



ESTIMATES COMMITTEE A

REPORT NO. 2 TO THE LEGISLATIVE ASSEMBLY

INTRODUCTION

The Sessional Orders adopted by the Legislative Assembly on 27 August 1999 referred proposed expenditures contained in the *Appropriation Bill 1999* to estimates committees for examination and report. The following organisational units were allocated to Estimates Committee A:

- ◆ Office of the Governor
- ◆ Queensland Audit Office
- ◆ Parliamentary Commissioner for Administrative Investigations
- ◆ Criminal Justice Commission
- ◆ Department of the Premier and Cabinet
- ◆ Department of State Development
- ◆ Treasury Department
- ◆ Any other organisational units within the portfolios of the Premier, the Deputy Premier and Minister for State Development and Minister for Trade and the Treasurer

The committee considered the estimates referred to it using information contained in the Budget Papers and the Ministerial Portfolio Statements. In accordance with Queensland's model of accrual output budgeting, *Managing for Outcomes*, organisational units are funded for outputs and not programs as has been the case in prior years.

The committee conducted a public hearing on Tuesday 5 October 1999 to take evidence from the Premier, the Treasurer and the Deputy Premier and Minister for State Development and Minister for Trade. Additional information which has been received as a result of questions on notice asked before the hearing as well as questions taken on notice during the hearing is included in a volume of additional information which the committee will table in the Parliament. Minutes of the committee's meetings are included in this volume.

The committee asked ten pre-hearing questions of the Premier, the Treasurer and Deputy Premier. Answers were received by the committee to all questions on notice. Eight questions were taken on notice at the hearing by the Premier and five by the Treasurer. Answers were received by the committee to all questions taken on notice.

PREMIER'S AGENCIES

Office of the Governor

The Office of the Governor delivers a single output called "Personal, Administrative and Logistic Support to the Governor and Management of the Government House Estate". The total amount appropriated in 1999-2000 is \$3.121M.

The committee did not have any questions regarding the estimates for this agency at the hearing. The committee notes that the outcome of the November 1999 Constitutional Referendum may impact on the Office.

Parliamentary Commissioner for Administrative Investigations

An appropriation of \$5.646M is provided to fund the output of the Offices of the Parliamentary Commissioner and the Information Commissioner. The output described is "Independent Review of Complaints and Appeals about Government Administration."

The committee notes that the primary focus for the next two years is to reduce the backlog of complaints and appeals to the Offices. Additional investigative staff appointed in late 1998-99 will be utilised in reducing the existing backlogs.

The committee notes that implementation of the recommendations emanating from the strategic review of the Ombudsman's office will have an impact on the resources of the office.

The committee was pleased to hear that the Ombudsman plans to continue the program of visits to rural centres.

Queensland Audit Office

The output delivered by the Queensland Audit Office is titled "Public Sector Auditing Services and Reporting". This output is funded by way of retained audit fee revenue and an appropriation of \$3.735M.

The committee notes that the recent Gocorp investigation conducted by the Auditor-General cost approximately \$400,000. The Premier acknowledged that these types of special investigations place considerable pressure on the Auditor-General's budget and indicated that the budget will need to be increased to accommodate these additional costs. The Premier advised that Treasury will be working on ways to address this issue and that additional funding would be in the vicinity of \$1.2M.

The committee also notes that a new automated audit methodology toolset incorporating electronic workpapers will be introduced this year to replace the existing one which is now obsolete.

Criminal Justice Commission

The committee notes that the 1999-2000 funding allocation for the Criminal Justice Commission (CJC) represents an increase of \$0.817M from last year's budget. This is largely attributable to the increase in employee expenses resulting from the enterprise bargaining negotiations.

The committee was advised at the hearing that no public inquiries were required to be undertaken in 1998-99. The Commissioner indicated that public interest was the relevant consideration for conducting such inquiries. The committee was also advised that the Commission is moving towards looking at prevention of corruption as an outcome for its activities in addition to its prosecuting role. The committee notes that this would not mean a withdrawal from the CJC's full range of obligations but indicate a sharpening of strategic focus.

The committee was also informed at the hearing that the estimated cost of the net bet investigation was \$154,692.

DEPARTMENT OF THE PREMIER AND CABINET

The vote total for the department is \$185.944M. The departmental summary of outputs is as follows:

Output	Total Cost \$'000
Strategic Policy Advice Including Co-ordination	41,924
Parliamentary and Government Policy Advice and Support Services	49,180
Administration of the Public Service and the Management and Employment of Public Service Employees	13,125
Legislative Drafting, Advisory and Information Services	5,836
Cabinet Secretariat	1,772
Policy Co-ordination, Development and Planning Under the Multicultural Queensland Policy	5,391

Key initiatives for 1999-2000 include:

- ◆ \$17.6M contribution towards the redevelopment of the South Bank parklands
- ◆ \$12.1M towards the Cultural Heritage Trails Network
- ◆ \$8.5M for projects to commemorate the Centenary of Federation in 2001
- ◆ \$1M is allocated to review and consolidate the Queensland Constitution
- ◆ \$4.8M for planing and development of the Access Queensland initiative
- ◆ development of a community services strategy

At the public hearing, the Premier responded to questions regarding numerous matters, including the following:

- ◆ staff issues including selection and appointment, number and types of positions (full time, temporary and contract)
- ◆ the Policy Coordination Division
- ◆ settlement of native title matters
- ◆ the Queensland Heritage Trails Network
- ◆ the Lang Park project
- ◆ the Smart State initiative

- ◆ research and education collaboration with the Smithsonian Institute
- ◆ the Brisbane on Display weekend
- ◆ Breaking the Unemployment Cycle program
- ◆ redevelopment of the Cairns Esplanade
- ◆ resourcing provided to the Opposition office
- ◆ the Southbank redevelopment plan
- ◆ the Community Cabinet process
- ◆ the assistance provided to agencies by the Public Service Commissioner on ethical issues

TREASURY DEPARTMENT

The vote total for the department is \$1,246.174M. A summary of the departmental outputs is as follows:

Output	Total Cost \$'000
Financial and Economic Management	41,711
Economic and Statistical Research Services	8,590
Taxation Administration	31,313
Gambling Regulation	14,056
Superannuation Administration	25,321
Financial Systems and Training	9,161

Key initiatives for 1999-2000 include:

- ◆ \$5M provided to oversee a whole-of-Government approach to implement the Commonwealth Government's Goods and Services Tax
- ◆ \$1.5M towards the development of an integrated revenue information system
- ◆ \$1.5M additional funding provided to the Queensland Competition Authority to implement National Competition reforms
- ◆ an allocation of \$0.5M is provided for administration costs following the introduction of the First Home Owners' Scheme as part of the national tax reform package

The Treasurer responded to questions at the hearing on a number of topics including:

- ◆ calculation of the equity return and the effect it will have on the service provision of agencies
- ◆ the Charter of Social Fiscal Responsibility

- ◆ employee expenses and staff numbers
- ◆ the dividend policy with respect to corporatised entities
- ◆ issues concerning the Government Superannuation Office including the new superannuation arrangements
- ◆ National Competition Policy review program
- ◆ the reduction in payroll tax
- ◆ work undertaken by QStats
- ◆ the First Home Owners Scheme
- ◆ the review of the gaming industry
- ◆ the privatisation of the TAB
- ◆ the Treasury restructure
- ◆ Y2K preparedness
- ◆ review of the *Stamp Act 1984*
- ◆ QTC loans
- ◆ the role of the GST Implementation Unit

The committee expresses concern that the figures presented in the MPS were incomplete as evidenced by the answers given to questions taken on notice.

The committee expects full disclosure and reminds Treasury that this is the second year in a row the committee has had to draw the Parliament's attention to incomplete financial reporting by Treasury.

DEPARTMENT OF STATE DEVELOPMENT

The total 1999-2000 appropriation for the department is \$196.262M. The departmental output summary disclosed the following:

Output	Total Cost \$'000
International Trade Development	20,577
Business Information, Regulation Reform and Advice	17,929
Industry Opportunities and Development	55,242
Regional Development	33,543
Major Projects Development and Facilitation	34,233
Investment Attraction and Support	22,864
State Infrastructure Planning and Coordination	10,433
State Development and Commercial Policies, Strategies and Advice	9,117

Service priorities for 1999-2000 include:

- ◆ \$8.5M is provided in targeted industry grants
- ◆ \$3.8M is provided for the Institute of Molecular Bioscience at the University of Queensland and the Centre for Biomolecular Science and Drug Discovery at Griffith University's Gold Coast campus
- ◆ \$8M is allocated under the Queensland Meat processing Development Initiative
- ◆ \$4.3M is provided for cooperative research centres and to expand technology diffusion services to the manufacturing sector
- ◆ funding of \$5M is provided for developing regional and rural infrastructure, industry and business

Issues raised by the committee members at the hearing include:

- ◆ the departmental restructure
- ◆ the remuneration and entitlement arrangements for the heads of Queensland Government overseas offices
- ◆ funding for overseas offices
- ◆ job creation under the Regional Forest Agreement
- ◆ the engagement of consultants
- ◆ the review of the Retail Shop Leases Act
- ◆ the equity return
- ◆ funding for overseas students promotion
- ◆ the PNG gas pipeline

- ◆ the Red Tape Reduction Task Force
- ◆ assistance provided to businesses under the Queensland meat Processing Development Initiative Assistance program
- ◆ job indicators through the Investment Division
- ◆ GST education program for small business
- ◆ activities of the State Development Centres

RECOMMENDATION

The committee recommends that the proposed expenditure, as stated in the *Appropriation Bill 1999*, be agreed to without amendment.

ACKNOWLEDGEMENTS

The committee thanks the ministers and departmental staff for their cooperation during the estimates process. The committee acknowledges the support and assistance of the staff from Hansard and the committee's secretariat.

John Mickel MLA

Chairman

COMMITTEE MEMBERS

Mr John Mickel MLA (Chairman)
Hon Robert Borbidge MLA (Deputy Chairman)
Ms Desley Boyle MLA
Mrs Nita Cunningham MLA
Mr Doug Slack MLA
Dr David Watson MLA

SECRETARIAT

Ms Leanne Clare (Research Director)
Ms Gillian Rawlings (Executive Assistant)

The transcript from the public hearing is available on the internet via the Hansard site at:

www.parliament.qld.gov.au

STATEMENT OF RESERVATIONS BY MINORITY

Estimates Committee A - Reservation Statement

Premier's opening remarks - Native Title Services

In his opening remarks the Premier made a range of comments in relation to native title management which misrepresented the role of the Native Title Unit, as Native Title Services was known in my government. The Premier's statements included a claim that the unit's former "sole purpose seems to have been mounting expensive and protracted court cases against native title parties." This was not the case, and the Premier gratuitously distorts the valuable work of some of the hardest working public servants in his or my administrations.

The two major legal actions of the relevant period, which inevitably dominated the work of the Unit in the opening months of my administration, were the Wik and Waanyi cases. It is important to recognise that both of these protracted actions, while they had our full support, commenced in the Federal Court in the life of the former Queensland Government. The arguments put by the State in relation to these cases were consistent across the Goss and Borbidge governments. Subsequent to the Wik decision of the High Court in December 1996, the highest priority for the Unit was appropriately the development of federal, and complementary State, legislation to ensure the statutory law took into account the changes to the common law as a result of the Wik decision.

The Premier also sought to imply that only with his administration was there an effort to "resolve" native title issues, including the "freeze on mining exploration in this State." It should be recorded that the Native Title Unit was responsible for two of the most significant, landmark, achievements under the Native Title Act in the life of my

administration: The Century Right to Negotiate, and the Hopevale native title determination. They remain prominent in the very short list of major outcomes under the Act anywhere.

While the previous Queensland government had refused to engage the Right to Negotiate in relation to Century, the negotiation began and was successfully concluded during my administration with the public servants of the Native Title Unit, and other sectors of Premier's and of State development, instrumental in that major achievement via massive individual and collective effort.

The Unit also continued the work it had commenced during the previous administration on the Hopevale claim, which was also successfully completed during my tenure. It was the first significant negotiated land claim under the Native Title Act nationally.

The Premier's implication that the so-called "freeze" on mining exploration was isolated to my administration cannot go unchallenged. The reality was that the fundamental shift in the common law relative to the potential reach of native title as established by the Wik decision meant that existing Commonwealth and State native title legislation was virtually useless for land administration in Australia wherever there was the potential for native title to exist. This was clearly the case for pastoral leasehold land, which is where most mineral exploration occurs in Queensland. In so far as there was a freeze under my administration, to avoid the exposure of the taxpayer to potentially very large legal and compensation bills because of the very unclear legislative position, that freeze was maintained by the current government, and

doubtless will be substantially maintained until the Premier's State based native title regime becomes law.

Size, and cost, of the Department in general and the Policy Coordination Division in particular

1. The Coalition members of the Committee are concerned at the rate of growth in both personnel and cost of the Premier's Department overall, and of the Policy Coordination Division in particular, at a time of overall comparative restraint on service outlays across line departments.
2. Budget Paper No. 4 indicates an increase of \$58.7 million or 41% on actual 1998/99 expenditure for the Department, after the equity return is included, to \$200.8 million in 1999/2000 from an actual cost of \$84.5 million for running the Department in 1997/98.
3. On the same basis the increase for the Queensland Police Service was \$1.2 million or 0.1%, for Health 3.6%, and for Education 3.6%.
4. The increase for the Premier's Department is 230% in three Budgets and the 1999/2000 allocation provides it with the second largest increase in percentage terms in the Budget, with only the Deputy Premier achieving a greater increase.
5. The Department is also to grow in personnel terms in 1999/2000 from 607 full time equivalents at the end of 1997/98 to a projected 714 - an increase of 107 in three Budgets.
6. A major driver of growth in terms of personnel in the Department is the Policy Coordination Division, which is the Office of Cabinet by another name.
7. In the Government's 1998/99 Budget the Division was to grow by 40 new positions

from 58 full time equivalents at the end of 1997/98 to 98 full time equivalents.

8. The Premier told the committee the actual size of the Division at June 30 1999 was 135 full time equivalents, and that he expected the number to reach 153 by June 30 2000.

This represents a virtual tripling of people employed in coordinating roles in the Premier's department over three Budgets.

9. Notwithstanding an overall increase in full time equivalent employees in the Department of 44 in the number of full time equivalents in the Department to 651, as opposed to the target of 697 for the financial year, employee expenses for the year are recorded, unconvincingly, as coming in over the budgeted figure for the much larger increase of \$43.5million at \$45.8 million.

STATE DEVELOPMENT AND TRADE

Education services (overseas students)

While it is for the Government to set overall amounts to be spent within portfolios, it strikes the Coalition as startlingly inadequate in the circumstances to outlay only \$300,000 for additional promotion of Queensland's education services in international markets where the State is losing its hard-won market share to other States. In calendar 1998 over 1997, Queensland achieved only an insignificant increase in overseas student numbers, which reflects poorly when compared with a creditable national performance. This is of concern given Queensland's leading role under the former Coalition and Goss Labor governments in the area of overseas student education. When the Coalition came to power in February 1996 Queensland had 15.3 per cent of the national market; this grew to more than 17 per cent by June 1998

and was on track—under Coalition budgeting and programs—to reach 20 per cent (a boost that would have been worth \$200 million to the State’s economy). The Minister for State Development and Trade notably ignored these figures in his answers to questions by the Committee. There was real progress in terms of international university students, even in the difficult conditions, in calendar 1998, reflecting great credit on the universities themselves, which fielded an extensive marketing campaign. The issue is that while the Asian economic downturn—and arguably perhaps domestic political factors—created a downward impetus on student numbers, the Department of State Development and Trade has a coordinating role in this area and should be doing much more to return Queensland to the forefront in the international education market. It should also resolve the jurisdictional problem that exists with the Office of Higher Education.

Infrastructure development

Evident lack of focus on progressing infrastructure projects is a concern.

The Minister for State Development and Trade tacitly conceded under questioning that he had presided over a 12 month period marked by significant inactivity: In short, a freeze.

The SUDAW project is 12 months behind schedule. The Tarong project is similarly blighted, particularly in terms of confusion in the private market over the Government’s real policies where gas-versus-coal power generation is concerned; and also over the ultimate fate of the proposed rail service line to the power station. The Nathan Dam is in what many observers of the process would describe as limbo. The Government’s response that these are all projects reliant on the private sector, inviting the uninformed to assume that any delays are the fault of the private sector, is an attempt to avoid the issue. The Government’s stated policy, which has full bipartisan support, is to facilitate projects. Where SUDAW, Tarong and Nathan Dam are concerned, the rate of facilitation has been remarkably slow.

