

**Government Response to the
Health and Community Services Committee Report No.12,
October 2012
2012-13 Budget Estimates**

In October 2012, the Health and Community Services Committee (the Committee) released Report No.12 on the Appropriation Bill 2012 and the estimates for the Committee's area of responsibility referred to it for its investigation and report (in accordance with Standing Order 177).

Report No.12 contained four recommendations. Of these, one recommendation (Recommendation 3) requires a response by the Attorney-General.

The Attorney-General's response is set out below:

Recommendation 3

The majority of the committee recommends that the Attorney-General consider taking steps to establish an independent inquiry with powers under the *Commissions of Inquiry Act 1950* to examine expenditures and assumptions about future costs resulting from the Queensland Health payroll.

Response to recommendation 3 – Supported and implemented

Given the significant costs expended on the Queensland Health payroll system and forecast expenditure to 2017 (estimated by KPMG to be \$1,253.5 million), the Queensland Government supports the Committee's view that an independent Commission of Inquiry is needed to examine the expenditures and assumptions about future costs resulting from the Queensland Health payroll. Such an examination is necessary to understand the full costs of the Queensland Health payroll and will also assist in improving the economic management of future large scale projects.

The Queensland Government has taken swift action to establish the Queensland Health Payroll Commission of Inquiry (the Commission) under the *Commissions of Inquiry Act 1950*.

The *Commissions of Inquiry Order (No.2) 2012* (the Order) was made by Governor in Council on 13 December 2012 and the Order is **attached**.

The Commission is to commence on 1 February 2013. Under the terms of the Order, the Commissioner, the Honourable Richard Chesterman AO RFD QC, must report on matters set out in the Terms of Reference, and has full scope to consider expenditures and assumptions about future costs resulting from the Queensland Health payroll. The Commissioner must report to the Premier by 30 April 2013.

COMMISSIONS OF INQUIRY ORDER (NO. 2) 2012

Short title

1. This Order in Council may be cited as the *Commissions of Inquiry Order (No. 2) 2012*.

Commencement

2. This Order in Council commences on 1 February 2013.

Appointment of Commission

3. UNDER the provisions of the *Commissions of Inquiry Act 1950* the Governor in Council hereby appoints the Honourable Richard Chesterman AO RFD QC from 1 February 2013, to make full and careful inquiry, in an open and independent manner, into the implementation of the Queensland Health payroll system with respect to the following matters, and having regard to previous reviews of the Queensland Health payroll system implementation, including the KPMG implementation review and the Auditor-General of Queensland's report titled *Information systems governance and control, including the Queensland Health Implementation of Continuity Project* (2010):

- a. the adequacy and integrity of the procurement, contract management, project management, governance and implementation process;
- b. whether any laws, contractual provisions, codes of conduct or other government standards may have been breached during the procurement and/or implementation process and who may be accountable;
- c. the contractual arrangements between the State of Queensland and IBM Australia Ltd and why and to what extent the contract price for the Queensland Health payroll system increased over time;
- d. any recommended changes to existing procurement, contract and project management (including governance) policies, processes, standards and contractual arrangements for major Queensland government information and communication technology projects initiated in the future to ensure the delivery of high quality and cost effective products and systems; and
- e. any other matter relevant to this review.

Commission to report

4. AND directs that the Commissioner make full and faithful report and recommendations on the aforesaid subject matter of inquiry, and transmit the same to the Honourable the Premier by 30 April 2013.

Application of Act

5. THE provisions of the *Commissions of Inquiry Act 1950* shall be applicable for the purposes of this inquiry except for section 19C – Authority to use listening devices.

Conduct of Inquiry

6. THE Commissioner may hold public and private hearings in such a manner and in such locations as may be necessary and convenient.

ENDNOTES

1. Made by the Governor in Council on 13 December 2012.
2. Notified in the Gazette on 14 December 2012.

3. Not required to be laid before the Legislative Assembly.
4. The administering agency is the Department of Justice and Attorney-General.