

PARLIAMENT OF WESTERN AUSTRALIA  
LEGISLATIVE COUNCIL

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**SIXTEENTH REPORT**  
OF THE  
**STANDING COMMITTEE**  
ON  
**GOVERNMENT AGENCIES**

DELAYED PAYMENT OF ACCOUNTS BY  
GOVERNMENT AGENCIES

Presented by the Hon. MARK NEVILL (Chairman)

**16**

December 1987



The Standing Committee was appointed, pursuant to Legislative Council Standing Order 38 on 7 April 1982 with the following terms of reference:

- (i) To make such examination as it deems necessary and to inquire into the purpose, finance, accountability, extent, nature, administrative control and methods of State Government agencies, including statutory corporations, primary produce boards, regulatory and quasi-judicial bodies, trustees of government agencies, advisory committees and local and regional bodies (excluding municipal authorities) that are the subject of legislation of the Western Australian Parliament, with the exception of those agencies listed in the Schedule to these Orders.
- (ii) To report to the House upon any matter concerning the government authorities referred to in paragraph (i) or any recommendations for abolition or amalgamation of them, or any findings particularly in regard to the productivity, efficiency, economy, effectiveness, organisation and circumstances connected with them to which the Committee thinks the attention of the House should be directed.
- (iii) To inquire into and report to the House upon any question in connection with government agencies which is referred to the Committee by resolution of the House.
- (iv) To inquire into and where necessary, report to the House when, in the view of the Committee, any agency duplicates all or part of the work of another.
- (v) To recommend as it deems necessary the application of the "Sunset" principle to any government agency.

The "Sunset" principle is defined as a process whereby a government agency's existence is automatically terminated after a certain period unless specific re-authorising legislation is enacted.

**Members of the Committee:**

Hon. Mark Nevill (Chairman)  
Hon. C.J. Bell (Deputy Chairman)  
Hon. E.J. Charlton  
Hon. B.L. Jones  
Hon. Garry Kelly  
Hon. N.F. Moore

**Staff of the Committee:**

Mr. Gary Newcombe (Principal Adviser)  
Miss June McKinnon (Secretary)  
Ms. Jan Paniperis (Secretary/Stenographer)

Address: Parliament House, Perth, W.A. 6000 Telephone 222 7322

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## PART 1 : INTRODUCTION

- 1.1 The Committee decided on June 18 1987 that it would conduct an inquiry into delays encountered by members of the public in receiving payment for accounts from government agencies. Because of the Committee's other commitments, notably the reviews of coal industry agencies and the Builders' and Painters' Registration Boards, the Committee did not commence this inquiry until August 28 1987.
- 1.2 The primary objective of the inquiry was to identify to what extent there was a problem in government agencies not paying their accounts on time. For the purposes of the inquiry the Committee adopted 30 days as the time limit after which payment would be regarded as delayed. This time limit is in accordance with Treasurer's Instruction 308(3) issued under the Financial Administration and Audit Act 1985 which provides that:
- "(3) The Principal Accounting Officer shall take all reasonable steps to ensure that payment vouchers are submitted at such a time that:*
- (ii) where discounts are not available, payment shall be made:*
- (a) in accordance with any terms or conditions stated in the order or contract relating to those goods or services; or*
- (b) within thirty days of the receipt of the creditors claim provided that the goods or the services have been received or the services performed or completed to the satisfaction of the Incurring Officer."*
- 1.3 The Committee structured its inquiry around responses to the following advertisement which was published in the "West Australian" on August 28 1987 and the "Western Mail" on September 19 1987:

- 1.4 This report relates only to those complaints received by the Committee prior to November 1 1987. Despite not having placed any advertisements after September 19 1987, the Committee has continued to receive complaints about delayed accounts. Any such complaints received by the Committee will be investigated.



## PART 2 : FINDINGS

- 2.1 As at November 1 1987 the Committee received nine written and 23 oral complaints from members of the public relating to 150 separate accounts with a value in excess of \$56,000. The Committee also received 12 complaints concerning general delays encountered by private businesses. The vast majority of these accounts, both in terms of numbers and dollar value, related to the State Government Insurance Corporation and the State Government Insurance Commission (126 accounts to the value of \$54,000). All but two of the general complaints also related to these two government insurance agencies.
- 2.2 The Committee originally intended to take up each complaint received with the agency concerned, however, the number of complaints concerning the government insurance agencies resulted in a change of plan and, apart from the first two such complaints received, the Committee decided to conduct a separate inquiry into the processing of accounts by both the State Government Insurance Commission and Corporation. This inquiry will commence in the immediate future. This report, therefore, relates to complaints received by the Committee about organisations other than the government insurance agencies. A summary of these complaints is set out at Attachment A.
- 2.3 In addition to the State Government Insurance Corporation and the State Government Insurance Commission, the Committee received complaints concerning the following government organisations:
- . Department of Community Services
  - . Department of Conservation and Land Management
  - . Department of Education
  - . Department of Services
  - . Homeswest
  - . State Planning Commission
  - . Western Australian Water Authority
  - . Wickham Hospital Board
- 2.4 A number of these organisations are outside the Committee's formal jurisdiction, however, to preserve the integrity of the inquiry, and with the co-operation of the management concerned, the Committee sought a response from all organisations about which it received a complaint.

### Delays Involved

- 2.5 The average delay of those matters brought to the Committee's attention was 13 months. The longest delay was 38 months for two accounts owing to the Shark Bay Service Station by the (former) Public Works Department - now the Western Australian Water Authority. In fact five separate accounts were owing to the Shark Bay Service Station by the Geraldton Regional Office of the Western Australian Water Authority for more than two years. The fact that failure to pay these accounts could go undetected for so long indicates a clear breakdown in the office procedures in Geraldton Regional Office of the Water Authority.

### Reasons for Delays

- 2.6 By far the most common reason given for delays occurring was "clerical error", a description which covers a multitude of sins but which, in fairness to the organisations involved, is to be expected in any system.

- 2.7 One of the complaints, that against the Wickham Hospital Board, upon investigation resulted from a failure on behalf of the complainant to lodge the necessary forms to receive payment.
- 2.8 A complaint against Homeswest by the Manager of the Derby Caravan Park for a delay in payment of a \$100 bond by Homeswest for an on-site caravan occupied by a Homeswest client, brought to light inadequacies in Homeswest's Derby Office. The Committee was advised that the bond payment would not be made by Homeswest because the applicant was not eligible despite the Derby Office having advised the applicant that she was eligible for bond assistance.
- 2.9 A computer programme failure was the reason given by the Education Department for a five month delay in bus contractors receiving payment of a quarterly adjustment which was due in April 1987. The delay meant that more than \$300,000 was owing to bus contractors. The Department advised that the relevant programme would be rewritten to avoid the problem reoccurring. Payment to all contractors was not completed until early November 1987.

#### Responses to the Committee's Inquiries

- 2.10 The Committee is pleased to note that its intervention directly resulted in 11 accounts to the value of \$396 being paid without further delay.
- 2.11 The Committee's intervention also resulted in steps being taken by the Department of Conservation and Land Management to forward an account for \$144, incorrectly sent to that Department, to the Department of Services for payment. The Committee noted, however, that this account had been with the Department for 10 weeks and it should not have required the Committee's intervention for the account to have been redirected.
- 2.12 The Department of Community Services, the State Planning Commission and the Western Australian Water Authority have each taken steps to ensure that clerical errors identified by the Committee's inquiries are not repeated.



### PART 3 : CONCLUSIONS

- 3.1 With two exceptions the Committee is satisfied that its inquiry did not disclose any major problems in the payment of accounts. The number of complaints received was not sufficient to indicate that any significant problem exists. It is of course probable that the complaints received by the Committee represent only a small proportion of the actual delays which occur. However, it is also fair to assume, as happened for example with the State Government Insurance Corporation, that any persistent problems in particular organisations, would have been brought to the Committee's attention.
- 3.2 The two exceptions to the Committee's conclusion are the State Government Insurance Corporation and Commission, and the Geraldton Regional Office of the Western Australian Water Authority. The processing of accounts by the State Government Insurance Corporation and Commission will be the subject of further investigation by the Committee. The failure of the Geraldton Regional Office of the Water Authority to identify and take any action with regard to five accounts outstanding for between 12 and 38 months can only be regarded as most unsatisfactory. This has been recognised by the Water Authority.
- 3.3 The one common factor disclosed by the Committee's investigations was that where delays occur they tend to be long delays: once an account has escaped the general system it risks being lost in a bottom drawer. The Committee believes that senior management within the public sector should recognise the effect which delays in payment of accounts can have on individuals and private businesses and ensure that staff processing accounts act promptly to follow up accounts which, for some reason or another, do not comply with all the standard requirements. In many case brought to the Committee's attention a little initiative by staff processing the accounts would have eliminated or substantially reduced the delay involved.
- 3.4 The Committee's success in solving a number of delays brought to its attention has convinced the members that a useful role can be played in this area by the Committee and the Committee intends conducting this exercise on an annual basis to provide an avenue of appeal for members of the public and to provide for a continuing check on the performance of the public sector.

ATTACHMENT ADELAYED PAYMENT OF ACCOUNTS: COMPLAINTS

<u>Agency</u>	<u>Delay</u>	<u>Account</u>	<u>Comments</u>
Water Authority	2 months	Account for office fittings	Delay due to clerical error. Steps taken to improve staff training.
Water Authority	12-26 months	\$93 total for fuel and maintenance	Payment made after Committee's intervention. Delay due to lack of staff initiative.
	34-38 months	\$142 total for fuel	Payment made after Committee's intervention. Failure to pay due to lack of staff initiative.
Health Dept	4 months	Assistance for visiting Perth for operation	No application for payment recorded by Wickham Hospital.
Education Dept	5 months	Adjustment to bus sub-contractors' rates.	Computer programme error.
Community Services Dept	6 weeks	\$562 day care payments	Delay due to clerical error.
Community Services Dept	4 mths	\$297 wages for 1 week's work at Nyandi	Payment made after 4 mths. Delay resulted from clerical & computing error.
Community Services Dept	5 months	\$39 for fuel	Payment made after Committee's intervention. Delay due to clerical error.
Homeswest	10 weeks	\$100 bond for on site van	Advised not eligible for payment.
CALM	10 weeks	\$144 parts for vehicle	Account should have been directed to Govt Stores.
	2-3 months	\$88 for fuel	Delay due to clerical error.
Services Dept	4 months	\$57 for essences supplied to Health Dept	Invoice lost.
State Planning Commission	14 months	\$34 for fuel	Payment made after Committee's intervention. Delay due to clerical error..





