



ESTIMATES COMMITTEE E

REPORT NO. 1 OF 1999

1. INTRODUCTION

The sessional orders adopted by the Legislative Assembly on 27 August 1999 established seven estimates committees to consider proposed expenditure under the *Appropriation Bill 1999* and the *Appropriation (Parliament) Bill 1999*. Each committee was given the responsibility for scrutinising the estimates for particular ministerial portfolios.

The Legislative Assembly appointed Estimates Committee E to examine and report on the proposed expenditure for the organisational units within the portfolios of the Minister for Mines and Energy and Minister Assisting the Premier on Regional Development, and the Minister for Health.

The committee conducted a public hearing on Tuesday, 12 October 1999 to take evidence from the Minister for Mines and Energy and Minister Assisting the Premier on Regional Development, and the Minister for Health and their respective officers.

For the purposes of examining the proposed expenditure for the organisational units allocated to it, the committee considered information obtained at the public hearing in conjunction with:

- Budget Papers and Ministerial Portfolio Statements tabled by the Acting Treasurer on 14 September 1999;
- written responses provided by the Minister for Mines and Energy and Minister Assisting the Premier on Regional Development, and the Minister for Health to questions on notice submitted to the Ministers by the committee prior to the public hearing; and
- written responses provided by both Ministers to questions taken on notice at the public hearing.

This budget is the first to be produced using the *Managing for Outcomes* framework. This system of budgeting is based on the delivery of outputs. This is in contrast to funding for programs, as has been the case in previous years. In addition, the current budget is in a financial framework of accrual accounting, in contrast to the previous budget, which was on a cash basis.

The budget papers provide a revised set of 1998-99 Budget Financial Statements derived by converting the cash figures into accrual figures. Despite the inclusion of these revised financial statements, the committee has had some difficulty in comparing the 1998-99 budget to the budget for 1999-2000.

Accompanying this report is a volume of "Additional Information" presented by the committee to the Legislative Assembly. The additional information includes the minutes of the committee's meetings and answers to questions on notice asked before and during the public hearing.

2. DEPARTMENT OF MINES AND ENERGY

2.1 Introduction

The relevant Ministerial Portfolio Statement provides that the role of the Department of Mines and Energy is to "maximise the sustainable net benefit to Queensland from the identification, development and use of its mineral and energy resources."

The appropriation for the Department of Mines and Energy is a budget of \$333.122M for the 1999-2000 financial year.

The Ministerial Portfolio Statement provides the following output summary:

Output	Total Cost \$'000
Mineral and energy exploration and development services	25,049
Energy plans and programs	21,699
Mineral and energy sector regulatory services	24,753
Safety in mines testing and research services	10,157

2.2 Key Initiatives

Key initiatives for the 1999-2000 financial year include:

- \$10M provided for the Office of Sustainable Energy to encourage the use of alternative energy sources and promote efficient energy use;
- \$3.5M provided for energy responsibilities, including the establishment of an Electricity Monitoring Unit and a Consumer Protection Office to monitor the electricity generator and retailer corporations;
- \$2M in 1999-2000 for work identified at Gympie and Charters Towers as part of an allocation over four years to repair mine shafts throughout Queensland; and
- \$2M to enhance and increase mineral exploration and energy exploration in Queensland.

2.3 Capital Outlays

The capital outlays for the Department of Mines and Energy, including electricity authorities, is approximately \$1 billion. Capital outlays and projects include:

- \$165M on capital works associated with interconnection to the National Electricity Grid (expenditure by Powerlink);
- \$6.14M for overhaul of two units at the Stanwell Power Station;
- \$5.5M in rebates through the Solar Hot Water Rebate Scheme and the Remote Area Power Supply Scheme;
- \$2M for mine shaft repair projects;
- establishment of new substations;
- continued work on the construction of a power station at Callide (projected expenditure by CS Energy); and

- project undertaken by Ergon Energy to improve reliability of supply in north-west Queensland.

2.4 Public Hearing

During the public hearing held on 12 October 1999 the Minister for Mines and Energy and Minister Assisting the Premier on Regional Development responded to queries from the committee in relation to a wide range of matters. The matters raised at the hearing include:

- repairs and maintenance of powerlines and generating plants;
- issues relating to dividends paid by electricity Government Owned Corporations;
- Community Service Obligations;
- electricity supply over the coming summer period;
- power supply north of the Daintree River;
- power supply to the Boulia/Barcoo area;
- levels of reliability at CS Energy power stations;
- plans for the two groups acquired by CS Energy from AUSTA Energy and arrangements for staff of AUSTA Energy;
- a range of matters relating to Tarong Energy;
- projects planned to replace overhead powerlines with underground cables;
- PNG to Brisbane Gas Pipeline;
- environmental considerations including sustainable energies;
- investigation by the Mining Warden of accidents;
- internal audits conducted by the Department of Mines and Energy;
- recruitment of apprentices by Energex;
- health and safety issues in the mining, petroleum, gas and electricity industries;
- Consumer Protection Office and the Electricity Monitoring Unit;
- process for the selection of the CEOs of Ergon Corporation, and Energex;
- new and proposed projects in the coalmining industry;
- the current status of the coal export industry;
- recent mine subsidence at Dinmore;
- public access to records regarding possible affect on properties of old mine workings;

- research into rehabilitation of mine sites;
- fluctuations in the supplies and services expense;
- security deposits;
- renewal of electrical licences, and licence costs;
- native title issues in the mining industry;
- capital works in the mines and energy portfolio;
- fly in/fly out mining operations;
- staffing levels and other staffing matters;
- issues relating to equity returns;
- export coal royalties;
- emergency response capability provided by the Safety in Mines Testing and Research Station; and
- operation and funding of explosives reserves.

3. DEPARTMENT OF HEALTH

3.1 Introduction

Queensland Health provides a range of services to promote the good health and well-being of the Queensland Community. These services include hospital inpatient, outpatient and emergency services, community and mental health services, aged care services and public health and health promotion programs. Services are delivered through a network of 38 Health Service Districts and the Mater Hospitals.

The appropriation for the Department of Health is a budget of \$3 629.065M for the 1999-2000 financial year.

The Ministerial Portfolio Statement provides the following output summary.

Output	Total Cost \$'000
Public Health Services	181,026
Treatment and Management - Acute-Inpatient services	1,826,954
Treatment and Management – Non-Inpatient services	853,651
Treatment and Management - Sub-Acute and Non-Acute Services	125,195
Integrated Mental Health Services	344,604
Health Maintenance Services	302,222

3.2 Key Initiatives

Key initiatives proposed by Queensland Health for the 1999-2000 year include:

- \$19.9M provided for the purchase of public health services at Noosa and Robina Hospitals;
- \$6.5M provided for expanded community based mental health services, to ensure appropriate access, particularly in rural and remote areas;
- \$6.7M provided for the commissioning of acute and community health facilities providing expanded adult and child and youth mental health services;
- \$4M provided to improve the effectiveness of services provided by the Australian Red Cross Blood Service and Haemophilia Centres;
- \$1.5M provided to enhance the provision of forensic services; and
- \$1M provided to improve nursing recruitment and retention across the state.

3.3 Capital Outlays

The capital works program of Queensland Health will provide funding to progress:

- rebuilding acute facilities;
- improvements to community health facilities;
- investment in equipment and information technology;
- new and refurbished operating theatres and intensive care units;
- new mental inpatient facilities;
- upgrading residential care facilities; and
- major construction works at a number of hospitals throughout the state.

3.4 Public Hearing

During the public hearing held on 12 October 1999 the Minister for Health responded to queries from the committee in relation to a wide range of matters. The matters raised at the hearing include:

- transparency and accountability in the budgets for programs of Queensland Health and individual districts;
- elective surgery wait times, and the availability of related information;

- programs to address rural and regional recruitment and retention issues including the nursing recruitment and retention task force;
- issues relating to, and implications of, a shortage of certain specialist nurses;
- the government policy of providing art in public areas in new State government buildings, and the implications of this policy for the Health budget;
- the effect of declining levels of private health insurance on the public hospital system;
- location of extra nurses for emergency departments;
- staffing arrangements, employee expenses and remuneration for senior positions;
- zonal manager positions;
- drug and alcohol abuse, and targets and output measurement of alcohol and drug programs;
- mental health services and funding;
- treatment and management of non-inpatient services, and the impact of case-mix on the early release of patients and their in-community care, and funding for in-community care;
- funding for post-acute care;
- issues relating to the equity return;
- proposals for the Health Department land at Mount Ommaney, Burleigh Heads and Rockhampton;
- the purchase of public patient services from Robina and Noosa Hospitals;
- impact of additional funding for Australian Red Cross services, haemophilia centres and forensic science services;
- the School Nurse program;
- funding for the Gold Coast Hospital;
- plans for West Block at the Herston complex;
- district budgets;
- Queensland Health's capital works program;
- dental services and specifically the dental clinic at Bundaberg Base Hospital;
- Medical school at James Cook University;
- growth funding and new initiative funding;
- the Clarke Unit at the John Oxley Hospital;
- audit of Health Department sites for backflow hazards;

- function of the cystic fibrosis service at the Prince Charles Hospital;
- service delivery of palliative care services;
- contribution of Queensland Health to the operations of the 60s and Better Program;
- emergency department waiting times and targets;
- inpatient acute mental health services proposed for regional areas;
- timeframe for proclamation of the Radiation Safety Act;
- number of radiation safety audits conducted, safety officers approved and licenses granted; and
- purchase and operation of CT scanners.

4. RECOMMENDATION

The committee recommends that the proposed expenditures, as stated in the *Appropriation Bill 1999* for the organisational units within the portfolios referred to Estimates Committee E for examination, be agreed to by the Legislative Assembly without amendment.

5. ACKNOWLEDGMENTS

The committee thanks ministers and their staff for their cooperation and assistance during the estimates process.

Tim Mulherin MLA
Chairman

26 October 1999

MEMBERSHIP

Mr Tim Mulherin MLA (Chairman)
Mr Marc Rowell MLA (Deputy Chairman)
Mrs Liz Cunningham MLA
Hon. Ken Hayward MLA
Mr Jim Pearce MLA
Miss Fiona Simpson MLA

STATEMENT OF RESERVATIONS - OPPOSITION MEMBERS

1. DEPARTMENT OF MINES AND ENERGY

1.1 Questions on Notice

Non-Government Members were concerned by the refusal of the Minister to answer any of the Questions on Notice submitted on the basis that they breached Sessional Order 26 by containing sub-parts.

To ensure that the Committee received answers from the Minister the Questions were reformatted.

The reliance of the Minister on Sessional Order 26 to refuse to answer any of the Questions submitted and the fact that Non-Government members only had two days to respond, raises serious accountability issues.

None of the Questions submitted dealt with more than one subject matter, nor were they overly long.

One matter which needs to be urgently considered is a standardised approach by Ministers to answering Questions on Notice, as it is clear that other Ministers, including the Premier, answered questions in the same format as those put by Non-Government members to the Minister for Mines and Energy.

At the moment there appears to be a lottery system in operation, with some Ministers answering questions, and others including the Minister for Mines and Energy, refusing. In these circumstances consideration needs to be given in either recasting Sessional Order 26 for the next Estimates Hearings or providing better guidelines to both Estimates Committee Members as well as Ministers and their Departments.

Unless action is taken there will continue to be uncertainty, with some Ministers relying on the Sessional Order to avoid their accountability responsibilities thereby undermining the usefulness of Questions on Notice.

1.2 Non-disclosure of information based on Commercial in Confidence

One issue that came up on more than one occasion both in Questions on Notice and during the Estimates Hearings, was the repeated reliance by the Minister on commercial in confidence and confidentiality agreements to refuse to supply information.

For example, the Member for Gladstone asked in a Question on Notice details of the price comparisons and terms of supply with respect to Queensland energy corporations and Chevron Gas.

In reply, the Minister said that the terms of the agreements were commercial in confidence and subject to confidentiality agreements and as such the price and terms of supply would not be made available.

It is a growing issue of concern that commercial in confidence and so called confidentiality agreements can be relied upon by the Executive as a means of refusing to disclose information to Parliament.

At the end of the day, so long as a corporation is publicly owned, even if it has been corporatised, a heavy onus lies on the shareholding Ministers to ensure that key information is disclosed to Parliament.

Non-Government members view with growing concern the retreat from parliamentary scrutiny and public accountability being evidenced with corporatised entities by shareholding Ministers hiding behind commercial in confidence agreements.

Non-Government Members believe that the Queensland Parliament cannot properly and effectively scrutinise how these public entities are performing if Ministers continue to rely on confidentiality provisions. The example of the Minister for Mines and Energy refusing to answer various questions put by Non-Government

Members is a stark illustration of this growing problem.

1.3 Interim Dividends

Under section 159 of the Government Owned Corporations Act 1993 the Board of a GOC must advise the shareholding Ministers not longer than 3 months after the end of each financial year, its likely recommendation on dividend payments.

The Minister was asked by Non-Government members what recommendations he had received.

In response the Minister said that it would be inappropriate to comment on the figures and refused to supply them to the Committee.

Non-Government Members strongly object to the Minister's outright and repeated refusal at the Estimates Hearings to disclose what interim dividend recommendations he had received. This is particularly so having regard to widespread community concern that the Government has been taking too much money from these corporations and that not enough resources have been allocated to maintenance.

There were no issues of confidentiality clauses or commercial in confidence considerations. Rather, there was simply the case of a shareholding Minister receiving key information that goes to the heart of the capacity of government owned electricity corporations being able to continue to operate, refusing on blatant political grounds to disclose that information to the Estimates Committee.

Again, this Minister's refusal to disclose key financial information to the Committee, even though he was in receipt of it, devalues the Estimates process and reflects very poorly on the level of real accountability this Minister is prepared to accept.

1.4 Mining Royalties

Non-Government Members asked the Minister, in a Question on Notice, to provide details on a mine

by mine basis of the revenue consequences of the changes to mining royalties.

In reply the Minister relied on the confidentiality provisions of section 334 of the Mineral Resources Act 1989 to withhold disclosure of royalty information on a mine by mine basis.

When asked during the Estimates Hearings whether this refusal to supply the information was based on any independent legal advice, the Minister did not supply an answer.

Non-Government members are very concerned that again this Minister refused to supply key financial information to the Estimates Committee based on a questionable interpretation of legislation which he refused to clarify or justify when questioned.

The refusal by the Minister to detail by mine the implications of changes in mining royalty revenue raises some very serious questions about the mining royalty changes brought in by the Government and will be pursued through other avenues.

However, from the viewpoint of Estimates hearings, Non-Government members believe that if a Minister of the Crown refuses to answer questions and justifies this refusal by the terms of a specific statute or section of a statute, that Minister should produce a legal opinion to that effect from Crown Law.

In this instance not only did the Minister produce no legal opinion to back up his non cooperation, but he even failed to answer the question whether he had obtained any legal advice in the first place.

2. HEALTH

2.1 Overview

If the Budget Estimates process is to be of any value, the onus must be on the Government to prove its claims by allowing transparency and accountability through greater access to actual documentation. Such an onus for transparency is clear in the Government's Charter of Social and Fiscal responsibility.

However, Ministerial responses to Opposition questions did not provide the required level of proof as the Health Minister refused on numerous occasions to provide greater detail or documentation.

In short, as the responsible Minister could not substantiate her claims when requested in a forum which was specifically convened for that purpose, many of the Minister's claims simply cannot be supported nor believed.

This is compounded by the Health Minister blatantly blocking access to documents requested by the Opposition under Freedom of Information laws by taking them to Cabinet after requests for information had been lodged.

The Health Minister treated the Estimates process with contempt by not answering questions correctly. An example of this is the Minister's claim that the Beattie Government's new six percent annual "equity return" to Treasury on all the Department's assets valued over \$5000, including hospitals, was not a capital charge.

The introduction of this new tax on government assets and services will permanently mortgage social infrastructure to Treasury, and it is the first time that such a tax has been levied across all Health Department assets, new and old. It is an unprecedented all encompassing capital charge which is one of the most significant impositions on the Health Department's current delivery of service and their ability to deliver services in the future.

Either the Health Minister does not understand the impact of the new 6% asset tax on her department's future capabilities, or she chose to misrepresent the issue to the Estimates Committee.

The Opposition is also concerned that the Government's spending priorities are in the creation of new layers of highly paid bureaucrats at the expense of patient services and staff numbers.

2.2 Capital Works

The Minister did not answer Question on Notice No. 6 from the Opposition. The Question related to the Queensland Health Strategic Advisory Project's recommendations and sought to identify those capital works projects which would be "redirected".

2.3 Spending on Art

The Minister could not answer the Question seeking the amount of the Health Department's budget spent on artwork in keeping with the Government's published policy to spend 2% of major public capital works budgets on artworks.

2.4 Enterprise Bargaining

The Minister would not supply a breakdown of the District Budget allocation to show how much of those allocations were to pay for Enterprise Bargaining Agreement Three (EBIII) which has a reported total cost of \$135 million per annum. In the absence of this vital information, it is impossible to accept the Agreement was fully funded as the Minister claims. Similarly it is difficult to accept that the Districts have been adequately compensated to pay for the Agreement without cutting back services and staff numbers.

2.5 Nursing Recruitment and Retention

The Minister would not answer the Question as to the levels of funding, recommended by the Taskforce established by the Minister 12 months ago, to address the critical nurse shortage in Queensland.

The refusal of the Minister to release this information publicly also throws into doubt the adequacy of the \$1 million for nurse recruitment and retention initiatives across the State.

Given that there are many rural hospitals struggling to fill shifts, and other hospitals having to fly nurses in from Brisbane, the Government's secrecy about this issue is unacceptable.

2.6 Equity Return - Capital Charge

The Minister was unable to answer Questions in relation to the introduction of the equity return. As previously stated, the Minister is either confused about the negative impact on the delivery of services by the Health Department, or is prepared to fully adopt and accept the government's propaganda which does not auger well for the future of health services in this State.

Additionally the Minister misrepresented the capital charge which applied to certain projects under the Coalition Government. For the benefit of the Estimates Committee, and in the public interest, a brief outline of the intent of the capital charge as applied under the Coalition Government is included in this Statement.

As part of the 1996/97 Budget deliberations, Cabinet Budget Committee determined that Queensland Health could access additional funding for its expanded capital works program over and above its existing annual base program.

Access to the additional funding was to be subject to a capital charge and it was premised on recurrent savings from the new hospital being sufficient to service the capital charge.

Not all projects attracted the capital charge. The allocation of funds subject to the charge was a matter for the Minister and Department to determine following the assessment of project business cases which outlined where capital funds were to be directed; the impact the charge would have; and anticipated savings to be made from the redeveloped project.

For those projects attracting a capital charge, arrangements were made for the capital charge to apply from the beginning of the second financial year after the year in which funds were drawn. That effectively provided an average charge free period of 18 months from the commissioning of the new hospital.

The second part of the negotiation resulted in a commitment that Queensland Treasury were to review the business cases and provide advice to the Government on the implications of the capital charge.

2.7 District Staffing Levels and Growth in Bureaucracy

The Health Minister answered a Question on Notice of the Member for Gladstone in regard to a breakdown in staffing levels on a full-time equivalent basis in the Gladstone Health District, but refused when requested at the Hearing to take a Question on Notice from the Shadow Minister for Health to supply similar information for the other Districts.

In regard to the Gladstone Health District, it is interesting to note that there has been a growth in the number of administrative staff numbers and a reduction in nursing, medical and operational staff numbers.

2.8 New Zonal Management Structure

The Health Minister's statement in regard to the new zonal managers (who are in receipt of \$180,000 packages each) was misleading and implies that there was a zonal management structure in place before her government took office. As the Health District Managers did not have line responsibility to zones prior to the change of government, the record must be corrected. There is a new level of bureaucracy with line responsibility over the top of health districts which did not exist previously. Once again the Health Minister did not provide documentation to prove her statements.

2.9 Drug and Alcohol Programs

The new budget process is supposed to be about Managing for Outcomes but the Health Portfolio Statements provide very few targets or measurable outcome statements.

It seems that the department's focus is more upon managing for "outputs" rather than "outcomes" and there is a significant difference between these two concepts in regard to care of patients.

An example of this is found in the Budget papers relating to the Alcohol and Drug Programs where the documents provide a target number of people to attend methadone clinics and little other detail as to measurable quality of treatments or patient results.

Furthermore, as there has only been \$3 million extra allocated to the Drug and Alcohol Programs, and due to the incredible demand for services, particularly among young people, this lack of focus in the Budget Papers is a major failing of the Government's "Managing for Outcomes".

2.10 West Block - Royal Brisbane Hospital

For the information of the Estimate Committee and in the public interest, the funding for West Block at Royal Brisbane Hospital under the Coalition was guaranteed by Cabinet. It was not under threat as the Health Minister claimed. Once again, the Health Minister did not present evidence to substantiate her claim. The status of West Block is very important to the effective redevelopment of the Royal Brisbane Hospital and future delivery of services pertaining to oncology and infectious diseases.

The Minister was asked to explain when the detailed plans would be released and when the current indecision as to what services would or would not be provided would be resolved. The Minister did not answer this question.

2.11 Radiation Safety Act and monitoring of hazardous material

Despite claiming this Act as an achievement in the Budget Papers, the Health Minister confirmed that major sections had not been proclaimed due to the fact that staff were still working on regulations. Furthermore, it was confirmed that due to staff working on the new Act, there had been a drop in the number of radiation safety audits and licences granted.

It is a concern to the Opposition that inadequate staffing for this Unit has resulted in fewer safety audits. The Opposition raised this serious issue during Debate on the Bill. Being made aware of the situation, the Minister should have ensured that staff shortages did not result in important tasks being deferred, particularly as the tasks undertaken by the officers deal with monitoring the appropriate storage of extremely hazardous material.

2.12 Sunshine Coast Children's Therapy Centre

The Minister was asked by the Shadow Minister at the Hearing to consider recurrent financial assistance to the Sunshine Coast Children's Therapy Centre to help with a desperate funding shortfall. The Minister was also asked for clarification of the Health Department's existing funding arrangement to the Centre. At the time, the Minister said she did not believe there were Health Department funds going to the Centre. The Opposition Members appreciate the Minister's subsequent letter to the Committee which will be tabled as supplementary documentation to this Report which will correct the Minister's previous Statements.

However, the Minister's letter also incorrectly stated that the Member for Maroochydore had asserted there had been a reduction in Home and Community Care (HACC) funding. The Hansard record clearly shows that the Member for Maroochydore did not assert that there had been a reduction in HACC funding.

2.13 Accrual Accounting

On several occasions the Minister relied upon the introduction of an accrual accounting method to avoid answering or providing specific detail in relation to funding allocations.

As outlined by the Minister for Gladstone, who had worked through an accrual accounting system within Local Government, accrual accounting should not be used as an excuse to avoid the provision or comparison of specific program funding.

Given that Departmental Officers have been working for a number of years towards the introduction of a full accrual accounting system, those Officers must be in a position to provide the specific information and detail requested by the Committee.

2.14 Conclusion

The Health Department's responsibilities and activities affect the lives of most Queenslanders. If the Government's policy is about "managing for outcomes", it needs to do more than just give lip service to the concept by providing high quality information and more meaningful targets based on patient outcomes in the Budget papers and at the Estimates hearing .

It was extremely disappointing that this did not happen but is perhaps symptomatic of a large bureaucracy whose growth at the upper echelons is happening at the expense of grass roots staff and funding for better patient care.

Marc Rowell, MLA
Member for Hinchinbrook

Fiona Simpson, MLA
Member for Maroochydore