



1974

 PARLIAMENT OF TASMANIA

 PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

MATTERS ARISING FROM AUDITOR-GENERAL'S REPORT 1973

Laid upon the Tables of both Houses of Parliament on 20 August 1974

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

MEMBERS OF THE COMMITTEE

LEGISLATIVE COUNCIL

Mr Bisdee
Mr Gregory
Mr McKay

HOUSE OF ASSEMBLY

Mr Mather (Chairman)
Mr Baldock
Mr Corby

WITNESSES EXAMINED

Paul Thorpe Unwin, Chief Commissioner for Forests, Forestry Commission; Robert John Purves, Chief Administrative Officer and David Howe, Deputy Administrative Officer, Education Department; Peter Murrell, Director and George Duncan, Executive Officer, National Parks and Wildlife Service; Wilby Laurence Brown, State Librarian and Mrs Mary Gordon McRae, Principal Archivist, State Library of Tasmania; Gordon Charles Smith, Director and Theo George Alexander, Senior Executive Officer, Department of Social Welfare; Murray Joseph Fisher, Acting Secretary for Local Government, Local Government Office; Terence John Hughes, Government Printer; Anthony Derryck Frost, General Manager and Secretary and David Ewan Kirby, Member, of the Artificial Breeding Board; Sir Allan Walton Knight, Commissioner and Brian Hilary Breheny, Assistant Chief Accountant, Hydro-Electric Commission; Kenneth George Rasmussen, Secretary, Laurie James Bailey, Deputy Chief Engineer and Edward Alan Monaghan, Assistant Chief Architect (Design), Public Works Department; Kenneth Robert Hudspeth, Staff Superintendent of Buildings, Education Department; Geoffrey John Dineen, General Manager for Railways, Frederick Norman Joughin, Solicitor, Russell Robert Goodluck, Assistant to the Commissioner for Transport, Morris William Sherrif, Trust Store Checker and Donald Charles Laing, Acting Comptroller of Stores (Railways Branch), Transport Commission.

REPORT

The Parliamentary Standing Committee of Public Accounts have the honour to report as follows:—

The usual practice has been followed of perusing the Auditor-General's Report upon its presentation to Parliament, and meeting the Auditor-General for the purpose of discussing the matters which he has raised. Following this discussion the Committee decided to inquire into several of these matters.

Forestry Commission Capitalisation of Overheads

On page 85 of his Report, the Auditor-General commented as follows:—

Forestry revenue available for expenditure by the Commission in any one year represents the amount of revenue received in the previous year. However, in recent years the Commission's revenue has failed to keep pace with increasing expenditure and each year a growing amount of expenditure is being charged to Loan Funds and capitalised. The capitalisation of this expenditure covering salaries and travelling expenses of the Commission and amounting to \$1 100 480 in 1972-73 as compared with \$776 653 in 1971-72 and \$605 745 in 1970-71, is not being determined on formal accounting principles covering capitalisation of expenditure. It is merely a liquidation of the annual deficit in the Forestry Fund resulting from increasing expenditure of a previously accepted revenue nature exceeding available revenue funds.

These arrangements are provided for in the financial provisions of the Forestry Act 1920 (ss. 37 and 40).

The Chief Commissioner for Forests, Mr Unwin, told the Committee that as early as 1943 it had become evident that the Forestry Fund was inadequate to meet the rising costs of a developing department. He said that up until 1947 the policy was to capitalise overheads involved in the supervision of capital works, such as construction of Forestry roads and establishment of plantations and the salaries of officers directly engaged in the planning, surveying, etc., necessary for capital works. However, due to the accelerated growth of the Department since 1947 the Commission has found it necessary to capitalise a portion of administration or field supervision costs each financial year.

Mr Unwin said that the very high percentage of capitalisation in 1972-73, to which the Auditor-General drew attention, was due in the main to the advent of a very severe fire season which absorbed more than a normal amount of the Forestry Fund, with the consequential need to liquidate a greater than normal deficit in the Fund. He pointed out that the Tasmanian Forestry Department is required to pay all salaries and expenses from its own revenue and/or loan borrowings with no assistance from Consolidated Revenue. In Victoria however, all Forestry Commission salaries are paid out of Consolidated Revenue, removing the need to capitalise salaries and increasing the amount of forest revenues which can be expended on the management of the forest estate.

Since 1971-72 the revenues of the Department have showed a marked increase, which is most evident in the financial year 1973-74 when collections were expected to be in the order of \$3 250 000 or some \$700 000 in excess of the 1972-73 revenue. This increase has been achieved by royalty reviews carried out by the Commission and the increased wood sales due to the advent of the woodchip industry and buoyant market conditions for sawn timber but the Chief Commissioner said that there was a need to increase further the revenues of the Department and increases in royalties were to be recommended to the Government for implementation from July 1974.

He concluded by saying that:—

. . . in the financial year 1955-56 revenue constituted 60% of total expenditure in that year, by 1965-66 this percentage had reduced to 50% while for the years 1970-71, 1971-72 and 1972-73 the percentage has remained steady at 40%.

Next year and in subsequent years it is expected that this percentage will improve and increase to 50% plus.

It is unlikely however, unless either interest payments are remitted or salaries funded from Consolidated Revenue, that the forest revenues will ever be able to meet the full costs of administration and field works associated with the proper husbandry of the forests of Tasmania, during the development period.

The Committee accept the explanation and commend Mr Unwin's suggestions for consideration by the Government.

Education Department Outstanding Debts

Under the heading 'Statement of Debts due to Departments on account of Consolidated Revenue', on page 20 of the Report the Auditor-General shows a total of \$146 972 due to the Education Department at 30 June 1973, of which \$108 566 had been outstanding for more than one year, including \$146 972 for more than two years. The Department was asked for detailed information on these debts, and in particular the policy and performance in collecting the money. The Chief Administrative Officer, Mr R. J. Purves and the Deputy Chief Administrative Officer, Mr D. Howe, described the procedures that have

been instituted to deal in a regular way with defaulting students or teachers on Teacher Training Studentships. These procedures appear to the Committee to be effective and they include provisions for bonds to be waived in certain cases and for arrangements for repayment to be made.

The Committee were told that there has been a reduction in the level of outstanding debts over recent years and also in the number of persons defaulting, because of a reduction in the term required to be served by teachers. Mr Purves said that while difficulty is experienced in locating some trainees who are overseas, the position is that by and large defaulters are making regular repayments. He thought that most of the outstanding debt would eventually be repaid. The Department has attempted, with some success, to minimise wastage from the studentship programme, by making the terms as attractive as possible. The period required to be served had been reduced to twelve months, rates payable to students are more favourable, and in addition, students have the opportunity to terminate their studentships in the first nine months of training, without incurring any penalty.

The Committee accept that student bonds are receiving sufficient attention.

Port Arthur Museum Collection Purchase

Under the heading 'National Parks and Wildlife Service the Department Loan Fund Expenditure' (page 54, the Auditor-General shows an item of \$75 000 expended for the purchase of a private museum collection at Port Arthur and provides the following note:—

* Following advice that the National Parks and Wildlife Service Act did not authorise the purchase of the collection, the State Library Board has now purchased the collection under the provisions of the Libraries Act. At the date of this Report a number of matters relating to the security and disposition of the collection are the subject of enquiry.

The Committee inspected this collection at the State Archives and heard evidence from National Parks and Wildlife Service and State Library witnesses. Acquisition of the collection had been contemplated as long ago as 1965. In May 1972 the collection was valued at \$60 000 and in April 1973 its purchase by the State for \$75 000 was negotiated, on the basis that it contained documents and relics which ought to remain in the State. The following month a full valuation was carried out and a total value of \$123 025 was arrived at. The total number of items (including books) was found to be 1 548 and the valuer explained that there had been 'a great number of items stored away and not on public view, which I had not previously inspected'.

The Auditor-General's main concern was with security arrangements for the collection. The Committee learnt that following criticism by the Auditor-General, all documents were deposited with the State Archives in Hobart, where it is intended they will remain. The State Library is to provide the National Parks and Wildlife Service with copies of all documents for display at Port Arthur. A police report was obtained on the security of the museum premises at Port Arthur and the recommendations made in this report were adopted. The Committee are satisfied with these arrangements.

Department of Social Welfare Budgeting

On page 81 of his Report the Auditor-General drew attention to a general improvement in accounting and financial controls in this department. However, he went on to say that closer attention is still needed in some areas, and listed several revenue expenditure items in which estimates had been exceeded. The Director of Social Welfare attended to give explanations on these items.

'Relief, Medical Attendances, Transport and Funeral Expenses of Persons in Necessitous Circumstances' was overspent by \$193 330 or nearly 23% on the estimate of \$850 000. The Director attributed the excess to increases in the numbers of people assisted, and rates of allowances and costs of services, and said that the estimate had been based on expenditure in the past year, with some allowance for known increases. He explained that while other increases, particularly in the number of persons assisted, were expected to occur, it was not the practice to budget for them since they were unknown factors. The Treasury confirmed this.

'Maintenance of Children under the Boarding Out System, and Incidental Expenses'. The estimate for this item, \$177 000, was exceeded by \$1 798. As the Director explained to the Committee variables are the number of children fostered, the age of the children concerned (board payments depend on this), length of time in a receiving home and the need for clothing and medical treatment. In view of this, the Committee believe that the relatively small excess of about 1% is reasonable.

'Contribution towards Maintenance of Children in Approved Institutions' was overspent by \$4 631, an excess of some 4% the estimate of \$115 000. Although increased rates were established, they were effective from 1 July 1972. The rates applying from that date were as follows—

- (a) Primary school children, \$9 per week;
- (b) Secondary school children \$9.90 per week.

As the Director said, whether the actual rates are changed during the financial year or not, maintenance payments do fluctuate depending upon the primary or secondary school situation of each child admitted to homes and also the period of his stay.

The estimate for 'Sundry Social Service Grants' was \$20 000 and expenditure \$42 050. The additional grants were authorised by Cabinet in December 1972 and the Committee accept that the Department could not have been expected to make budgetary provision for them.

Under the heading 'Defalcations and Irregularities' on page 274, the Auditor-General lists a theft of \$662 from the strong room of the Department of Social Welfare during the Christmas/New Year period when cash was held to make emergency relief payments. The Director said because of the number of families found to be in distress in this period, it had been decided to keep this amount of cash available. This was the first occasion an amount as large as this had been on hand, but in future the Department would rely upon cheques and food vouchers for such emergency relief. Security has also been strengthened, through new arrangements regarding keys to the safe.

Gazettal of Municipal Accounts

The Auditor-General on page 261 of his Report commented under this heading as follows:—

Under the provisions of the Local Government Act, audited accounts of all Municipalities are required to be published in full in the Tasmanian Government Gazette. Similarly, the accounts of all Special Committees of Municipalities are also required to be gazetted. These latter accounts cover individual recreation grounds and halls and other activities of a relatively minor nature. The accounts of the City of Hobart have to be gazetted, but the accounts of the City of Launceston are not . . .

The gazettal of Municipal accounts in 1972-73 cost the Consolidated Revenue Fund approximately \$7 000, with the Councils concerned only paying for the supply of a minimum number of copies but not the printing. The actual cost was probably well in excess of the estimated figure mentioned as setting up these accounts for printing would appear to be more expensive than most other printed matter gazetted.

It is suggested that considerable revenue could be conserved and time saved in the Government Printing Office if the Local Government Act was amended to enable Municipal accounts to be gazetted in summary form only. The necessity for the gazettal of the relatively minor accounts of Special Committees could, without difficulty, be deleted from the Act.

The Committee heard evidence on this question from the Acting Secretary for Local Government, Mr Fisher, who said that this matter had recently been considered by the Local Government Act Advisory Committee, who concluded that the Act should be amended to enable summaries only of municipal accounts (as provided by the Auditor-General to the Minister) to be gazetted. This decision was made on the basis of the unnecessary expense and time involved in the present system.

At present, municipal accounts may be inspected at municipal offices on payment of a nominal fee, as an alternative to looking up the *Gazette*. The Committee believes that the full accounts should be available for public inspection and while they fully support the proposal to publish only summaries in the *Gazette* we feel that persons who wish to refer to the accounts of more than one municipality should not have to travel around the State for the purpose. Accordingly it is recommended that full sets of municipal accounts should be available for inspection by the public at, say three or four centres of population in the State.

Parliamentary Printing Costs

In discussions with the Committee the Auditor-General expressed concern at the cost of printing his Report in 1973. He said that the costs in 1970, 1971 and 1972 had been around \$6 500, \$7 000 and \$8 000

respectively, and that the 1973 Report had cost about \$16 000. In connection with the Auditor-General's Report the Government Printer provided several tables including the following one, which shows that similar cost rises have occurred in Parliamentary printing generally:—

<i>Cost of Printing</i>	1971-72	1972-73	July-Dec: 1973
	\$	\$	\$
Parliamentary Papers	31 349·00	37 963·00	38 617·00
Bills	10 277·00	19 137·00	19 829·00
Acts	25 085·00	13 608·00	8 848·00
Statutory Rules	32 411·00	19 919·00	18 941·00
Notice Paper & Journals	14 464·00	20 054·00	13 666·00
	<u>\$113 586·00</u>	<u>\$110 411·00</u>	<u>\$99 901·00</u>

In his evidence the Government Printer attributed the increases in Parliamentary printing costs to spiralling production costs such as wages, which had risen 60% since 1970, materials, rent, building maintenance and electricity.

His explanation in relation to the Auditor-General's Report was—

The major factor causing the 100% increase in production cost for the year 1973 was the necessity to reset a large proportion of the job in 'Garamond' which replaced the typeface 'Times'.

'Times' was replaced with 'Garamond' in January 1973 because all the 'Times' fonts were badly hairlining and could not be used. For technical reasons 'Times' and 'Garamond' cannot be mixed (new matter with standing matter).

The Committee accept the explanation. Although the Government Printer could not give any assurance about future costs it is obvious that rises of the order of 100% each year would be quite unacceptable.

Artificial Breeding Board Outstanding Debts

On page 153 of his Report the Auditor-General draws attention to an outstanding debt of considerable concern amounting to \$35 672 still owing to the Board at 30 June 1973 for two large consignments of semen delivered overseas in March and June 1972. Evidence was heard from the Board that the amount of \$35 672 relates to bovine semen supplied to orders received from a Canadian client following the completion of an earlier contract. The account is at present subject to litigation.

The Board was investigating the question of insuring its exports through the Export Payments Insurance Corporation when the 1972 deliveries were made. The Board freely admits that these consignments should have been insured and the position now is that all exports are so insured.

. . . it was felt that insurance cover against failure to honour the agreement was not justified particularly as the Board has personal knowledge of the Gordons and their activities in Canada and the United States. In retrospect it is obvious that the Board should have insured these shipments through the Export Payments Insurance Corporation even though the premium involved would have approximated \$150 and recovery through the Corporation would have amounted to \$27 200 the Board having to bear the first 15% of gross invoice value and the Corporation 90% of the balance.

Evidence was tendered to the effect that the orders had to be filled in stages because the semen was urgently required by the clients to enable them to receive it during the season, which in the northern hemisphere runs from April to June. This was advanced as a consideration in not taking the time to arrange export insurance. The co-operation, which the Committee consider was greater than the Board should have extended to the client, appears to have arisen because of personal contacts both in Canada and in Tasmania between the clients and the Board and its officers.

The Board showed a profit of \$696 for the year 1971-72 but this result was achieved after taking into consideration the proceeds of the sale of \$35 672 worth of semen to these clients.

The Committee were told that the production costs of the consignments amounted to about \$5 000, so that the actual position for that year, unless this debt is collected, will be a loss of about \$35 000, rather

than a profit. Largely as a result of the failure to collect this amount, the Board ran into liquidity problems, so that a further advance of up to \$50 000 from Loan Funds has been necessary to supplement the Board's working capital.

The cost to the Board for additional supervision of its accounts and preparation of financial statements in 1973-74 was estimated at \$2 250 and in addition some \$28 400 was expected to be spent on salaries for full-time accounting staff, computer expenses, printing, equipment, etc. The General Manager of the Board told the Committee:—

It is difficult to estimate the cost of having full-time accounting staff at our Hadspen Park office. Obviously, a qualified accountant would require an annual salary of at least \$7 500 thus increasing our accountancy expenses by approximately \$5 000 over the current commitments. Our scale of operations could not justify this expenditure particularly as we employ a senior female clerk as our Accounts Supervisor at a salary of \$5 540.

On the other hand the Auditor-General expressed the opinion that accounting for the Board generally would be much strengthened by the employment of their own accountant. The appointment of a full-time accountant should enable re-organisation of the existing staff in such a way as to avoid any significant increase in costs.

Accordingly, the Committee recommend that such an appointment and re-organisation be investigated in consultation with Audit and Treasury.

Hydro-Electric Commission Accounting Procedures Changes

The Auditor-General began his comments on the Hydro-Electric Commission on page 185 with the following:—

Interest capitalised in accordance with the previously accepted method of calculation totalled \$4 476 893. This amount was reduced to \$3 657 481 by the transfer of \$819 412 as a charge to revenue. In effect this action by comparison with the previous year's procedures reduced the net profit by a corresponding amount. A similar adjustment was effected in 1970-71. The Commission's explanation of the 1970-71 adjustment was referred to in my Report of last year.

In discussions with the Committee, he expanded on this comment by saying that one of the accepted responsibilities of an Auditor-General is to draw attention to changes in accounting procedures where such changes altered the financial result of any undertaking. The effect of these changes of course has been to minimise fluctuations in the apparent profits of the Commission over recent years. The significance of this is the possible influence of these results on Parliamentary and public attitudes to possible increases in charges and other matters relating to the undertaking. The Commissioner of the Hydro-Electric Commission presented a submission on this matter:—

Section 24A (1) of the Hydro-Electric Commission Act 1944 provides:—

The whole or a part of the interest upon moneys borrowed by the Commission payable during the construction of the works upon which these moneys are or will be expended may, at the discretion of the Commission and until the Commission certifies that the works have been put into operation, be charged to the cost of the works and defrayed out of any moneys borrowed therefor.

As far as possible the Commission adheres to a uniform policy adopted within the discretionary powers of this section, and in general charges interest on loan funds to the capital cost of works during the construction period.

In the case of the Mersey-Forth Development, a fall in the rate at which demand for power was increasing indicated that a delay in meeting target dates for completion of the later stages of the Development was not likely to cause embarrassment.

However, this eventually did raise the question of the advisability or otherwise of charging interest to capital regardless of the construction period, bearing in mind that estimates, when initially submitted to and approved by Parliament, cannot be expected to envisage all the variations likely to be encountered over a lengthy construction period.

It is the policy of the Commission to keep the capital cost of works to a minimum and to avoid as far as possible, the financing of interest on works under construction by borrowing. This applies particularly to interest charges arising from delay in completion of works.

With these considerations in mind, the Commission decided to review the amount of interest charges to construction in the years 1970-71, 1971-72 and 1972-73, and approved an amount which was \$800 000 less in 1970-71 and \$819 412 less in 1972-73 than the amounts computed in the normal method. These were the additional amounts which the revenue account balances showed to be reasonably justified.

He went on to:—

. . . add to that submission by saying that in our view there is no firm rule as to whether interest on works during construction should be financed from loan moneys or from revenue moneys. We take the view as far as possible, that it is desirable to finance such interests from revenue if the revenue funds are available and if we have revenue funds that can be applied for that purpose, we are inclined to do it.

The Committee accept that these variations in accounting methods are reasonable but having regard to the significance placed upon the Commission's level of profits, as mentioned above, we believe that adjustments as important as this, should be disclosed prominently in the Commission's Annual Report. Up to now it has been possible to trace the variations through the accounts but steps should be taken in future to ensure that their effect on net profit is pointed out more directly.

Surcharge—Section 22 of the Audit Act 1918

The Committee discussed with the Auditor-General comments he made on page 274 of his Report on expenditure charged up to a bridge project between June 1969 and October 1972. He explained that as an appeal had been lodged and a decision not received, he did not feel in a position to disclose the full particulars in the Report. The Committee are in the same position and merely record at this stage, that some evidence has been heard on this matter.

Rented Premises—Delays in Moving in

The Auditor-General reported (on page 56):—

The necessity for structural works in leased premises and the installation of fittings such as partitions to the tenant Department's requirements usually results in delays in occupation and the payment of rent for several months prior to actual occupation. During these periods rent is often also being paid for the current accommodation of the Departments waiting to transfer to the new premises.

Although delays are unavoidable, in some cases better planning and liaison between the Departments concerned could in my opinion have resulted in earlier occupation with a consequent financial savings in rental.

Procedures designed to overcome breakdowns in liaison between client Departments and the Departments involved with arranging lease agreements, structural alterations and the installation of partitions, etc., were advised to all Heads of Departments by the Chairman of the Public Offices Committee in April 1973.

The Committee decided to obtain information on these procedures from one of the departments directly concerned, the Public Works Department, and a copy of a circular memorandum setting out the new procedures was supplied. This memorandum was signed by the Chairman of the Public Offices Committee, who was also at the time the Public Service Commissioner. This memorandum lists the action to be taken, in five stages, when a department is moving into rented premises. Stage 1 concerns the preliminary steps of authority to investigate a proposal, negotiation of an offer and ascertaining partitions, furniture, etc., required.

The second stage involves study by the Public Works and Lands Departments of the requirements, and the third, submission by these departments to the Public Offices Committee of the documented proposal. The final stages are as follows:—

Stage 4:

1. On approval of the proposal, Client Department and Public Works Department will liaise to ensure funds are available for capital works. Lands Department will verify if funds for annual charges are available.

2. The Lands Department will arrange for documents to be prepared by Crown Law Department, in the form of an Agreement to Lease, supported as may be necessary by:

- (a) A Schedule setting out the tenancy conditions.
- (b) A Schedule providing for structural work, if any.
- (c) A Schedule providing for work in respect of tenants' fittings.

Instructions to the Crown Law Department will be prepared as to their respective parts by the appropriate officers in Lands Department and Public Works Department. Co-ordination of instructions will be by Lands Department.

3. Completion of lease documents will be effected by co-ordination between Lands Department and Crown Law.

Stage 5:

(a) Execution by Public Works Department in accordance with the schedules to the agreement: to include any control which may be necessary, and verification as to:

- (i) Structural completion by building owner to establish commencing date for rent liability.
 - (ii) Completion of work as provided in the appropriate schedules for tenants' liabilities.
- (b) Execution of agreement to lease by Lands Department on receipt of appropriate certificates from Public Works Department. Execution of lease agreement will include verification of floor areas covered by the Agreement.

The Committee were provided with a copy of a letter from the Director of Lands to the Minister for Lands and Works in which the purpose of the new procedures was explained. The Director in this letter explained that the instruction was prepared 'because some premises were fitted out to the clients requirements only after the lease had started to run'. He went on to say that these procedures would minimise the risk of paying rent for accommodation before it has been fitted out for occupation by a tenant department, but that there could be no guarantee at all that this would eliminate delays between the taking of a lease and the occupation by a department. He pointed out that in some cases premises being offered for rental required fitting out: It is not reasonable to expect the landlord to hold the premises while the department ascertains its requirements and has the necessary partitions and fittings added to the structure. The Director's letter concluded as follow:—

It must be remembered that when the Government takes premises for office purposes it is operating in an open market in which the tenant is expected to pay the rent from the time of agreement.

It is only in cases where premises are offered to the Government prior to their completion that it is practicable to implement the revised procedures, so that fitting out proceeds contemporaneously with the completion of the structure.

The payment of rent for leased accommodation is met from the funds of this Department. All officers have been fully instructed that in both negotiation and administrative completion it is to be constantly borne in mind that all action should be directed towards minimising the cost to the Government.

However, as I mentioned earlier, if suitable premises are being offered it is sometimes necessary to accept the offer and subsequently fit the property to the requirements of the tenant Department.

In these cases it is unavoidable that there will be a lapse of time between the date from which rental will run and the date on which the Department will occupy the premises.

The instruction mentioned then is still relatively new, so that its effectiveness will have to be gauged in the light of future experience. However the procedures appear sound and if followed should improve the position.

Rosny College Project: Phase I

On page 43 the Auditor-General showed expenditure associated with this project to 30 June 1973 as follows:—

	\$
Construction costs	2 592 220
Consultant fees	141 297
Clerk of Works salary and miscellaneous expenses	10 722
	\$2 744 239

As the Report pointed out expenditure in 1972-73 constituted 19.3% of the Education Department's Loan Fund expenditure for the year and that the estimate submitted to the Public Works Committee had been only \$1 791 900. The Committee called for an explanation as to why the estimate had been exceeded. A Public Works Department witness attributed the difference between the estimate (\$1 791 900) and the contract price (\$2 938 020) to the novel nature of the project. There was no precedent for a matriculation college building so that early estimates had been framed on the basis of high school accommodation:—

If this had been built and equipped as a high school we would not have been very far out, but this was the first of its kind, planned and built in Australia. It was a new concept for matriculation colleges and was a very complex type of building. We did an estimate of costs for the very sophisticated electrical and mechanical works that would be required and in so doing we found a certain number of structural problems, and when we went to tender a lot of other items were included, which lifted the price. There was a rise in building costs over the two-year period, which were quite substantial and the revised tender documents covered more floor area than was first proposed before the Public Works Committee. This was necessary because of the increase in the electrical and mechanical services which were negotiated with the Hydro-Electric Commission to obtain a satisfactory rate or tariff. The Physics Laboratories which were built and fitted out at a cost of \$108 000

were an added benefit, in that a shell was converted into a useful addition to the college. It is situated alongside the plant rooms on the roof. This was not envisaged in the original submission to the Public Works Committee for Phase I, but was included in the total accommodation for the total scheme which was submitted to that Committee.

The Public Works Department provided a financial statement of the project for the information of the Committee which showed savings through deletions of \$83 097, after allowing for additional work on variations amounting to \$171 727 (including \$108 355 for fitting out Level 5 as a Physics Laboratory), and \$46 592 for on costs and conforming with new fire regulations. The Committee note that the estimates presented to the Public Works Committee at about the same time for the Devonport and Alanvale Matriculation Colleges were also about \$1 000 000 below the contract sum in each case.

With the experience of these three projects behind them the Public Works and Education Departments will no doubt be able to provide more accurate estimates for future matriculation college proposals. However, where the State is to embark on new fields of construction, it should be made clear from the outset what the order of costs could be.

Transport Commission: Alleged Fraud: Railway Sleepers—\$4 000

On page 275 the Auditor-General noted that 'an employee at St Marys and a contractor to the Commission pleaded guilty to conspiring to defraud the Commission in connection with the supply of railway sleepers. Both received prison sentences.', and on the preceding page, that 'In an effort to strengthen control over the receipt and issue of railway sleepers, the Commission intends to operate a central depot for those commodities in Launceston, and at present negotiations are proceeding for the acquisition of suitable land'. The fraud on the St Marys line had apparently continued over a period of some four years, with the employee making false returns for sleepers claimed to have been supplied by the contractor. The General Manager for Railways, Mr Dineen, appeared with several Transport Commission staff and told the Committee:—

. . . we have imposed stricter control on the receipt of sleepers. We intend railing all sleepers to a central sleeper depot at the East Tamar Junction near Launceston, where they will receive preservative treatment. This central sleeper depot will be under the control of the Comptroller of Stores, in which position Mr Laing is acting at the present moment. This sleeper depot is not built, nor are sleepers being sent there because at present our sleeper supply situation does not meet the demand and we are having all sleepers preserved at Koppers Plant at Longford. Hence they are being railed direct to Longford, on receipt they are checked by the ganger at the point of loading, they are further checked again at Longford and further checked by Koppers. Until such time as our supply situation exceeds our demand and allows us to stockpile untreated sleepers, we do not intend to use this central sleeper depot, which, as soon as it is built will not only be used for any surplus stocks of sleepers, but for stocks of permanent way materials, rails, fish bolts, fish plates and so on.

The Stores Checker now verifies sleepers held in the field and makes a weekly return which is checked against inventory. Sleepers are purchased on the authority of a Track Supervisor following his assessment of requirements in an area. Formerly, the procedure was for gangers to order and receive sleepers and the incident on the St Marys line occurred through the operation of this system, without supervision.

The Committee are satisfied with the new method of physical verification of requirements and stocks. However this matter will require continuing supervision and when stocks are large enough to warrant it, the central depot should be used.

R. MATHER, Chairman

Ministerial Party Room,
Parliament House, Hobart,
9 July 1974