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PARLIAMENT OF TASMANIA

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PARLIAMENTARY STANDING COMMITTEE ON PUBLIC ACCOUNTS

# REPORT ON KING ISLAND ABATTOIRS

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*Laid on the Tables of both Houses of Parliament*

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The Committee was appointed under the provisions of section 2 of the Public Accounts Committee Act 1970 (No. 54)

## MEMBERS OF THE COMMITTEE

### LEGISLATIVE COUNCIL

Mr *Braid*  
Mr *Gregory*  
Mr *McKay*

### HOUSE OF ASSEMBLY

Mr *Robson* (Chairman)  
Mr *Aird*  
Mr *McKinnon*

By Authority:

I. C. CARTER, Acting Government Printer, Tasmania

## PUBLIC ACCOUNTS COMMITTEE REPORT ON KING ISLAND ABATTOIRS BOARD

The Committee, at its meeting on 9 December dealing with the King Island Abattoirs Board, decided to recommend that current legislation before Parliament to enable reimbursement of \$213 028 to King Island Exports Pty Ltd for moneys paid to erect a boning room complex be amended to include a clause requiring a valuation to be made on the boning room complex and that all audit queries presently lodged with the company should be answered to the satisfaction of the Auditor-General before any moneys are paid out.

This action by the Public Accounts Committee has been brought about by the Auditor-General's Report to Parliament this year when in it he said 'the net loss of the King Island Abattoirs Board for the 1980-81 year was \$396 074, the highest sustained since the commencement of operations. Losses from inception to 30 June 1981 aggregated \$3 170 628.

Continuing liquidity problems have resulted in Sinking Fund contributions for the past five years totalling \$125 956 being due but unpaid and the bank overdraft limit of \$10 000 (section 9a of the *Straits Islands Abattoirs Act* 1950) being continually exceeded. At 30 June 1981 the bank overdraft was \$213 028 and the working capital deficit was \$217 795.

The Board has undertaken to reimburse King Island Exports Pty Ltd on or before 1 April 1983 for expenditure totalling \$204 032 (subject to audit verification) incurred in the construction of the boning room complex. It has further agreed to pay interest at 14.22 per cent per annum on that amount until 30 June 1981.'

Evidence before the Committee shows that original agreements between the Abattoirs Board and the export company have been blatantly disregarded. Further investigation by the Committee could not establish the amount the King Island Abattoirs Board has subsidised and will subsidise King Island Exports Pty Ltd.

In numerous cases the accounting records of King Island Exports Pty Ltd appeared to have been laxly kept and many items are being queried by the Auditor-General. One particular query noted that almost \$40 000 had been spent on equipment which did not show in the cash journals. Further, there were many cases of family travel booked to the boning room project and cases of very expensive meals also being charged to the project.

The Abattoir Board have been weak when making some management decisions and in some cases have been irresponsible in the extreme in not insisting on agreements being kept, particularly as to the King Island Exports Pty Ltd.

Currently before Crown Law is a draft management agreement between King Island Exports and the Abattoirs Board which should be finalised and signed before the reimbursement for the boning room. The Committee recommended the whole concern be sold as soon as possible as we believe it is not the State Government's function to run an abattoir.

Committee Room No. 3,  
Parliament House.  
9 December 1981.

N. M. ROBSON, M.H.A., Chairman.