



Estimates Committee A

2003

Report No. 2 To The Legislative Assembly

Introduction

1. Estimates Committee A was appointed by the Legislative Assembly on 30 April 2003 to examine and report on the proposed expenditures contained in the *Appropriation Bill 2003* and the *Appropriation (Parliament) Bill 2003*. In accordance with the sessional orders adopted by the Assembly, the following organisational units were specifically allocated to the committee:

Office of the Governor
Legislative Assembly
Queensland Audit Office
Ombudsman
Crime and Misconduct Commission
Commissioner for Children and Young People
Public Service Commissioner

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 15 July 2003 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/Hansard/>
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 manages the Government House estate. The following table sets out details of the appropriation for 2003-04 compared to the previous financial year.

	2002-03 \$'000	2003-04 \$'000
Departmental Outputs	3,322	3,353
Equity Adjustment	(114)	(114)
Vote Total	3,208	3,239

9. Key highlights in the Budget include:
 - completion of the Governor's term and swearing in of the 24th Governor of Queensland on 29 July 2003; and
 - investigate and where feasible undertake a rationalisation of horticulture facilities (office accommodation, repair and storage facilities) on the estate.
10. The committee did not have any questions about this agency's estimates at the hearing.

Queensland Audit Office

11. The Queensland Audit Office (QAO) provides public sector auditing services and reporting. These services include the financial and

compliance audits of some 813 public sector entities together with performance management systems audits, special investigations and the annual audit of the whole of government consolidated financial statements.

12. The following table sets out details of the appropriation for 2003-04 compared to the previous financial year.

	2002-03 \$'000	2003-04 \$'000
Departmental Outputs	4,028	4,151
Equity Adjustment	(92)	(92)
Vote Total	\$3,936	\$4,059

13. The estimated expenditure for 2003-04 is \$23.052M (2003: \$22.602M)¹ and this will be funded by audit fee revenue of \$18.901M and the output appropriation of \$4.151M.

14. Matters raised at the hearing include:

- Auditor-General's access to information.
- Accountability and governance issues.
- Client information sessions.
- Better practice guidelines.
- Continuous improvement program at QAO.
- Staff training.

Ombudsman

15. The Offices of the Ombudsman and Information Commissioner provides an independent review of complaints and appeals about government administration.

16. The following table sets out details of the appropriation for 2003-04 compared to the previous financial year.

	2002-03 \$'000	2003-04 \$'000
Departmental Outputs	5,852	5,855
Equity Adjustment	247	(120)
Vote Total	6,099	5,735

17. The estimated expenditure for 2003-04 is \$5.855M (2003: \$5.872M)² and this will be funded by output appropriation.

18. Key priorities in the Budget include:

- consolidate and extend the implementation of the *Catalyst* case and records management system to include all non-case related administrative records;
- analyse *Catalyst* data to identify trend patterns in complaints/appeals within or across agencies and/or indicators of systemic maladministration;
- assist 10 agencies taking part in the Effective Complaints Management Project to develop effective internal complaints systems;
- expand the information and assistance activities by staff of the Information Commissioner, including production of educational publications and training presentations; and
- implement shared corporate services arrangements for finance and payroll systems through the Parliamentary Service from 1 July 2003.

¹ Estimated actual for 2002-03, *Premier and Minister for Trade Ministerial Portfolio Statement 2003-04*: 10-3

² Estimated actual for 2002-03, *Premier and Minister for Trade Ministerial Portfolio Statement 2003-04*: 8-3

19. Issues addressed at the hearing include:
- Continued program of regional centre visits.
 - Community promotion of the Ombudsman's services.
 - Complaints resolution.
 - FOI charges.
 - Client service charter.
 - *Catalyst* complaints management system.

Crime and Misconduct Commission

20. The Crime and Misconduct Commission (CMC) is an independent body that focuses on fighting and preventing major crime, reducing serious misconduct and promoting high standards of integrity in the public sector and protecting witnesses.
21. The CMC 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.

	2002-03 Est Actual \$'000	2003-04 Estimate \$'000
Total Revenues	30,705	31,499
Total Expenses	31,303	31,499
Total Surplus(Deficit)	(598)	0

22. The major revenue source is grant funding administered by the Department of the Premier and Cabinet.
23. Issues raised at the hearing include:
- Progress in combating of major crime including organised crime and paedophilia.
 - Progress on working in partnership with law enforcement agencies to investigate the large-scale production, supply and trafficking of heroin and cannabis.
 - Research into availability of drugs.
 - Provisions that have been made to ensure the independence of the commission.
 - Complaints management assessment.
 - Output measures.
 - Witness protection output.

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 wellbeing of children and young people in Queensland.
25. The commission is a non-departmental output of the Department of the Premier and Cabinet.
26. The following table summarises the commission's revenues and expenses from ordinary activities.

	2002-03 Estimate \$'000	2003-04 Estimate \$'000
Total Revenues	8,060	5,089
Total Expenses	7,677	5,089
Total Surplus(Deficit)	383	0

27. The major revenue source is grant funding administered by the Department of the Premier and Cabinet.
28. Key priorities in the Budget include:
- undertake a number of education, research and evaluation projects;
 - collaborate with the New South Wales Commission for Children and Young People to develop a national policy approach to early years;
 - implement a training program to enhance the advocacy skills of works in community organisations in regional centres who are involved in the provision of child advocacy;
 - provide input to the review of the commission's employment screening function to be undertaken by the Department of Premier and Cabinet;
 - provide on-going training and support to regional based community visitors and work with disability, mental health and child protection service providers;

- develop further good practice strategies for youth participation in the commission's decision making processes and enhance partnerships with young people, including indigenous young people;
- develop information and promotional materials and redevelop the website to enhance access by client groups; and
- co-chair the 15th Congress of the International Society for Prevention of Child Abuse and Neglect 2004

Public Service Commissioner

29. The Office of the Public Service Commissioner (OPSC) – which operates as the Office of the Public Service Merit and Equity - carries out legislative and regulatory functions with respect to the administration, management and employment of Queensland public service employees.
30. The following table sets out details of the appropriation for 2002-03 compared to the previous financial year.

	2002-03 \$'000	2003-04 \$'000
Departmental Outputs	4,108	4,224
Equity Adjustment	0	0
Vote Total	4,108	4,224

31. The estimated expenditure for 2003-04 is \$4.224M (2003: \$6.576M)³ and this will be funded by output appropriation.

32. Key priorities in the Budget include:

- introduce a Public Service Charter to produce a clear and simple statement of what it means to be a Queensland public servant;

- complete a whole-of-government solutions project aimed at improving the delivery of government services by learning from the experiences of agencies which have tested innovative and more integrated service delivery approaches; and
- finalise, in partnership with the Department of Industrial Relations, a workforce management project which will include a strategic approach to the potential impact on the Queensland public service of changing workforce demographics including an ageing workforce, youth recruitment and the retention of skills and knowledge.

Department of the Premier and Cabinet

33. The department is responsible for providing professional advice and services to the Premier on constitutional, legislative and intergovernmental matters and support and advice to Cabinet.
34. The following table sets out details of the appropriation for 2002-03 compared to the previous financial year.

	2002-03 \$'000	2003-04 \$'000
Departmental Outputs	78,444	74,474
Equity Adjustment	(486)	524
Administered Items	84,158	86,925
Vote Total	162,116	161,923

³ Estimated actual for 2002-03, *Premier and Minister for Trade Ministerial Portfolio Statement 2003-04*: 9-4

35. The estimated expenditure for departmental outputs in 2003-04 compared to estimated actual expenditure for the prior year is detailed in the following table.

Departmental Output	2002-03 Est Actual \$'000	2002-03 Estimate \$'000
Policy Advice, Co-Ordination and Cabinet Support	18,562	16,110
Government and Executive Services	33,925	25,470
Community Engagement	25,622	23,000
Events, Protocol and Communication Services	9,670	8,637
Legislative Drafting, Advisory and Information Services	7,167	7,144
Total	94,946	80,361

Source: State Budget 2003-04, Premier and Minister for Trade Ministerial Portfolio Statement, Output Operating Statements

36. 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.

37. Estimated output expenditure for 2003-04 is \$22.374M (2003: \$24.346M)⁴ and is mainly funded by the Department of State Development appropriation (\$22.184M).

38. In 2003-04 the department will:

- continuance of the integrated justice information system;
- continuation of the e-democracy initiatives including broadcasting Parliamentary proceedings over the internet, a mechanism to allow petitions to be signed and lodged electronically and a website providing Queenslanders with the opportunity to input into policy issues; and

- implement a Community Engagement Improvement Strategy to enhance the ability of the Queensland public sector to support effective government-community engagement.

39. In 2003-04 the International Trade Development division will:

- expand the New Exporter Development Program to focus on integrating Queensland government and Austrade exporter services for SMEs
- further develop the potential of the Aboriginal and Torres Straight Islander art industry
- progress the emphasis on the International Aid and Development business sector to secure opportunities for the export of Queensland expertise and skill
- develop market intelligence networks through the expansion of the Queensland Global Allies Network in targeted markets.

40. The organisational units of the Commissioner for Children and Young People, Public Service Commissioner and Department of Premier and Cabinet (including International Trade Development) were examined together at the hearing.

41. Issues canvassed include:

- Government air travel.
- Estimated actual results.
- Number and continuity of blue cards issued by the Commissioner for Children and Young People.
- Child protection issues.
- International education and training industry initiatives.
- Regional Environmental Protection Agency's clean beach challenge.
- Organ retrievals by the aviation services output.
- Community engagement division.
- The Commissioner for Children and Young People's book on fathering for practitioners.
- Women in management.
- Temporary accommodation of public service officers.

⁴ Estimated Actual for 2002-03, Premier and Minister for Trade Ministerial Portfolio Statement 2004-04:6-7

- Paid maternity leave.
- Australian Magnesium Corporation (AMC).
- Vegetation management.
- The Queensland Events Corporation's Regional Development Program.
- Development of biotechnology in Queensland.
- Smart State initiatives.
- Government advertising.
- Bonus payments to Directors-General.
- Public sector numbers.
- Internal audits.
- How the security planning and co-ordination unit works to address counter-terrorism issues.
- Smithsonian Institute memorandum of understanding.
- Smart Women, Smart State awards program.

Deputy Premier, Treasurer and Minister for Sport

Treasury Department

42. 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 (GOC's).

43. The following table sets out details of the appropriation for 2002-03 compared to the previous financial year.

	2002-03 Adjusted budget \$'000	2003-04 \$'000
Departmental Outputs	104,758	114,162
Equity Adjustment	4,500	2,395
Administered Items	719,577	1,540,312
Vote Total	828,835	1,656,869

44. The estimated expenditure for departmental outputs in 2003-04 compared to estimated actual expenditure for the prior year is detailed in the following table:

Departmental Output	2002-03 Est Actual \$'000	2003-04 Estimate \$'000
Fiscal and Economic Policy	41,172	39,321
GOC Performance and Governance	2,439	2,466
Economic and Statistical Research	12,481	12,007
Taxation	37,712	39,728
Gambling	26,988	29,675
Superannuation	45,448	49,734
Shared Service Implementation	7,343	14,921
Total⁵	173,583	188,998

Source: State Budget 2002-03, Deputy Premier, Treasure and Minister for Sport Ministerial Portfolio Statement, Output Operating Statements

⁵ The department provides corporate support to the non-departmental outputs. Whilst the associated expenses and revenues are reflected in the financial statements they are not included in the individual output statements of financial performance. Further adjustments are made representing eliminations upon consolidation for inter output/department trading. Consequently the sum of the individual output statements does not add to the departmental statement of financial performance.

45. Key priorities for 2003-04 include:

- achievement of fiscal principles in the Charter of Social and Fiscal Responsibility and build awareness of the risks and influences affecting Queensland's fiscal position;
- participation in the Commonwealth Grants Commission 2004 Review of State Relativities;
- provision of funding for the Business Systems Replacement project as the initial stage in the implementation of an Information Technology Strategic Plan (ITSP) for the Taxation output;
- undertaking, in conjunction with portfolio agencies, the first stage of strategic assessments of GOCs, focusing on issues such as financial performance benchmarks, operating environment and future direction;
- implementation of a gaming machine re-allocation scheme in alignment with the government imposed, state-wide cap on the number of gaming machines in hotels;
- implementation of an internet upgrade for the Government Superannuation Office to realise efficiencies in services to employees allowing on-line access to member information;
- implementation of the Community Ambulance Cover;
- consolidation of the Brisbane CBD Treasury offices from dispersed locations to the 33 Charlotte Street building; and
- whole-of-government coordination and program management to enable the Shared Service Initiative transition to occur as scheduled.

46. Issues addressed at the hearing include:

- Review of state taxes, fees, fines, levies and other charges.
- Suncorp Stadium loan.
- Land tax.
- Community ambulance cover levy.
- Public sector superannuation scheme.
- Responsible gambling initiatives and research.
- Gambling Community Benefit Fund.
- Relocation of five Treasury offices.
- Management of risk related to the Commonwealth Grants Commission recommendations on the GST.
- Personal injury register.
- Special dividend payments.
- Public sector wage estimates.
- Implementation of shared services initiative.
- Community investment fund.
- Royalties from Smart State technology.
- Current insurance issues with respect to the long-term care for seriously insured claimants.
- Data hub for information sharing across government.
- Queensland household surveys.
- Queensland's AAA credit rating.
- Implementation of internet based employer data collection system.
- Public liability insurance issues.
- Treasurer's Advance Account.
- Budget deficit.

Sport and Recreation Queensland

47. The Deputy Premier, Treasurer and Minister for Sport portfolio also includes the departmental output titled *Services, Infrastructure and Facilities to Queensland*. This output is delivered through the Department of Innovation and Information Economy, Sport and Recreation Queensland (DIISRQ).

48. Estimated expenditure for 2003-04 is \$129.812M (2003: \$123.971M)⁶ and is predominantly funded by the DIIESRQ appropriation (\$125.888M).
49. Budget highlights for 2002-03 include:
- motivating children and youth to participate in physical activity through the *Get Active Children and Young People Strategy*;
 - completing the development of a North Queensland Sports House facility at the Townsville Sports Reserve;
 - finalising the redevelopment of the Tallebudgera Outdoor Recreation Centre as an aquatic centre of excellence;
 - maximising the opportunities from the staging of the Rugby World Cup in 2003 to promote Queensland as a premier sport and recreation destination;
 - developing a Centre of Excellence for applied Sport Science Research, within the Queensland Academy of Sport (QAS), which will provide funding for applied research, coordinate an industry placement program and sponsor the development of specialised equipment;
 - assisting Queensland's elite athletes prepare for the Athens 2004 Olympic and Paralympic Games;
 - relocating the QAS to the QEII Stadium as an integrated centre of excellence to improve elite athlete development services; and
 - supporting the conduct of the Lexmark Indy 300 motor race for a further five years to 2008.

50. Issues addressed at the hearing include:

- Sports facility lease payments.
- Sports memorabilia.
- Life memberships at Suncorp Stadium.
- Disability access to Suncorp Stadium.
- Suncorp Stadium playing surface.
- Video replay screens contract.

- Percentage of poker machine returns allocated for Sport and Recreation funding.
- Access and allocation to sport and recreation funding.
- Monitoring of grant funding.
- Economic benefits of the Lexmark Indy 300 motor race on the Gold Coast.
- Program of targeting community groups with low participation rates in sporting activity.
- Get Active Queensland program for children and young people.
- Coaching and officiating programs.
- Queensland Academy of Sport's regionalisation program.

Minister for State Development

Department of State Development

51. 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.
52. The following table sets out details of the appropriation for 2003-04 compared to the previous financial year.

	2002-03 \$'000	2003-04 \$'000
Departmental Outputs	173,898	159,378
Equity Adjustment	29,839	37,916
Administered Items	49,230	91,784
Vote Total	252,967	289,078

⁶ Estimated Actual for 2002-03, *Deputy Premier, Treasurer and Minister for Sport Ministerial Portfolio Statements 2003-04:3-8*

53. The following table compares estimated expenditure for departmental outputs in 2003-04 to estimated actuals for the prior year.

Departmental Output	2002-03 Est Actual \$'000	2003-04 Estimate \$'000
Business and Market Development Services	178,388	120,244
Infrastructure and Project Facilitation	25,980	24,894
International trade development	24,346	22,374
Total	228,714	167,512

Source: State Budget 2002-03, Minister for State Development Ministerial Portfolio Statement, Output Operating Statements

54. Key priorities for 2003-04 include:

- expand and facilitate Business Capacity Building and Business Establishment in Indigenous Communities both within the Cape York region and throughout Queensland;
- extend regional forest planning state-wide via resolution of the State Wide Forest Process;
- continue to provide support for Queensland's businesses, industries and regions by implementing various strategies;
- development of the third annual State Infrastructure Plan – Implementation Plan;
- commencement of the construction of the Burnett River Dam and associated weirs;
- implementation of staged strategic infrastructure works to support major project development in Gladstone;
- assisting in progressing the first PPP project, the Southbank Education and Training Precinct;
- continued management of the Gold Coast Convention and Exhibition Centre and Brisbane Cruise Terminal projects;
- undertake further investigations into the feasibility of a cruise and military vessel facility in Townsville;

- facilitate for the consideration of the Brisbane City and South East Queensland Telecommunications Infrastructure Strategy;
- complete the Fitzroy Industry and Infrastructure Study and generate an agreed action plan for investment attraction and infrastructure provision for the area; and
- continued facilitation, co-ordination and assistance of current and proposed private sector development projects.

55. Issues covered at the hearing include:

- Location of MBF's new national customer contact centre in Brisbane.
- Government representation on the AMC Board.
- Coomera marine precinct.
- Burnett water infrastructure project.
- Implementation of the Public Private Partnerships policy.
- Business migration.
- Major domestic and international investment attraction.
- Targeted research programs.
- Community ambulance levy.
- Location of business head offices in Queensland.
- Nelly Bay Harbour development.
- Grants to Worldwide Fund for Nature and Maroochy Shire Council.
- Water infrastructure priorities.
- Superyacht market.
- Infrastructure works and projects in the Australia TradeCoast area.
- Small business assistance.
- Programs in place to protect the integrity of the Queensland Investment Incentives Scheme.
- Building of the Sunshine Coast region.
- Conference costs.
- Major projects not yet commenced.

Recommendation

56. The committee recommends that the proposed expenditure, as detailed in the *Appropriation Bill 2003* for the organisational units in the portfolios referred to it, be agreed to by the Legislative Assembly without amendment.

[Original Signed]

Margaret Keech MP
Chair
August 2003

Committee Members

Margaret Keech MP (Chair)
Mr Lawrence Springborg MP (Deputy Chair)
Mr Michael Choi MP
Mr Mike Horan MP
Mr Bob Quinn MP
Ms Barbara Stone MP
Mr Trevor Stong MP

Secretariat

Ms Deborah Jeffrey (Research Director)
Ms Lynn Knowles (Executive Assistant)

Statement of Reservation
Estimates Committee A – Report No. 2
submitted by
Mr Lawrence Springborg MP
Leader of the Opposition
Member for Southern Downs
August 2003

At the meeting of Estimates Committee A held on Wednesday 4 June 2003, it was determined that Ministers and Mr Speaker's answers to Questions on Notice in relation to Estimates Committee A would be required to be returned to the Research Director by 12 Noon on Friday 4 July 2003.

This decision of Estimates Committee A was made conscious of Sessional Order 26(3) which provides that "The Minister or Mr Speaker shall provide answers to questions referred to in (1) above, at least 24 hours prior to the hearing."

The decision of the Committee on 4 June 2003, was made, notwithstanding the Sessional Order, in an endeavour to ensure that all Members of the Committee were provided with answers to Questions on Notice in order to enable adequate time for matters raised in such answers to be properly addressed.

I note and congratulate Mr Speaker for being able to comply with the decision of the Committee. I further note that the Premier and Minister for Trade failed to comply with this decision and instead sought refuge in strict application of the Sessional Order.

This decision of the Premier and Minister for Trade sits strangely with a Government that makes the claim of being open and accountable. The failure by the Premier and Minister for Trade to comply with a request of the Committee raises real questions about his commitment, not only to the principle of openness and accountability, but also to compliance with the requirements of a Committee of this Parliament and the practice of Ministers since the establishment of Estimates Committees who have generally complied with the Committees' requested time-frames.

In relation to the conduct at the public hearing, reservations are held with the inability of the Premier and the Commissioner for Children and Young People to explain the ineffective monitoring of the role of the Department of Families by the Commission for Children and Young People. The Department of Families has the primary responsibility to protect children from abuse and to provide children at risk with safe and secure environments. However key outcomes of the Commission for Children and Young People includes "safeguarding children and young people from harm", as well as "monitoring laws, policies, and practices that impact on children and young people". The Commission as well as the Department of Families have failed many children by not accomplishing their respective key objectives.

The Commission for Children and Young People attracted \$8 million in funding in the previous financial year, and whilst it is acknowledged that the Commission will receive a funding reduction of \$3 million approximately this financial year, the Committee should be questioning whether Queensland children are gaining any benefit from the funding appropriation to the Commissioner for Children and Young People.

Another reservation which needs to be addressed is performance measurement. Government departments and agencies are required to provide figures and targets which have no relevance to actuality. When questioned on the matter, the Premier acknowledged the difficulty in developing output measures, but suggested that performance is dealt with more comprehensively in respective Annual Reports. As the Estimates Committee process deals with the budgetary positions and budgetary appropriations of government departments and agencies, it would be beneficial to have tangibility in performance measures, instead of the obscure figures which proliferate throughout the various Ministerial Program Statements. The current system fails to provide or define whether the Queensland taxpayer is getting value for money.

The Committee should also have reservations about the lack of accountability and responsibility displayed by the Premier in relation to his and the government's role in encouraging "Mum and Dad" investors to invest in AMC. Under questioning the Premier was unable to provide the Committee with any outline of the advice taken by he, or the government, in relation to investment in AMC.

In relation to Internal Audit Reports, a question on notice was submitted by the non-government Members. It was noted that a number of reports were withheld. However, the Committee was not provided with appropriate reasons for those documents being withheld, and as a consequence the "independence" and integrity of the department's Internal Audit Unit is being put in jeopardy.

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The Treasurer confirmed during the examination of funding for Deputy Premier, Treasury and Sport that Queensland Treasury will only be funding Government Departments and Agencies for 3% of any wage increases awarded to employees, effectively forcing Government Departments and Agencies to fund the rest of the wage increases from within their existing budget allocations. This will therefore require those Departments and Agencies to cut program budgets and reduce client services to enable them to fund wage increases for their staff. This is a position not supported by Opposition members of the Committee.

The Treasurer also confirmed that the Government under the ASAP process intends to link State Taxes, Fees, Fines, Levies and Other Charges to increases in the Consumer Price Index (CPI). The Treasurer also stated that the Government was not concerned about the self-inflationary effects that may flow from this policy. Despite the fact that the previous Commonwealth practice of CPI linked indexation of fuel excise clearly demonstrated the self-inflationary effect such a policy can initiate and perpetuate.

Confirmation that the Government has increased nearly 850 taxes, fees, fines, levies and other charges in the two weeks leading up to the end of the 2002/2003 financial year was also provided by the Treasurer. It should be noted that these increases were on average about 3.4%, yet the annualised rate of inflation was less than 3.4% in the 2002/2003 financial year.

Opposition members of the Committee are also concerned about the lack of definitive policy guidelines for the compulsory ambulance levy. The Treasurer confirmed that there were still grey areas in regard to who pays the ambulance levy and that the Government is yet to finalise a position on all circumstances where a person is required to pay the levy.

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Dissenting Report
Estimates Committee A – Report No. 2
submitted by
Mr Mike Horan MP
Shadow Minister for State Development and Small Business
Member for Toowoomba South
August 2003

AMC

The estimates process is to ensure that public funds have been used carefully, are well spent and that every precaution has been taken to safeguard these public monies.

The answers provided by the Minister for State Development to my questions regarding the Government's protection of its huge financial support for the Australian Magnesium Corporation (AMC) were unsatisfactory.

Despite a total Government and government owned corporation financial commitment of \$348 million [ie distribution assistance arrangements \$128 million; infrastructure agreements \$50 million; stamp duty refund \$5 million; rail infrastructure commitment \$9 million; energy supply agreement and associated infrastructure \$50 million; cost overrun reserve facility \$70 million; infrastructure agreement \$22 million and additional infrastructure agreement \$14 million], the Minister was forced to admit that no effort had been made to ensure a Government representative was on the Board of AMC, particularly following the financial assistance given to the second float.

It was further revealed in questioning, that the Minister and his Department were unaware of the magnitude of the problems in relation to the contract price until 17 April 2003, whereas AMC had been aware of these issues since December 2002. Bank finance for the project hinged upon a fixed price, yet this fixed price had not been obtained. This serious issue would have been known much earlier had the Government had the sense to have a representative on the Board of AMC.

With so much taxpayer money allocated to this project and with the Government providing funding for payment of distribution entitlement shares, it would have been financially prudent to have had this representation.

Further, it may have safeguarded the hundreds of Mum and Dad investors who were lured into this project by the Premier's support and the Government's distribution guarantees.

I consider this to have been a most serious lack of financial diligence and scrutiny by the Government. This has contributed to the losses faced by both the Government and private investors.

Ambulance Levy

Questioning revealed that the Minister and his Department, who are responsible for the well-being of small business, failed to prevent the imposition of the inequitable ambulance levy on small business in this State.

Questioning also showed that many small businesses will have to pay this levy many times over.

I believe this estimates questioning has demonstrated that this Minister is ineffectual. Both he and the Beattie Government have placed unfair imposts on small business.

Lost Industry and Headquarters

Questioning showed the worrying increase in companies leaving the State or moving parts of their operation or their headquarters from Queensland. Companies named were:- MIM, Kellogs, AMC, LG, Austoff, Queensland Cement, QNI, QCT Resources, Jupiters and Castlemaine Perkins.

It was also noted that the gas pipeline from Papua New Guinea, promised under the first term of the Beattie Government, was still not here.

Departmental Costs

The Minister responded to Question on Notice No. 6 in relation to conferences/workshops run by his Department with thirty-seven pages conferences held throughout the State.

In particular, it was noted that the preparation of the balanced scorecard for the Division at the Chifley Hotel had cost \$16061. It was further noted that an amount of \$6820 had been spent for a workshop facilitator.

At a time when there are so many important needs, this seems an unnecessary and extravagant expense by this Department.

[Original Signed]

Mike Horan MP

Shadow Minister for State Development and Small Business