## Finance and Administration Committee

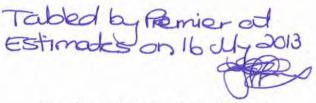


## INDEX

# Documents Tabled at Estimates Hearing 16 July 2013

Documents Tabled At the Hearing
No. 1– tabled by Premier – 6 Month Action Plan – January to June 2013
No. 2 – tabled by Premier – 6 Month Action Plan – July to December 2013
No. 3 – tabled by Chair – Correspondence and Transcript regarding Integrity Commissioner
No. 4 – tabled by Director-General, DPC – Leave approval for Integrity Commissioner
No. 5 - tabled by Leader of Opposition – Invoice for Flagpoles
No. 6 – tabled by Leader of Opposition – Briefing note MP salaries
No. 7 – tabled by Leader of Opposition – Diary entries DPC
No. 8 – tabled by Premier – Remuneration of Chief of Staff
No. 9 – tabled by Director-General, DPC – breakdown of costs of Strategic Cabinet meeting
No. 10 – tabled by Commission Chief Executive, Public Service – answers to questions asked at the hearing regarding the Integrity Commissioner
No. 11 – tabled by Mr Pitt – Financial report by Standard & Poors
No. 12 – tabled by Mr Pitt – Article from the Financial Review
No. 13 – tabled by Mr Pitt – Data relating to employment rates
No. 14 – tabled by Hon Nicholls – SPER debt collection process information

No. 15 - tabled by Mr Pitt - Project Assurance Framework information



Department of the Premier and Cabinet

January - June 2013

# Six month action plan

# **Final report**



Great state. Great opportunity.

## January – June 2013 Six Month Action Plan



In keeping with my commitment to present a report card on the work that has been undertaken in the past six months, I am proud to publish the Queensland Government's progress against the Six Month Action Plan January-June 2013.

This action plan report demonstrates the steps we are taking to get Queensland back on track. We've strengthened Neighbourhood Watch roles within the police service and completed a statewide amnesty campaign for illegal and unregistered firearms. We've delivered a 20-year demand map to inform future schools planning. We prepared our Homelessnessto-Housing Strategy to get less fortunate Queenslanders off the streets and under a roof. We've begun building infrastructure projects across the state. We've released our 30 year plan for agriculture, and we're encouraging kids to get into sport through our Get in the Game program.

We started the year at a fast pace and have met head on the added challenges of floods devastating many areas of the state earlier in the year. We will continue to rebuild the state and make it more resilient, and we'll boost business confidence and job opportunities across Queensland; streamline government processes; and increase government accountability. We're getting on with the job and we are determined not to become complacent.

Importantly, we delivered our response to the Commission of Audit Report, which sets a new direction for the operation of government and delivery of services in this state.

Queensland is headed in the right direction and I am determined that we will not lose sight of our goals. The government that I lead will keep working every day to ensure that Queensland remains a great state, with great opportunity.

Campbell Newman MP Premier of Queensland

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V	Commence streamlining child safety licence applications and processes for NGOs. Streamlining to allow for organisational level licensing in place of numerous individual operator licences has occurred. The department received the first application for an organisation level licence in June 2013 from a community based organisation.
$\checkmark$	Increase the use of court appearances via video link to reduce the cost of prisoner transport. There has been an increase in the use of court appearances via video link. These are most commonly occurring for mentions, bail applications and full hand up committals.
	Extensive system analysis has occurred and recommendations are being developed for further videoconferencing initiatives in 2013—14.
$\checkmark$	<b>Complete Ministerial Review into the Rural Fire Service.</b> The report into the review conducted by the Assistant Minister for Emergency Volunteers, Mr Ted Malone MP was released on 22 April 2013.
$\checkmark$	<b>Commence construction of replacement ambulance stations at Emerald and Tara.</b> Construction of the replacement ambulance station at Tara commenced in April 2013. Construction of the replacement ambulance station at Emerald commenced in June 2013.
$\checkmark$	Purchase 130 new and replacement ambulance vehicles. One hundred and thirty new and replacement ambulance vehicles have been commissioned.
$\checkmark$	Appoint 60 additional ambulance officers. Sixty additional ambulance officers have been allocated to roster.
$\checkmark$	<b>Pass toughest anti-hooning legislation in Australia.</b> The anti-hooning laws passed through State Parliament on 17 April 2013 and will take effect after six months of community education.
$\checkmark$	Ass <b>ess alternative service</b> delivery models for camera detected offences in Queensland. Investigations have commenced into alternative service delivery models for camera detected offences.
$\checkmark$	Begin as <b>signing</b> Neighbourhood Watch liaison roles at every police station in Queensland. On 1 March 2013 roll-out commenced of "Station Community Crime Reduction Officers". To date, officers have been appointed at 189 stations.

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Conduct and promote a statewide amnesty campaign for illegal and unregistered firearms. The amnesty was completed on 30 April 2013 with a total of 18 623 firearms surrendered or handed in to be registered.

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Implement minimum mandatory sentences for illegal firearm possession and trafficking. The new mandatory sentences were announced on 13 February 2013 at the start of the amnesty period for illegal and unregistered firearms. Some of the new firearms laws include that an offender convicted of trafficking illegal firearms will serve a mandatory minimum term of up to five years in custody and that an offender convicted of supplying them will serve a mandatory minimum term of up to three years in custody.

## 1

Introduce regular public release of crime statistics via the internet. The first round of crime statistics was released to the public on 27 June 2013.

## Commence a formal review of the Youth Justice Act 1992.

A formal review of the Youth Justice Act 1992 has commenced and policy options are being considered by the government.

Accept initial intake to the youth boot camp diversion program in Cairns and the Gold Coast. The initial intake to the youth boot camp diversion programs has commenced. In 2013–14, the program will be expanded to new locations at Townsville, Rockhampton and the Fraser Coast/Sunshine Coast so that more young people can attend boot camp programs.

Respond to recommendations from the Parliamentary inquiry into the workers' compensation scheme. The delivery of this action has been delayed due to the extension of the review by the Parliamentary Finance and Administration Committee.

Introduce legislation to implement the government's commitment to red tape reduction for liquor and gaming. The Liquor and Gaming (Red Tape Reduction) and Other Legislation Amendment Bill 2013 passed through Parliament in May 2013.

## Respond to the review of drink safe precincts.

The 14-month interim evaluation of the drink safe precincts trial, and an 18-month data update, has now been published on the Office of Liquor and Gaming Regulation's website.



Commence the JP pilot program in QCAT as part of our commitment to a swift and fair justice system. The JP pilot program commenced operating on 3 June 2013.



### Release the recommendations of the CMC review panel (Callinan Inquiry). The Attorney-General tabled a revised version of the advisory panel's report that included the extended mandate of the review on 18 April 2013.

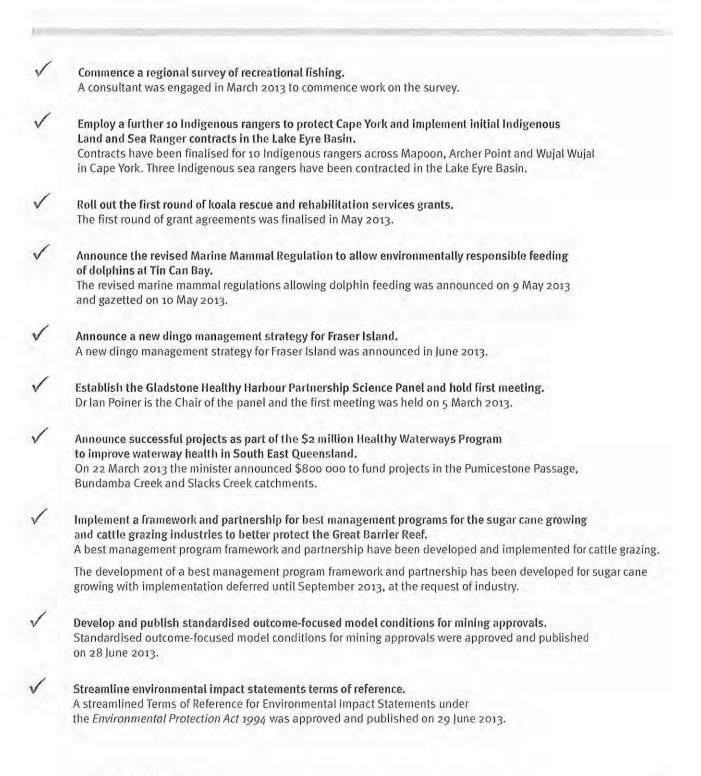


## **Commence review of Queensland property legislation.** On 19 March 2013 the Attorney-General announced a full review of the *Body Corporate and Community Management Act 1997* as part of a broader review of property laws.



### Release a green paper on electoral reform and accountability. On 3 January 2013 the Electoral Reform Green Paper was released. Submissions closed on 1 March 2013.

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$\checkmark$	Publicly release performance information relating to environmental assessments and approvals across the state. Performance information relating to environmental assessments and approvals was published on 29 June 2013.
$\checkmark$	Release expression of interest (EOI) calling for sustainable ecotourism development initiatives in protected areas. An EOI for sustainable ecotourism development initiatives in protected areas was released on 27 June 2013.
$\checkmark$	Develop an outdoor recreation strategy for protected areas. Following consultation with the Queensland Outdoor Recreation Federation an outdoor recreation strategy for protected areas has been developed.
$\checkmark$	Grant water licences to successful parties that tendered for unallocated water in the Flinders and Gilbert river catchments of the Gulf. Water licences for unallocated water in the Flinders and Gilbert River catchments were granted in May 2013.
$\checkmark$	Launch the tender process to enable the release of unallocated water in the Baffle catchment and the Great Artesian Basin. Publication of notices to call tenders for water licences in the Great Artesian Basin occurred in May 2013 and for the Baffle catchment in June 2013.
$\checkmark$	Finalise policy framework for providing sustainable water entitlements for mines on Cape York and the Galilee Basin. Policy frameworks for sustainable water entitlements for mines in Cape York and Galilee Basins have been developed.

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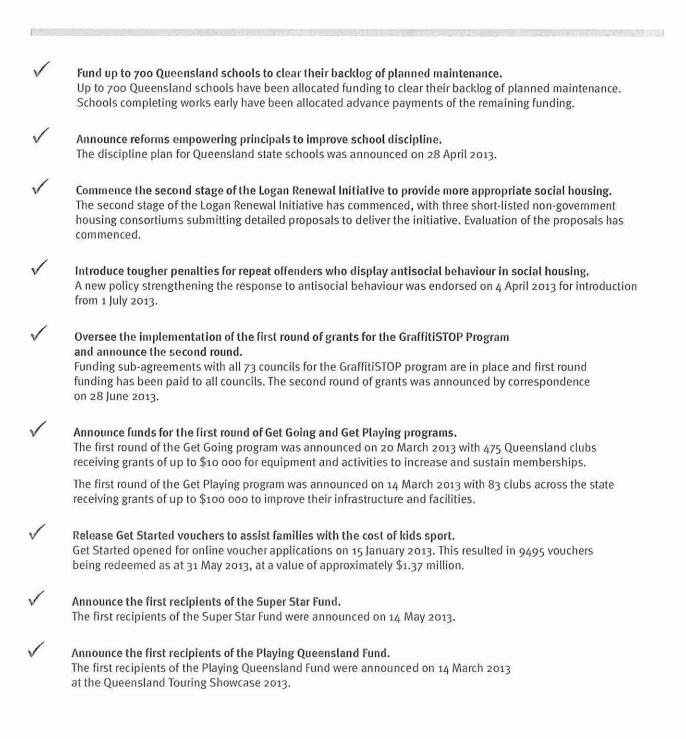
## $\checkmark$ Announce the multicultural grant recipients for 2013. In January 2013 the minister approved funding recommendations for community projects and cultural events to be held from April to December 2013. $\checkmark$ Commence up to six Indigenous Land Use Agreement processes in the Torres Strait and Cape York. Processes have commenced for Indigenous Land Use Agreements in the Torres Strait, Moa Island, Mabuiag Island, Saibai Island, Mapoon and Pormpuraaw. Support key events to acknowledge the 150th anniversary of the arrival of Australian South Sea Islanders in Queensland. A range of events has been supported to acknowledge the 150th anniversary of the arrival of Australian South Sea Islanders in Queensland, including a two-week regional tour by the Vanuatu-Australian South Sea Islander rugby league invitational team. $\checkmark$ Complete consultation on Queensland's five year disability services plan. Consultation with key stakeholders such as the regional disability advisory councils, the Office of the Public Advocate, Anti-Discrimination Commission of Queensland, Local Government Association and other key disability sector representatives was completed in June 2013. $\checkmark$ Release the government's youth strategy. The strategy was released in June 2013. Respond to the Queensland Child Protection Commission of Inquiry (Carmody Inquiry) Report. The Commission of Inquiry requested an extension of the Inquiry and as a result reporting has been delayed. V Complete review of youth programs. A departmental review of youth programs was completed in June 2013. Stakeholder consultation will continue in July. Develop a strategy to ensure the efficiency and effectiveness of disability accommodation services and respite services. Early stage planning is occurring. Consultation with clients and their families, staff and non-government organisations will commence in July 2013. $\checkmark$ Commence the Elderly Parent Carer Innovation Trial.

On 19 March 2013 the minister announced the Elderly Parent Carer Innovation Trial Funding Round allowing organisations to apply for capital grants and provide sustainable living options for adults with disabilities who are being cared for by their elderly parents.

$\checkmark$	Commence the Your Life Your Choice program to give people with a disability more choice and control over their support. Fifty-five non-government organisations have become a host provider to support the Your Life Your Choice self-directed support framework. Over 100 clients have signed up so far under Your Life Your Choice.
$\checkmark$	<b>Prepare a homelessness strategy.</b> The Homelessness-to-Housing Strategy was released on 27 June 2013.
$\checkmark$	Send the first high school student delegations to Gallipoli to commemorate the Centenary of Anzac. The five recipients of the 2013 Premier's Anzac prize set off on the Anzac tour on 21 April 2013 and returned on 5 May 2013.
$\checkmark$	<b>First independent public schools to commence.</b> The first 26 Independent Public Schools commenced in 2013.
$\checkmark$	Finalise the second tranche of schools with the 150 classes receiving additional Prep teacher aide hours in 2014. Schools receiving additional Prep teacher aide hours in 2014 have been finalised. On 13 June 2013, the minister announced 384 Prep classes in 69 state schools for 2014.
$\checkmark$	Announce the selection of further projects under the \$115 million Building Our Future Schools Fund. Additional projects to be funded under the \$115 million Building Our Future Schools Fund were announced in June 2013.
$\checkmark$	Launch Closing the Gap Education Strategy 2013–16. The Indigenous early childhood, education, training and employment action plan 2013–16 has been published online and will be officially launched during NAIDOC week in early July 2013.
$\checkmark$	Commence implementing the government response to the Queensland Skills and Training Taskforce final report recommendations. Implementation of the government response commenced in January 2013 and a five-year vocational education and training action plan was released on 8 June 2013.
$\checkmark$	Deliver a 20-year demand map to inform future schools planning across all sectors. Statewide demand mapping has been undertaken and is currently being considered by government.
$\checkmark$	<b>Open</b> new <b>schools</b> at Pimpama and Mackay. New schools at Pimpama and Mackay commenced in 2013.
$\checkmark$	<b>Commence</b> review of the <b>Overall Position tertiary</b> entra <b>nce score.</b> An offer was accepted for the engagement of the independent reviewer in June 2013.



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$\checkmark$	Complete planning for future growth of Brisbane's performing arts through the completion of the venue study. The venue study was completed in January 2013.
$\checkmark$	Implement the new patient travel subsidy scheme subsidy rates. The new subsidies for approved travel and accommodation were implemented on 1 January 2013.
$\checkmark$	Commence the 'mums and bubs' policy to increase the number of home visits to new-borns and their mothers. Phased implementation of the mums and bubs policy commenced on 1 January 2013.
$\checkmark$	Call for EOIs for the redevelopment of the Royal Children's Hospital site. Expressions of interest in participating in a market sounding process occurred in May 2013.
$\checkmark$	Implement the ban on Ambulance bypass. The ban on Ambulance bypass took effect from 1 January 2013.
$\checkmark$	<b>Complete the restructure of Queensland Health's head office.</b> Queensland Health's head office has been reduced from nine to three divisions with two supporting units reporting to a sole Director-General.
$\checkmark$	Redesign of patient-flow models to accelerate and improve patients' journeys through emergency departments. A multi-site clinical services redesign project across Queensland's busiest emergency departments was completed in May 2013.
$\checkmark$	<b>Establish the Queensland Mental Health Commission.</b> Dr Lesley Van Schoubroeck was appointed as the Queensland Mental Health Commissioner on 20 May 2013. Arrangements have been made to ensure that the commission commences operation from 1 July 2013.
$\checkmark$	Empower nurses with the phased introduction of criteria-led discharge to help reduce waiting times. Phased introduction of criteria-led discharge has commenced.
$\checkmark$	Introduce legislation in response to the recommendations of the Chesterman Inquiry to better respond and assess allegations of medical malpractice. The Health Ombudsman Bill 2013 was introduced into Parliament on 4 June 2013 in part in response to the recommendations of the Chesterman Inquiry.
$\checkmark$	Reform and make more transparent Queensland Health's grants and service delivery contracts. Reform of new contracts complete. However final determination on grants inherited from previous government still ongoing given the overwhelming number with non-existent or insufficient accountability measures. Additionally, determination of grant and service agreements pertaining to mental health will be determined by the Queensland Mental Health Commission established on 1 July.

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Commence a review to streamline contracts with non-government organisations (NGOs) reducing the number of individual contracts. Contract templates have been simplified for use during the next financial year, and work to reduce the number of contracts has commenced.

 $\checkmark$ 

**Commence streamlining quality standards for NGOs.** Twenty seven disability service providers have successfully transitioned to the new Human Services Quality Framework which commenced in February 2013, with more scheduled to transition.

$\checkmark$	Launch a 30 year strategic plan for Queensland agriculture. Queensland's 30 year agriculture strategy was launched on 5 June 2013.
$\checkmark$	Implement the Horticulture Workforce Action Plan. The Horticulture Workforce Action Plan has been delivered and implementation has begun, with industry taking the lead.
$\checkmark$	Develop priorities for rebuilding research and development for barley breeding and irrigated agronomy. A licence agreement has been signed by the Queensland Government, the Grains Research Development and InterGrain to secure the future direction of the barley breeding program.
$\checkmark$	Appoint an agronomist in the central highlands. An agronomist commenced on 24 June 2013.
$\checkmark$	Complete and release the Agricultural Land Audit Report. The minister publicly released the Agricultural Land Audit on 21 May 2013.
$\checkmark$	Establish a new committee for Department of Agriculture, Fisheries and Forestry skills, training and education. The Agriculture, Fisheries and Forestry Skills Industry Advisory Group held its first meeting on 13 March 2013.
$\checkmark$	Implement sawlog supply arrangements for state owned cypress forests. Agreements were offered to all eligible cypress saw millers and all offers were accepted.
$\checkmark$	Release the forest and timber industry plan. The Queensland Forest and Timber Industry Plan is available on the Department of Agriculture, Fisheries and Forestry website, with the government response soon to be released.
$\checkmark$	Re-focus the Australian Agricultural Colleges Corporation and restore the two residential agricultural colleges at Emerald and Longreach. To commence restoration of the Emerald and the Longreach residential colleges, local boards have been established. Newly appointed college directors and board members commenced in May 2013.
$\checkmark$	<b>Comm</b> ence <b>an</b> efficien <b>cy</b> and <b>perfo</b> rman <b>ce revi</b> ew of SunWater. A review of the efficiency and performance of SunWater commenced on 20 June 2013.
$\checkmark$	Develop the 30 year water strategy and release for public consultation. A discussion paper was released at the end of 2012 and submissions have been received in response to it. Public forums and industry workshops have also been held to develop the strategy. The draft strategy is nearing completion and will be released for public consultation.

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-	Release the 30 year electricity strategy discussion paper for public consultation. The release of the discussion paper was delayed to include outcomes of the Interdepartmental Committee on Electricity Sector Reform. It will be released by the end of August.
$\checkmark$	Underta <b>ke a long-term South East Queensland bulk water price review.</b> A review has been undertaken and new bulk water prices for South East Queensland will take effect from 1 July 2013.
$\checkmark$	<b>Progress review of local management arrangements for Sunwater's channel irrigation schemes.</b> An implementation plan was finalised in April 2013 and the review is progressing.
$\checkmark$	<b>Deliver the final report of the Electricity Sector Reform Inter-Departmental Committee.</b> The report was submitted for final government consideration in June 2013.
$\checkmark$	Implement the first round of funding to help local councils meet the Queensland Floods Commission of Inquiry recommendations. Initial payments have been made for 50 flood mitigation and preparedness projects across 32 councils.
$\checkmark$	Announce additional 2013–14 country race meetings. Racing Queensland finalised the 2013–14 race calendar on 28 March 2013. The dates for the 2013–14 Country Racing Series were published on Racing Queensland's website in May 2013 and published in the June edition of their thoroughbred racing magazine <i>Race Magazine</i> .
$\checkmark$	<b>Establish new thoroughbred, harness and greyhound racing control boards.</b> The new thoroughbred, harness and greyhound racing control boards commenced operating on 1 May 2013.
$\checkmark$	<b>Establish a new Queensland All Codes Racing Industry Board.</b> The Queensland All Codes Racing Industry Board commenced operating on 1 May 2013.
$\checkmark$	Appoint the Racing Integrity Commissioner and establish and appoint the Racing Disciplinary Board. On 19 April 2013 former Queensland Police Commissioner Jim O'Sullivan was appointed as the inaugural Racing Integrity Commissioner and former Supreme Court Judge Bill Carter was appointed as the chair of the new Racing Disciplinary Board.
$\checkmark$	Produce and publish <i>Geology of Queensland</i> to encourage resource exploration. Copies of the book <i>Geology of Queensland</i> were distributed in May 2013 and it can now be purchased online.
$\checkmark$	<b>Enact the law that will allow for electronic property transfers.</b> The Bill to allow for electronic property transfers was proclaimed on 17 May 2013.

Contractor of the



# Enable online lodgement of applications for exploration permits for minerals as well as post-grant dealings such as transfer, caveat and mortgages.

Online lodgement of applications for exploration permits for minerals came into effect in October 2012. Functionality to process post-grants dealings for minerals on MyMinesOnline is now available.



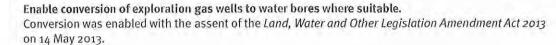
### Implement simplified land management agreements for pastoral leases.

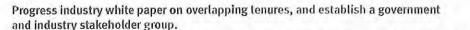
Simplified land management agreements for pastoral leases were published on the Department of Natural Resources and Mines website by 30 June 2013.



# Establish an enhanced water quality monitoring framework for the Fitzroy River to support pilot mine water release project.

The framework has been established and the results of the enhanced water quality monitoring program are provided on the Fitzroy River website (fitzroyriver.qld.gov.au).





A government industry steering group was formed to resolve outstanding issues from an industry developed white paper on overlapping tenures. Government is considering options to progress reforms to overlapping tenures.



### Reduce red tape for small scale alluvial mining.

On 17 June 2013 the government approved the release of a discussion paper outlining red tape reduction reforms for targeted stakeholder consultation.

Support the actions of the implementation committee into the recommencement of uranium mining. The implementation committee's report was publicly released on 18 March 2013. An inter-departmental committee is currently assessing the recommendations to develop the government's response and drafting an implementation strategy to ensure a best practice framework for uranium mining in Queensland.



## Commence implementing the Bowen Basin infrastructure plan.

Implementation of the Bowen Basin infrastructure plan commenced in March 2013.

Commence public consultation for the statutory regional plans for the Darling Downs and Central Queensland. Consultation occurred with councils in April and May and public consultation commenced on 28 June 2013. V

Announce Royalties for the Regions first round project approvals and launch the second round. Eighteen projects have been announced under the first round of project approvals. Expressions of interest for the second round of the Royalties for the Regions program will be called on 15 July 2013.



Release a new draft local infrastructure charging and planning framework for consultation. Formal public consultation on the proposed local infrastructure charging and planning framework commenced

Coordinator-General assess applications for eco-tourism on Great Keppel Island. The Coordinator-General's evaluation report was released on 1 March 2013.



State Assessment Referral Agency system and Single State Planning Policy are operational. Formal public consultation commenced on 15 April on the State Assessment Referral Agency system and the Single State Planning Policy. Work is continuing on finalising procedures, business rules and ICT systems. The new system will be operational from 1 July with the policy due to take effect in August 2013.



on 1 July 2013.

Establish Economic Development Queensland.

Economic Development Queensland was formally approved by the Executive Council on 31 January 2013.



Implement the master plan and a procurement process for expanding Abbot Point's coal handling facilities. The government announced on 10 April 2013 that two proponents had been shortlisted as prospective preferred proponents. Over the next six months the government will work with selected proponents to finalise detailed development submissions on expansion projects.



Call for, and assess, EOIs for the development rights for the Aurukun bauxite lease. An expression of interest process was conducted and shortlisted proponents were advised in April 2013.

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## Hold the first state planning forum.

The inaugural state planning forum was held in March 2013.

# Deliver a business plan for the Queensland Reconstruction Authority to June 2014 that includes transition arrangements.

The Queensland Reconstruction Authority has been extended to June 2015. A business plan that was developed with stakeholders commenced in June 2013.



## Implement the Queensland Drive Tourism Strategy (QDTS) to encourage drive visitors to explore regional Queensland. The QDTS is well underway with:

- A specialised contractor appointed to undertake a drive tourism and transport infrastructure study
- · Appointment of regional 'go to' officers to assist with tourism signage matters
- · Establishment of a camping options reference group and a rest area consultative forum
- Appointment of a specialised contractor to undertake the Camping Options Guideline for local governments
- A specialised contractor commencing the drive tourism research project to identify industry research priorities
- · Funding for two additional dump points for recreational vehicles
- New drive itineraries have been uploaded to www.queensland.com.



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#### Finalise Commonwealth Games master planning.

The Commonwealth Games Federation (CGF) is satisfied with the level of master planning completed. Detailed planning will continue with CGF sign-off expected in the first half of 2014.



### Implement the \$20 million Tourism Investment Plan.

The Tourism Investment Plan is being implemented as follows:

- On 4 March the Best Jobs in the World campaign was launched by Tourism Australia including a position of park ranger in Queensland
- International and domestic mentoring tourism programs have been undertaken across five regions
- A Bundaberg recovery campaign ran in the local market prior to Easter to help support the tourism industry
- Campaigns and marketing activity are underway to promote the five key destinations of the Gold Coast, Brisbane, Sunshine Coast, the Whitsundays and Tropical North Queensland
- Marketing in partnership with key airlines and travel partners is occurring to encourage tourism from China, Japan, the UK, USA and Europe
- Activities are being implemented in partnership with Tourism Australia, regional tourism organisations and key industry partners. The activities support the government's *DestinationQ* blueprint 2012–15.
- As part of the program, there are around 150 projects supported under this strategy to boost tourism throughout Queensland.

## Deliver a Queensland small business strategy and action plan.

The Queensland Small Business Strategy and Action Plan 2013-2015 was launched on 16 May 2013.



#### Expand the online business portal.

The business and industry portal has undergone several upgrades, including green tape reduction services, the investor gateway, smart forms and personalised content for Queensland Government business holders.



#### Announce new routes for innovative high productivity heavy vehicles across Queensland. New PBS 2B routes have been announced.



#### Announce new fare structure for public transport in South East Queensland.

A new fare structure for 2013–14 was announced in the Budget. The Department of Transport and Main Roads will continue to review public transport fares across South East Queensland.



Complete detailed design on the Telegraph Road crossing at Bracken Ridge. The detailed design was completed in March 2013.



Complete land acquisitions at Robinson Road crossing at Geebung. All land acquisitions have been gazetted with the exception of volumetric gazettals that will occur upon completion of the project.



Announce the first wave of waterways projects under the Marine Infrastructure Fund. First wave announcements include:

- Ross River dredging
- Floating walkways at Mooloolaba
- A new four-lane boat ramp for Burrum Heads
- A Noosa River boat ramp
- Upgrades to boat ramps at Newell Beach and Rocky Point
- · Widening of a boat ramp and and a new floating walkway in Charlotte Street in Cooktown
- Resurfacing the boat ramp at Carlo Point
- The replacement of the Gilbert Street boat ramp at Karumba
- An upgraded boat ramp and floating walkway at the Conway Road boat ramp in the Proserpine River.

$\checkmark$	Introduce Licensing System Reform (including Q-Ride, QSAFE, Older Drivers). The licensing system reforms were approved by the government in May 2013 and become operational progressively over 2013 and 2014.
$\checkmark$	Release the Freight Strategy for Queensland for consultation. Consultation on the Freight Strategy commenced in June 2013.
$\checkmark$	<b>Commence trialling new rail level crossing technology.</b> Trials commenced in February 2013 and will continue until December 2013.
$\checkmark$	Engage private sector to undertake the Coorparoo TOD project. A development agreement was finalised in June 2013.
$\checkmark$	Improve reliability by rolling out maintenance management on the rail network. Maintenance management has been rolled out on the rail network and this has seen an improvement in reliability as shown by Queensland Rail's on time running performance of 94.08% trains on time in January–March 2013.
$\checkmark$	Finalise options for changes to the bus network as part of the TransLink South East Queensland bus review. A draft report on the 230 Brisbane routes that were reviewed was provided to the Assistant Minister for Public Transport on 15 February 2013.
$\checkmark$	<b>Commence turn left on red trial at the Gold Coast.</b> The turn left on red trial commenced at the Gold Coast on 8 April 2013.
$\checkmark$	<b>Commence construction of the 1 William Street project.</b> Works commenced in late February and are continuing.
$\checkmark$	Implement recommended changes to Queensland's criteria for both state sponsored skilled migration visas and business migration visas. Changes to Queensland's criteria for state sponsored skilled migration visas and business migration visas were introduced on 8 April 2013 (skilled visas) and 15 April 2013 (business visas).

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$\checkmark$	<b>Streamline the blue card application process.</b> Consultation with key stakeholders about a streamlined application process occurred in May 2013. Work is underway to transition to online applications.
$\checkmark$	Respond to the report on the Queensland Building Services Authority. The government response to the report was publicly released on 29 May 2013.
$\checkmark$	Respond to the review of the <i>Retirement Villages Act 1999.</i> The government response was tabled in Parliament on 26 February 2013.
$\checkmark$	Improve the delivery and design of Indigenous housing in Far North Queensland to better reflect local climate conditions. Modifications to the Design and Construct Standards relating to suitability to climate conditions are being trialled. This includes using modular and prefabricated building options to ensure efficient delivery.
$\checkmark$	<b>Continue to</b> work with the unsuccessful de-amalgamation proponents and communities to improve representativeness and effectiveness of their councils. The minister communicated and met with unsuccessful de-amalgamation proponents. This work is now finalised, with the focus to be on the effectiveness of all local governments throughout Queensland.
$\checkmark$	<b>Conduct</b> polls to determine local government de-amalgamations. De-amalgamation polls were conducted on <i>9</i> March 2013 in Noosa, Livingstone, Mareeba and Douglas.
$\checkmark$	<b>Consider</b> and <b>respond to the Independent Commission of Audit's Final Report.</b> The government response to the final report was publicly released on 30 April 2013.
$\checkmark$	<b>Deliver savings from recovering unpaid SPER fines.</b> A trial has been underway using mercantile agents to recover unpaid SPER fines. As at 24 June 2013, the trial has resulted in a total of \$4.4M being collected in full and \$17.6M currently under compliance to be collected.
$\checkmark$	Introduce zero base budgeting for departments and deliver the 2013–14 State Budget. Outcomes of the zero based budgeting process were considered as part of the 2013–14 Budget deliberations, the Commission of Audit (CoA) report and the government's response to the CoA report.
$\checkmark$	Launch the open data app competition. The Premier launched the open data app competition on 24 June 2013.

Tabled by Menver at Estimates on 160 2013.

Department of the Premier and Cabinet

July - December 2013

# Six month action plan



Great state. Great opportunity.

## July - December Six Month Action Plan



This is the Queensland Government's third Six Month Action Plan. It confirms our continued commitment to improving service delivery to Queenslanders and structuring Queensland's economy to deliver a strong and resilient future.

Over the next six months, we'll be setting a new direction for the operation, and delivery, of services across the state by continuing to implement the Commission of Audit recommendations that we have accepted. We'll develop Governing for Growth, a whole of government strategy for economic growth over the next decade. We'll continue to encourage infrastructure projects across the state, streamline government processes, and increase government accountability.

I look forward to working through this Six Month Action Plan and getting on with the job to ensure that Queensland remains a great state with great opportunity.

Campbell Newman MP Premier of Queensland

#### Recruit 130 additional police above normal recruitment levels as part of our commitment to 1100 additional police officers.

- Begin mobile data trials for police.
- Respond to the Keelty Review of Queensland's police and emergency services.
- Open a maximum security unit at Woodford Correctional Centre.
- Finalise the review of the Corrective Services Act 2006.
- Purchase 27 floodboats to support State Emergency Service (SES) groups.
- Introduce the next stage of measures to reduce red tape for the liquor and gaming industries in Queensland.
- Finalise consultation on the nationally harmonised health and safety laws.
- Respond to recommendations following the Parliamentary Committee Inquiry into the operation of Queensland's workers compensation scheme.
- Commence review of the Body Corporate and Community Management Act 1997 and property law in Queensland to simplify laws and procedures.
- Establish three additional youth boot camps in Rockhampton, Townsville and Fraser Coast regions.
- Identify legislative amendments to further cut red tape and improve workability for the construction industry.
- Complete seasonal fire scar mapping of the state to assist with fire management.
- Publish Aboriginal and Torres Strait Islander cultural resources for use by courts and legal practitioners.

- Update the manual that sets out the requirements for assessing dams, spillways and levee structures on sites carrying out resource activities including mining and CSG.
- Develop model operating conditions for landfills, quarries and dredging to reduce red tape and decrease the risk of environmental contamination.
- Develop the annual compliance plan for 2013/14 to inform the Queensland community of the planned compliance activities that the Department of Environment and Heritage Protection will carry out.
- Commence implementation of a single environmental offsets policy for Queensland.
- Reduce regulatory 'green tape' by implementing a revised protected plants management framework.
- Implement a new management framework for flying-fox roosts.
- Deliver round 2 of Everyone's Environment Grants.
- Commence implementation of a litter and illegal dumping action plan.
- Identify environmental values and water quality objectives for the Capricorn and Curtis Coast catchment and coastal waters to support reef water quality outcomes for the Great Barrier Reef.
- Establish self assessable vegetation management codes.
- Complete the final Wet Tropics Water Resource Plan for consideration by government.
- Commence assessment of tenders for the unallocated water from the Surat Basin Region.
- Evaluate the Land Access Implementation Committee report.
- Deliver the government's response to the Uranium Mining Implementation Committee report.
- Announce the next round of tenders for exploration of coal areas in Queensland (non-cash).
- Finalise the North Pine Dam Optimisation Study.
- Announce successful recipients of the Friends of Parks small grants program and release expressions of interest for Friends of Parks coordinators.
- Release draft master plans for Mon Repos Turtle Centre, David Fleay's Wildlife Centre and Walkabout Creek Visitor Centre.

Respond to the Parliamentary Committee Inquiry on palliative care services and home and community care services.

- Commence a 12 month blitz on waiting lists for cochlear implants.
- Appoint Queensland's first Health Ombudsman supported with new legislation to strengthen patients' rights and better respond to medical complaints.
- Commence the roll-out of 'rapid testing' in Queensland allowing quick screening for HIV that will cut waiting times for results from three months to half an hour.
- Commence the Rural Telehealth Services at six trial sites across remote Queensland.
- Expand Hospital in the Home services.
- Commence award simplification for Queensland Health employees.
- Increase the number of 'reporting hospitals' from 38 to 57 to ensure greater access to essential online performance data.
- Reform and make more transparent Queensland Health's grants and service delivery contracts.
- Announce new allocations under the Advancing our Schools Maintenance Fund.
- Announce high school students to attend overseas Anzac ceremonies in 2014.
- Commence implementation of the Indigenous early childhood, education, training and employment action plan.
- Announce additional Independent Public Schools to commence in 2014.
- Respond to the Parliamentary Committee inquiry into Senior Maths and Science in Queensland schools.
- Commence implementation of the new schools discipline plan for Queensland state schools.
- Begin implementation of the Vocational Education and Training Five Year Action Plan, developed in response to the Queensland Skills and Training Taskforce final report.
- Commence implementation of the Homelessness-to-Housing Strategy.
- Amend the Queensland Building Services Authority Act 1991 (QBSA Act).
- Commence implementation of the Housing 2020 Strategy to transform the future of public housing.

- Identify amendments to the *Retirement Villages Act 1999* to better balance the interests of residents and the development of the industry.
- Commence a review of the Manufactured Homes (Residential Parks) Act 2003 to improve protection for home owners.
- Release the Arts for All Queenslanders Strategy.
- Commence implementation of Brisbane's Cultural Precinct Strategy (Southbank).
- Release a new cultural diversity policy.
- Announce cultural diversity grants recipients for 2014.
- Release an Aboriginal and Torres Strait Islander economic participation framework.
- Finalise arrangements for an extension of the Cape York Welfare Reform program.
- Prepare a social and human services investment blueprint.
- Respond to the Queensland Child Protection Commission of Inquiry (Carmody Inquiry) report.
- Release Queensland's five year Disability Services Plan.
- Commence implementation of the Youth Strategy.

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Introduce legislation to reduce red-tape on service providers for the use of restrictive practices while maintaining protections for clients.

Deliver statutory regional plans for the Darling Downs and Central Queensland.

- Release the Economic Development Directions Statement for Queensland Airports.
- Release a draft of the Queensland Ports Strategy for public consultation.
- Launch the second round of the Royalties for the Regions program.
- Conduct a review of the state's property portfolio.
- Progress the Request for Detailed Proposal for the Broadwater Marine Project.
- Release a draft infrastructure strategy for Queensland.
- Develop Governing for Growth, a whole of government strategy for economic growth over the next decade.
- Progress the development of the Gold Coast 2018 Commonwealth Games Village at Parklands.
- Commence the expression of interest process for the Government Precinct Redevelopment.
- Engage a contractor for the Bruce Highway upgrade, Cooroy to Curra Section A.
- Release the Freight Strategy for Queensland.
- Announce second round of waterways projects under the Marine Infrastructure Fund.
- Respond to recommendations of the long distance passenger service review.
- Launch the first refurbished Cairns tilt train.
- Complete the Yeppen North project at the junction of the Bruce Highway and Capricom Highway in Central Queensland.
- Award the tender for construction of the Moreton Bay Rail Link.
- Commence construction of turnaround parking at Mt Gravatt State School.
- Respond to the discussion paper—Payment Dispute Resolution in the Queensland Building and Construction Industry.
- Deliver the second whole-of-industry DestinationQ Tourism Forum on the Gold Coast from 27–28 August 2013.
- Finalise the Tourism 2033 Plan, a 20 year strategic plan for Queensland tourism.

Release the Gold Coast 2018 Commonwealth Games Legacy Plan for Queensland.

- Hold the first Queensland Small Business Week from 24–31 July to celebrate the importance of small businesses to the Queensland economy.
- Release an e-procurement application on the Business and Industry Portal that will assist Queensland small businesses in tendering for government procurement opportunities.
- Release the Queensland Government's digital economy draft strategy for consultation.
- Continue increasing frontline officers in key areas, including biosecurity, to help producers to grow their businesses, build capacity and resilience.
- Commence the Growing the Agriculture Workforce project to attract, retain and develop people within the agriculture sector.
- Complete a comprehensive review of Queensland's foot and mouth disease preparedness capability.
- Introduce the new Biosecurity Bill into State Parliament.
- Commence the first actions under the Queensland Forest and Timber Industry Plan in collaboration with industry.
- Finalise Queensland's agricultural research, development and extension plan to drive productivity across the sector.
- Continue the bovine Johne's disease (BJD) eradication program in partnership with industry.
- Respond to the Government Land Tenure Review.
- Introduce self-assessable codes for low risk water related approvals under the Sustainable Planning Act 2009.
- Deliver additional modules of MyMinesOnline, including functionality for additional permit types.
- Release the 30-year electricity strategy discussion paper for public consultation.
- Work with racing control boards to develop draft five year rolling infrastructure plans.
- Racing Queensland to complete phase 1 of the Gold Coast Turf Club redevelopment, and the grass race track replacement at Toowoomba Turf Club.
- Introduce new bookmakers legislation to increase competitiveness.

Release the Queensland Ecotourism Plan.

11

 Announce new industry-based operators at the Magnetic Island, Leslie Dam and Yeppoon Active Recreation Centre sites. Develop and release The Queensland Plan in collaboration with Queenslanders.

- Announce the winners of the Premier's Open Data app competition.
- Continue implementation of accepted Commission of Audit recommendations.
- Commence implementation of endorsed recommendations from the Trade and Investment Queensland review.
- Office of Best Practice Regulation to deliver its first annual report tracking the government's progress to reduce red tape by 20 per cent.
- Continue to implement the government's fiscal principles to stabilise and repair the state's financial position so that the government can deliver more and better services for Queenslanders.
- Continue to progress the delivery of South East Queensland Schools, Government Wireless Network, New Generation Rollingstock via Public Private Partnership.
- Commence the development of a grants management information portal to streamline grants and funding administration.
- Respond to the report from the Commission of Inquiry into the Queensland Health payroll system.
- Start review of the Local Government Electoral Act 2011.
- Hold elections in deamalgamated shires—Noosa, Douglas, Mareeba and Livingstone.
- Announce funding for 2013–14 Local Government Grants and Subsidies Program.
- Make all government open (spatial) data available through Queensland Globe.
- Complete the efficiency and performance review of SunWater.
- Commence implementation of the ICT strategy and implementation plan.
- Develop and release the first phase of the government's ICT Dashboard to track progress of key ICT projects.
- Respond to the Callinan Review of the Crime and Misconduct Commission (CMC) and recommendations
  of the Parliamentary Crime and Misconduct Committee inquiry into the CMC.
- Complete review of the Electoral Act 1992 and introduce legislative changes.
- Map government funded Aboriginal and Torres Strait Islander services by location to improve service delivery coordination, planning and resource allocation.

8 November 2012

Mr Michael Crandon MP Chair Finance and Administration Committee Parliament House BRISBANE QLD 4000

michael Grandon MP =, of Estimates on

Dear Mr Crandon

## **Estimates Hearings**

You will be aware that at the Estimates Hearings your Committee conducted into the Department of the Premier and Cabinet there were a large number of officers present who were not called on to provide information to the Committee.

As the Integrity Commissioner I was required to be present because my budget is part of that administered by the Public Service Commission, for which the Premier is responsible.

During the hearing, no questions were asked of me. The same is true of last year when a similar budget estimates process occurred.

Each year, the Finance and Administration Committee normally asks me to appear before it on two occasions. I am usually provided with some questions on notice, to answer in advance of the hearings. I recollect that on at least one recent occasion I was asked a question about the adequacy of the budgetary provisions for the Integrity Commissioner.

Could I suggest that these biannual meetings provide the Committee with an adequate opportunity to question me about the budget, and that there is no real need for me to appear at the Estimates Hearings for the Department of the Premier and Cabinet.

Additionally I find it somewhat embarrassing, as an Officer of the Parliament (*Integrity Act 2009*, s. 6(2)), to be required to provide a brief through the Department of the Premier and Cabinet.

Given that the Committee is responsible for monitoring and reviewing the performance by the Integrity Commissioner of the Integrity Commissioner's functions (s, 89(a)) I would like to ask the Committee if I could be excused from attending the Department of the Premier and Cabinet's Estimates Committee hearings.

Yours si

Dr David Solomon AM Queensland Integrity Commissioner

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Queensland Integrity Commissioner





# FINANCE AND ADMINISTRATION COMMITTEE

## Members present:

Mr MJ Crandon MP (Chair) Dr B Flegg MP Mr R Gulley MP Mrs FK Ostapovitch MP Mr CW Pitt MP Mr EJ Sorensen MP Mr MA Stewart MP

Staff present:

Ms D Jeffrey (Research Director) Dr M Lilith (Principal Research Officer) Ms M Freeman (Executive Assistant)

## PUBLIC MEETING—LOBBYISTS CODE OF CONDUCT

TRANSCRIPT OF PROCEEDINGS

WEDNESDAY, 28 NOVEMBER 2012

Brisbane

## WEDNESDAY, 28 NOVEMBER 2012

Committee met at 10.30 am

#### SOLOMON, Dr David, Integrity Commissioner, Queensland Integrity Commission

CHAIR: Welcome, Dr Solomon. Just so you know, we are recording the hearing but it is not being broadcast. As a result, you will receive a copy of the transcript for you to check against your memory. We would like to give you an opportunity to say a few words as on opening statement.

Dr Solomon: Maybe I should say something about what is currently happening with the legislation.

CHAIR: Okav.

Dr Solomon: As I read it, the current legislation permits the Integrity Commissioner to change the Lobbyists Code of Conduct to impose obligations on lobbyists to give the Integrity Commissioner information about lobbying activities carried out by them. As the committee will be aware, I have to consult the committee before I can make changes to the Lobbyists Code of Conduct. So there will be an issue about when we can do that in terms of the government's priorities in relation to making these changes.

CHAIR: So you are asking us a question now on what dates are available; is that what you are saying?

Dr Solomon: I have only had a short time to think about this. I would like to consult briefly with lobbyists as well before I prepare material which I would share with the committee. I anticipate doing all of this fairly quickly. I note that the next scheduled meeting of parliament is not until February but-

CHAIR: Are you thinking a January date would be better or a December date?

Dr Solomon: Probably a December date.

CHAIR: What does the legislation require?

Dr Solomon: It simply allows the Integrity Commissioner to change the code of conduct.

CHAIR: Okay.

Dr Solomon: But the legislation also requires consultation with the committee before I make those changes. A possibility might simply be that I circulate changes to you for the committee. I do not know whether you would need to-

Mr PITT: Dr Solomon, is that after the legislative change you will need to do the consultation or will it have to be prior to-

Dr Solomon: Prior to. The act gives me the power simply to change the code of conduct, but before I do that I must consult with the committee.

CHAIR: How are you situated for Friday?

Dr Solomon: This Friday?

CHAIR: Yes.

Dr Solomon: I would like to consult with the lobbyists who are being affected first, and I do not think I will be able to do that.

CHAIR: That is fine.

Mr PITT: There is an issue in that an urgency motion has been passed, which suggests that this will be passed in this week's sitting. Dr Solomon, are you saying that the urgency motion which has been passed to have this legislation put through parliament this week is really not possible because you will not have had time to consult?

Dr Solomon: There is no problem about the legislation going through.

Mr PITT: That is what I was asking before.

Dr Solomon: Oh no, that simply empowers me to take the next step.

Mr PITT: That is what I wanted to be clear about.

Mr STEWART: So we technically cannot meet before then anyway.

CHAIR: So the legislation really needs to be passed before you have the power?

Dr Solomon: Yes.

CHAIR: So it has to happen this week?

Dr Solomon: Yes.

CHAIR: The legislation has to be passed and then you can move forward? Brisbane

-1-

28 Nov 2012

Dr Solomon: Yes.

CHAIR: How are you situated for Monday?

Dr Solomon: Well, I will not have had time to consult the-

CHAIR: That is fine, I am just giving you dates. Monday is 3 December and you said a December date. Would you like to write to us?

Dr Solomon: I think so, when I have a clearer timetable. I have been working on this for only a few hours

CHAIR: That is fine. Are there any time lines imposed in the legislation as to when you have to have the changes?

Dr Solomon: No.

CHAIR: None?

Dr Solomon: No.

CHAIR: So theoretically we could meet in January?

Dr Solomon: Yes.

CHAIR: And that would give you an abundant amount of time to consult with as many people-

Dr Solomon: We could even do it late January. That might be the easiest way all round. That will give me plenty of time for consultation with whomever wishes to be consulted, and I will put a notice up on my website and we will contact the lobbyists as well.

CHAIR: We will not have any complaints then from anybody about rushing anything.

Dr Solomon: Exactly.

Mr PITT: I am just informing you that my wife is having a child in January and I may not be available-

CHAIR: Congratulations.

Dr FLEGG: Congratulations.

Mr PITT:-at some point. Depending on what Tim's availability is-

Dr FLEGG: I will stand in for you-

Mr PITT: You can stand in in the delivery room.

CHAIR: We probably negotiated a good outcome-some time in January, which will give you plenty of time and it will give the committee some time as well because we are under a bit of pressure on a couple of fronts. The WorkCover review is one of those.

Dr Solomon: I will certainly circulate my suggested changes a couple of weeks before the time we are going to meet so the committee has plenty of time to think about it.

CHAIR: The process then would be for you to consult with us and, Deb, where would we go after that? You would be consulting with us and then-

Dr Solomon: No, then I publish the new code.

CHAIR: You have consulted with us and we would say, 'Thank you very much for consulting with us,' and away you go from there. We may discuss some of the recommendations that you are making-

Dr Solomon: Certainly, and that is what happened-

CHAIR:—and you may make some minor changes.

Dr Solomon: That is what happened with the original code of conduct.

CHAIR: That is good. We will target somewhere in the second half of January for a meeting with you. We will try to agree on a date today and we will notify you of that date. We will try to get everybody on the same page as far as availability is concerned.

Dr Solomon: I will give you some of my dates, too, for nonavailability.

CHAIR: Okay. Can you give us some dates that you are not available in January?

Dr Solomon: Yes, I can.

CHAIR: That will be the first step. You give Deb the dates that you are not available and then we will come back to you with a date for the hearing. From there, where do we want to go?

Dr Solomon: I wrote a letter to you about the estimates hearings.

Mr STEWART: I will start if you like. Could you please explain to the committee your reasons for not wishing to attend the estimates hearings?

Dr Solomon: Certainly. I have been at the estimates hearings for the last three years and they amount to wasting half a day each time. Given the way that estimates committee hearings are conducted, I do not think very many members of the committee are interested in questioning the Integrity Commissioner when they have the Premier and other people to question instead. And the committee has the opportunity in a meeting like this or whenever to question me about actual estimates if it wishes. -2-Brisbane

28 Nov 2012

Mr PITT: Dr Solomon, I respectfully suggest that it is one day and perhaps even only half a day that is required. There are a number of chief executive officers and senior people across government who make themselves available for the hearings. Not all of them are also asked to speak or contribute as part of that, but they are on call and available if required. I think that is an important part of our transparency in the process of estimates in Queensland.

Dr Solomon: It is up to the committee. I thought I would ask.

CHAIR: Was there another question?

Mr STEWART: In the event there was a question in relation to the integrity side of it and the Premier wanted to refer to you and you were not there, then we would have an issue I suppose.

Dr Solomon: I cannot imagine anything that could possibly come up. However ...

CHAIR: We will see what happens next estimates hearings perhaps. Are there any other questions, member for Sunnybank?

Mr STEWART: Are you satisfied with the current funding that you have available for your office?

Dr Solomon: Yes, I am. My office is so small. The office consists of me, my executive coordinator and two people who look after the lobbying register. Given that it is so small, we were I think therefore excluded from the cuts that affected most other agencies because the cuts really would have made it impossible to continue.

CHAIR: The committee notes that you do not believe that officers of the parliament should be required to provide a brief through the DPC. How do you consider the funding of your office should be managed?

Dr Solomon: I think it needs to be managed the way it is through DPC because we reply on the DPC for support. We rely on the Public Service Commission to look after our books and, in effect, all of our finances. I suppose an alternative might be that it could be handled through the Clerk's office, but it works well at the moment and I do not see any need for a change.

CHAIR: The committee notes there has been an increase in requests for advice in 2011-12. How has this impacted on your office?

Dr Solomon: It has just impacted on me, that is all. Previously, and in my last annual report, I have said that I split my time fairly evenly between integrity issues and lobbying issues. I think it is fair to say that since the election until a week or two ago about 95 per cent of my time was being spent on integrity issues. That is the effect of the increased number of requests and so on. Necessarily in the next month or two that will swing way back the other way with the work I will be doing on the lobbying side.

Mr PITT: Can I ask a quick question, Mr Chair?

CHAIR: Sure.

Mr PITT: Dr Solomon, I do not know that it is actually in the figures here, but I am interested to find out what amount of your time is taken up with, I guess, ad hoc verbal requests for information versus those you are having to deal with by way of correspondence. There are often quite a number of small cases that may come up. I was not sure that that was reflected in the stats. I was interested in hearing from you about that

Dr Solomon: I have not included in the stats the meetings I have with individual members of parliament or ministers. Mostly they are, as you know, of fairly short duration-five, 10, 15 minutes.

Mr PITT: Sometimes they can be in a hallway.

Dr Solomon: Indeed they can. But, of course, as you point out, they are not formal advice and I try to make it clear to people when I do give corridor information that I can only give formal advice in writing.

CHAIR: In that respect you say that those stats are not in the record?

Dr Solomon: No, I have not included those, but perhaps I should next year.

Mr PITT: As a totality, perhaps.

Dr Solomon: Yes, just have an extra line.

CHAIR: Do you keep a record yourself?

Dr Solomon: Yes.

CHAIR: So you make a diary note of a brief conversation that you might have had with someone? Dr Solomon: Yes. My executive coordinator has a list.

Mr PITT: It just goes to having a better understanding of what your workload is and what pressure that has to bear on resources.

Dr Solomon: Sure.

CHAIR: Given that you do keep a record yourself, could you provide the committee with those details?

Dr Solomon: I have to think about that. The confidentiality provisions of the act-Brisbane - 3 -

28 Nov 2012

CHAIR: I do not mean the details.

Dr Solomon: Who I talk to?

CHAIR: No, the number.

Dr Solomon: The number, certainly, yes.

CHAIR: Thank you.

Dr Solomon: For example, there was one day about two months ago when I saw 16 members of parliament. I will not be doing that again.

CHAIR: You cut through quite a few there.

Dr Solomon: I will cut the numbers back, yes.

Mr PITT: That was part of your regular catch up with members.

Dr Solomon: Yes. It was the scheduled catch up and it happened to be convenient for members that I see them on that day.

CHAIR: Just to finish off on the estimates, and I might pass then to other members to talk about committee oversight and so forth, the committee notes that the financial statements included in your annual report are not subject to audit. Could you please explain to the committee why this is the case and are they consolidated into the annual report figures of the Public Service Commission?

Dr Solomon: I do not know about the second, but the act does not require them to be audited. There is a special exemption for very small agencies which is governed by the amount of money involved. In fact, the financial statements are prepared in the Department of the Premier and Cabinet.

CHAIR: Thank you. I will pass to the member for Stretton.

Mrs OSTAPOVITCH: Are there any matters of concern that you feel that you need to raise to the Legislative Assembly's attention?

Dr Solomon: No. I think on the integrity side that is working fairly well. I have made some suggestions about changes to the Integrity Act to the Department of the Premier and Cabinet which has been conducting a review of the act for over a year now.

CHAIR: Have you had any feedback at this stage?

Dr Solomon: No, I have not. I have included them in the report. I think there should be some changes, but it is up to the government to consider them.

Mrs OSTAPOVITCH: You do not have any further matters which you feel need to be included in the current review of the act?

Dr Solomon: No. I have actually made four or five separate submissions and they are pretty well summarised in the annual report.

Mr SORENSEN: Just on the lobbyists functions, what do you consider to be an advantage and disadvantage of lobbying and the lobbyists register? The role of the lobbyist has received a great deal of press over recent weeks. Would you care to comment on the accuracy of any of these articles?

Dr Solomon: Well, I think there has been some misunderstanding about who is required to do what and what my role is in these things. The requirement to keep records of contact with lobbyists arises under the Public Records Act, not under the Integrity Act. The Queensland State Archivist has issued a notice about this to all government representatives as to how this can and should be done. There is also a requirement by the Crime and Misconduct Commission that records be kept in a particular way following one of its inquiries a few years ago. I really do not have any direct role in this at all.

Mr SORENSEN: What about the advantages and disadvantages of lobbying and the lobbyists register and that type of thing?

Dr Solomon: It is basically a question of being open and accountable. The meetings that government representatives have-and by government representatives I mean anyone in governmentwith lobbyists, it seems reasonable that these should be accessible, if necessary. I am entitled under the act to ask people who keep these records for a copy of them from time to time and I have been trying to do that in order to get a full picture of the extent of lobbying in Queensland. I have only been taking samples and I must say so far the material that I have had has not been entirely satisfactory from some departments. Certainly local government has not been very forthcoming in their provision of information. But the act does not actually require people to give me information that I ask for, it only enables me to ask for it and allows them to provide it if they wish. Some do not wish. Which means the picture I get of lobbying is, to that extent, incomplete.

CHAIR: Do you think then, doctor, that the 'do not wish' aspect of it is they believe they are too busy doing stuff or there is some sinister motive to the 'do not wish'?

Dr Solomon: I would not say sinister, but I think they simply do not want to provide the information. Very small councils, for example, are unlikely to have had much, if any, contact so they put in a nil return and that is easy. The Brisbane City Council, for example, has not so far cooperated in this and without their figures it is a bit difficult to get much of a picture. Brisbane - 4 -

28 Nov 2012

CHAIR: What about other regional councils?

Dr Solomon: Most of them have been fairly cooperative, yes.

CHAIR: Gold Coast?

Dr Solomon: Gold Coast, yes.

Mr SORENSEN: Would their diaries be sufficient?

Dr Solomon: I do not have access to their diaries.

Mr SORENSEN: I know, but I know when I was mayor I had to hand the diary in so the diary was always on the computer. You just used that electronic version of your diary.

Dr Solomon: I am sure the information is or would be available, but some have not cooperated in providing it.

CHAIR: Member for Moggill, do you have any questions at this stage?

Dr FLEGG: No. It is probably best if I do not.

CHAIR: I did not want to obviously leave you out, Dr Flegg, that is all.

Mr GULLEY: In regard to the public awareness function, could you outline the types of activities your office has undertaken over the last 12 months to fulfil the public awareness function'

Dr Solomon: It has mainly been in terms of giving talks to various organisations. In the 12 months I have not given any media interviews, but I have given quite a number of papers and so on. Normally when I give a paper to an organisation I publish the paper on my website so that it is more generally available.

Mr STEWART: The committee notes that you had a meeting with a number of individual lobbyists and organisations concerning lobbying, including the Government Relations Professionals Association and the Public Relations Institute of Australia. What were the main outcomes from these meetings?

Dr Solomon: Mainly that their organisations are now identified on the website. That lobbyists can indicate that they are a member of one of those organisations and that appears on the website. We discussed the general workings of the register and whether it could be improved. Since the beginning of this financial year, from June through July, we have had an upgrade to our system that allows lobbyists to actually change their details on the website on the register themselves. They are given a password, they can log in and change details. We monitor those changes to ensure that everything is okay, but it is easier for the lobbyists to do that and it means that the register is updated more quickly than we could do it ourselves. It appears to be working pretty well. The upgrade, in fact, will probably—and I am hesitant because I have still got to get advice on this—allow us to handle the changes that will follow from the changes to the code of conduct so that details of meetings that the lobbyists have with government of the code of the code of the downloaded by them onto the working. representatives will be able to be downloaded by them onto the website. We will have to monitor that to ensure that privacy and RTI type considerations are properly observed, but we think we will be able to have that done, if not with the current upgrade then with a small extra upgrade to the system which we think should not be too expensive.

CHAIR: There were three meetings of the Integrity Committee in 2011-12. What were the main outcomes of the meeting?

Dr Solomon: The main outcome is that we inform each other of what we are doing. In some cases it means that two or three members of the committee will say, 'We'll coordinate what they are doing', but it is basically an information sharing meeting. We do not have any executive function at all.

CHAIR: Is it beneficial to you?

Dr Solomon: Very much so. We all think that the system works well. We have had very positive comments from some outsiders. The Victorian people, who were inquiring into changes to make to their integrity system, were very impressed by the way it worked. It means that we do not have jurisdictional problems between us or, if we do, that they are sorted out very easily and quickly. I was asked to speak about how we worked at a conference in New Zealand the week before last. The International Ombudsman's Institute invited me to go there. They paid, of course.

CHAIR: That is good, is it not?

Dr Solomon: Yes, it is, and talk about how it worked. There was a great deal of interest in it.

CHAIR: Good. Thank you. The member for Mulgrave has a question for you.

Mr PITT: Dr Solomon, it could be said that the definition of ethical behaviour is not just about following the rules, but also about what you do when you think no-one is watching. I am just interested to hear what your general thoughts are on how far does the net get cast in terms of right to information and contact with lobbyists. Obviously the focus will be the executive government, but flowing through to all members of parliament. I am just interested to hear what your general thoughts are on that because there is a fair bit of discussion around this issue at the moment.

Dr Solomon: I have noted that. I made a submission to a Senate inquiry in March, I think it was, this year into possible changes to the lobbyists system that the Commonwealth has. In that I recommended that contact with all members of parliament by lobbyists should be recorded. I might say that my proposals were rejected by the government and the opposition, accepted only by the Greens. - 5 -Brisbane

**Mr SORENSEN:** With all these lobbyists being put on the internet all the time, if you were a business person and you wanted a lobbyist you would go through that site and pick up who is doing the most lobbying so you would most probably go to him, would you not? Is it an advantage for the lobbyist to have their name on the internet all the time like that?

Dr Solomon: Some think it is, some think it is not. It is also a possibility that there are others, their rivals, who go through the list also and come up and think they can put a proposal to a firm that we can do it better for you. There is a bit of poaching that goes on, I am told, as a result of all of the clients being listed.

Dr FLEGG: They sometimes smear their opponents, too. There is quite a significant case at the moment—I will not mention where it is because it would identify who it is—where a particularly large company involved in a proposition that has used a lobbyist for a certain part of their business has then been attacked by a rival lobbying firm over a completely different interest for that information. Two things—if I could just say something, Mr Chairman?

#### CHAIR: Absolutely.

Dr FLEGG: The definition of a lobbyist is of considerable concern because, from personal recent experience, you just cannot tell. You can have six or 10 people from a company walk in, one of those will be a lobbyist if he is not an employee of the company. As you know, if he is a government relations guy employed by the company he is not a lobbyist. However, you do not even know who those people who walk into your meeting are. In one meeting I had to go around and say, 'Who do you work for?' Who do you work for?', and they all thought I was nuts and got highly offended. There is a suggestion that you can be a lobbyist even though you do not have any pecuniary interest—you are not employed or paid, you are not involved in the product, you are not a shareholder, you have got nothing to gain—you simply have, for example, an area of expertise. If yourself, for example, were retained by a company that advises on ethics—not retained, but if you wanted to pass some commentary—you would be a lobbyist for that company even though you are not paid. There is a significant issue around the definition of a lobbyist and I could not give you a definition as I sit here and I have probably got more reason to know than most people.

The other issue is what constitutes a contact with a lobbyist that must be recorded? If a guy is running late in traffic and rings your secretary and says, 'I'm sorry, I'm going to put the meeting back an hour because I am not going to be there on time', is that then a contact with a lobbyist? It has been asserted in one case I know that that, in fact, is a deficiency of the lobby register because that call to the secretary was not recorded. Those two areas of what constitutes a lobbyist, and it has to be clear enough so the person being lobbied knows, and the second one, what constitutes a contact by a lobbyist, because it does not, as I understand it, just apply to the meeting that is held face-to-face, it applies to other contacts as well.

CHAIR: We will give you about two minutes for that and then we need to wrap things up.

Dr Solomon: So far as I am concerned, contact with a lobbyist involves more than just fixing a meeting. There is a definition of contact in the act and lobbying activity is contact with a government representative in an effort to influence state or local government decision making et cetera, et cetera. Fixing a meeting is not an effort to influence. That comes at the meeting. That is my view.

In relation to the definition of a lobbyist, I think there are a lot of things wrong with it. The present definition, as I have complained, really catches only about 20 per cent of the people who actually lobby and I do not think that that provides the accountability that the act seeks to give. I note that there is a change to the definition of a third-party client in the bill that is before the House which should improve things a bit but, as I say, I think the whole system really needs to be expanded to catch lobbyists.

Just one further point, the code of conduct for lobbyists requires them to identify themselves as lobbyists before the contact takes place. I know that does not happen, but I have never had a complaint from a government representative about it not happening. If I did have complaints about it I would be able to do something about it. Under the act I have power to warn, to suspend or to remove a lobbyist from the register. As I say, I cannot do that if people do not tell me in specific cases that a lobbyist is disobeying the requirements of the code of conduct

Dr FLEGG: There would be so many cases you would never cope with it. It is not even the case that if you own the lobbying firm that you have to be on the register. I know of cases where they are not. You can actually own the lobby firm, but not be a lobbyist.

Dr Solomon: I will have a look at that, too.

CHAIR: Please do, Dr Solomon. If you have anything further to add to the comments we have here today we would welcome you dropping us a line with those further dot points after you have had a little bit of time to mull. We are going to get some information from you on those ad hoc in the hallway type contacts and so forth. Once again thank you for your time.

Dr Solomon: My pleasure.

Committee adjourned at 11.11 am Brisbane Our ref: DOC/13/117454

1 July 2013

### Queensland Integrity Commissioner



Mr Michael Crandon MP Chair Finance and Administration Committee Parliament House George Street BRISBANE QLD 4000

Email: fac@parliament.qld.gov.au

Dear Mr Crandon

I wish to advise you that I will be on official (approved, as required by s. 77 of the Integrity Act) leave from today until the end of the month.

As I will be unable to attend the estimates hearings on 16 July 2013 I will be represented by Deborah Clark-Dickson, from my office.

I should add that I booked (and paid for) my holiday last July, some three months before the parliamentary schedule for 2013 was circulated by the Manager of Government Business. In my experience at the time, estimates hearings had not been scheduled for July.

I will be in contact (through email) to answer any queries that may arise.

Yours sincerely

Dr David Solomon AM Queensland Integrity Commissioner

Level 13, 53 Albert Street Brisbane PO Box 15290, City East Queensland 4002 Australia Phone +617732242351 Fax +61732242326 Website Wity.integrity.qld.gov.au



Queensland Parliamentary Service Parliament House George Street

THE CLERK OF THE PARLIAMENT

Brisbane Qld 4000

Ph: 61 7 3406 7250 Fax: 61 7 3221 7475

email: ClerksOffice@parlament.gld.gov.au www.parliament.qld.gov.au

Your Ref: IC.13.11 Our Ref: 11.4 Estimates Process

12 July 2013

Mr Michael Crandon MP Chair Finance and Administration Committee Parliament House **George Street BRISBANE QLD 4000** 

### Dear Mr Crandon

### Finance and Administration Committee - Attendance of Integrity Commissioner at Estimates 2013

I refer to your letter of 11 July and advise in response as follows:

- the 2013 sitting dates were released by the Manager of Government Business, Mr Ray Stevens MP by • memo dated 14 September 2012 (copy attached);
- I subsequently sent an email to all members and staff attaching the memo from the Manager of Government Business at 3.02pm on the same day (copy attached); and
- the sitting dates were added to the Parliament's website the same day. .

In short, the sitting dates for 2013, including estimates days, were widely published and available on 14 September 2012.

In relation to the normal period for estimates days, I can advise for nine of the last ten years estimates hearings have been held in July. The one exception was in 2012 when the budget, and consequently estimates were delayed due to the election being held in March and a change of government occurring. The dates for each of the last ten years are in the table below.

Year	Dates						
2013	16/07/2013	17/07/2013	18/07/2013	19/07/2013	23/07/2013	24/07/2013	25/07/2013
2012	9/10/2012	10/10/2012	11/10/2012	12/10/2012	16/10/2012	17/10/2012	18/10/2012
2011	12/07/2011	13/07/2011	14/07/2011	15/07/2011	19/07/2011	20/07/2011	21/07/2011
2010	13/07/2010	14/07/2010	15/07/2010	16/07/2010	20/07/2010	21/07/2010	22/07/2010
2009	14/07/2009	15/07/2009	16/07/2009	17/07/2009	21/07/2009	22/07/2009	23/07/2009
2008	15/07/2008	16/07/2008	17/07/2008	18/07/2008	22/07/2008	23/07/2008	24/07/2008
2007	10/07/2007	11/07/2007	12/07/2007	13/07/2007	17/07/2007	18/07/2007	19/07/2007
2006	11/07/2006	12/07/2006	13/07/2006	14/07/2006	18/07/2006	19/07/2006	20/07/2006
2005	5/07/2005	6/07/2005	7/07/2005	8/07/2005	12/07/2005	13/07/2005	14/07/2005
2004	13/07/2004	14/07/2004	15/07/2004	16/07/2004	20/07/2004	21/07/2004	22/07/2004

Yours sincerely

Neil Laurie The Clerk of the Parliament

Enc

Correspondence to be addressed to: The Clerk of the Parliament, Parliament House, Cnr Alice and George Sts, Brisbane QLD 4000 Australia



To:	Queensland Members of Parliament
CC:	Clerk of the Parliament
From:	Manager of Government Business
Subject:	Parliamentary Sitting Dates
Date:	14 September 2012

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SEP 2012

Parliamentary sitting weeks for 2013 are as follows:

February	12, 13 and 14
March	5, 6 and 7
March	19, 20, and 21
April	16, 17 and 18
April	30
May	1 and 2
Мау	21, 22 and 23
June	4, 5, 6 and 7 (Budget Sitting)
July	16, 17, 18 and 19 (Estimates Committee hearings)
July	23, 24 and 25 (Estimates Committee hearings)
August	6, 7 and 8
August	20, 21 and 22
September	10, 11 and 12
October	15, 16 and 17
October	29, 30 and 31
November	19, 20 and 21
December	3, 4 and 5 (Tentative sitting week – to be confirmed)

Ray Stevens MP Manager of Government Business

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ELECTORATE OFFICE Suite 44, Lavel 1 Niecon Plaza, Victoria Avenue, Broadbeach, QLD 4218 | PO Box 1056, Broadbeach, QLD 4218 Phone: (07) 5592 0071 | Fax: (07) 5592 2301 | Email: Mermaid.Beach@parliament.gld.gov.au

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### Sandy Musch

From: Sent: Subject: Neil Laurie Friday, 14 September 2012 3:02 PM Parliamentary Sitting dates for 2013

Honourable Members and staff,

Please see attached the Parliamentary Sitting dates for 2013 announced by the Leader of the House

Regards

Nell Laurie The Clerk of the Parliament

QUEENSLAND PARLIAMENTARY SERVICE Parliament House Onr George and Alloe Streets Brisbane Qid 4000 Ph: 07 3406 7185 Fax: 07 3221 7475 mailto:Neil Laurie@parliament.old.gov.au

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SKMBT\_C360 12091414570.pdf



# Premier of Queensland

Executive Building 100 George Street Brisbane PO Box 15185 City East Queensland 4002 Australla Telephone +617 3224 4500 FacsImile +617 3221 3631 Email ThePremier@premiers.qld.gov.au Website www.thepremier.qld.gov.au

### 15 JUL 2013

Mr Michael Crandon MP Chair Finance and Administration Committee Parliament House George Street BRISBANE QLD 4000 RECEIVED 15 JUL 2013 Finance and Administration Committee

Muchal. Dear Mr Grandon

Thank you for your letter of 11 July 2013 requesting further information regarding to the Integrity Commissioner's leave approval.

On the 29<sup>th</sup> April 2012, as Premier I signed a deed of authorisation authorising Mr Jon Grayson, Director General of the Department of Premier and Cabinet to approve leave applications on my behalf for the Integrity Commissioner, the Auditor-General and the Parliamentary Counsel.

The Integrity Commissioner wrote to me on the 4<sup>th</sup> March 2013 to seek approval to take leave.

In accordance with Section 77 of the Integrity Act (2009) Mr Jon Grayson granted approval for the Integrity Commissioner's leave on 21 March 2013.

I trust this information is of assistance.

Yours sincerely CAMPBELL NEWMAN

Cc: Mr Jon Grayson, Director General, Department of Premier and Cabinet

Tabled by Mr Jon Grayson, Direc at Estimates on 162430013 00 Attachment

Oueensland Integrity Commissioner

4 March 2013

The Honourable Campbell Newman MP Premier of Queensland 15th Floor, Executive Building 100 George Street BRISBANE QLD 4000

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Dear Premier

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The Integrity Act 2009 says that the Minister may grant leave of absence to the Integrity Commissioner on terms the Minister considers appropriate (s. 77).

I wish to advise you that I wish to take leave from 2-31 July 2013 inclusive (that is, 17 days, given that I am employed as 80 percent of the full-time equivalent).

I will be in Europe during that period. However I do not consider that it will be necessary to appoint an Acting Integrity Commissioner. I will be able to reply to any requests for advice from designated persons that are received using my official iPhone and iPad. As is envisaged in the Act (s. 83), I will delegate my functions under chapter 4 of the Act (Registration of lobbyists) to an appropriately qualified officer.

Yours singerely

Dr David Solomon AM **Queensland Integrity Commissioner** 

Jon Grayson cc. Director-General Department of the Premier and Cabinet

> Level 13, 53 Albert Street Brisbane PO Box 15200, City East Queensland 4002 Australia Phone +6177 3224 2351 Fax 1617 3224 2326 Website www.integrity.qld.gov.au

Tabled by ms Annastacia Palaszczuk MP, Leaderof the gaposition and member for Inala at Estimates a 16 Jy 2013. 2000

# Flags of All Nations Pty Ltd

P O BOX 8160 7 BURKE ST (Deliveries Only) WOOLLOONGABBA QLD 4102

### **Tax Invoice**

Invoice #: Date:

00038863 8/02/2013

A.B.N.: 32 010 992 408

Bill To:

DEPARTMENT OF PREMIER IN CABINET MINISTERIAL SERVICES LEVEL 1 - 100 GEORGE ST **BRISBANE OLD 4000** 

Ship To:

DEPARTMENT OF PREMIER IN CABINET MINISTERIAL SERVICES LEVEL 1 - 100 GEORGE ST BRISBANE QLD 4000

**Customer PO: PAOLO** Customer Shipped Via: Delivered Only

**Item Description** 2 X 1 PIECE STAVES 2 X 1 HOLE FLAGPOLE STAVE BASES Our

ight:

### Ex. Amount Code \$216.00 GST \$360.00 GST

Flags Of All Nations Woolloongabba CUSTOMER COPY NAR Acquirer Merchant 43308683 Merchant ID Terminal ID K4E738 Terminal 10 Country Code Date/Time 08/02/13 15:19 001089002254 OTH MASTERCARD ############1364 (K) Credit A/C 80 APPROVED 015510 AUTH ID \$633.60 PURCHASE \$633.60

Bab FFTPOS

PLEASE RETAIN AS RECORD OF PURCHASE

\$0.00 GST

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**TERMS: Cash Sale** 

REMITTANCE / PAYMENT Payment accepted via Cush, Eft, Most Credit Cards, Cheque

Flags of all Nations Pty Ltd (F.O.A.N.), PO Box 8160, Woolloungabba, Q, 4102 OR Direct Deposit to: National Australia Bank - BSB: 084-424 - Account No: 167937479

NOTE: Please state the invoice no's you are paying on your remittance Invoice #: 00038863

\$570.0	Ex Sub Total +				
\$57.0	Total GST:				
\$633.0	Total Inc GST:	NET SALE	GST	CODE	RATE
\$0.0	Amount Applied:	\$57.60	\$576.00	10%	GST
\$633.6	<b>Balance Due:</b>				

TOTAL AUD

Ph; (07) 3391 8188 Fax: (07) 3391 8868 Email: flagsofallnations@bigpond.com Web: www.flagsofallnations.com.au

### Department of the Premier and Cabinet

MSB004

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Ministerial Office: <u>SCIE</u>		- <u> </u>
Financial Year:	29/3 Urgent payment	t required by: / / 20
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· Procedures for Completing Expenditure Approval - See Overleaf

Last updated: November 2011

PREMIE Governar	R'S BRIEFING NOTE	Tracking Folder No. TF/12/20797 Document No. DOC/12/158400
To: Date: Subject:	THE PREMIER 22 August 2012 Salary and allowances increase for Members of the Queensiand Parliament (MPs) in 2012	Premier
It is recon	IMENDATION Menunes Day 2 and Inmended that you: the letters from Mr Nell Laurie, Glerk of the Parliament (	ino outrone.
	ase received by Federal MPs and a 2012 CPI adjustment the Members' Entitlements Handbook (the handbook) (	
Стрі		
СТРІ • КЕ <u></u> Ү ІЗ	ş.VES	
• KEY IS MP salarl – The A base		

- A number of options are available regarding the setting of the base salary of MPs. In April 2012, . . . the Clerk provided you with four options as follows:
  - Option 1 Refer the matter to the Committee of the Legislative Assembly (CLA) for advice, with the CLA perhaps taking advice from external experts to arrive at a recommendation to the Parliament of a new mechanism
  - Options 2 --- Unk the base salary of Queensland MPs to the nearest rate in the Senior Executive Service of the Public Service
  - Option 3.- Retain a nexus with Federal MPs but amend the Act to provide a greater variation than \$500, for example, \$50 000 less
  - Option 4 Establish a Queensland MP Remuneration Tribunal which would determine MP salaries and allowances.
- -. The Department of the Premier and Cabinet (DPC) favours a linkage between MP salaries and the Public Service as suggested by the Clerk (Option 2), but rather than linking with the nearest rate in the Senior Executive Service, DPC recommends amending the Act to link future increases to the same percentage increases received by public servants in the Core Queensland Government Departments Certified Agreement.
- This proposal has the advantage of keeping the percentage rate of MP salary increases in line with those in the core public service, and it also involves no cost to implement and maintain, unlike for instance the cost of establishing and maintaining a MP remuneration tribunal.

Action Officer: Andrew Timperley	Approvals by Director /ED / DDG
Area: Executive Services	documented in notes in TRIM
Telephone: 322 45613	

RTI Document No.422

### PREMIER'S BRIEFING NOTE Governance

Tracking Folder No. TF/12/20797 Document No. DOO/12/158400

- DPC has discussed this proposal with the Clerk and he is supportive of it.
- Within the State Government's current tight fiscal climate, with the adoption of this
  recommendation, MPs would be able to point out that their salaries were merely increasing at
  the same time and at the same percentage rate as public servants in the core agreement.
- The Brisbane City Council and the Local Government Remuneration and Discipline Tribunal use the base annual salary of a Queensland MP as a reference point to determine the salaries of mayors, deputy mayors and councillors. The move to link MPs' salary movements to those of the core public service would not affect this process, particularly as this is effectively what has been happening since 2010.
- In 2012, the New South Wales, Victorian and Tasmanian parliaments have passed legislation to break their nexuses with the base salaries of Federal MPs, so as to provide percentage salary increases for their MPs in line with their public servants.

### MP Allowances - CPI increase

- The handbook provides that certain allowances paid to MPs are to be varied annually from 1 July in accordance with the CPI for Brisbane over the previous financial year.
- Allowances subject to this provision include the Allowance to Members (once known as Electorate Allowance), General Travel Allocation, Daily Travelling Allowance, Special Car Allowance and Flight Within Electorate Allocation.
- The Australian Bureau of Statistics has announced that the CPI for Brisbane rose by 0.9 per cent from June 2011 to June 2012.
- MPs' allowances were last increased by 3.8 per cent from 1 July 2011, which represented the CPI increase for Brisbane from June 2010 to June 2011.
- The Governor in Council is required to formally approve the CPI increase of allowances, and it remains open to you to advise the Governor in Council to reduce, delay, suspend or pay-in-full, the 2012 CPI increase.
- The CPI for Brisbane showed a very modest increase in the year to June 2012, and DPC recommends that MPs' allowances be increased by 0.9 per cent from 1 July 2012.

### . CONSULTATION

- The Clerk of the Parliament.
- . BACKGROUND
  - In April 2012, during the drafting of amendments to the Act regarding the Parliament's portfolio committee system, you advised DPC that you would consider the MP salary nexus issue during the second half of 2012, rather than at that time.

1.7. 7.	Comments (Premier or DG)		
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Action Officer: Andrew Timperley Area: Executive Services Telephone: 322 45613	Approvals by Director /ED / DDG documented in notes in TRIM
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by the Anna stacia Palaszczuk MP, Leaderof the 19 February 2013 Continued Tuesday Ben Myers' Office - Level 15, Executive Building, 100 Gec Location of meeting Contact person Lelia Glover **Contact** phone 3239 3487 Meeting with Rhys Turner, Kate Winter, Ben Myers -- Premier's Boardroom, Level 15, Executive 5:30 PM - 6:00 PM Building 20 February 2013 Wednesday GAW: KING AIR - Minister McVeigh for regional BJD meetings -- Brisbane to Mackay to Charters All Day Towers to Cloncurry to Roma to Brisbane Please See Above 12:00 AM - 12:00 AM GAW: HAWKER JET - Deputy Premier for BHP announcement and Moranbah Airport opening --Brisbane to Ciarns to Mornabah to Brisbane 20/2/13 9.30am Depart Brisbane 12.10pm Arrive Cairns 21/2/13 10.00am Depart Cairns (11.15am Arrive Moranbah 2,55pm Arrive Brisbane 1.30pm Depart Moranbah 7:25 AM - 7:45 AM Travel Swearing in Ceremony for Ministerial Nominees: IAN WALKER MP, NEW Minister for Science, IT, 7:45 AM - 9:30 AM Innovation and the Arts; ROB MOLHOEK MP, Assistant Minister for Planning Reform; and TARNYA SMITH MP, Assistant Minister for Child Safety -- Government House, 168 Fernberg Road, Paddington OFFICE ATTENDEES: Ben Myers (COS), Andrew Blow (Media) & Aniela Hedditch (Advance) \*\* PREMIER HAS OPTION TO STAY LATER AT HIS DISCRETION \*\* 9:30 AM - 10:00 AM Trave Premier to be briefed by Crime and Misconduct Commission -- Premier's Boardroom, Level 15 10:00 AM - 10:30 AM Memier's Office AT TENDEES: Ben Myers (COS), Ross Martin (Chair, CMC), Warren Strange (Deputy Chair, CMC) and Jon Grayson (Director-General, Premier's Office) CONTACT: Barbara Tollenaere (x44728) 11:00 AM - 12:00 PM Emails 12:00 PM - 2:00 PM Lunch and office time February Birthdays -- The Desert 2:00 PM - 2:30 PM Please come along to celebrate.....

Meeting re Board Appointments (Gen Alexander/Ben Myers) -- CoS Office

3:30 PM - 3:45 PM

<b>19 February</b>	2013	Continued
Tuesday		

28 . W.Y.

Meeting to discuss: 1 COS issue 2 Market Research/TN:	s
Contacts: PSC – SiobhanNumber Premier's office – Athena Te	alephone (C)
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(DA)	
Daily Team Leaders Meeting	
(G)	
Meeting with Minister Emerson	Premier's Boardroom
Attendees:	
Minister Scott Emerson Ren Myers, Chief of Staff	
Kate Winter, Deputy Chief	of Staff
and a second second second	
Meeting purpose:	
Discuss CoS Position	
	ler, Attorney-General's CoS, CoS to the Premier Premier's Boardroo e have confirmed 5 pm tomorrow afternoon.
The Deputy Premier's office	
The Deputy Premier's office The details are:	
The Deputy Premier's office The details are:	Attorney-General Jarrod Bleijie, Deputy Premier Jeff

and the second sec

RTIP58.pdf - Page Number: 5 of 41

4:00 PM - 4:30 PM

4:30 PM - 5:00 PM

S:00 PM - 5:30 PM

Tabled by the Romier at Estimates on 16 2013.

### **Remuneration of Chief of Staff**

My Chief of Staff is paid at pay point CEO 5.1, which is consistent with the recommendation provided to the previous Premier in the attached Briefing Note.

This is within the range recommended.

PREMIER Governan	R'S BRIEFING NOTE	Tracking No. 125291
To: Date: Subject:	THE PREMIER 19 November 2007 Review of the position of Chief of Staff, Office of the Premier	Premier

### RECOMMENDATION

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It is recommended that the Premier:

- Notes that an independent review of the Chief of Staff position in the Premier's office has been undertaken.
- Approves the attached position description for the Chief of Staff position.
- Approves a remuneration package for the Chief of Staff of between \$252,553 to \$285,002, plus a vehicle.
- KEY ISSUES
- A comparison of Chief of Staff salary arrangements across Australian jurisdictions has revealed that that the position in Queensland is paid at the lowest rate (attachment 1).
- An independent assessment of the role (attachment 2) has identified that:
  - The Chief of Staff to the Premier may take on an operational management role (work value of high SES2/low SES3) or a primary advisor role (work value of low CEO level).
     The requirements of the position will be at the discretion of the Premier of the day.
  - In Queensland this role tends to be as a primary advisor to the Premier and works in conjunction with the Premier and Director-General in strategic decision processes.
- A position description has been developed on this basis and is attached for your consideration (attachment 3).
- The new remuneration package for the Chief of Staff to the Premier would be in the range \$279,053 (CEO pay point 5.2) to \$311,502 (CEO pay point 4.4), including car, superannuation and leave loading. As ministerial staff do not contribute to the vehicle component of their salary package under their contract arrangements, the package range should be reduced by the assessed value of a CEO vehicle (i.e. \$26,500). Therefore, the package range should be \$252,553 to \$285,002.
- In accordance with the assessed work value of the position, the Chief of Staff should be provided with a CEO level vehicle.
- Funding can be covered from the existing overall Ministerial budget.
- CONSULTATION
- Mercer Australia P/L, Office of Public Service Commissioner (for salary rates only)

Comments (Premier or DG) The sizing far M i Leinas been cerried Juo populyean has indegenderity by Marcens h remans Ja Kerl Smith in other junkdie ians . Director-General entit 000108 AN DEVASAAS Pacilon Officer: Mike Goodman ) Director: 2. march DDG: Wee phasend D.G. I believe ED Samo Area: Ministerial Services Telephone: 322 46922 -mid pourt 0 plane. WO QU AM

# Estimates Hearing 2013 – Finance and Administration Committee Response to Question Taken on Notice During Hearing

bled by Mr. Jon Grayson Edor-General, DRC at

### QUESTION:

Please provide a breakdown of the costs associated with the Strategic Cabinet meeting held last year

### ANSWER:

- A two day Strategic Cabinet meeting was held on Sunday 26 and Monday 27 August 2012.
- It was a valuable opportunity for Ministers, their Chiefs of Staff and Directors-General to consider the Government's forward agenda.
- There were approximately 70 people attending, and the meeting provided morning and afternoon tea, and lunch for the two days, and dinner on Sunday evening.
- This meeting is to be funded from the Director-General of the Department of the Premier and Cabinet's Reserve Fund.
- The total cost of this meeting was \$23,789.85.

Breakdown of costs of Strategic Cabinet meeting (GST exclusive):

External Facilitator	\$16,524.81
Hire of tables, chairs and screen	\$1,438.91
Food	\$5,222.55
Drinks	\$603.58
Total	\$23,789.85



- 1. Pay rate of Integrity Commissioner SES 3.5 (.8 FTE) \$144,808
- 2. Has the Integrity Commissioner asked for increase in budget allocation?
  - The Integrity Commissioner did not seek an increase for 2013/14 budget.

	828,591	816,136	896,884*	728,980	702,313
Depreciation	975	1,000	1,000	-	2,740
Supplies & Services	272,415	269,105	307,705	259,780	279,658
Employee Expenses	555,201	546,031	588,179	469,200	419,915
IC Budget	2013-14	2012-13	2011-12	2010-11	2009-10

3. Has the budget varied in last 5 years

\*There has only been one significant increase to the Integrity Commissioners' budget of approx. \$168,000 in the 2011/12 financial year. The additional budget relates to:

- o 0.8 FTE of an A04 level staff member- approx \$71,000.
- o Office alterations approx \$20,000.
- Upgrade to Integrity Commissioner Database approx \$34,000.
- Upgrade to Integrity Commissioner Handbook \$23,000 approx.
- Enterprise bargaining increase approx \$21,000

For reasons of economy and efficiency, funding and administrative support is provided through the Public Service Commission.

4. How many days a week does Integrity Commissioner work and how many did he work under previous government?

09/10	10/11	11/12
0.4 FTE (July to Dec)	0.8 FTE (spread across 5 working days)	0.8 FTE (spread across 5 working days)
1 FTE (Jan to June)		

## STANDARD &POOR'S

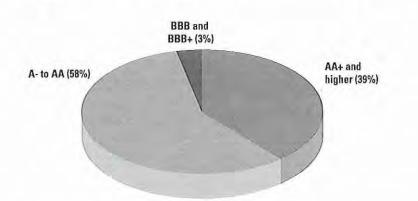
The Queensland 'AA+' Rating: A Comparative Study Of The Australian State's Financial and Economic Performance

orthis RittmP, Depotychair, FAC, at Estima

Hard-hit by natural disasters over the past year, the Australian state of Queensland (AA+/Stable/A-1+) remains a strongly rated government entity on a globally comparable basis. Standard & Poor's Ratings Services rates about 174 regional governments outside of the U.S., with less than 40% percent of that group rated 'AA+' or higher (see chart 1). In Australia, however, Queensland isn't the only highly rated jurisdiction. The state is one of two Australian states and territories with a 'AA+' long-term rating, the second-highest rating assigned; the remaining five Australian jurisdictions rated by Standard & Poor's have a 'AAA' long-term rating, the highest rating available.

Queensland has a population of about 4.5 million people, making it Australia's third-most populous state. It is 1.7 million square kilometres in size, making it seven times larger than the U.K., and more than twice the size of Pakistan. About 45% of the population lives in the Queensland capital city of Brisbane.





Sources: Ratings History Lists: Asia-Pacific Local And Regional Government Ratings Since 1975 (Feb. 2, 2011), Europe, Middle East, And Africa Local And Regional Government Ratings Since 1975 (June 17, 2011), Canada And Latin America Local And Regional Government Ratings Since 1975 (June 9, 2011).

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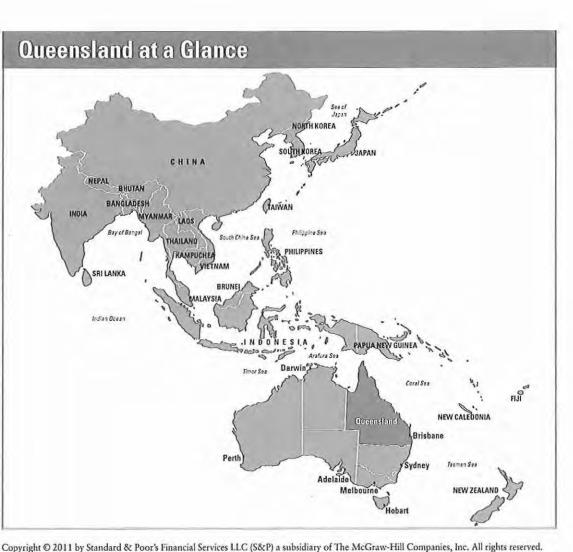
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### **Related Criteria & Research**

- Methodology For Rating Local and Regional Governments, Sept. 20, 201
- How S&P Derives Its Ratings On Government-Related Entities, April 4, 2011
- Bulletin: Ratings Un The State of Queensland Are Unaffected By Government's 2012 Budget, June 14, 2011
   Standard & Back Current
- Outlooks On The Australian State & Terrritories, May 26, 2011
- Public Finance System Overview: Australian States And Municipalities, April 14, 2011
- Queensland (State of) full analysis, March 31, 2011

When assigning oredit ratings to governments, Standard & Poor's Ratings Services assesses oredit quality both in an absolute sense and on a comparative basis against rated international peers. This report expands on Standard & Poor's full analysis for the Australian State of Queensland by providing additional peer comparisons.



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Standard & Poor's-Sept. 5, 2011

Standard & Poor's has rated Queensland 'AA+' since February 2009, when the rating on the state was lowered by one notch from 'AAA'. The downgrade reflected our view of the state's large capital program, combined with a cyclical decline in revenue and a structural increase in expenditure. Even after factoring in the implications of the recent natural disasters across the state and eastern Australia, the outlook on the Queensland 'AA+' rating is stable.

The ratings on Queensland are supported by our opinion of:

- The supportive environment in which Australian state governments operate;
- The robust and diversified state economy; and
- The state's excellent financial management.

Like other Australian jurisdictions, we believe that Queensland benefits from Australia's stable and predictable political system, a strong institutional framework, and a broad consensus on conservative fiscal and macroeconomic policies.

Standard & Poor's considers Australia's system of support and the predictability of relations between the Commonwealth and the states to be among the strongest in the world. Queensland receives revenue from the Commonwealth government, including a share of GST revenue allocated through the Australian system of fiscal equalization. This offers the states some protection against localized fiscal and economic "shocks", although we note that federal consumption tax revenue has displayed sensitivity to weak economic conditions.

The Commonwealth government's response to the recent natural disasters, which included worse-than-usual floods and cyclones across large parts of Queensland, further highlights the level of support the Commonwealth will provide to an Australian state. Under natural disaster arrangements, the Commonwealth government is responsible for up to 75% of costs to provide relief measures and restore public assets. The Commonwealth government has also provided direct assistance to individuals affected by the floods. Other examples illustrating Australia's strong support system include the federal government's substantial stimulus payments to states, which help cushion them against the effects of the global economic downturn, and the federal government's move to guarantee states' debt.

Queensland, like other Australian states, also benefits from Australia's robust and well-developed financial system and capital markets, which is set against a foreignexchange regime that allows the Australian dollar to float freely.

The Australian Labor Party state government has an absolute majority in Queensland's parliament. Unusually, compared to other Australian states, the parliament is unicameral, meaning there is only one house of parliament. The other Australian states have upper and lower houses.

# Ratings On State of Queensland Affirmed On Strong Financial Management; Outlook Stable

Note: This research update was published by Standard & Poor's on Sept. 5, 2011.

### Overview

- We have affirmed our 'AA+' long-term and 'A-1+' short-term issuer credit ratings on the State of Queensland.
- The affirmation reflects Australia's strong institutional framework for state governments, along with a robust and diversified economy that has some dependence on mining, excellent financial management, and very positive liquidity.
- The outlook on the ratings is stable.

### Rationale

weensland

The ratings on the Australian State of Queensland reflect our opinion of the strong institutional framework benefiting state governments in Australia, the state's robust and diversified economy, excellent financial management, and very positive liquidity. These positive factors are mitigated by a weak budgetary performance and, similar to all Australian states, only moderate budgetary flexibility, reflecting Australia's institutional framework.

We note that the state governs in a supportive financial environment. In our opinion, Australia's system of support and the predictability of federal-state relations are among the strongest in the world, and we expect them to remain so. Australia adopts a system of fiscal equalization, administered by an independent commission. Under this system, we note that Queensland receives less than its average per-capita share of Australia's goods & services tax (GST) pool. However, due to its relatively weaker performance in conveyance duty, the 2011 Commonwealth Grants Commission update saw Queensland's revenue sharing relativities improve and therefore its share of GST revenue increase.

Recent changes to the GST formula have led to increased volatility, particularly with regard to the treatment of mining royalties and capital-expenditure grants provided to state governments by the Commonwealth. The Commonwealth government has recently announced a review of the formula; however, it is unlikely that any changes will be implemented prior to 2014.

Despite the 2011 natural disasters and some dependence on mining, we consider Oueensland's economy to be very strong and diversified, with a high per-capita income. The 2011 natural disaster's impact on several key industries (mining, agriculture, and tourism) resulted in an estimated zero growth in fiscal 2011. However, we expect growth in fiscal 2012 to strengthen as business investment increases and the rebuilding effort gets underway. We also note that Queensland's gross state product (GSP) per capita was A\$53,865 in fiscal 2010, compared with the national average of A\$57,278. Queensland's economy is more dependent on the resources sector than Victoria and New South Wales are, and while its mining sector is less diversified than Western Australia's, the sector makes significant direct and indirect contributions to economic growth. Other major contributors to Queensland's economic growth include property, business services, construction, finance & insurance, and manufacturing sectors aligned with commodity activities.

Queensland's financial management is excellent, in our view. In response to the floods and an expected reduction in self-generated revenues, the Queensland government introduced revenue and savings measures in both its fiscal 2011 mid-year review (released February 2011) and its fiscal 2012 budget. Measures include: removal of transfer duty concessions from principal place of residence; voluntary redundancies for nonservice delivery public servants; a higher public service efficiency target; lower project-delivery costs; rationalization of industry programs; introducing a landholder model for land-rich duty; and the collection of royalties monthly instead of quarterly. These measures are in addition to those announced in fiscal years 2010 and 2011 in response to the economic slowdown and the resulting drop in revenue. The government's medium-term strategy is to return its budget to surplus by fiscal 2016.

We consider limited budgetary flexibility as a credit weakness of all Australian states, including Queensland. The Commonwealth of Australia has control over most taxes, whereas the states assume most of the responsibility for delivering services. Queensland has moderate budgetary flexibility, in our view. With around 50% of its total adjusted operating revenues modifiable and capital expenditure as a percentage of total expenditure on average higher than 15%, we note that Queensland's starting

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point is moderately high. However, given that much of Queensland's capital expenditure is due to generational rebuilds, the state's rising population or is a result of the 2011 natural disasters, we consider the state as having limited ability to reduce its capital expenditure. In our assessment, the state's moderate level of budgetary flexibility primarily reflects the Australia's institutional framework (see "Fiscal Flexibility Index for International Local and Regional Governments", published on RatingsDirect, Dec. 17, 2007).

Queensland's budgetary performance is the weakest of all Australian states, with its consolidated cash operating balance expected, over a five-year period (2009 - 2013), to average around 6.9% of consolidated operating revenues, while its average after-capital deficit is forecast to average around 18% over the same timeframe. The substantial impact of recent floods on own-source revenues is partially offset by the advance payments Queensland has received from the Commonwealth as part of the contribution to Queensland's disaster recover. The state expects its cash operating position over fiscal 2012 to remain weak, before recovering in fiscal 2013. Queensland forecasts that its accrual operating balance as a percentage of operating revenue will also remain in deficit at least until 2016. We note that the size and timing of surpluses will depend on the influence of economic and natural disaster events on GST and own-source revenues. However, offsetting any potential downside is the state's track record of conservative forecasts. Although the revenue and savings measures and the asset sales undertaken by the state government over the past three budgets will improve the overall structure of the state's budgetary position, it is a medium-to-long term proposition.

#### Liquidity

The short-term rating on Queensland is 'A-1+', and is supported by our very positive view of the state's liquidity. Queensland's short-term debt is more than offset by the state's liquid assets. At June 30, 2011, liquid assets were A\$17.5 billion and short-term liabilities were A\$14.3 billion. The strength of the state's balance-sheet liquidity means that its debt servicing (12 months of maturing debt plus interest payments) ratio was very strong, at 122.4%. The strength of Queensland's cash position more than mitigates the risks associated with a relatively large amount of commercial paper outstanding. In addition to its strong cash position, Queensland has exceptional access to external markets.

We note that Queensland's access to external liquidity is exceptional. Similar to Germany and Canada, Australia's states utilize a welldeveloped capital market for their funding. Capital markets in Australia are deep and liquid, and we expect them to remain so. Queensland's individual characteristics support its access to external liquidity. Historically, Queensland has not experienced difficulty accessing Australian and international markets, and we expect that this will continue. Queensland's use of the Commonwealth's guarantee during the financial crisis was a reflection of pricing rather than access and as markets have improved, Oueensland has replaced Commonwealthguaranteed debt with its own state-guaranteed debt. While the Commonwealth government's guarantee of new state debt was withdrawn on Dec. 31, 2010, we believe it is likely that the Commonwealth would offer Queensland a guarantee if needed, further supporting the state's liquidity.

### Outlook

The stable rating outlook on Queensland reflects Standard & Poor's expectation that even after factoring in the impact of the 2011 natural disasters, we expect Queensland's operating position and balance sheet to remain consistent with its current rating.

Given the substantial impact of the floods and Cyclone Yasi on the state's economy and fiscal position, we consider that upward momentum for the rating is unlikely over the short term. The impact of the natural disasters on Queensland's budgetary position has meant that the improvement that was expected after the 2010 asset sales has not eventuated. Consequently, the state's tax-supported debt is expected to increase to around 150% over the next four years, while its net financial liabilities ratio is unlikely to remain within the 100%-110% Standard & Poor's previously identified as a possible trigger for changing the rating. An upgrade in the medium-to-long term is possible once the structural improvements introduced by the Queensland government begin to be reflected in the state's budgetary performance and debt burden.

Another significant round of expansionary policy or a further deterioration in the state's economic factors with no offsetting measures that resulted in tax-supported debt exceeding 180% of revenues or net financial liabilities exceeding 150% would likely put downward pressure on the state's rating. However, Standard & Poor's believes this is unlikely in the current environment.

# Queensland's Peers

Queensland's domestic peers are the other rated Australian states and territories. Internationally, Queensland's peers are those local and regional governments that have a similar support structure as the Australian system; these peers include highly rated local and regional governments in Canada (British Columbia and Alberta), Germany (Saxony-Anhalt), Switzerland (Vaud and Basel City) and Austria (Burgenland and Styria) (see table 1). In our opinion, Australian states generally get similar support from higher levels of government as peers in Austria, Germany and Switzerland, but more support than Canadian peers.

			Table 1				
		Pee	r Compariso	on			
Australian states	Long-term credit rating/ outlook	GDP per capita (A\$)	Unemployment rate (%)	Gross state product (mil. A\$)	Population	General govt. operating revenue (mil. A\$)	Interest expense (mil. A\$)
Year of data	Aug. 30, 2011	Fiscal 2010	July 2011	Fiscal 2010	Dec. 2010	Fiscal 2010	Fiscal 2010
Queensland	AA+/Stable	53,677	5.6	244,160	4,548,661	41,470	803
South Australia	AAA/Stable	48,689	5.3	80,356	1,650,377	15,818	204
New South Wales	AAA/Stable	55,955	5.2	406,917	7,272,158	57,697	1,653
Western Australia	AAA/Stable	79,600	4.0	184,438	2,317,064	22,853	187
Tasmania	AA+/Stable	45,828	5.2	23,340	509,292	4,817	18
Victoria	AAA/Stable	53,967	5.1	301,438	5,585,566	45,154	843
International peers							
Year of data		2009	2010	2009	2008	2009	2009
Alberta (Province Of)	AAA/Stable	73,397	6.5	265,192	3,613,134	45,034*	223*
Basel City (Canton Of)	AA+/Stable	179,450	3.8	33,718	184,963	4,793	87
British Columbia (Province Of)	AAA/Stable	45,696	7.9	173,642	4,530,960	46,787*	2,327*
Burgenland (State Of)	AA+/Stable	34,667**	7.3	9,801**	281,302	1,870	34
Saxony-Anhalt (State Of)	AA+/Stable	33,705	17.3	79,418	2,397,148	13,243	1,309
Styria (State Of)	AA+/Stable	46,327**	5.8	55,854**	1,205,157	6,885	43
Vaud (Canton Of)	AA+/Positive	64,658	5.1	45,747	679,876	7,118	138

# Stable And Transparent Governance Is A Feature Of Australian States

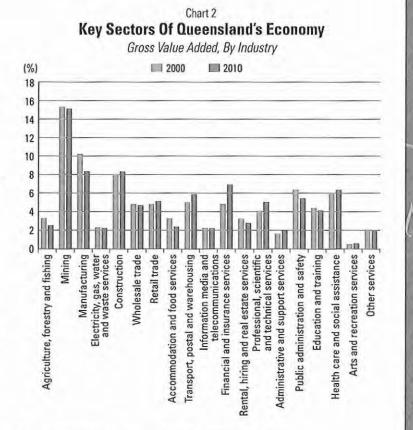
Queensland has a stable political structure and cohesive government, and there is bipartisan support for fiscal conservatism. Within Australia, there is a culture of long-term planning and transparency. Each Australian state prepares an annual budget based on accruals that include four years of forecasts for the general government, the public nonfinancial corporations sector, and the nonfinancial public sector (i.e. consolidated accounts). The states also prepare midyear budget updates and release final outcomes generally within six months of the end of the fiscal year, and the independent auditor-general reviews the annual reports.

Queensland and its peers also have stable and mature systems of governance. However, in regards to their transparency and accountability, there is some divergence between the Australian accounting systems and those in Germany, Austria, and Canada. Canada's national accounting standards are based on accrual accounting, while Germany and Austria continue to report on either a cash or modified cash basis. Pure cash accounting in Austria fails to address required group consolidation and inter-period effects, while modified cashaccounting in Germany fails to address any consolidation of subsidiaries. We note that some German states have recently adopted accrual accounting.

Australia, on the other hand has full accrual accounting and has done for more than ten years.

## A Strong And Diverse Economy

We view the Queensland economy as strong and diversified, albeit with some concentration in the mining sector. Before the start of the global financial crisis in 2007, Queensland's economy was one of the strongest-performing Australian state economies. Indeed, the state was outgrowing Australia as a whole, driven by an expanding population and its mining and service sectors. Although Queensland's diversified economy provides it with some protection against a downturn in any one sector, the global financial crisis highlighted the importance of mining royalties to the state's ownsource revenue and its overall budgetary position. Relative to Western Australia (AAA/Stable/A-1+), Australia's other main mining state, we view Queensland's mining industry as more concentrated. This is primarily because Queensland's mining sector is concentrated in coal. On the other hand, Western Australia's mining sector-while a bigger part of Western Australia's economic output-is diversified in several

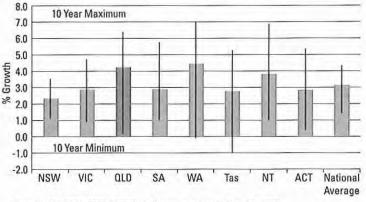


Source: ABS 5220.0 State Accounts, 2009-10 released Nov. 18, 2010.

different metals. Nevertheless, with the construction of two major liquefied natural gas (LNG) projects in Queensland underway (with a third approved), we expect LNG to become a major export earner for the state's economy over the next 10 years. Other major contributors to Queensland's economy include property, construction, finance and insurance, and manufacturing sectors aligned with commodity activities (see chart 2). 0

Although Queensland's growth has been hurt by the January 2011 floods and Cyclone Yasi in the key economic sectors of mining, agriculture, and tourism, we expect growth to strengthen in 2012. The biggest components of economic growth relate to business investment and exports, particularly in the mining sector. We expect Queensland's economic growth to continue to exceed the national average at least over the medium term (*see chart 3*).





### Source: ABS 5220. 2009-2010 State Accounts released Dec. 19, 2010.

# Queensland's Budgetary Flexibility Remains A Weak Point For The State's Credit Quality

Like other Australian states and territories, Queensland's budgetary flexibility is constrained by its lack of control over its main revenue source – grants from the Commonwealth government, which represent about 50% of the state's revenue. This is also a feature shared with its Austrian peers. Queensland's German peers can have even less control over their revenue; for example, the state of Saxony-Anhalt's (AA+/Stable/A-1+) modifiable revenue is just 5.4%.

A fiscal imbalance exists between taxing and spending responsibilities under the Australian federal system, with most taxation powers conferred on the federal government, particularly personal and corporate income taxes and consumption or goods-and-services tax (GST). The states assume most of the responsibilities for delivering public services.

As a result of this fiscal imbalance, Queensland and other Australian states have significant expenditure responsibilities. A large proportion of Queensland's expenditure is for the provision of frontline services in the key areas of education, health, and policing. Most welfareexpenditure responsibilities reside with the federal government, however.

This imbalance is moderated by the arrangement governing the distribution of Commonwealth government grants between the states. The allocation to each state is based on a longterm tax sharing formula and is line with recommendations from an independent body, the Commonwealth Grants Commission (CGC). The formula

takes into consideration the economic and social conditions in each state and how these conditions affect the relative costs incurred in providing services, along with the state's relative ability to raise their own revenue. Under this system, we note that Queensland receives less than its average per-capita share. However, due to its relatively weaker performance in conveyance duty, the 2011 CGC's update saw an improvement in Queensland's relativity and therefore its share of GST revenue.

Recent changes to the formula have led to increased volatility, particularly in regards to the treatment of mining royalties and capital-expenditure grants provided to state governments by the Commonwealth. The Commonwealth government has recently announced a review of the formula; however, it is unlikely that any changes will be implemented prior to 2014.

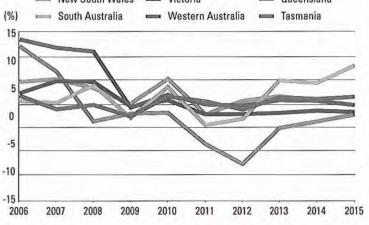
In addition to this volatility, the economic downturn has affected national consumption, thereby reducing the growth forecasts of the GST pool. Since the 2011 Commonwealth Budget, the Commonwealth pool was lowered by A\$2.5 billion in fiscal 2011 and A\$2.9 billion in fiscal 2012. These distributions remain substantially below the fiscal 2009 Commonwealth Budget estimates for GST revenue. Accordingly, the GST revenue grants received by Queensland since 2008 have been lower than forecast. Given consumer spending remains flat, we expect forecasts from fiscal 2012 onwards are likely to be revised even lower.

# The Benefits Of Queensland's Structural Improvements Are Still To Come

Since the beginning of the economic downturn in 2008 and in response to the 2010 and 2011 natural disasters, Queensland has demonstrated its willingness to undertake extensive revenue and savings measures. In addition to these budgetary measures the state undertook several asset sales including the partial sale of its commercial rail business and the divestment of the Port of Brisbane, the Abbot Point Coal Terminal, Queensland Motorways and Forestry Plantations Queensland. The proceeds of these sales amounted to \$12.2 billion.

Although these measures will improve the overall structure of the state's budgetary position, it is a long-term proposition. The cost of the natural disasters, as well as the multiplier effect of these savings measures, means that a return to an operating surplus will be a medium-term Nonfinancial Public Sector Operating Balances (Accrual) As A Percentage Of Operating Revenues New South Wales — Victoria — Queensland

Chart 4



Source: Various State Budgets 2011-12, Mid Year Budget Reviews Fiscal 2011, Final Budget Outcomes.

goal of the state government. We expect Queensland's budgetary performance to remain the weakest of the Australian states (see chart 4). In addition, we note that the state government is not forecasting a return to surplus at least until 2016. Nevertheless, we believe the state's balance sheet is likely to remain consistent with 'AA+' rating over the short-term.

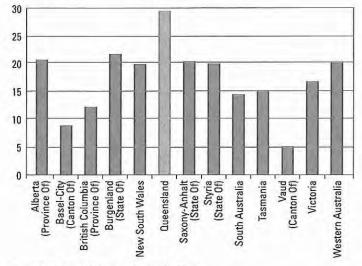
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## **Delivering A Large Capital-Expenditure Program**

Queensland plans to spend A\$15 billion on capital works in fiscal 2012, including A\$1.7 billion on reconstruction works. Over the past five years, Queensland's total capital program was A\$62.5 billion. The peak in spending occurred in fiscal 2009, partly reflecting the Commonwealth government's stimulus package. The main focus of Queensland's capital-expenditure program has been on transport and roading, health, and electricity (mainly the distribution network).

We expect capital expenditure expected to decline somewhat in the four years after fiscal 2012. The recent sale of several of the state's assets has also moderated the state's capital-expenditure plans.



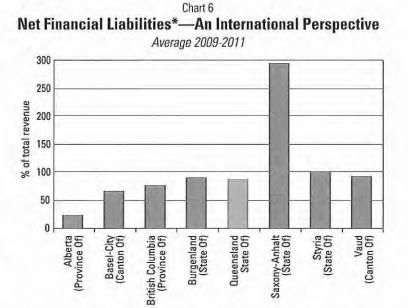


Source: Final Budget Outcomes, Standard & Poor's.

Queensland capital expenditure as a percentage of revenue over the five years to 2010 was the highest of the Australian states and its international peers (see chart 5).

# Queensland's Balance Sheet Is Still Strong, Despite The Natural Disasters

In our view, Queensland has a strong balance sheet, with its levels of tax-supported debt and its interest burden expected to remain consistent with a 'AA+' rating. Queensland's superannuation burden is fully funded, with both the liabilities and the offsetting investments reported on the balance sheet. Given that the state's superannuation burden is fully-funded, Queensland's net financial liabilities compare well with its international peers (see chart 6).



Source: Queensland Budget Fiscal 2012, Standard & Poor's. \*Net debt and unfunded superannuation. \*\*Standard & Poor's estimates for unfunded pension liabilities have been used for German and Austrian states.

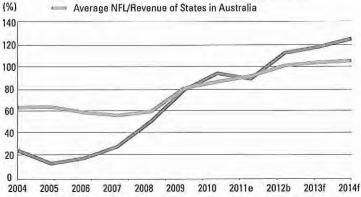
nslan MEE (D) tat However, we believe that Queensland's ownership of risky government enterprises places some pressure on the state's balance sheet. Standard & Poor's considers the trading enterprises owned by Queensland (such as ENERGEX, Ergon, Powerlink, Stanwell, Gladstone Ports Corp., and Port of Townsville) as more risky than those of some other jurisdictions such as South Australia (AAA/Stable/A-1+) and Victoria (AAA/Stable/A-1+). We note that Queensland, along with Western Australia and New South Wales, has a greater concentration of debt related to government-owned public trading enterprises (which include electricity companies and ports) than other Australian states. Even so, the recent sale of several of Queensland's governmentowned corporations has gone someway to de-risking the state's balance sheet, with its debt now more evenly split between the general-government and the government-owned-corporation sector. We note that the publictrading enterprise sector is forecast to contribute about 43% to Queensland's tax-supported debt burden by 2015.

The government is forecasting an increase in borrowing, but at

### Chart 7 Forecast Non-Financial Public Sector\* Net Financial Liabilities/Operating Revenue

\*Non-Financial Public Sector = Core Government + Public Trading Enterprises.

📖 Queensland Net Financial Liabilities/Operating Revenue



Source: Various State Budgets 2011-12, Mid Year Budget Reviews Fiscal 2011, Final Budget Outcomes, Standard & Poor's.

levels that remain consistent with a 'AA+' rating. The state has used the proceeds from recent asset sales to fund much of its capital expenditure, with about 100% of the state's capital spending funded internally in fiscal 2011.

The state expects tax-supported debt to reach 152% of operating revenue by fiscal 2015, with the state's gross interest burden as a percentage of operating revenue expected to remain under 9.5% over the forecast period.

Based on estimates from the budget, net financial liabilities (net debt plus unfunded superannuation) – our broadest

measure of debt obligationsas a proportion of operating revenue are set to increase significantly by fiscal 2015. The state's ratio is forecast to reach 127% in fiscal 2015, from about 57% in fiscal 2008. The impact of the recent natural disasters on Queensland's economy and fiscal position has meant that the expected improvement in the state's budgetary position and debt burden as a result of the 2010 and 2011 asset sales has not eventuated. Despite this, we expect the state's balance sheet to remain stronger than some of the state's international peers and consistent with the 'AA+' rating.

# The Path To 'AAA' Is A Medium-Term Proposition

Given the substantial implications of the floods, Cyclone Yasi, and the earthquake in Japan on the state's economy and fiscal position, we consider that upward momentum for the Queensland rating is unlikely over the short term. Although the government continues to demonstrate excellent financial management through its revenue and expenditure measures, external factors continue to make it difficult for the state to regain its 'AAA'.

The state sits comfortably within the 'AA+' category. Any lowering of the rating would require several years of much weaker financial outcomes, combined with government inaction in addressing the problem. Both these scenarios are unlikely, in our opinion.

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Thursday 6 June 2013 AFR The Australian Financial Review | www.afr.com

Rating Government claims budget back on track but experts give it five to 10 years to recover

# **Credit upgrade** for state far off

#### Mark Ludlow

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Credit ratings agencies said Queensland may not regain its AAA credit rating until the end of the decade after failing to substantially reduce debt in Tuesday's budget.

There have also been doubts raised about the state's "heroic" economic growth forecasts which predict gross state product will double from 3 per cent to 6 per cent in 2015-16 courtesy of the \$60 billion liquified natural gas export boom, the same year the government is predicting a return to surplus.

The growth rate would propel Queensland, which has been battered by the global downturn, ahead of all state and territories, including the resources powerhouse of Western Australia, in three years' time.

While the Newman government claims it has the budget back on track,

the debt-to-revenue ratio, which is used by ratings agencies to assess budgetary health, will increase next financial year to 150 per cent before slowly falling to 134 per cent in 2016-17.

The debt-to-revenue ratio, which would trigger a return to the AAA credit rating the state lost in 2009, is between 110 and 120 per cent.

Treasurer Tim Nicholls said the Liberal National Party government had made a "significant" dent into total state debt by reducing it from the \$85 billion forecast by the former Labor governmentto a peak of \$81.5 billion in 2016-17.

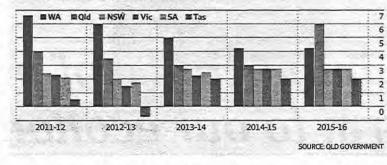
But the Newman government's decision to baulk at or defer key asset sales has resulted in the LNP's debt trajectory mirroring the former government.

Mr Nicholls said the state was still aiming to get the AAA credit rating after 2016-17. The Treasurer, a staunch critic of the former Labor government's

	Outcome 2011-12	Estimate 2012-13	2013-14	Forecasts 2014-15	2015-16	Projection 2016-17
Gross state product	4.0	3.50	3.00	3.00	6.00	4.50
Employment	1.3	0.25	2.25	2.50	2.75	2.75
Unemployment rate	5.5	6.00	6.00	5.75	5.50	5.25
Inflation	1.9	2.25	2.50	2.50	2.50	2.50
Wage price index	3.7	3.25	3.50	3.50	3.50	3.50
Population	1.8	2.00	2.00	2.25	2.25	2.25

Economic growth, by state (% YoY)

Optimistic



growth forecasts, defended the state's latest forecasts. "I'm satisfied they are based on Treasury's understanding of the markets and on the production of the LNG plants in 2015," he said.

Ratings agency Standard & Poor's and Moody's has kept Queensland on

its AA+ credit rating after Tuesday's budge t. But S&P credit analyst Clare Curtin said the agency would be taking a closer look at the growth figures which deliver a remarkable turnaround for the cash-strapped state.

"The numbers do seem to be reason-

ably punchy," Ms Curtin told The Australian Financial Review.

Ms Curtin said the return to the AAA rating was a medium to long-term proposition (between five to 10 years) and required on-going restraint on government expenditure, reduced debt and revenue recovering from recent slumps. "We see it has a medium to long-term prospect particularly given the government's policy of seeking mandate for asset sales. But we are also looking for a sustained improvement in budgetary performance," she said.

Moody's said the Newman government needed to keep a "tight control" on expenditure to return to surplus in 2015-16. It also required a "considerable turnaround" in revenue.

The state-owned Oueensland Investment Corporation also questioned the growth figures. OIC chief economist Matthew Peter said the 6 per cent figure was "too strong".

"There will be huge export volumes coming on line but we say it will be 5.2 per cent and spread over two financial years." Mr Peter said. "Whether it's over in one or two years it doesn't matter, because we are going to get that growth, but it is transitory."

Economist Henry Ergas said the sale of asset sales was needed if Queensland wanted to restructure the state's economy.

# Numbers rely on \$A decline

#### Forecasts

Jonathan Barrett

of international public finance ratings, Claire Curtin, previously said WA had "unreal expectations" in regards to forim auchanan matiomante

drop to US96¢ in 2014-15, which is US3.6¢ lower than WA's forecasts. In 2015-16, the state expects the rate to be IISQAA In Queensland for every US Sir Joh's son quits LNP, may run for Palmer

# Tabled by Mr Curtis PittMP, Deputy Chair, FAK, at Estimates an 16 July 2013.

# Employment growth and unemployment (a)(b), Queensland and Australia, 1978–79 to 2012–13

Financial year	Employment growth (an Queensland	Australia
	- % -	
1978-79	n.a.	n.a.
1979-80	3.3	2.3
1980-81	3.8	2.7
1981-82	3.9	1.2
1982-83	-0.1	-1.7
1983-84	1.8	0.9
1984-85	1.5	3.0
1985-86	6.2	4.3
1986-87	3.8	2.7
1987-88	2.7	3.0
1988-89	7.2	4.0
1989–90	5.4	3.8
1990-91	-0.0	-0.6
1991-92	0.8	-1.9
1992–93	2.8	-0.0
1993–94	3.2	1.9
1994–95	5.6	4.0
1995-96	2.5	2.6
1996–97	1.4	1.0
1997-98	3.4	1.6
1998–99	2.6	2.0
1999–00	1.6	2.1
2000-01	1.8	2.1
2001–02	2.5	1.2
2002-03	4.0	2.5
2003–04	3.4	1.7
2004–05	5.4	2.8
2005–06	4.0	2.9
2006–07	4.8	3.1
2007–08	3.0	3.1
2008–09	2.8	1.7
2009–10	0.6	1.1
2010–11	1.9	2.5
2011–12	1.3	1.1
2012–13	0.3	1.2

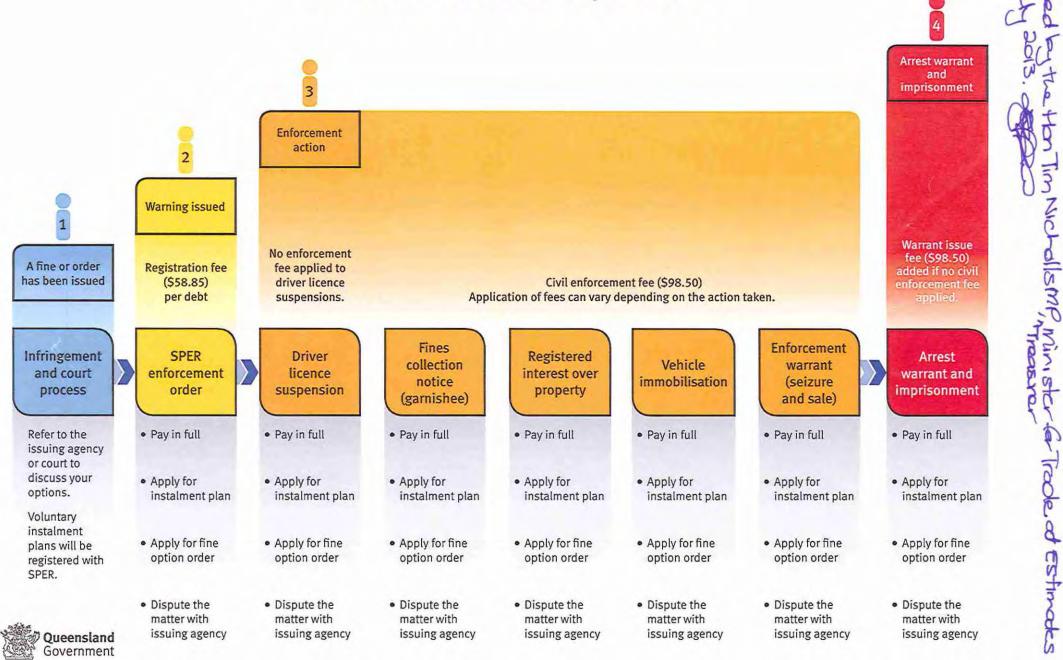
n.a. = not available

(a) Data are based on 12-month average.

(b) Original series.

Source: Australian Bureau of Statistics, Labour Force, Australia, cat. no. 6202.0

# SPER debt collection process



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### Overview of SPER's role

The State Penalties Enforcement Registry (SPER) was established in 2000 to collect and enforce unpaid infringement notices and court ordered fines on behalf of administering authorities including government agencies, councils, universities and health authorities.

SPER does not issue fines but acts as the debt collection agency for the relevant agency that initiated the fine. An infringement fine is only referred to SPER if the offender did not pay the fine within the time provided by the issuing agency.

SPER focuses foremost on getting debtors to comply and pay their fines. SPER offers a wide range of flexible options to assist debtors in this regard, such as instalment plans. However, SPER also has a wide range of enforcement options available if debtors refuse to enter into compliance arrangements and want to avoid meeting their responsibilities. These options include:

- driver licence suspension
- garnished bank account or wages
- registering an interest over property or motor vehicle
- vehicle immobilisation
- seizure and sale of property
- arrest and imprisonment.

The questions and answers overleaf provide answers to the most common SPER inquiries. Additional information and statistics can be obtained by constituents from the SPER website at www.sper.qld.gov.au

### SPER transfers to Office of State Revenue

On 25 May 2012 responsibility for the State Penalties Enforcement Registry transferred to the Office of State Revenue (<u>www.osr.qld.gov.au</u>) within Queensland Treasury and Trade.

### Contacts

In the first instance, please direct constituents to the relevant telephone number or websites listed below so their enquiry can be addressed in a timely manner.

### **Contact SPER**

Phone 1300 365 635

Email sper@justice.qld.gov.au

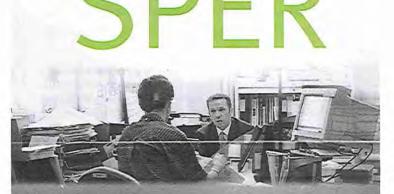
website www.sper.qld.gov.au

Post GPO Box 1387 Brisbane Qld 4001

> Direct contact for electorate offices only: Phone: (07) 3109 1610



# Inquiries relating to the State Penalties Enforcement Registry



The following information is provided to assist Electorate Offices in responding to constituents who may be contacting them in relation to fines registered with SPER.



July 2012

# Why won't SPER withdraw or waive the fine if I am disputing it?

SPER does not issue fines and the Registrar of SPER has no power to withdraw or waive a fine. A person wanting to dispute a fine should first contact the Issuing Agency or Court that imposed the fine. SPER will assist a person if they are unsure of the process to dispute a fine.

### Why has SPER added a fee to the fine?

The State Penalties Enforcement Act 1999 allows the Registrar to impose a fee on all infringements registered at SPER for enforcement. In certain exceptional circumstances the Registrar can authorise the removal of this fee but often the debtor has to contact the issuing agency to have the fee removed or the fine withdrawn from SPER. A fee is also added for most enforcement action taken by SPER.

### What if I can't pay my fine in one lump sum?

SPER offers a range of flexible payment options. Our instalment plans cover weekly, fortnightly, monthly or four weekly payments. People can make payments via Centrelink deductions, Direct Debit, BPay, Australia Post, the local court house or QGAP office.

# Can I make a part payment of my infringement fine before it goes to SPER?

If your infringement fine is \$200 or more you can apply for a Voluntary Instalment Plan (VIP). There is a section on the infringement notice you must complete and sign. You must then pay an initial \$60 to the issuing agency with the infringement notice. The agency will then refer the balance to SPER which will set you up on VIP or if you already have other fines at SPER on an instalment plan, add your new VIP to your existing plan.

# Can I perform community service instead of paying my fines?

Unpaid community service can be done if you can't afford to pay a fine. A person must complete a financial assessment form as the Registrar must be satisfied that the person doesn't have the capacity to pay the fine. Community service cannot be performed in lieu of paying compensation or restitution.

### Why is my driver licence being suspended?

Check with the Department of Transport and Main Roads as to whether you have a separate licence suspension (such as for accumulation of demerit points or a courtimposed disqualification).

SPER can also suspend your licence. Enforcement action such as Driver Licence suspension is not taken lightly by SPER and only occurs after SPER has sent notices to the debtor providing time to pay. It is essential for people to contact SPER to enter into compliance arrangements and not ignore the fine.

# Why have I received an infringement for failing to pay a toll but I have paid the toll?

An infringement for a toll-related offence is issued because of the failure to pay a Notice of Demand (NOD). The NOD is issued by the toll operator when a person has failed to pay the initial toll within the time allowed.

Depending on what toll road was used, the NOD will be issued by either Queensland Managed Motorways (QMM) or Brisbane City Council. If the NOD remains unpaid it will be referred to either the Department of Transport and Main Roads ((for QMM matters) or the Brisbane City Council. If a person has a concern over their toll-related infringement they must contact the issuing authority and the toll road operator. SPER has no power to withdraw or waive the toll infringement fine.

# What if I am a victim of a crime and I haven't received the court-ordered compensation?

SPER has a dedicated team to assist people who are the beneficiary of a court order. The team can be contacted on 1300 758 327.

### I wasn't the driver of a vehicle and I have received a camera detected fine, a toll fine or a parking fine. What can I do?

If you were not the driver you must complete a statutory declaration nominating the driver. You can usually find the declaration on the back of the infringement notice. You must return the declaration to the issuing authority within 28 days of the issue of the infringement. SPER cannot transfer liability of a fine between drivers.

For more information about Queensland Police Traffic Camera fines you can contact the Traffic Camera Office (TCO) on 1300 360 610 or visit the QPS website: <u>www.police.qld.gov.au/</u> <u>programs/roadSafety/infringement.htm</u>.

# The infringement notice wasn't sent to my home address. Why not?

An infringement notice that relates to a motor vehicle offence is sent out to the address recorded in the vehicle register as the latest address of the owner of the vehicle. It is important that when a person moves address they update the address on their driver licence and the Electoral Roll.

### Why is SPER demanding that I pay an old fine?

There is no statute of limitation on the age of a fine. SPER has a responsibility to collect and enforce a fine irrespective of the age. The passing of time does not absolve someone from their responsibility of the offence they committed.

### Assisting vulnerable and disadvantaged debtors

SPER has a Community Engagement Team dedicated to assisting vulnerable and disadvantaged people with fines. The team can be contacted on 1300 131 510. The team also attends community events to provide information.

# Tabled by mor curtis Pill MP, Deputy Crown, FAC, at Estimates on 16 July 2013.

# **Review** guidance

This section contains topics that would commonly be considered when undertaking a Gate 1: Preliminary evaluation review. Review teams are expected to use their own expertise in determining whether these topics are relevant and appropriate for the specific project under review. The review team may determine additional topics be considered that are also critical to the assessment of the project.

### 1. Policy and business context

Areas to probe		Evidence expected			
1.1	Are all relevant government policy initiatives being addressed?	• evidence that the project owner is undertaking their responsibilities as required in relevant Queensland Government policy initiatives such as the Project Assurance Framework, Value for Money Framework and Capital Works Management Framework.			
1.2	Does the preferred option meet wider government and organisational policies, strategic objectives, standards and business change programs?	<ul> <li>assessment against list of wider government objectives, standards and business change programs</li> <li>assessment against the current organisational strategy, business objectives and policy initiatives. Confirmation of the role of this project in a wider program or policy initiative</li> <li>assessment of business justification as stated in the preliminary business case</li> <li>for construction projects, contribution to property/workspace strategy: health and safety, sustainability and design quality are considered</li> <li>for ICT-enabled projects, consideration of information assurance requirements in relation to business objectives, compliance with ICT security requirements, compliance with freedom of information and data privacy requirements.</li> <li>account has been taken of relevant impact assessment and appraisal issues such as regulatory impact, sustainable development and environment appraisal</li> <li>procurement innovation and sustainability issues have been considered.</li> </ul>			
1.3	Have the internal and external factors affecting the project been identified and assessed?	<ul> <li>assessment of the objectives, timeframes and scale of the project</li> <li>legislation, policy and regulatory issues taken into account</li> <li>assessment of the stability of the current business environment and strategic direction</li> <li>assessment of dependencies (e.g. other programs and projects) that could affect current priorities</li> <li>assessments of impact on existing physical and technical environment (e.g. brownfield site, current infrastructure and legacy systems)</li> <li>assessment of the skills and knowledge required by the project for successful implementation, the availability of skills in the project team, and access to external expertise</li> <li>appropriate allocation of key project roles between internal staff and consultants or contractors.</li> </ul>			

	Cost effectiveness analysis is used where benefits can be identified but it is impracticable to place a monetary value on a major proportion of them. Benefits are expressed in physical units such as (e.g. number of lives saved, etc). Costs are measured in dollar terms and, as in cost-benefit analysis, are adjusted for market distortions or imputed where the market does not exist. Project options are compared in terms of their relative effectiveness and their relative costs. While a cost effectiveness analysis will facilitate identification of a least cost option, it will not show whether benefits outweigh costs.
Budget	A budget analysis, conducted on an accruals basis, provides detailed information on revenues and other funding sources and expenses to show the estimated impact on agencies' budgets.
Regulatory	There will be instances where analyses undertaken in accordance with these guidelines will relate to proposals which include one or more options which have the potential to regulate economic or other activity in the community. Potential regulatory impacts should be identified and addressed through the development of RIS and PBT.

### 2.1.4.1 The importance of discounting, isolating project impacts and sensitivity analysis

Cost-benefit analysis involves comparing projects and project options with different flows of financial or economic costs and benefits occurring in different time periods.

Discounting recognises that the use of money has a value. A dollar today is worth more than a dollar in five years time. This concept is known as the time value of money.

The time value of money means that cash inflows and outflows occurring in different time periods cannot simply be added together to determine the overall net cost or net benefit of a project. It is necessary to remove the effect of the time value of money (i.e. discount back) to enable all values to be compared equally (i.e. the present value). Different projects and project options have different market risk profiles. In this regard, a future revenue or benefit stream which may be highly risky should not be valued as highly as an alternative, less risky, stream with the same nominal value. A higher discount rate for the riskier benefit stream would be appropriate.

In the above manner, a single unit measure of net benefit or net cost is derived to enable meaningful comparison of options to be made.

The process of discounting future financial cash flows (or economic costs and benefits) of a project is used to derive key decision indicators such as net present value (NPV), net present cost (NPC) or benefit-cost ratio.

The discounting factor, known as the discount rate, comprises two components:

- a component to adjust periodic cash flows for the time value of money (the risk free rate)
- a component to reflect the fact that investors need to be compensated not only for the time value of money, but also for taking on "economy-wide" or "market" risk by investing in the project (the systematic risk premium).

Cost-benefit analysis requires familiarity with discounting and capital budgeting techniques.

Some of the issues to be considered include:

whether to use nominal (includes inflation) or real values (excludes inflation)<sup>1</sup>. A key concern is that consistency is ensured. For example, if nominal values are used, a nominal discount rate must be used.

<sup>&</sup>lt;sup>1</sup> The consumer price index (CPI) is generally considered to be a representative indication of general price inflation. Agencies should consult with Treasury regarding choice of inflation rates.



For example, if capital expenditure required to design and construct an asset is not adequate, consequent operating and maintenance expenditure in using the asset is likely to be higher in the future.

As well, it is possible that throughout a project's life the existing relationships underpinning a financial model will change. For example, the construction of a hospital may influence the expected population growth in the hospital's vicinity leading to greater demand for the hospital's services.

### Stage 2: Identify cash flows

The financial analysis of a project is concerned (almost) exclusively with the monetary transactions which make up the project cash flows. That is, the current and future cash flows of costs and revenues that are expected to be encountered as a direct result of having undertaken a particular project.

Some key issues in the determination of cash flows for input into financial analyses are:

- non-cash accrual accounting information (e.g. depreciation and provisions) is not used in cash flow analysis, as the inclusion of depreciation would involve double counting (the initial capital cost of assets is included in the analysis). Accrual accounting reflects transactions (and balances) when they accrue or are incurred, rather than when the underlying cash transactions take place. Accrual entries are not used in financial analysis but will be relevant to the budget analysis
- assets (e.g. land, buildings and equipment) already on hand which will be inputs to the
  project should not be considered as free of cost to the project. These assets have an
  opportunity cost which must be factored into the analysis (even though this cost does not
  strictly fit within the definition of a "monetary transaction")
- revenues (and costs) which would exist whether or not the project proceeds cannot be attributed to the project
- in assessing the values of cash flows, it is important to ensure that the financial modelling is based on expected values, rather than best (most optimistic), worst (most pessimistic), most likely (modal) or simple average (non-probability weighted) values. The impact of more optimistic and pessimistic values should be considered during sensitivity testing of the financial evaluation
- the value of broader economic or social benefits and costs that may arise from the project are not included in this analysis (these benefits and costs will be addressed in the costbenefit analysis)
- sunk costs should not be included in cash flows (i.e. non-recoverable costs expended before the assessment is conducted). Additional operating costs of more intensive use of existing infrastructure or assets would be included in cash flows.

Estimating project cash flows is not always straightforward. Some common approaches to identifying cash flows are discussed in *Appendix B.2*.

Stage 3: Calculate the net present financial value (or net present cost) In this stage, the cash flows are discounted to present values, to arrive at the net present financial value (NPFV).

Total revenues and total costs (or net revenues) for each period are divided by the factor  $(1+r_d)^n$  where  $r_d$  is the discount rate, and n is the number of the period in which the revenue is received or cost is borne (e.g. in year 3, n=3). Spreadsheet programs, such as Microsoft Excel, have pre-established formulae to calculate present values of cash flows (although care should be exercised with the assumption of timing of cash flows).

The project NPFV is calculated as either the sum of the discounted revenues less the sum of the discounted costs or the sum of the discounted net revenues. An NPFV of at least zero indicates that a project is intrinsically financially viable, and:

- the project should be pursued, subject to there being:
  - no significant funding constraints
  - no significant negative net economic or social impacts (taking account of distributional impacts)



 sensitivity analysis should be undertaken to confirm the robustness of the project's expected financial outcome.

The choice of discount rates is seldom straightforward. The choice of the discount rate will reflect the cost of capital and time preference rates. One common method used to estimate the project specific cost of capital is by using the *Capital Asset Pricing Model*. Queensland Treasury should be consulted in the determination of the appropriate discount rate to apply. In the first instance, contact should be made with the agency's Queensland Treasury analyst, who will liaise with QTC or other areas of Queensland Treasury as appropriate.

### Stage 4: Undertake sensitivity analysis

As cash flows may vary from expected values, especially for projects with costs and revenues extending over long periods, it is important to consider the implications for the project of such variations in assumptions.

Sensitivity analysis allows an analyst to identify the variables that have the greatest impact on financial viability and the areas which may require additional investigative work to ensure the validity and robustness of assumptions and of the outcomes of the financial analysis. It may also assist in identifying key areas of project risk which may require pro-active risk management. It is therefore a key element in the financial evaluation of a project.

More detailed information on undertaking a sensitivity analysis is contained in Appendix B.4.

### 2.1.4.4 Cost-benefit analysis

As noted in section 1.4, agencies are recommended to consult with the Department of Infrastructure and Planning and Queensland Treasury (through their Queensland Treasury analyst) in relation to these guidelines. Consultation should occur on all issues associated with economic analyses, including issues of scope, use of external consultants, interpretation of results and reviewing draft reports.

#### Purpose and nature of cost-benefit analysis

The primary method of economic evaluation of public sector policies and projects is cost- benefit analysis. Input-output methodology (or the use of multipliers) is not a preferred methodology for economic evaluations.

Cost-benefit analysis generally assesses the impact of a project on the economic welfare of the community, and is therefore a key element in any public sector cost-benefit analysis.

By comprehensively identifying and estimating as many costs and benefits of a project as can reasonably be measured, including those which can be thought of as social and environmental, it is possible to rank project options according to their net economic benefit.

In theory, costs and benefits are valued at their true economic value. Economic valuation of costs and benefits involves adjustments for market distortions (e.g. tax and subsidies) and the estimated valuation of inputs and outputs not traded in the market (e.g. pollution or lives saved).

These economic values of costs and benefits are forecast over the life of the project, costs are subtracted from benefits, and the sum of the resulting net benefits are discounted to give the net present economic value (NPEV) of the project. The NPEV allows project options to be compared on the same basis and hence allows the determination of the greatest net benefit to the community or the most economic use of resources.

A subsidiary analysis to cost-benefit analysis is cost-effectiveness analysis, which determines the minimum cost solution to achieve a project's objectives when it is impracticable to estimate the value of benefits.

Consistency between analyses is important. In this regard:

 in a cost-benefit analysis, the financial analysis forms the key foundation to which economic benefits and costs are added.



- as the IRR does not provide an absolute value of net benefits, it is difficult based on the IRR to invest in a combination of projects to produce the highest overall net benefit
- projects with smaller initial capital costs tend to produce higher IRRs, even if their net benefits are lower than larger scale projects.

The benefit-cost ratio divides the present value of estimated benefits by the present value of estimated costs. A ratio of more than 1 would indicate a project is viable. Generally, a project with a higher benefit-cost ratio would be preferred. However, the benefit-cost ratio tends to be biased towards projects with lower initial capital costs, so it would also need to be considered with the NPV in making project decisions.

Given the above shortcomings, the NPV approach is used as the primary method for valuing project benefits.

The following schema summarises the choice on combinations of financial and economic benefits.

Financial NPV Economic NPV <sup>4</sup>	Positive	Negative
Positive	Could proceed with project option, as it is economically and financially viable	Could proceed with project option, if economic NPV sufficiently large
Negative	Should not proceed, except with action to mitigate net economic cost	Should not proceed

A project with a negative financial NPV, but a positive economic NPV, could be justified by government as producing a net benefit to the State's economy (taking account of social and environmental impacts). In particular, where the economic benefit far outweighs the net financial cost. Such a project would generally not be pursued by the private sector.

A project with a positive financial NPV, but a negative economic NPV (e.g. because of significant environmental impacts which would not be a direct financial impost on the project) would generally not be justifiable for government delivery (unless the financial benefit was large, the economic cost small and sensitivity analysis indicated potential for a positive net economic outcome).

All things being equal, a project with a positive financial NPV and a positive economic NPV should be pursued (unless there is capital rationing). A project with both negative NPVs should not be progressed further. If a project after analysis is not considered viable then some additional work will be required in terms of managing community expectations about a project through the development of an exit strategy. This should be included as part of the early stages of the planning process and reinforces the importance of developing viable alternative options when undertaking the analysis.

<sup>&</sup>lt;sup>4</sup> The term economic NPV includes environmental and social costs and benefits identified in the cost-benefit analysis.

### **Question on Notice**

### No. 869

### Asked on 29 November 2012

# MRS SCOTT ASKED THE TREASURER AND MINISTER FOR TRADE (MR NICHOLLS)—

### QUESTION:

With reference to the government's plans to sell office buildings in the CBD-

Will the Treasurer release modelling by either Treasury or Queensland Treasury Corporation showing the net present value and net present cost of this transaction including the assumptions made, and if not, why not, considering the government is publically committing to openness and transparency?

### ANSWER:

Net present value and net present cost analyses are a simplistic approach to undertaking an assessment of the relative costs and benefits of accommodation options. A quick scan of the approach taken by the majority of corporates right here in Brisbane is evidence that a simple cost of capital analysis presents an unsophisticated approach to understanding and analysing the various options available to the State in dealing with its accommodation portfolio. This approach does not take into account many factors including risk transfer, flexibility benefits and the potential for private sector innovation and efficiencies.