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LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

PUBLIC ACCOUNTS COMMITTEE

ANNUAL REPORT

YEAR ENDED 30 JUNE 1990

REPORT NUMBER 11

FEBRUARY 1991



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Secretariat

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PUBLIC ACCOUNTS COMMITTEE

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PUBLIC ACCOUNTS COMMITTEE

ANNUAL REPORT

YEAR ENDED 30 JUNE 1990

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<i>Meeting No. and Date</i>	<i>Type of Meeting</i>	<i>Key Agenda Items</i>	<i>Witness</i>
No. 54 19.6.90	Deliberative	- Biennial Conference	
	Briefing	- Neilson McCarthy Hare (Purchasing) - Department of Transport & Works (Purchasing) - Industries and Development (Actual and Contingent Liabilities)	Mr J Hare Mr R Norris Mr R Cavanagh Mr O Alder Mr R Cavanough Mr P Caldwell

<i>Meeting No. and Date</i>	<i>Type of Meeting</i>	<i>Key Agenda Items</i>	<i>Witness</i>
No. 49 6.12.89	Deliberative	- Grants-in-Aid	
	Luncheon Address	- Common Accounting Standards in the Private and Public Sections - Address by Prof. B Walker, University of NSW	
	Briefing	- NT Treasury (Auditor-General's 1988/89 Report)	Mr M Martin Ms K Egan
No. 50 6.2.90	Deliberative	- Biennial Conference - Grants-in-Aid - Actual and Contingent Liabilities - Auditor-General's Report - Purchasing	
No. 51 3.4.90	Deliberative	- Biennial Conference - Alice Springs Meeting - Actual and Contingent Liabilities - Consultants (Auditor-General's Report)	
	Briefing	- Miltner & Law Development Contracts & Consultants (Purchasing)	Mr M Milford
No. 52 11.5.90	Deliberative	- Inspection (Industrial Supplies Office)	
No. 53 15.5.90	Deliberative	- Australasian Council of PAC - AGM - Government Accounting Seminar - Informal Briefing by Drug & Alcohol Services Association - Grants-in-Aids - Actual and Contingent Liabilities - Purchasing	

CHAIRMAN'S REVIEW

In terms of Reports presented to the Legislative Assembly, for the financial year 1989/90 was not a particularly auspicious one for the Public Accounts Committee.

However, following the completion of a number of Reports in the previous year and the lack of staff for the first 4 months of the year, the Committee accepted and began working on a number of references. Those references included the Actual and Contingent Liabilities of the Northern Territory Government, the Reports of the Auditor-General 1987/88 and 1988/89, the Application of Northern Territory Government Grant-in-Aid Funding by Community Organisations and the Access by Interstate Businesses to Northern Territory Government Purchasing and Tendering Requirements. That work was proceeding satisfactorily at years end.

During the year, in company with Committee Secretary, Ms Susanne Lee I attended the inaugural meeting of the Australasian Council of Public Accounts Committee at which I was elected Chairman and Ms Lee appointed Executive Secretary.

I, along with other members of the Committee, also attended a number of functions organised by the Government Accounting Group, most notable being a seminar held in Alice Springs on 16 May 1990. I commend the Government Accounting Group for its work in fostering accountability in Government and wish it every success.

I also place on record my and the Committee's appreciation of the efforts of Mr David Rice, the initial Secretary to the Committee and thank him for his assistance in helping guide the Committee through its difficult early days.

Finally, it is pleasing to note that the role and functions of the Committee have become an accepted part of Government and the wariness or uneasiness often felt toward the Committee from many public servants has generally been replaced by a spirit of co-operation and support.

SUMMARY OF MEETINGS

<i>Meeting No. and Date</i>	<i>Type of Meeting</i>	<i>Key Agenda Items</i>	<i>Witness</i>
No. 44 10.10.89	Deliberative	<ul style="list-style-type: none"> - Appointment of new Member - Grants-in-Aid - Receipt of Reference - Access by Interstate Businesses to NT Government Purchasing and Tendering Requirements - Receipt of Reference 	
No. 45 18.10.89	Deliberative	<ul style="list-style-type: none"> - Grants-in-Aid - Committee's Annual Report - Auditor-General's Annual Report 	
No. 46 31.10.89	Deliberative	<ul style="list-style-type: none"> - Interstate Seminars - Membership of ACPAC 	
	Briefing	<ul style="list-style-type: none"> - Industries and Development (Purchasing) - NT Treasury (Grants-in-Aid) - Department of Youth, Sports, Recreation & Ethnic Affairs (Grants-in-Aid) 	<p>Mr R Cavanagh</p> <p>Ms J Large</p> <p>Ms H MacGowan</p>
No. 47 1.11.89	Deliberative	<ul style="list-style-type: none"> - Purchasing - Actual and Contingent Liabilities - Grants-in-Aid 	
	Briefing	<ul style="list-style-type: none"> - Auditor-General 	Mr E Isaacson
No. 48 5.12.89	Deliberative	<ul style="list-style-type: none"> - Biennial Conference - Grants-in-Aid 	
	Briefing	<ul style="list-style-type: none"> - Industries and Development (Actual and Contingent Liabilities) - Power & Water Authority (Purchasing) - NT University (Purchasing) 	<p>Mr O Alder</p> <p>Mr P Calder</p> <p>Mr R Cavanough</p> <p>Mr T Cooke</p> <p>Mr R Magin</p> <p>Mr J Jenner</p> <p>Mr J Sullivan</p>

CHAPTER 1

NORTHERN TERRITORY PUBLIC ACCOUNTS COMMITTEE

ESTABLISHMENT OF THE COMMITTEE

The Northern Territory Public Accounts Committee was first established by Standing Order 21A of the Legislative Assembly on 16 August 1986 as a sessional committee. It achieved permanent standing status on 23 August 1988.

At the commencement of the 1989-90 financial year the Committee members were:

Mr Mick Palmer
Mr Brian Ede
Mr Dan Leo
Mr Nick Dondas
Mr Rick Setter

The only changes to the Committee in the 1989-90 financial year were the resignation of Mr Nick Dondas (who was appointed Speaker of the Legislative Assembly), and the appointment of Mr Eric Poole to fill the vacancy.

PROFILE OF COMMITTEE MEMBERS

MR MICK PALMER, MLA Chairman

From 1 July 1987 - to date.

Country Liberal Party

Member for Karama. First elected 1984.

Other Committees: House, Subordinate Legislation and Tabled Papers, Use and Abuse of Alcohol by the Community.

MR BRIAN EDE, MLA

From 1 July 1987 - to date.

Australian Labor Party

Member of Stuart. First elected 1983. Deputy Leader of the Opposition and Shadow Minister for Education, Industrial Relations, Employment and Training, Primary Production, Constitutional Development.

Other Committees: Constitutional Development.

MR DAN LEO, MLA

From 1 July 1987 - to date.

Australian Labor Party

Member for Nhulunbuy. First elected 1980.

Shadow Minister for Housing, Mines and Energy, Power and Water Authority.

Other Committees: House Committee, New Parliament House.

MR RICK SETTER, MLA

From 17 May 1988 - to date

Country Liberal Party

Member for Jingili. First elected 1984.

Other Committees: New Parliament House, Constitutional Development, Publications, Subordinate Legislation and Tabled Papers.

MR ERIC POOLE, MLA

Reappointed 10 October 1988 to date.

Country Liberal Party

Member for Araluen. First elected 1986.

Other Committees: House, Publication, Subordinate Legislation and Tabled Papers; Use and Abuse of Alcohol by the Community (Chairman).

REPORTS OF THE COMMITTEE

The Committee is required to report to the Legislative Assembly on an annual basis as well as providing specific reports from time to time to report its proceedings and evidence taken.

AIMS AND OBJECTIVES OF THE PUBLIC ACCOUNTS COMMITTEE

The Committee considers its aim to be THE PROMOTION OF VALUE FOR MONEY IN THE PUBLIC SECTOR WITH INCREASED PUBLIC ACCOUNTABILITY TO THE PARLIAMENT AND THE PUBLIC OF THE NORTHERN TERRITORY.

This aim then allows the Committee to pursue the following objectives against which its own performance might be assessed:

- . to increase the efficiency and effectiveness with which government policy is implemented;
- . to increase the public sector's awareness of the need to be efficient and effective and accountable for its operations; and
- . to increase the awareness and understanding of parliamentarians and members of the public of the financial and related operations of government.

APPENDIX 3

SUMMARY OF MEETING

CHAPTER 2

ACTIVITIES 1989/90

GENERAL

The Committee met on 10 occasions during the year, 6 of which were deliberative briefings. Briefings were received from 18 witnesses and in accordance with parliamentary practice were held *in camera*. One public meeting was scheduled to be held in Alice Springs but was canceled due to lack of interest by the general public.

The Committee was without a Secretary until October 1989 hence the lack of reports tabled. However it has held a number of extensive briefings and will be tabling several reports in the 1990/91 Financial Year.

REPORTS TABLED

The following report was tabled before the Northern Territory Legislative Assembly during the 12 months to 30 June 1990:

ANNUAL REPORT - YEAR ENDED 30 JUNE 1989 (REPORT NO. 9)

This report was tabled in November 1989 and reviewed the activities of the Committee over the previous 12 months.

CURRENT INQUIRIES

UPDATE REPORT ON THE ACTUAL AND CONTINGENT LIABILITIES OF THE NORTHERN TERRITORY GOVERNMENT

STATUS

The Committee has held a number of briefing sessions with Mr Otto Alder, Secretary of the Department of industries and Development, and also Mr Ron Cavanough of Investnorth Management Pty Limited. They have provided a number of submissions to the Committee on the current status of the Government's exposure in relation to Yulara and the Alice Springs and Darwin Sheratons. Mr Alder also briefed the Committee on the Darwin Joinery.

In addition, the Committee wrote to various Departments and Statutory Authorities requesting advice on the status of all other liabilities mentioned in its first report.

This Report will be Tabled during 1990/91.

REPORT ON THE AUDITOR-GENERAL'S ANNUAL REPORTS 1987/88 AND 1988/89

STATUS

The Committee decided to employ two consultants to assist it with this reference. They were:

Professor R G Walker, University of New South Wales

Dr Chris Hall, Nicholas Clarke and Associates

A Report will be Tabled during 1990/91.

INQUIRY INTO THE APPLICATION OF NORTHERN TERRITORY GOVERNMENT GRANT-IN-AID FUNDING BY COMMUNITY ORGANISATIONS

The Public Accounts Committee is requested to:

1. Review grant-in-aid funding made by the Northern Territory Government to community organisations, including sporting organisations.
2. Confirm the extent to which this grant-in-aid funding is being applied by these organisations in accordance with established guide-lines, directions or stated purposes.
3. Identify and report on any areas in which the application of grant-in-aid funds by these organisations is outside of the guide-lines, directions or stated purposes.

STATUS

Advertisements were placed in most Northern Territory Newspapers calling for Public Submissions in relation to this reference.

The response from the public was poor. A number of witnesses from relevant government departments have briefed the Committee on a number of aspects of this reference.

A Report will be issued in due course.

3. Membership of ACPAC is open to all Parliamentary committees scrutinising public spending.
4. ACPAC shall meet at least biennially in the form of a conference with the meeting open to members of the respective Committees and staff of such Committees and such other persons as may be determined.
5. In the case of questions to be decided at the ACPAC Conference, one vote may be cast by each member Committee represented by its Chairman or his/her nominee.
6. ACPAC shall meet in the form of a meeting of Committee Chairpersons, or their nominees, between conferences.
7. The President of ACPAC shall be the Chairperson of the host State of the next conference

Resolution

Adoption of a Constitution for the Australasian Council of Public Accounts Committees.

Moved:

Mr Allan Walsh, MP, New South Wales Public Accounts Committee

That the proposed constitution as distributed, discussed and revised at the Meeting be adopted.

Seconded:

Mr M J Palmer, Northern Territory Public Accounts Committee.

Motion Carried:

The Constitution as adopted follows.

AUSTRALASIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEES

CONSTITUTION

1. The Australasian Council of Public Accounts Committees (ACPAC) is hereby established.
2. The aims of ACPAC are:
 - a. To facilitate the exchange of information and opinion relating to Public Accounts Committees and to discuss matters of mutual concern;
 - b. To improve the quality and performance of Public Accounts Committees in Australasia;
 - c. To liaise with Auditor-Generals so as to improve the effectiveness of both the Auditors and the Public Accounts Committee;
 - d. To communicate with individuals and organisations knowledgeable about matters of concern to public accountability; and
 - e. To provide an educational service for the elected Members of Parliament, the media and the general public as to the purposes and activities of Public Accounts Committees.

INQUIRY INTO ACCESS BY INTERSTATE BUSINESSES TO NORTHERN TERRITORY GOVERNMENT PURCHASING AND TENDERING REQUIREMENTS

The Public Accounts Committee is requested to:

1. Review the procedures introduced by the Northern Territory in November 1987 for Government purchasing and tendering with specific reference to -
 - (a) the extent to which Government purchases, including the allocation of contracts, are flowing to non-Territory firms outside of the intention of the procedures;
 - (b) the extent to which interstate firms are establishing a nominal presence in the Territory with the principal purpose of obtaining better access to Northern Territory Government purchasing and tendering.
2. Evaluate the implications for the northern Territory of the Territory's participation in the National Preference Agreement, with particular regard to the access by Territory businesses to interstate Government purchasing and tendering access of interstate businesses to Territory Government purchasing and tendering.

STATUS

Unlike the Grants-in-Aid reference, a number of submissions were received from the public.

The Committee is currently reviewing issues raised by the submissions and will issue a Report in due course.

OTHER ACTIVITIES

AUSTRALASIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEES

The Council held its mid-term meeting on Friday, 15 June 1990 in Sydney. Delegates from every Australian Public Accounts Committee were in attendance. Apologies were received from New Zealand and Papua New Guinea.

The programme for the meeting included presentations on:

- “Successful Inquiry Management Techniques”
- “Witness Management”
- “Crown Privilege”
- “Liaison with Commonwealth”
- “Staff Selection and Research Skills”
- “Data Management Challenges”.

Mr Mick Palmer, MLA, Chairman of the Northern Territory Public Accounts Committee, was elected Chairman of ACPAC and the Secretary Ms Susanne Lee appointed as Executive Secretary.

BIENNIAL CONFERENCE OF PUBLIC ACCOUNTS COMMITTEES

The 1991 Biennial Conference of Public Accounts Committees will be held in Darwin in 1991. Expressions of interest have been received from all Australian Public Accounts Committees. Most Auditor-Generals have accepted invitations as observers as well as several academics and other interested persons. In addition to the Australian response expressions of interest have been received from Papua New Guinea, Sarawak, Malaysia and Canada.

Although the format of the conference is still being planned, it is proposed that each committee (including those from overseas) will introduce a lead speaker/topic after which general discussions will ensue on matters raised therein.

At this stage the conference is planned from the 22 to 26 May 1991 with venues in Darwin and Kakadu.

AUSTRALASIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEES

MID-TERM MEETING, FRIDAY, 15 JUNE 1990

PARLIAMENT HOUSE, SYDNEY

Mr Phillip Smiles, MP, Chairman, New South Wales Public Accounts Committee in the Chair.

Present

New South Wales Public Accounts Committee

Commonwealth Joint Parliamentary Committee of Public Accounts

Victorian Economic and Budget Review Committee

Victorian Public Bodies Review Committee

South Australian Public Accounts Committee

Tasmanian Parliamentary Public Accounts Committee

Western Australian Public Accounts and Expenditure Review Committee

Queensland Parliamentary Committee of Public Accounts

Northern Territory Public Accounts Committee

Australian Capital Territory Public Accounts Committee

Apologies

Papua New Guinea Permanent Parliamentary Committee on Public Accounts

New Zealand Finance and Expenditure Committee

PUBLIC SECTOR ACCOUNTING CONFERENCE

The Secretary attended this conference held on the 12 and 13 June 1990 in Sydney. The conference was organised by Personal Investment and included topics on:

- . Critical Issues in Public Sector Accounting, Financial Management, Auditing and Accountability
- . Developments and Priorities in Reform of Commonwealth Government Accounting
- . Latest Developments in Report of New South Wales Government Accounting
- . Case Study: Accrual Accounting - The New Zealand Experience
- . Commercial Budgeting
- . Case Study: Accounting and Finance Systems of a Commercialised Government Enterprise
- . Asset Valuation

GOVERNMENT ACCOUNTING GROUP/PUBLIC ACCOUNTS COMMITTEE JOINT SEMINAR

On 16 May 1990 the Public Accounts Committee and the Government Accounting Group held a seminar in Alice Springs on Government Accounting. The Seminar was opened by the Honourable R W S Vale, MLA and included speakers from government departments, the Alice Springs Town Council, a private sector auditor and the Auditor-General. Approximately 50 people attended the Seminar. The impetus for the seminar was the highly successful event held in Darwin in 1988. The Committee hopes to co-host future events with a range of speakers and topics of interest to public servants as well as the community in general.

ANNUAL REPORTS AWARDS

The Committee continues to provide financial support to the Northern Territory Public Sector Annual Report Awards which it considers is a worthwhile exercise. Annual Reports and their contents have been subjected to major reviews by the Commonwealth and several State governments over the past decade. For example the Commonwealth Joint Committee of Public Accounts recently released its report No. 304 on "Guide-lines for Departmental Annual Reports" (November 1989).

APPENDIX 2

AUSTRALASIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEE

CHAPTER 3

ADMINISTRATION AND STAFFING

SECRETARIAT

Staffing for the Public Accounts Committee Secretariat is provided by the Legislative Assembly.

The Committee currently has a full-time Secretary and has access to temporary administrative support services.

STAFF AS AT 30 JUNE 1990

Ms Susanne Lee BA (Accounting) AASA CPA
Secretary

STAFF CHANGES

Mr David Rice, Secretary, left the Secretariat in July 1989 to take up a new position with the Department of Labour and Administrative Services.

Ms Susanne Lee was appointed Secretary to the Committee in October 1989.

Ms Judy Cumberland, Research Assistant, left the Secretariat in January 1990 to take up a position as Administrative Support to the Sessional Committee on Constitution and Development.

Ms Roseline Vogeli, Research Assistant, commenced with the Secretariat in February 1990 and left in June 1990 to take up a position of Administrative Support to the Sessional Committee on Use and Abuse of Alcohol by the Community.

Ms Helen Belletty, an excess officer "placement" provided research assistance on the Grants-in-Aid reference for 5 months until May 1990.

CONSULTANTS

During 1989/90 the Committee engaged 2 consultants to assist it with its review of the 1988/89 Auditor-General's Report.

The consultants are:

Professor R G Walker, School of Accounting University of New South Wales.

Dr Chris Hall, Nicholas Clark and Associates (Economic and Management Consultants)

- (14) The Committee shall report annually and shall have leave to report from time to time and to report its proceedings and evidence taken; and any Member of the Committee shall have power to add a protest or dissent to any Report.
- (15) Unless otherwise ordered by the Committee, all documents received by the Committee during its inquiry shall remain in the custody of the Assembly: provided that, on the application of a department or person, any document, if not likely to be further required, may, in the Speaker's discretion, be returned to the Department or person from whom it was obtained.
- (16) The Committee shall be provided with all necessary staff, facilities and resources and shall be empowered, with the approval of the Speaker, to appoint persons with specialist knowledge for the purposes of the Committee.
- (17) The foregoing provisions of this Resolution, so far as they are inconsistent with the Standing Orders, have effect notwithstanding anything contained in the Standing Orders.

the year ending 30 June 1986 which have or may have a continuing effect on the form of the public accounts; the method of receipt, control, issue or payment of public moneys.

- (4) Prior to determining whether to undertake an inquiry into any matter which may have arisen in connection with the public accounts of the Territory, pursuant to paragraphs (2)(a) and (e), with the concurrence of the Committee, the Chairman is empowered to write to the Chief Executive Officer of the relevant Department or Public Authority for a report on the matter.
- (5) The Committee shall take care not to inquire into any matters which are being examined by a Select Committee of the Assembly especially appointed to inquire into such matters and any question arising in connection therewith may be referred to the Assembly for determination.
- (6) The Committee shall elect a Government Member as Chairman.
- (7) The Chairman of the Committee may, from time to time, appoint a Member of the Committee to be the Deputy Chairman of the Committee and the Member so appointed shall act as Chairman of the Committee at any time when there is no Chairman or when the Chairman is not present at a meeting of the Committee.
- (8) In the event of an equality of voting, the Chairman, or the Deputy Chairman when acting as Chairman, shall have a casting vote.
- (9) The Committee shall have power to appoint sub-committees and to refer to any such sub-committee any matter which they Committee is empowered to examine.
- (10) Three Members of the Committee shall constitute a quorum of the Committee and two Members of a sub-committee shall constitute a quorum of the sub-committee.
- (11) The Committee or any sub-committee shall have power to send for persons, papers and records, to adjourn from place to place, to meet and transact business in public or private session and to sit during any adjournment of the Assembly.
- (12) The Committee shall be empowered to print from day to day such papers and evidence as may be ordered by it and, unless otherwise ordered by the Committee, a daily *Hansard* shall be published of such proceedings of the Committee as take place in public
- (13) The Committee may proceed to the despatch of business notwithstanding that all Members have not been appointed and notwithstanding any vacancy.

APPENDIX 1

TERMS OF REFERENCE

TERMS OF REFERENCE

STANDING ORDER 21A PUBLIC ACCOUNTS COMMITTEE

- (1) A Standing Committee of Public Accounts to consist of 5 Members shall be appointed at the commencement of each Assembly.
- (2) The duties of the Committee shall be -
 - (a) to examine the accounts of the receipts and expenditure of the Northern Territory and each statement and report transmitted to the Legislative Assembly by the Auditor- General, pursuant to the *Financial Administration and Audit Act*;
 - (b) to report to the Legislative Assembly with such comments as it things fit, any time or matters or arising in connection with those accounts, statements or reports, or in connection with the receipt or disbursement of the moneys to which they relate, to which the Committee is of the opinion that the attention of Parliament should be drawn;
 - (c) to report to the Legislative Assembly any alteration which the Committee things desirable in the form of the public accounts or in the method of keeping them or in the method of receipt, control, issue or payment of public moneys;
 - (d) to inquire into and report to the legislative Assembly on any question in connection with the public accounts of the Territory -
 - (i) which is referred to it by a resolution of the Assembly; or
 - (ii) which is referred to it by the Administrator or a Minister; and
 - (e) to examine the reports of the Auditor-General laid before the Legislative Assembly with the accounts of a Public Authority of the Northern Territory (including any documents annexed or appended to those reports).
- (3) The Committee shall examine only those accounts or receipts and expenditure of the Northern Territory and reports of the Auditor-General for financial years commencing after 30 June 1986: provided that this shall not prevent the consideration by the Committee of matters included in reports of the Auditor-General for