



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

Hansard 26 October 1999

MINISTERIAL STATEMENT

Government Owned Corporations, Executive Remuneration

Hon. P. D. BEATTIE (Brisbane Central— ALP) (Premier) (10.15 a.m.), by leave: I am pleased to inform the House that State Cabinet yesterday approved tight new guidelines for the salary packages of senior executives employed by GOCs. The main point of the new guidelines is that from now on all GOCs will have to consult shareholding Ministers before any proposed change to the salary packages and any changes will need to be justified. Salary packages will also be included in each GOC's annual report and statement of corporate intent on a similar basis to that required of publicly listed companies by the Corporations Law.

These steps remove any real or imagined grey areas. The proper process is now spelled out clearly, in black and white. The guidelines also strike the correct balance between ensuring that GOCs attract the highest standard of senior staff and ensuring that the packages are public and transparent. After all, we are dealing with taxpayers' money here. It is not good enough to award large increases in senior executives' salaries on a nod and a wink.

I make it clear, however, that the spirit of corporatisation will not be tainted. My Government is not taking a step back towards central control by Ministers, nor does my Government intend to go down the path of privatisation. GOC boards will retain the right to appoint staff, including senior executives. What we are simply doing here is ensuring cooperation and transparency between GOCs and the Government on issues of remuneration.

The new guidelines can and will if necessary be enforced. For example, shareholding Ministers could provide a direction to a GOC board under section 124 of the Government Owned Corporations Act if they did not agree with the proposed salary package change. Such a direction would be issued in the public interest. But importantly, as part of the consultation process, the shareholding Ministers would only give such a direction if the GOC's commercial interests were not affected. In other words, if GOCs need to pay market salary rates to get the best executives and stop a poaching exercise by New South Wales, Victoria or overseas and therefore ensure that taxpayers' interests are protected, then they will. But shareholding Ministers will need to be convinced. GOC boards will have to justify the need for large salary or salary increases. I can assure the owners of these GOCs—that is, the taxpayers of Queensland—that we will not be setting new market rates for salaries.

Those witnessing the Opposition's hysterical reaction to the appropriate disclosure by the Minister for Mines and Energy on an unauthorised 40% increase for the Chief Executive Officer of Energex could be forgiven for thinking that the Borbidge Government was totally in control of GOC executive salaries. I regret to advise the House that any such assumption would be sadly misguided. During just over two years of the Borbidge Government there were no fewer than 10 separate instances in which CEOs' salaries increased, by between 22% and 58%. One of the largest increases was a \$79,000 boost to the CEO of guess who: Energex. There was a 52% increase for the Energex CEO under the Borbidge Government. What did it do about it? Absolutely nothing. It took a Labor Government and Minister McGrady to do something about the unfettered escalation of executives' salaries, followed by the Cabinet decision I referred to.

Let us look at the facts. Between February 1996 and the middle of 1998, the following increases were approved for executive packages in Government owned corporations under the guidance of the Borbidge Government. For NORQEB it was up by \$59,000. That is an increase of 34%.

NORQEB was abolished by Labor. At Energex, there was an increase of \$79,000. That is a 52% increase. At Capricornia Electricity there was an increase of \$95,000. That is a 58% increase. It was abolished by Labor.

In relation to Wide Bay-Burnett electricity—up \$48,000; that is a 34% increase. Again, that was abolished by Labor. Powerlink—up \$72,000; that is a 37% increase. The wages and salaries have been stable under my Government. Queensland Rail—up \$100,000; that is a 50% increase. It has been stable under my Government. The Ports Corporation—up \$86,000; that is a 62% increase. The Port of Brisbane Authority—up \$80,000; that is a 47% increase. It has been stable under my Government. The Gladstone Port Authority—up \$66,000; that is a 41% increase. The Cairns Port Authority—up \$30,000; that is a 22% increase. It has been stable under my Government.

Opposition members have now been exposed as hypocrites on this issue. Let us not let the issue rest there. In terms of these salaries, I table for the information of the House the GOC/CEO salary packages and movements. They highlight in detail what I have said. For example, in relation to NORQEB, if we look back to 1996-97, when the Borbidge Government was in office, we find that it was \$146,278 plus \$29,255.50 in bonuses. That was increased by 33% to \$184,878, plus \$50,000 in bonuses.

In relation to Capelec, the salary in 1996-97 under the Borbidge Government was \$126,900, plus 30% bonuses. There was a 57.6% increase. It went to \$200,000, plus 30% bonuses. We abolished it. In relation to Wide Bay-Burnett Electricity—the \$130,751, plus \$13,050 in bonuses, went after a 33.6% increase under the Borbidge Government to \$170,000, plus \$21,250 in bonuses. That has been abolished. In relation to Powerlink—\$151,450 in 1996-97. The total with bonuses was \$194,570. Under the Borbidge Government, that was increased by 37% to a total of \$266,500. It is likely to be \$251,000 under my Government.

The list goes on. Let me talk about QR. It was \$200,000 in October 1996, and it was increased by 50% in April 1998. The chair of QR notified Ministers Sheldon and Johnson at that time, who had no objection. It went up by \$100,000—

Mr JOHNSON: I rise to a point of order. At that time, that document came across my table—and I will also speak here on behalf of the Treasurer at the time—

Mr SPEAKER: Order! There is no point of order. The member will not debate the point.

Mr JOHNSON: We never signed off on that, and I ask that it be withdrawn. It was never agreed to. I find it offensive and ask that it be withdrawn.

Mr SPEAKER: Order! The member seeks a withdrawal.

Mr BEATTIE: Mr Speaker, I am quite happy to withdraw it. But let me assure the House that I will be providing material about that later. I think that is one of the worst points of order the member has ever taken.

In terms of QR—let me go back to what I was saying. In 1996-97, it was \$200,000. There was an increase of \$100,000—a 50% increase—to \$300,000. That occurred in April 1998 under the Borbidge Government. In relation to the Ports Corporation Queensland—in January 1996 it was \$139,214. There was a 62% increase, and it went up to \$188,600 in May 1998, with a bonus of \$40,500 in addition to that. In relation to the Port of Brisbane Authority—in May 1996-97 it was \$171,868. There was a 47% increase. In September 1997 it was \$211,463, plus a \$40,000 bonus. Under my Government, it is exactly the same, except the bonus has gone down.

In terms of Gladstone—the increase goes on. It was \$159,487 in 1996-97. It went up to \$166,478, plus a bonus. Prior to the change of Government they approved a 15% rise from 1 April 1998 and from 1 April 1999 by another 15% to \$220,000, plus \$4,925 in bonuses. That was another increase. In relation to Cairns—it went from \$139,000 up to \$170,000, a 22% increase. The list goes on.

Mr Borbidge: Where's your list?

Mr BEATTIE: I will answer the Leader of the Opposition's question, because I am keen to do that. I table this detailed list. The amount for 1996-97—when the Borbidge Government was in office—was the first figure I referred to. The second figure was the dramatic increase, without any controls—absolutely out of control. Gay abandon, it was. Then we go across to 1998-99, when there was a change of Government. Then I have got in the column 1999-2000 what happens under my Government. So there is nothing hidden here at all. I table this for the information of the House.

Let me conclude by saying this: the Queensland people have never seen such openness or transparency ever on these issues. My Government is open and transparent. There is only one Government that had absolutely no control when it came to GOCs, and it was the Borbidge/Sheldon Government.