

Estimates Committee A

Report No. 2, 8 October 1996

*Office of the Governor
Queensland Audit Office
Parliamentary Commissioner for Administrative Investigations
Department of the Premier and Cabinet
Department of Economic Development and Trade
Treasury Department*

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ESTIMATES COMMITTEE A

REPORT TO THE LEGISLATIVE ASSEMBLY OF QUEENSLAND

**Office of the Governor
Queensland Audit Office
Parliamentary Commissioner for Administrative Investigations
Department of the Premier and Cabinet
Department of Economic Development and Trade
Treasury Department**

8 October 1996

ESTIMATES COMMITTEE A

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CONTENTS

Page

1. INTRODUCTION.....	1
1.1 REPORT TO THE LEGISLATIVE ASSEMBLY	1
1.2 SESSIONAL ORDERS DATED 3 SEPTEMBER 1996	1
2. OFFICE OF THE GOVERNOR.....	2
3. PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS (THE OMBUDSMAN) AND THE OFFICE OF THE INFORMATION COMMISSIONER	2
4. QUEENSLAND AUDIT OFFICE (QAO).....	2
5. DEPARTMENT OF THE PREMIER AND CABINET	2
5.1 OVERVIEW	2
5.2 PROGRAM INITIATIVES	3
6. TREASURY DEPARTMENT	4
6.1 METWAY PURCHASE AND TREASURY PROGRAMS	4
6.1.1 <i>Metway Purchase</i>	4
6.1.2 <i>Ministerial Offices Program</i>	4
6.1.3 <i>Fiscal and Financial Management Program</i>	4
6.1.4 <i>Taxation Program</i>	5
6.1.5 <i>Economic and Commercial Policy Program</i>	5
6.1.6 <i>Gaming Program</i>	6
6.1.7 <i>Superannuation Program</i>	6
6.1.8 <i>Corporate and Specialist Services</i>	6
6.2 OFFICE OF WOMEN'S AFFAIRS	6
6.3 THE ARTS	7
6.3.1 <i>General</i>	7
6.3.2 <i>Arts Statutory Authorities</i>	8
7. DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE.....	8
7.1 INTRODUCTION	8
7.2 INTERNATIONAL TRADE DEVELOPMENT PROGRAM	9
7.3 PROJECT AND INVESTMENT DEVELOPMENT PROGRAM	9
7.4 DEVELOPMENT PLANNING PROGRAM	10
7.5 CORPORATE AND EXECUTIVE SERVICES PROGRAM.....	10
7.6 OTHER.....	10
8. CONCLUSION	11
9. RECOMMENDATION	11
10. STATEMENT OF RESERVATIONS BY NON-GOVERNMENT MEMBERS.....	12

1. INTRODUCTION

1.1 Report to the Legislative Assembly

Estimates Committee A presents this report to the Legislative Assembly in relation to the estimates of expenditure for:

Office of the Governor
Queensland Audit Office
Parliamentary Commissioner for Administrative Investigations
Department of the Premier and Cabinet
Department of Economic Development and Trade
Treasury Department.

1.2 Sessional Orders dated 3 September 1996

The Legislative Assembly, pursuant to Sessional Orders adopted on 3 September 1996, appointed seven Estimates Committees to inquire into the estimates of expenditure contained in the Appropriation (Parliament) Bill No. 2 1996 and the Appropriation Bill No. 2 1996.

This Committee, being Estimates Committee A, had the following organisational units allocated to it:

Office of the Governor
Legislative Assembly
Queensland Audit Office
Parliamentary Commissioner for Administrative Investigations
Department of the Premier and Cabinet
Department of Economic Development and Trade
Treasury Department
Any other organisational units within the portfolios of the Premier and the Treasurer.

Sessional Order 23(2) requires that Estimates Committee A presents two reports; one for the Legislative Assembly and another for the other organisational units allocated to it. The Committee is reporting separately in relation to the Legislative Assembly.

The Committee has now considered the estimates referred to it in relation to the organisational units other than the Legislative Assembly, and has met in public session to receive evidence from the relevant Ministers and Departmental officers. Additional information which has been received as a result of Questions on Notice prior to the hearing as well as questions taken on notice during the hearing, will be tabled separately in the Legislative Assembly.

2. OFFICE OF THE GOVERNOR

The Committee notes that funds allocated in 1995/96 to install an effective fire detection, fire prevention and occupant safety regime within Government House was delayed resulting in a carry over of \$131,000 of capital works funding to 1996/97. Completion of the project is now expected to be by December 1996. The total cost of the project is \$278,000 spread over the two financial years.

Staff efficiency and productivity has also increased in the Office since the approval of the Enterprise Bargaining agreement in May 1995.

3. PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS (THE OMBUDSMAN) AND THE OFFICE OF THE INFORMATION COMMISSIONER

The Committee has been informed that provision in the 1996/97 budget for the retention of two temporary investigative officers in the Ombudsman's Office and one additional temporary senior administrative review officer in the Office of the Information Commissioner, will assist in reducing the backlog of cases currently existing in both these offices. Advice has also been provided as to the various demand management initiatives, such as report cards to client agencies, which have been developed in an endeavour to reduce the caseload in the Ombudsman's Office. A restructure of the Office of the Information Commissioner should also result in some gains in efficiency and timeliness of case processing.

At the hearing the Committee was advised that 49 per cent of all new complaints to the Ombudsman in 1995/96 were generated as a result of the Rural Visitation Program which gives rural people and those in custody similar access to the Office as residents of Brisbane.

4. QUEENSLAND AUDIT OFFICE (QAO)

Full implementation of a computerised audit management system, will be undertaken in 1996/97 which, the Committee notes, will assist the QAO in job costing, monitoring against approved audit plans and in the application of user-charging principles.

At the hearing the Committee was also advised that plant and equipment expenditure in the 1996/97 budget was increased to provide for an upgrade of the Office's local area network. This service enables field auditors to use laptops to electronically communicate with head office and to have access to information, such as legislation, on the network. Further, the Committee was updated as to the implementation of new financial and human resource management information systems.

5. DEPARTMENT OF THE PREMIER AND CABINET

5.1 Overview

Significant changes to the Department made in 1995/96 were highlighted to the Committee including the abolition of the Office of the Cabinet and the Public Sector Management Commission, and the establishment of the Department of Economic Development and Trade. Although this restructure has

resulted in an increase in staff due to the changes and functions now undertaken by the Department, the Committee was informed that when taking the various changes into account net staff numbers had actually decreased.

The Committee also notes the implementation of a priority of the Department, namely the extension of its services to regional centres, which has occurred with a hub office in Townsville, support offices in Cairns, Mackay and Rockhampton and a regional office in Gladstone established by the Department of Economic Development and Trade. In response to a question taken on notice, the Committee was advised that the \$2.269m cost of regional offices represents 22.25 per cent of the \$10.2m increase in the Departmental budget.

At the hearing the Committee was also informed as to budget initiatives in 1996/97 for the new Corporate Communications and Information Office which will have a wider focus than previous years.

5.2 Program Initiatives

The Committee's inquiries as to outputs and initiatives in the Department's programs included:

Legislation Services - In relation to the Office of the Parliamentary Counsel (OPC) which provides quality legislation, advisory and information services, the Committee was advised at the hearing that the increase in the number of legislative reprints had caused a considerable drain on resources and therefore the Office had been instructed to only rewrite legislation on specific direction of a Minister and/or Department. A working group will also be formed to review the operations of the OPC.

Parliamentary and Government Services - The Committee notes that initiatives for 1996/97 include the establishment of an Office of Indigenous Affairs which will assist in addressing issues for Queensland's Aboriginal and Torres Strait Islander communities, and publication of a new Cabinet Handbook. A legislative program report will continue to be provided.

The 1996/97 budget for the Government Air Wing also remains largely unchanged, with the exception of the provision of \$0.45m for leasing costs for aircraft replacement and \$0.3m for a major engine overhaul on an existing aircraft. The Committee notes that in the 12 month period to 30 June 1996, Government aircraft were involved in 30 organ transplant retrievals and five search and rescue missions.

State Development - Major projects which this new Division has been involved in, relating to the State Works Program and State Strategic Plan in association with the Department of Economic Development and Trade, were outlined to the Committee at the hearing.

The increase in the budget for South Bank from \$10.5m to \$15.5m in 1996/97 was explained to the Committee as a grant of \$9m and recoverable funding of \$6.55m for the first stage of infrastructure works under the proposed amendments to the South Bank Corporation Approved Development Plan.

Office of the Public Service - At the hearing the Committee was informed that this Office will be staffed by 20 fewer staff than the former Public Sector Management Commission. However, the Committee was assured that an appropriate staffing structure had been put in place to support the major focus of the Office in facilitating increased responsiveness and improved client service in the public sector

with new systems of accountability and increasing autonomy. The five key functional areas of the Office were also explained to the Committee.

In response to a question taken on notice, the Committee was informed as to strategies that have been developed to ensure that services, including access to appeal mechanisms and equal employment opportunity, are not reduced by the 47 per cent reduction in funding to the Equity and Resolution Program. Strategies relating to appeals activities, such as amendments to the legislation governing the system of appeals and grievances administration, are estimated to result in savings of resources and funding of approximately 15 per cent, whilst the EEO strategies are stated to have the potential to reflect savings of approximately 25 per cent.

Corporate Services - It is noted that this program also services the Premier's offices in regional Queensland as well as the Department of Economic Development and Trade through the Joint Corporate Services Provision Agreement. (See also paragraph 7.5)

Ethnic Affairs - The Committee was assured that whilst there have been savings in this area, arrangements have been restructured to ensure that community organisations in 1996/97 will receive, in many cases, considerably enhanced funding over that received last year. A major initiative also includes provision of \$100,000 for the Ethnic Communities Council of Queensland which will be recurrent for three years and is designed to improve the ability of the Council to fulfil its function as the key ethnic community body in Queensland.

6. TREASURY DEPARTMENT

6.1 Metway Purchase and Treasury Programs

6.1.1 Metway Purchase

Both at the hearing and in response to Questions on Notice, the Committee was assured that the budget and the service provision will be unaffected by the Government's plans to merge Suncorp and the QIDC with Metway. The Committee was further advised that the funding source for the purchase was the proceeds from the sale of the Government's shares in QNI Limited which were previously also invested equity investments, and that the purchase of Metway shares which will occur on completion of the merger will be funded by raisings on the capital market of the listed unit trust.

6.1.2 Ministerial Offices Program

Information provided to the Committee shows an increase in staffing levels for Ministerial offices from 192 in 1995/96 to 195 in 1996/97, which is inclusive of Parliamentary secretaries. However, it was pointed out to the Committee that this increase could have been larger as each of the 16 regional Ministers is entitled to a research officer.

6.1.3 Fiscal and Financial Management Program

At the hearing the Committee questioned the Minister as to the \$155m increase in the Treasurer's advance account to \$259m for 1996/97. The Minister explained that the main reason for the increase in this account is that an amount has been put aside for Enterprise Bargaining 3 (previously

EB allocations were part of Departmental budgets) and that the account also covered matters such as outstanding legal liability claims, implementation of national competition policy, funding for replacement of specialised heavy vehicles, major project facilitation costs, provision for cash equivalent long service leave, and natural disaster relief.

With respect to the Queensland Rural Adjustment Authority, the Committee was advised that in 1996/97 allocations included: approximately \$4m for a range of existing drought assisted programs including rural families support services; \$45m in assistance for replanting and restocking, for productivity enhancement and for small business drought assistance; and \$14.5m for a range of activities in the Department of Primary Industries, Fisheries and Forestry which includes an enhancement of the Property Management Planning Program, the development of a post-drought recovery strategy, rural leadership and business trading programs and the restoration of basic services in areas like research extension and industry development.

The Committee was also informed that the Government is supportive of performance-based service agreements advanced by the Commission of Audit as it seems desirable to be able to specify the quality, quantity and cost of service outputs expected to be provided irrespective of whether they are publicly or privately delivered, and to be able to specify benchmark performance against agreed performance measures. However, the Committee was reminded that a critical factor in implementing this system was the need to fully identify the cost of delivering services which necessitates a move away from cash accounting to accrual accounting, accrual budgeting and management and reporting at all levels.

In this regard the Committee was advised that a frame-work for accrual budgeting will be developed during 1996/97 with the aim to have it in place before 1998/99. Accrual accounting is expected to significantly enhance government reporting by assisting performance management, responsible accounting, effective asset management and benchmarking.

6.1.4 Taxation Program

At the hearing the Committee was informed that in 1995/96 the cost of compliance was 4.8 cents for every dollar raised in comparison with 5.5 cents in 1994/95 and 9.3 cents in 1993/94, and that this cost is anticipated to rise in 1996/97, principally as a result of the completion of a number of major investigations. As to the cost of revenue collection, the Committee was advised that increased revenue, enhanced efficiency and improved productivity have resulted in collection costs continuing to fall over the preceding four years to 0.82 per cent of total revenue, and that this is likely to fall further to an estimated 0.69 per cent in 1996/97 as taxation revenue from debits tax and tobacco licence fees increase.

6.1.5 Economic and Commercial Policy Program

The Committee notes that the 1995/96 closing balance for the Queensland Infrastructure Financing Fund (QIFF) was \$283.1m and that major drawdowns in the year included financing payments for the North West water pipeline and the Eungella water pipeline. The Committee was also advised that funding from QIFF for the Comet Dam (\$148m) and the Dawson River Dam (\$126m) are currently under active consideration.

The Minister also informed the Committee that a study was commissioned by Treasury which identified Brisbane as the lowest or second lowest cost location for each of the three business

profiles studied, and that these results are expected to assist in the promotion and marketing of Brisbane and Queensland as a business location, and in identifying areas which require further review so that Queensland's competitiveness can be enhanced.

Further information was also sought by the Committee on the National Competition Policy unit and the anticipated establishment in early 1997 of the Queensland Competition Authority which will be an independent State statutory authority with recommendatory powers in respect of price oversight.

6.1.6 Gaming Program

At the hearing the Committee was informed that a keno Bill will be introduced shortly which will allow the expansion of keno from casinos to hotels, clubs and TAB agencies, although at this stage it was too early to put revenues from keno into the current budget.

6.1.7 Superannuation Program

As Treasury supervises the Government Superannuation Office, at the hearing the Committee sought and received additional information as to the superannuation funds administered by the Office. In this regard it was advised that all schemes have an actuarially sound funding position, and that it is likely that a review of the superannuation schemes within the Queensland public sector will occur over the coming months due to continuing changes in the Commonwealth legislation and initiatives of the Federal Government.

The Committee also questioned the Minister as to the increase in compulsory third party insurance premiums and was informed that the increase in premiums from 1 July 1996 by 39 per cent was the first change in six years and that it will increase the premium pool by about \$114m. It was explained that the increase in premiums was necessitated by the number of claims, that the claims continue to be monitored with more favourable trends currently noted and that an independent actuarial analysis will be undertaken annually.

6.1.8 Corporate and Specialist Services

The Ministerial Program Statements reveal that recently Treasury staff were the subject of an Enterprise Bargaining agreement and, at the hearing, the Committee was advised that the agreement targeted savings of \$1.87m for the consolidated fund of Treasury which more than funds the 4 per cent third-stage pay rise which was put in place in May 1995 and which was estimated to cost \$1.59m.

Details were also sought as to the reduced allocation for overseas staff travel in 1996/97 compared to actual expenditure on overseas travel in 1995/96. This was explained to the Committee as being due to the one-off nature of several trips which occurred in the previous year.

6.2 Office of Women's Affairs

The core business of the Office of Women's Affairs is stated to be to listen, advise, research and act and its allocation of approximately \$1.8m in 1996/97 represents an increase of \$0.14m over 1995/96 actual expenditure. In particular, the Committee notes the following with respect to the Office's outputs and proposed expenditure:

- As a result of restructuring in August 1996 the Office is now structured in two branches, namely Policy and Research and Women's Infolink, and as the latter includes the Women and Information Technology strategy allocation, this year a greater percentage of the Office's budget will be allocated to the Infolink service than was allocated last year.
- A survey of 5,000 women will be conducted to find out issues of major concern to them and to assess their access to the Internet, government and government programs.
- The Office had considerable input in gaining funding for the new women's correctional centre at Wacol.
- The Office's Internet site was recently launched and it includes the on-line quarterly newspaper *Queensland Women*.
- A Register of Women is maintained which is used as a referral mechanism for the employment of women in various positions.
- The Office is convening a Rural and Country Women's Council which enables various rural women's groups to be covered by this umbrella body, firstly as a lobbying voice to government and secondly as a direct access to government.
- Steps have been taken examine indigenous women's access to services.

The Committee also notes that funding for women's services is the responsibility of relevant departments, however, the Women's Affairs Budget outlook clearly states that funding for services such as domestic violence and sexual assault services has been maintained and in some cases increased in this year's budget.

6.3 The Arts

6.3.1 General

The Committee notes the following initiatives in relation to the proposed expenditure for the Arts Program:

- The Brisbane Festival and the Brisbane Biennial will be provided with \$1m additional funding in order to expand its programs and increase profile.
- The Regional Arts Development Fund, which is funding partnership between the State and local governments to support regional arts and the cultural development of regional Queensland, will receive \$920,000 in 1996/97 as compared to \$812,000 in 1995/96. The Committee was also advised that in 1996/97 seven new councils will be funded including two indigenous community councils.
- In relation to the Arts Grant Program, the Committee was informed that funding of \$7.8m, which is up 5.3 per cent, has been set aside for application for grants which are assessed by panels drawn from the arts and the museum communities.
- Four overseas tours of Queensland arts organisations will also be funded during the year which will enable Queensland artists to travel to show their artistic ability in various countries and to learn from the experience.

6.3.2 Arts Statutory Authorities

At the hearing, the Minister explained how savings are to be made through the rationalisation of corporate services for the Arts statutory authorities. The Committee was advised that this by itself would yield \$823,000 and that further savings would be made by renegotiating the authorities' contracts for maintenance, security and cleaning.

In relation to each of the six statutory authorities, the Committee was informed as follows:-

- Queensland Art Gallery - Although some initiatives were not funded or have been deferred, funding for the Queensland Art Gallery Foundation of \$500,000 a year remains, \$50,000 has been provided for regional services, and the Asia-Pacific Triennial of Contemporary Art will be conducted again this year.
- Queensland Museum - Initiatives and funding in 1996/97 include: the Pandora Foundation (which is recovering artefacts from the wreck of HMS Pandora); \$50,000 for the Queensland Museum's branch in Townsville; \$370,000 for the regional services of the museum development program; and the appointment of an Aboriginal and Torres Strait Islander Consultative Committee to assist in its development of a plan to return sensitive items being held in the State collection.
- Queensland Performing Arts Trust - QPAT's commercial revenue for 1995/96 was \$11.3m and it is estimated that revenue for 1996/97 will increase to \$12.8m which is an increase of 13 per cent. At the hearing the Committee was also reminded that QPAT managed and produced the successful Brisbane Festival for 1996 and that Treasury committed a maximum contribution of \$1.5m towards the funding of the Festival.
- Queensland Theatre Company - Plans for 1996/97 for the QTC include refurbishment of the Merivale Street Studio as a dedicated rehearsal studio (\$150,000 being provided for this), presentation of the annual season of plays in the Suncorp and Cremorne Theatres, and tours both to regional Queensland and interstate.
- Queensland State Library - A sum of \$1.0m in each of two years has been allocated for the improvement of computer resources in the library which should reduce maintenance costs of over \$100,000 per annum and allow an electronic network supporting Queensland's 315 public libraries. The Committee was also advised that funding of \$1.0m per year for three years will be provided for regional libraries support and that the new computer framework will enable ready access from regional areas and the provision of programs to those areas.

7. DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE

7.1 Introduction

At the hearing the Minister reiterated to the Committee that the reason for the establishment of this new Department was to build a stronger trading presence for Queensland and to focus on investment opportunities in Queensland, to promote Queensland for investment opportunities and at the same time develop Queensland's infrastructure.

7.2 International Trade Development Program

Major outputs and initiatives under this program noted by the Committee include:

- The replacement of the Queensland Export Development Scheme (QEDS) by the Queensland Trade Assistance Scheme (QTAS) which has resulted in reduced maximum grant levels and eligibility criteria so as to allow more exporting firms to access the scheme. QTAS-related exports in 1996/97 are estimated to amount to \$25m.
- Proposals to expand international market coverage through the establishment of additional Queensland Government trade and investment offices in several overseas locations, namely, Shanghai in China, Los Angeles in the United States and Jakarta in Indonesia.

At the hearing, the Minister was also questioned as to future plans for Central Java, bearing in mind the sister-state relationship that exists between Queensland and Central Java, and India. In this regard the Committee was advised that the Department has indicated that it will put an officer in Central Java, and that the viability of opportunities in India had also been investigated, but that responses to surveys in respect of Queensland business interests in India had not been as positive as expected. Limited funds also restrict the Department in establishing overseas offices and maintaining them effectively.

In respect to the staffing of the new overseas offices, the Committee was advised in response to a question taken on notice, that this is being phased in to ensure appropriate appointments are made and it is planned that each office will have four staff funded by the Department. Additionally, it was stated that where possible action will be taken to include other activities in the offices in order to obtain the benefits of a Queensland office and achieve staffing efficiencies.

- Agreements with Austrade for specific trade representation services which is considered cost effective. Further information was provided to the Committee after the hearing in respect of actual outgoings for these services.
- Plans to foster cooperation between Queensland and other States and Territories in the use of resources and facilities for the promotion of trade and investment.

7.3 Project and Investment Development Program

The Committee notes the major projects currently being facilitated by the Department and, at the hearing, questioned the Minister and Departmental officers as to particular projects, including:

- Korea Zinc Australia. In this regard the Committee was advised that negotiations are almost finalised and an agreement is expected to be signed by the end of September.
- Century Mine. The Minister confirmed that Mr Bill Hayden has been appointed to act as a mediator/negotiator between the Aboriginal People in the area, the State Government and the company in respect of facilitating the forwarding of the Century project.
- Pandora Gas Pipeline. This project involves the potential for gas delivery from the Pandora fields in the Torres Strait and assessments which are being undertaken include construction of a pipeline from Pandora through Northern Queensland to Townsville as well as negotiations with Aboriginal people and environmentalists.

The Committee also notes that a study has been commissioned to determine the infrastructure requirements of the Cloncurry Shire in light of the dramatic mining investments in North West Queensland.

Also at the hearing the Committee received further information as to assistance provided to DHL in the relocation of its Queensland office, its Australian customer service operations and a customer distribution centre to Brisbane Airport. The Committee notes that DHL will be looking at 120 jobs associated with their relocation to Brisbane and by the year 2000 it is estimated that this could rise to 500.

The Minister advised the Committee that he hopes this will be an incentive to other companies to look at Queensland both in terms of advantageous geographical location and also an incentive in terms of the nature of DHL being a carrier company that can service other companies that wish to access the markets to the north of Queensland.

In relation to business migration registrations, the Committee has been informed that a total of 468 were received and processed during 1995/96, of which 44.9 per cent were from Taiwanese business people.

7.4 Development Planning Program

The Committee notes that the Development Planning Division has the responsibility for the State Economic Development Strategy which has recently been circulated in draft form. In this regard the Minister advised the Committee at the hearing that its position with the Strategy is well advanced and that the Department had been working very hard towards facilitating projects in Queensland and had received positive feedback in response to assistance provided by it.

7.5 Corporate and Executive Services Program

The Department has recently entered into a service agreement with the Department of the Premier and Cabinet to enable the sharing of corporate service facilities. In response to a Question on Notice, the Committee was informed that it has been estimated this will result in an annual saving in the order \$4m and that the agreement will be kept under review to ensure that it delivers the most effective services consistent with minimum costs.

7.6 Other

It was brought to the Committee's attention that the Federal Government's announcement to cease funding under the Development Infrastructure Finance Facility (DIFF) scheme had, and did, affect many Queensland companies that had been involved in overseas programs. However, in this regard the Minister advised the Committee that as a result of negotiations there is to be a review of the DIFF scheme and that some funds will be allocated for an assessment of those applicants that had already received certain letters of advice in respect of funding.

The Committee was also advised that the reduction in the Forward Estimates for the Department of approximately 34 per cent by 1998/99 primarily reflected major outlays in 1996/97 not required in future years and that accounting for these factors, the Forward Estimates provide for a relatively

constant level of operational funding for the Department over the period. The Committee was also reminded that as the Department administers a range of projects and initiatives, funding requirements generally vary from year to year.

8. CONCLUSION

The Minutes of the Committee's meetings are appended to its Report No.1.

The Committee's comments regarding the 1996 Estimates Committee process are also noted in this separate report on the Legislative Assembly.

However, the Committee recognises that the revised Estimates process has required Ministers and Departmental officers to provide the Committee with more information by way of answers to Questions on Notice prior to the hearing, and that strict time frames have had to be met in the provision of this information and in responding to questions taken on notice at the hearing. The Committee appreciates the time and effort that all Ministers and Departmental officers have expended in the provision of such information to the Committee and in their attendance at the hearing.

The Committee has agreed to the proposed expenditures referred to it, without amendment.

9. RECOMMENDATION

The Committee recommends that the proposed expenditure be agreed to.

Robert Harper MLA
Chairman

10. STATEMENT OF RESERVATIONS BY NON-GOVERNMENT MEMBERS

1. PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS (THE OMBUDSMAN) AND THE OFFICE OF THE INFORMATION COMMISSIONER

1.1 Backlog of cases

Non-Government Members were concerned to learn of the significant backlog of cases awaiting examination by both the Ombudsman and the Information Commissioner. The evidence presented to the Committee made it clear that the engagement of temporary personnel was unlikely to make substantial inroads into the backlog of cases. Non-Government members believe that additional experienced permanent staff need to be engaged in order to ensure that cases brought before these Commissioners can be resolved in a timely manner.

2. QUEENSLAND AUDIT OFFICE (QAO)

2.1 Independence of the Auditor-General

Non-Government members strongly support the statement made by the Auditor-General when he expressed his "...passion for the preservation of the independence of the Auditor-General...". The Office of the Auditor-General is a vital element of the process of parliamentary scrutiny of the Executive Government, and its independence is imperative for the effective performance of its function.

Claims in Parliament by the Member for Mansfield that the Auditor-General, while travelling with the Member and the Minister for Families, Youth and Community Care, had been critical of the performance of the previous Government compromise the independence of the Auditor-General.

While accepting the Auditor-General's evidence that the Member for Mansfield has seriously misrepresented his position, the Auditor-General must be careful to avoid any circumstances where his independence may be seen to be similarly compromised.

Consequently, Non-Government Members consider the conduct of the Member for Mansfield in misrepresenting the Auditor-General to be reprehensible, as it impugns the integrity of the Auditor-General and his Office.

3. DEPARTMENT OF THE PREMIER AND CABINET

3.1 25% funding increase for Department

Non-Government Members were not satisfied with the Premier's explanation of the massive 25% increase in his department's budget. His reference to changes in the structure and responsibilities of his Department was already taken into account in the comparative expenditures contained within the Ministerial Program Statement.

3.2 Funding for a Commission of Inquiry into the CJC

Non-Government Members were concerned about the evasive nature of the Premier's answer to a question regarding the amount and source of funds required to undertake the proposed Commission of Inquiry into the CJC.

That the Premier had not budgeted for the cost of the Inquiry, when he has publicly claimed that it was an election commitment made in 1995, and had no idea how much this Inquiry would cost, when the decision to undertake the Inquiry had been made by Cabinet only the day before the Estimates hearing, raises serious concerns about the integrity of the Government's process of budgetary management.

Non-Government Members were astounded that the Premier and his Cabinet could make a decision with such potentially significant cost implications for the Budget without having any estimate as to the cost of the inquiry.

3.3 Office of the Queensland Parliamentary Counsel

The reduction of Parliamentary Counsel staffing from 48 to 43, and the \$450 000 cut to the budget for the Legislative Services Program, is of concern to Non-Government Members who consider that these measures will reflect upon the quality of draft legislation which appears before the Parliament. The additional pressure placed upon the remaining staff will be to the detriment of the work environment in that Office and may in future necessitate an increase in the volume of work which is outsourced.

3.4 Mr Richard Laidlaw

We continue to be concerned about the size and circumstances of the consultancy offered to Mr. Richard Laidlaw. The amount of the consultancy (\$9810) appears to be conveniently under the \$10,000 threshold for such arrangements to require an open tender.

As it appears that Mr. Laidlaw will be offered a permanent appointment in due course, the question arises about why such a lucrative consultancy is provided in the first place.

3.5 Ms Wendy Armstrong

The failure of Ms Wendy Armstrong to attend the Estimates Committee hearing despite the request of the Committee and the fact that the Premier's Department had indicated that she would be attending, is a matter of grave concern to Non-Government Members.

Furthermore, the Premier's explanations for the non-attendance of Mrs. Wendy Armstrong - a senior public servant (SES3) in his department that:

- a) Ms Armstrong is not a head of a Division;
- b) Ms Armstrong was merely 'invited' to attend, implying a general right of refusal without apology

in our view thwart the essential purpose of the Estimates process, and represents an arrogant contempt of the Committee and the Parliament.

3.6 Coordinator-General's Advance

The establishment of a "Coordinator-General's Advance" - totalling \$2 million in this Budget - appears to bear all the characteristics of a Premier's 'slush fund', albeit an 'economy' model compared with the Treasurer's Rolls Royce fund. While the Premier sought to identify expenditures to which this fund will be applied, there remains the issue of the appropriateness of such a fund when expenditure for these items should be incorporated into relevant program budgets for the appropriate line departments.

3.7 Corporate Communications and Information Office

Non-Government Members considered the explanation for the three-fold increase in the Budget for a central communications unit, through the establishment of the Corporate Communications and Information Office, to be inadequate. The Premier's initial explanation made it appear that there were additional labour and capital costs incurred in *establishing the refocused office*. At a later stage of the comments, it became clear that the costs were not related to *establishment* of the Office, but to its *ongoing operation*. In our view there is still no satisfactory explanation for the massively expanded scope of this operation.

Non-Government Members also record their serious concern that allocations such as the \$718 000 contingency provision for whole-of-government public communications, are open to abuse for political purposes, representing a return to propaganda activities funded from the public purse such as the old "Queensland Unlimited" television campaign. The subsequent confirmation through an answer to a Question on Notice, that the full-page post-Budget advertisements drew \$114 000 from this allocation merely strengthen our concern as to the potential impropriety of the activities of this Office.

3.8 Opposition Office

Non-Government Members are concerned that the allocation for the Opposition Office represents a 10% reduction on the amount actually spent last year - during most of which time the Premier was the Leader of the Opposition. The decrease is even more savage when increases in cost factors such as the recent 4% wage increase are taken into account.

The failure of the Premier to complete his long-promised review of this matter within the context of this Budget gives support to the view of the Speaker, provided in his evidence, that "...it would be more appropriate to have the Opposition handled through the Speaker ... at Parliament House, than through the Government of the Day..." (Hansard p.2).

3.9 Office of the Public Service

Non-Government Members are concerned that the 47% reduction in funding to the Equity and Resolution program and the 25% reduction in Equal Employment Opportunity strategies will seriously damage public service employees' access to appeals and equal employment opportunities.

4. TREASURY DEPARTMENT

4.1 General

The Treasurer's conduct when questioned by Non-Government Members made a mockery of her professed desire for "...a true Committee process which produces a balanced and informative outcome for Parliament and for the Queensland public".

Non-Government Members express their particular concern over the Treasurer's unwillingness to respond to Questions about expenditure in Ministerial Offices other than her own, despite the Budget line items for those Offices appearing within her Ministerial Program Statement. The Treasurer's assertion (p.43) that "...the details of Ministerial staff costs are the responsibility of the Minister" clearly indicates that the Treasurer is unwilling to acknowledge, or is unaware of, her responsibility to monitor the management by Ministers of their Office budgets. The Treasurer's position on this matter raises serious concerns about her commitment to the budgetary control of the operations of Ministerial Offices.

The Treasurer clearly attempted to adjust the rules of the Committee to suit her purposes as the hearing progressed. One question received the response that it should have been put on notice prior to the hearing, ignoring the limitations on Committee Members in using that vehicle, whereas further questions which Committee Members wished to place on notice during the deliberations were resisted by the Treasurer, who asserted a right to refuse such requests.

Finally, questions about the overall Budget, for which the Treasurer is of course responsible, were met with an assertion that the Estimates process was only to inquire into Portfolio specific matters. Issues for which only the Treasurer could be responsible, such as tax compliance and the attribution of new taxes on tyres and oil, were avoided on the pretext that they were outside the scope of the hearings. A question regarding the Treasurer's claim of \$500 million in savings from forward estimates made in the Budget Speech (page 6), was rejected by the Treasurer as "...not really related to my portfolio". If the Treasurer's opinion were to hold sway, the Estimates process could not be represented as a full examination of the State Budget, despite that being the obvious intent of the process.

4.2 Ministerial expenses

Of particular concern to Non-Government Members was the apparent abuse of Ministerial Office budgets to provide hotel accommodation for certain Ministerial Staff when they are in Brisbane.

The Treasurer's answer to a pre-hearing Question on Notice on the matter of her driver's expenses did not indicate any costs in relation to accommodation. Yet the Treasurer acknowledged during her evidence, that there was an allocation which the Driver used to cover costs of accommodation, and an answer to a subsequent Question on Notice, indicated that a hotel bill was currently being processed, although there was no specific allocation in the Budget for staff accommodation in Brisbane. The original answer would therefore appear to have been deficient in that respect.

The additional expense to taxpayers of providing these highly irregular allowances has already become substantial, and shows no signs of abating. Subsequent answers to Questions on Notice reveal that the Treasurer's driver has already incurred Brisbane hotel expenses of almost \$500, while

the Senior Adviser to the Minister for Education has chalked up Brisbane accommodation bills totalling \$2000 in the last six months.

Non-Government Members believe it is curious that of all Ministerial staff appointed since the change of Government, drawn from all over the State including nearby locations such as the Gold Coast, the only two who have not moved their home base to Brisbane are from Caloundra. In the interest of informed debate, the Treasurer and Member for Caloundra may wish to shed more light on the peculiar circumstances of her constituents which separate them from the rest.

4.3 Treasurer's Advance

Non-Government Members continue to hold concern about the huge amount set aside in the Treasurer's Advance (\$259 million). The Treasurer's explanation that it represented money set aside pending the outcome of Enterprise Bargaining negotiations, and for things such as paid maternity leave, would still appear to leave a substantial excess allocation in that account. It is further noted that the increase in the Treasurer's Advance of \$155 million over the figure for 1995-96 exceeds the amount of revenue generated by the new and increased taxes and charges contained in the Budget.

4.4 Carry-over expenditure

Non-Government Members noted that \$406 million underspent on the original 1995-96 Capital Works Budget and a capital works carry-over of \$178 million provide incontrovertible evidence that the Treasurer *did not* fulfil her promise, made in her Conservative Club speech in March, to spend all Capital Works allocations in the year they were allocated.

That evidence also proves the Treasurer *did* fulfil her promise, made during the same speech but subsequently denied, to freeze all capital works projects for which contracts had not already been let.

4.5 Dividends from Government Trading Enterprises

Non-Government Members are concerned at the Treasurer's reluctance during the hearings and subsequently, to provide information on the dividend payments to be made this year by Government Owned Corporations. The statement, made in an answer to a Question on Notice, that such information was 'commercial-in-confidence' until the release of the Annual Reports is quite ridiculous.

Firstly, these organisations do not have issued capital which is traded on a market. Secondly, any interest of a competitor in the accounts of a Government enterprise would be in the level of profits, not the pattern by which they are subsequently distributed. These details are clearly available now, as the budget estimate is quite specific, and annual accounts would already be available in at least a draft form.

Non-Government Members can only now presume that the Treasurer is intent on concealing a massive expropriation of the capital base of Government enterprises, clearly evident in the aggregate increase in dividend collections of 100%.

4.6 Budget Security

Non-Government Members are appalled at the Treasurer's callous disregard of Budget security

which was breached through the release of sensitive, market distorting information on increases to the tobacco licence fee a full five days before the Budget was announced. Potentially millions of dollars have been lost from Consolidated Revenue by this deliberate leak, and the Treasurer's refusal to accept responsibility on the basis that "...it was not my leak..." raises the question as to who in fact was managing the budget process, and to the level of security which surrounds that process.

4.7 Privatisation and Asset Sales

Non-Government Members express concern that the Government is not prepared to distinguish between economic and social infrastructure when it comes to using the proceeds of the liquidation of existing investments which currently generate income. The Treasurer also appeared to contradict previous assurances that the income streams the Government currently enjoys from Suncorp and QIDC would be replaced by income generating investments, once these instrumentalities are privatised.

There would appear to be no rigorous assessment of the economic value of the new "assets" and certainly no attempt to make provision to maintain the same level of income stream. In light of the Government's professed policy of extensive privatisation of public assets such as Suncorp, this approach could result in a serious diminution of the structural integrity of the State's finances.

4.8 Alternative Service Delivery

The Treasurer stated in evidence regarding alternative service delivery arrangements across the Government, that "...it is very much up to the departments and their Ministers how they see their program being best delivered...".

This would appear to contradict the Treasury's description of its overall responsibility for the State's physical and financial resources in the Treasurer's Program Statement (p.1) which includes a clear statement that Treasury would seek to achieve efficiencies in service delivery "...where justified, through alternative service delivery by the private sector."

4.9 Budget surplus

Non-Government Members are concerned that the Treasurer persisted in her evidence to assert that the 1995/96 budget was somehow in deficit, despite stating in the Budget Speech that there was a \$48 million accrual surplus and that on page 55 of Budget Paper Number 2 admitting there was a GFS Surplus of \$1354 million. The confusing messages coming from the Treasurer work to undermine confidence in Queensland's financial position.

4.10 Suncorp/Metway merger

Non-Government Members remain unconvinced that the Budget and service provision will be unaffected by the Government's proposed merger of Suncorp and Metway. For example, the Committee was told that the initial Metway share purchase was funded by the proceeds from the sale of Government shares in QNI Limited. As the remainder of those proceeds were absorbed into the Consolidated Fund in this year's Budget (and in fact went to pay off a portion of the Sunshine Motorway debt), it follows that the \$65 million that was directed to the Metway shares would otherwise have flowed into the Consolidated Fund, and the Budget result is \$65 million worse than it could have been.

Non-Government Members also wish to place on record their serious concern that if the risks of this merger turn into reality, there could be severe and long term negative consequences for the State's finances, and its future capacity to provide services to Queenslanders.

4.11 Higher taxes

Non-Government Members noted that the Treasurer was unable to give a commitment not to increase taxes and charges again in the next budget. This absence of commitment, together with the stated intention to engage in a process of harmonising stamp duty across the nation, lead to the conclusion that taxes and charges will be raised again in the next Budget.

4.12 Commonwealth Payments

Non-Government Members note the increase in Commonwealth payments of \$264 million, and believe the Treasurer failed to reconcile that fact with her assertion of a \$250 million cut in Commonwealth funding. Budget Paper Number 2 page 195 shows that the estimate for 1996-97 from Commonwealth payments is \$5.068 billion compared with actual receipts from the Commonwealth in 1995-96 totalling \$4.804 billion.

The Treasurer's further assertion that \$114 million had to be "returned" to the Commonwealth does not reconcile with the facts revealed in the Ministerial Program Statement for Public Works and Housing (p.6), which show that the \$114 million was not forwarded by the Commonwealth in its grant payments for public housing, and expenditure in that area was correspondingly reduced.

This is a further example of the Treasurer's deceptive use of figures to mislead the Queensland public, and talk down the State's finances for what can only be for party political purposes.

5. OFFICE OF WOMEN'S AFFAIRS

Non-Government Members were concerned that the Treasurer and her officers were unable to provide specific details on Government initiatives and programs targeted at assisting Queensland women, and could only talk about the global figures which were included in the Women's Statement.

It would appear that under the existing arrangements the Treasurer and Office of Women's Affairs, while purporting to have a co-ordinating function appear to do little more than collate statistics and have little input, influence, or comprehension of the Government's policy initiatives directed at women.

Neither the Office of Women's Affairs, nor the Treasurer as the responsible Minister, could provide evidence of their input to the policy development of line departments who have carriage of the development and implementation of programs and initiatives directed at women.

Non-Government Members are concerned that positions in Women's Infolink have been downgraded, seriously affecting the ability of officers to have a policy input or provide quality advice to Queensland women.

6. THE ARTS

In order to maintain real per capita support for the arts, funding needs to increase by 5% just to keep up with inflation and population growth. This has not happened for the major State cultural institutions; instead the reverse has happened. Cuts have been made which weaken support for arts and culture. The State Library, Queensland Museum and the Queensland Art Gallery have each been subjected to severe budget cuts. The State Library has suffered a cut of \$363,000; the Museum has lost almost half a million dollars (\$471,000); and the Art Gallery has been treated particularly harshly, losing over half a million dollars (\$565,000) or 6% of its budget in cash terms of 11% in real per capital terms. Why?

The Minister's explanation to the Committee was fanciful. The Minister claimed that savings of \$823,000 will be made "through the rationalisation of Corporate Services to Arts Statutory Authorities" and that a further \$1.12 million will be saved by renegotiating the authorities' contracts for maintenance, security and cleaning. This is a pipedream. It has not been worked through with the statutory authorities, as the evidence before the Committee made clear.

The cuts will inevitably lead to a downgrading of services by the Library, Museum and Art Gallery. The Committee heard evidence that the Gallery will suffer a reduction of acquisitions of art works as a result.

Public libraries throughout Queensland will suffer from the slashing of funds for purchase of book stock from \$2 million in 1995/96 to \$1 million of 1996/97.

Library funding has also been cut in other areas. In 1995/96, under Labor, \$900,000 was provided to assist on projects such as the establishment of a library in Far North Queensland, an Aboriginal and Islander unit and the distribution of micro-computers and CD-Roms to small country libraries. This year no such funding has been provided by the Coalition Government.

Regional Arts groups have also been disadvantaged by funding delays and a cut to the expected level of funding.

The Government has failed to commit \$15 million to the capital base of the Regional Arts Development Fund (RADF) as recommended in a 1994/95 review and as committed by the former Labor Government. The Government's decision to put the notional capital base at \$12 million, rather than at \$15 million, is a disappointment for local government councils and regional arts groups which feel that the goalposts have been shifted in mid-game.

The Minister's blithe retort to the Committee that "the Government has no responsibility to meet commitments made by the previous Government" offers little comfort to the local government councils and regional arts groups which have been shortchanged in the process. Their disappointment is unlikely to be lessened by the Government's delay since May/June in distributing Regional Arts fund monies. In an understatement worthy of 'Sir Humphrey', the Minister conceded that "it is to be expected that some individual grant of recipients may have been inconvenienced by postponing the release of funds under the RADF program until September." Quite so!

7. DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRADE

7.1 Overseas Offices

Non-Government Members express their reservations about the management of overseas offices, with many of the new offices being established with only skeleton staffing. The Minister's acknowledgment that establishment costs for these offices had exceeded expectations appears to have resulted in the operation of those offices being constrained.

Given the importance of these overseas offices (particularly in the light of Federal Government cutbacks), and the reality that there is a minimum level of activity for the installations to be effective in performing their role of promoting trade and investment with Queensland, non-Government members question whether the Government is really serious about promoting trade.

7.2 Declining Budget

Similarly, the downward trend in forward estimates for the Department raises questions about the commitment of this Government to promoting economic development and trade. Even after excluding capital items, the forward estimates show a real reduction of 20% in recurrent expenditure by 1998/99.

Non-Government Members believe that future budgets will need to allocate additional resources to allow the effective functioning of economic development policy in Queensland, and to ensure that resources for overseas posts allow for appropriate representation of Queensland and the expansion of the network into locations such as Central Java and India.