



# **Annual Report 2012-2013**

**Report No. 32**  
**Finance and Administration Committee**  
**September 2013**

# **Annual Report 2012 – 2013**

**Report No. 32**

**Finance and Administration Committee**

**September 2013**



## FINANCE AND ADMINISTRATION COMMITTEE

<b>Chair</b>	Mr Steve Davies MP, Member for Capalaba (from 7 August 2013) Mr Michael Crandon MP, Member for Coomera (to 7 August 2013)
<b>Deputy Chair</b>	Mr Curtis Pitt MP, Member for Mulgrave
<b>Members</b>	Mrs Liz Cunningham MP, Member for Gladstone (from 12 February 2013) Dr Bruce Flegg MP, Member for Moggill (from 27 November 2012) Mr Reg Gulley MP, Member for Murrumba Mr Ian Kaye MP, Member for Greenslopes (to 27 November 2012) Mr Tim Mulherin MP, Member for Mackay (to 12 February 2013) Mrs Freya Ostapovitch MP, Member for Stretton Mr Ted Sorensen MP, Member for Hervey Bay (to 12 February 2013) Mr Mark Stewart MP, Member for Sunnybank
<b>Staff</b>	Ms Deborah Jeffrey, Research Director Dr Maggie Lilith, Principal Research Officer Mrs Marilyn Freeman, Executive Assistant (to 4 January 2013) Ms Lynette Whelan, Executive Assistant Ms Amanda Parker, Executive Assistant (from 6 August 2013)
<b>Technical Scrutiny Secretariat</b>	Ms Renée Easten, Research Director Ms Marissa Ker, Principal Research Officer Mr Karl Holden, Principal Research Officer Ms Tamara Vitale, Executive Assistant
<b>Contact details</b>	Finance and Administration Committee Parliament House George Street Brisbane Qld 4000
<b>Telephone</b>	+61 7 3406 7576
<b>Fax</b>	+61 7 3406 7500
<b>Email</b>	<a href="mailto:fac@parliament.qld.gov.au">fac@parliament.qld.gov.au</a>
<b>Web</b>	<a href="http://www.parliament.qld.gov.au/fac">www.parliament.qld.gov.au/fac</a>

## Table of Contents

<b>Table of Contents</b> .....	<b>iv</b>
<b>Chair’s Foreword</b> .....	<b>vii</b>
<b>1. Introduction</b> .....	<b>1</b>
1.1 <i>Aim of this report</i> .....	1
<b>2. Committee Members</b> .....	<b>1</b>
<b>3. Role of the Committee</b> .....	<b>2</b>
3.1 <i>Areas of responsibility</i> .....	3
<b>4. Auditor-General and Queensland Audit Office</b> .....	<b>3</b>
5.1 <i>Appointment and removal of Auditor-General</i> .....	3
5.2 <i>Audit office budget</i> .....	4
5.3 <i>Strategic Reviews</i> .....	4
5.4 <i>Reporting of sensitive information</i> .....	5
5.5 <i>Pecuniary interests declaration</i> .....	5
5.6 <i>Audit Office strategic plan</i> .....	5
5.7 <i>Strategic Audit Plan</i> .....	5
5.8 <i>Oversight responsibilities with respect to the Auditor-General of Queensland 2011</i> .....	6
<b>5. Integrity Commissioner</b> .....	<b>7</b>
5.1 <i>Lobbyists Code of Conduct</i> .....	7
5.2 <i>Oversight of the Queensland Integrity Commissioner</i> .....	9
5.3 <i>Strategic Reviews</i> .....	9
<b>6. Departmental oversight</b> .....	<b>10</b>
6.1 <i>Premier and Cabinet</i> .....	10
6.2 <i>Treasury and Trade</i> .....	10
<b>7. Committee Reports and Inquiries</b> .....	<b>10</b>
7.1 <i>Ministerial Responses</i> .....	10
7.2 <i>Ministerial Responses from reports tabled in prior financial year</i> .....	10
7.3 <i>Budget Estimates – 2012-2013</i> .....	11
7.4 <i>Budget Estimates – 2013-2014</i> .....	12
7.5 <i>Subordinate Legislation</i> .....	12
7.6 <i>Report No 16 – Electricity (Early Termination) Amendment Bill 2012</i> .....	12
7.7 <i>Report No 18 – Public Service and Other Legislation Amendment Bill 2012</i> .....	12

7.8	<i>Report No 23 – South East Queensland Water (Restructuring) and Other Legislation Amendment Bill 2012</i> .....	13
7.9	<i>Report No 28 – Inquiry into the Operation of Queensland’s Workers’ Compensation Scheme</i> .....	14
<b>8.</b>	<b>On-going Committee Inquiries</b> .....	<b>15</b>
8.1	<i>Auditor-General's Report No. 4: 2012 – Managing Employee Unplanned Absences</i> .....	15
8.2	<i>Auditor-General's Report No. 5: 2012 – Internal Control Systems</i> .....	15
8.3	<i>Inquiry into Public Sector Contract Extensions</i> .....	16
8.4	<i>Auditor-General's Report No. 9: 2012-13 – Fraud Risk Management</i> .....	16
8.5	<i>Treasury and Trade and Other Legislation Amendment Bill 2013</i> .....	16
<b>9.</b>	<b>Australasian Council of Public Accounts Committees (ACPAC)</b> .....	<b>17</b>
<b>10.</b>	<b>Other Committee Travel</b> .....	<b>17</b>
<b>11.</b>	<b>Meeting Attendance Record</b> .....	<b>18</b>
<b>12.</b>	<b>Committee Secretariat</b> .....	<b>19</b>
<b>13.</b>	<b>Committee Expenditure</b> .....	<b>20</b>



## Chair's Foreword

This report relates to the activities of the Finance and Administration Committee of the 54<sup>th</sup> Parliament (1 July 2012 to 30 June 2013).

On 7 August 2013 the Parliament agreed a motion that the Member for Coomera be discharged from the Finance and Administration Committee and that I be appointed to the Committee as Chairperson.

On behalf of the Committee, I would like to thank those that took the time to provide submissions, met with and provided information to the Committee during the course of its inquiries throughout the financial year.

Finally, I would like to thank past and current Members of the Committee for their hard work and dedication.

A handwritten signature in black ink, appearing to read 'S. Davies', written in a cursive style.

Steve Davies MP  
Chair

September 2013



## 1. Introduction

The Finance and Administration Committee (the Committee) is a portfolio committee established by the *Parliament of Queensland Act 2001* and the Standing Orders of the Legislative Assembly.

### 1.1 Aim of this report

In accordance with the legislation, the Committee is required to table in the Legislative Assembly, within four months and 14 days after the end of each financial year, a report about its activities during the year. The report must include:

- (a) a list of meetings of the committee and the names of members attending or absent from each meeting;
- (b) a summary of issues considered by the committee, including a description of the more significant issues arising from the considerations;
- (c) a statement of the committee's revenue and spending for the year; and
- (d) a brief description of responses by Ministers to recommendations of the committee.<sup>1</sup>

This report has been prepared in accordance with these requirements for the period 1 July 2012 to 30 June 2013. It relates to the activities of the Finance and Administration Committee of the 54<sup>th</sup> Parliament (1 July 2012 to 30 June 2013).

## 2. Committee Members

On 17 May 2012 the Legislative Assembly passed the *Parliament of Queensland and Other Acts Amendment Act 2012*. The Act received Assent and commenced on 18 May 2012. The amendments provide for the membership and operation of portfolio committees according to the numbers of government members and non-government members making up the membership of the Assembly.

The Finance and Administration Committee (54<sup>th</sup> Parliament) was established by the Legislative Assembly on 18 May 2012 and the following Members were appointed to the Committee:

- Mr Michael Crandon MP, Member for Coomera (Chair)
- Mr Reg Gulley MP, Member for Murrumba
- Mr Ian Kaye MP, Member for Greenslopes
- Mrs Freya Ostapovitch MP, Member for Stretton
- Mr Ted Sorensen MP, Member for Hervey Bay
- Mr Mark Stewart MP, Member for Sunnybank
- Mr Curtis Pitt MP, Member for Mulgrave
- Mr Tim Mulherin MP, Member for Mackay

Mr Pitt was elected Deputy Chair at the Committee's first meeting on 21 May 2012.

On 27 November 2012, the Parliament agreed a motion that Mr Kaye be discharged from the Committee and the Member for Moggill, Dr Bruce Flegg MP, be appointed to the Committee.

<sup>1</sup> *Parliament of Queensland Act 2001*, section 108

In November 2012, following the resignation of three government Members, section 91A of the *Parliament of Queensland Act 2001* was activated. That section requires that if the number of non-government members is at least 15% but less than 25% of the number of Assembly members, portfolio committees will comprise of seven Members, being—

- (a) five members nominated by the Manager of Government Business; and
- (b) two members nominated by the Leader of the Opposition.

As members of the committees are appointed and discharged by order of the House, the membership could not be altered until the first sitting day in 2013. On 12 February 2013, the Parliament agreed a motion that the Member for Hervey Bay, Mr Sorensen, and the Member for Mackay, Mr Mulherin, be discharged from the Committee and the Member for Gladstone, Mrs Liz Cunningham MP, be appointed to the Committee.

As at 30 June 2013, the Committee comprised of five government members and two non-government members.

#### **Finance and Administration Committee (54<sup>th</sup> Parliament) as at 30 June 2013**



*From top left to bottom right:* **Mr Michael Crandon MP**, Chair and Member for Coomera (LNP); **Mr Curtis Pitt MP**, Deputy Chair and Member for Mulgrave (ALP); **Mrs Elizabeth (Liz) Cunningham**, Member for Gladstone (Ind); **Dr Bruce Flegg MP**, Member for Moggill (LNP); **Mr Reg Gulley MP**, Member for Murrumba (LNP); **Mrs Freya Ostapovitch MP**, Member for Stretton (LNP); and **Mr Mark Stewart MP**, Member for Sunnybank (LNP).

Subsequent to the end of the financial year, on 7 August 2013, the Parliament agreed a motion that the Member for Coomera, Mr Crandon, be discharged from the Finance and Administration Committee and that the Member for Capalaba, Mr Steve Davies MP, be appointed to the Committee as Chairperson.

### **3. Role of the Committee**

In relation to its areas of responsibility, the Committee:

- examines bills to consider the policy to be given effect by the legislation to be enacted;
- examines the Estimates of each department;
- examines bills for the application of the fundamental legislative principles set out in the *Legislative Standards Act 1992* (s4);
- considers the lawfulness of subordinate legislation;

- assesses the public accounts of each agency within the areas of responsibility in regard to the integrity, economy, efficiency and effectiveness of financial management by:
  - examining government financial documents; and
  - considering the annual and other reports of the auditor-general;
- considers the public works of each agency within the areas of responsibility in light of matters including, but not limited to the:
  - suitability of the works for the purpose;
  - necessity for the works;
  - value for money of the works;
  - revenue produced by, and recurrent costs of, the works, or estimates of revenue and costs;
  - present and prospective public value of the works;
  - procurement methods used for the works; and
  - actual suitability of the works in meeting the needs in and achieving the stated purpose of the works.

### **3.1 Areas of responsibility**

The Committee's areas of responsibility are as follows:

- Premier and Cabinet; and
- Treasury and Trade.

The Committee also has oversight functions in relation to the Auditor-General and the Integrity Commissioner.

The Committee must deal with any issue referred to it by the Legislative Assembly or under an Act, whether or not the issue is within the Committee's areas of responsibility.

## **4. Auditor-General and Queensland Audit Office**

The *Auditor-General Act 2009* gives the Committee specific statutory responsibilities in relation to the Auditor-General and the Queensland Audit Office (QAO).

### **5.1 Appointment and removal of Auditor-General**

The Premier (as the responsible minister) must consult with the Committee about the appointment selection process, the appointment of the person as Auditor-General and the terms of appointment. The Committee must also agree to any proposed motion to remove the Auditor-General from office.<sup>2</sup> The appointment of the Auditor-General is for a fixed, non-renewable term of seven years.<sup>3</sup> Mr Andrew Greaves commenced office on 17 December 2011. Mr Greaves' contract is due to conclude on 16 December 2018.<sup>4</sup>

<sup>2</sup> *Auditor-General Act 2009*, sections 9, 11 and 18

<sup>3</sup> *Auditor-General Act 2009*, sections 10.

<sup>4</sup> Finance and Administration Committee, Report No. 11 – Oversight responsibilities with respect to the Auditor-General of Queensland 2011, February 2011: 10-11

Following the retirement of the Deputy Auditor-General (Mr Val Manera) in November 2012, the Chair was invited to be part of the selection panel for his replacement. Mr Anthony Close was appointed as the new Deputy Auditor-General and Chief Operating Officer in March 2013.

## **5.2 Audit office budget**

The Treasurer must consult with the Committee in developing the annual budget of the audit office.<sup>5</sup>

In May 2013, the Treasurer wrote to the Committee regarding the 2013-14 state budget outcomes. The Treasurer advised that the 2013-14 Budget was framed in difficult circumstances with the highest priority the rebuilding task following the weather events of early 2013. The Treasurer advised that the State's financial sustainability is a critical element of its ability to meet its economic, social and environmental obligations both now and into the future. With this in mind and the added challenges created by recent natural disasters and global economic conditions, the Cabinet Budget Review Committee (CBRC) has only been able to support funding for the most significant and important issues.<sup>6</sup>

The Treasurer advised that consequently, CBRC has not been in a position to support the Auditor-General's requests for additional funding or an increase in fees. The Treasurer noted that while he appreciates the CBRC's position on these matters will require the QAO to find efficiencies and reprioritise its activities to manage within its budget, he did consider that the government had not asked as much of the QAO as it had of other government agencies.<sup>7</sup>

The Committee consulted with the Auditor-General requesting advice on how the state budget outcomes will impact upon the QAO. The Auditor-General advised the Committee that he considered that the budget outcomes could be sustained in the short term. However, a continuation of the financial audit rate freeze beyond October 2014 has the potential to impact significantly on his ability to fully discharge his audit mandate under the *Auditor-General Act 2009*.<sup>8</sup>

The Committee was satisfied with the responses provided by the Treasurer and the Auditor-General for the current budget period, however, it will continue to monitor QAO's on-going budgetary position.

## **5.3 Strategic Reviews**

Strategic reviews of the audit office must be conducted every five years by appropriately qualified persons appointed by the Governor in Council. The Premier is required to consult with the Committee on the appointment and the terms of reference.<sup>9</sup>

Such reviews include an examination of the Auditor-General's functions and the performance of those functions to assess whether they are being performed economically, effectively and efficiently. Under section 70(7) of the Auditor-General Act the report is referred to the Committee.

The Committee continues to monitor progress of the implementation of the 2010 Strategic Review recommendations. The next Strategic Review Report is due by June 2016.

---

<sup>5</sup> *Auditor-General Act 2009*, section 21

<sup>6</sup> Correspondence to FAC from the Treasurer and Minister for Trade, dated 27 May 2013: 1

<sup>7</sup> Correspondence to FAC from the Treasurer and Minister for Trade, dated 27 May 2013: 1

<sup>8</sup> Correspondence to FAC from Auditor-General of Qld, dated 18 June 2013: 1

<sup>9</sup> *Auditor-General Act 2009*, sections 68, 69 and 70

#### **5.4 Reporting of sensitive information**

If the Auditor-General considers that disclosure of a matter in a report to Parliament would be against the public interest, the matter must be reported to the Committee instead.<sup>10</sup>

The Auditor-General did not report any matters of this nature to the Committee during the reporting period.

#### **5.5 Pecuniary interests declaration**

The Auditor-General is required to lodge a pecuniary interest statement with the Speaker. The Speaker must provide a copy of the statement to the committee if requested.<sup>11</sup>

#### **5.6 Audit Office strategic plan**

The *Financial and Performance Management Standard 2009* (s9) requires that accountable officers<sup>12</sup> develop a strategic plan and in developing the plans they must comply with the document called 'Agency planning requirements' prepared by the Department of Premier and Cabinet.<sup>13</sup>

That document requires that the Auditor-General consult with the Treasurer and the Committee about the resource implications of strategic plans for the audit office.<sup>14</sup>

In June 2012, the Auditor-General consulted with the Committee regarding QAO's Strategic Plan 2012-2016. The Committee considered the plan and supported the themes and priorities outlined in the plan. In April 2013, the Auditor-General wrote to the Committee advising that QAO had reviewed the Strategic Plan 2012-16 in accordance with the *Financial Accountability Act 2009* (FAA) and had determined that no substantive changes were required.

The Committee considered the strategic plan and continued to support the themes and priorities outlined in it. The Committee noted that given the high level nature of the plan, it is not dependent on the provision of additional funding or resources.

A copy of the Strategic Plan 2012-2016 is available on QAO's website.

#### **5.7 Strategic Audit Plan**

Section 38A of the Audit-General Act requires the Auditor-General to prepare a strategic audit plan of proposed performance audits and PMS audits for the next three years. In preparing the strategic audit plan, the Auditor-General is required to consult with the parliamentary committee and any relevant entities.

A draft of the strategic plan (the plan) must be provided to the parliamentary committee and the Auditor-General must consider any comments made by the parliamentary committee when finalising the strategic audit plan (section 38A (5)).

Section 38A (4) provides that the Committee must return the draft of the strategic audit plan with any comments to the Auditor-general within 42 days of receiving the draft. The Auditor-General must then consider any comments made by the Committee when finalising the strategic audit plan (section 38A (5)). The strategic audit plan must be finalised before the end of each financial year (section 38A (6)).

<sup>10</sup> *Auditor-General Act 2009*, section 66

<sup>11</sup> *Auditor-General Act 2009*, section 12

<sup>12</sup> The Auditor-General is the accountable officer for QAO under the *Public Service Act 2008*.

<sup>13</sup> *Financial and Performance Management Standard 2009*, section 9

<sup>14</sup> Queensland Government, *Agency Planning Requirements*, October 2010: 11-12

In accordance with section 8 of the Act, the Auditor-General is not subject to direction by any person regarding the exercise of powers in relation to audits or the priority given to audit matters. The Auditor-General therefore retains the mandate to set and alter the strategic audit plan without direction from any person (section 38A (8)). The Act requires that the strategic audit plan be finalised prior to the end of each financial year and be published on the QAO website (section 38A (7)).

The Auditor-General requested, in view of the timing of the 2012 election and subsequent reconstitution of the committee system and the government's decision to defer the budget until September, to seek an extension to the finalisation of the plan until September 2012.

In line with section 87 of the *Auditor-General Act 2009* the Committee agreed with the Auditor-General that the date for the first strategic audit plan to be prepared under section 38A was to be 30 September 2012. The Committee advised the Legislative Assembly of this agreement on 7 June 2012.

The Committee considered the draft strategic audit plan and consulted with the Committee of the Legislative Assembly (CLA) and other parliamentary committees. In July 2012, the Committee wrote to the Auditor-General advising of the outcomes from this process. The Strategic Audit Plan 2012-15 was published in September 2012. Copies of the Strategic Audit Plans are available on QAO's webpage.

The Auditor-General wrote to the Committee with a copy of the draft Strategic Audit Plan 2013-16 for discussion with the Committee in March 2013. The Committee consulted with the CLA and other parliamentary committees regarding the draft plan and a response was provided to QAO in May 2013.

The Strategic Audit Plan 2013-16 was published on the QAO website in June 2013. The plan incorporates specific and defined audit topics for the first year and indicative audit themes for the second and third years. The plan gives entities advanced notice of intended audit topics for 2013-14 and themes for 2014-15 and 2015-16.

The Auditor-General retains the discretion to replace and/or reschedule topics or themes to respond to emergent issues, changes in the needs of Parliament, changing government priorities, natural disasters and public interest.

### **5.8 Oversight responsibilities with respect to the Auditor-General of Queensland 2011**

As noted above, the Committee has oversight responsibilities with respect to the Auditor-General and his office which are set out in both the *Parliament of Queensland Act 2001* and the *Auditor-General Act 2009*.

The Committee met with the Auditor-General and officers from QAO on the following dates:

- 22 August 2012;
- 28 November 2012;
- 6 March 2013; and
- 22 May 2013.

The Committee has a statutory responsibility to consider the annual report of the audit office<sup>15</sup>. QAO's annual report was tabled on 28 September 2012. An erratum was tabled on 17 October 2012 including the Statement of Financial Position which was omitted in the original document. The Committee found no performance or financial issues arising from the review of the report.

## 5. Integrity Commissioner

The *Integrity Act 2009* gives the Committee specific statutory responsibilities in relation to the Integrity Commissioner.

These responsibilities include:

- to monitor and review the performance by the Integrity Commissioner of the Integrity Commissioner's functions;
- to report to the Legislative Assembly on any matter concerning the Integrity Commissioner, the Integrity Commissioner's functions or the performance of the Integrity Commissioner's functions that the Committee considers should be drawn to the Legislative Assembly's attention;
- to examine each annual report tabled in the Legislative Assembly and if appropriate, to make comment on any aspect of the report and to make recommendations;
- to examine each strategic review report tabled in the Legislative Assembly and if appropriate, to comment on any aspect of the report and to make recommendations;
- to report to the Legislative Assembly any changes to the functions and procedures of the Integrity Commissioner the Committee considers desirable for the more effective operation of the Act;
- other functions conferred on the committee by the Act.<sup>16</sup>

### 5.1 Lobbyists Code of Conduct

Upon the passage of the *Right to Information and Integrity (Openness and Transparency) Amendment Bill 2012*, the Integrity Commissioner was required to amend the Lobbyists' Code of Conduct. Under section 68 of the Integrity Act stipulates that the Integrity Commissioner may, after consultation with the parliamentary committee, approve a Lobbyists Code of Conduct which must be published on the Integrity Commissioner's website.

The Committee met with the Integrity Commissioner subsequent to the introduction of the Bill but prior to its passage through the Parliament. The Committee met again with the Integrity Commissioner on 13 February 2013, after the Integrity Commissioner had consulted with lobbyists and drafted the proposed Code of Conduct.

In analysing the proposed Code of Conduct the Committee identified a number of areas of concern. The Committee wrote to the Integrity Commissioner outlining its concerns and made a number of recommendations for improvement. The Integrity Commissioner responded to the Committee's recommendations in a letter dated 14 March 2013. He agreed to a minor amendment but indicated he disagreed with the other recommendations and outlined his reasons.

<sup>15</sup> *Parliament of Queensland Act 2001*, section 95

<sup>16</sup> *Integrity Act 2009*, section 89

The Committee considered the Integrity Commissioner's response and respectfully disagreed with some aspects of that response. The Committee tabled *Report No 26 – Oversight of the Queensland Integrity Commissioner and review of Lobbyist Code of Conduct* on 27 March 2013. The Committee made three recommendations in regard to the proposed changes to the Lobbyists' Code of Conduct. The government tabled its response on 2 July 2013.

The Committee's recommendations and the Government's response are outlined below:

**Recommendation 1:** *The Committee recommends that the Integrity Commissioner reconsider his proposal to publish the client names and the purpose of the meetings, as part of the review of the Lobbyists Code of Conduct. The Committee is of the view that either the client names or the purpose of the meeting be published, but not both.*

*Government response: The Government notes that the revised Lobbyists Code of Conduct took effect from 1 May 2013 and includes requirements for lobbyists to report on both client names and the purpose of meetings. In accordance with section 68 of the Integrity Act 2009, the Integrity Commissioner, as an independent officer of the Parliament, is responsible for approving the code of conduct. However, the Government notes that the reporting of this information will facilitate open disclosure of lobbying activity by lobbyists.*

**Recommendation 2:** *The Committee recommends that the Integrity Act 2009 be amended to include paid in-house lobbyists of both corporations and associations.*

*Government response: The Government notes that the Integrity Commissioner supports the extension of the operation of the Integrity Act 2009 to capture in-house lobbyists, and has previously made this recommendation to Government.*

*However, the Government notes that adoption of this recommendation would involve a fundamental change to the scope of the Act, and would impact on a range of businesses, industry associations and peak bodies. Therefore, the Government will consider this issue as part of the Open Government reform agenda to be implemented during 2013. This will ensure that affected stakeholders have the opportunity to be consulted and for the Government to consider the regulatory and resourcing implications of this proposal.*

**Recommendation 3:** *The Committee recommends that a review of the Integrity Act 2009 be completed and include examination of the following topics:*

- *Sanctions for section 71 and code of conduct breaches*
- *Investigative powers for the Integrity Commissioner*
- *Definition of lobbyist*
- *Definition of lobbying activity*
- *Post-separation and employment restrictions*
- *Definition of designated persons*
- *Sanctions for non-provision of information under the Public Records Act<sup>17</sup>*

*Government response: The Government notes that the operational review of the Act commenced by the former Government focused on the practical application of the Act to identify and resolve any issues arising during implementation of the lobbying provisions.*

---

<sup>17</sup> Finance and Administration Committee, Report No. 26 – Oversight of Integrity Commissioner and Lobbyists Code of Conduct, March 2013: vii

*The Government intends to undertake a holistic examination of the operation of the Act as part of its proposed Open Government reform agenda, to ensure it is meeting its stated objectives. This will involve considering the issues identified in this recommendation, including submissions previously made by stakeholders on the operation of the Act.*

## **5.2 Oversight of the Queensland Integrity Commissioner**

The Committee considered the following issues during the oversight process for 2012:

- Annual Report 2011-12
- Advice to designated persons
- Post separation and employment restrictions
- Annual meetings with Members of Parliament
- Ministerial Code of Ethics
- Public Awareness of Ethics or Integrity Issues
- Estimates

These items were reported on in *Report No 26 – Oversight of the Queensland Integrity Commissioner and review of Lobbyist Code of Conduct* on 27 March 2013.

## **5.3 Strategic Reviews**

The Committee has a role in the strategic reviews of the Integrity Commissioner. Section 86 of the *Integrity Act 2009* requires a review to be conducted at least every five years of:

- the Integrity Commissioner's functions; and
- the Integrity Commissioner's performance of those functions to assess whether they are being performed economically, effectively and efficiently.

The Integrity Act also requires that a strategic review of the Integrity Commissioner's functions is conducted within four years after the commencement of that section of the Act.<sup>18</sup> The first strategic review must be conducted by January 2014.

The Minister is required to consult with the Committee about the appointment of the reviewer and the terms of reference of the review. Once tabled the report is deemed to be referred to the Committee.<sup>19</sup>

The Act (section 82) also requires agreement from a majority of members of the Committee, other than a majority consisting of government members, before the Integrity Commissioner may be removed from office.<sup>20</sup>

<sup>18</sup> *Integrity Act 2009*, section 86

<sup>19</sup> *Integrity Act 2009*, section 82

<sup>20</sup> *Integrity Act 2009*, section 82

## **6. Departmental oversight**

The Committee has departmental oversight of the Department of the Premier and Cabinet and Queensland Treasury and Trade including the relevant offices and statutory bodies which both departments are responsible for.

### **6.1 Premier and Cabinet**

The Department of Premier and Cabinet (DPC) supports the Premier and all Cabinet Ministers and agencies in enabling the processes of Cabinet, Parliament and Executive Council. The DPC reports to the Premier and the ministerial portfolio is supplemented by the Public Service Commission, the Office of the Governor and the Queensland Audit Office. The Annual Report 2011-12 for the Department of the Premier and Cabinet was tabled on 29 October 2012.

### **6.2 Treasury and Trade**

Queensland Treasury and Trade (QTT) provide economic, financial and commercial advice to the Government to enhance the State's financial position and economic performance. This department is also responsible for three statutory bodies: the Motor Accident Insurance Commission (MAIC), Queensland Treasury Corporation (QTC) and the Queensland Future Growth Corporation (QFGC). These bodies produce their own annual reports.

The Annual Report 2011-12 for Queensland Treasury and Trade was tabled on 31 October 2012. The QTT also tabled the *'2011-12 Report on State Finances of the Queensland Government'* on 20 December 2012.

On 20 March 2013, the Committee, together with the State Development, Infrastructure and Industry Committee, held a private briefing with the following officers from QTT on the topic of derivative transactions in the Queensland public sector:

- Mr Alex Beavers, Deputy Under Treasurer, Queensland Treasury and Trade
- Mr Drew Ellem, Assistant Under Treasurer, Queensland Treasury and Trade

The department also provided answers to questions taken on notice at the briefing subsequent to the briefing.

## **7. Committee Reports and Inquiries**

### **7.1 Ministerial Responses**

A ministerial response to Committee recommendations is required to be tabled in the Legislative Assembly within three months of the report being tabled. If the Minister is unable to comply with this requirement, an interim response must be tabled, setting out the reasons for not complying. A final ministerial response is required no later than six months after the Committee's report is tabled.<sup>21</sup>

### **7.2 Ministerial Responses from reports tabled in prior financial year**

The Committee tabled *Report No 13 – Oversight of the Queensland Integrity Commissioner 2011* on 16 February 2012. This report highlights the actions taken by the Committee in the course of undertaking its responsibilities during 2011.

---

<sup>21</sup> *Parliament of Queensland Act 2001, s107*

The government tabled an interim response to the report on 25 May 2012, advising that the election had impacted the time government has had to consider the report and respond in full. The interim response noted that the government was undertaking a review of the *Integrity Act 2009* and is considering the Committee's recommendations for amendment, or consideration of amendment, to the Act in the report as part of the review. The government's final response was tabled on 16 August 2012.

The recommendations and corresponding government response are as follows:

**Recommendation 1:** *The Committee recommends that the Act be amended to allow the Commissioner to provide advice in circumstances where the chief executive has not given the necessary authority to the officer.*

*Government response: The Government does not support the recommendation at this time as a review of the Integrity Act 2009 is currently being undertaken. As part of this review, the Government will consider whether the objectives of the recommendation in obtaining timely approvals from chief executives for requests for advice from the Integrity Commissioner are best achieved administratively or legislatively.*

**Recommendation 2:** *The Committee recommends that section 42(1)(e) of the Integrity Act be deleted and instead its provisions be included under section 42(2) as matters that are not a lobbying activity as recommended by the Integrity Commissioner.*

*Government response: The Government does not support the recommendation at this time as a review of the Integrity Act 2009 is currently being undertaken. As part of this review, the Government will consider the best means for dealing with planning and development decisions within the context of the lobbying regulations.*

**Recommendation 3:** *The Committee recommends that the 'occasional' and 'incidental' exception be removed from section 43 of the Act as recommended by the Integrity Commissioner.*

*Government response: The Government does not support the recommendation at this time as a review of the Integrity Act 2009 is currently being undertaken. As part of this review, the Government will consider the operation of the lobbying provisions dealing with the exception for 'incidental lobbying activities'.*

**Recommendation 4:** *The Committee recommends that the government consider amending the Act to include a part dealing with post-separation obligations for former senior government representatives, and that this part include, if appropriate, sanctions for breaches of the Act as recommended by the Integrity Commissioner.*

*Government response: The Government does not support the recommendation at this time as a review of the Integrity Act 2009 is currently being undertaken. As part of this review, the Government will consider the range of legislative, policy, code of conduct and contractual requirements applying to post-separation employment of former senior government representatives.*

### **7.3 Budget Estimates – 2012-2013**

On 14 September 2012, the *Appropriation Bill 2012* and the estimates for the Committee's area of responsibility were referred to the Committee for investigation and report.

On 9 October 2012, the Committee conducted a public hearing and took evidence about the proposed expenditure from the Premier, the Treasurer and Minister for Trade and other witnesses.

The Committee tabled its *Report No 21 – Estimates 2012-13* on 29 October 2012. The Committee made one recommendation as follows:

- that proposed expenditure, as detailed in the *Appropriation Bill 2012* for the Committee's areas of responsibility, be agreed to by the Legislative Assembly without amendment.

#### **7.4 Budget Estimates – 2013-2014**

On 2 May 2013 the Parliament agreed a motion that the dates for the Committee's hearing and report dates were as follows:

- Date of Hearing – Tuesday 16 July 2013
- Date of Report – Friday 2 August 2013

On 7 June 2013, the *Appropriation Bill 2013* and the estimates for the Committee's area of responsibility were referred to the Committee for investigation and report.

This inquiry will be completed in the next reporting period.

#### **7.5 Subordinate Legislation**

The Committee's consideration of subordinate legislation resulted in the tabling of the following reports:

- Report 17 – Portfolio subordinate legislation tabled between 14 February and 17 May 2012 tabled 1 August 2012
- Report 19 – Portfolio subordinate legislation tabled between 17 May and 31 July 2012 tabled 23 August 2012
- Report 22 – Portfolio subordinate legislation tabled between 31 July and 11 September 2012 tabled 1 November 2012
- Report 24 – Portfolio subordinate legislation tabled between 11 September and 15 November 2012 tabled 14 February 2013
- Report 25 – Portfolio subordinate legislation tabled between 15 November and 27 November 2012 tabled 21 March 2013
- Report 27 – Portfolio subordinate legislation tabled between 27 November and 12 February 2013 tabled 1 May 2013
- Report 29 – Portfolio subordinate legislation tabled between 12 February and 30 April 2013 tabled 5 June 2013

#### **7.6 Report No 16 – Electricity (Early Termination) Amendment Bill 2012**

The *Electricity (Early Termination) Amendment Bill 2012* was referred to the Committee on 10 July 2012. The Committee was required to report to the House by 12 July 2012.

The policy objective of the Bill was to prohibit early termination or exit fees for small and residential customers where they are notified of an increase in charges during the course of their market contract and the increased charges exceed notified electricity prices.

The Committee tabled its report on 12 July 2012. The Committee made one recommendation – that the Bill be passed. No government response was required.

#### **7.7 Report No 18 – Public Service and Other Legislation Amendment Bill 2012**

On 31 July 2012 the *Public Service and Other Legislation Amendment Bill 2012* was referred to the Finance and Administration Committee. The Committee was required to report to the Parliament by Monday 13 August 2012.

The objective of the Bill was to:

- Transfer the administrative arrangements for public service appeals under the Public Service Act 2008 to the Queensland Industrial Relations Commission (QIRC) so it can have responsibility for the administrative aspects attached to its members carrying out the public service appeals function.
- Amend the Public Sector Ethics Act 1994 to replace annual ethics training with an emphasis on employees having education and training in ethical standards at induction and regularly throughout their employment.
- Transfer the public interest disclosure oversight agency function from the Public Service Commission to the Queensland Ombudsman.
- Transfer the administrative functions from the president to the vice president of the QIRC and expand the ability for parties to access legal representation in matters before the QIRC.

The Committee tabled its report on 13 August 2012. The Committee made one recommendation – that the Bill be passed. No government response was required.

### **7.8 Report No 23 – South East Queensland Water (Restructuring) and Other Legislation Amendment Bill 2012**

On 1 November 2012 the *South East Queensland Water (Restructuring) and Other Legislation Amendment Bill 2012* was referred to the Committee. The Committee was required to report to the Parliament by Thursday 22 November 2012.

The primary objectives of the Bill are:

- The rationalisation of the SEQ bulk water industry by the merger of the three bulk water entities – the Queensland Bulk Water Supply Authority (trading as Seqwater); the Queensland Bulk Water Transport Authority (trading as LinkWater); and the South East Water Grid Manager (WGM) – into a single bulk water service provider and the dissolution of Queensland Water Commission (QWC).
- Amendment of *Water Fluoridation Act 2008* to extend the criteria under which an exemption may be sought from the requirement that a relevant water supply be fluoridated and to clarify that an exemption may only be sought for an eligible relevant public potable water supply.

The Committee tabled its report on 22 November 2012. The Committee made four recommendations. The government response was tabled on 29 November 2012. The recommendations and corresponding response on the matters raised by the Committee are as follows:

**Recommendation 1:** *The committee recommends that the South East Queensland Water (Restructuring) and Other Legislation Amendment Bill 2012 be passed.*

*Government response: The Government thanks the Committee for its consideration of the Bill and appreciates the Committee's recommendation that the Bill be passed.*

**Recommendation 2:** *The Committee recommends that the department ensure that the Rural Water Advisory Group be considered a priority as part of the ongoing consultative processes.*

*Government response: The Government supports the Committee recommendation. The Department of Energy and Water Supply will ensure the continuing Rural Water Advisory Group has adequate representation including where appropriate, the new Bulk Water Supply Authority.*

**Recommendation 3:** *The Committee recommends that the department consider whether an extension to the commencement dates stipulated in the regulation is warranted in view of the short time frames available for implementation of the bill.*

*Government response: The Government agrees with the Committee's recommendation and has already taken the necessary steps to have Schedule 1 of the Water Fluoridation Regulation 2008 amended.*

*As indicated in the Committee's Report at Appendix D there a number of public potable water supplies that are required to fluoridate by 31 December 2012.*

*It is intended that if a public potable water supplier has not yet commenced fluoridation at one of these supplies or not been granted an exemption, the water supplier will be given an additional 12 months to comply with the requirements of the legislation. These suppliers will have until 31 December 2013 to either implement fluoridation or apply for an exemption under the new exemption criteria, if eligible.*

*A consultation draft of the proposed amendments to the Water Fluoridation Regulation 2008 was provided to the Local Government Association of Queensland; the Queensland Water Directorate and the 25 potable water suppliers directly affected by the proposed amendments.*

*There was general support for the amending regulation.*

**Recommendation 4:** *The Committee recommends that the department consider whether the bill needs to be amended to alter the title of section 169 to reflect the extension of the application of the section.*

*Government response: The Government notes the Committee's concern about the title of the section. As advised to the Committee, the Government will be consulting on a water restriction framework for South East Queensland in 2013. The Government considers it would be more appropriate to consider any legislative changes after the review is completed.*

## **7.9 Report No 28 – Inquiry into the Operation of Queensland's Workers' Compensation Scheme**

On 7 June 2012 the Legislative Assembly agreed to a motion that the Finance and Administration Committee inquire into and report on the Operation of Queensland's Workers' Compensation Scheme.

In particular the committee was required to consider:

- the performance of the scheme in meeting its objectives under section 5 of the Act;
- how the Queensland Workers' Compensation Scheme compares to the scheme arrangements in other Australian jurisdictions;
- WorkCover's current and future financial position and its impact on the Queensland economy, the State's competitiveness and employment growth;
- whether the reforms implemented in 2010 have addressed the growth in common law claims and claims cost that was evidenced in the scheme from 2007-08;
- whether the current self-insurance arrangements legislated in Queensland continue to be appropriate for the contemporary working environment;
- in conducting the inquiry, the committee should also consider and report on implementation of the recommendations of the Structural Review of Institutional and Working Arrangements in Queensland's Workers' Compensation Scheme.

The Committee was initially required to report to the Parliament by 28 February 2013, but the Committee requested, and was granted, an extension to 23 May 2013.

The report, containing 32 recommendations, was tabled on 23 May 2013. The government response to the report is due to be tabled by 28 August 2013.

Some of the significant issues considered by the Committee included:

- definition of worker;
- definition of injury, including psychological injuries;
- journey claims;
- latent onset claims;
- claims management;
- premiums;
- medical assessment tribunals;
- return to work programs;
- common law claims including legal claim funding arrangements;
- self-insurance arrangements;
- Structural Review of Institutional and Working Arrangements in Queensland's Workers' Compensation Scheme;
- Q-COMP – 'Reducing red tape for employers' proposal; and
- host employers/principal contractors

## **8. On-going Committee Inquiries**

### **8.1 Auditor-General's Report No. 4: 2012 – Managing Employee Unplanned Absences**

The Auditor-General tabled the Auditor-General's report No 4: 2012 on 19 June 2012. The report assessed whether public service departments are effectively managing unplanned absence. Unplanned absence may result from sick leave, the illness or death of close family members, or other reasons such as workplace injury or absence due to industrial disputes or natural disasters. It reviewed the role of central agencies, and examined more closely the Department of Community Safety and the former Departments of Education and Training, and Public Works.

On 19 June 2012 the Committee resolved to conduct an inquiry to consider the results of Auditor-General's Report No. 4 for 2012 – *Managing Employee Unplanned Absence*. This inquiry will be completed in the next reporting period.

### **8.2 Auditor-General's Report No. 5: 2012 – Internal Control Systems**

The Auditor-General tabled report No5: 2012 on 28 June 2012. The report summarises the results from the interim phase of the 2011-12 financial audits of departments, statutory bodies and government owned corporations. It also contains the results of audits where areas of control were emphasised during the audit process. The report identified control weaknesses in 25 (13 per cent) of the 196 departments, government owned corporations and statutory bodies audited, with 221 significant control issues reported to those charged with the governance of these entities, primarily entity boards and chief executives, or their equivalents.

The report noted that the focus across the public sector on maintaining basic financial controls was declining, with issues raised showing an increase in the number of departments failing to maintain adequate financial controls. There were aspects that needed to be urgently addressed to ensure such fundamental controls are working as required. The Auditor-General found that the effectiveness of entity fraud prevention strategies identified 11 departments as not having at least two of the six basic elements operating at a level to minimise the risk of fraud occurring.

On 1 August 2012, the Committee resolved to conduct an inquiry to consider the results of Auditor-General's Report No. 5 for 2012 – *Internal Control Systems*. This inquiry will be completed in the next reporting period.

### **8.3 Inquiry into Public Sector Contract Extensions**

The Auditor-General tabled *Auditor-General's Report No 5: 2012-13 – Results of audit: State public sector entities for 2011-12* on 27 November 2012.

A significant issue highlighted in the report was the issue of public sector contract extensions. The Auditor-General found that a significant amount of contracts, in terms of both number and dollar value, have been extended or rolled-over and that some of these contracts had no provision for extension.

The Committee held a private briefing with the Auditor-General on 28 November 2012. On 13 February 2013, the Committee resolved to conduct an inquiry into public sector contract extensions. This inquiry will be completed in the next reporting period.

### **8.4 Auditor-General's Report No. 9: 2012-13 – Fraud Risk Management**

On 19 March 2013 the Auditor-General tabled *Auditor-General's Report No 9: 2012-13 – Fraud Risk Management*. Whilst the audit discovered no substantiated fraud during the audit, the Auditor-General found weaknesses in controls and opportunities for improvement. He also found that there were significant weaknesses in strategies of agencies to prevent and detect fraud.

The audit found that while senior management is committed to fraud control, this is not being supported by visible processes to actively prevent, detect and respond to fraud. This means the risk of fraud occurring and going undetected is unacceptably high.

The Committee held a private briefing with the Auditor-General on 22 May 2013. On 5 June 2013, the Committee resolved to conduct an inquiry into fraud risk management in public sector organisations. This inquiry will be completed in the next reporting period.

### **8.5 Treasury and Trade and Other Legislation Amendment Bill 2013**

On 5 June 2013 the *Treasury and Trade and Other Legislation Amendment Bill 2013* was referred to the Finance and Administration Committee. The Committee was required to report to the Parliament by 12 August 2013.

The objectives of the Bill are to:

- Repeal a number of Acts that are no longer considered relevant or have achieved their purpose and are no longer required;

- Amend the following Acts:
  - *Financial Accountability Act 2009*
  - *Motor Accident Insurance Act 1994*
  - *Queensland Competition Authority Act 1997*
  - *Queensland Treasury Corporation Act 1988*
  - *State Financial Institutions and Metway Merger Facilitation Act 1996*
  - *Statistical Returns Act 1896*
- Amend miscellaneous other Acts to reflect name changes and consequential amendments
- Amend a number of Acts to support the electronic publication of authorised reprints of legislation;
- Amend the *Acts Interpretation Act 1954* and the *Statutory Instruments Act 1992* to implement recommendations made by the former Scrutiny of Legislation Committee; and
- Amend the Acts Interpretation Act 1954 to make a number of technical amendments

This inquiry will be completed in the next reporting period.

## 9. Australasian Council of Public Accounts Committees (ACPAC)

The Australasian Council of Public Accounts Committees (ACPAC) comprises Parliamentary Public Accounts Committees from other Australian States and Territories, Papua New Guinea, Fiji and the Solomon Islands. Parliamentary Public Accounts Committees are defined in the ACPAC constitution to include the Committee most resembling a Public Accounts Committee, in function and power, for those jurisdictions which lack a Public Accounts Committee. The FAC is the Queensland representative Committee on ACPAC.

ACPAC meets at least biennially in the form of a conference open to member Committees, associate member Committees, staff of such Committees and other persons who may be invited by the host Committee.

The 12<sup>th</sup> Biennial conference was held on 10 to 12 April 2013 and hosted by the New South Wales Public Accounts Committee (NSW PAC) in Sydney. Three Members of the Committee and the Committee Research Director represented the Committee at the conference. The Member for Murrumba presented a paper, entitled '*The impact of the changes to the Queensland Parliamentary Committee system on the public accounts function*' at the conference.

## 10. Other Committee Travel

The Committee travelled to Mackay and Cairns on 27 and 28 August 2012 to conduct public forums in order to hear from interested parties on the inquiry into the Operation of Queensland's Workers' Compensation Scheme.

## 11. Meeting Attendance Record

The following tables detail Members' attendance at committee meetings and hearings:

54 <sup>th</sup> Parliament – 1 July 2012 to 30 June 2013											
Meeting Date	Crandon	Pitt	Cunningham	Flegg	Gulley	Kaye	Mulherin	Ostapovitch	Sorensen	Stewart	Scott
11/07/2012	✓	✓			✓	✓	✓	✓	✓	✓	
11/07/2012	✓	✓			✓	✓	x	✓	x	✓	
01/08/2012	✓	✓			✓	✓	x	✓	✓	✓	
02/08/2012	✓	✓			✓	✓	x	✓	✓	✓	
08/08/2012	✓	x			✓	x	x	✓	x	✓	✓
10/08/2012	✓	✓			✓	✓	x	✓	✓	✓	
22/08/2012	✓	✓			✓	✓	x	✓	✓	✓	
27/08/2012	✓	x			✓	✓	✓	✓	✓	✓	
28/08/2012	✓	✓			✓	✓	x	x	✓	✓	
28/08/2012	✓	✓			✓	✓	x	x	✓	x	
12/09/2012	✓	✓			✓	✓	x	✓	x	✓	
12/09/2012 (Estimates)	✓	✓			✓	✓	x	✓	x	✓	
09/10/2012 (Estimates)	✓	✓			✓	✓	✓	✓	✓	✓	
09/10/2012	✓	✓			✓	✓	✓	✓	✓	✓	
25/10/2012 (Estimates)	✓	x			✓	✓	✓	✓	x	✓	
25/10/2012	✓	x			✓	✓	✓	✓	x	✓	
26/10/2012 (Estimates)	✓	x			✓	✓	✓	✓	x	✓	
31/10/2012	✓	✓			✓	✓	x	✓	x	✓	
01/11/2012	✓	✓			✓	✓	x	✓	x	✓	
12/11/2012	✓	✓			✓	✓	x	x	✓	✓	
14/11/2012	✓	✓			✓	✓	x	✓	✓	✓	
16/11/2012	✓	x			✓	x	✓	✓	✓	✓	
22/11/2012	✓	✓			✓	✓	x	✓	✓	x	
28/11/2012	✓	✓		✓	✓		x	✓	✓	✓	
13/02/2013	✓	✓	✓	✓	✓			✓		✓	

54 <sup>th</sup> Parliament – 1 July 2012 to 30 June 2013											
Meeting Date	Crandon	Pitt	Cunningham	Flegg	Gulley	Kaye	Mulherin	Ostapovitch	Sorensen	Stewart	Scott
06/03/2013	✓	✓	✓	✓	✓			✓		✓	
20/03/2013	✓	✓	x	✓	✓			✓		✓	
27/03/2013	✓	✓	x	x	✓			✓		✓	
17/04/2013	✓	✓	✓	✓	✓			✓		✓	
01/05/2013	✓	✓	✓	✓	✓			✓		✓	
20/05/2013	✓	✓	✓	✓	✓			✓		✓	
21/05/2013	✓	✓	✓	✓	✓			✓		✓	
22/05/2013	✓	✓	✓	✓	✓			x		✓	
23/05/2013	✓	✓	✓	x	✓			✓		✓	
04/06/2013 (Estimates)	✓	✓	✓	✓	x			✓		✓	
05/06/2013 (Estimates)	✓	✓	✓	✓	✓			✓		✓	
05/06/2013	✓	✓	✓	✓	✓			✓		✓	
07/06/2013	✓	✓	✓	x	✓			✓		✓	

## Notes:

Dr Flegg was appointed to the Committee on 27 November 2012 replacing Mr Kaye. Mrs Cunningham was appointed to the Committee on 12 February 2013 replacing Mr Mulherin. Mr Sorensen was appointed to the Committee until 12 February 2013. Mrs Scott was substituted for Mr Pitt for the Committee's meeting and public departmental briefing on 8 August 2012.

Mr Mulherin was also a member of several other Committees at the time (e.g. Education and Innovation Committee from 18 May 2012 to 12 February 2013 and State Development, Infrastructure and Industry Committee from 18 May 2012) and his absence was predominantly due to overlapping Committee meeting times.

## 12. Committee Secretariat

A full time Research Director, Principal Research Officer and Executive Assistant (job share position) support the Committee in its activities.

### 13. Committee Expenditure

The Committee is funded from the appropriation made to the Legislative Assembly.

Details of the Finance and Administration Committee expenditure for the period 1 July 2012 to 30 June 2013 are set out in the following table:

Detail	\$
Staff salaries and related expenses	245,103
Employer superannuation contributions	30,429
Salary related taxes and workcover	14,362
Travel expenses	24,918
Printing and stationery	4,540
Meeting/Hearing expenses	1,246
Telecommunication costs	1,266
Subscriptions and publications	355
<b>Total Expenditure</b>	<b>322,219</b>