




Speech By  
**Hon. Tim Nicholls**

**MEMBER FOR CLAYFIELD**

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**MINISTERIAL STATEMENTS**

**Commission of Audit**

 **Hon. TJ NICHOLLS** (Clayfield—LNP) (Treasurer and Minister for Trade) (9.50 am): The independent Commission of Audit final report outlines a roadmap for fundamental reform which will help the Newman government and all future governments meet the fiscal and economic challenges facing Queensland. I join with the Premier in thanking the independent commissioners—the Hon. Peter Costello AC, Dr Doug McTaggart and Professor Sandra Harding—for their work over the last 12 months. The report is a comprehensive review of the way the state of Queensland goes about its business. I also take the opportunity to thank the Premier and my colleagues for this historic opportunity to help deliver a plan for better services and a better outcome for all Queenslanders.

The report covers five main areas: the economic and fiscal challenges the state faces, government commercial enterprises, financial management of our funds, front-line service delivery and the public sector. What is clear from this report is that business as usual is not an option.

The government has carefully considered the comprehensive appraisal of the challenges identified by the independent commissioners and their recommendations—all 155 of them. It is fair to say that there are no easy answers to the challenges presented, but there is a resolve in this government to tackle those challenges head-on. The government has accepted in full, part or in principle 131 recommendations; has not accepted six recommendations; notes 13 recommendations; and identified five recommendations for further consideration. In total, more than 75 per cent of the recommendations made have been accepted by the government.

As the Premier has indicated, the government has decided not to consider the divestment of Ergon, Energex or Powerlink at the next election at this time. The government has formed a view that these businesses should remain in public ownership, and the government will take steps to ensure that these businesses are run as efficiently as possible to deliver services to Queenslanders. The government will maintain its policy not to sell government businesses without a mandate from the people. It will consider options to deal with the two electricity generators CS Energy and Stanwell, the ports of Townsville and Gladstone, and the QIC. But I stress that no decision has been made, and I note also that the report recommends no sale of the generators until after 2015-16. A decision to divest would only be made after the government receives a mandate. We respect the people of Queensland too much to betray them the way Labor did. We need a mature debate about choices. The choices are clear: higher taxes, fewer services or better managing the state's balance sheet. This is a debate we are prepared to have with the people of Queensland.

The independent commission has sounded a warning bell for action. In recent years the Queensland economy has been supported by mining investment and historically high terms of trade, along with population growth and increased workforce participation. Those were extraordinary economic times that are unlikely to return anytime soon. The report makes clear that the good times

that were experienced are now over. Growth is still essential but it will be slower. Now is the time to knuckle down to the hard work necessary to grow our economy and our state and to deliver the services Queenslanders expect.

The report shows that our workforce is ageing, with Queensland facing a tripling in the number of people over 65 by 2050. Over a third of the Public Service will retire over the next five years and a further third in the next five years after that. This means fewer workers driving economic growth and supporting our population. This change is locked in and nothing we can say or do will change it radically. The commission's modelling shows us that the economic growth rate over the next 40 years will be lower than it has been over the last 25 years. At the same time, the government is facing a growing demand for services with limited options for raising additional revenue. As the report points out, these factors add up to a situation where without change the gap between revenue and spending will continue to widen. If we do nothing, Queenslanders will not be able to escape the debt burden foisted on them by the previous Labor government. The crunch when it comes will be that much worse if no action is taken now to meet these challenges.

Every year since 2007-08 Queensland's productivity has declined. Last financial year it was below the level recorded a decade ago. So, although scarce taxpayer dollars have been committed to provide government services, this additional spending has not been matched with an increase in outcomes. Under Labor, Queenslanders were paying more and getting less. We need to improve productivity by one per cent each year to solve this problem. But each year this is not done it compounds the task the following year. The only way we can expand and improve services is to fundamentally reform the way they are structured and managed. The message from the commission is clear: in a modern 21st century Queensland people care less about who is the provider; they care more about access, quality and timeliness of the services they receive, not by whom or how the service is delivered. Outcomes are more important than process.

Let me be clear: the government is not retreating from its obligation to provide services. What the independent commission says is that government should be an enabler, not necessarily the doer. While other Australian states have adopted more efficient delivery models, misguided Labor government policy based on ideology has meant Queensland has in many instances been left in the Dark Ages and is an inefficient provider of the services Queenslanders need. The commission has outlined changes to the way the Public Service should be structured, organised and managed to be more flexible, responsive and efficient in supporting quality service delivery in a modern 21st century economy. Our goal is clear: to make the Queensland public sector the best public service in Australia, delivering the services Queenslanders need at a price they can afford.

The commission recommends the government continue to provide core services such as policing, public safety, emergency and justice services. However, we need to change the way we do it to ensure that we drive every dollar further to fix the decline in productivity. It also recommends the government work more closely with non-government providers to find the best and most cost-effective way to deliver social services. In this vein many of the recommendations in the report relate to contestability.

Contestability in its own right is not an outcome or a *fait accompli* that the private sector—the non-government sector—will deliver a particular service. In fact, it is an opportunity to test or benchmark the services provided by the public sector against non-government delivery. The overarching goal through this process must be on achieving better outcomes for Queenslanders—by doing more with less. The Commission of Audit also recommends that government services that have a strong commercial element should be opened up to the private sector. The government will further investigate opportunities to open this work up to the private sector if it can be demonstrated that better value for money can be achieved and quality of services maintained. In many cases there are deep and mature markets which can provide these services at a much lower cost. Our primary objective is to ensure we get the best services and the maximum value for taxpayers.

The commission has also identified the need to strengthen the financial management system. These reforms will seek to install a robust framework to prevent the financial mismanagement so typified by the former Labor government. We need to fix these systems to ensure that government is open and accountable about how it spends taxpayer funds. We owe this to Queenslanders.

The Commission of Audit recommendations chart a course that can make Queensland's government a leader in service delivery. There are clearly better ways we can be doing things and we need to seek them out. One of the key planks in achieving that goal will be enhancing the skills and

capacity of our Public Service. The report makes a series of recommendations about improving the industrial arrangements covering the Public Service and, importantly, focusing on long-term planning and development. The Newman government has accepted these recommendations which are in line with our overall policy for public sector renewal.

The commission has also shown that, whilst information and communication technology is essential to enable the business of government, ICT itself is not a business of government. Moving forward, the government will view ICT as a service and will seek to retain these services from private providers that operate in contestable markets. In many cases, there is a well-functioning, mature ICT industry which can provide a service to government at a lower cost than the present internal systems. The changes proposed will ensure that service delivery for Queenslanders is enhanced and funding currently allocated to the ICT area can be redirected to the front-line services that Queenslanders expect.

*(Time expired)*

**Mr STEVENS (Mermaid Beach—LNP) (10.00 am):** I move—

That as much of standing orders as required be suspended to allow the Treasurer to complete his ministerial statement.

Question put—That the motion be agreed to.

Motion agreed to.

**Hon. TJ NICHOLLS (Clayfield—LNP) (Treasurer and Minister for Trade) (10.00 am):** I thank the House for its indulgence.

Finally, the report identifies the need for clear delineation of responsibilities between the Australian and Queensland governments. This is clearly in line with our view that the Queensland government is elected to deliver those services within its constitutional remit. Ever-increasing federal government interference in areas of state responsibility together with the cost shifting that accompanies it must stop. With the resolution of these areas of responsibility between the appropriate levels of government will come proper accountability leading to the better delivery of better outcomes for Queenslanders.

All of these reforms will support future economic growth, not just in the four pillars of our economy but across the economy at large. It is this economic growth that will increase the standard of living and enhance the lives of Queenslanders today, tomorrow and well into the future. Unlike those opposite, the Newman government is focused on the future and ensuring that Queensland has a clear road map to be Australia's leading state. The recommendations that the government has accepted cannot be implemented overnight. In fact, many will take a number of years to enact. There will be challenges, as implementing many of these recommendations will require new skills and capabilities in large parts of the Public Service. As a government, we are committed to supporting our people to develop these new skills. Our people will be fundamental to the government's success.

Today is a turning point for Queensland. It is a day in which we set out a road map that will provide a brighter future and correct the mistakes of the past. This plan is not everything the government must do to fix this state, but it is about ensuring everything we do is done in the best way possible. To do any less would be a disservice to Queenslanders. By this report and our response we can ensure that Queensland is once again a great state with great opportunity