



1973

PARLIAMENT OF TASMANIA

# **PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS**

## **GENERAL REPORT FOR YEAR 1972-73**

*Laid upon the Tables of both Houses of Parliament and ordered to be printed*

# PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

## GENERAL REPORT FOR YEAR 1972-73

The Committee was appointed under the provisions of section 2 of the Public Accounts Committee Act 1970.

### MEMBERS OF THE COMMITTEE

#### LEGISLATIVE COUNCIL

Mr Bisdee  
Mr Gregory  
Mr McKay

#### HOUSE OF ASSEMBLY

Mr Mather (Chairman)  
Mr Baldock  
Mr Corby

These members were appointed at the opening of the First Session of the Thirty-sixth Parliament on 7 June 1972, with the exception of Mr Baldock who was appointed on 17 October 1972, in place of Mr Lohrey.

The functions of the Committee are set out in section 6—

(1) It is the function of the Committee to examine—

(a) the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure; and

(b) such other accounts laid before Parliament as the Committee may think fit;

and to report to both Houses of Parliament, with such comment as it thinks fit, on any matter arising in connection with those accounts or in connection with the receipt or disbursement of the moneys to which they relate to which it is of opinion the attention of Parliament should be drawn.

(2) Where either House of Parliament refers to the Committee for examination any matter arising in connection with the accounts referred to in paragraph (2) of subsection (1) of this section, or any other accounts laid before Parliament, or in connection with the receipt or disbursement of the moneys to which any of those accounts relate, the Committee shall, as soon as practicable, carry out that examination, and report thereon to both Houses of Parliament, with such comment as it thinks fit.

During the year 1 July 1972 to 30 June 1973, a General Report for 1971-72 (Paper No. 22 of 1972), containing explanations of significant under or over spending in sixty-two items of the Consolidated Revenue Fund Appropriation Act 1970-71, was presented. Included in this Report was Treasury evidence on comments by the Auditor-General on the State Public Debt.

The committee also reported on Mechanical Services, Department of Agriculture New Town Laboratories (Paper No. 60 of 1972).

#### **Bell Bay Railway and Associated Works:**

Following its presentation to Parliament, the Committee met the Auditor-General to discuss his 1972 Report (Paper No. 38 of 1972). The Auditor-General elaborated upon the more important sections of his Report. As a result inquiries were carried out on number of matters. The most important of these was the Bell Ball Railway and Associated Works. The Auditor-General had commented at some length in both his Report and before the Committee on the cost escalation, freight rates and Commonwealth assistance for this project. The Committee decided to investigate these matters fully and a separate report will be made to Parliament.

#### **Department of Social Welfare: Accounting Staff:**

On page 35 of his 1972 Report, the Auditor-General commented on the Department of Social Welfare as follows:—

Over the past three years I have been required to report adversely each year on the accounts of this Department. My last report under date 5 April 1972, drew the Director's attention to a serious deterioration in internal controls and arrears of work. Whilst I appreciated that administration of the Department created special problems in the distribution of relief funds I was obliged to point out that the weaknesses disclosed by the audit were indicative of lack of proper supervision over the flow of work and duties of the accounting staff.

In his reply under date 26 May 1972, the Director concurred with my observations but referred to extenuating circumstances which had prevailed over the past two years. These included the growth of Departmental activities, particularly Out-door Relief and its related problems, increased volume of claim vouchers, and the inadequacy of temporary staff employed until January 1972, for relief purposes. Although the staffing situation had improved since January and responsibilities for supervision had been re-assigned the Director had become aware of the need for an additional accounting staff officer to control the Accounts Section and be responsible for its efficiency and approval for the creation of this position was being sought. The Director also referred to steps being taken to obtain approval for the provision of modern mechanical accounting aids.

A review of Audit reports over recent years indicates that whilst some improvements have been achieved in the introduction of additional accounting records, there still appears to be a base cause which has yet to be corrected. In my opinion, the staffing of the Department has failed to keep pace with the growth in activities so far as accounting and other financial controls are concerned, and I have reported to the Public Service Commissioner accordingly.

The Director told the Committee in November 1972 that by the appointment of a Senior Clerk (Accounts) and a Machinist and the acquisition of an accounting machine, the position would be greatly improved. In September 1973, the Committee asked the Director how the new arrangements were working out. He advised that—

Under the supervision of the Senior Clerk (Accounts) the accounts section is now functioning efficiently. Full use is being made of the accounting machine which has enabled this section to improve on procedures.

Within the next two to three months, all back-log of accounts, of which there are not many at present, will be dealt with. The Officer-in-Charge of this section is fully aware of his responsibilities and there is no doubt—providing the work load remains around the present level—that the Departmental problems in this direction have been overcome.

The Committee have noted the general satisfaction with improvements in this Department expressed by the Auditor-General in his 1973 Report.

**Lands Department, Accounting Staff:**

In his 1972 Report, the Auditor-General stated that accounting procedures had been greatly improved in the Lands Department. The Committee asked the Director of Lands for information on how this had been brought about. He explained that the accounting staff had been increased by two, including a Senior Clerk to relieve the Accountant of the task of training subordinate staff and to provide day to day supervision. The Director said that the improved performance in the accounting section was largely due to the diligence and efficiency of the officer appointed to the new position of Senior Clerk. He also mentioned improved accommodation, better liaison with the real estate section and with the Treasury and overtime worked by some staff as contributing factors.

**State Government P.A.B.X. System, Subscriber Trunk Dialling:**

The Committee noted the Auditor-General's comments on S.T.D. calls in his 1972 Report (page 34).

Subscriber trunk dialling however is still considered to be the principal factor contributing to the continuation of the high level of metered call charges.

The costs of P.E.T.R.A. equipment which serves as a means of policing S.T.D. calls originating from extensions connected to the P.A.B.X. system are also reflected in annual charges to the item.

The Public Service Commissioner supplied the Committee with full information on the use of P.E.T.R.A. equipment. The Commissioner said that this equipment has been useful both as a deterrent and in detecting unauthorised calls. However the solution is to instal switch gear which has recently become available to limit trunk dialling capacity. The Commissioner assured the Committee that new equipment to be installed will incorporate the facility for barring S.T.D. usage from any extension where such usage is not required for the efficient discharge of the user's duties.

**Public Hospitals Overdrawn Accounts:**

The operating accounts of fifteen hospitals were reported by the Auditor-General in his 1972 Report (pp. 221-222) to have been overdrawn at 30 June 1972. The largest debit balances were—

Royal Hobart	.....	\$136 231
Launceston General	.....	\$79 014
North-Western General	.....	\$42 198

The Committee were informed by the Director-General of Health Services that supplementary grants to hospitals are assessed in May each year on results to the end of April—

The accuracy of this assessment can be influenced by a number of factors, namely:—

- (a) handing down of further awards during the latter period of the financial year;
- (b) revenue receipts falling short of anticipated figures;
- (c) the need to meet some urgent and unforeseen commitment;
- (d) overspending.

So far as 1971-72 was concerned all the above factors would have influenced the final result. A new National Wage determination was handed down in June 1972 and a number of hospitals made payment of the increases prior to 30 June although there was not time for additional finance to be made available. It will be appreciated that the cost of these payments would be quite significant. In some cases revenue receipts fell short of estimates either because occupied bed days were less than the estimates or collections fell short of anticipated amounts.

The Committee note that to some extent the debit balances brought forward from 1971-72 have been absorbed. The total net overdrawn accounts for all hospital boards at 30 June 1973 was \$108 186, compared with \$328 235 at 30 June 1972.

#### **Patients Transferred to Mainland Hospitals:**

Under this heading the Auditor-General made the following comment in his 1972 Report (p. 85):—

By arrangement with the Victorian Hospitals and Charities Commission, Tasmanian spinal case patients have in recent years been accepted for treatment at the Austin Hospital, Melbourne, when appropriate treatment has not been available in this State. In certain cases heart patients are also accepted from Tasmania for treatment at the Alfred Hospital in Melbourne.

Under the provisions of the Hospitals Act 1918, as amended by Act No. 58 of 1967, fees and charges resulting from this arrangement are being met by the Department of Health Services from funds specifically appropriated for the purpose. Prior to 1967-68, such accounts were rendered by the Department to the transferring hospitals for payment and recovery from the patients but the extent and responsibility of recovery now rests with the Minister for Health.

Net accounts totalling \$16 530 were received from the Austin Hospital during 1971-72 and paid by the Department. These represented gross fees, \$28 310, less \$11 780 received by the mainland hospitals mainly under hospital benefits or third party insurance claims.

Apart from a few instances where the mainland hospitals have collected amounts on its behalf, the Department has not recovered any part of the net accounts paid since 1967-68. Accounts totalling \$20 784 were remitted in 1971-72. The total amount outstanding at 30 June 1972 was \$94 649. I am informed that investigations into the possibility of further recoveries under third party, hospital and medical benefits and workers' compensation insurance are still continuing.

The Director-General advised the Committee that—

In discussion with the Mainland authorities, it has been reiterated on several occasions by those authorities that for the purposes of follow-up of outstanding accounts, Tasmanian patients are treated in exactly the same way as their own patients. It is pointed out that on one or two occasions, recoveries, which in some cases have been in respect of former patients, have more than exceeded the quarterly charges for the particular period and in those cases a cheque has been received from the Mainland Hospital.

However, it is emphasised that in spite of the follow-up by the Mainland authorities, it is still incumbent upon this Department to take the necessary steps for recovery wherever possible. The Auditor-General has been kept informed of the current situation. Appropriate letters are being finalised for sending to either solicitors, legal representatives or the persons concerned. It is realised, of course, that, bearing in mind the circumstances of the patients a fairly large proportion will need to be remitted.

Because of the nature of the injuries and illnesses, some of the patients have been involved in modifications to their homes, the provision of particular aids, etc., which would reduce the amounts available from insurance recoveries and other benefits. Each case will need to be treated on its merits.

#### **Outstanding Hospital Fees:**

Because of the continuing high level of fees outstanding to public hospitals (\$2 180 120 at 30 June 1972), the Committee asked the Director-General of Health Services what steps had been taken to implement the recommendation contained in the Committee's earlier Report on this matter (Paper No. 68 of 1971). This recommendation called for discussions to be held with a view to adopting the Victorian system of a fund of third party insurers, contributing on a pro-rata basis, which would meet hospital fees of traffic accident victims within one month.

The Director-General said that discussions had been held with members of the Underwriters' Association of Tasmania and the stage was being reached whereby such a scheme had been evolved. However, consequent upon change of Government and the preparation of a Bill for the introduction of 'No Fault Insurance',

it was mutually agreed that the negotiations for a scheme similar to that operating in Victoria should be deferred. It is understood that provision has been made in the legislation for the immediate payment of hospital, medical and ambulance fees.

#### Department of Agriculture: New Town Research Laboratories:

In a Report tabled 2 November 1972, the Committee found that despite the fact that over two years had elapsed since this building was occupied, the mechanical services, i.e. cool rooms and air conditioning were not yet working satisfactorily. It was recommended:—

1. That as a matter of urgent priority, the mechanical services be brought up to the required standard.
2. That the Public Works Department supervise closely the maintenance of plant, at least initially.
3. That the Department of Agriculture designate an officer employed at the Laboratories as responsible for the operation of the cool and warm rooms and also the heating system; and
4. That the Public Works Department develop improved procedures for supervising such installations in future projects, for dealing with complaints, and for instructing client departments in the methods of operation.

The Departments of Agriculture and Public Works have supplied progress reports to the Committee since this report was made. The latest report from the Public Works Department is as follows:—

#### COOL ROOMS

The nature of the air conditioning plant servicing the cool rooms, as has been indicated previously, is such that there has been a continuation of inherent faults which arise from time to time and although recent results would permit a certain amount of optimism, it is considered that constant attention by qualified personnel must continue at present.

During January of this year, subsequent to the completion of certain works, the equipment was considered satisfactory to permit full-scale load testing. Prior to this date, the specified temperature range was not obtainable in the cool rooms.

A meeting with the Department of Agriculture officers in January, evolved a series of 'fruit loadings' of the individual cool rooms and instruments were installed to monitor and record temperature and humidity in the appropriate rooms.

The cases of fruit were loaded on 15 February 1973 and the testing commenced shortly after.

This series of tests was interrupted during March and April by failures of defrost elements, until the efficiency of the compressors decreased to prevent satisfactory operation of the cool rooms. Expert opinion was called for and a representative from Messrs Carrier Pty Ltd, the Compressor Manufacturer, arrived on 14 May 1973 to inspect the plant and give his views.

It was stated that all compressors were suffering from oil dilution due to inefficient separation of oil from the refrigerant. This was caused by a fault in the initial design, and had resulted in a loss in operating efficiency of the machines and consequently a reduction in capacity.

It was necessary to eradicate this fault by fitting new oil separators and to recondition the compressors.

In view of the efforts which had already been made to bring this equipment to commissioning stage, consideration was again given to the anticipated costs involved and it was decided to renovate one compressor only.

The compressor was removed for dismantling and rebuilding at the Department's Moonah workshops and after a protracted delivery delay, the necessary spare parts arrived from Melbourne.

The rebuilt compressor was re-installed at the Laboratories during July 1973 and a new oil separator was also fitted, as recommended by the manufacturer. At this stage, it became apparent that the evaporator was not operating as required, due to a manufacturing fault and it was necessary to remove the internal tube bundle in order to make the necessary modifications.

The plant was recommissioned early this month, except for the remaining two compressors, and 'load tests' on the cool rooms have indicated that conditions required by the specification are being obtained.

Arrangements have been made with the Director of Agriculture for an actual 'fruit' load to be carried out during the beginning of next month, and if results prove to be satisfactory, the remaining compressors will be renovated.

#### HEATING SYSTEM

Since re-wiring of the heating elements was carried out in June 1972, there have been no further failures of this system.

It has however, been reported by the Department of Agriculture that uncomfortably high temperatures have been experienced in certain areas and the Department has in response carried out an investigation in which hydrothermograph recordings were made. Charts obtained indicate that space temperatures at the zone thermostat locations are being maintained within acceptable limits, but the higher levels of the building are being subjected to temperatures, which are in cases 6° C above the thermostat settings, since it is impossible to control these areas with the installation as it has been designed.

Solar gain also raises certain room temperatures to a similar degree and in view of the fact that this is a heating and ventilating system only with no cooling facilities provided, it is difficult, if not impossible to achieve the desired conditions, but, the situation could perhaps be slightly improved by the installation of solar screening.

The Committee note that this matter is receiving attention and trust that the cooling plant in particular will continue to receive priority.

Ministerial Party Room,  
Parliament House,  
13 November 1973.

R. MATHER, Chairman.