



1976

PARLIAMENT OF TASMANIA

PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

REPORT ON AUDITOR-GENERAL'S REPORT 1976

Laid upon the Tables of both Houses of Parliament on 17 November 1977

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 Bisdee
Mr Gregory
Mr W. C. Hodgman

HOUSE OF ASSEMBLY

Mr Mather (Chairman)
Mr Aulich
Mr Sherry

REPORT

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

Because of the dissolution of the House of Assembly in November 1976, the Committee was not able to commence its enquiries into the Auditor-General's Report until the appointment of the new Committee in February 1977. The usual procedure was followed of discussing with the Auditor-General his Report. In this case, the discussions were held with the new Auditor-General, Mr J. G. Lennox, who had succeeded the author of the Report.

Arising from this meeting, the Committee decided to hear evidence on selected matters.

The Committee take this opportunity to express our appreciation of the work done by the former Auditor-General, Mr N. E. Casey. In particular, we are grateful for the co-operation and helpfulness which he invariably extended to the Committee.

Housing Department—Sale of Land and Purchase of Dwellings at Battery Point (Reference: Auditor-General's Report pp. 13-14, 112-116)

The Auditor-General commented at length on the results of a thorough examination of the operations and procedures of the Property Branch of the Housing Department 'which is responsible to the Director for activities relating to the purchase of land and dwellings, the leasing and sale of commercial properties and land held for future development, and matters relating to those transactions such as insurance, agreements and contracts. The examination has proved anything but satisfactory.'

Two of the matters of most concern to the Auditor-General were the occurrence of speculation for profit by private individuals in the purchase and sale of blocks of land sold cheaply by the Department and the purchase in 1973 of dwellings in Battery Point, 'a dubious use of welfare housing funds'. The land sales commented upon by the Auditor-General concern land intended for sale cheaply to young couples, to enable them to build to their own designs and to ensure some variety in style in subdivisions.

Under the terms of the contract of sale in force during the period of audit review (1973-75), a purchaser was not entitled to transfer of the land until he had 'commenced construction or satisfied the Director that he was ready to commence building operations.'. By referring to local Councils and Land Valuation Branch records, the Auditors had established that, in breach of their contracts, some purchasers had sold their land prior to the Director of Housing being paid in full and before building construction had commenced.

In a number of cases examined it appeared that upon payment in full to the Department of the purchase money by the original purchaser, an inspection was made of the block concerned by departmental officers who reported whether or not building had commenced, and if so, a transfer of title was effected, but in the cases referred to the Minister, construction was in fact being carried out by the new purchasers and not the original purchasers to whom the Director had sold the land and to whom the Director then handed title with no evidence other than a visual inspection of work on the blocks concerned.

In evidence before the Committee, the Director of Housing said that the Department had been selling land to home builders since 1949. He said that sales schemes prior to 1971 had met with limited success because there appeared to be prejudice against buying land in Department subdivisions. It was decided in 1971 to take action to create a demand and for this purpose, the Department sought the assistance of speculative builders to buy land and build houses within subdivisions. Later, during 1974-75, due to the rapidly escalating prices of both land and housing in the private sector, it was felt that eligibility should be limited to people entitled to purchase land at concessional prices and requiring speculative builders to pay the full market value of the land.

In calling the Director, the Committee gave notice to him that one of the matters to be raised was when did the various components of the Housing Department first become aware that speculation was occurring and what reaction followed? In his prepared submission, the Director said:—

With regard to the question of the Department becoming aware of speculation occurring, there were two significant matters raised. An unsubstantiated accusation of speculation had been made to the Department in 1974. An investigation was made and specific assurances were given by a Solicitor refuting the suggestion that the original purchaser was attempting to avoid her obligations under the contract. As a result of those specific assurances and in the absence of any further documentary evidence, the matter was allowed to lapse.

The second period occurred in March 1976 when the Auditor-General referred the question to the Minister for Housing. All land sales were immediately frozen. The Department then proceeded with a comprehensive review of its land sales scheme in consultation with the Auditor-General, and has instituted a revised scheme that should limit the opportunity for speculation without making the scheme unworkable. Details of the terms and conditions of the new scheme are shown on the attached schedule.

The schedule mentioned, which appears adequately to meet the problem, is as follows:—

SCHEDULE

(A) TERMS AND CONDITIONS OF SALE OF LAND TO HOME BUILDERS

1.—

(a) *Deposit*: \$750 payable on the signing of the contract. This amount should be forwarded to the Department when the contract is returned, completed by yourself.

(b) *Cash Sales*: Balance owing to be paid within thirty (30) days of the date of the agreement, this being the date that the contract is signed by the Director of Housing.

Under this contract the purchaser must commence the erection of a dwelling house for his own occupation with 2 years of the date of the contract.

(c) *Terms Sale*: Balance owing to be paid in equal monthly instalments of principal and interest over a maximum period of five (5) years.

Under this contract the purchaser must commence the erection of a dwelling house for his own occupation within 5½ years of the date of the contract.

(d) On the issue of title to the allotment the Director may lodge with the Recorder of Titles a Notification against the title, as referred to in Note 2 above, the effect of which is to prevent the re-sale of the allotment for a period of five (5) years from the issue of the title, unless permission is granted by the Director of Housing.

2. Prior to the issue of title a purchaser will be required to make a written application and declaration in the following terms:—

'I/We of being the purchaser(s) of Lot on Subdivision situated at do hereby make application for the issue of title to the said allotment and do solemnly and sincerely declare as follows:—

(a) I am/We are one and the same person(s) as the person(s) named as Purchaser(s) in the Contract of Sale made the day of 19.... with the Director of Housing in respect of the allotment situated at

* (b) I/We have commenced the building on that allotment of a single private dwelling house but not units for the purpose of providing a residence for myself/ourselves and my/our dependants.

* (c) I/We intend to commence the building on that allotment of a single private dwelling house but not units for the purpose of providing a residence for myself/ourselves and my/our dependants and that title is required as security for a home building loan granted by written evidence of which is attached.

(d) I/We have not let, sublet or otherwise parted with the possession of that allotment or any part thereof nor have sold assigned transferred or charged the same or any interest therein nor have assigned the benefit of the said Contract of Sale nor entered into any agreement so to do.

(e) Upon completion of the said dwelling house I/We and my/our dependants will reside therein.

* Cross out and initial the clause not applicable.

And I/we make this solemn declaration under and by virtue of the provisions of Section 132 of the Evidence Act 1910.

3. In the event of any of the information disclosed in the application being untrue the Director of Housing may decline to proceed with the sale or enter into a Contract of Sale notwithstanding the payment and acceptance of a deposit.

(B) CLASSES OF APPLICANTS

1. *Genuine Home Builder(s)*: Any person or couple who wishes to purchase an allotment in order to provide a home for their own occupation.

2. *Genuine First Home Builder(s)*: Any person or couple who comply with the definition under (1) and who can demonstrate that he/they have never owned a suitable dwelling house previously.
3. *Other Home Builders*: Any person or company who wish to purchase an allotment and erect a house thereon (not for their occupation).

(C) SALE PRICE

1. *Genuine Home Builder*:

- (1) A Class Land—Valuation or Cost + 10% whichever is the greater.
- (2) B Class Land—The mean of Cost and Valuation or Cost + 10%, whichever is the greater.

2. *Genuine First Home Builder*:

- (1) A Class Land—Valuation or Cost + 10% whichever is the greater.
- (2) B Class Land—Cost + 10%.

3. *Other Home Builders*:

- (1) A Class Land—Valuation or Cost + 10% whichever is the greater.
- (2) B Class Land—Mean of Cost and Valuation or Cost + 10%, whichever is the greater.

N.B.—For definition of A and B Class Land refer to body of report.

(D) APPLICATIONS FOR TITLE

Purchasers will receive title when they have—

- (a) Paid in full.
- (b) Executed a statutory declaration as per A.2 above.
- (c) Department officers have certified that they have been advised by the local authority that plans have been lodged for the erection of a house in the name of the purchaser, that an inspection of the lot has revealed that construction has commenced and that no transfer document has been lodged with the local authority relative to the land.

Where a transfer is required to enable the raising of finance, a written request from a lending institution will be required stating that a loan has been approved and that title is required for security purposes.

Procedures for costing land for sale were explained by departmental witnesses. The cost per lot of actual physical development is calculated by dividing the total development cost (including raw land) by the total number of lots. This exercise is carried out each six months, applied to all areas under development in each region and a weighted average cost per lot is determined for each region. To this figure is added, in the case of land for sale, a flat 10 per cent to cover administration and on-going holding charges and interest. The Director said that from experience this percentage is sufficient to ensure that the actual cost to the Department is recovered and, as the basic cost is revised each six months, the Department will not be placed in a loss situation.

Provided that speculation in land is not allowed to occur, the Committee believe that these costing and pricing procedures are satisfactory.

The Director of Housing also gave evidence to the Committee on the purchase of three dwellings at Battery Point.

He said that in December 1973, the Department was instructed by the Government to purchase Numbers 2, 4 and 6 Battery Square that were to be auctioned by the Marine Board. He said that this instruction originated out of a concern by the Government that these houses should not be purchased privately as it was required to ensure that they were not redeveloped in a manner inconsistent with the objectives of the Battery Point Plan.

Housing Department funds were utilised as they were an available source of finance to the Government at short notice and there appears to be no other reason for the Department being involved in these purchases.

In October 1974, the Department investigated the possibility of disposing of one of the properties to the then occupier. However, in discussion with the Valuer-General it was intimated that an assurance had been given to the Marine Board that the houses, once purchased by the Department, would not be transferred out of the ownership of the Crown and, therefore, the matter was not proceeded with.

At the same time, 4 Battery Square was purchased from the Department by the Lands Department and the remaining two properties were let.

In November 1975, the Department tried to have the Lands Department buy the remaining two properties, but the latter did not have funds available.

In June 1976, the Minister instructed that the Department could dispose of the properties by private treaty and the Valuer-General was requested to provide current market valuations. He advised that it would be inappropriate for these dwellings to be sold as it would contravene the understanding between the Marine Board and the Government.

In August 1976 an attempt was made by the Department to clarify the situation in relation to the sale of the two remaining houses, and the intention of the Government to proceed with the sales was confirmed by memorandum from the then Minister for Housing to the Auditor-General dated 13 September 1976.

In October 1976 in response to some queries raised by a local resident as to the future of the houses, Cabinet reconsidered the matter and directed that the properties should not be sold at this stage but remain rented by the Housing Department.

Totalizator Agency Board

On page 173, the Auditor-General directed attention to unsatisfactory features in the operation of agencies and branches. He specified inadequate controls over such functions as overdrawn telephone betting accounts, unused betting tickets, the reporting of investment and dividend errors, and the accounting for cash movements. 'These deficiencies indicate that more attention must be given to supervision and inspection of agencies and branches.'

The Board was called to give evidence on these controls and the Chairman said that 'there were some features unsatisfactory in a sense, but a number of things the Auditor-General had referred to were not in our mind as alarming as might appear'. As to overdrawn telephone betting accounts, he explained that debts of \$490 had been written-off in a total turnover of \$3 000 000. He pointed out that as the Board had only just begun operating, some teething problems were to be expected. Over 12 000 000 betting tickets had been written in 1975-76 and some irregularities were inevitable. He agreed with the Auditor-General that some closer supervision of agencies was necessary and this had been effected through internal auditors and regional managers.

The Committee accept that some accounting problems in the early stages of an operation of this type are not surprising.

Bowling Greens—Royal Derwent Hospital

On page 73 of his Report, the Auditor-General commented as follows:—

A contract for an amount of \$44 200 was let in March 1973 for the construction of a bowling green at Royal Derwent Hospital and of this amount \$32 290 had been expended when the contract was cancelled in October 1974 because of the failure of the contractor to complete the work in the terms of the contract.

To enable the work to be completed, a new contract was let amounting to \$29 840 plus an additional amount of \$7 965 for authorised extra work. At 30 June 1976 an amount of \$36 415 had been expended in respect of this contract, increasing the overall cost to \$68 705.

I understand that it is intended to institute action to recover the cost of the project in excess of the amount of the original contract.

The Committee heard evidence from the client, the Mental Health Services Commission, and from the Department of Construction. This project originated in November 1972 when the Minister for Health approved the calling of tenders for the construction of two bowling greens at an estimated cost of \$45 000. On 1 March 1973, he approved acceptance of the tender of Southern Cartage and Excavators for the amount of \$44 199.70. The time for completion was sixteen weeks. Progress payments totalling \$32 000 were made by the Mental Health Services Commission, the last on 25 March 1974.

On 2 May 1974, the Secretary/Manager of the Hospital advised the Commission that the contract was not proceeding satisfactorily. The Public Works Department was advised accordingly and on 26 June 1974 the Director of Public Works forwarded copies of a request by the contractor for an extension of time and a report by the Consultant Engineers who agreed that the standard of workmanship was not good and recommended, among other things, that the playing surface be rotary hoed, left fallow for the winter months and resown in the spring by a competent landscape gardener.

On 5 September, the Secretary/Manager of the Hospital again advised the Commission that progress was completely unsatisfactory. This was some fourteen months after the time for completion had expired.

The Director of Public Works was asked to take urgent action and on 19 September 1974 he advised that the contractor had been given until 4 October to complete the work. The contract was cancelled on 31 October 1974. Because no tenders to complete the work were received, local offers were called and in August 1975, a contract was let to R. Stoneman for \$29 840. Again the period allowed was sixteen weeks. In the course of this completion, additional works to the value of \$10 657 were authorised. The work was completed in October 1976.

The Department of Construction told the Committee that the work was supervised by Consultants, Fowler, England and Newton and provided a list of the inspection dates. There were twenty-nine inspections in 1973 and eight in 1974, including one on 20 February 1974, prior to the issuing of a certificate on 28 February 1974 for the last progress payment which was made.

This matter illustrates the difficulties and extra costs likely to occur when specialised work is given to a tenderer who is inexperienced in the field and the need for thorough examination of the ability of tenderers to carry out the work.

Solicitor-General's Department—Storage Facilities for Court Security Documents and Court Exhibits

On page 39 of his Report, the Auditor-General said that in his report on the last audit of the Department's accounts he drew attention to inadequate storage facilities for Crown security documents and Court exhibits held in the custody of the Solicitor-General. 'Because of the seriousness of the matter I also advised the Attorney-General and the Treasurer of my concern. I was subsequently informed that arrangements were in hand for the transfer of documents to a secure area but from recent enquiries it appears the transfer has not yet been effected.'

The Solicitor-General gave evidence to the Committee on this matter which he said been raised by the Auditor-General in December 1975.

The problem arose because the Solicitor-General had to remove documents from a room in the basement of the Macquarie Street Public Buildings which had proved unsatisfactory because of dampness. They were taken to an insecure location in a third-floor office.

In response to the Auditor-General's criticism of the new location, the Attorney-General in February 1976 offered the use of a strongroom under his offices at Franklin Square which was to be available for the purpose in April 1976 when the Attorney-General expected to move to the new Savings Bank of Tasmania Building. However, the Attorney-General was not able to move into his new offices in April.

The matter was satisfactorily resolved in October 1976 when the strongroom became available. The Solicitor-General's Department now has a safe at the Supreme Court Building.

Department of Social Welfare—Accounts

On page 79 of the Report, the Auditor-General commented as follows:—

The last audit of the Department's accounts was carried out during April/May 1976. Unfortunately the standard of accounting had deteriorated since the previous examination and sections of the accounts were found to be in arrears or in an unreconciled state. Instability in Accounts Section staffing with regular officers absent for protracted periods and the necessity to engage relatively inexperienced relief staff appeared to have been the cause of the unsatisfactory situation. The Department does not have an Accountant on its establishment and is weak in experienced Accounts personnel.

The Director of Social Welfare was called to reply to these comments. He said that the comments of the Auditor-General referred to the departmental advance account in particular. At the time of audit, this account was unreconciled as from November 1975 and this was brought about by the fact that the Advance Account Clerk at the time the Department moved to its present address during November 1975, and for further periods up to the time that this officer resigned in June 1976, was absent on sick leave. 'This officer was not capable of bringing her work up-to-date prior to her resignation. Continuity was therefore lost in several important aspects of the duties, relieving officers not being able to cope.'

He said that two senior officers, after several weeks of internal checking, had eliminated most errors. It was concluded that these discrepancies occurred for two reasons: incorrect work by the Advance Account Clerk due to the personal problems which led to her resignation; and an increased volume of work which had grown beyond the capacity of the checking and book-keeping system.

Treasury approval was obtained to write-off discrepancies by adjustment to the account. The Committee were told that some 30 000 cheques per year are issued from this account, involving some \$3 000 000. The adjustment by the Treasury was \$147·50. Following this adjustment, the Advance Account was reorganised to simplify handling, checking and control. The Committee were told that the new system had now been operating successfully for a year and that all aspects of departmental accounting are up-to-date at this stage.

The Department expected to appoint an Accountant at Head Office in November 1977, to supervise and control all departmental accounting procedures. As a qualified officer, the Accountant would be required to supply data and feasibility studies to the Treasury on departmental requirements as to the possibility of using computers to handle accounting systems.

Tasmanian Government Insurance Board

On page 168 the Auditor-General criticised aspects of the Board's accounts under several headings. These are listed separately with the explanations given by the General Manager of the Tasmanian Government Insurance Office.

Financial Statements 1973-74

In my last Report I referred to the decision to withdraw from examination of the 1973-74 General Fund due to documentation necessary for continuance of the audit being mislaid.

The audit was resumed in November; however, the aforesaid documentation was still unavailable. Additionally, numerous audit queries remained outstanding from the previous examination and these together with discovery of several posting errors which necessitated redrafting of the 1973-74 Statements resulted in further delays prior to the examination being completed.

The Committee were told that the audit of the 1973-74 accounts commenced early in November 1974 and from that date the files of working papers were either available to the Audit Officers or in their possession. The audit of the various funds was undertaken and the General Manager believed completed in respect to the Hospital Fund, Medical Fund and Apple and Pear Crop Fund. He said he believed that the detailed checking of the General Fund was completed also. However, when the verification of the Funds statements was undertaken by the Auditors, the detailed working papers necessary for the completion of that task could not be found. To the best of his knowledge, he said, the working papers referred to had been included in the file of papers supporting the Accounts which had been handed to the Audit Inspector at the time he commenced his audit. 'It would appear that the working papers were mislaid by the Auditor.'

As soon as the loss became known the Auditor was informed that the working papers would be rewritten but that, in view of the proximity of a Board meeting and the necessity for the Financial Controller and the General Manager to visit Canberra in order to discuss the possibility of a Medibank

Agency for the T.G.I.O., it would be several weeks before duplicate working papers would be available. He said he understood that the Auditor accepted this situation and indicated that he would commence another audit and return to the T.G.I.O. after a period of approximately three weeks. He said he was informed that the Auditor did not return to the audit until November 1975 and at that time he noted that the Auditor-General has stated in his Report that the documentation was still unavailable. The General Manager said he could offer no other reason why this was so. However, the working papers were provided to the Auditor within a short time after he had resumed his audit in November 1975.

Financial Statements 1974-75 and Launceston Branch

Examination of 1974-75 Accounts was subject to delays due to difficulties in locating all the prime accounting records necessary for continuance of the audit. Once again, numerous queries resulted from lack of supervision over systems for storage of completed underwriting documents. Recognition is given to the fact that the audit was conducted over a period when the office was in the process of moving premises from Argyle Street to Macquarie Street; however, the unavailability of records far exceeded that which would normally be expected in such circumstances.

Operating results of the Launceston Branch are incorporated in the Hobart Statement for the purpose of providing an overall result of the year's transactions.

Examination of 1974-75 accounting records by my officers produced similar delays to those encountered in the Hobart branch. The standard of accounting previously regarded as barely acceptable was considered to have deteriorated during 1974-75. Deferment for several weeks was necessary in order that records could be updated.

The main problem experienced during 1974-75 which resulted in the delay in the finalisation of the Accounts for the year ended 30 June 1975 was a decision to purchase accounting machines for the Hobart and Launceston Branches which in turn involved the introduction of new systems within T.G.I.O. necessitating a retraining of staff.

Although the accounting machines had been promised for delivery so as to be able to commence operating from 1 July 1974 this was not the case and as a result arrears of work accumulated. The same situation prevailed in the Hobart and Launceston offices and despite continuous overtime on the part of the staff, the arrears of work were not overcome to enable completion of the 1974-75 Accounts until September 1975. At that time, the Accounts were presented to the Board. The Board raised a number of queries in relation to provisions contained in the Accounts and as a result acceptance of the Accounts was delayed until the Board meeting held on 12 October 1975. The Accounts were then forwarded to the Auditor-General.

The Auditor-General in relation to the 1974-75 Accounts and in respect to both the Hobart and Launceston operations of T.G.I.O. indicated that numerous queries resulted during the audit from lack of supervision over systems for storage of completed underwriting documents. The Report recognises the fact that the audit was conducted during a period when the Office was in the process of moving premises from Argyle Street to Macquarie Street. The General Manager of the T.G.I.O. said that the storage of underwriting records in the Argyle Street Office was a divided function and the responsibility for the proper storage of those documents rested with each individual department: 'I accept that this was an unsatisfactory arrangement caused by the lack of space in the Argyle Street Office. At the time of the transfer to Macquarie Street, a number of records which normally would have been available to the Auditor were inadvertently moved from Argyle Street and destroyed. As a result of the move to Macquarie Street and the added space available for the storage and filing of records, the whole filing system is under the control of one person.'

The General Manager of the T.G.I.O. conceded that deficiencies have existed within the Accounts Department of the Office. He outlined the remedial action which the Board has taken:—

- (1) In 1973 a new position of Secretary to the Board and Financial Controller was created. Mr W. J. Sinclair was appointed to the position.
- (2) In 1975 it was found that, because of the pressure of Board work, Mr Sinclair was unable effectively to carry out the joint duties of Secretary and Financial Controller. As a result of this, a new position of Financial Controller was created.

- (3) The Financial Controller, whilst academically qualified for the position, was unable effectively to reduce and overcome the problems which existed in the Accounts Department. A new position of Finance Manager was created above that of Financial Controller to strengthen and effect overall control of the financial management of T.G.I.O. The Finance Manager is responsible direct to myself as General Manager.
- (4) In December 1976, Mr R. W. Sewell was appointed to the position of Finance Manager but at the same time the Financial Controller resigned. Mr J. H. Woodward will commence duty with T.G.I.O. on 16 May as a replacement.
- (5) In my opinion there has been a substantial improvement in the work of the Accounts Department, particularly since the appointment of Mr Sewell. I expect that improvement to continue when Mr Woodward commences duty.

A cause of concern within the Accounts Department for some time now has been the lack of capacity within the existing accounting machines located within Hobart and Launceston to be able to perform the accounting tasks for which they have been programmed. The position in T.G.I.O. has reached a stage where, on a manual basis, little further improvement can be made to the accounting systems even if further accounting machines were purchased to overcome the capacity problem. In other words, the purchase of new accounting machines, although providing added capacity, would not improve a system which has become inefficient by virtue of the increase in the volume of business transacted by T.G.I.O. As a result of this, T.G.I.O. recently purchased a package program designed for the use of three General Insurance Companies operating in Victoria, and is presently in the course of transferring some of its accounting operations to computer on a bureau basis.

As the changeover is effected, so the accounting machines will be relieved of some of the work load which is presently resulting in capacity problems. This in turn will enable the Accounts Department to become a more efficient branch of T.G.I.O.

The Committee are satisfied that the Board, and the General Manager in particular, appreciate the extent of the improvement in accounting performance required and the Committee will watch the situation in future years.

Police Overtime and Penalty Payments

On page 41 of the Auditor-General's Report, it is noted that expenditure on Salaries, including Special Allowances to Officers appointed under Police Regulation Act 1898 was \$11 781 744 against the appropriation of \$11 035 000.

In the six months prior to 31 March 1976, overtime payments to Police Officers amounted to \$1 028 358 or the equivalent of 23.6 per cent of basic salaries paid in the same period. In the pay period ended 31 March 1976, which included the opening of the Police Academy involving above average overtime and penalty payments to seven officers, it was noted that ninety of approximately 1 000 officers received in excess of \$200 in overtime for the fortnight. In the same pay period there were more than 100 occasions on which less than four hours were worked by officers on recall and for which minimum payments equivalent to four hours work at the rate of time and a half were required to be made under the award. In response to Audit enquiry concerning steps taken to minimise recalls and overtime, it was stated that a review was being undertaken by the Department's Planning and Research Section, the results of which are to be made available for my information when available.

Police Department witnesses told the Committee that with the aid of computer printouts which, since August 1976, have been available for fortnightly scrutiny by senior staff, it has been possible to follow the incidence of overtime and penalty rate work in Police Divisions. The reasons for fluctuations can thus be investigated.

In April 1976, the Department commenced research into the overtime question.

A circular directive to District Superintendents acquainting them with the undertaking had stimulated an awareness which, from a personal viewpoint, did not appear to have been previously evident to the same extent. Even if the exercise had failed to identify anything worthwhile, it would appear that greater awareness now evident from District Superintendents and Divisional Inspectors has, in itself, justified the exercise.

The Committee were told that it became clear early in the course of this survey by the Police Planning and Research Section that because of wide variations in local conditions each geographical area had to be viewed in isolation. The witness explained at some length the complications involved in Police overtime. The Committee were told that the survey had concluded that in some areas there had been excessive overtime by way of recall and continuation of duty, though the extent of the excess was impossible to determine. It was felt that the key to effecting economies lay in the man-management abilities of authorising officers.

Overtime is, and will continue to be, the financial scourge of every police department where such Award conditions apply. No police force can function effectively without incurring a substantial number of man-hours in overtime. Whether those hours are paid for or not they will occur as a consequence of the very profession itself. It therefore becomes incumbent upon every officer, or sub-officer, to ensure that nothing but the most pressing and demanding of police duties are undertaken by utilising the overtime provisions. Every care should be taken to minimise the matter of 'over policing' referred to so many times throughout this report.

The survey led to the drawing up of recommendations to the Commissioner. These recommendations are quite far reaching. It is proposed that policy guidelines be produced to cover the working of overtime and man-management techniques. A significant recommendation is that all superintendents be required *personally* to undertake half-yearly inspections of divisional overtime records within their district and to submit reports showing—

- (a) the extent of overtime worked for the relevant period in their district;
- (b) comparative figures in relation to previous returns;
- (c) the extent and category of overtime as recorded by divisional inspectors for Court work, general recall, continuation of duty and so on for each division under their control;
- (d) their explanation for any variations whether by way of increase or decrease in the actual hours of overtime worked;
- (e) what recommendations are advanced for the reduction in areas showing increased hours;
- (f) what action they have taken in relation to any increase in overtime hours.
- (g) any other information which they consider to be relevant to the overtime situation in their district or any division, branch, or section under their control.

Other recommendations deal with lines of responsibility and procedures for setting rosters and authorising recording and assessing of the overtime worked. The recommendations emphasise management techniques rather than attempting to meet the problem by overall rules.

The Committee note that the Auditor-General, in his 1977 Report (page 49), refers to the recommendations, 'which if adopted and maintained should result in the achievement of a greater degree of control'. The Committee agree that the recommendations appear to constitute a sound way of handling overtime which must always remain as an extensive and unavoidable part of Police work, to be handled with judgement and close supervision.

Forestry Commission Pulpwood Royalties

The Committee noted the following comments on page 84 of the Auditor-General's Report:—

Reference is made on pages 86 to 88 of this Report to the woodchip and pulp-producing companies which operate under special arrangements with the Commission as regards their procurements of pulpwood and the royalties payable thereon.

I have been assured that improved procedural checks are now being carried out by the Commission's field officers on the quantities of pulpwood obtained by these companies and the usage by carters of Forestry roads. The matter is at present under review by my officers.

The Committee heard evidence from the Chief Commissioner for Forests and were given details of the procedures now in use with the companies. Essentially what occurs is that the companies themselves keep the records and pay royalties on periodic returns made to the Commission, whose officers carry out checks as far as is necessary to ensure that the returns are accurate. The procedures which apply in one case will serve to illustrate the system, which the Committee are satisfied provides adequate control.

Tasmanian Pulp and Forest Holdings Ltd (T.P.F.H.)—Triabunna

The District forester issues a Cutting Approval Advice (C.A.A.) for each coupe showing the area to be cut together with other relevant data including royalty rates and road charges payable for sawlogs and pulpwood.

Monthly returns are made by T.P.F.H. to Head Office where royalty rates and road charges are checked against C.A.A.'s and additions and extensions are checked. Separate returns are received for the special licence and for General Forest Permit No. 46.

The returns include—

- (a) a summary of pulpwood weights delivered by contractors and coupes;
- (b) a summary of sawlog volumes delivered by coupe, contractor, consignee sawmill and the royalty payable thereon together with copies of T.P.F.H. sawlog delivery docket.
- (c) a return of pulpwood with bark and without bark and royalty payable thereon.
- (d) a return of sawlogs by coupes and royalty payable thereon.

District office carries out the following checks—

- (a) that the correct coupes are stated in the returns for sawlogs and pulpwood.
- (b) that all T.P.F.H. and Commission sawlog delivery docket numbers are accounted for.

Once in each 3 months a check is made covering a period of 2 days in the previous 3 months that the weighbridge weights on all pulpwood delivery docket numbers agree with the T.P.F.H. return.

Random checks of pulpwood loads for correct log segregation and marking and completion of pulpwood docket numbers are made in the field each month and a subsequent search is made in T.P.F.H. returns for the pulpwood delivery docket numbers in question.

Random checks of sawlog loads for accuracy of log measurement are made in the field each month and a subsequent search is made in T.P.F.H.'s royalty return for the sawlog delivery docket numbers in question.

Metropolitan Transport Trust—Stock Discrepancies in Inventory Stores

On page 219 of the Report, the following comments appear:—

In respect of Hobart a further increase in stock discrepancies was revealed and I have recommended that a program of continuous internal checking should be introduced, thus enabling variations to be detected more promptly than under the present system.

I have also informed the Chairman of an apparent breakdown in the system of inventory recording, and await advice on both these matters.

With respect to stock discrepancies, the explanation given in evidence from the Trust was that the large percentage of discrepancies found by the Auditors could be attributed to lack of stores staff rather than the existence of actual shortages in stock.

It was explained that during 1975-76 an acute shortage of clerical staff prevented the progressive checking of physical stock, but a complete stock-take was carried out on 25 and 26 June 1976. From the checking of all 3 000 stock items, a total 367 discrepancies were found (12 per cent). These discrepancies involved shortages valued at \$5 588 and surplus valued at \$5 004 (net shortage \$584).

The Audit Department had carried out a sample check of 84 items on 8 June 1976, prior to the Trust's complete stocktake, and found 34 discrepancies (40 per cent).

During 1976-77 it had been possible to carry out a progressive check of all stock items, which was completed at the end of the financial year, on 2 July 1977. On this occasion a total of 202 discrepancies were found (7 per cent). The net shortage was \$205. The Audit Department sample check of 100 items on 5 July 1977 found 11 per cent discrepancy and the report of the Auditor-General following this audit check was:—

This is a considerable improvement on last year's result when the discrepancy rate was 46 per cent, and the improvement can in some measure be attributed to the increased internal checking activity during the year.

The breakdown in inventory recording referred to concerned the occurrence of allocating one inventory group number to quantities of items, for example—

Item 508—50 x Steel Lockers.

Item 502—4 x Tables.

Item 521—24 x Canteen Chairs.

Item 523—4 x Office Tables.

As the Auditor-General had pointed out, the accession system is rendered completely ineffective unless the correct procedures are strictly adhered to, namely, one number for one item.

The Metropolitan Transport Trust conceded that this had occurred with emergency purchases following the Tasman Bridge disaster and told the Committee that the inventories had since been corrected.

Committee Room,
Legislative Council.
8 November 1977.

R. MATHER, Chairman.