206 N.S.W. University Press Ltd "Over the years, the Company has become, in colloquial terms, 'cash rich'. In five years, its accumulated funds have grown from \$222,568 to \$721,81 0. The company being (in effect) a subsidiary of the University, it may be appropriate to consider the disposal or use of these funds."	Initial inquiry completed. No further action proposed in 1984-85.	Completed
48	215 Macquarie University It was again necessary to draw attention to inadequacies in its internal audit operations. A number of tasks allotted to internal audit include elements which are incompatible with the need for efficient, effective and independent reviews. Further attention is needed to meet the objectives expressed in Section 11 of the Public Finance and Audit Act.	Initial inquiry completed. No further action proposed in 1984-85.	Completed

Pt 2	Page	Matter	Committee Decision and Action Taken	Status
49	227	Colleges of Advanced Education- Year 1983 "In 1 983 there was a general trend for recurrent deficiencies. Most of the Colleges which incurred deficiencies were able to meet the shortfall of revenue by the transfer of interest earnings from special purpose funds."	Initial inquiry completed. No further action proposed in 1984-85.	Completed
50	297	Building and Construction Industry Long Service Payments Corporation Errors and inadequacies in worker entitlement records in the past. Details of action being taken.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
51	336	Barristers and Solicitors Admission Boards Boards built up substantial cash holdings \$183,633. AG comments that considering the costs which have been borne by the Con Fund, it would seem fair to review the need to retain these idle (except for interest earned) deposits.	Letter sent to Treasury.	Incomplete
52	342	Prickly Pear Destruction Fund Set up by Act 1924, AG comments 60 years later problem still with us. Con Fund contribution 83/84 \$1.25m. Result of departmental monitoring procedures not available until mid-1985.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
53	348	Homebush Abattoir Corporation Operating loss \$2.9m (\$3.7m 82/83). Accumulated deficiency \$37m (\$34m in 82/83). Net asset value on a going concern basis insufficient to cover the capital debt. Eventual repayment on treasury loans may depend on sale of further land holdings.	Letter sent to Corporation.	To be examined in review of AG's 1984-85 Report.
54	356	Fund-Wheat Marketing Barring of Claims Again AG can't see justification for this fund being outside the budgetary system.	Initial inquiry completed. No further action proposed in 1984-85.	Completed
55	373	Grain Sorghum Marketing Board Prov. Liquidator appointed 1.9.83. Scheme of arrangement sanctioned 12.12.83. Further problems for the Board due to inadequate staff resources, volume of grain and inadequate software program in outside bureau computer caused severe delays and bottlenecks in payments to growers. A/cs not yet prepared for 1982 or subsequent harvests, thus Board's financial position not known, expected that creditors will be paid 10 cents in the \$ on 1.10.84 and a further instalment by 31.12.84.	Grain Sorghum Report to be followed up.	Current inquiry
56	376	Oilseeds Marketing Board AG comments that income was again insufficient to cover costs. Accumulated deficiency to \$930,955 at 31.10.83 If all goes well i.e. good harvests, deficiency will be eliminated over four to five years.	Initial inquiry completed. No further action proposed in 1984-85.	Completed