



ESTIMATES COMMITTEE F

REPORT NO. 1 OF 1999

1. INTRODUCTION

On 27 August 1999, Sessional Orders were adopted by the Legislative Assembly establishing seven estimates committees. Each committee was asked to examine and report on particular proposed expenditures stated in the Appropriation Bill 1999. The proposed expenditure of organisational units within the portfolios of the Minister for Employment, Training and Industrial Relations, and the Minister for Education, were allocated to Estimates Committee F.

Mr Neil Roberts MLA was nominated as Chairman by the Leader of Government Business as per the Sessional Orders. The Deputy Chairman, Mr Robert Quinn MLA, was elected by the committee at its first meeting on 17 September 1999.

A public hearing was held by the committee on 13 October 1999 to receive evidence from the Honourable Paul Braddy MLA, Minister for Employment, Training and Industrial Relations, and the Honourable Dean Wells MLA, Minister for Education.

In accordance with Sessional Order 26, questions on notice were submitted to the Ministers prior to the hearing. The committee will table answers to these questions and all additional information it has received during the estimates committee process in an additional volume.

2. DEPARTMENT OF EMPLOYMENT, TRAINING AND INDUSTRIAL RELATIONS

The Appropriation Bill 1999 shows the proposed 1999-2000 expenditure for the Department of Employment, Training and Industrial Relations to be \$636,161,000 from the Consolidated Fund.

2.1 Key Initiatives

The Ministerial Portfolio Statement (MPS) for the Minister identified a range of initiatives to be implemented this year, including:

- \$145.7M for vocational education and training funded through contestable funding mechanisms.
- \$80.8M for the *Breaking the Unemployment Cycle* Initiative (an increase of \$37.7M from last year).
- A \$56.5M capital acquisition program and the provision of \$4.1M in capital grants to expand the capacity of TAFE Institutes and Agricultural Colleges.
- An increase of \$13.1M for TAFE Institutes, providing places for an extra 7,800 students.
- \$2.6M for training in the Information Technology and Telecommunications (IT&T) industry.
- Up to \$5M for a Worker Assistance Program to assist displaced workers make the transition to alternative employment.

Discussion of these initiatives and other issues examined during the estimates process follows.

2.2 Departmental Staffing

The committee was advised that overall, there is a reduction of 13 full-time equivalent staff in the department over the actual 1998-99 figures (from 8,081 to 8,068). However, no service delivery areas have been reduced except in the vocational education and training services area where special projects have been completed. Numbers of full-time equivalent staff in the area of employment initiatives are estimated to increase from 54 to 77.

2.3 Aboriginal and Torres Strait Islander Unit

In answer to a question on notice, the Minister detailed commitments aimed specifically at the needs of the Aboriginal and Torres Strait Islander community. At the hearing, the Minister explained that from 1999-2000 officers of the Aboriginal and Torres Strait Islander Unit would be funded on a recurrent basis. The role of officers in this unit had been revised and resources placed in regional centres to produce maximum client contact.

2.4 Industry Training Advisory Bodies

The Minister advised that the level of funding for Industry Training Advisory Bodies (ITABs) has been retained at \$3.65M. However, reflecting a need identified by the Queensland Auditor-General for improved accountability, and a stronger outcome focus, changes have been made to the performance and funding agreement for ITABs.

2.5 Apprenticeships and Traineeships

Prior to the hearing, the committee was provided with details of initiatives aimed at assisting young people to enter the labour market. State government departments, statutory authorities, local government authorities and Aboriginal and Torres Strait Islander Community Councils, as well as the private sector, are involved in the initiatives. The MPS shows that \$42M is provided to create 2,400 public sector traineeships in 1999-2000 and to continue funding for 508 apprenticeship places created in 1999.

The private sector initiative provides a cash bonus incentive of up to \$2,000 for each additional apprentice or trainee employed in industries with skills shortages.

The MPS states that \$5M is available to assist employment of 2,750 new private sector apprentices and trainees in skill shortage areas in 1999-2000. The committee was advised that skill shortages in the building and construction industry will be addressed through the Housing Industry Trade Training Program, the State Government Building and Construction Contracts-Structured Training Policy and the Building and Construction Industry Training Fund.

2.6 School-based Apprenticeships

The Minister informed the committee at the hearing that it is anticipated between 1997 and 2000 at least 4,500 Queensland school students will have participated in this program, which is being supported by Australian National Training Authority (ANTA) funding.

2.7 Community Jobs Plan and Community Employment Assistance Program

The Community Jobs Plan aims to create job placements for up to six months in public works and community environmental projects and is aimed at long-term unemployed Queenslanders or people at risk of long-term unemployment. The Community Employment Assistance Program funds community and other organisations to provide pre and post employment assistance to long-term unemployed Queenslanders. The programs have been allocated a total amount of \$26.3M.

2.8 Worker Assistance Program

Up to \$5M is available to assist workers under this program who are displaced as a result of large-scale retrenchments. The Minister informed the committee that the program targets regional and rural communities. Assistance (to a maximum of \$5,000) can be provided for eligible displaced workers for training, employer wage subsidy, job placement assistance, and in some cases relocation.

2.9 Contestable Training Delivery Funding

The Minister advised that as part of the 10 Point *Plan to Safeguard TAFE in Queensland*, contestable training delivery funding has been maintained at 1998 levels. The committee noted that \$145.7M will be made available during the 1999-2000 financial year. This includes \$95.8M for user choice and \$49.9M for the competitive purchasing program.

2.10 TAFE Funding

The MPS provides that an additional \$13.1M is available to TAFE institutes in the 1999-2000 year, providing places for an extra 7,800 people. This includes State Growth Funds of \$7.1M. A significant proportion (\$4.9M) of the State Growth Funds is allocated to regional locations. The committee noted that the overall target for user charge, user choice and competitive purchasing revenue is \$148.8M (compared to \$139.8M generated in 1998-99). The target for revenue from industry funded training is \$24M (compared to \$19.8M in 1998-99).

2.11 Information Technology and Telecommunications

The MPS shows that \$2.6M of TAFE's increased funding will be targeted at the IT&T industry, with additional places available to meet the skill needs of emerging industries such as Biotechnology. In response to the committee's questions, the Minister advised that the department will invest \$12.8M in IT&T capital infrastructure this financial year. A further \$2.9M will be provided to develop and expand the Queensland Open Learning Network.

2.12 Moreton Institute of TAFE

In response to questioning, the Minister advised that in 1999-2000 Moreton Institute of TAFE would receive more than \$20M in direct grant funding. This is an increase of more than \$2.33M on the funding provided in 1998-99. The Minister advised that Moreton was one of four institutes receiving extra funding in relation to IT. The Minister also advised that the Moreton Institute would receive \$8M in funding over a three-year period for the redevelopment of the Bayside campus.

2.13 Assets Disposal Program

In answer to a query from the committee, the Minister advised that the department intends to dispose of \$35M in excess assets by the year 2004. The MPS shows that the proceeds will be used to upgrade remaining properties. Approximately \$5.4M is the target for funds from the sale of excess properties during 1999-2000, of which the department will retain \$2.7M. The target for the next three years is approximately \$29.3M, which will be fully retained by the department. Properties to be disposed of will be identified by Institutes of TAFE and their Community Councils. The Minister stressed that no property will be sold without the approval of the respective TAFE institute.

2.14 Equity Return on Net Assets

At the committee's request, the Minister provided further information about the Equity Return on Net Assets. The committee was informed that this is an incentive to encourage agencies to actively manage the assets that they control and improve their financial management practices. In relation to the department's assets, almost all of these are held in TAFE institutes. The Minister assured the committee that services to rural and remote regions will not be withdrawn from those regions as a consequence of equity return.

2.15 Capital Outlays

The MPS states that \$64M is provided for vocational education and training capital outlays in 1999-2000. This includes \$4.1M (a total of \$8.8M over three years) to undertake refurbishment and/or construction work at agricultural colleges. Members noted that the refurbishment of one facility in the Dalby area had been completed, and a large refurbishment at the engineering facility at Dalby Agricultural College is currently under way. A sum of \$970,000 has been allocated in the current budget for the upgrading of that facility, which is expected to be ready for use in 2000.

2.16 Industrial Relations Act 1999 and WorkCover Queensland Amendment Act 1999

The *Industrial Relations Act 1999* was proclaimed on 1 July 1999 and the MPS indicates that activities will take place to ensure that the new legislation is effectively promoted and understood throughout Queensland. In answer to a question on notice, the Minister referred to the benefits of the new industrial relations legislation. The Minister also detailed the government's approach to public service wage bargaining. The Minister advised that following the introduction of the new industrial relations legislation, key public sector

agreements which are due for renewal in June and December next year will be negotiated and certified in an improved legislative environment.

In answer to a question on notice, the Minister outlined changes to the workers compensation system with the introduction of the *WorkCover Queensland Amendment Act 1999*. The committee noted that the changes are designed to benefit both workers and employers.

2.17 Protection of Employee Entitlements

The Minister informed the committee that the protection of employee entitlements in cases of business insolvency is a priority issue. The Minister referred to the need to establish a comprehensive national scheme to protect employee entitlements.

2.18 Administration of the Industrial Court and Commission System

The Queensland Industrial Relations Commission (QIRC), the Industrial Court and the Industrial Registry are established under the recently enacted *Industrial Relations Act 1999*. The committee was informed that the new industrial relations legislation boosts the role of the QIRC.

2.19 Vocational Education, Training and Employment Commission

The committee was advised of a Vocational Education, Training and Employment Commission investigation which had been conducted into the quality and effectiveness of the state's traineeship system. The Minister stated that the department will work with stakeholders over the next twelve months to address the investigation's findings and implement strategies to improve the system.

2.20 Compliance and Audit

2.20.1 Workplace Health and Safety

The Minister advised in response to a question at the hearing that there are currently 175 specialist field officers in workplace health and safety who can issue warrants and enforce the legislation. Budgets for regional service delivery for workplace health and safety have increased by approximately \$0.8M in 1999-2000. In response to a pre hearing question, the Minister advised that while there is a focus on compliance activities in 1999-2000, there will be no reduction in the information and education services delivered by Workplace Health and Safety Services.

2.20.2 Training

The Minister informed the committee that only a few staff had previously been qualified to carry out compliance audits to ensure that registered training organisations delivered

quality training as part of their obligations. The Minister advised that over the next few months over 100 people either will have been or will be involved in training to carry out audits. The department is also investigating the possible use of industry people to conduct audits.

3. DEPARTMENT OF EDUCATION

The Appropriation Bill 1999 shows the proposed 1999-2000 expenditure of the department is to be \$3,924,353,000 from the Consolidated Fund.

3.1 Strategic Issues

The MPS outlines key strategic directions of the department. They relate to the following general areas—

- ensuring children achieve literacy and numeracy standards in the early years of schooling;
- providing schools with modern information technology systems, and ensuring teachers have the skills to use the technology in their teaching practices to prepare students for the information age;
- exploring ways in which a classroom can be located anywhere, such as in the home or remote areas;
- enhancing student outcomes by redeveloping an integrated framework for curriculum, pedagogy and assessment that identifies new essential areas of learning;
- improving and expanding vocational education in schools;
- reversing the decline in the Year 12 apparent retention rate and in the enrolment share of state schools;
- allowing schools to develop distinctive approaches to schooling within a systemic policy framework to respond to the needs of their local communities;
- supporting teachers to maintain and upgrade their skills;
- working in partnership with parents, employers, universities and other government departments and community agencies;
- directing special attention to the needs of disadvantaged students;
- providing a supportive school environment in each school.

Discussion of these directions and other areas which were examined during the estimates committee process follows.

3.2 Departmental Staffing

The committee was informed that increased staffing levels and increased classification levels were in general terms due to recentralising of functions and the increase of human resources staff in implementing the IntegHr project. The Minister explained shifts in staffing numbers in the Teaching and Learning Branch, Student Services Branch, Low Incidence Unit and Open Access Unit and also provided information about the creation of two new units within the department.

The committee sought information about consultancies and contractors engaged by the Minister's office and was informed of the numbers and roles of contractors. The Minister also provided relevant information in an answer to a question on notice.

3.3 Supportive School Environment

The Minister stated that \$5M will be provided for behaviour management programs to assist students at risk. The Minister also advised that the Education for All Initiative, which commenced last year, remains a priority and had been allocated \$10M in 1999-2000. This initiative provides enhanced services for students with disability, learning difficulties and learning disabilities.

3.4 Literacy, Numeracy and Syllabus Issues

In response to a question from the committee, the Minister explained the New Basics, an innovation the department is working on in Queensland. The Minister outlined the rationale behind New Basics, stating that literacy and numeracy alone would not be sufficient for citizens of the 21st century. The committee noted that a six-month research and development project has been commenced as part of this initiative.

The committee asked the Minister to provide more information on how the department is ensuring literacy and numeracy standards are achieved in the early years of schooling. The Minister advised that the largest portion of the Leading Schools money had been taken and applied to the appointment of additional teacher aides to provide one-to-one literacy education, particularly concentrated in Years 1, 2 and 3. The Minister gave the example of concentrated programs at Victoria Point State School which had achieved dramatic results. The Minister also outlined the Reading Recovery Program and noted that the program is starting to become a preventative program instead of a purely remedial program. An additional \$5M has been appropriated for

literacy and numeracy for the current year and 573 specialist teachers will be employed in the area.

The committee sought information about census and national benchmark testing. The committee received advice that the department is currently examining the compatibilities between the new basics and what has been referred to as older style basics that would be covered under current benchmark testing systems. The department will be trialing new methods of assessment in the coming year.

3.5 Aboriginal and Torres Strait Islander Students

The committee was advised about successful initiatives in this area including: second language pedagogy, community/school partnership arrangements, and increases in enrolment levels.

3.6 Rural and Remote Area Students

The committee sought information about government assistance to boarding schools to provide services to rural and remote area students. The committee was advised that Education Queensland provides assistance in the form of living away from home allowances which includes a remote area tuition allowance.

3.7 Year 12 Retention Rate

In response to questioning, the committee was advised that Queensland's senior school retention rate was increasing, and was currently 72%. The committee was advised that a broader curriculum in senior schooling would be one method of rectifying the problem of inadequate retention rates, and that a more meaningful measure of educational attainment such as completion rates would put Queensland on a par with OECD countries.

3.8 Gifted and Talented Education Programs

The Minister explained that focus schools are those which specialise in gifted and talented education programs. In 1999-2000, some 300 schools throughout Queensland will receive training and support from focus schools staff. In excess of \$900,000 has been appropriated in this budget to support gifted and talented education programs.

3.9 Open Access Unit

The Minister explained that the future of the Open Access Unit will be based on new digital-based technologies. The committee noted that Queensland has the largest wide area network in the southern hemisphere that connects all of Queensland's 1,300 schools either by broadband 64 or 128K cabling or low orbiting satellite.

3.10 Noah's Ark Resource Centre

The committee inquired as to whether changes were anticipated to the funding arrangements for the Noah's Ark Resource Centre. The committee was advised that a review into the services provided by the Resource Centre had been conducted and there were concerns about the extent to which funds provided were being duplicated by grants to schools to provide the same services.

3.11 Information Technology Initiatives

3.11.1 Variation to Microsoft Agreement

The committee was informed about the implementation and budget implications of a new agreement with Microsoft. The committee was provided with information concerning the new criteria for what constitutes an "eligible computer" under the arrangement and advised that the school contribution per eligible computer would be capped at \$15. It was estimated that the overall total cost for all state schools would be no more than \$1.134M over three years. The committee noted the details of the guaranteed number of work-stations involved in the agreement.

3.11.2 Computer Maintenance and Software

The committee sought information as to the budget details for computer maintenance, software maintenance, professional development and training, local area networks and Connect-Ed. The committee was advised that under the Schooling 2001 Initiative, \$12.45M has been allocated for computer maintenance. The committee also noted that in the 1999-2000 budget, \$1.467M has been allocated for computer software. The total allocation for the Schooling 2001 initiative in 1999-2000 is \$23.5M.

The committee noted that an additional \$40M over four years is being committed for the Networked Learning Community. \$10M of this will be available in the next calendar year. More than \$400,000 will be spent on a virtual school programming pilot for senior secondary students.

The committee received advice that the average computer to student ratio is currently 1:9, with a target of 1:7.5 students by 2001, and ultimately 1:5.

3.11.3 Internet Usage

The committee was advised in response to a question that clear policies and guidelines relating to the appropriate usage of the Internet in schools are in place. Appropriate usage is achieved through network log-in routines, monitoring, and acceptable usage agreements. These will be upgraded in the coming year.

3.12 Professional Standards

The Minister provided information to the committee about the development and maintenance of professional standards in the teaching service achieved through program development for pre-service teacher education, continuing professional development, and recognition of the aspirations of the teaching profession. The Showcasing Excellence in Education Initiative has been introduced at a cost of \$600,000 this financial year. This initiative identifies and rewards best practice in the Queensland public school system. The committee also noted that under Schooling 2001, grants in respect of professional development have increased by \$2M.

3.13 Teacher Housing and Salary Issues

The committee requested information on the impact of the federal government's changes to the fringe benefits tax. The Minister advised that the changes significantly impact on teacher housing. The Minister explained that whereas the Australian defence forces are able to claim an exemption, teachers are not. The committee noted that the budget estimate has considerably increased this year, from \$1.7M to \$8M in order to provide more adequate teacher accommodation.

The committee was provided with advice about salary packaging for teachers and noted that 1,900 teachers are eligible to participate in salary sacrifice arrangements and over 500 have elected to do so. Administrative fees of \$270 relating to the arrangements are met by the individual employee.

The Minister provided information about overpayments of salaries. The committee was advised that the problem would be alleviated with the implementation of the IntegHr project. This project would bring all employees onto one payroll system for the first time in the department's history.

3.14 Vocational Education and Training

The Minister was asked a number of questions about vocational education, and advised that Queensland set the benchmark for vocational education by providing half of all the school-based apprenticeships in the Commonwealth. The committee noted that approximately 1,600 students in post-compulsory education are currently pursuing a school-based apprenticeship or traineeship. The Minister provided details about these school-based apprenticeships, and how vocational education and training could be made more accessible to students in rural and remote areas. The Minister also outlined how "employment-related skills and an understanding of the work environment" identified in the MPS would adequately equip students for the workplace.

3.15 Capital Projects

The committee received advice about the developmental stages of school construction and the significant difference between funding for new high schools as compared to new primary schools. The committee noted that four additional pre-schools will be either completed or commenced during 1999-2000. The committee was also provided with details of new high schools and primary schools which are planned for 1999-2000, and their costs. Details were provided about the higher than average allocation of \$27M for the Bentley Park school which related to the school being a purpose built P-12 school.

The Minister provided a list of sites that have been acquired in the last 12 months and stated that total expenditure on land in 1998-99 was \$9.7M. The committee was advised that the land and building categories for 1999-2000 is \$182M.

The committee noted that the reason behind the apparent fall in the number of projects in the capital works budget was because some projects were not individually identified but formed part of the Building Better Schools Program. The Minister advised that this program would continue and will receive funding of \$150M over three further years, starting next year. \$14M will be applied this year to improvements in secondary schools with a major redevelopment of 10 state high schools commencing by the middle of next year.

The Minister explained to the committee the philosophy behind the School and Community Capital Investors Scheme introduced this year. The committee noted that \$1M has been set aside for the program, which encourages community participation in the funding of school facilities.

3.16 Cooler Schools Program

At the hearing, the Minister advised the committee that \$27.3M will be provided in the 1999-2000 budget to cool schools in north and central Queensland. This included an allocation of \$2.8M to non state schools.

3.17 Specific Budget Issues

The committee sought information about specific issues pertaining to the budget figures. The Minister provided details regarding the implementation by the department of Managing for Outcomes.

In response to a question from the committee, the Minister advised that approximately \$20M is the target established for the disposal of property this financial year. The equity return for 1999-2000, calculated on net assets, is \$328.8M.

The committee also received advice concerning the Operating Statements, Current Liabilities, the deficit of the

Board of Senior Secondary Studies, Accrued Liabilities and assets management .

3.18 Commonwealth Budget and Strategies

The committee was informed that in addition to changes to Commonwealth fringe benefits tax and the effect on teachers, Education Queensland's liability for fringe benefits tax is expected to be \$3.6M for 1999-2000. This is a slight increase on 1998-1999 liability. The Minister also advised that there had been a \$1M decrease in Commonwealth funding to Queensland state schools but an increase in funding to non state schools. The Commonwealth based this allocation of funds on an enrolment benchmark adjustment policy. The Minister explained that although there had been an overall increase in the number of students enrolled in state schools of 6,000, the proportion of students in the state school sector had declined slightly against the number of students enrolled in the private school system and as a consequence, so had the Commonwealth funding to Queensland state schools.

4. PROCEDURAL MATTERS

Sessional Orders provide that a committee may ask a Minister up to 20 questions on notice and the Chairman is required to ensure that questions do not place unreasonably onerous research requirements on an organisational unit. However, it can be difficult for a Chairman to determine what is "unreasonably onerous" and the committee believes that this requirement should be removed.

Under the Sessional Orders, questions are not to contain sub-parts. Questions on notice are often the only means of seeking more detailed information than is practical for a Minister to provide at the public hearing and the committee believes that this provision is unduly restrictive. Providing that it relates only to one issue, the committee believes a question should be able to contain sub-parts.

In summary, the committee believes that only two qualifications should apply to questions on notice prior to a hearing:

- (1) A question should relate only to one issue.
- (2) The Minister should retain the current discretion to refuse to answer questions which place unreasonable research requirements on their portfolios or are unnecessarily complex.

The Sessional Orders also provide that Ministers may be examined concerning GOCs within their portfolios. During the public hearing, the issue arose as to whether questions concerning off budget, self-funded statutory authorities were in order. The committee appreciated that in this instance, the

Minister agreed to take on notice the committee's questions. However, to ensure that there is no uncertainty in future estimates hearings, the committee believes it is necessary to precisely define the off-budget entities which may be examined.

The committee recommends that these matters be referred to the Procedural Review Committee.

5. RECOMMENDATION

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

Neil Roberts MLA

Chairman

October 1999

MEMBERSHIP – 49TH PARLIAMENT

Mr Neil Roberts MLA, Chair

Dr John Kingston MLA¹

Mr Robert Quinn MLA

Mr Santo Santoro MLA

Ms Karen Struthers MLA

Mr Geoff Wilson MLA

Staff

Ms Meg Hoban, Research Director

Ms Sarah Lim, Research Officer

Ms Sandy Musch, Executive Assistant

¹ Under the provisions of Sessional Order 15, Mr John Hegarty MLA was nominated as substitute member for Dr Kingston who was unable to attend the public hearing due to illness.

6. STATEMENT OF RESERVATION – DEPARTMENT OF EDUCATION

6.1 Introduction

The budget for the Department of Education continues to support the general policy direction established by the Coalition when in Government. Consequently the Coalition supports this budget, subject to a number of reservations.

6.2 Funding

While the Treasurer's Budget Speech (p.10) stated "that the Education Budget provided for a net expenditure of \$3.8 billion, an increase of 3.7%", Budget Paper No.2 (p.18) under the heading Service Delivery (Operating Outlays) shows that after excluding the impact of the Equity Return, the Department of Education budget increased, in G.F.S. terms, "by \$75 million (2.1%) to \$3562 million, due to increased funding for services by teachers and the payment of additional Commonwealth non-State school grants."

This increase appears to be sufficient to cover anticipated enrolment growth but makes very little allowance for cost of service increases due to movement in the C.P.I. index.

This was confirmed by the Director-General of Education who stated during the Estimates hearing (Hansard p.499) "As part of the Government's overall budget strategy for the budget this year there were a large number of areas to which that indexation was not applied."

6.3 Non-State Educational Organizations

Funding for these organizations has been through a resource agreement containing an indexation clause designed to prevent the erosion of service delivered to students over the life of the agreement.

The Government has refused to fund indexation increases in agreements with organizations such as the Queensland Association of People with Spina Bifida, The Royal Bush Children's Health Scheme and SPELD giving as the reason budget constraints.

While the amounts of money involved aren't large, less than \$5,000 in most cases, the impact on the ability of these organisations to continue to deliver the same level of service to students is considerable.

At the same time the Department has created a new unit of Portfolio Programs with 6 staff, to increase accountability and provide advice on non-State educational organizations to the Minister.

These actions clearly display a poor appreciation of the need to focus more resources at the point of service delivery.

Additionally moves by the Government to reduce funding for the Noah's Ark Resource Centre by implementation of a user pays scheme will place this highly specialised and well regarded service at risk.

The statement by the Director-General also seems to indicate that other areas, yet to be identified, have not had the expected indexation increases included in this year's funding.

6.4 Information Technology

The amended Microsoft Enterprise Agreement involving schools paying \$15 per eligible machine instead of the previously announced \$86 per machine will have a lesser impact upon school software grants than was originally the case.

However the difference (\$2.7 million over 3 years) will now be sourced from the Network Learning initiative, a desperate "robbing Peter to pay Paul" act designed to quell teacher outrage.

The fact that these changes, along with the re-definition of the term "eligible machine", were announced after the Minister provided an answer to a Question on Notice on this topic and just minutes prior to appearing before the Committee, highlights the unsatisfactory way in which the financial aspects of this issue have been handled.

The Government objective to reduce the ratio of students to computers in schools from the current 1:9 to 1:7.5 within 2 years and to 1:5 by the year 2005 seems optimistic given that this year's budget for new computer hardware is actually some \$2 million less than last year and the fact that computers are now becoming obsolete within short time frames.

6.5 Central Office

Taking into account the explanations given at the hearing, the re-organisation of central office staff still shows a diminished emphasis on the programs which support students while other units concerning administration and policy have increased public service numbers.

6.6 Acknowledgment

The Coalition expresses its appreciation for the efforts of departmental staff, Hansard and committee secretariat staff.

Bob Quinn, Deputy Chairman
Shadow Minister for Education
Deputy Leader, Liberal Party, Member for Merrimac

7. STATEMENT OF RESERVATION – DEPARTMENT OF EMPLOYMENT, INDUSTRIAL RELATIONS AND TRAINING

7.1 Introduction

At the commencement of the Estimates Committee process I had hoped to avoid the preparation and submission of a separate report.

Regrettably events prior to and during the public hearing have made it necessary for me to submit such a report within which I express major reservations about

- (i) aspects of the Minister's and his department's performance during the Estimates Committee process; and
- (ii) the management of the department and related agencies by the Minister and his senior managers.

7.2 Lack of Accountability and Cooperation

The Minister's attitude to the Estimates Committee process and his commitment to the Premier's avowed policy of "open and accountable" government must be questioned subsequent to his performance prior to and during the public hearings.

Unlike his Premier and several of his Cabinet colleagues, the Minister declined to answer several questions submitted on notice prior to the public hearing, on the basis of his conservative and inflexible interpretation of sessional orders.

I attach as Appendix 1, my reply to the Minister's interpretation of sessional orders which prompted him not to answer several multi-part questions (on the same topic) placed on notice prior to the public hearing of the Committee.

The Minister attempted to create the impression of cooperation and openness during the hearing by providing partial answers to, or taking on notice, aspects of those questions which he readily could have answered when they were provided to him prior to the public hearing.

By delaying the provision of considered responses, the Minister prevented Committee members from probing, (in depth at the public hearing), some of his department's most critical financial policies and administrative arrangements.

It is interesting to note that under the heading "Procedural Matters" the majority report of the

committee recommends that in future, the Ministers preferred interpretation, behind which he sheltered on this occasion, be rejected as it is unduly restrictive.

7.2.1 Reservations Regarding the Management of the Department

The report printed under the name of the Chairman, Mr Neil Roberts MLA can be basically viewed as a summary of the Minister's views about how his department performed during 1998-99 and how it will perform during 1999-2000.

It is fair to say that the report of Mr Roberts represents the 'government view' with little reference in it to the concerns and reservations raised during the public hearings by Opposition members of the committee.

I personally view the Committee process (including the reporting function) as one which should reflect not only the answers and assurances of the Minister but also the expressed concerns which prompted the answers and the assurances.

I now wish to, under separate sub-headings, provide the Parliament with a number of statements of reservation about some of the key areas of performance for 1998-99 and for the estimates and forecasts of outcomes for 1999-2000 within the Department of Employment, Training and Industrial Relations.

7.3 Training

7.3.1 Compliance Audits of Private Training Providers

There has been during 1998-99 significant concern generated by the Department's focus of compliance auditing on private training providers who receive the minor proportion of public training funds. The Minister acknowledged to the Committee that few of the departmental staff who carried out such audits "had previously been qualified to carry out audits". The fact that now, after almost a year of such auditing, by Departmental staff, audit training is being introduced for such audit staff, should be of concern.

The Department could experience legal difficulties if it is called upon to uphold punitive measures imposed on private training providers as a consequence of audits conducted by untrained and unqualified departmental auditors.

7.3.2 *Alleged Rorts and Abuses by Private Training Providers*

The Minister used last year's Estimates Committee Hearings cataloguing allegations of widespread rorting and abuse of the training system. Since then he has repeated on many occasions these allegations. However the Minister failed to provide the Committee with the details of the number of the alleged rorters and abusers of the system against whom his administration had launched prosecutions through the courts in 1998-99 and the penalties the courts had imposed on any parties found guilty of rorting the training system. Because of the Minister's own admission about the previous lack of training and qualifications of Departmental audit staff, it would be unwise to regard all unfavourable audit reports as confirmation of illegal practices by private training providers. The information requested of the Minister if such information exists, would be of assistance to the Committee.

7.4 Staffing Levels within the Department

A most worrying feature of the Minister's responses to the Committee was his inability to fully answer questions relating to staffing levels within his department on the pretext that the Department is implementing a new Human Resource Management system. For many months the Minister has been "unable" to fully answer questions on notice in the Parliament relating to teaching and other staff numbers.

Within his answer to a question taken on notice the Minister informed the Committee that

- (i) The variance from 1998-99 Actual to 1999-2000 Estimate is a decrease of 13 FTE's from 8,081 to 8,068; and
- (ii) When human resource information was transferred to Aurion, attempts were made to cleanse the data to ensure the integrity of the new system. However, the information on Aurion is still not totally accurate and data cleansing is continuing.

It is obvious from these comments by the Minister that some considerable amount of information does exist to enable the above calculation. This information could have been provided to the Committee immediately.

7.5 Community Jobs Plan and Community Employment Assistance Program

The Coalition is concerned with information provided by the Minister in response to question number 12,

taken on notice during the proceedings of the estimates committee hearings.

Information provided in this answer indicates that Labor electorates, and in particular marginal Labor electorates, received a disproportionate amount of funding from the Community Jobs Plan and Community Employment Assistance programs. The Coalition also notes that marginal electorates held by Independents and members of Pauline Hanson's One Nation Party also received a greater proportion of funds provided to State electorates.

Calculations reveal that 72.8 percent of money allocated to the Community Employment Assistance Programme up to 30 September 1999 was distributed in Labor electorates, whilst only 11.16 percent was spent in Coalition electorates. This expenditure needs to be contrasted against the fact that Labor has 50.56 percent of electorates while the Coalition holds 35.95 percent.

Further scrutiny of this expenditure needs to occur in order to ensure that the Beattie Labor Government is not using public money to bolster its electoral stakes. Government support for job creation programs should not be dependant on how a district votes and must not be used as a means of trying to artificially lower unemployment rates in areas of political advantage.

The Coalition is committed to creating long-term meaningful jobs for Queenslanders.

7.6 Unemployment Rate

In response to a question from the Member for Archerfield about the progress the Beattie Government has made towards achieving an unemployment rate of 5 percent by the year 2003, the Minister resorted to rhetoric and made no reference to economic forecasts or to the fact that, under Labor, Queensland has consistently had the worst unemployment rate in mainland Australia.

Latest figures from leading economic forecaster Econtech predict the annual unemployment rate in Queensland will not fall below 8 percent during the term of this Parliament. This forecast makes a nonsense of the cynical election promise made by the Premier to reduce unemployment to 5 percent within five years.

Econtech further predicts the annual unemployment rate will remain at about 7.7 percent until at least 2005. From these figures it is quite clear that the Premier has no real prospect of honouring his cynical election promise to reduce unemployment to 5 percent.

Latest unemployment figures from the Australian Bureau of Statistics show that job prospects for Queenslanders have deteriorated quite markedly in recent months. This situation is likely to worsen as a consequence of the retrogressive industrial relations laws and anti-business policies that have been introduced by Minister Braddy and his Labor colleagues.

The Coalition believes the Beattie Labor Government should immediately release Treasury unemployment forecasts for the next five years, as well as the benchmarks it is using as a basis for honouring its 5 percent promise. The Labor Party cannot continue to dispute expert, independent economic forecasts in the absence of any official figures to the contrary.

7.7 Use of Consultants

The Coalition notes with interest the amount of \$52,992.15 paid to Ms Madonna Jarrett of MJM Issues Management for a consultancy which has not been adequately defined in information provided to the committee.

Ms Jarrett is a long-standing member of the Labor Party and was its candidate for the seat of Aspley in the 1995 State election. Prior to this candidature, the Coalition understands Ms Jarrett was employed in the office of the then Minister for Employment, Vocational Education, Training and Industrial Relations.

In response to a question requesting detailed information on consultancies awarded by the Department of Employment, Training and Industrial Relations, the Minister provided a three page document with information pertaining to 'project/purpose', 'consultant', 'total cost' and 'rate of payment'. Of the 38 consultancies listed in this document, the only consultancy that does not appear to have been fully explained is the one undertaken by Ms Jarrett.

The Coalition does not believe it is satisfactory to list 'consultancy services' as the purpose for employing the services of a former Labor candidate and high profile party member.

7.8 Equity Return on Net Assets

The Coalition reiterates its concern about the underlying intentions of the 6 percent equity return that was introduced by the Beattie Labor Government in the 1999-2000 State budget. Dubbed the 'Beattie Stealth Tax', this return will reduce funds available for capital expenditure and force the sale of inefficient assets.

On page 43 of the MPS it is reported that the equity return for the Department of Employment, Training and Industrial Relations is \$51,215,000. Dividing the budgeted equity return by 6 percent suggests that the department should have net assets of \$853,583,333. However, page 44 of the MPS reports net assets of \$964,630,000, a difference of \$111,046,667.

On the basis of this information the Coalition submitted that the equity return should have been \$57,877,800. This amount is \$6,662,800 more than budgeted.

In response to question number 2, taken on notice during the proceedings of the estimates committee, the Minister indicates that the level of equity return funding and expense included in the Budget was based on the budgeted opening net asset balance and equity adjustments for the department at 17 May 1999. He further states that equity return funding is calculated on opening net assets and pro-rated equity injection.

From the information provided by the Minister, it can be determined that in the 1999-2000 financial year Treasury will fund equity return charges greater than the budgeted amount. Consequently, in this financial year the department should not have to find additional money to fund a shortfall in its budgeted return.

However, from the information provided by the Minister it is now clear that the department will have to find an amount in excess of \$6,500,000 to fund the 'Beattie Stealth Tax' in the 2000-2001 financial year. This amount is based on information from the Minister which suggests the equity return is calculated on opening net asset balances, which as reported in the MPS are expected to increase by \$111,046,667.

7.9 Workcover

7.9.1 Introduction

It concerned me that the Minister should respond to my first question in relation to WorkCover by saying that he was not prepared to answer questions about this agency's performance, except where they dealt with matters of legislation.

All members of this Parliament should be concerned. The employers who are already having to pay massive premium hikes to fund Labor's largesse to its union mates are already concerned. The few who aren't yet concerned will be when they eventually experience massive hikes in their premium bills as a result of the next round of Labor promises to the unions.

The performance of WorkCover should be of vital and legitimate concern to the Estimates Committee. WorkCover is a monopoly insurer which enjoys the ability to charge what it wishes for its services as a result of legislation passed by the Queensland Parliament. WorkCover has benefited directly from Queensland taxpayers funds via a \$35m grant for the last three years, this being part of a strategy aimed at fixing the effects of Labor's earlier excesses. And WorkCover extracts over half-a-billion dollars from Queensland employers as "premiums" as a direct result of the monopoly insurer status provided to it by legislation passed by the Queensland Parliament.

Finally, the Board of WorkCover is subject to direction by the Minister, a fact to which the Minister wishes to draw as little attention as possible.

Surely it is unacceptable that an Estimates Committee should be denied the opportunity to carefully and fully examine the financial affairs and the operational efficiency of this portfolio agency.

Although he subsequently provided me with some written responses, his refusal to answer fundamental questions about administrative matters and premium increases denied the Opposition the opportunity to further examine vital issues about the adequacy of funding and about the massive premium hikes which some employers have been subjected to under the Minister's administration of workers' compensation in Queensland.

This despite the fact that during the 1997 Estimates Committee F public hearings, the now Minister asked of me (as the then Minister), questions on WorkCover matters and received comprehensive answers.

This is a very serious matter given that the previous Coalition Government inherited from the Goss Labor Government a workers' compensation system with an actuarial deficit of over \$400 million. It is hardly surprising then that as the former Minister who had to lead the reform of this \$400m plus financial scandal, and who has witnessed the unscrambling by the current Minister of much of these reforms, I should be concerned about the consequences of his policy and implementation decisions.

7.9.2 Fraud Detection Unit

The Coalition is concerned with the Minister's response provided to the Committee to a question taken on notice at the public hearings in relation to the fraud detection unit.

Bearing in mind that my question was in respect to the total number of staff directly employed in fraud detection, prosecution and surveillance for the purpose of fraud detection in both statutory and common law claims I would question the advice that the Minister received that the actual number of staff has increased this financial year given that WorkCover has greatly reduced the number of surveillance staff that it directly employs and in fact has made surveillance positions redundant. Surveillance staff have been advised that their jobs no longer exist and their services have either been terminated or they have been moved into other areas.

In the 97/98 financial year, a total of 92 employers and workers were successfully prosecuted for fraud, in the 98/99 year there were 94 successful prosecutions however in the current financial to 30 September, WorkCover has only had 8 successful prosecutions, if this low rate continues, there will only be 32 prosecutions this year, a reduction of 66%.

Despite the rhetoric the Minister espouses that fraud investigation has a high priority within WorkCover, on advice that is obviously misleading, the low number of current prosecutions confirms the information that I am receiving that fraud investigation is no longer a priority within WorkCover and that claims staff have been instructed to process claims with as little investigation as possible. No doubt, the low number of referrals to the Fraud Detection Unit for investigation will be used as an excuse to reduce the Unit's resources on a gradual basis over time, including staffing levels.

As the Minister well knows, the publicity given to the penalties handed out by the Courts for criminal activity acts as a deterrent to others who might be contemplating similar activity. It had been WorkCover policy to ensure that successful prosecutions for fraud were well publicised – under this Government, this no longer happens. Advice that I have received is that it is now WorkCover policy to ensure that prosecutions for fraud, particularly where workers have committed the offence are not publicised because the unions do not want it to occur.

7.9.3 Mr Gerry Murphy

The Coalition is also concerned by the response provided to the Committee to a question taken on notice at the public hearings in relation to Mr Gerry Murphy.

The Minister, on advice, has advised the Committee that Mr Gerry Murphy, who is also a WorkCover Board

Member appointed by his Government, has issued 21 common law actions against WorkCover in the 1997/98 financial year, 12 actions in the 1998/99 year and 3 actions this current financial year as at 30 September 99. It is interesting to note that the Minister in his reply has only referred to the number of actions that have been actually issued by Mr Murphy's firms.

The Minister would hopefully have been made aware that my question was in relation to the total number of common law claims not just where formal proceedings or actions, as the Minister refers to them, have been issued during the period Mr Murphy was a partner in the firms concerned.

Had the Minister been correctly advised he would be aware that under the current WorkCover legislation, for injuries occurring from 1 February 1997, a solicitor acting for a plaintiff is not required to issue formal proceedings for a common law claim to commence and proceed. A solicitor is now only required to issue WorkCover with a letter of demand in respect to an action. This was an initiative of the previous Coalition Government during my term as the responsible Minister to help simplify and reduce the cost of the common law process.

It is my understanding that there are more matters than advised by the Minister where Mr Murphy has commenced or is in the process of commencing an action against WorkCover. The Minister should advise the Committee, for each of the past two financial years and the current financial year to 30 September 99, the total number of all common law actions (not just where WorkCover has implemented common law claims on its computer system) where Mr Murphy's firms have acted or are currently acting against WorkCover. Within his advice the Minister should include details of where formal proceedings have been issued, where letters of demand have been received by WorkCover and where Mr Murphy's firm, when acting for claimants, has advised WorkCover that offers of lump sums under the statutory claims have not been accepted by its clients.

7.9.4 VERs

During 1998-99 the Minister made frequent mention of the number of VERs processed by the department during the Coalition's term of government.

The Coalition therefore finds it astonishing that Mr Braddy can advise the Committee in his answer to Question on Notice No.4 that:

WorkCover advises that in 1998-99, 86 employees accepted VERs at a cost of \$33M and in 1999-2000 WorkCover has estimated that 208 employees will leave the organisation with VERs at an estimated cost of \$5.8M.

I am advised by WorkCover that any VERs offered to staff result from the implementation of the outcomes of the Service Project. The Service Project was an initiative of the former WorkCover Board appointed by the former Coalition Government.

The Minister's attempt to link the WorkCover VERs with a review implemented by the Coalition Government is ludicrous as he didn't need to go ahead with that review or adopt its findings.

After all the Minister as stated previously has the power to issue Ministerial directives to the WorkCover Board requesting a change in policy direction.

7.9.5 *The Application of the "F" Factors to Premium Calculations*

The following vital question of concern to thousands of Queensland businesses was not answered by the Minister:

Recently a number of Queensland businesses have been invoiced fairly massive increases in WorkCover premiums. The viability of some employers, I would suggest, is at risk and the threat to employment is very real. It is worth noting that these premium increases are due to "F" factor accelerated increases which have occurred after the government enacted its workers compensation reforms earlier on this year.

Would the Minister please explain which of the following is the reason for savage hikes in premiums and, if none of the following, would he care to describe what the reasons are: miscalculation of the cost of its reforms and the resulted increases in accelerated "F" factors applications to compensate; miscalculation of the cost of its premium rates reduction; a decision to hit employers now for the huge increased cost of common law reforms that it plans for the future, bearing in mind that the Minister indicated that in the second-reading speech to his Bill? Why is the Government wanting to punish employers so badly? Is it simply an admission of this Government's inability to prudently run a workers compensation system?

The Coalition will be pursuing this issue further..

7.10 Workplace Health and Safety

I turn now to the issue of workplace health and safety. This was another area sadly under-funded by the previous Goss Labor Government. In each of the Coalition budgets funding was significantly increased to this important area. This was vital to reducing the terrible toll of death and injury that can result if workplaces operate without proper knowledge of or regard for decent safety standards. Successful prevention also makes possible substantial reductions in workers compensation costs and hence premiums paid by employers and overall business.

Having read many a media release from the Minister about the number of new WHS Inspectors he was appointing, (almost on a daily basis it would seem and all over the state), I was surprised when the Minister had to take on notice a simple question about how many inspectors his Department actually had on the 30 June last year and this year. Based on the written response that eventually arrived it turns out that the number did actually increase — by 14 — which was exactly the number funded by the last Coalition budget.

Clearly the performance of the Minister and his government in this vital area of public administration can at best be only described as one based on a strategy of smoke and mirrors.

7.11 TAFE Queensland

The Coalition raised a number of issues relating to TAFE Queensland at the public hearing of the Committee and prior to the public hearing via questions on notice.

The issues of greatest concern and which the Minister, in the opinion of the Coalition failed to adequately address include

- the sale of TAFE Qld assets;
- the rationalisation of staff numbers in various institutes and the offering of VERs – the Morton Institute of TAFE was used as an example by the Coalition as it pursued its line of questioning;
- the paucity of compliance audits in relation to TAFE Qld relative to the experience of private training providers;
- the financial resources being directed towards the subsidisation of TAFE Qld and the fact that several

aspects of the system are still running at a substantial loss.

These and other issues of concern will be pursued by the Coalition both within the Parliament and in other forums.

7.12 CONCLUSION

Despite the above and obviously major reservations I wish to thank the Minister for what information he did supply to the Committee.

I look forward to pursuing the above mentioned and other issues during the coming months.

I also extend my appreciation to the officers of the Estimates Committee F for their professional assistance and to Mr Neil Roberts MLA for his impartial Chairmanship of the Committee.

SANTO SANTORO MLA

Member for Clayfield

Shadow Minister for Employment, Training and Industrial Relations

APPENDIX 1

Mr Neil Roberts MLA
Chairman
Estimates Committee F
Parliament House
BRISBANE Q 4000

Attention: Meg Hoban

Dear Mr Roberts

I refer to correspondence dated 5 October, 1999 I received from Ms Meg Hoban on your behalf concerning matters raised by the Honourable the Minister for Employment, Training and Industrial Relations regarding Questions on Notice submitted by Non-Government Members.

You, of course, will recall that I had already sought to be of assistance by, at your request last Friday, redrafting several questions, and as a consequence, omitted asking another.

The Minister has claimed that six of the ten questions breach Sessional Order 26 because they are unnecessarily complex and contain sub-parts which, in effect, ask more than one question.

I am of course aware that irrespective of any ruling that you may make that the Minister can, under section 26(6) of the Sessional Orders, of his own accord refuse to answer any question which it is claimed places unreasonable research requirements on his Department or which is unnecessarily complex.

I am not minded to resubmit any of the Questions for the following reasons.

First it is clear that the Questions have been rejected on the basis that they are unnecessarily complex and ask more than one question, whereas they are neither complex nor ask more than question.

I draw your attention to Question 7 on consultants which provides: *“With reference to consultants engaged in his portfolio, please provide details of the number of*

consultants engaged during 1998-99, the total cost, the amount paid to each consultant, the nature/topic, the name of the companies and principal consultant and the number and names of those paid in excess of \$75 per hour for their services”.

The reality is that all of this information, with the exception of those who were paid in excess of \$75 per hour, will be set out in the Annual Reports of this portfolio when they are presented to the Parliament in the next few weeks. No doubt this very information has already been collated – or it should have been.

This question isn't complex, it doesn't put any extra burdens on the portfolio which aren't already present, is related purely and simply to the issue of consultants and is not in a multi-part format.

Simply saying that a series of Questions breach the Sessional Orders doesn't mean that they do, and this is one example of the Minister refusing to answer a legitimate question on an incorrect application of the Sessional Order.

Second, all of the Questions objected to relate to the one question – the one topic. Question 1 is limited purely to travel and accommodation, Question 2 to the Community Jobs Plan, Question 5 to Apprentices and Trainees, Question 6 to Compliance Audits and Question 9 to the Community Employment Assistance Program.

Any suggestion that any of these questions are designed to move away from the one topic of interrogation is wrong.

In addition, although these questions are divided into separate sub-questions, they are not sub-parts, in that there is a single line of questioning on the same matter. It is not as if the Opposition has chosen a generic subject matter and then applied under that broad generic subject matter a “scattergun” series of questions, designed, in effect, to bundle up a range of questions/issues within the one heading.

All of the questions submitted are precise, under the one topic and follow an approach designed, in effect, to assist the Minister and his portfolio to provide a useful answer to the Committee and the community.

A Member could submit a vague question which could require an enormous amount of work and place a Minister and his/her Department in a difficult situation. For example, in lieu of Question 2 on the Community Jobs Plan, we could have asked: "*With reference to the Community Jobs Plan provide full details of funds expended, with particular reference to location of funds spent and full details of all individuals receiving same, both during and subsequent to the receipt of such funds.*"

Now a Question like that, if answered properly, would take a lot of time, would be very complex and doesn't aid the Minister like Question 2 submitted, by focusing in on the particular areas of information needed.

Third, the Questions to this Minister are no more complex or multiple than those submitted to other Ministers, including the Premier.

I would suggest that before making a ruling you speak to the Member for Logan who chaired Estimates Committee A. You will determine that the Premier received 10 Opposition Questions which were as complex and multiple as any received by this Minister.

You will not be surprised to learn that the Premier fully and comprehensively answered the Questions that he was given, and made a point in yesterday's Committee hearings of even saying that he had provided highly confidential information in advance of a public release because he received questions "*and I had to answer them*".

The Premier was not referring to technicalities, but the clear promise he gave at the outset of his government, of providing honest, accountable and open government.

I would also draw your attention to the answers provided by the Minister for Emergency Services. She has likewise adopted an open and proper response to the answering of Opposition questions. No doubt other Ministers have likewise taken the Premier's lead.

In comparison I find the Minister's ultimatum that the Opposition cut and trim its Questions, in the hope that he *may* answer them, to be inappropriate, incorrect and a clear attempt to act as a censor and judge and jury.

If the Minister refuses to answer any Question based on his reliance on section 26(6) of the Sessional Order, then that is a matter for him, and will be pursued by the

Opposition both during the Estimates hearings and in other forums.

However, so far as you are concerned as the Chairman of this Committee, I urge you to rule that the Questions that we submitted are in order and should be answered. This ruling would be clearly in accordance with the Sessional Orders, natural justice and the standards of accountability adopted by the Premier with respect to answering Questions on Notice.

Yours sincerely

(Signed)

SANTO SANTORO MLA

Member for Clayfield

**Shadow Minister for Employment, Training,
Industrial Relations and Multicultural Affairs**