



1963.

PARLIAMENT OF TASMANIA.

STANDING COMMITTEE OF PUBLIC ACCOUNTS

GENERAL REPORT FOR THE YEAR ENDED JUNE 30, 1963.

Brought up by Mr. Hodgman on September 5, 1963, and ordered by the House of Assembly to be Printed.

PERSONNEL OF THE COMMITTEE.

The personnel of the Committee on July 1, 1962, was as follows:—

Mr. W. C. Hodgman, Q.C. (Chairman); Mr. E. W. Barnard; Mr. L. E. A. Costello; Mr. Minister for Health (Mr. W. D. McNeil); Mr. H. W. Strutt; Mr. W. G. Wedd; and Dr. A. W. O. Young.

On October 17, 1962, the House appointed Mr. J. L. Madden to serve temporarily on the Committee during the absence overseas of Mr. Costello. On March 27, 1963, the House appointed Mr. W. H. Fraser to be a Member of the Committee in the place of Mr. Minister for Health.

Meetings were attended by the Auditor-General and a representative of the State Treasury. Their assistance is gratefully acknowledged.

Mr. P. T. McKay, B.A., a member of the staff of the House of Assembly, was made available for the position of Secretary to the Committee in March, 1963.

In July, 1962, the Chairman, accompanied by the Clerk of the House of Assembly, made a visit to Victoria for the purpose of discussing the operations of the Public Accounts Committee of that State with its Chairman and Secretary.

During his visit to London as a representative of the Tasmanian Branch of the Commonwealth Parliamentary Association, in November last year, Mr. Costello examined the operations of the United Kingdom Public Accounts Committee and presented a report, which is appended hereto.

The Standing Committee of Public Accounts operates under House of Assembly Standing Order No. 408A—

(1) A Committee of Public Accounts, to consist of seven Members, of whom four shall be a quorum, shall be appointed when this Standing Order becomes effective and thereafter at the commencement of each Parliament, for the examination of the accounts showing the appropriation of the sum granted by Parliament to meet public expenditure, and of such other accounts laid before Parliament as the Committee may think fit.

(2) The Committee shall have power to send for persons, papers, and records, to report from time to time, and to sit during any adjournment exceeding fourteen days and any recess of Parliament.

During the financial year 1962-63, the Committee examined a number of particular cases of expenditure, and familiarized itself with the operations of several State authorities.

Procedures of enquiry were developed, so that in the future this Committee will be able to fulfil adequately its function as an important part of the system of financial control. Beginning with the year 1963-64, material for enquiry will be taken from the current Auditor-General's Report. In addition, the Committee may examine other matters that come to its notice. Where it is considered desirable, Reports will be made to Parliament at the completion of particular enquiries. A General Report will be presented at the end of each financial year outlining the Committee's activities and findings during the preceding twelve months.

Because of the nature of its enquiries, the Committee is not able to examine public accounts through the procedures normally followed by Parliamentary Committees. Verbal evidence from witnesses does not afford the full analysis that is desirable. On his visit to Victoria to discuss the operations of the Public Accounts Committee in that State, the Chairman found that the procedure there is to begin most enquiries with an examination of the relevant departmental files. This provides adequate background and source material. The next step is to examine witnesses in the light of the information thus gained. This procedure has been adopted by the Committee, which resolved in October, 1962, "That the Chairman be empowered to send for files whenever it is considered necessary".

The Committee met on 12 occasions during the year and conducted enquiries upon a number of matters.

1. PARLIAMENTARY GRANTS FOR THE MERSEY HOSPITALS GROUP.

A Report was presented to the House on August 28, 1962. The Committee desires to draw attention to an error in the Minutes for the meeting of August 16, 1962, which were printed with the Report. The Minutes as printed record that the Committee divided on sub-paragraph (2) of Paragraph 21. The division actually occurred on sub-paragraph (3) of that paragraph. In the Report the following recommendations were made:—

"That in view of the costs involved and lack of use, both now and in the foreseeable future, and the considerable savings that would ensue—

- (1) The obstetric block at Latrobe be closed down forthwith.
- (2) The Government should proceed as early as practicable to erect an out-patients' department with the provision for specialist clinics at the General Hospital Block at Latrobe.
- (3) The out-patients' department at Devonport be closed down and its functions transferred to the General Hospital Block at Latrobe and the building at Devonport put to such other uses as the Government may determine.
- (4) That intermediate, private, and public beds be provided in the new Maternity Hospital at Devonport.
- (5) That in the establishment in the future of any hospitals group, care should be taken to prevent decentralisation of hospital facilities in order to assist economic administration and savings of costs."

The Committee has been advised by the Minister for Health that action taken on these recommendations is as follows:—

- "(1) The obstetric block at Latrobe has been closed.
- (2) and (3) No action has been taken.
- (4) Intermediate, private and public beds have been provided in the new Maternity Hospital at Devonport.
- (5) The Committee's comment has been noted."

The Minister further advised that " apart from a general practice out-patients' service at the Medical Centre, it is pointed out that the following specialist clinics are being provided:—

1. Surgeon.—There is now a full-time surgeon appointed to the Mersey Hospitals Group. He is therefore able to conduct a small consultant out-patients' clinic at Latrobe as necessary in existing accommodation there, as well as conducting a similar but major clinic in the Out-patients' Division at Devonport.
2. Physician.—At Devonport this is a part-time appointment only. It is considered it would be uneconomic to disperse this consultant's time between two out-patient clinics, and the demand for consultant opinions on patients by the general practitioners (family doctors) is greater in the Devonport area than in the Latrobe area.
3. Ear, Nose and Throat.—A private specialist is employed on a sessional basis and the demand warrants his clinic being established at Devonport.
4. Ophthalmology.—As the Committee is aware, accommodation exists at the Out-patients' Division to allow for overnight care at Devonport for minor eye operations, thus relieving the bed situation at the General Hospital.
5. Psychiatry.—A full-time specialist is now working on the North-West Coast and regular clinics are conducted at Devonport.
6. Orthopaedics.—A visiting surgeon from Launceston visits the North-West Coast regularly and it is essential that his clinic be established in the same locality as the Physiotherapy Department.
7. Radiology.—Provision is made for a full-time specialist for the North-West Coast and the Out-patients' Division can provide beds for overnight preparation in regard to radiological examination, again saving beds at the General Section at Latrobe.
8. Obstetrics and Gynaecology.—Apart from the fact that it is desirable to have a consultant obstetric clinic adjacent to the Maternity Division, out-patient minor gynaecology work requiring short stay bed accommodation will shortly be undertaken at Devonport, again saving beds at Latrobe, and experience and demand have shown that a gynaecology consultant clinic is more necessary in the Devonport area than in Latrobe. The obstetrician and gynaecologist is a full-time appointment for the Mersey Hospitals Group, and it is possible that arrangements could be made for him to conduct a similar clinic at Latrobe in existing accommodation, if the demand warrants.
9. Ancillary services required in association with all consultant clinics are available at Devonport—that is, physiotherapy, pathology and pharmaceutical.
10. School Dental.—This clinic is in the process of being established at the Out-patients' Division.
11. Medical records are centralised at the Out-patients' Division where they are near the bulk of patients requiring medical attention in the Devonport and Latrobe areas.
12. With the opening of the Maternity Hospital, staffing accommodation and food supplied for patients and staff will enable the accident clinic to operate 24 hours a day, and cases requiring only overnight accommodation—for example, plaster changes or minor shock—will be accommodated at the Out-patients' Division, instead of occupying beds at Latrobe. Also, the plaster theatre and minor operating theatre will now go into operation.
13. Tuberculosis.—This clinic has recently been moved to the Out-patients' Division and is now functioning as a part of the specialist service available there."

Your Committee feels that insufficient action has been taken to implement its recommendations and that further elaboration of the services provided at the out-patients' department at Devonport may increase the substantial disparity in running costs between this Group and other hospitals providing similar facilities. For this reason, your Committee may be required to investigate this matter further.

2. AERIAL SURVEY CAMERA PURCHASED BY THE LANDS AND SURVEYS DEPARTMENT.

As the result of a Question asked in the House of Assembly it had come to the notice of Members of the Committee that the Lands and Surveys Department had purchased, at a cost of approximately £8,800, an aerial survey camera, which apparently was unlikely to be used, since there was no aircraft in the State adapted for using the camera.

The Surveyor-General and the Deputy Surveyor-General were called, and these witnesses satisfied the Committee that the purchase was justified and that the camera would in fact be used.

Briefly, the situation is that the Department, which is responsible for carrying out all aerial photography requirements for State authorities, acquired the camera so that the high costs incurred in this work could be substantially reduced. At the time when the decision to purchase was made it was expected that the Southern Aero Club would acquire a new aircraft suitable for the work. However, because of circumstances beyond the control of either the Department or the Club, it was not possible to conclude this transaction. The Club has aircraft which, with modification, could be used. It is understood that it is still likely that the Club will acquire new aircraft in the near future. The necessary modifications have not therefore been made to the present aircraft which may soon be disposed of. Pending resolution of the situation with the Aero Club, and the eventual savings that are expected to result, the Department will continue its practice of employing mainland contractors for aircraft charter. Some immediate savings are expected, however, since now that the Department has its own camera, it will be able to receive tenders from a number of aircraft charter firms. Hitherto, tenders have not been competitive, since one firm carried out this work almost exclusively.

3. ROYAL HOBART HOSPITAL OUT-PATIENTS' DEPARTMENT.

Following an inspection of the construction site of the Royal Hobart Hospital Out-patient's Department, the Committee investigated expenditure which had been incurred above the contract price. It was found that amendments to design costing approximately £60,000 were made subsequent to the time when the contract was let. Evidence from officers of the Public Works Department and the Department of Health Services was heard. Most items involving additional expenditure resulted from the development of new techniques in hospital design, and the Committee was satisfied that the alterations were of advantage and the expenditure justified. In one case, revision of the basement design for the building involved additional expenditure of approximately £17,000. Investigation revealed that the original basement design, taken into account in the contract price, was based on the system of heating proposed several years earlier by the consulting engineers. The final heating system decided on by the consulting engineers required additional basement height, and this brought about the additional expenditure of £17,000. Public Works Department witnesses satisfied the Committee that it was not possible to have the final basement design at the time of calling of tenders. The Department experienced considerable difficulties in its communications with the firm of consulting engineers and did not receive details of the heating system until some time after the calling of tenders. From the point of view of economy, the Committee found that the additional cost of approximately £17,000 would have been incurred even if the final basement design had been completed prior to the calling of tenders. Moreover, it is only a matter of speculation which of the alternative heating systems would have resulted in the greater final cost. It could be that this apparent excess of £17,000 could in fact represent an actual saving. It is expected that the recent appointment of a mechanical engineer to the staff of the Public Works Department will largely overcome the need for changes in design of this kind in the future.

Your Committee found that none of the additional costs incurred resulted from inefficiency or lack of economy on the part of any Department.

4. PARLIAMENT HOUSE ADMINISTRATION.

Evidence from the Clerk of the House of Assembly and the Public Service Commissioner was heard in the course of an investigation into the possibilities of effecting savings and providing better services within the administration of Parliament House. In particular, the Committee was

interested in the question of whether any improvements could be gained by an integration of the staffs of the two Houses, thus eliminating duplication of some services within the same building. The investigation of this matter has not yet been concluded.

5. INDUSTRIAL DEVELOPMENT.

In order that Members might become familiar with the operations of the Industrial Development Branch, the Director was called to give a general outline for this purpose. In consequence of the discussion, the Director prepared a written statement of the operations of his branch. Subsequently he was asked to present a supplementary statement showing details of all loans made since the inauguration of the scheme. The Minister for Industrial Development met the Committee to discuss this matter. He explained that he had instructed the Director not to divulge to any persons details of assistance given by the branch since he did not consider it to be in the public interest to so divulge such matters. The assurance that all transactions would remain strictly confidential was vital to the branch's relations. The Minister explained that all financial operations of the branch were subject to scrutiny by the Auditor-General.

In accordance with this policy, the statement of moneys loaned, which had been requested, was supplied without details as to the names of firms assisted.

The Committee's consideration of the Industrial Development Branch had not been completed at June 30, 1963.

6. PUBLIC SERVICE ADMINISTRATION.

Because of the Committee's concern at the increasing cost of Public Service administration, the Public Service Commissioner was called to outline the operations of his Department in relation to the administration of the Public Service in this State. This enquiry was still proceeding at June 30, 1963.

7. TRANSPORT ADMINISTRATION.

The Committee was concerned at the losses incurred each year by State transport authorities. Therefore, an enquiry into the reasons for these losses and possible directions in which remedies may lie, was instituted. Representatives of the Transport Commission were examined. At June 30, the enquiry was still proceeding and arrangements were in hand to interview witnesses from the Metropolitan Transport Trust and the University of Tasmania.

W. C. HODGMAN, Chairman.

Ministerial Party Room,
House of Assembly,
Hobart, September 3, 1963.

APPENDIX.

REPORT OF MR. L. E. A. COSTELLO TO THE PUBLIC ACCOUNTS COMMITTEE,
TUESDAY, MARCH 19, 1963.

MR. CHAIRMAN.

You will recall that prior to the proposed departure of Mr. C. K. Murphy and myself to the C.P.A. Conference late last year, a trip which included a visit to England, your Committee suggested that inquiries be made as to the functions of the Public Accounts Committee of the United Kingdom Parliament, with particular reference to whether the House of Lords was desirous of having representation on that Committee.

As your Committee is aware, the then Secretary, Mr. Murphy, was unable to make the trip because of ill-health, a circumstance which we all deeply regret.

Mr. Charles Gordon, Third Clerk of the House of Commons and an ex-Secretary for many years of the Public Accounts Committee, was in Nigeria with the United Kingdom delegation. We established a firm friendship and it was he who helped me to become acquainted with the functions of the Public Accounts Committee during my visit to England. I would place my appreciation of his co-operation on record.

Briefly, I would summarise the British Committee as follows:—

- (1) *The House of Lords*.—The House of Lords has never attempted to participate in the functions of the Public Accounts Committee and withdraws itself from matters of finance because of its minimal fiscal responsibilities.
- (2) *Membership*.—The United Kingdom Public Accounts Committee consists of 15 members—8 Government and 7 Opposition. They are selected by Party organisation through Party Whips and the names are therefore included in the Motion at the commencement of each new Session, under the Standing Orders of the House of Commons, page 54, Clause 90, which I now table.
- (3) *Chairman*.—The Chairman is usually an Opposition Member.
- (4) *Sittings*.—Sittings are usually twice a week while the House is in Session, which is approximately 25 weeks of the year. I might add that the Committee actually sits while the House is also sitting.
- (5) *Matters for Investigation*.—Matters for investigation are selected from the Comptroller and Auditor-General's report. He comments by appendage whether the expenditure has been most usefully employed or otherwise.
- (6) *Access to Information*.—The Committee can call for documents as required, perhaps the only exception being that the Committee does not have access to inter-departmental minutes and the like unless criminality is involved. Normally, of course, this would have emerged during the C. and A.G.'s report, in which case such things are taken to Court before the C. & A.G.'s report is made. The Committee is really a good post mortem one, as will be observed. It so far has not devised an acceptable means of keeping abreast with expenditure.
- (7) *Comptroller and Auditor-General*.—The C. and A.G. is present at all meetings and, except when a report is being drawn up, he normally has some other members of his staff present with him to assist him in informing the Committee.
- (8) *Reports*.—The Committee, before reporting to the House, reports to the Treasurer in conjunction with the Department concerned, giving its comments on their intended action. At the same time this is printed and made available to the House.

It was emphasised to me that a reliable guide as to the functions of the financial committees of the House of Commons is the book by Basil Chubb, *The Control of Public Expenditure*. I note that this book was tabled before our Committee on 30th January, 1960. Therefore Members will, if not already conversant with the contents thereof, be able to obtain the book which is in our Library.

I table for the Committee the Special Report on the Committee of Public Accounts, Session 1961-62, and the reports on each investigation which was made during that period, viz.:—

Army Appropriation Account 1960-61;
 Army (Royal Ordnance Factories) Accounts 1960-61;
 War Office (Purchasing (Repayment) Services) Appropriation Account 1960-61;
 National Hearth Service Accounts 1960-61 (2);
 Atomic Energy Authority Balance Sheet;
 Navy Appropriation Accounts 1960-61.
 British Broadcasting Corporation Annual Report and Accounts 1961-62;
 Transport (Railway Finances) Accounts 1960-61;
 Local Employment Act Accounts 1960-61;
 Development of Inventions Account 1960-61;
 National Research Development Corporation Report and Statement of Accounts for the year 1960-61;
 Herring Industry Accounts 1960-61;
 Air Services Appropriation Account 1960-61;
 Special Report from the Committee of Public Accounts for the 1962-63 Session;
 Copy of Hansard for Thursday, 6th December, 1962, which includes Committee of Public Accounts Reports;
 Statement of Excesses and Civil Estimates 1960-61;
 Revenue Department's Appropriation Accounts 1960-61;
 Trading Accounts and Balance Sheets 1960-61;
 Civil Appropriation Accounts, Classes 1 to 5, 1960-61;
 Civil Appropriation Accounts, Classes 6 to 10, 1960-61.

I found the experience in making this contact with the United Kingdom Public Accounts Committee of great benefit to me personally, and trust that this report and the information tabled will assist our Tasmanian Public Accounts Committee in its valuable work.