



1969

---

 PARLIAMENT OF TASMANIA
 

---

**REPORT OF THE STANDING COMMITTEE OF PUBLIC ACCOUNTS**
**ON**
**DEPARTMENT OF FILM PRODUCTION**

*Brought up by Mr Neilson on Tuesday, 16 September 1969, and ordered by the House of Assembly to be Printed.*

**REPORT**

1. The Public Accounts Committee have the honour to report to your Honourable House as follows:—

The Auditor-General commented on several matters in his 1968 Report (page 42) :

**Department of Film Production**

1. Expenditure on Photographic Materials and Equipment, and Production of Films totalled \$57,502 which was \$9,502 in excess of the estimate.

I have been informed that the principal reasons for the increase were:—

- (a) Expenditure of \$2,344 on shelving, sinks, benches, troughs and hot water system for leased premises at 64 Brisbane Street.
- (b) Import duty totalling \$2,000 on an editing table (purchase price \$6,879).
- (c) Copying of 35 mm colour film at a cost of \$4,200.
- (d) Subcontract work proved more expensive than anticipated.

2. As mentioned in my previous Report, although the general practice in the past had been for the cost of films to be borne by the Department of Film Production, any cost recovery being confined to private customers, Commonwealth Departments and State Departments of Public Works and Industrial Development, it was intended, following an investigation of the basis of cost and recovery

by the Manager, that Departments requesting films would have to make provision for payment from their own appropriations. Proportion of recovery in the case of Departments would appear to vary from costs of film materials, processing, etc. (excluding wages) to a stipulated amount per 100 feet of film shot (more particularly in the case of continuous filming on a big project over a period), a maximum contribution offer by a Department, or a percentage of the production costs. I understand that each case is treated on its merits.

Cost of films completed for Departments and private organisations in 1967-68 totalled \$28,639 whilst contributions received and receivable in respect of such films amounted to \$9,627.

The cost of films etc. made for television purposes was recovered in full.

3. A recent audit of the Department of Film Production disclosed unsatisfactory features as regards control over the issue and use of photographic materials and over stocks in the Department's film library. A number of recommendations were made and in the main the Manager has agreed that they should be implemented.

The Committee heard evidence in these matters from Messrs R. D. Barnes, Manager, and D. Donnelly, Senior Clerk, of the Department on 29 October and 10 December 1968. On 17 July 1969 the House referred the evidence that had been taken to the Committee appointed for the Thirty-fifth Parliament. Further evidence was heard on 12 August 1969 from Messrs Barnes and Donnelly. The Committee received full co-operation from the witnesses and are grateful for the frankness and willingness with which questions were answered.

*Expenditure on Photographic Materials and Equipment, and Production of Films, \$9,502 excess.* The witnesses explained how the excess occurred under the four headings noted by the Auditor-General:

(a) \$2,344 for shelving, sinks, benches, troughs and hot water system for leased premises at 64 Brisbane Street. Mr Barnes explained that after the estimates had been prepared he had been able to rent these new premises. However, in order to render the building useable, work was required inside to provide partitioning and dark-room facilities. The new premises mainly benefited the still photographic department. A constant temperature hot water service, necessary for the processing machine, had been put in and all the equipment in the old building had been transferred. Facilities in the old building had been quite inadequate. For example, Mr Donnelly said that 'the dark room consisted of a converted concrete block garage. The dark room staff worked under great difficulties, both from the point of view of inadequacy and dust and dirt. It was almost impossible for them'.

**Evidence was given that the new premises are by no means ideal and that the Department could operate more economically if it occupied more suitable premises including a film studio.**

(b) *Import duty totalling \$2,000 on an editing table* (purchase price \$6,879). This item was for a deposit which had to be paid to enable the editing table, which had been made to order for the Department in Italy, to be imported. This item had not been foreseen for the purposes of the estimate. However, the Manager advised the Committee that after the close of the financial year the Commonwealth had agreed to make a refund of the \$2,000 in question having been satisfied that there is no comparable piece of equipment available for purchase in Australia or from Britain.

(c) *Copying of 35 mm colour film at a cost of \$4,200.* The film in question was *Look to the Wild Side* which was made for the Hydro-Electric Commission at a cost of \$27,212. Mr. Barnes said that he had considered it essential to retain a copy in the library of this film since much of it would be used in future films to be made for the Commission. This would avoid duplication of work already done, and the Department could expect to recover most of the cost by using portions of the film in this way.

(d) *Subcontract work proved more expensive than anticipated.* To this factor was attributed \$958 of the \$9,502 excess. The Manager explained that actors were used in almost all of the films made by the Department. He said that there was a tendency for a considerable portion of their films to make greater use of actors than anticipated. This occurred because of the requirements of client organisations.

In his written statement dated 6 November 1968 the Manager made further submissions on the excess expenditure in this item:

When it became apparent that additional funds would be required for this item it was decided within the Department that every effort would be made to conserve funds in Items contained in Sub-division B of the Appropriation to this Department. It is not of course permissible to transfer funds from one Sub-division to another, however, it was conscientiously considered that an effort to save on items within another subdivision would be recognised when an evaluation was made of over-expenditure in Photographic Materials and Equipment and Production of Films.

If the Committee will consider this aspect of the position the following result evolves:

The excess expenditure on Item C1 .....	\$9,502
In effect this is reduced by—	
(a) Savings in items within Subdivision B (in particular Travelling Expenses) .....	\$3,152
(b) Duty on Editing Machine to be refunded by Commonwealth .....	2,000
(c) Costs applicable to Item C1 recovered (\$1,633.85) and recoverable (\$92.81) from the Australian Broadcasting Commission as part of a total charge of \$3,163 for eight t.v. educational films completed to date .....	1,726
	<hr/> 6,878
	<hr/> \$2,624

Savings on other items of appropriation together with actual and expected recoupments to revenue have at this stage offset over-expenditure on Photographic Materials and Equipment and Production of Films by \$6,878 leaving a balance of \$2,624 to be recovered

It is conservatively estimated that between \$2,500 and \$3,000 would be recovered from library footage copies during 1967-68. This would be used for inclusion in progress films on Hydro-Electric Commission projects and films involving the South West of the State but recoupment may be spread over a number of years.

The Committee consider the explanations to be reasonable and note with approval that efforts were made by the Department to make savings in other items to offset the excess.

#### Recovery of Costs

The Manager agreed that paragraph 2 of the Auditor-General's comments provided a fair summary of the types of charges made.

The Committee considers that there would be considerable advantage in the powers and duties of the Film Unit being made subject to legislation. Mr Barnes said that the absence of documented procedures to be followed and specific objectives to be achieved by the Department has always presented some doubts as to whether the Department should consider first the revenue potential of a film or the publicity value to the State as its prime objective. Because of this the general practice in the past had been as outlined by the Auditor-General in the first part of paragraph 2. From time to time it is possible to interest a commercial organisation in contributing towards the cost of a film so that total costs to the Government would be, to some extent, offset.

In his appearance before the Committee in August 1969 Mr Barnes indicated that in general more satisfactory financial arrangements now apply. From 1 July 1969 Departments will pay normal on-costs for films, over and above wages and overhead, statutory authorities will be charged the full cost, including wages, but not overhead, and clients in the private sector will pay all costs and a reasonable profit margin. The Committee believe that the operations of the film unit will be much more satisfactory in the future.

Mr Barnes emphasised in his evidence that 'it is (the Department's) greatest fundamental problem that our entire activities are not covered by any Government Act or Statute'. When asked whether he, as Manager, experienced difficulty in deciding what contribution a State instrumentality should make towards the cost of a film, Mr Barnes agreed that this was the case.

#### Stock Control

The remarks of the Auditor-General in paragraph 3 were dealt with in the Manager's written submission to the Committee dated 6 November 1968:—

The references by the Auditor-General to unsatisfactory features existing in the issue and usage of photographic materials could be misinterpreted by persons who are not familiar with the internal arrangement of the Department.

I consider that it is essential, in justice to the clerical officers employed in the Department that the Committee be made aware that the reference by the Auditor-General is not directed at records kept by the Accounting and Stores Section, of which Mr Donnelly is the section head.

Throughout the years their records have been of a high standard of accuracy. So far as materials are concerned this section records materials received into the bulk store from commercial suppliers and the issues from the bulk store to the Still Photographic, Film Unit, and Sound Recording Sections.

The Accounting and Stores Section also prepares a monthly statement showing issues to production sections and usage by those sections, the usage figures being extracted from daily 'time sheets'. The appropriate stock balances which should be held by the production sections at the date the statement is prepared are also indicated.

I would urge that confirmation of my observation be obtained from the Auditor-General so that any misunderstanding which may exist to the detriment of these officers, may be corrected.

*Issue and Usage of Materials within Production Sections*

Following the last general audit of the Department's records the question of material usage, particularly in the Still Photographic Section, came under discussion. Some proposals put forward regarding the recording and storage of wastage or spoilt materials I considered to be impracticable, on the other hand it was obvious that more strict control would have to be exercised.

A monthly statement of stock on hand within each production section was introduced as from July 1968 for a trial period.

The stock balances from these statements should agree within reason with the balances from the issues and usage statement previously referred to as being prepared by the Accounting and Stores Section.

The result of this system has not been consistently satisfactory and it has become obvious from spot checks and a recent audit that a more personalised control within the section is necessary. A system calling for personal responsibility has been instituted for users of these materials.

*Department's Film Library (Still Photographic)*

Previous to and confirmed by discussions with the officers of the Audit Department the need for a more sophisticated library system was recognised. It was felt the professional advice of the State Librarian would be essential to this project and considerable time and effort was expended by myself and officers of the State Library in surveying existing systems and working out a satisfactory one for this Department.

The requisite cards and stationery were designed, and as finance became available, were manufactured and printed. A junior has been appointed to maintain the library system which started operations as from the beginning of November 1968. Only slight advantage can be made of the system until partitioning in the building, approved on this year's estimates, has been carried out.

Your Committee are pleased to report that the Auditor-General has indicated that problems relating to stock control have now substantially been resolved. He said that:

Monthly control schedules covering film brought forward, issued, used and a book balance comparison with actual physical stock are now being received regularly in this office and indicate that a satisfactory method of controlling still and movie film and printing papers has now been achieved. Wastage of film is shown and accounted for in the monthly returns. Such returns are certified by the Manager, Department of Film Production, who comments upon any exceptions to what he considers normal discrepancies.

Audit made an inspection in May and August and test-checked monthly returns with time sheets which disclose usage and wastage of individual film operatives. The agreed system of internal control had been introduced with effect from 1 April 1969 and all audit queries were satisfactorily explained.

It must, however, be pointed out that the usage of film and the spoilage is capable of assessment only by an experienced and qualified person in this field. In consequence the system which Audit has agreed with the Department is designed to provide the Manager with the means of supervising and controlling technical standards within his Department. Audit must necessarily depend on the judgment of the Manager in regard to the quantity of material used to achieve the desired technical standards.

The Committee feel that the matters which earlier caused concern relating to the Department of Film Production have been given attention.

The Committee feel that many of the problems have been caused by the fact that the activities of the Department are not covered by Statute. It is recommended that legislation be introduced to state clearly the powers and responsibilities of the Minister and the Department.

W. A. NEILSON,  
Chairman.

Parliament House,  
Hobart.

3 September 1969.