



1993

PARLIAMENT OF TASMANIA

**PARLIAMENTARY STANDING COMMITTEE OF
PUBLIC ACCOUNTS**

**REPORT TO PARLIAMENT
FOR THE PERIOD TO 30 JUNE 1993**

Laid upon the Table of both Houses of Parliament

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

MEMBERS OF THE COMMITTEE

| LEGISLATIVE COUNCIL | HOUSE OF ASSEMBLY |
|----------------------------|-----------------------|
| Hon. G. A. Shaw (Chairman) | R. G. Mainwaring Esq. |
| Hon. R. W. Ginn | P. A. Lennon Esq. |
| Hon. P. R. Schulze | Mrs S. D. Napier |

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PARLIAMENTARY STANDING COMMITTEE ON PUBLIC ACCOUNTS

REPORT TO PARLIAMENT FOR THE PERIOD TO 30 JUNE 1993

1. This period has been a very busy one for the Committee. Seven reports were produced, and Tasmania was host to the extremely successful 8th Biennial Conference of the Australasian Council of Public Accounts Committees. The Committee also enquired into a number of other minor matters and were actively involved in a number of other associated activities. The Committee met on 40 occasions in addition to attending the Biennial Conference and mid-term A.C.P.A.C. meeting in Canberra.

Members of the Committee

2. As at the time of this Report the Committee consists of:

- (a) Hon. *G. A. Shaw*, M.L.C. (Chairman)
- (b) *R. G. Mainwaring*, Esq. M.H.A. (Vice Chairman, and Acting Chairman 15 May 1992-13 August 1992)
- (c) Hon. *R. W. Ginn*, M.L.C.
- (d) *P. A. Lennon*, Esq. M.H.A.
- (e) *Mrs S. D. Napier*, M.H.A.
- (f) Hon. *P. R. Schulze*, M.L.C.

3. Significant contribution from the following past members is acknowledged:

- (a) Hon. *N. M. Robson*, M.H.A. (retired) who was a long serving Member of the Committee and also past chairman;
- (b) Hon. *R. C. Archer*, M.L.C. (retired) also a past chairman;
- (c) Hon. *J. C. Stopp*, M.L.C. who resigned on 13 July 1992 to assume his appointment as President of the Legislative Council;
- (d) Hon. *A. W. Fletcher*, M.L.C.; and
- (e) Rev. *L. J. E. Armstrong*, M.H.A..

Reports

4. The Committee produced the following reports:

- (a) Report into the Redundancy Programme 1991;
- (b) Report on Department of Resources and Energy which enquired into the reasons for the transfer of the Chemical Laboratory from Launceston to Hobart, and the lease of the Metallurgical Laboratory to E.M.F. Consultants;
- (c) Report on the Sale of Cosgrove Park Home for the Aged;
- (d) Report on Port Arthur Historic Site Management Authority;
- (e) Report into TT-Line Security;
- (f) Report into the Receipt, Analysis and Evaluation of Agency Annual Reports; and
- (g) Report into the Establishment of a Security and Investigations Unit.

Minor Enquiries

5. In addition to the above, the Committee deliberated on a number of other matters:

- (a) Trust Accounts and Special Deposits;
- (b) TASCORP;
- (c) Metro Funding;
- (d) Strahan Sewerage Scheme;
- (e) Disposal of Obsolete Equipment at Brooks High School;
- (f) H.R.M.I.S. Computer Costs;
- (g) State Government Employment Rationalisation Programme 1993 (ongoing monitoring).

8th Biennial Conference of Australasian Council of Public Accounts Committees (A.C.P.A.C.)

6. The Committee was pleased and proud to host this important meeting which was held on 29 and 30 March 1993. In all, 59 delegates attended with representation from the Commonwealth, all States and Territories, New Zealand and Papua New Guinea. There was also a strong representation from each Auditors-General Department and this very clearly indicates what has developed as a very close working relationship between Auditors-General and the Public Accounts Committees from within Council Members.

7. In addition to the A.C.P.A.C. delegates, we were delighted to host a small delegation of nine visiting spouses, who, with our spouses, embarked on their own programme. The Committee's sincere thanks goes to Mrs Sandra Harper who was the hostess to this group.

8. Delegates from Malaysia, Canada and Nauru had indicated their firm intention to attend, however, Parliamentary duties prevented their presence on this occasion.

9. The theme of the Conference was 'Return of Power to Parliament'.

10. Highlights of the Conference included:

- (a) Opening address by Hon. J. C. Stopp, M.L.C., the President of the Legislative Council;
- (b) Keynote address by Dr R. A. Herr, Head of Political Science, University of Tasmania;
- (c) Committee Reports from each delegation;
- (d) Sessions on:

(1) 'Government and Business in Partnership' chaired by Mr B. Rutherford, Senior Lecturer in Economics, University of Tasmania and a panel consisting of Dr G. H. Dreher, Managing Director, Healthscope Pty. Ltd., Mr A. Tinks, Chairman, N.S.W. Public Accounts Committee, Mr P. T. Salmon, General Manager Operations, Pasminco Metals—EZ and Mr D. W. Challen, Secretary, Department of Treasury and Finance, Tasmania.

(2) 'The Ideal Public Accounts Committee' with presentations by Dr A. J. McHugh, Auditor-General, Tasmania and Mr N. M. Robson, Retired Member of the House of Assembly, Past Chairman of the Public Accounts Committee, Tasmania.

(3) 'The Role of the New Zealand Finance and Expenditure Committee in Considering and Forming Tax Legislation' presented by Hon. P. F. Dunne, Opposition Spokesperson for Revenue and Commerce and Industry.

(4) 'Accrual Accounting—How Far?' presented by Mr P. Williams, Department of Treasury and Finance, Tasmania.

(5) 'In the Public Interest' presented by Mr P. P. McGuiness, Journalist, *The Australian*.

(e) A cocktail party at Government House hosted by His Excellency General Sir Phillip Bennett (Governor of Tasmania) and Lady Bennett;

(f) A Conference dinner at Parliament House with an enjoyable after dinner address given by Sir George Cartland; and

(g) A river cruise on the day following the Conference.

11. The Conference was both successful and enjoyable and the smooth running of the Conference itself and all activities is a tribute to the good work of Mr John Purvis, the Executive Officer. He was greatly assisted by the co-operation and efficient service from:

- (a) Wrest Point Casino;
- (b) The Cruise Company;
- (c) City Cabs Co-operative Society Ltd;
- (d) Department of Environment and Planning;
- (e) Hobart Coaches Pty. Ltd.;
- (f) Moorilla Estate, Berriedale;
- (g) Trophy Traders, New Town;
- (h) Richmond Maze and Tea Room;
- (i) Hocking Electronics;
- (j) Kelleys Restaurant, Port Arthur;
- (k) Government House staff;
- (l) Parliamentary Catering Service;

- (m) Hansard;
- (n) Port Arthur Historic Site Authority; and
- (o) Department of Tourism (Special Events Branch).

Mid Term A.C.P.A.C. Meeting

12. On 20 July 1992 A.C.P.A.C. held its mid-term meeting in Canberra. This was attended by the following Tasmanian delegates:

- R. G. Mainwaring*, Esq M.H.A. (Acting Chairman)
- Hon. *R. W. Ginn*, M.L.C.
- P. A. Lennon*, Esq M.H.A.
- Mrs S. D. Napier*, M.H.A.
- Hon. *G. A. Shaw*, M.L.C.
- Mr *J. A. F. Purvis*, Executive Officer

13. The meeting was informative and gave attending Members the opportunity to meet other delegates and discuss, both formally and informally, professional matters of mutual interest. It was at this meeting that Tasmania formally accepted the request to host the 1993 Biennial Conference.

Workshop, 6, 7 July 1992

14. The Committee conducted a two day workshop which included a presentation by Hon. *N. M. Robson*, M.H.A. (retired) former Chairman of the Public Accounts Committee, and a full day briefing by, and discussion with the Secretary, Department of Treasury and Finance, Dr. *M. J. Vertigan*, and his Deputy Secretary Budget and Finance Division, Dr *D. Norton*. The following matters were discussed:

- (a) Accrual accounting—current status, timetable for full implementation, problems;
- (b) Trust accounts and special deposits—creation, overdrawn provisions and eventual payments through Parliamentary appropriation;
- (c) State debts—separate debts for statutory authorities and inner government;
- (d) Superannuation Accumulation Fund—full funding of scheme, relationships/responsibilities of the Board and Treasury, funding liability by the State;
- (e) Outstanding environmental licensing exemption charges—for example A.P.P.M. and Mt Lyell Mining and Railway Company;
- (f) Long Service Leave (Construction Industry Fund)—current situation, capacity to pay;
- (g) Workers' Compensation Board—reason and extent of overdraft by Treasury, brief on system in general;
- (h) Foreign currency loans by Water Authorities—Treasury involvement with establishment of loans, current situation;
- (i) Financial position of hospital boards—current situation, action to reduce deficits;
- (j) State Asset Register and management—brief on current situation, anticipated timetable for completion;
- (k) Disposal of obsolete equipment—brief on future intentions, desirability for tighter control over agency heads;
- (l) Management Improvement Programme—brief on steering committee activities, reforms achieved to date, timetable for proposed reforms; and
- (m) TASCORP—current status regarding rationalisation of investment and borrowing activities.

Auditor-General's Report No. 2 (February 1992)

15. The Committee was briefed by the Auditor-General in May 1992 on the following subjects:
- (a) R.B.F. and Superannuation Accumulation Fund;
 - (b) State Superannuation Office resources;
 - (c) Funding of S.A.F. Scheme;
 - (d) H.R.M.I.S.;
 - (e) Outstanding environment exemption surcharges;
 - (f) Long Service Leave (Construction Industry) Fund;

- (g) Workers' Compensation Board overdraft;
- (h) Increase in Workers' Compensation Claims;
- (i) Heating allowance;
- (j) Water authorities loans;
- (k) Annual and Long Service Leave;
- (l) Trust Accounts;
- (m) Municipal Audits;
- (n) List of Business Names and Incorporated Associations; and
- (o) Deteriorating Financial Positions of Hospital Boards.

16. The Committee held further discussions with Dr A. J. McHugh, Auditor-General, and Mr A. J. Foster, Deputy Auditor-General in February 1993. The following matters arising from Report of the Auditor-General No. 2 were discussed on that occasion:

- (a) Deferred unfunded maintenance within some schools;
- (b) Asset registers for all Government departments;
- (c) Department of Education Long Service Leave entitlement funding;
- (d) H.R.M.I.S.;
- (e) Difficulty in obtaining timely Annual Reports from some departments;
- (f) Outstanding Court fines and fees (Department of Justice);
- (g) Valuation of native forests;
- (h) Financial viability Marine Board of Circular Head;
- (i) Accumulation of Annual Recreation Leave and Long Service Leave;
- (j) Accrual accounting;
- (k) Valuation of Government and departmental asset and inclusion of estimates in financial statements;
- (l) Non receipt of Retirement Benefits Fund report due June 1992; and updating of actuarial report due 1992;
- (m) Comparison of cost of school and TAFE cleaning with that for the University of Tasmania;
- (n) Survey of Annual Reporting by departments; and
- (o) Upgrading of computers within the Audit Department.

Briefing by the Public Sector Accounting Standards Board and the Australian Accounting Research Foundation (P.S.A.S.B., A.A.R.F.)

17. During August 1992 the P.S.A.S.B. and A.A.R.F. visited Tasmania and met with the Committee and the Auditor-General to discuss the following subjects:

- (a) The composition, functions, operations and responsibilities of both organisations;
- (b) Accrual accounting;
- (c) The net debt servicing ratio;
- (d) Valuation of natural resources, and major community assets;
- (e) Local Government financial reporting standards;
- (f) Performance standards and reporting by Agencies; and
- (g) The availability and publication of Accounting Standards and Guidance Releases.

Royal Institute of Public Administration Australia (R.I.P.A.A.)

18. R.I.P.A.A. is the professional association for public sector management. R.I.P.A.A. held a National forum on Financial Reporting for the Australian Public Sector in Sydney on 5, 6 November 1992. Mrs Napier, M.H.A. attended from Tasmania and tabled the forum papers.

Funding

19. The Public Accounts Committee does not have its own budget. Funds for Committee activities are provided by the Legislative Council and the House of Assembly. Provision of salary for staff is from funds appropriated by Legislature-General (for full-time Executive Officer) and the House of Assembly (for part-time Secretary and part-time Administrative Assistant).

Current Projects

20. The Committee has embarked on two major enquiries:
- (a) The disposal of plant, vehicles and equipment by Government agencies and authorities; and, following a reference from the Legislative Council,
 - (b) To enquire into and report upon—
 - (1) The expenditure of Hydro Electric Commission (H.E.C.) funds on valuing assets, preparing strategic plans, developing policies on tariff charges to the various categories of consumer in its consideration of whole or part-privatization of the H.E.C. and
 - (2) Other matters arising in connection with such expenditure including the assessment by the H.E.C. of the likely impact upon:—
 - (a) Its contributions to the Consolidated Fund under the provisions of the *H.E.C. (Contributions) Act 1980*; and
 - (b) Consumers,
- as disclosed by its Consultants.

Conclusion

21. The Committee is strongly of the opinion that the *Public Accounts Committee Act 1970* should be amended to enable the Committee to be more proactive, and to provide for public hearings except where the Committee considers that there is a good and sufficient reason to do otherwise.

Hon. G. A. SHAW, M.L.C., (Chairman)

Parliament House HOBART
16 August 1993