

*Public Accounts Committee
Parliament of New South Wales*

**Annual Report
1990-91**

October 1991

Report No. 58

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Members of the Public Accounts Committee of the Forty-Ninth Parliament

*Members of the Public Accounts Committee for
the period covered by this annual report were:*

**Mr Phillip Smiles, LL.B., B.Ec.,
M.B.A., Dip. Ed., M.P.,
Chairman**

Phillip Smiles was elected Member for Mosman in March 1984. A management and marketing consultant since 1974, Phillip Smiles has been involved with entrepreneurial business activities since his teens. Since entering Parliament he has been actively interested in areas of small business, emergency services, welfare and financial analysis. He was appointed a Member of the Public Accounts Committee in 1984 and was elected Chairman in 1988.

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**Mr George Souris, B.Ec., Dip.
Fin. Mangt., F.A.I.M., F.A.S.A.,
C.P.A., M.P., Vice Chairman***

George Souris was elected Member for Upper Hunter in 1988. An accountant in public practice for 12 years, George Souris also served as a Shire Councillor in Singleton for seven years, four of which were as Deputy President. At university he was a Rugby Blue, represented N.S.W. Country, Australian Universities and Australian Colts rugby teams. He is the N.S.W. Parliament's appointed Member of the University of Newcastle Council. George Souris has experience in taxation and business management and an interest in financial analysis. He is a member of Rotary and other community organisations.

** Mr George Souris, M.P., Member for Upper Hunter, was appointed to the Committee on 23/2/89, and elected Vice-Chairman on 2/3/89, replacing Miss w. Machin, M.P., who was appointed to the position of Chairman of Committees on 23/2/89.*

**Mr Allan Walsh, B.A. (Hons.),
Dip. Ed., M.P.**

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

Mr John Murray, B.A., M.P.

John Murray, formerly a teacher, was elected Member for Drummoyne in April, 1982. An Alderman on Drummoyne Council for three terms, John Murray was

Mayor of the Council for five years and served four years as Councillor on Sydney County Council. He has served as a member of the Prostitution Committee and the House Committee, and is a former

Chairman of the Public Accounts Committee.

Mr Terry Griffiths, M.P.

Terry Griffiths was elected Member for Georges River in 1988. Prior to being elected to Parliament he was the Chief Executive of the Scout Association of Australia. Before this he was an Army Officer. He is a graduate of the Officer Cadet School Portsea, a graduate of the School of Military Engineering and a Fellow of the Australian Institute of Management. He has been actively involved in Lions, Rotary and other community organisations.

*Members of the Public Accounts Committee
of the Forty-Ninth Parliament*



From left: Phillip Smiles (Chairman), George Souris (Vice Chairman), Allan Walsh, Terry Griffiths, John Murray

Members of the Public Accounts Committee of the Fiftieth Parliament

Members of the Public Accounts Committee of the Fiftieth Parliament are:

Mr Jim Longley, B.Ec., M.Ec.,

**F.C.P.A, S.P.T.C, M.P.,
Chairman**

Jim Longley was elected Member for Pittwater in May, 1986. Prior to entering for Parliament he worked in the banking industry; he was a corporate analyst in Westpac's London office and Group Planning Manager in their Sydney head office. He served as a member of the Regulation Review Committee, the N.S.W. Parliamentary Library Committee and has

chaired three Government Committees,

including the Treasury Advisory Committee.
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Mr Ray Chappell, M.P.,

Vice-Chairman

Ray Chappell was elected Member for Northern Tablelands in May 1987. He has worked in university administration and in

the building and retail industries and he

served four terms as an Alderman on

Armidale City Council. Ray Chappell was

a member of the Regulation Review

Committee and is the Legislative Assembly

representative on the Board of Governors

of the University of New England.

**Mr Geoff Irwin,
Prod. Eng. Cert., Dip .Tech.,
Dip. Ed., M.P.**

Geoff Irwin was elected to Parliament in March 1984. He is currently the Member for Fairfield. Before entering Parliament he worked in industry as a Planning and

Supply Manager and taught Business Studies at T.A.F.E. He served as a member of the Select Committee upon Small Business and as Shadow Minister

Business and Consumer Affairs.

**Mr Terry Rumble, A.A.S.A.,
M.P.**

Terry Rumble was elected Member for Illawarra in March 1988. Before entering

Parliament he qualified as an accountant

and was employed in public practice and

the coal mining industry. He has served as a member of the Regulation Review Committee and is the Secretary of the Opposition Committee on Employment and Industry.

Mr Michael Photios. M.P.

Michael Photios was elected to Parliament

in March 1988. He is currently the

Member for Ermington. Prior to entering

Parliament he was Marketing Manager of

an importing company. Michael Photios is

a Trustee of the Ethnic Communities

Council of N.S.W. He served as a member of the House Committee, is a member of four Government Committees and chairs its Environment Committee.

*Members of the Public Accounts Committee
of the Fiftieth Parliament*



From left:
Geoff Irwin, Jim Longley (Chairman), Ray Chappell (Vice-Chairman), Terry Rumble, Michael Photios

Highlights of the Year

1990	<p>24 July Report on the Auditor General's Office tabled</p> <p>9 November Seminar on <i>Parliamentary Scrutiny of Performance</i></p> <p>14 November Annual Report tabled</p> <p>13 December Report on the Lord Howe Island Board tabled</p> <p>17 December Report on the Forestry Commission tabled</p>
1991	<p>5 February Report on the Auditing of Local Government tabled</p> <p>9 April Examination of the Juvenile Transport Service of the Department of Family and Community Services tabled</p> <p>1 May Report on Payment Performance of Major Statutory Authorities and Inner Budget Sector Departments tabled</p> <p>3 May <i>Parliamentary Scrutiny of Performance - Seminar Papers</i> tabled</p> <p>3 May Report on Legal Services Provided to Local Government tabled</p> <p>3 May Parliament dissolved and with it the Public Accounts Committee of the 49th Parliament</p>

Chairman's Foreword



The past year has been a productive and eventful one for the Public Accounts Committee, with the completion of a record nine reports, the initiation of a number of new examinations and following the N.S.W. election on 25 May the appointment, on 2 July 1991, of a new Committee. As the newly-elected Chairman of the Committee, I wish to pay tribute to the energy, commitment and effectiveness of the Committee of the Forty-Ninth Parliament, led by its Chairman, Mr Phillip Smiles. I thank its members, Mr George Souris (Vice-Chairman), Mr John Murray, Mr Allan Walsh, Mr Terry Griffiths and Ms Wendy Machin for their significant contributions to the work of this Committee. They have a proud place in its history. Of the nine reports produced by the Committee during the year, the one that generated the most interest was without doubt the Report on the Forestry Commission. This very detailed, constructive and thorough-going report contained 78 recommendations for improvements in the management structure and practices of the Forestry Commission.

The Committee also tabled two major reports into local government, the first on local government auditing, the second on legal services provided to local government. These reports set out a blueprint for wide-ranging reforms in local government

financial management and management of legal expenditure and development approval processes.

One of the Committee's notable successes was the public seminar on Parliamentary Scrutiny, which was attended by over one hundred participants from various states and proved a very vigorous forum. The seminar was part of the Committee's ongoing commitment to public education.

During the current year, the Committee of the Fiftieth Parliament will undertake a wide range of inquiries. A report on the National Parks and Wildlife Service will be tabled in the near future. At present the Committee is examining debt management

by government instrumentalities, and the determination and reporting of dividend payments by statutory authorities to Consolidated Revenue.

I look forward to working actively with my new fellow members, Mr Ray Chappell (Vice Chairman), Mr Geoff Irwin, Mr Michael Photios, and Mr Terry Rumble, to preserve the P.A.C.'s invaluable watchdog traditions of "*bringing bureaucracy to account*". I believe the P.A.C. plays a vital role in convincing a sometimes sceptical public that Parliament is a force for more efficient, and more accountable government. In conclusion, I should like to thank the Committee Secretariat, Victoria Walker (Director), Bernadette Gurr (Clerk), now replaced by Anne Lucas, Norma Rice and Rebecca Turrell (Secretaries), whose contributions made possible the achievements of the last year. For their work in producing this Annual Report my thanks to Anne Lucas and Rebecca Turrell.

Jim Longby, M.Ec., F.C.P.A., S.P.T.C.
Chairman

Public Accounts Committee

Charter

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

The Committee was established by the Audit Act 1902. However, until 1981 the Committee met only two to four times a year, each meeting lasting for approximately half an hour. Committee reports during these years were a few pages long, confining themselves to instances of over-expenditure or financial impropriety and questions about procedures on contracts.

During these years and until December 1982 the Committee had only 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.

The first function was not exercised until November 1981, when the Committee received a reference to inquire into over-expenditure in public hospitals and the general accountability of the public hospital system.

The second function was performed only perfunctorily until 1982, when public hearings were held and departmental witnesses examined for the first time about over-expenditures.

In commenting on the lack of references given to the Public Accounts Committee, the Joint Committee on Public Accounts and Financial Accounts of Statutory Authorities noted that this suggested:

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

The inactivity of the Public Accounts Committee was clearly the result of the latter - a lack of appreciation by successive governments of the need for an active legislative watchdog of public accounts.

Charter

By 1978 there was a growing recognition in

the Government of the need for enhanced accountability of the public sector to the legislature.

Three successive reports from Parliamentary committees appointed to examine the form of the Public Accounts and the accounts of statutory authorities

recommended that:

- the Audit Act be amended to **increase the functions** of the Public Accounts Committee to allow it to initiate its **own** inquiries;
- the Public Accounts **Committee** be serviced by a **permanent** secretariat of Parliamentary officers.

As a result of these recommendations, in December 1982 the Audit (Public Accounts Committee) Amendment Act, 1982 was passed to greatly expand the powers of the Public Accounts Committee. Thus, in addition to its two former functions, the Committee was 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 those 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**.

The Committee was precluded from inquiring into government policy unless it has received a reference from the Legislative Assembly, the Auditor-General or a Minister.

The Audit Act 1902 was replaced by the Public Finance and Audit Act 1983 which came into force on 6 January 1984. The provisions of the new Act, specifying the functions of the Public Accounts Committee retained the functions of the Committee acquired in December 1982.

(The section of the legislation that outlines these functions can be found on page 51.)

In August 1983 a permanent secretariat was established, strengthening the Committee's ability to exercise new powers.

Aims

- 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, effective and accountable for its operations; and
- to increase the awareness and understanding of Parliamentarians and members of the public of the financial and related operations of government.

Objectives

To serve the Parliament and thereby the taxpayer by:

- acting as Parliamentary watchdog of Government expenditure;
- o ensuring Government organisations implement government policy as efficiently and effectively as possible;
- promoting value for money in the public sector; and
- o ensuring greater accountability to Parliament and the public.

Objectives for 1991/92

In addition to its ongoing statutory work the Committee resolved on 16 July 1991:

- To complete the inquiry into the National Parks and Wildlife Service;
- To conduct an inquiry into selected aspects of urban infrastructure financing;
- To conduct an inquiry into selected aspects of the administration of the New South Wales Parliament;
- To conduct formal reviews of action taken in response to the following Committee inquiries:
 - Expenditure Without Parliamentary Sanction (*Report No. 1*)
 - Expenditure Without Parliamentary Sanction (*Report No. 4*)
 - Accountability of Statutory Authorities (*Report No. 7*)
 - Report on Year-End Spending (*Report No. 20*)
 - Report on Payments Without Parliamentary Appropriation (*Report No. 43*)
 - The Challenge of Accountability (*Report No. 47*);
- To conduct an inquiry into tourism development in New South Wales;
- [
 - To complete formal reviews of action taken in response to the following past Committee inquiries:
 - Over-Expenditure in Health Funding to Hospitals (*Report No. 2*)
 - Public Accountability in Public and Other Subsidised Hospitals (*Report No. 3*)
 - Superannuation Liabilities of Statutory Authorities (*Report No. 10*)
 - Follow-up Report on Inquiries into the New South Wales Public Hospital System (*Report No. 21*)
 - Report on the Home Care Service of New South Wales (*Report No. 32*)
 - Report on the Purchasing Practices and the Allocation of Stores and Equipment Resources Within the Technical and Further Education System (*Report No. 39*)
 - Report on the New South Wales Ambulance Service (*Report No. 44*); and
 - Report on Payments to Visiting Medical Officers (*Report No. 45*);
- To examine:
 - debt management
 - dividend payments by Statutory Authorities
 - public involvement in private sector projects.

Procedures

Origin of Inquiries

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.

Of the 57 reports, which the Committee tabled to 30 June 1991, 11 arose from references from a Minister, seven from references from the Treasurer and four from references from the Auditor-General. The table on page 38 shows the origin of Committee inquiries and reports.

[**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 by Committee members. Matters which the Committee considers warrant further action are identified. The Chairman writes to the organisations seeking a response to the concerns. On

receiving a response, the Committee may

decide that some matters require no

further action at present.

In other cases the Committee may consider that further investigation is needed. They may then hold public hearings, after which the Committee decides on the form in

which it will report the matter to Parliament. The table on page 21 details --the follow-ups conducted in 1990/91.

The Inquiry Process

Once terms of reference are established, advertisements are placed in the press informing the public of the inquiry and seeking submissions from interested parties.

Letters or questionnaires may be written to Government organisations or private bodies seeking information or submissions. Organisations and interested parties may then be called to give evidence at a public hearing.

The Committee finds field inspections particularly useful in getting a first hand view of an organisation. The inspections carried out by the Committee during

1990/91 are included in the table on page 31. For a number of inquiries the Committee has sought information from other States in order to develop interstate comparisons.

Following the collection of all necessary information, a report is drafted and considered by the Committee in private meetings.

The completed report is tabled in

Parliament and distributed to M.P.s,

Government Departments and Authorities, libraries, witnesses, those who made submissions and the Government Information Office. Copies of all Committee reports are available for sale from the Committee Secretariat.

Procedures

Power to Call Witnesses

Witnesses are 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 for the hearing, and the summons is handed to them before the hearing. Before giving evidence, witnesses are required to take an oath or to make an affirmation.

Public hearings are often attended by members of the media. The Committee aims to ensure that its activities are as open and public as possible.

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 1901.

¹ Significantly, the Committee has found that deficiencies are often corrected during the investigation and before the Committee reports, testifying to the constructive nature of the inquiry process itself.

Taking Evidence , Time of Meeting

The Public Finance and Audit Act provides that, with some exceptions, the Committee must take all evidence in public. However if the Committee considers that evidence relates to a confidential matter the Committee may decide to take evidence in private. A witness can request a hearing in private and the Committee may agree.

Confidential evidence usually relates to aspects of those organisations which

compete with the private sector on a commercial basis.

A document can also be treated as 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. Evidence taken where the Committee has decided to take evidence in private can only be disclosed with the authority of the Committee.

All hearings are recorded by Hansard. Minutes of Evidence from public hearings are published and tabled in the Legislative Assembly. They are distributed with the reports of inquiries and copies are available from the Secretariat.

The Committee is not subject to the Freedom of Information Act.

Deliberative Meetings

The Committee meets in closed sessions when it deliberates, receives briefings, or reviews draft reports. Meeting dates for 1990/91 are shown in the table on page 27.

Unless express leave is given by the Legislative Assembly, the Committee is limited to meeting when the Legislative Assembly is not sitting.

Achievement of the Specific Objectives for 1990/91

Fifteen specific objectives for the year 1990/91 were set by the Committee and published in the Annual Report Year Ended 30 June 1990. Details of the progress in achieving those objectives follows:

To complete the inquiry into the Auditor-General's Office	To conduct an inquiry into the Forestry Commission
Inquiry completed and Report No. 49	Inquiry completed and Report No. 52
tabled on 24 July 1990.	tabled on 17 December 1990.
To complete the inquiry into local government auditing	^I To conduct an inquiry into legal services provided to local government
Inquiry completed and Report No. 53	Inquiry completed and Report No. 57
tabled on 5 February 1991.	tabled on 3 May 1991.
^I To complete the inquiry into the management of the Lord Howe Island Board	To conduct an inquiry into the National Parks and Wildlife Service of N.S.W.
Inquiry completed and Report No. 50	Inquiry commenced but not completed by 3 May 1991 when the 49th Parliament was prorogued.
tabled on 13 December 1990.	To examine the anomalies and deficiencies highlighted by the Auditor-General in his Report for 1990 relating to:
To conduct an inquiry into the payment performance of major statutory authorities and inner-budget sector departments	<ul style="list-style-type: none">• the Sydney Fish Marketing Authority;• the Victims Compensation Tribunal;• the school furniture complex of the Department of School Education;• the employment and training programs of the Department of Industrial Relations and Employment.
Inquiry completed and Report No. 55	The Committee followed up the and deficiencies highlighted by the Auditor-General's 1990 Report.
tabled on 1 May 1991.	
anomalies	

Achievement of the Specific Objectives for 1990/91

To conduct formal reviews of actions taken in response to the following eight past Committee inquiries:

- Over-Expenditure in Health Funding to Hospitals (*Report No. 2*);
- Public Accountability in Public and Other Subsidised Hospitals (*Report No. 3*);
- Superannuation Liabilities of

Statutory Authorities (*Report No. 10*);

- Follow-up Report on Inquiries into N.S.W. Public Hospital System

(*Report No. 21*);

- Report on the Home Care Service of N.S.W. (*Report No. 32*);

- Report on the Purchasing Practices

and the Allocation of Stores and Equipment Resources Within the Technical and Further Education System (*Report No. 39*);

- Report on the N.S.W. Ambulance Service (*Report No. 44*); and
- Report on Payments to Visiting Medical Officers (*Report No. 45*).

Review of seven of these eight past Committee inquiries were commenced during 1991. The full review cycle was not complete when the 49th Parliament was prorogued on 3 May 1991.

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To conduct an examination of Family and Community Services Juvenile Transport

Examination completed and Report No. 54 tabled on 9 April 1991.

To conduct an inquiry into selected aspects of the administration of the New

South Wales Legislative

Assembly

On 16 July 1991 the Committee of the

50th Parliament resolved to conduct an inquiry into selected aspects of the administration of the N.S.W. Parliament.

To conduct an inquiry into selected aspects of urban infrastructure financing

Inquiry deferred at the Treasurer's request pending outcomes of the Special Premiers' Conferences deliberations on infrastructure requirements and costs.

To conduct a seminar at Parliament House on Parliamentary scrutiny of performance of the Public Sector

The Committee conducted a seminar entitled, *Parliamentary Scrutiny of Performance* on 9 November 1990. The papers from the seminar were published as Report No. 56 and tabled on 3 May 1991.

Reports Tabled in 1990/91

Nine reports were tabled in the last

financial year. Brief summaries of each

report follow. The month of tabling is shown in brackets.

49. Report on the New

South Wales Auditor-General's Office

(July 1.1990)

The Committee conducted an inquiry into the Auditor-General's office which was tabled in July 1990. The three major reforms recommended in this Report are that the Auditor-General be empowered to carry out comprehensive audits, that occupants of the position of Auditor-General be appointed for a non-renewable term of seven years and that peer reviews be conducted of the Auditor-General's Office at three year intervals.

The Committee also recommends that the

Auditor-General be given the power to appoint his or her own staff, establish conditions and terms of employment and determine the staffing profile of the Office to enable it to better respond to changes in modern public sector auditing practice.

Of the 40 recommendations contained in this report, 30 were accepted by the Treasurer and will form amendments to the

Public Finance and Audit Act in the Budget Session 1991.

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50. Report on the Lord

Howe Island Board

(December 1990)

Following adverse comments in the Auditor-General's Reports of 1988 and 1989 the Committee resolved to examine the

financial and administrative practices of the Lord Howe Island Board.

The Committee found that in September

1986 the management of the Board's accounts was transferred from the Premier's Department, firstly to the Department of Local Government and then to the National Parks and Wildlife Service. These transfers combined with the lack of a qualified accountant on the Island until October 1989, and an inadequate computerised accounting system, created major problems.

The Committee made 39 recommendations designed to improve the accountability of the Board's operations. These included: the preparation of a corporate plan and a tourism marketing plan; that the meetings of the Board and its committees be held in

public; and that the regulations to the Lord Howe Island Act be reviewed and upgraded to more suitably empower the Board.

The Minister for the Environment accepted the Committee's report, though a number of the recommendations await the

appointment of the new Lord Howe Island Board who will be responsible for reviewing the recommendations not yet implemented.

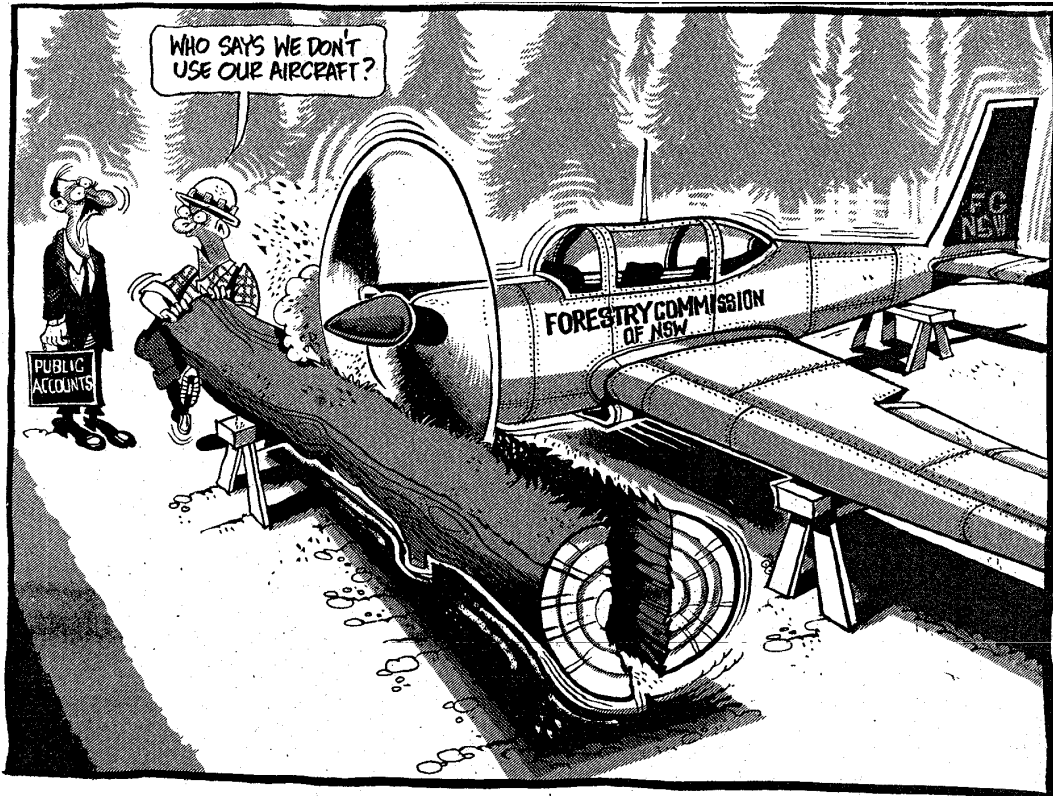
51. Annual Report for Year Ended 30 June 1990

(November 1990)

Although the Committee is not legally required to table an annual report, it believes it should provide an exemplary model to departments and statutory bodies by reporting, in a timely manner, on its activities to the Parliament and the public.

52. Report on the Forestry
Commission
(December 1990)

I native forests and of pine plantations; the phased removal of all major subsidies; an increase in hardwood royalties; the development of more eucalypt plantations;



This report followed a wide-ranging inquiry, requested by the Minister for Natural Resources, into the accounting processes, the functioning and general performance of the Forestry Commission in respect to: efficiency; economy; effectiveness; marketing and pricing policies; production controls; and finance and administration.

The main recommendations of the Committee included: restructure of the Commission into four principal divisions which would separate the management of

the reorganisation and reduction in size of head office; the sale of non-productive assets; a new emphasis on marketing; and changes to the Forestry Act including provision for public participation in management planning.

Of the 78 recommendations contained in

this report, the Commission has: agreed to 32; agreed in principle or subject to qualifications to 27 others; did not commit itself on 15 others; and disagreed specifically with four.

Reports Tabled in 1990/91

¹ **53. Report on the Auditing of Local Government (February 1991)**

Under a reference from the Minister for Local Government the Committee examined the appointment of local government auditors in N.S.W.: the terms and conditions of their employment; the qualifications and experience required; the formulation of standards and a code of professional practice; the duties and rights of auditors; and the scope and objectives of the audit assignment.

The Committee made 33 recommendations including: that the Local Government Certificate no longer be a requirement for eligibility to practise as a local government auditor, in other words that the opportunity to practise as a local government auditor be

opened up to include all those with recognised auditing qualifications and experience; that the audit standards prescribed under the Local Government Act be rewritten in line with current auditing standards and to incorporate future changes as they occur; that the Auditor-General be engaged as a peer reviewer of council auditors; and improvements in the reporting and accountability of council financial affairs to elected representatives and to ratepayers. To date the Committee has received no response from the Minister for Local Government on implementation of the recommendations in this report.

54. Examination of the Juvenile Transport Service of the De- partment of Family and Community Services (April 1991)

The Juvenile Transport Service is the section of the Department of Family and Community Services responsible for the safe transport of juvenile offenders to and from courts and various appointments and between detention centres.

In its examination the Committee found that the Service was suffering many managerial and financial problems which included: inadequate financial controls, reporting and accountability; low staff morale; duplication of services with Police; and unauthorised and inappropriate use of vehicles.

The Committee recommended: the development of a corporate plan; the implementation of an induction and training program; the development of a computer booking system to co-ordinate juvenile offender's movements and bed allocations; that the security features of its vehicles be upgraded; and that a minimum staff/offender ratio be set and adhered to. All 32 recommendations have been accepted and many have already been implemented.

55. Report on Payment Performance of Major Statutory Authorities and Inner Budget Sector Departments (May 1991)

At the Treasurer's request, the Public Accounts Committee undertook to inquire into payment performance of major statutory bodies and inner budget sector

Reports Tabled in 1990/91

departments with reference to Clause 2AB of the Public Finance and Audit Regulation, 1984 and Treasurer's Direction 219.01, which was amended in October 1989.

The inquiry revealed that many departments and authorities do not comply with Treasurer's Direction 219.01, which requires payment of accounts within 30 days. The Committee concluded that the most common reasons for non-compliance are deficient administrative of accounting systems, lack of financial expertise, and a low level of commitment to timely payment from senior staff.

Of the Committee's eight recommendations, the Treasury agreed with two of the most central, and proposed alternative strategies to address the specific problems targeted by the other recommendations.

56. Parliamentary Scrutiny

of Performance- Seminar Papers

(May 1991)

The Committee has an ongoing commitment to increasing the awareness of parliamentarians, the public sector and members of the public to the issues of accountability and value for money in the management of the N.S.W. public sector. In line with this aim the Committee conducted a seminar on 9 November 1990, with the theme "*Parliamentary Scrutiny of Performance*". Speakers included Professor Bill Russell of Monash University's Public Sector Management Institute who asked 'can Parliament exercise leadership?' and Mr Russell Grove, Clerk of the N.S.W. Legislative Assembly who spoke about scrutiny in the day to day workings of the Parliament.

Mr Ian Temby, Q.C., Commissioner of the Independent Commission Against Corruption and the Ombudsman, Mr David Landa discussed the roles of their organisations. Mr Adrian Cruickshank, M.P. Chairman of Parliament's Regulation Review Committee and Mr Phillip Smiles, M.P. Chairman of the Public Accounts Committee outlined the functions of those Committees and Mr Norm Oakes, former Secretary of the Treasury looked at parliamentary scrutiny from perspectives within the N.S.W. bureaucracy.

[57. Report on Legal Services Provided to Local Government *(May 1991)*

The Minister for Local Government requested the Public Accounts Committee to conduct an inquiry into the use of external legal services by local government, the terms of their engagement, the cost involved, the impact of relevant legislation, and the extent of use of legal service and of the Land and Environment Court in resolving local planning matters.

The report recommends new internal administrative arrangements for councils with a view to ensuring adequate and periodic reviews of legal services, in addition to minimising over-reliance on legal advice and representation. It also includes suggestions to help promote the prevention and resolution of disputes early on in the decision-making process with the emphasis on promoting a more client-oriented approach.

To date the Committee has received no response from the Minister for Local Government on implementation of the report and its 49 recommendations.

Follow-up to the Auditor-General's Report 990

Archives Authority of N.S.W.	Failure to disclose employer's liability for superannuation; incorrect accounting for stock; no manual.	The State Superannuation Board had not given Authority required information; stock accounting problem now rectified; manual will be prepared for accrual accounting.	To follow up in 1991 A-G's Report, ¹
Area Health Services and Public Hospitals	Breaches of Accounts and Audit Determination,	Serious irregularities investigated. 250 page report published, C.E.O. and Directors of Financial Services now appointed, New agents of A-G appointed.	To follow up in 1991 A-G's Report.
Coal Compensation Board	Qualified Audit Certificate because new computer-based modelling procedures could not be evaluated by the A-G,	The Board had discussions with the A-G and it appears that qualification will be removed.	To follow up in 1991 A-G's Report.
Commercial Services Group	Financial Statement did not reflect true operating result or claims figure for Motor Vehicle Leasing,	Accounting changes now made,	To follow up in 1991 A-G's Report.
Elcom Collieries	Did not bring to account estimated bonus component of employee annual leave entitlements.	Being addressed.	To follow up in 1991 A-G's Report.
Electricity Commission	Weaknesses in internal controls.	All matters addressed or being addressed.	To follow up in 1991 A-G's Report,
Forestry Commission	Non-compliance with Section 41A of the Public Finance and Audit Act; lack of professionalism in preparing financial statements; no commercial orientation.	Problems with new computer and financial system. Will be operational in 1991 Corporate plan to value softwoods and indigenous forests at market value, A-G is co-operating.	To follow up in 1991 A-G's Report.

I Throughout this table 'A-G' refers to the N.S.W. Auditor-General.

***Follow-up to the
Auditor-General's Report 1990***

Geological and Mining Museum	<p>1. Viability of Museum after Investment has risen to investment of \$13.6 million</p> <p>2. Failure in stock control;</p> <p>3. Failure to catalogue and value all specimens.</p>	1.	<p>1. Reply noted \$20 million. Commercial management practices now instituted. However further subsidy still under discussion with Treasury;</p> <p>2. Management consultants have been commissioned to develop a stock control system;</p> <p>3. A staff shortage led to backlog in cataloguing. Now rectified, Discussions being held with A-G on how to value exhibits.</p>	<p>with concern. Letter requesting update on discussion with Treasury;</p> <p>2, Explanation satisfactory. No further action required;</p> <p>3. To follow up in 1991 A-G's Report.</p>
Government Insurance' Office	<p>1. Accounting for receivables and borrowings at market price;</p> <p>2. Treating unrealised capital gains and losses at market price;</p> <p>3. G.I.O. Holdings did the same as (1) above.</p> <p>4. Lack of legislative support for the levying of investment management fees.</p>		<p>1. Matter under negotiation;</p> <p>2. A new standard exists for dealing with investments;</p> <p>3. A new standard exists for dealing with investments.</p> <p>4. Required legislative amendments now made or pending.</p>	<p>To follow up in 1991 A-G's Report.</p> <p>Explanation satisfactory.</p>
Home Care Service	<p>Value of furniture and equipment in assets register differs from general ledger balance.</p>		<p>Was due to problems with establishment of new assets register. Now solved.</p>	<p>Explanation satisfactory. No further action required.</p>
Department of Housing	<p>Failure to obtain land values for Bligh Park Estate Joint Venture and consequent understating of asset item.</p>		<p>Value not assigned because land was not yet zoned.</p>	<p>Explanation unsatisfactory. Follow-up letter sent.</p>
Hunter Water Board	<p>A-G recommended changes in existing procedures and internal controls,</p>		<p>Procedures now in place to improve internal control following review by management consultants.</p>	<p>To follow up in 1991 A-G's Report.</p>
Illawarra Technology Centre Ltd	<p>Departure from Approved Accounting Standard ASRB 1018, by not bringing to account profit on sale of shares in a subsidiary company as an extraordinary item, but as income.</p>		<p>Board considered this procedure appropriate.</p>	<p>Explanation unsatisfactory. Follow-up letter sent.</p>

Auditor-General's Report 1990

Meat Industry Authority	Accounts qualified because the value of receivables includes an estimated amount that cannot be confirmed.	The procedure employed was agreed on with the A-G and has been employed for four years.	Explanation satisfactory. No further action required.
Mine Subsidence Board	Use of external managers for \$20 million portfolio.	Returns have been excellent. 2% of returns spent on high level professional advice. Portfolio will soon rise to \$40 million plus and fee will not rise commensurately.	Explanation satisfactory. No further action required.
N.S.W. Film and Television Office	Failure to prepare financial statements on accrual accounting basis.	Verbal approval for exemption given by Treasury, but written approval received only after Audit Report completed.	Explanation satisfactory. No further action required.
N.S.W. Fire Brigades	1. Loan liabilities transferred to Treasury; 2. Internal controls unsatisfactory; 3. Overtime remains significant percentage of salary expenditure.	1. N.S.W. Fire Brigades newly formed January 1990. At that time Treasury took over old debt of Board of Fire Commissioners to assist restructuring. No new debt is now possible; 2. Amendment now made to accounting manual; 3. Overtime has now been reduced.	Explanations satisfactory. No further action required.
Public Servant Housing Authority	Accounts qualified because of uncertainty as to the accuracy' of depreciation charges on property.	Discussions held with A-G. In any case 1991-92 will be the final accounts of the Authority.	Explanation satisfactory. No further action required.
Regional Aboriginal Land Councils	Difficulties in preparing financial statements.	Aboriginal Land Rights (Amendment) Act 1990 provides that the N.S.W. Aboriginal Land Council will now take over preparation of financial statements centrally.	New arrangements satisfactory. No further action required.
Rural Assistance Authority	Failure to submit financial statement to A-G within six weeks.	New management information system experiencing teething problems. A-G informed.	To follow up in 1991 A-G's Report.
Department of School Education	Estimated expenditures accounted for as though they were actual expenditures.	Discussions held with A-G; new procedures for accounting for expenditures now in place.	To follow up in 1991 A-G's Report.

Follow-up to the Auditor-General's Report 1990

Sydney Electricity	Obligation to pay dividends to consolidated fund and financial transfers to Electricity Development Fund leading to possible difficulties in servicing borrowings.	Have now reached agreement with Treasury that dividend should partly consist of contribution to the Electricity Development Fund.	P.A.C, to follow up as part of its investigation into dividend payments.
Sydney, Illawarra, Blue Mountains Water Board	Incomplete data for assets subject to re-evaluations.	Discussions on method of revaluing physical assets carried out with Treasury and A-G and mutual agreement now reached on satisfactory procedure.	To follow up in 1991 A-G's Report,
Sydney Marketing Authority	Lack of provision for dividend payment.	Authority was not told by Treasury how much the dividend would be.	To follow up as part of investigation into dividend payments.
Ulan County Council	Departure from Code of Practice for Electricity Councils (1988), in accounting for long service leave entitlements.	New Code of Practice now prepared.	To follow up in 1991 A-G's Report.
Valuer General's Department	Failed to submit Financial Statement to A-G within six weeks.	Reallocation of ministerial portfolio meant that letter requesting extension was not sent to Treasury within three weeks as required,	Explanation satisfactory. No further action required.
Water Supply and Conservation Authorities	1. Lack of internal control systems; 2. South-West Tablelands Water Supply Authority debt problem.	1. Problem solved - A-G now auditing accounts; 2. Debt problems now showing improvement.	Explanation satisfactory. No further action required.
Workcover Authority	Insurers' contributions not paid into Dust Diseases Contribution Account.	Dust Diseases Reserve Fund has replaced Dust Diseases Contribution Account and A-G has certified that anomalies arising from the Contribution Account have now been dealt with,	Explanation satisfactory. No further action required.

The Public Accounts Committee has a responsibility to review proposed amendments to the Public Finance and

Audit Act 1983 and to the annual reporting legislation: Annual Reports (Statutory Bodies) Act 1984 and Annual Reports (Departments) Act 1985.

During 1990-91 the Committee conducted five reviews of proposed amendments to legislation:

1.

At the 327th Meeting on 31 July 1990 the Committee reviewed and commented on a Treasury committee's Review of Annual Reporting legislation and its decision worksheet.

Outcome: the Committee was in general agreement with the Treasury committee's comments and submitted to the Treasurer detailed recommendations on eight issues raised.

At its 337th Meeting on 25 October 1990 the Committee considered proposed amendments to the Public Finance and Audit Act, Annual Reports (Statutory Bodies) Act 1984 and Annual Reports (Departments) Act 1985 concerning a change of status to the Auditor-General's Office from a department to a Statutory Authority.

Outcome: the Committee approved the proposed amendments.

3.

On 23 January 1991 under delegated authority the Chairman reviewed proposed amendments to Section 41c(3) and 45F(3) of the Public Finance and Audit Act to enable the Auditor-General to authorise a Director of Audit in his office to certify an audit and report.

Outcome: approved.

On 13 February 1991 under delegated authority the Chairman reviewed proposed amendments to the Annual Reports (Statutory Authorities) Act 1984 and Annual Reports (Departments) Act 1985 to include reporting requirements in annual reports -on the progress of equal employment opportunity within departments and authorities.

Outcome: approved. Endorsed by the Committee at 343rd Meeting, 28 February 1991.

5.

On 13 February 1991 under delegated authority the Chairman reviewed proposed amendments to the Annual Reports (Statutory Authorities) Act 1984 and Annual Reports (Departments) Act 1985 to include reporting requirements in annual reports on properties disposed of by departments and authorities.

Outcome: approved. Endorsed by the Committee at the 343rd Meeting, 28 February 1991.

The Public Accounts Committee has a commitment to increasing the awareness of Parliamentarians, the public sector and the public to the issues involved and the methods employed to ensure value for money in the N.S.W. Public Service.

During 1990/91 the Committee continued its work in public education:

1.

At the commencement of an inquiry an advertisement requesting submissions is placed in major daily newspapers. A media release is issued and a media conference

held when an inquiry is announced and when the report is tabled.

2,

The Committee distributes copies of its reports to M.P.s, government departments and authorities, witnesses and those who made submissions. Reports are also made available for sale from the Government Information Office and from the Committee secretariat. Copies of each

report are sent parliamentary and

university libraries in Australia and overseas.

1

3.

Bringing Bureaucracy to Account was issued in September. This pamphlet briefly outlines the Committee's functions and describes some of the savings to the taxpayer that have resulted from Committee inquiries. It was widely distributed.

4.

On 9 November the Committee held a

seminar on *Parliamentary Scrutiny of*

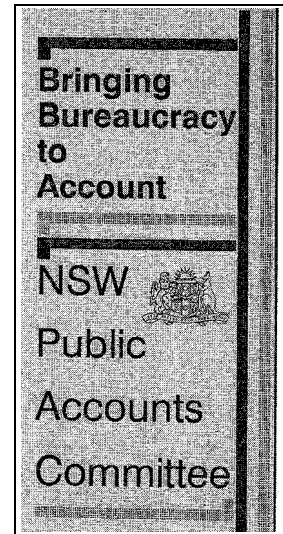
Performance which attracted over 100 participants from around the country. The papers from the Seminar were published in Report No. 56 (see page 20).

5.

In 1991 a selection of past reports were donated to: the libraries of T.A.F.E. Colleges with Schools of General Studies;

to some university and public libraries; and

to university departments offering courses in Public Administration and Political Science. Reports of a particular interest to the Police and Corrective Service Departments were sent to their staff training academies for inclusion in their general studies courses.



Meetings, Hearings and Inspections

<i>Date</i>	<i>Meeting/ Inspection/Hearing</i>	<i>Organisation</i>	<i>Witness/ In Attendance</i>
6-7 July 1990	Inspection	<i>Inquiry into the Forestry Commission of N.S. W. Melbourne, Victoria</i>	
		Department of Conservation, Forest and Lands	Mr B. Smith Mr K. McElwain
		Division of Forestry and Forestry Products, C.S.I.R.O.	Mr B. Rawlins
		Australian Conservation Foundation	Mr P. Allan
31 July 1990	Deliberative Meeting		
2 August 1990	Deliberative Meeting		
3 August 1990	Inspection	<i>Inquiry into the Forestry Commission of N.S.W. New Zealand</i>	
		Carter Holt Harvey Ltd	Mr T. Coyte Mr J. Tobin
		Timberlands Northern Region (Division of N.Z. Forestry Corporation Ltd)	Mr R. Dale
		N.Z. Forest Products Paper Recycling Plant	Mr G. Wheeler
6 August 1990		N.Z. Forest Products, Tokoroa	Mr G. Porteguis
		N.Z. Forest Corporation, Rotorua	Mr T. Rogers Ms M. Climo
		Forest Research Institute, Ministry of Forestry	Mr J. Tustin
7 August 1990	Meeting	N.Z. Finance and Expenditure Dr J. Sutton Committee	
	Inspection	<i>Inquiry into the Forestry Commission of N.S. W., New Zealand</i>	
		Ministry of Forestry	Mr R. Cultlet
		N.Z. Forestry Corporation	Mr A. Kirkland
		Associate Minister for Forests	The Hon. K. Shirley
14 August 1990	Deliberative Meeting		
	Public Hearing	<i>Inquiry into the Forestry Commission of N.S. W.</i>	
		Pritchard Associates Pty Ltd	Mr R. Pritchard
		C.S.I.R.O, Division of Wildlife & Ecology	Dr J. Landsberg
		Logging Contractor	Mr L. Braithwaite
		Nursery Retailer	Mr W. Tapping

Meetings, Hearings and Inspections (continued)

Meeting/ Date	Inspection/Hearing	Witness/ Organisation	In Attendance
15 August 1990	Inspection	<i>Inquiry into the Forestry Commission of N.S. W. North Coast, N.S. W.</i>	
	Kooragang Island Chip & Dump Loader, Regional Forester	Mr C. Nicholson	
	Sawmillers Exports	Mr A. Dagger	
	Boral Timbers	Mr G. Day	
	Boral Timbers chipper, Tea Gardens	Mr B. Murray	
	E.J. Burnside Calman	Mr R. Cross	
	Private Timber Contractor	Mr J Macbin	
	District Forestry Officer, Taree	Mr J. Simmons	
	Port Macquarie Regional Forester	Mr B. Salter	
	Hastings Environment Council Wingham Forest Action Mr C. Shead	Mr T. Cawcliffe	
16 August 1990	Heroh's Creek Timber Mill	Mr T. Walton Mr I. Connelly	
	Queenslake & Bellangary State Forest	Mr B. Salter	
	Slaters Haulage Pty Ltd, Port Macquarie	Mr C. Slater Mr N. Hayes	
	Veneer & Timber Products	Mr B. Rabbit	
	Brown's Sawmills	Mr R. Coorobes	
	Hastings Municipal Council	Mr J. McGann	
17 August 1990	Coifs Harbour & Woolgoolga Production Nurseries	Mr E. Chiswell	
27 August 1990	Inspection	<i>Inquiry into the Forestry Commission of N.S. W. Western Australia</i>	
	Western Australian Department of Conservation & Land Management (C.A.L.M.) Tree Trust	Mr G. Inions Mr J.' Olsen	
	Manjimup Tree Nursery Eucalypt Plantations Kauri Forest Operations	Mr S. Penfold	
	Bunnings Tree Plantations Ltd	Mr. R. Briedhel	
	C.A.L.M.	Mr G. Ellis	
28 August 1990	Albany Shire Council	Councillors	
	Timberbelt Sharefarming Project, C.A.L.M.	Mr B. Maddison	
	Harvey Wood Utilisation Research Centre, C.A.L.M. Executive Director, C.A.L.M.	Mr P. Shedley Dr S. Shea	
29 August 1990	C.A.L.M.	Dr S. Shea Senior Staff	

Meetings, Hearings and Inspections (continued)

Date	Meeting/ Inspection/Hearing	Organ/sat/on In Attendance	Witness/
30-31 August 1990	Inspection	<i>Inquiry into the Forestry Commission of N.S. W. Fraser Island, Queensland</i>	
		Fraser Island, Queensland Forester-in-Charge	
6 September 1990	Deliberative Meeting		
13 September 1990 !	Deliberative Meeting		
14 September 1990	Inspection	<i>Examination of the Juvenile Transport Service of the Department of Family and Community Services Sidura, Glebe</i> Department of Family and Transport Officers Community Services	
19 September 1990	Deliberative Meeting		
21 September 1990	Inspection	<i>Inquiry into the Forestry Commission of N.S.W. Oberon, N.S. W.</i>	
		Forestry Commission, Mr C. Roberts Oberon, N.S.W.	
24 September 1990	Public Hearing	<i>Exam/nation of the Juvenile Transport Service of the Department of Family and Community Services</i>	
		Department of Family and Community Services	Mrs I. Alsop Mr A. Alsop Mr R. Wilcox Mr B. Neate Mr G. Carl Mr J. Thompson Mr R. Salzmann
		Police Department	Mr G. Clarke Mr G. Spring
		Department of Family and Community Services	Mr P. Quinn Mr P. McDonald Mr L. Davies
26 September 1991	Deliberative Meeting		
28 September 1991	Deliberative Meeting		
11 October 1990	Deliberative Meeting		
22 October 1990	Deliberative Meeting		
25 October 1990	Deliberative Meeting		
30 October 1990	Inspection	<i>Inquiry into the National Parks & Wildlife Service Far North Queensland</i>	
		Lakefield National Park	Mr R. Teece
		National Parks & Wildlife Service	Mr G. Kelly Mr M. Procv
31 October 1990		Cape Tribulation National Park	Mr B. French
1 November 1990		Lizard Island - Australian Museum Research Institute	Dr A. Hoggert
2 November 1990		Lizard Island National Park	Or L. Vail

Meetings, Hearings and Inspections (continued)

Date	Meeting/ Witness/ Inspection/Hearing	Organisation	In Attendance
6 November 1990	Inspection	<i>Inquiry into the Forestry Commission of N.S.W. Albury, Tumut, N.S.W.</i>	
		Tumut Office & Fire Control Room, Barlow Workshop & District Office, Plantations	Mr P. Crowe Mr B. Orman
		Australian Paper Mills, Albury	Mr I. Thompson
7 November 1990	Public Hearing	<i>Inquiry into Legal Services Provided to Local Government</i>	
		W"dloughby Municipal Council	Mr A. Paynes
		Company Director	Mr G. Moore
		Warringah Shire Council	Mr F.- Thomson
		North Sydney Municipal Council	Mr R. Kempshall
		Solicitor	Mr J. Bingham
8 November 1990		Queens Counsel	Mr B. O'Keefe
		South Sydney City Council	Mr J. Bourke
		South Sydney City Council	Mr G. Loupos
		Waverley Municipal Council	Mr R. Ball
		Solicitor	Mr J. Mant
		Woollahra Municipal Council	Mr M. Regnis
		Solicitor/Consultant	Mr W. Henningham
		Australian Commercial Disputes Centre	Mr D. Newton
15 November 1990	Deliberative Meeting		
22 November 1990	Deliberative Meeting		
29 November 1990	Deliberative Meeting		
29 November 1990	Public Hearing.	<i>Inquiry into the Forestry Commission of N.S. W. Australian Heavy Hardwoods Mr W. D. McPhee Pty Ltd</i>	
17 December 1990	Deliberative Meeting		
	Public Hearing	<i>Inquiry into Legal Services Provided to Local Government</i>	
		Local Government and Shires Association of New South Wales	Mr D. McSullea Mr P. Woods
		Drummoyne Municipal Council	Mr T. Dover
		Rockdale Municipal Council	Mr S. Blackadder
		Port Stephens Shire Council Blacktown City Council	Mr J. Walsh Mr. D. Johnson
		Ku-ring-gai Municipal Council	Mr W. Taylor

Meetings, Hearings and Inspections
(continued)

Date	Meeting/ Inspection/Hearing	Organisation		Witness/ In Attendance
31 January 1991	Inspection		<i>Inquiry into</i>	
	<i>Legal Services Provided to Local Government Adelaide, South Australia</i>			
		S.A. Local Government Services Bureau		Mr R. Roodenrys
		S.A. Local Government Relations Unit, Department of Premier and Cabinet		Mr B. Coates
		S.A. Department of Local Government		Ms A. Dunn
		'Land Ownership and Tenure System', S.A.		Mr J. Braniff
1 February 1991	Inspection		<i>Inquiry into</i>	
	<i>Legal Services Provided to Local Government Melbourne, Victoria</i>			
		Melbourne City Council		Ms E. Proust Mr P. Norris Mr J. McInerney
		Planning Division, Administrative Appeals Tribunal		Judge A. F. Smith Ms J. Love
		Department of Community Services, Victoria		Dr J. Paterson
		Royal Melbourne Institute of Technology		Dr D. Wilmoth
22 February 1991	Public Hearing		<i>Inquiry into</i>	
	<i>Payment Performance of Major Statutory Authorities and Inner Budget Sector Departments</i>			
		Department of School Education		Mr K. Dixon
		Commercial Services Group		Mr G. Messiter
		Roads and Traffic Authority N.S.W. Police Service		Mr B. Fisk Mr J. Thorns
		State Rail Authority		Mr R. Sayers
		Electricity Commission	Mr B. Flanagan	
		Public Works Department		Mr R. Christie Mr P. Scarlett Mr R. Tout
28 February 1991	Deliberative Meeting			
14 March 1991	Deliberative Meeting	Treasury	Mr P. Allen	
15 March 1991	Inspection		<i>Inquiry into National Parks & Wildlife Service Mungo National Park, N.S.W.</i>	
			Mungo National Park, N.S.W.	Mr G. Townsend
21 March 1991	Deliberative Meeting			

Meetings, Hearings and Inspections (continued)

Date	Meeting/ Inspection/Hearing	Witness/ Organisation In Attendance	
		27 March 1991	Public Hearing
	National Parks Association S.A. National Parks & Wildlife Service	Ms P. Roberts Mr B. Leaver	
	Ernst & Young	Mr J. Millar '	
	N.S.W. National Parks & Wildlife Service	Mr A. Howard	
	Katoomba T.A.F.E.	Mr J. Sm'ith	
	Total Environment Centre	Mr M. Dunphř	
	Price Waterhouse Urwick	Ms. J. Rand	
28 March 1 991	Inspection	<i>inquiry into National Parks & W//d//fe Service Port Macquarie, N.S. W.</i>	
I	Sea World Arakum State Recreation Area Limebum Creek National Park Port Macquarie District	Mr N. Fenton	
2 April 1991	Inspection	<i>Inquiry into National Parks & Wildlife Service Ku-ring-gai, N.S. W.</i>	
		Ku-ring-gai Chase National Mr B. Conroy Park, N.S.W. Mr G. Blinksell	
3 April 1991	Inspection	<i>Inquiry into National Parks & Wildlife Service Hurstville, N.S. W.</i>	
		National Parks and Wildlife Mr W. Gillooly Service Head Office Mr M. Booth	
11 April 1 991	Deliberative Meeting		
18 April 1991	Deliberative Meeting		
2 May 1991	Deliberative Meeting		

Attendance at Deliberative Meetings

Date	Members				
	Smiles	Souris	Murray	Walsh	Griffiths
31 July 1990					
2 August 1990					
14 August 1990					
6 September 1990					
13 September 1990					
20 September 1990					
26 September 1990					
28 September 1990					
11 October 1990					
22 October 1990					
25 October 1990					
15 November 1990					
22 November 1990					
29 November 1990					
17 December 1990					
21 February 1990					
28 February 1990					
14 March 1991					
21 March 1991					
11 April 1991					
18 April 1991					
2 May 1991					

Key = Attendance

Representation at Conferences and Seminars

The Committee/Secretariat was represented at the following conferences and seminars:

Date	Conference/Seminar
July 1990	Improving Public Sector Management Conference
October 1990	Winning Planning Appeals Conference
February 1991	Infrastructure Development and Financing Seminar
February 1991	Public Issues Dispute Resolution Conference
May 1991	Seventh Biennial Conference of Australasian Public Accounts Committees
June 1991	N.S.W. Public Sector Accounting and Auditing Seminar

Origin of Committee Inquiries

No.	Report	Reference from Minister	Reference from Treasurer	Reference from Auditor-General	Initiated by PAC
21	Follow-Up Report on Inquiries into NSW Public Hospital System	F*			
22	Report on Recommended Changes to Public Accounts		*		
23	Proposed Regulations Accompanying the Annual Reports (Departments) Act 1985		*		
24	Follow-Up Report on Overtime Payments to Corrective Service Officers			F*	
25	Report on the Collection of Parking and Traffic Fines				A*
26	Follow-Up Report on Annual Reporting of Statutory Authorities				F*
27	Annual Report 1985/86				*
28	Follow-Up Report on Overtime, Sick Leave and Associated Issues in the NSW Police Force			F*	
29	Report on the NSW Builders Licensing Board				
30	Report on Brief Review of: The Sydney Opera House Trust; Harness Racing Authority of NSW; and NSW Cancer Council				A*
31	Report on the NSW Film Corporation				A*
32	Report on the Home Care Service of NSW	*			
33	Annual Report 1986/87				*
34	Supplementary Report 1986/87				*
35	Report on the Wine Grapes Marketing Board and Grain Sorghum Marketing Board				*
36	Report on the Biennial Conference of Public Accounts Committees, Sydney - May 1987				*
37	Report on the Ravensworth Coal Washery				A*
38	Report on the Proceedings of the Accrual Accounting Seminar				*
39	Report on the Purchasing Practices and the Allocation of Stores and Equipment Resources within the Technical and Further Education System	*			

Origin of Committee Inquiries

(continued)

35

No.	Report	Reference from			Initiated by PAC
		Minister	Treasurer	Auditor-General	
29	Report on the NSW Builders Licensing Board				
30	Brief Review of the Sydney Opera House Trust; Harness Racing Authority of NSW; and NSW State Cancer Council				A
31	Report on the Film Corporation of NSW				A
32	Report on the Home Care Service of NSW				
33	Annual Report 1986/87				
34	Supplementary Report 1986/87				
35	Report on the Wine Grapes Marketing Board and Grain Sorghum Marketing Board				
36	Report on the Biennial Conference of Public Accounts Committees, Sydney - May 1987				
37	Report on the Ravensworth Coal Washery				A
38	Proceedings of the Accrual Accounting Seminar Held 5 February 1988				
39	Report on Purchasing Practices, Stores and Equipment Resources in TAFE				
40	Report on the Heritage Council of NSW				
41	Annual Report 1987/88				
42	Report on the Management of Arson in the Public Sector				
43	Report on Payments Without Parliamentary Appropriation				
44	Report on the NSW Ambulance Service				
45	Report on Payments to Visiting Medical Officers				
46	Annual Report 1988/89				
47	The Challenge of Accountability				
48	Report on the Darling Harbour Authority				
49	Report on the Auditor-General's Office				
50	Report on the Lord Howe Island Board				
51	Annual Report Year Ended 30 June 1990				
52	Report on the Forestry Commission				
53	Report on the Auditing of Local Government				
54	Examination of the Juvenile Transport Service of the Department of Family and Community Services				
55	Report on Payment Performance				
56	Parliamentary Scrutiny of Performance Seminar Held 9 November 1990				
57	Report on Legal Services Provided to Local Government				
Total		12	8	4	33

Key A = Matters raised in the Auditor-General's Report
 F = Follow-up Inquiries by the Committee, but original Inquiries referred by Minister, Auditor-General or Treasurer

Previous Reports

Prior to 30 June 1990, the Committee had tabled 48 reports. Brief summaries of each of these reports follow:

1. Expenditure Without
Parliamentary Sanction or
Appropriation (November 1981)

The Committee investigated over-expenditure by Ministers in 1980/81. Over-expenditure of \$162M by 10 Ministers was examined. The Committee concluded that departmental explanations were satisfactory in all cases.

2. Over-Expenditure in Health
considerable

Funding to Hospitals
(February 1982)

A reference was given to the Committee by the Minister for Health concerning budget over-runs of \$15.7M by the 37 New South Wales public hospitals. The Committee concluded that the budget over-runs were attributable, not only to the budgetary process, but also to the failure of departmental and hospital officials to take budgets seriously.

Action taken on this report was reviewed by the Committee during 1985/86 and the Committee's Follow-up Report into the New South Wales Public Hospital System was tabled in May 1986.

I overtime payments.

3. Public Accountability in Public
and Other Subsidised
of
Hospitals (April 1982)

The Committee made 44 recommendations to improve the standard of accountability in

hospitals in Report No. 2. Advice on the action taken on this report was received by the Committee during 1985/86 and the Committee's Follow-up Report into the NSW Public Hospital System was tabled in May 1986.

Officers (Report No. 24) was
4. Expenditure Without
Parliamentary Sanction or
Appropriation (September 1982)

The Committee investigated over-expenditure by 14 Ministers in 1981/82 amounting to a total of \$294M. The Committee concluded that the explanations provided were satisfactory, with

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

5. Overtime Payments to Police
(November 1982)

A reference was given to the Committee by the Auditor-General regarding overtime payments to police officers.

By 1980/81 police overtime payments amounted to \$21.5M, a rise from \$8.7M in 1976/77, despite an increase of 1,000 police officers.

The Committee concluded that:"a

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

The Committee tabled a Follow-up Report (Report No. 28) in November 1986.

6. Overtime Payments to
Corrective Services Officers

(May 1983)

In an inquiry arising from a reference made by the Auditor-General, it was found that more than half of the New South Wales prison officers had received overtime payments in excess of 50% of their normal salary, and 10% received more than 100% of their salary in

In 1981/82 overtime payments had totalled almost \$14M representing over 35,000 hours

overtime per fortnight. After the development of a strategic plan in 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 throughout departments.

The Committee's Follow-up Report into Overtime Payments to Corrective Services was tabled in June

1986.

7. Accountability of Statutory

Authorities (June 1983)

This inquiry, following a reference from the Treasurer, was a response to concern about

Previous Reports

the need for greater information from statutory relation 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 introduced.

(Amendment) Act 1984.

A follow-up report was tabled in July 1986 (Report No. 26).

I
Report.

8. Grain Sorghum Marketing Board (November 1983)

An inquiry into the administration, efficiency, effectiveness and accountability of the Grain Sorghum Marketing Board was referred to the Committee by the Minister for Agriculture and Fisheries.

The Committee investigated the \$3M indebtedness of the Board and found that the precarious financial position of the Board was largely due to producers (including all the producer members of the Board) failing to

deliver to the Board.

The recommendations by the Committee, were designed to apply to all marketing boards in New South Wales and most were embodied in the Marketing of Primary Products Act 1983.

I

9. Auditor-General's Report

1981-82 (December 1983)

Report No. 9 details matters investigated in relation to the Auditor-General's Report for 1981/82. The Committee published answers from 28 departments and authorities in Public

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. total

10. Superannuation Liabilities of Statutory Authorities (August 1984)

This inquiry arose from a reference made by the Treasurer. The Inquiry found that New South Wales Statutory Authorities had unfunded superannuation liabilities in the order of \$2.5 billion. The Committee recommended full disclosure and proper

recognition of accounting expenses in

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

11. Annual Report for Year Ended 30 June 1984 (August 1984)

This was the Committee's first Annual

It followed as closely as possible the Committee's own recommendations on the reporting requirements of Statutory Authorities.

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

The Committee wrote to 65 organisations seeking information about matters raised in

Auditor-General's Report for 1982/83. The Report summarises the issues raised, the organisations responses and the results of the Committee's deliberations.

13. Proposed Regulations Accompanying the Annual Reports (Statutory Bodies) Act 1984 and the Public

Finance and Audit Act 1983 (January 1985)

Pursuant to the requirements of the Annual Reports (Statutory Bodies) Act and the

Finance and Audit Act, regulations to these Acts were forwarded to the Committee for examination and report.

The regulations were published in the Government Gazette on 14 June 1985. A

of 95% of the Committee's recommendations were gazetted including those concerning performance measurement.

14. Investment Practices of New

South Wales Statutory Authorities (June 1985)

This inquiry arose from concern that the investments of New South Wales statutory authorities, worth at least \$11 billion, were

Previous Reports

being invested so as to maximise returns to the State. The Committee found that while investment performance was generally good, there were some strategies, policies and practices of authorities, which if not corrected

would result, in the long term, in poor investment returns. The Committee considered that the income earned by many authorities, particularly smaller ones, could be significantly increased.

15. Performance Review Practices in Government Departments and Authorities *(June 1985)*

This report examined the measures taken by Heads of Departments and Authorities to ensure efficiency, effectiveness and internal control of their organisations, as required by the Public Finance and Audit Act 1983.

As a result of its inquiry the Committee made comprehensive recommendations, including:

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

16. Brief Review of the Macarthur expenditure

Growth Area *(July 1985)*

This inquiry arose out of the Committee's examination of the Report of the Auditor-General for 1982/83. The Report higher recommended clarification of the role of the Macarthur Growth Area, that clear and realistic objectives be established and performance measures identified. The Report dealt with the question of repayment of debts to the State and Commonwealth governments and recommended that they be resolved as quickly as possible to enable the M.G.A.'s financial accounts to reflect the actual losses that have been accepted.

17. Brief Review of the Statutory Funds of the Department of

Environment and Planning
(July 1985)

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

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18. Brief Review of the Land Commission of New South Wales *(July 1985)*

In this brief report the Committee reviewed the efficiency of Landcom's operations and project management practice. The report pointed out the lack of clear objectives for Landcom and underlying conflicts in roles and objectives.

19. Annual Report for the Year Ended 30 June 1985 *(September 1985)*

20. Report on Year-End Spending in Government Departments and Selected Authorities *(March 1986)*

The Committee's inquiry into year-end spending in the public sector arose from a concern that the disproportionate amounts of expenditure traditionally made at the end of the financial year result in wasteful

of government funds.

The Committee's inquiry confirmed that the level of expenditure in the last two months of the financial year was disproportionately

than for other periods. The report concluded that many of the items purchased at year-end were ordered and paid for in great haste in what appeared to be an unplanned manner. The report also drew attention to the practise of ordering goods and services before the 30 June and holding cheques into the next financial year until services had been performed and goods delivered.

**21. Follow-up Report on Inquiries
(1982) into the New South
Wales Public Hospital System**
[April 1986]

This report reviewed action taken following the Committee's Second Report into expenditure overruns in health funding, and following the Third Report into the standard of public accountability in public hospitals.

The Report was critical of both hospitals and the Health Department for the slow progress in reforming health administration in New South Wales. The Committee found that action taken following the earlier reports had been tardy and ineffective in a number of areas. The major unresolved problems concerned the delineation of hospital roles, the budgeting process, the provision of worthwhile incentives to hospitals, accountability and performance

measurement.

Many of the Committee's 1986 recommendations have been taken up by the Government in its Health 2000 program.

**22. Report on Recommended
Changes to the Public
Accounts***(May 1986)*

This inquiry arose from a reference from the Treasurer to examine a review of the format of the Public Accounts.

The Committee supported proposals suggested in the review to reduce duplication in the Public Accounts. Where the amount of information available to the public would be reduced, however, the Committee did not support the change.

The report made a number of additional recommendations including: that research be conducted into users of the Public Accounts and their information needs; that Public Accounts and Budget Papers be reviewed by Treasury with a view to increasing ease of understanding; and that Treasury give consideration to publishing an annual layman's *Guide to the Public Accounts and Budget Papers*.

**23. Report on Proposed
Regulations Accompanying
the Annual Reports
(Departments) Act 1985 and
the Miscellaneous
Amendments Concerning
Annual Reporting***[May 1986]*

A reference was received from the Treasurer to review reporting requirements under the Annual Reports (Departments) Act 1985 and the Public Finance and Audit Act 1983.

The Committee supported the extension of many of the reporting requirements of statutory bodies and departments. The Committee was pleased to note that its earlier recommendation that performance measurement information should be required in annual reports of both departments and authorities was taken up in the regulations and that its recommendation that monthly spending for stores and equipment purchases be graphically depicted in department's reports was also included.

**24. Follow-up Report on Overtime
Payments to Corrective
Services Officers***[June 1986]*

This report examines progress made by the Department of Corrective Services in implementing the recommendations of the Committee's sixth Report.

It was found that though the Department had managed a significant reduction (and thereby

significant savings) in overtime levels they still remained high in relation to the rest of the public sector.

One of the major contributing factors was the high level of annual sick leave, which had increased from an average 15 days in 1981/82 to 21 days in 1985/6.

The Committee's recommendations included upgrading management training and increasing the accountability of prison superintendents. It also foreshadowed its intention to review prison officer sick leave at a later date.

Previous Reports

25. Report on the Collection of
Parking and Traffic Fines
(July 1986)

This inquiry was conducted by the Committee following comment by the Auditor-General on the level of outstanding parking and traffic fines.

The major recommendation made by the Committee was that drivers failing to pay large fines or having outstanding fines for three or more infringements should have their licences cancelled rather than be imprisoned.

The Committee concluded that alternative sanctions to imprisonment of fine defaulters must be found. The use of commercial agencies to locate fine defaulters was also recommended. The Government has implemented many of the Committee's

recommendations.

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26. Follow-up Report on Annual
Reporting of Statutory

Authorities *(July 1986)*

This report reviewed action taken following the Committee's Reports No. 7 and 13, both concerning annual reporting.

The inquiry found that the annual reporting legislation had included recommendations contained in the Committee's prior reports. However 78% of statutory bodies had received at least one exemption from the legislation while others had not conformed with the legislation but had not applied for exemptions. The Committee reported its dissatisfaction with the approach of many authorities towards annual reporting regulations. Exemptions sought from the Treasurer were considered excessive.

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27. Annual Report for Year Ended

30 June 1986 *(August 1986)*

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28. Follow-up Report on
**Overtime, Sick Leave and
Associated Issues in the New
South Wales Police Force**
(November 1986)

This report monitored action taken following Report No. 5 into Police overtime and sick leave.

The follow-up report found overtime hours had been significantly reduced. However, the Committee noted that the collection and analysis of overtime data were still inadequate. It recommended urgent improvements in data collection and in the use of data to help determine changes in policy and procedures. The inquiry also examined use of police motor vehicles and found that in some cases vehicles

appeared to be used mainly for transport to and from police officers' homes.

Following the Committee's report the Minister instigated reviews and subsequently implemented changes in sick leave, overtime and motor vehicles.

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29. Report on the New South
Wales Builders Licensing
Board *(December 1986)*

The Committee's report identified community dissatisfaction with the Board, delays of 12 weeks in inspections and a virtually unused insurance scheme with funds of \$8.7 million. Following the Committee's report, a Review Committee was established, the Board was abolished and a new body, the Building Services Corporation was established. Most of the Committee's recommendations

have been adopted by the new corporation.

30. Report on **Brief Review of:**

The Sydney Opera House

**Trust; Harness Racing
Authority of New South
Wales; and New South Wales
Cancer Council** *(February 1987)*

The Committee's report recommended that the Park and Ride Service to the Sydney Opera House be conducted on a user-pay basis

Previous Reports

and that the Trust's Annual Report incorporate performance measures.

In relation to the Harness Racing Authority the Committee recommended that it develop performance measures, examine its Benevolent Fund and that changes be made to their method of funding.

In relation to the Cancer Council, issues raised included the purchase and sale of office accommodation, a loan to the former Medical Director to purchase a home, termination payments to the Medical Director, and fund up raising expenses.

31. Report on the Film

Corporation of New South Wales *(June 1987)*

The Report on the Film Corporation concluded that after a decade of operation its

Overtime, objectives and operations required review and redefinition. The report also recommended changes in its corporate structure to enable clearer lines of responsibility and accountability and more stringent financial controls over funds under its administration.

Members

The Committee investigated individual projects which received script development funding from the Corporation and expressed concern at the large sums channelled into projects

which eventually lapsed.

In May 1988, the Government announced that the Corporation would be abolished and that

an Office of Film and Television would be established.

32. Report on the Home Care Service of New South Wales *(July 1987)*

This inquiry arose from a reference from the Minister for Youth and Community Services. The Committee recommended structural

change to ensure that resources are allocated to achieve maximum benefit.

In May 1988 legislation was introduced into Parliament to establish the Service as a statutory corporation to make it more accountable, in line with the Committee's recommendations.

33. Annual **Report Year** Ended 30 June 1987 *(September 1987)*

34. Supplementary **Report Year** Ended 30 June 1987 *[September*

During the year, the Committee undertook a number of inquiries that did not result in formal reports. These included matters initiated by the Committee as well as follow-

action in relation to issues raised by the Auditor-General.

The Committee considered that there was merit in reporting, albeit in a brief manner, the reasons for and results of some of these investigations.

These were:

- Action on Follow-up Report on Sick Leave and Associated Issues in the New South Wales Police Force;
- Cheques in Safe at Year End;
- Section 22 Expenditure;
- Availability of Annual Reports to Members of Parliament;
- Budgetary Accounting System (B.A.S.);
- Amendments and Regulations to Public Finance and Audit Act and Annual Reporting Legislation, 1986/87;
- Variations or Suspensions of Statute.

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35. Report on the Wine Grapes Marketing Board for the Shires of Leeton, Griffith, Carrathool and Murrumbidgee and the Grain Sorghum Marketing Board *[September 1987)*

The Committee initiated preliminary inquiries into the Wine Grapes Marketing Board as part of its follow-up of matters arising from the Auditor-General's 1985/86 Report and subsequently, the Committee received a reference from the Minister for Agriculture. The report recommended that the Marketing of Primary Products Act be amended to assist

Previous Reports

the Board in improving security and that it adopt a more positive approach to marketing. This report included a review of the Report into the Grain Sorghum Marketing Board (No. 8) tabled in 1983. This Committee's

follow-up report found that following the implementation of the Committee's earlier

recommendations grower participation had increased and the financial position improved.

36. Report on the Biennial Conference of Public

**Accounts Committee - May
1987 (October 1987)**

The Committee was host to this Conference which provided a forum for Public Accounts Committees to present, consider and discuss issues in public sector administration. The theme of the Conference was *Government - A Big Business* and a major issue discussed was accrual accounting for the public sector. Other issues canvassed were: improving the financial decision-making and accountability of government; asset replacement; and accountability.

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37. Report on the Ravensworth

Coal Washery (October 1987)

This report followed examination of matters

arising from the Auditor-General's 1985/86 Report. It was concluded that the Electricity Commission of New South Wales had

inefficiently managed the washery project and misled the responsible Minister.

The inquiry found that internal assessment reports had been less than frank. The project was plagued by failure to observe clear lines of reporting and accountability.

On release of the report the Minister announced that all the Committee's recommendations would be or had been implemented. Shortly after he called for expressions of interest from the private sector to take over the washery.

38. Report on the Proceedings of the Accrual Accounting Seminar (May 1988)

At the Biennial Conference of Public Accounts

Committees held in Sydney in May 1987 great

interest was expressed in the issue of accrual accounting in public sector administration. The Committee was of the view that to provide a forum to promote debate and discussion of this issue was consistent with its broad objectives, which include:

- to increase public sector awareness of the need to be efficient and effective; and
- to increase the awareness and understanding of Parliamentarians and members of the public of the financial and related operations of government.

Public Accounts Committees and delegations of parliamentarians from New South Wales, Queensland, Western Australia, Northern Territory, Tasmania, South Australia and the Commonwealth attended with Auditors-General from all over Australia and senior managers from the public sector.

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39. Report on the Purchasing

Practices and the Allocation

of Stores and Equipment Resources Within the Technical

**and Further Education System
(February 1988)**

During this examination which followed a reference from the Minister for Education, the Committee found that the Department spent a great deal of time and effort in planning courses' and maintaining course relevance, but that management of their equipment was given a low priority.

The Committee concluded that the planning and evaluation of these resources could be improved by upgrading information systems and putting performance indicators into place.

The inquiry uncovered a "paper war" being waged between colleges, regions, Heads of Schools and Head Office and found that lack of communication between schools often resulted in duplication of equipment within one college. The Committee recommended an

Previous Reports

"intercollegiate ownership" approach towards stores and equipment.

40. Report on the Heritage

Council of New South Wales *(June 1988)*

The Committee received a reference for this inquiry from the Minister for Planning and Environment. The Heritage Council had operated for 10 years without a corporate plan and without a review of its role and procedures by an external agency. The inquiry revealed

the absence of public accountability, inappropriate reporting and confusion concerning responsibilities within the management structure.

The report also recommended greater accountability for grants, loans and assistance provided under the National Estates Program and that procedures for engaging consultants should be significantly upgraded.

41. Annual Report for the Year Ended 30 June 1988

(September 1988)

[**42. Report on the Management of Arson in the Public Sector***December 1988*

This report was initiated by the Committee

under section 57 (1) of the Public Finance and Audit Act. The report examined the cost and incidence of arson, resulting in disruption of services and an estimated \$15 million loss in public assets annually.

Little actuarial detail on the financial costs of arson were kept and there was little consistency in calculating costs.

The Committee recommended improvements in the collection and management of information on arson, in monitoring of arson control programs and in Fire Brigade and Police Training.

It also made recommendations relating to practices in particular departments including Education, Public Works and the State Rail Authority.

43. Report on Payments Without Parliamentary Appropriation *(February 1989)*

In the 1986 and 1987 reports, the Auditor-General expressed concern at the weakening of Parliamentary control over section 22 payments made under the Public Finance and Audit Act. Parliamentary approval had been granted, in many cases, after the payments had been made. In most cases, the "payments" made under section 22 were actually transfers

to the Special Deposits Accounts within Treasury, and were left unspent for up to 12 months. The payments were made to actually balance the budget and not to meet urgent payments.

Although this practice legally satisfied the Public Finance and Audit Act requirements, its appropriateness was often questionable.

The Committee recommended that section 22 payments continue, but that they be limited to urgent and essential works. The Committee also recommended that a second Appropriation Bill be presented to Parliament in the second half of the financial year to enable

Treasury to adjust the Budget with Parliamentary consent.

44. Report on the New South Wales Ambulance Service

(February 1989)

The inquiry found that the Ambulance Service had a cumbersome, outdated management structure and the Committee recommended the establishment of a five-member Board, appointed by and responsible to the Minister, to manage the Service. In May 1990, this recommendation was implemented by the Minister for Health.

The Committee also found that the service lacked appropriate personnel management resulting in inadequate allocation of staff and low morale.

The report recommended a more effective use of the Service's vehicles and a fleet rationalisation programme for non-ambulance administrative vehicles. The Committee also proposed differential ambulance transport fee structures to help alleviate the cost burdens of inter-hospital transfers.

Previous Reports

45. Report on Payments to **Visiting Medical Officers** (June 1989)

The Minister for Health gave a reference to the Committee to inquire into the circumstances surrounding increases in payment to visiting medical officers which had soared from \$46 million in 1983/84. to an estimated \$204 million in 1988/89.

The inquiry found that the industrial determination by Justice Macken in 1985 was one of the chief causes of the increases in payments and that further increases followed litigation initiated by the Australian Medical Association.

The report highlighted lack of management control within the hospitals in relation to appointments and rostering and a failure to verify claims for payment. The Department's management information system could not measure productivity of doctors nor project future service requirements.

The Committee recommended stricter internal control in all hospitals and better reporting procedures; the modification of fees-for-services remuneration; and abandonment of the system of sessional payments to visiting medical officers.

I 46. Annual **Report for the Year** **Ended 30 June 1989** (October 1989)

I 47. The Challenge of **Accountability** (November 1989)

This report continues the statutory work of the Committee in the area of annual reporting and public accountability and follows earlier Committee Reports, numbers 7, 13, 26 and 34. The Committee in its examination of the Auditor-General's Report of 1988 found substantial non-compliance with the Public Finance and Audit Act and the annual reports legislation. The Committee found that twenty per cent of statutory bodies had not submitted their financial statements to the Auditor-General within the specified time and the majority of these had not applied to the

Treasurer for an extension. The number of qualified audit certificates had doubled since the previous year and the majority of qualifications were due to a departure from accounting standards or uncertain financial information.

The recommendations in this report included: that late tabling of an annual report require a Ministerial explanation to Parliament; that non-compliance with the Public Finance and Audit Act or the Annual Reports Acts be held to be performance below the expected level of the responsible officer; and that Treasury consult with the Auditor-General to clarify a number of other matters.

r 48. Report on the **Darling Harbour** **Authority** (December 1989)

This inquiry followed a reference from the Minister for Planning to review the Darling Harbour Authority's tendering procedures, leasing and contractual arrangements, administration, industrial relations management and consultancy arrangements. Established in 1984 to co-ordinate the development of an area of derelict wharves, rail-yards and disused buildings, design and construction overlapped as the project was "fast-tracked" to create a focal point for the State's Bi-centenary celebrations.

The Committee found that the deadline set for the completion of the development, the volume of construction work required and the complex industrial relations climate in the building industry at the time meant that early crucial decisions were rushed. Contract

management was inadequate and contract variations and claims were badly handled. The Committee found that greater attention to public relations would have helped reduce the problems caused by negative publicity and that insufficient attention was given to defining from the outset the market orientation of the development.

The Committee made 67 recommendations including 14 to address marketing deficiencies and 18 designed to improve industrial relations and occupational health and safety for any such future projects.

Staff

Victoria Walker, M.A.
Director

**Tom Benjamin, M.B.A.,
M. Psych., Dip. S.I.A.**

Senior Project Officer
(resigned 18 January 1991)

Bernadette Gurr

Clerk
(on leave from 25 February 1991)

Anne Lucas

Clerical Officer
(from 3 January 1991)

Norma Rice
Secretary/Word Processor Operator

Rebecca Turrell, B.A. (Visual Arts)
Secretary/Word Processor Operator

Students

Laura Reid, B.T.P.
· Inquiry into the Auditing of Local
Government

Derek Fittler, B.A.
· Public Education - Public Accounts
Committee Exhibition 1992

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Consultants

During the 1990/91 financial year the
Committee engaged the following
consultants:

Glenn Swafford, Ph.D.

· Inquiry into the Auditor-General's
Office

**Michael Smart, B.A. (Magna Cum
Laude) (Harvard)**

o Inquiry into the Forestry Commission
· Inquiry into the Payment Performance
of Major Statutory Authorities and
Inner Budget Sector Departments

Inquiry into the National Parks and
Wildlife Service

Andrew Kelly, B.T.P., L.L.B.

· Inquiry into Legal Services Provided to
Local Government

Advisors to the Committee

Ian Holt, B. Bus.

Advisor to the Committee,
from Treasury

(until October 1990)

· Inquiry into the Lord Howe Island
Board

**Rudi Soraya, B.Ec., C.P.A.,
A.I.M.M.**

Advisor to the Committee,
from the Auditor-General's Office
(February to May 1991)

Financial Statement

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Statement by Appointed Members

We state that:

- a. The accompanying financial statement has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit (Departments) Regulation 1986, and the Treasurer's Directions to the extent that such Act, Regulation and Directions are applicable to the accounts of the Committee.
- b. The statement presents a true and fair view of the payments relating to the Committee for the year ended 30 June 1991.
- c. There are not any circumstances which would render any particulars included in the Statement to be misleading or inaccurate.

J. A. Longley, M.P.
Chairman
26 August 1991

T. J. Rumble, M.P.
Member
26 August 1991

being members of the Public Accounts Committee appointed by the Committee by resolution of 22 August 1991, to sign the Statement of Payments approved by the Committee on that date.

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Statement of Payments For the Year Ended 30 June 1991

Previous Year..... Item	1990/91
(\$).....	(\$)
190,720 Secretariat salaries, wages, etc.(Note 3 and 4)	202,759
..... Staff Development and Training (Note 5)	4,526
63,170 Fees for Services Rendered (Including Consultants)	50,352
89,727 Travelling and Subsistence	76,913
9,685 Printing and Stationery (Note 7)	60,777
20,539 Advertising and Publicity	22,946
1,683 Books, Periodicals and Newspapers.....	1,033
6,728 Postal, Telephone and Courier Expenses (Notes 7& 8)	11,570
5,094 Gas and Electricity (Note 8)	6,018
<u>13,087</u> <u>Furniture, Equipment, Stores, Maintenance, Other Expenses</u>	<u>3,341</u>
<u>400,433</u> <u>Total Expenditure</u>	<u>440,235</u>

Notes to the Financial Statement

1.

The Committee is neither a statutory body nor a government department. Reporting requirements under the Public Finance and Audit Act 1983, the Annual Reports (Statutory Bodies) Act 1984 and the Annual Reports (Departments) Act 1985, do not apply to the Committee. It shares an allocation for working expenses from the

Consolidated Fund under the appropriation to the Legislature.

The Legislature had an appropriation from

the consolidated fund in 1990/91 of

\$59,752,000.

The budget for Parliamentary Committees for the year was \$2,196,000.

Total payments by the Public Accounts

Committee as determined by Presiding

Officers of the Parliament: \$440,235.

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2.

The Statement has been prepared on a cash

accounting basis except for the accrual of

salaries unpaid at 30 June 1991: \$2,854.

No other amounts owed to or by the Public

Accounts Committee at the close of the

year are included in the Statement.

Outstanding commitments as at 30 June 1991: \$34,206.47. This figure includes \$28,948.51 for seconded staff.

3.

The Secretariat was without the full complement of staff from mid January to end of June 1991.

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4.

From 1 July 1989 the employers' and basic benefit contributions to the State

Superannuation Fund were transferred from Treasury to the Legislature. The unfunded employer superannuation liability has been assessed actuarially by the State Authorities Superannuation Board for the Legislature as a whole.

5.

The figure for staff training and develop-

ment includes course and conference charges and travel costs. Previously these costs were included in Fees for Services Rendered and Travelling and Subsistence.

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6.

Members of the Committee receive an allowance for their service on the Committee. The costs of these allowances

is met directly by the Legislature and not

from the Committee's funds. Currently the

Chairman receives a salary of office of \$4,291 p.a. and an expense allowance of \$4,291 p.a. Other members receive a

Committee allowance, currently \$2,000.

7.

The increase in Printing and Stationery

payments can be attributed to the number of Committee reports produced during the year. The Committee tabled nine reports in 1990/91 compared to three in the previous year. The large number of reports also increased Postal, Telephone and Courier Expenses.

8.

Office occupancy costs are not charged to the Committee. Pro-rata charges for gas, electricity and telephone were levied.

This is the end of the audited financial statements.

Auditor-General's Certificate

BOX 12, G.P.O.
SYDNEY, N.S.W, 2001

AUDITOR-GENERAL'S OPINION

PUBLIC ACCOUNTS COMMITTEE

The accounts of the Public Accounts Committee for the year ended 30 June 1991 have been audited as required by Section 35(2) of the Public Finance and Audit Act 1983 and in accordance with Section 34 of that Act.

In my opinion, the accompanying statement of payments, read in conjunction with the notes thereto, exhibits a true and fair view of transactions for the year then ended.

K.T. FENNELL, BA FCPA DEPUTY AUDITOR-GENERAL

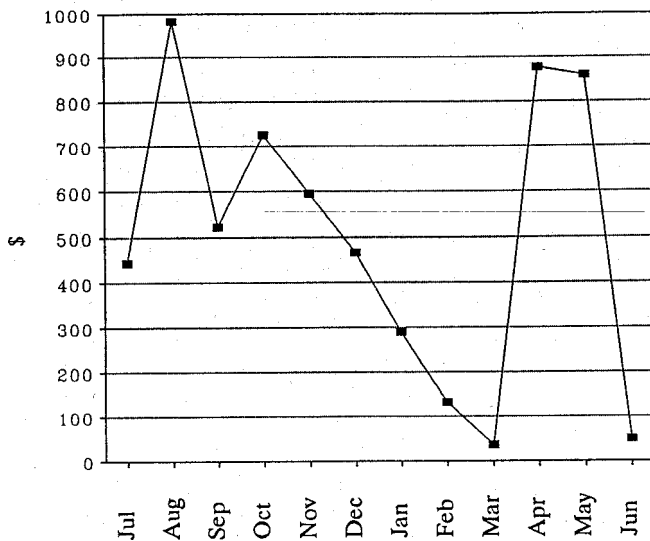
SYDNEY
27 September 1991

Expenditure by Month

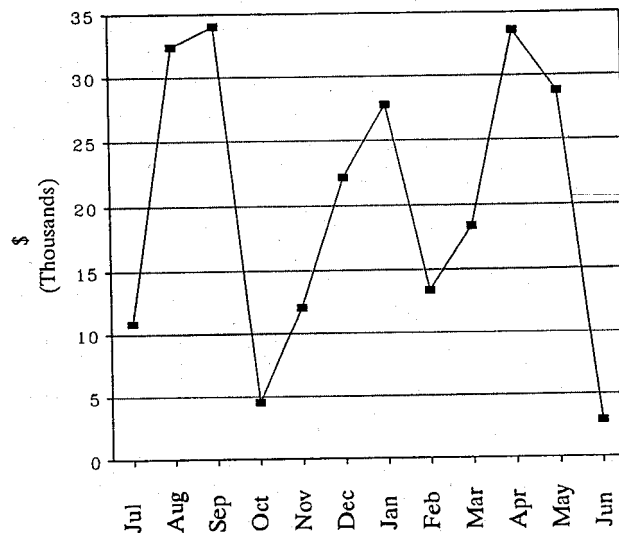
As recommended in the Committee's 20th Report on Year End Spending, a graph is provided below of spending on stores and equipment purchases. This recommendation is incorporated into the Annual Reports (Departments) Regulations 1986 (clause 4(b)).

Expenditure on stores and equipment totalled \$5,976 in 1990/91 compared to \$13,087 in 1989/90. The figure includes spending on computer service charges and software. Also provided below is a graph showing all non-salary expenditure.

Stores and Equipment Expenditure



Non-Salary Expenditure



Appendix: Legislation

Section 57(1) to (3) of the Public Finance and Audit Act 1983 sets out the functions of the Public Accounts Committee,

1.

The functions of the Committee are:

- a. to examine the public accounts transmitted to the Legislative Assembly by the Treasurer;
- 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 opinion report or any 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 any such opinion or report);
- d. to report to the Legislative Assembly from time to time upon any item in or in 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 1(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.

Public Accounts Committee

Committee Publications

Selected Committee Reports are available from:

The Government Information Centre

Goodsell Building

Hunter Street

SYDNEY NSW 2000

Telephone: (02) 743 7200

Facsimile: (02) 743 7124

Office hours: 8.30 am to 5.00 pm

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Macquarie Street

SYDNEY NSW 2000

Telephone: (02) 230 2631

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Office hours: 9.00 am to 5.00 pm