



# ESTIMATES COMMITTEE E

2000

## REPORT NO. 2 TO THE LEGISLATIVE ASSEMBLY

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### INTRODUCTION

Estimates Committee E was appointed by the Legislative Assembly on 22 June 2000 to examine and report on the proposed expenditures contained in the Appropriation Bill 2000 and the Appropriation (Parliament) Bill 2000. In accordance with the sessional orders adopted by the House, the following organisational units were allocated to the committee:

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

In accordance with sessional order 31(2), the committee will report separately on the proposed expenditures for the Legislative Assembly.

A public hearing was held on 8 August 2000 to take oral evidence from the Premier, the Treasurer and the Deputy Premier and Minister for State Development and Minister for Trade. A verbatim transcript of the committee's hearing can be accessed on the Internet at:

<http://www.parliament.qld.gov.au/handsard/>

The committee has considered the estimates referred to it by examining the various budget documents; answers to pre-hearing questions on notice; oral evidence taken at the hearing;

and answers to questions taken on notice at the hearing.

Answers to questions on notice and questions taken on notice at the hearing together with minutes of the committee's meetings are included in a volume of additional information tabled with this report.

### PREMIER'S AGENCIES

#### Office of the Governor

The Office of the Governor provides personal, administrative and logistic support to the Governor and acts as custodian of the Government House estate. The total amount appropriated in 2000-01 is \$3.410M (2000: \$3.121M) which comprises \$3.274M for operating outputs and an equity adjustment of \$0.136M.

Key priorities in the Budget include:

- ◆ \$0.250M to construct a multi purpose function venue suitable for both informal and semi formal events and available for both official and community use
- ◆ \$0.129M to upgrade the pedestrian tracks in bushland areas of the estate to promote safer and improved public access

The committee did not have any questions for the Premier on this agency's estimates at the hearing.

#### Queensland Audit Office

The Queensland Audit Office provides public sector auditing services and reporting. These services include the financial and compliance audits of 657 public sector entities as well as performance management systems audits and special investigations.

Estimated operating expenditure of \$18.380M in 2000-01 will be funded by audit fee revenue of \$14.168M and an output appropriation of

\$4.212M. This is an increase of \$0.556M over the 1999-2000 output appropriation, prior to a mid year supplementation of \$1.618M. In addition, an equity injection of \$0.947M is appropriated to offset debt and finance an information management and performance support system.

The committee notes the Government's intention for the audit office to be predominantly funded on a user pay basis. At the hearing the Premier advised the committee that increases in audit fees had been approved to achieve this.

The Auditor-General expressed concern about the level of his budget, indicating a shortfall of \$0.509M in funding between the amount sought and the amount allocated. However the Premier advised that the audit office had underestimated revenue from user charges in the last two years and if the same occurred this year, any perceived shortfall issues would be resolved.

The committee is pleased to note the Premier's commitment that the funding position will be examined at the mid year review to ensure that an appropriate level of resourcing for the audit office is maintained.

### **Parliamentary Commissioner for Administrative Investigations**

The Offices of the Parliamentary Commissioner for Administrative Investigations (Ombudsman) and the Information Commissioner are responsible for reviewing complaints and appeals about Government administration and investigating decisions made by public sector agencies and local authorities under the Freedom of Information Act. Estimated expenditure for the Offices in 2000-01 is \$5.423M, to be fully funded by an output appropriation. (1999-2000 actual: \$5.584M) An equity withdrawal of \$0.06M has also been appropriated.

Reducing the backlog of complaints and appeals remains a priority for the Ombudsman and funding of \$2.2M is provided for this. The committee is pleased to note that 5,278 cases (or complaints) were closed in the last 12 months and that this is an increase of 41% from the previous period.

The Ombudsman and Information Commissioner advised the committee that recommendations arising from the recently

completed strategic management review would be addressed in the forthcoming year.

### **Criminal Justice Commission**

The Criminal Justice Commission (CJC) is an independent body that monitors, reviews and initiates reform of the administration of criminal justice in Queensland. The CJC is a non-departmental output of the Department of the Premier and Cabinet. Revenue funding of \$24.477M (1999-2000: \$24.548M) is included in the department's administered items appropriation.

The commission has relocated its office premises to the Brisbane central business district. The Premier advised the committee that the cost of the move and the fit out have been met by an incentive payment from the property owner. The committee notes the amount budgeted for accommodation in 2000-01 is \$2.348M, which is slightly less than the previous year.

Issues raised by committee members at the hearing include:

- ◆ legal costs of the challenge to the jurisdiction of the Parliamentary Criminal Justice Commissioner
- ◆ level of complaints received concerning local government
- ◆ operations of the witness protection program

### **DEPARTMENT OF THE PREMIER AND CABINET**

The total departmental appropriation for 2000-01 is \$183.768M (2000: \$185.944M). This comprises \$99.379M for departmental outputs; \$84.811M administered expenses and an equity withdrawal of \$0.422M.

The following table compares estimated expenditure for departmental outputs in 2000-01 to estimated actuals for the prior year.

<b>Departmental Output</b>	<b>1999-2000 Actual \$'000</b>	<b>2000-01 Estimate \$'000</b>
Strategic policy advice including co-ordination	16,869	19,449
Parliamentary and Government policy advice	52,471	86,714

and support services		
Administration of the public service and the management and employment of public service employees	9,425	9,353
Legislative drafting, advisory and information services	5,304	5,955
Cabinet Secretariat	1,827	1,981
Policy co-ordination, development and planning under the multicultural Queensland policy	5,021	5,606
<b>Total</b>	<b>90,917</b>	<b>129,058</b>

Source: *State Budget 2000-2001, Premier's Ministerial Portfolio Statement, Outputs Operating Statements*

Key elements of the 2000-01 Budget include:

- ◆ \$28M for the Heritage Trails Network
- ◆ \$14M for Centenary of Federation commemorative projects
- ◆ \$0.5M for international collaborative research projects in partnership with the Smithsonian Institute
- ◆ \$1M for the establishment of an events co-ordination unit. (This unit will plan and manage significant events for the State including the Commonwealth Heads of Government meeting and Queensland and Australia day celebrations.)
- ◆ \$0.5M for the continuation of the community crime prevention fund
- ◆ \$0.95M to develop eleven pilot property plans in the Cape York peninsula to resolve tenure issues and to explore sustainable development opportunities in the region
- ◆ appointment of an Integrity Commissioner to provide advice on ethics and conflict of interest matters

Issues raised by committee members at the hearing include:

- ◆ performance bonuses for departmental chief executive officers
- ◆ staffing numbers
- ◆ advertising costs incurred in the previous financial year
- ◆ compensation payments to South Bank tenants during the redevelopment project
- ◆ crime prevention strategy initiatives

## TREASURY DEPARTMENT

The appropriation vote total for the department is \$1,297.095M (2000: \$1,246.174M). This comprises \$92.321M for departmental outputs; \$1,206.996M for administered expenses and an equity withdrawal of \$2.222M.

The following table compares estimated expenditure for departmental outputs in 2000-01 to estimated actuals for the prior year.

Departmental Output	1999-2000 Actual \$'000	2000-01 Estimate \$'000
Financial and economic management	51,247	31,612
GOC performance and governance	#	2,196
Economic and statistical research	9,728	9,900
Taxation administration	31,015	31,895
Gambling regulation	15,658	16,840
Superannuation administration	20,870	25,283
Financial management services	8,739	8,348
<b>Total</b>	<b>137,257</b>	<b>126,074</b>

Source: *State Budget 2000-2001, Treasurer's Ministerial Portfolio Statement, Outputs Operating Statements*

# This output was created in late 1999-2000 and relevant expenditure for that period is included in the financial and economic management output.

Key priorities for 2000-01 include:

- ◆ \$1.6M to continue implementing national tax reforms across the public sector
- ◆ \$1.6M to implement the *Policy Direction for Gambling in Queensland* which aims to enhance gambling regulation
- ◆ \$1M to improve the functionality and reporting capabilities of the Tridata whole-of-Government financial management system
- ◆ a review of the fuel subsidy scheme by a specially established taskforce
- ◆ implementation of the new superannuation arrangements for public sector employees
- ◆ \$5M for the continued development and implementation of the IRIS system to support legislative reforms

Issues raised by members of the committee at the hearing include:

- ◆ financial arrangements concerning the fuel and liquor subsidy schemes
- ◆ implementation of National Competition Policy reforms
- ◆ maintenance of the State's AAA credit rating
- ◆ compliance with new accounting standards and the effect on asset valuations
- ◆ impact of the GST on the community services sector
- ◆ the First Home Owners Grant Scheme
- ◆ funding provided for departments equity return
- ◆ disclosure of remuneration policies for chief executives of government owned corporations
- ◆ accounting treatment of commonwealth payments received under the Commonwealth/State Financial Arrangements Act
- ◆ implementation of the *Direction for Gambling* policy and its impact on communities
- ◆ role of the Office of Economic and Statistical Research in the 2001 census
- ◆ delays in completing the whole-of-Government consolidated financial report for the year ended 30 June 1999
- ◆ improvements to the compulsory third-party insurance scheme
- ◆ reforms to the State Government superannuation scheme
- ◆ role of the Office of Government Owned Corporations
- ◆ the shareholder approval process in respect of investment decisions made by Government Owned Corporations
- ◆ benefits of accrual output budgeting

## DEPARTMENT OF STATE DEVELOPMENT

The total appropriation for the department is \$274.753M (2000: \$196.262M). This comprises \$212.935M for departmental outputs; \$63.360M for administered items and an equity withdrawal of \$1.542M.

The following table compares estimated expenditure for departmental outputs in 2000-01 to estimated actuals in the prior year.

Departmental Output	1999-2000 Actual \$'000	2000-01 Estimate \$'000
International trade development	20,327	19,092
Business development, information, regulation reform and advice	17,722	21,599
Industry opportunities and development	36,730	60,332
Regional development	30,152	76,968
Major projects development and facilitation	22,164	15,795
Investment attraction and support	15,588	32,025
State infrastructure planning and coordination	8,593	15,576
State development and commercial policies, strategies and advice	8,780	8,477
<b>Total</b>	<b>160,056</b>	<b>249,864</b>

*Source: State Budget 2000-2001, Deputy Premier and Minister for State Development and Minister for Trade Ministerial Portfolio Statement, Outputs Operating Statements*

Service priorities for 2000-01 include:

- ◆ \$30M for the development of the Gold Coast convention and exhibition centre
- ◆ \$15.4M for the development of the South Bank pedestrian and cycle bridge
- ◆ \$6.4M for waste management infrastructure
- ◆ \$5M for the South East Queensland Regional Forest Agreement, that includes the establishment of hardwood timber plantations
- ◆ \$5M contribution to the State's energy strategy
- ◆ \$3.3M for the development of the department's on-line business capability
- ◆ \$1.6M for the establishment of a biotechnology innovation fund
- ◆ \$1.1M contribution to research and development to enhance the sugar milling industry

Issues raised by committee members at the hearing include:

- ◆ site locations for overseas trade offices
- ◆ consultancies

- ◆ infrastructure development projects in the Surat/Dawson region
- ◆ development of the Bundaberg food industry precinct
- ◆ opportunities for Queensland businesses in East Timor
- ◆ level of job opportunities created by business development and project facilitation
- ◆ assistance to exporters under the Asia Link program
- ◆ maximising business opportunities from the Olympics
- ◆ implications of the Regional Forest Agreement
- ◆ plans for the Cannon Hill abattoir site
- ◆ investment and employment in the food industry
- ◆ overseas student numbers and the education advisory group
- ◆ red tape reduction strategy and task force
- ◆ development of the Burnett water catchment and the release of the water allocation management plan
- ◆ capital expenditure allocation for the bioindustries strategy
- ◆ development of the Carole Park energy industrial estate
- ◆ facilitation of the Unity Satellite Launch Facility
- ◆ regional business development scheme outcomes
- ◆ East Trinity land acquisition

### **Response to Questions on Notice**

The committee was disappointed that the Deputy Premier and Minister for State Development and Minister for Trade did not provide responses to questions on notice in a timely manner and in accordance with Sessional Order 26(3).

The estimates process is an integral part of the accountability of the Executive to the Parliament. Delays in providing responses hinder the committee in its role and add unnecessarily to the committee's workload.

### **RECOMMENDATION**

The committee recommends that the proposed expenditure, as detailed in the *Appropriation Bill 2000* for the organisational units in the portfolios referred to it, be agreed to by the Legislative Assembly without amendment.

### **ACKNOWLEDGEMENTS**

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

### **Desley Boyle MLA**

**Chair**

**August 2000**

#### **COMMITTEE MEMBERS**

Ms Desley Boyle MLA (Chair)  
 Hon Robert Borbidge MLA (Deputy Chair)  
 Mrs Nita Cunningham MLA  
 Mr Mike Kaiser MLA  
 Mr Doug Slack MLA  
 Dr David Watson MLA

#### **SECRETARIAT**

Ms Leanne Clare (Research Director)  
 Ms Gillian Keir (Research Officer)  
 Ms Sandy Musch (Executive Assistant)

## **STATEMENT OF RESERVATIONS NON GOVERNMENT MEMBERS**

### **AUDITOR GENERAL**

The Auditor General's declaration to the Committee that he did not have sufficient funds to fulfil his responsibilities, especially in relation to own-initiated investigations, is of considerable concern.

The importance of the role of the Auditor General in maintaining a high level of accountability in government is manifest.

I note the Premier's undertaking that additional funds will be made available on a needs basis, but a larger base allocation would be more appropriate.

It would remove the current requirement for the Auditor General to provide details of special audit activities he might wish to undertake to those who control his Budget, and who may be adversely affected by any such activities.

A larger base allocation would more transparently support the independence of the office.

### **DEPARTMENT OF THE PREMIER AND CABINET**

#### **Payment of Performance Bonuses**

The Premier's failure to detail the performance bonuses paid to Directors General was a significant lack of accountability.

The Premier caused Boards of Government Owned Corporations to provide in annual reports, from this year, detail on all bonus payments for all senior executives of those GOC's, in explicit dollar amounts.

This followed the tabling in the Parliament of the details of bonuses paid in 1997-98 and 1998-99 in GOC's.

Bonuses paid to Directors General should be as transparent.

#### **Size of the Department**

The growth in the staff of the Department of Premier and Cabinet is again of concern, as it was last year.

In 1997-98 the Department had 607 staff.

At the end of this financial year employment measured as Full Time Equivalents is estimated to reach 826.

According to the Premier during the debate, the actual number of staff already exceeds this number.

The increase, of at least 36%, within a term is excessive.

#### **Ministerial Budgets**

The Premier highlighted a \$240,000 budget over-run in the office of the Opposition, while claiming his own office "came in under budget by \$25,203.87".

The Premier's claim relating to his office expenditure is at odds with his own MPS which shows that actual expenditure exceeded budget by \$320,000.

Furthermore, he did not acknowledge that, during the year, budgetary responsibility for the travel entitlements of the Opposition Leader, Deputy Opposition Leader, and the Leader of the Liberal Party, were transferred from the Parliament to the Office of the Opposition.

### **TREASURY DEPARTMENT**

#### **Payment of Director's-General Performance Bonus**

The responses of the Treasurer to questions pertaining to a performance

bonus paid to his Under Treasurer were intolerable. Despite the fact that the Under Treasurer is a staff member of Treasurer, the Minister refused to identify the quantum of the performance bonus paid to his Under Treasurer. This is again despite the fact that the source of funding for the performance bonus for the Under Treasurer is contained in *Employee Expenses* on page 1-52 of the MPS. This failure to fully explain and justify the expenditure of Treasury by the Treasurer is an blatant abuse of the Committee process.

The position of deciding not to disclose the performance bonuses paid to the Under Treasurer adopted by the Treasurer is in direct conflict with the position the Treasurer adopted last year when he saw it fit to support the release of the quantum and details of the performance bonuses paid various Chief Executive Officers of Government Owned Corporations.

#### **Accuracy of 1999/2000 Estimated Actual Expenditure**

The accuracy of the overall State Budget and the \$40M surplus projected for the General Government Sector in the 1999/2000 financial year has to be in question, especially after responses to questions asked of the Treasurer pertaining to the accuracy of the Estimated Actual Figures contained in the Treasury's MPS for 1999/2000 financial year. The inability to specify the accuracy of the figures provided given the lapse of some six weeks between the end of the financial year and the Estimates Hearing is of concern to the non-Government members of the Committee.

#### **Beer Subsidy**

The Government is condemned for its deceitful and secretive decision to remove the subsidy applied to beer sales in Queensland (arising out of the High Court decision in 1997).

This decision was made without consultation with the general public and to

the extent that the Government failed to inform the general public of their decision it stands condemned. It was noted that the Treasurer attempted to absolve himself of any responsibility for not informing the general public about his decision by stating in was a responsibility of the Minister for Tourism & Racing.

The Treasurer further attempted to justify this decision by stating that the revenue received from the Commonwealth to administer this subsidy would now be used to fund the fuel subsidy scheme. This in effect means that Queenslanders no longer enjoy the benefit of a subsidy on beer and receive no additional benefits in the quantum of the fuel subsidy.

#### **Revision of Past Published Budget Figures**

The non-Government members of the Committee also maintain concern regarding the revisions that have taken place in the Budget compared with figures supplied in previous Budget papers.

When the actual figures for 1998/99 contained in Budget Paper #2 (1999/2000 - Table A13) are compared with the actual figures for 1998/99 contained in Budget Paper #2 (2000/2001 - Table A9) it can be seen that the actual deficit has been altered from \$365M to \$945M. This \$560M change is difficult to justify, given that in both budget papers these figures were supposedly actual outcomes. This kind of alteration is repeated throughout the Budget Papers.

The justification for these changes that were offered by the Treasurer and his officials' were insufficient to satisfy the concerns of the non-Government members of the Committee.

#### **Publication Timetable for the State's Financial Data**

The failure of the Treasurer to meet the legislative deadlines contained in the *Financial Administration and Audits Act* pertaining to the reporting on the

consolidated State accounts 1999/2000 is of great concern.

An inquiry by the Public Accounts Committee of the Legislative Assembly into the timeliness of financial reporting of the Government and its associated entities should be undertaken to examine the feasibility of adopting private sector reporting timelines and standards.

## **DEPARTMENT OF STATE DEVELOPMENT**

### **Nathan Dam KPMG Consultancy (SUDAW Project)**

The Queensland Coalition is not satisfied that the Minister for State Development and Trade and his Department have adequately driven forward the SUDAW project. Under questioning, the Minister sought to obscure the detail of what his Department has done to progress the development, which is integral to the opening up of a large inland development in Queensland. From his answers, it is possible to adduce that his Department in effect has done nothing to progress this development, despite the obvious developmental benefits it would bring and the additional investment and export income it would produce. Instead, the Minister resorted to playing the political card, a factor that reflects no credit upon him and which devalues the work of his Department.

### **East Timor Business Opportunities**

A very cavalier attitude to the interests of Queensland private sector business groups in East Timor, resulting from the changed status of that territory, was revealed in the answer of the Minister to a question relating to a consultancy awarded in May 2000 to "advise on opportunities" there. The Minister told Parliament on 9 December 1999 that the Government had been engaged with a number of companies in relation to support and providing assistance to access East Timor and was working with the Federal

Government in that regard. At the Committee hearing on 8

August 2000, however, he said that "in the early days in terms of the reconstruction of East Timor, there were a number of companies that had gone in there for totally inappropriate reasons". Queensland Coalition members are wholly unconvinced that either answer – the answer in Parliament on 9 December 1999 and the answer to the Committee on 8 August 2000 – represent the truth. Prima facie, his answer on 9 December 1999 was designed to obscure the fact that the Government had completely dropped the ball on East Timor and his answer on 8 August 2000 was a slur on the North Queensland consortium whose experiences relating to Timor and the Queensland Government prompted the original question. The Minister asserted to the Committee that his advice was that agencies operating in East Timor has been highly critical of a number of Australian companies that had been to the territory "for the very wrong reasons".

### **Mr Ray Garrard**

The Minister failed to advance any persuasive argument that Queensland taxpayers are being well served by a lucrative consultancy awarded to Eco Managers, and staffed by Mr Ray Garrard, recipient of payments running to CEO remuneration levels and who works from offices on the ministerial floor, Department of State Development and Trade, Executive Building, 100 George Street. The Minister asserted that Mr Garrard's role was to work on a range of energy issues – "Bringing forward the energy policy was part of his brief". Why have the considerable in-house resources of the Government not been applied to this task, which is surely a matter of high policy? Why is it necessary to employ someone on a contract that between February 1999 and 30 June 2000 had cost Queensland taxpayers \$208,000 – and is ongoing at the same rate – to perform policy development work that is the

province of the Public Service? What is the nature of the relationship between Chevron (the PNG gas pipeline project principals) and Mr Garrard and/or the Director-General of the Department of State Development and Trade, Mr Ross Rolfe, both formerly remunerated by this company?

### **Overseas Student Numbers**

The Queensland Coalition is concerned that the State is losing market share in the overseas student market. The Government concedes that Queensland in 1999-2000 was attracting 15.1 per cent of overseas students choosing to study in Australia, against 17 per cent previously. The Minister's advice to the Committee that significant increases in numbers of students have been recorded this year is welcome, as is his advice that the pool of overseas countries from which students are being attracted has widened. The Minister said Mrs Pauline Hanson and the One Nation Party caused the 1998-1999 slump (he failed to cite the Asian financial crisis as a cause). Presumably, therefore, the Premier's "rescue mission" to Hong Kong and Japan immediately after the

Government took office in 1998 was a significant non-event in terms of immediate return. The Government's otherwise hyperactive publicity machine has been silent about this outcome. The Queensland Coalition is not satisfied that in this instance the Minister for State Development and Trade has adequately answered the issue of Queensland's falling share of the national market. It is far from clear from the Minister's evasive answers to the Committee that he understands the imperative to maintain and improve market share in a highly competitive global education market.

### **Ministerial Arrogance**

The Committee should be very concerned at the attitude taken to Non-Government questions. In one exchange, the Minister said: "You get to ask the questions. I get to answer them." The problem is, he frequently didn't answer them. It is noted that this approach was also adopted by other Ministers before other Committees. The Parliament should be alarmed at this arrogantly dismissive attitude to the principle of accountability.

**Rob Borbidge MLA**  
**Leader of the Opposition**

**Dr David Watson MLA**  
**Member for Moggill**

**Doug Slack MLA**  
**Member for Burnett**

