



Estimates Committee A

2001

Report No. 2 To The Legislative Assembly

Introduction

1. Estimates Committee A was appointed by the Legislative Assembly on 30 May 2001 to examine and report on the proposed expenditures contained in the *Appropriation Bill 2001* and the *Appropriation (Parliament) Bill 2001*. In accordance with the sessional orders adopted by the House, the following organisational units were specifically allocated to the committee:

Legislative Assembly

Office of the Governor

Queensland Audit Office

Parliamentary Commissioner for
Administrative Investigations

Criminal Justice Commission

Commissioner for Children and Young
People

Public Service Commissioner

Department of the Premier and Cabinet

Department of State Development

Treasury Department.

2. In addition, the sessional orders allocated all other organisational units within the portfolios of the Premier and Minister for Trade, the Deputy Premier, Treasurer and Minister for Sport and the Minister for State Development.
3. In accordance with sessional order 31(2), the committee will report separately on the proposed expenditures for the Legislative Assembly.
4. A public hearing was held on 10 July 2001 to take oral evidence from the Premier and Minister for Trade, the Deputy Premier, Treasurer and Minister for Sport and the

Minister for State Development. A verbatim transcript of the committee's hearing can be accessed on the Internet at:

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

5. Prior to the public hearing, the committee put 20 questions on notice to each minister. Responses to all the questions were received.
6. 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.
7. 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 and Minister for Trade

Office of the Governor

8. The Office of the Governor provides personal, administrative and logistic support to the Governor and acts as custodian of the Government House estate. The following table sets out details of the appropriation for 2001-02 compared to the previous financial year.

| | 2000-01 \$'000 | 2001-02 \$'000 |
|----------------------|-------------------|-------------------|
| Departmental Outputs | 3,274 | 3,229 |
| Equity Adjustment | 136 | (114) |
| Vote Total | 3,410 | 3,115 |

9. Key priorities in the Budget include:
- support for a visit by the Queen in October 2001
 - completion of the multi purpose function venue
 - completion of the estate's bushland track upgrade commenced in 2000-01.
10. The committee did not have any questions about this agency's estimates at the hearing.

Queensland Audit Office

11. The Queensland Audit Office provides public sector auditing services and reporting. These services include the financial and compliance audits of some 680 public sector entities together with performance management systems audits, special investigations and the annual audit of the whole of government consolidated financial statements. The following table sets out details of the appropriation for 2001-02 compared to the previous financial year.

| | 2000-01 \$'000 | 2001-02 \$'000 |
|----------------------|-------------------|-------------------|
| Departmental Outputs | 4,212 | 3,975 |
| Equity Adjustment | 947 | (113) |
| Vote Total | 5,159 | 3,862 |

12. The estimated expenditure for 2001-02 is \$19.571M (2001: \$20.595M)¹ and this will be funded by audit fee revenue of \$15.596M and the output appropriation.
13. At the hearing the committee was advised by the Premier that the audit fee revenue for 2001 was greater than estimated due to additional work undertaken by the audit office to assist clients in preparing for the earlier financial reporting deadline of 30 September. For the same reasons, there is a corresponding increase in the operating

expenditure. The Premier also advised that the proportion of operating costs met through fee revenue has increased from 72.4 percent in 1998-99 to 79.7 percent expected for the 2002 financial year. The committee commends the efficiencies being made by the audit office.

14. The committee was concerned that the decrease in the number of audit reports tabled may have been due to possible funding constraints. However the Auditor-General stated that the number of reports tabled *'is a factor of the emergence and finalisation of audit issues rather than an issue relating to the budget itself.'*² The committee notes that a fourth report was submitted to Parliament on 29 June 2001, after the MPS had been printed.

Parliamentary Commissioner for Administrative Investigations

15. The offices of the Parliamentary Commissioner for Administrative Investigations and the Information Commissioner provide an independent review of complaints and appeals about government administration.
16. The following table sets out details of the appropriation for 2001-02 compared to the previous financial year.

| | 2000-01 \$'000 | 2001-02 \$'000 |
|----------------------|-------------------|-------------------|
| Departmental Outputs | 5,423 | 5,540 |
| Equity Adjustment | (60) | (60) |
| Vote Total | 5,363 | 5,480 |

17. Reducing the backlog of complaints and appeals remains a priority. The committee is pleased to note that the Information Commissioner has made significant improvements in the timeliness of appeal

¹ Estimated actual for 2000-01

² Transcript 10 July 2001:19

resolution.³ The combination of having more experienced and trained staff together with the adoption of informal resolution techniques has contributed to this result.

18. Issues covered at the hearing include the following:

- the regional visitation program
- adoption of early intervention and informal resolution approaches
- staffing levels
- implementation of the 2001 strategic management review recommendations.

19. The committee is pleased to note the Parliamentary Commissioner's comments that funding is adequate at the current time.

Criminal Justice Commission

20. The Criminal Justice Commission (CJC) is an independent body that monitors, reviews and initiates reform of the administration of criminal justice in Queensland. In 2001 the commission's investigative jurisdiction was expanded to include allegations of official misconduct arising from private prisons.

21. The CJC is a non-departmental output of the Department of the Premier and Cabinet. The following table summarises the commission's revenues and expenses from ordinary activities.

| | 2000-01 Est Actual \$'000 | 2001-02 Estimate \$'000 |
|-------------------------------|---------------------------------|-------------------------------|
| Total Revenues (a) | 25,266 | 25,808 |
| Total Expenses | 25,383 | 25,903 |
| Total Surplus(Deficit) | (117) | (95) |

(a) Funding grant of \$25.618M (2001: \$24.956M) is included in the department's administered items appropriation.

22. The committee notes the funding grant increase of \$0.662M is mainly for enterprise bargaining commitments.

23. Issues covered at the hearing include:

- increase in number of complaints received
- success of proactive operations for selecting and investigating work
- development and dissemination of a Charter of Service to stakeholders to improve client focus
- staffing levels
- Project Resolve - the system being trialed for resolving complaints against police
- merging of the CJC and the Queensland Crime Commission
- monitoring of long term covert investigative strategies.

Commissioner for Children and Young People

24. The Commission for Children and Young People is an independent statutory body established to promote and protect the rights, interests and well being of all children and young people in Queensland.

25. The commission is a non-departmental output of the Department of the Premier and Cabinet. The following table summarises the commission's revenues and expenses from ordinary activities.

| | 2000-01 Est Actual \$'000 | 2001-02 Estimate \$'000 |
|-------------------------------|---------------------------------|-------------------------------|
| Total Revenues (a) | 2,595 | 4,238 |
| Total Expenses | 2,595 | 4,238 |
| Total Surplus(Deficit) | 0 | 0 |

(a) Funding grant of \$2.901M (2001: \$2.595M) is included in the department's administered items appropriation.

³ Premier and Minister for Trade, Ministerial Portfolio Statement:9-5

26. Issues canvassed at the hearing include:

- delineation of the responsibilities of the Commissioner for Children and Young People and the Department of Families
- the commission's monitoring role of service providers
- implementation of the Forde inquiry recommendations
- blue print development for a Child-Friendly Commonwealth
- the program of children's activities to accompany the Commonwealth Heads of Government Meeting (CHOGM) in 2001
- media campaigns undertaken by the commissioner.

27. The committee notes that additional funding has been provided to accommodate increased core functions such as community visits, complaints and investigations, employment screening, policy reviews and research.

Public Service Commissioner

28. The Office of the Public Service Merit and Equity delivers the departmental output titled *Administration of the Public Service and the Management and Employment of Public Service Employees* under the direction of the Public Service Commissioner. Discussion on the appropriation funding for the office is included in the commentary on the Department of the Premier and Cabinet.

Department of the Premier and Cabinet

29. The department is responsible for ensuring providing professional advice and services to the Premier on constitutional, legislative and intergovernmental matters and support and advice to Cabinet.

30. The following table sets out details of the appropriation for 2001-02 compared to the previous financial year.

| | 2000-01 \$'000 | 2001-02 \$'000 |
|----------------------|-------------------|-------------------|
| Departmental Outputs | 99,379 | 92,391 |
| Equity Adjustment | (422) | 446 |
| Administered Items | 84,811 | 94,125 |
| Vote Total | 183,768 | 186,962 |

31. The estimated expenditure for departmental outputs in 2001-02 compared to estimated actual expenditure for the prior year is detailed below.

| Departmental Output | 2000-01 EstActual \$'000 | 2001-02 Estimate \$'000 |
|--|--------------------------------|-------------------------------|
| Policy Advice, Co-Ordination and Cabinet Support | 15,308 | 18,504 |
| Parliamentary and Government Advice and Support Services | 27,171 | 26,681 |
| Community Engagement | 19,946 | 22,086 |
| Community Development | 23,722 | 14,642 |
| Legislative Drafting, Advisory and Information Services | 5,855 | 6,262 |
| Administration of the Public Service and the Management and Employment of Public Service Employees | 8,202 | 7,906 |
| Total | 100,204 | 96,081 |

Source: State Budget 2001-02, Premier and Minister for Trade Ministerial Portfolio Statement, Output Operating Statements

32. The Premier and Minister for Trade portfolio also includes the departmental output titled *International Trade Development*. This output is delivered through the trade division of the Department of State Development. Estimated output expenditure for 2001-02 is \$19.341M and is mainly funded by the Department of State Development appropriation.

33. Key elements of the 2001-02 Budget include:

- commencement of a three year E-democracy trial which includes online petitions to Parliament, holding Parliament in regional centres and broadcasting of parliamentary proceedings on the Internet
- completion of the Centenary of Federation project
- coordination of CHOGM
- facilitation for the Year of the Outback
- ongoing implementation of the Queensland-Smithsonian collaboration project
- development of a senior executives leadership performance framework.

34. Issues raised at the hearing include:

- role of the Integrity Commissioner
- recruitment of departmental chief executive officers and performance bonuses
- size of the public service
- visitor numbers to the South Bank precinct
- development plans for the site adjacent to the College of Art at South Bank
- advertising costs incurred in the previous financial year
- financial incentives for companies in exchange for agreements to provide a guaranteed number of new jobs
- trade missions conducted
- Smart State strategy
- former Premiers' entitlements
- performance of the north American Trade Office
- export advantages as a result of the low exchange rate for the Australian dollar
- senior executive positions held by women.

Deputy Premier, Treasurer and Minister for Sport

Treasury Department

35. The department provides financial and economic advice to the government. It is also responsible for energy policy, overseeing public sector superannuation, gaming regulation, personal motor accident insurance, statistical research and monitoring the State's Government Owned Corporations.

36. The following table sets out details of the appropriation for 2001-02 compared to the previous financial year.

| | 2000-01 \$'000 | 2001-02 \$'000 |
|----------------------|-------------------|-------------------|
| Departmental Outputs | 97,224 | 110,107 |
| Equity Adjustment | (2,222) | 205 |
| Administered Items | 1,206,996 | 1,134,723 |
| Vote Total | 1,301,998 | 1,245,035 |

37. The estimated expenditure for departmental outputs in 2001-02 compared to estimated actual expenditure for the prior year is detailed below.

| Departmental Output | 2000-01 Est Actual \$'000 | 2001-02 Estimate \$'000 |
|-----------------------------------|---------------------------------|-------------------------------|
| Fiscal and Economic Policy | 31,486 | 33,387 |
| GOC Performance and Governance | 2,148 | 2,391 |
| Energy | 11,648 | 16,036 |
| Economic and Statistical Research | 10,626 | 11,405 |
| Taxation | 37,637 | 36,826 |
| Gambling | 20,768 | 24,672 |
| Superannuation | 27,153 | 35,640 |
| Financial Management | 7,772 | 8,766 |
| Total | 149,238 | 169,123 |

Source: State Budget 2001-02, Deputy Premier, Treasurer and Minister for Sport Ministerial Portfolio Statement, Output Operating Statements

38. Key priorities for 2001-02 include:

- establishment of a Major Facilities Fund to finance major public sporting and cultural facilities
- implementation of the *Queensland Energy Policy – A Cleaner Energy Strategy*
- implementation of the *Taxation Administration Bill 2001 and Duties Bill 2001* once enacted
- enhancement of public sector superannuation to provide members with greater choice
- finalisation of the leasing arrangements for the Dalrymple Bay coal terminal
- management of a publicity campaign for the *2001 Census of Population and Housing*
- establishment of the Queensland Government Insurance Fund
- review of the GOC accountability framework and legislation.

39. Issues covered at the hearing include:

- Dalrymple Bay coal terminal lease negotiations
- net operating results of public trading enterprises
- employment forecasts
- sources of funding for capital works program
- economic policy framework
- maintenance of the State's AAA credit rating
- Commonwealth payments to the State
- GOC accountability framework and compliance with government policy
- HIH Insurance rescue funding
- projects associated with the implementation of the energy policy
- government owned electricity generators and green energy measures
- 2001 census campaign
- operation of the fuel subsidy scheme

- Taxation Administration Bill 2001
- equity return payments
- electricity GOC investments
- grants paid from the Gambling Community Benefit Fund
- development of a responsible gambling curriculum
- national competition policy payments
- performance measures for biotechnology investments
- new public sector superannuation arrangements.

Sport and Recreation Queensland

40. The Deputy Premier, Treasurer and Minister for Sport portfolio also includes the departmental output titled *Services, Infrastructure and Facilities to Queensland's Regions*. This output is delivered through the Department of Innovation and Information Economy, Sport and Recreation Queensland (DIIESRQ). Estimated expenditure for 2001-02 is \$101.079M and is predominantly funded by the DIIESRQ appropriation.

41. Budget highlights for 2001-02 include:

- redevelopment of Suncorp Metway Stadium
- continued development of regional sport and recreation facilities
- expansion of programs offered by the North Queensland Academy of Sport.

42. Issues addressed at the hearing include:

- the Thanks Coach, Thanks Ref campaign
- redevelopment of Tallebudgera outdoor recreation centre
- objectives of the Drugs in Sport policy
- sport and recreation opportunities in regional centres
- role of the Queensland Academy of Sport
- funding for the redevelopment of the Suncorp Metway Stadium

- National Standard Sports Facilities Program funding in rural and regional centres
- physical activity task force
- indigenous sport and recreation strategy.

Minister for State Development

Department of State Development

43. The role of the department is to support sustainable economic and regional development and foster a positive business environment that will secure growth and employment for the State. It also pursues partnerships with key industry sectors to assist the State's future development.

44. The following table sets out details of the appropriation for 2001-02 compared to the previous financial year.

| | 2000-01 \$'000 | 2001-02 \$'000 |
|----------------------|-------------------|-------------------|
| Departmental Outputs | 212,935 | 154,284 |
| Equity Adjustment | (1,542) | 1,411 |
| Administered Items | 63,360 | 66,211 |
| Vote Total | 274,753 | 221,906 |

45. The following table compares estimated expenditure for departmental outputs in 2001-02 to estimated actuals for the prior year.

| Departmental Output | 2000-01 Est Actual \$'000 | 2001-02 Estimate \$'000 |
|--|---------------------------------|-------------------------------|
| Business Development, Information, Regulation Reform and Advice | 21,268 | 19,326 |
| Industry Opportunities and Development | 32,614 | 35,653 |
| Regional Development | 48,887 | 44,054 |
| Major Projects Development and Facilitation | 17,831 | 7,308 |
| Investment Attraction and Support | 27,835 | 21,668 |
| State Infrastructure Planning and Coordination | 8,855 | 15,323 |
| State Development and Commercial Policies, Strategies and Advice | 6,814 | 7,314 |
| International trade development | 21,453 | 19,341 |
| Total | 185,557 | 169,987 |

Source: State Budget 2001-02, Minister for State Development Ministerial Portfolio Statement, Output Operating Statements

46. Key priorities for 2001-02 include:

- continued development of the aviation industry
- promotion of e-commerce
- provision of funding for a project officer to encourage e-commerce systems for small businesses in Bundaberg
- international promotion of the Smart State trade and investment agenda
- securing major minerals processing projects
- completion of the State Infrastructure Plan.

47. Issues covered at the hearing include:

- costs for the South Bank pedestrian bridge project
- consultancies
- the Royal Australian Navy patrol boat replacement project
- employment creation in regional areas
- strategies for attracting aviation related business
- job creation projects
- utilisation of multilingual skills in the workforce
- attracting venture capital
- development of business management skills
- funding commitments to Monto Minerals
- oil mining operations in the Yarwun and Targinnie areas
- Gladstone Port access road funding
- development of the Gold Coast Convention and Exhibition Centre
- native title issues regarding the proposed waste water pipeline between Brisbane and the Lockyer Valley
- land resumption for the Suncorp Metway Stadium redevelopment
- regional business development scheme funding
- progress of the Chevron Gas Pipeline
- information technology and the delivery of online services
- enhancing a culture of enterprise and entrepreneurship in Queensland
- building of an industrial estate in Toowoomba
- provision of industrial land for the Australian Magnesium Corporation construction project.

Appropriation Bill 2001 for the organisational units in the portfolios referred to it, be agreed to by the Legislative Assembly without amendment.

Acknowledgments

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

Pat Purcell MP
Chair
July 2001

COMMITTEE MEMBERS

Mr Pat Purcell MP (Chair)
Mr Mike Horan MP (Deputy Chair)
Mr Michael Choi MP
Mrs Liz Cunningham MP
Mr Vaughan Johnson MP
Ms Margaret Keech MP
Mr Kerry Shine MP

SECRETARIAT

Ms Leanne Clare (Research Director)
Mr Tim Moroney (Research Officer)
Ms Carolyn Heffernan (Executive Assistant)

Recommendation

48. The committee recommends that the proposed expenditure, as detailed in the

STATEMENT OF RESERVATION

Estimates Committee A

submitted by

Mr Mike Horan MP

Leader of the Opposition

and Member for Toowoomba South

July 2001

1. Estimate Committees were established by Sessional Orders to provide a better means for parliamentary scrutiny of the government's proposed expenditure for each Department. Good government rests on quality decision-making realised by transparent and methodical processes that direct Ministers in the effective completion of their duties.
2. It is critical that Queenslanders have access through the parliamentary processes to transparent and accountable information. Access to this information is the only way to demonstrate that the standard of service meets Queenslanders needs and expectations, and that funding is allocated to areas of priority.
3. The Premier and Minister for Trade attended the public hearing of Estimates Committee A from 9.15 am to 1.00 pm. The Deputy Premier, Treasurer and Minister for Sport attended from 2.00 pm to 5.15 pm. Both Ministers provided satisfactory responses to many questions. However, there were items of serious concern which were not addressed thoroughly. As a consequence it is necessary to reiterate those concerns in a sincere attempt to have those issues dealt with and managed correctly. Those issues include:-

The Role of the Children's Commissioner:

4. Reference is made to the 2000 plus high-priority child abuse cases unassessed by the Department of Families. It is an appalling indication that a government department is clearly not functioning nor being administered properly. It is not good enough for a government or one of its officers to avoid responsibility by explaining the Commission for Children and Young People – a commission established to protect children's wellbeing – is "not a service provider in the sense that the Department of Families is. We monitor the processes and practices of people who deliver services to children." Quite clearly it is time the monitoring was extended to some practical application to ensure that our most vulnerable children are being provided with the attention, assistance and care that they deserve. If the Children's Commissioner does not have the legislative base upon which to act or intervene in this most despicable situation, the government should introduce the necessary legislative amendment which will provide the lawful framework for the Children's Commissioner. The government should also provide the necessary funding to have this most serious problem resolved as a matter of urgency.

Performance Bonuses:

5. It is noted the Auditor-General will be undertaking an examination of the performance bonuses to be paid to Chief Executive Officers. It is also acknowledged that the Premier will table the full amount of bonuses not the individual amounts to be paid to Directors-General.
6. The Auditor-General indicated that he believes the public has the right to know which is fully supported by the Opposition. However, Queensland taxpayers deserve to know the full amount paid to each Chief Executive, not just a collective amount. As well Queenslanders deserve to know the targets set for each Chief Executive and the evaluation criteria used by the Premier to assess the payment of the performance bonus or otherwise.
7. As an example, with the numerous funding and service problems occurring within the Department of Families, it is imperative Queenslanders have full knowledge of the targets and measurements applied to the Chief Executive of that Department prior to any performance bonus being made.

Unemployment rate:

8. The Beattie Government promised an unemployment rate of five percent. Unfortunately, the unemployment rate currently sits at 8.6% – the worst in mainland Australia. Under questioning the Premier was unable to provide any evidence to support claims that the Budget in conjunction with the Smart State Strategy will generate or provide real jobs. As it stands, the Smart State Strategy will be nothing more than an arrogant expensive public relations illusion similar to the 5 percent unemployment promise.
9. The Budget predicted an unemployment rate of 8 percent. In order to achieve an average 8 percent unemployment rate for the year 2001-02, a rate of at least 7 percent would have to be realised by 30 June 2002. All indications are that unemployment in Australia may rise, which means a rise in Queensland. Consequently, the prediction of 8 percent in the Budget papers lacks credibility.

10. The State Development Minister in promoting the AMC project stated “the AMC announcement will be seen as changing the economic fabric of the State. It will spawn a cluster of new industries and job creation.” Unfortunately since the Estimate Committee’s public hearing, AMC announced their failure to raise the \$680 million equity which puts further pressure on the unemployment predictions in the Budget papers.

National Competition Policy:

11. Previously the Treasurer advised the total amount received by Queensland since NCP payments commenced in 1997-98 was estimated at \$247.7 million, all of which has been credited to consolidated revenue. Under questioning the Treasurer was unable to outline how much of this total was directly due to the deregulation by the Beattie government of the Queensland dairy industry. Similarly of the \$134 million NCP payment for 2001-02, the Treasurer was unable to outline the level of funding going to industries affected by NCP.
12. The Committee learnt that the State had \$12.9 million withheld as a result of an adverse assessment of water reform and the community service obligation framework for public transport. As the State received a favourable assessment for its dairy deregulation and received the associated NCP payment, it is regrettable the Beattie Government did not provide any financial assistance to the State’s ailing dairy industry.

Capital Works:

13. Capital works on a budget-to-budget basis has been reduced from \$5.285 billion to this year’s figure of \$5.115 billion. The Budget papers show that total spending is rising while capital spending is declining. This means that funding of the annual recurrent costs is realised by cutting capital works. This is an unsustainable financial practice of increasing recurrent expenditure at the expense of decreased capital works.
14. The government advises its Capital Works Program for 2001-02 of \$5.115 billion is a 2.2 percent increase on estimated actual outlays in 2000-01. However, in the 2000-01 Budget the government said capital outlays were

estimated at \$5.285 billion while the actual spend was \$5.007 billion. The government is spending \$280 million less this year on capital works than it did last year which is an underspend of 5.3 percent.

Surplus and Deficit:

15. Reference is made to the \$820 million deficit recorded in 2000-01, which is particularly significant when compared to the \$1,062 million net operating profit that was made in 1999-2000. The 2000-01 outcome contrasts with the forecast, which was of a surplus of \$29 million. The negative turnaround to estimated actual totals \$1,882 million.
16. The 2001-02 budget allocated \$230 million as a consequence of the collapse of HIH; \$100 million for the Townsville-Thuringowa water project, and indicated that reduced interest rates also affected the government's income. Given that the overall turnaround was almost \$2,000 million and the unexpected call on funds from HIH which has been brought forward, represents only 28 percent of the \$820 million, the Treasurer was unable to satisfactorily explain what happened to the surplus or the cause of the deficit?
17. As mentioned previously, it is essential for the Opposition and Queensland taxpayers to have access to transparent and accountable information. As some of the responses provided by the Premier and Ministers were not satisfactory or the responses lacked credibility, there was no clear demonstration that the standard of service and the funding allocated will meet Queenslanders needs and expectations.

**Mike Horan MP
Leader of the Opposition
and Member for Toowoomba South
July 2001**