



2013-14 Budget Estimates

Report No. 30
Finance and Administration Committee
July 2013

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FINANCE AND ADMINISTRATION COMMITTEE

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Acknowledgements

The Committee wishes to acknowledge the assistance provided by the Department of the Premier and Cabinet and Queensland Treasury and Trade during the course of the Committee's inquiry.

Chair's Foreword

This report presents a summary of the Committee's examination of the Budget Estimates for the 2013-14 financial year.

Consideration of the Budget Estimates allows for the public examination of both the responsible Minister and Chief Executive Officers of agencies within the Committee's portfolio area. This was undertaken through the questions on notice and public hearing process.

The Committee has made one recommendation as follows:

- that the proposed expenditure, as detailed in the *Appropriation Bill 2013* for the Committee's areas of responsibility, be agreed to by the Legislative Assembly without amendment.

On behalf of the Committee, I also wish to thank the Premier and the Treasurer and Minister for Trade and their departmental officers for their cooperation in providing information to the Committee throughout this process.

I would also like to thank the other Members of the Committee for their hard work and valuable contribution.



Michael Crandon MP
Chair

July 2013

1. Introduction

1.1 Role of the Committee

The Finance and Administration Committee (the Committee) is a portfolio committee of the Queensland Parliament required under section 88 of the *Parliament of Queensland Act 2001* and established under the Standing Rules and Orders.

The Committee's areas of responsibility are:

- Premier and Cabinet; and
- Treasury and Trade.¹

The Committee also has oversight functions in relation to the Auditor-General and the Integrity Commissioner.

On 7 June 2013, the *Appropriation Bill 2013* and the Estimates for the Committee's area of responsibility were referred to the Committee for investigation and report.²

The Committee then conducted a public hearing and took evidence about the proposed expenditure from the Premier, the Treasurer and Minister for Trade and other witnesses on 16 July 2013. A copy of the transcript of the Committee's hearing can be accessed on the Committee's web page at: <http://www.parliament.qld.gov.au/work-of-committees/committees/FAC>

1.2 Aim of this report

The Committee considered the Estimates referred to it by using information contained in:

- budget papers;
- answers to pre-hearing questions on notice;
- evidence taken at the hearing; and
- additional information given in relation to answers.

This report summarises the Estimates referred to the Committee and highlights some of the issues the Committee examined.

Prior to the public hearing, the Committee provided the Premier and the Treasurer and Minister for Trade with questions on notice in relation to the Estimates. Responses to all the questions were received.

Answers to the Committee's pre-hearing questions on notice; documents tabled during the hearing; answers and additional information provided by Ministers after the hearing; and minutes of the Committee's meetings are included in a volume of additional information tabled with this report.

1.3 Other Members' participation

The Committee gave leave for other Members to participate in the hearing. The following Members participated in the hearing:

- Ms Anastacia Palaszczuk MP, Leader of the Opposition and Member for Inala
- Mr William (Bill) Byrne MP, Member for Rockhampton
- Mrs Jo-Ann Miller MP, Member for Bundamba

¹ Standing Rules and Orders, Schedule 6. The schedule provides that departments, statutory authorities, government owned corporations or other administrative units related to the relevant Minister's responsibilities regarding these areas are included.

² Standing Order 177 provides for the automatic referral of the Annual Appropriation Bills to portfolio committees once the Bills have been read a second time.

2. Recommendation

Pursuant to Standing Order 187(1), the Committee must state whether the proposed expenditures referred to it are agreed to.

Recommendation 1

The Committee recommends that the proposed expenditure, as detailed in the *Appropriation Bill 2013* for the Committee's areas of responsibility, be agreed to by the Legislative Assembly without amendment.

3. Premier and Cabinet

The agencies and services which are the responsibility of the Premier of Queensland are the Department of the Premier and Cabinet, Office of the Governor, Public Service Commission and Queensland Audit Office.

3.1 Department of the Premier and Cabinet

The Premier is the Minister responsible for the Department of the Premier and Cabinet (DPC). The following three services are provided by DPC:

- Policy Advice, Coordination and Cabinet Support Service
- Government and Executive Support Service
- Legislative Drafting and e-Publishing Service³

In addition, DPC will administer payments to Ministerial Offices and the Office of the Leader of the Opposition, as well as payments in relation to former Governors of Queensland. Services provided include:

- support for Ministers to assist in undertaking their responsibilities as Ministers of the Crown;
- management of advisory, secretarial and administrative staff and associated resources for all Ministerial Offices;
- maintaining adequate procedures to ensure the financial accountability of these offices is in accordance with the Queensland Ministerial Handbook;
- providing similar corporate support for the Office of the Leader of the Opposition.⁴

³ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 1

⁴ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 14

The following table taken from the *Appropriation Bill 2013* compares the appropriations for the department for 2012-13 and 2013-14.

Appropriations	2012-13 \$'000	2013-14 \$'000
<i>Controlled Items</i>		
Departmental services	107,777 ⁵	84,798
Equity adjustment	(443)	0
<i>Administered Items</i>	46,676	45,423
Vote	154,010	130,221

Source: *Appropriation Bill 2013*, Schedule 2: 10

The DPC has allocated \$0.94 million in 2013-14 for the replacement of office equipment and development and enhancement of information systems.⁶ The following table outlines the agencies that fall within the department and provides the summary of portfolio budgets for 2012-13 in comparison to 2013-14.

Agency	2012-13 \$'000	2013-14 \$'000
Department of the Premier and Cabinet		
- controlled	107,264	95,506
- administered	44,102	45,423
Office of the Governor	5,983	5,925
Public Service Commission	23,251	28,035
Queensland Audit Office	43,749	41,919

Source: State Budget 2013-14, Service Delivery Statements – Department of the Premier and Cabinet, Office of the Governor, Public Service Commission and the Queensland Audit Office.
(Summary of portfolio budgets)

3.1.1 Budget highlights – Department of the Premier and Cabinet

2013-14 budget highlights for the department include:

- delivering *The Queensland Plan: a 30-year vision for Queensland*, through a grassroots community engagement program, to identify state-wide and region-specific aspirations and priorities;
- coordinating preparations for the 2014 G20 Leaders' Summit in Brisbane and Finance Ministers' meeting in Cairns;
- assisting with the implementation of Commission of Audit recommendations accepted by Government;
- continuing with the provision of advice on the management of growth of mining and the Coal Seam Gas industries in Queensland;
- supporting the delivery of the Government's electricity sector reform program to place downward pressure on electricity prices; and

⁵ Appropriation for services contained in the Service Delivery Statement does not match appropriations due to an appropriation receivable of \$2.3million. Refer State Budget 2013-14, Service Delivery Statements – Department of the Premier and Cabinet, Office of the Governor, Public Service Commission and the Queensland Audit Office: 6

⁶ State Budget 2013-14, Capital Statement - Budget Paper No. 3: 96

- finalising and implementation of the Great Barrier Reef Water Quality Protection Plan 2013.⁷

3.1.2 Issues raised at the public hearing – Department of the Premier and Cabinet

Issues raised by the Committee in relation to Premier and Cabinet included:

- January-June 2013 six-month plan achievements such as youth boot camps, new schools in regional areas, new and replacement ambulance vehicles and additional ambulance officers;
- addressing household cost-of-living expenses including electricity price increases;
- budget and number of ministerial staff allocated to the Premier's office and remuneration of the Chief of Staff;
- infrastructure for regional Queensland and the expansion of the Royalties for the Regions program;
- investment in the Community Safety budget including allocation for preparedness for natural disasters and for the SES;
- removal of green and red tape to facilitate job and project investment in non-renewable resources;
- preparation for the 2018 Gold Coast Commonwealth Games;
- youth crimes and the development of a blueprint for youth justice to guide the reform of youth justice;
- education programs and improvements for state schools and other school education program such as the implementation of the Daniel Morcombe Child Safety Curriculum; and
- Investment in health and innovation in science industries.

3.2 Office of the Governor

The Premier also has ministerial responsibility for the budget of the Office of the Governor which has a separate appropriation. The Office of the Governor provides executive, administrative, logistical and personal support which enables the Governor to exercise effectively the constitutional powers and responsibilities of office and to undertake constitutional and ceremonial duties and community activities.⁸

The following table compares the appropriations for the Office of the Governor for 2012-13 and 2013-14.

Appropriations	2012-13 \$'000	2013-14 \$'000
<i>Controlled Items</i>		
departmental services	5,983	5,925
equity adjustment	(75)	(53)
<i>Administered Items</i>	0	0
Vote	5,908	5,872

Source: *Appropriation Bill 2013*, Schedule 2: 12

⁷ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 2 – 3

⁸ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 31

The Office of the Governor has budgeted \$0.04 million in 2013-14 for capital replacement of plant and equipment.⁹

In 2013-14, the Office of the Governor will continue to support the official and public responsibilities of the Governor and the Governor's attendance at meetings of the Executive Council as well as the program of engagements at Government House in Brisbane and surrounding areas. In addition, the Office of the Governor will continue to plan and support regional travel to be undertaken by the Governor and schedule programs of visits and events for the Governor to attend and/or host.¹⁰

3.3 Public Service Commission

The Premier also has ministerial responsibility for the budget of the Public Service Commission (PSC) which has a separate appropriation.

The PSC's role is to enhance the public service's human resource management and capability, providing industrial and employee relations strategy and policy advice, and reviewing and improving the overall effectiveness and efficiency of government entities. It is further responsible for providing leadership, oversight and coordination of the Public Sector Renewal Program, and for managing the portfolio of transformational change projects that are being delivered across agencies.¹¹

The following table compares the appropriations for the commission for 2012-13 and 2013-14.

Appropriations	2012-13 \$'000	2013-14 \$'000
<i>Controlled Items</i>		
departmental services	18,252	26,667
equity adjustment	0	0
<i>Administered Items</i>	0	0
Vote	18,252	26,667

Source: Appropriation Bill 2013, Schedule 2: 13

3.3.1 Budget highlights – Public Service Commission

The objectives outlined in the 2013-14 budget are to:

- secure and maximise business flexibility in an environment of renewal and reform;
- contain employee-related costs;
- drive a high performance culture within Chief Executive Officer (CEO) and Senior Executive Service (SES) cohorts; and
- provide independent, strategic advice and expertise to Ministers and Chief Executives.¹²

⁹ State Budget 2013-14, Capital Statement – Budget Paper No. 3: 91

¹⁰ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 32

¹¹ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 45

¹² State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 45 – 46

To support these objectives the PSC's action include:

- removing prescription and red tape through the simplification of legislation, industrial instruments, directives and policies;
- driving a culture of engaging with risk in the management of poor performance, employee complaints, suspensions and investigations;
- developing and implementing a new public sector staffing model and establishment management controls;
- reducing friction/dispute costs associated with WorkCover claims, absenteeism, overtime, employee complaints, appeals and investigations;
- implementing new right-sized executive management structures and profiles to drive efficiency and performance;
- building a high performance culture through clear performance frameworks supported by appropriate executive development programs;
- engaging strategically with clients through account management models and leveraging existing forums; and
- building capacity with the Department of the Premier and Cabinet and Queensland Treasury and Trade as a lead agency, and developing partnerships with the Commission of Audit and the Public Sector Renewal Board.¹³

2013-14 budget highlights of the PSC are:

- to continue with the implementation of enhanced performance frameworks for senior executives;
- to implement relevant recommendations from the Commission of Audit and the Review of the Crime and Misconduct Commission;
- to continue to lead, coordinate and provide strategic oversight of the Public Sector Renewal Program across all line agencies and whole-of-Government transformational change initiatives;
- to continue to support agencies in aligning executive management structures to the public service staffing model, reducing layers of management; and
- to develop a new streamlined classification structure across the public sector.¹⁴

3.3.2 Issues raised at the public hearing – Public Service Commission

Issues raised by the Committee in relation to the office of the Public Service Commission included:

- pay increase negotiations for the public service;
- public service downsize; and
- changes in FTE for the Corporate Services Renewal Taskforce.

¹³ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 45-46

¹⁴ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 46

3.4 Integrity Commissioner

The Integrity Commissioner is administratively included within the Public Service Commission and is responsible for providing advice on integrity and ethics issues and for maintaining the Register of Lobbyists.¹⁵

The Integrity Commissioner is an independent Officer of the Queensland Parliament whose performance is monitored and reviewed by the Finance and Administration Committee.¹⁶

The Integrity Commissioner's objectives for 2013-14 include:

- providing timely advice to designated persons on ethics or integrity issues, including conflict of interest issues;
- giving advice to the Premier, at his request, on issues concerning ethics or integrity involving any person who is a designated person other than a non-Government Member of Parliament;
- meeting with and giving advice to Members of the Legislative Assembly on interests issues;
- maintaining the Queensland Register of Lobbyists and have responsibility for the registration of lobbyists;
- promoting adherence to the Lobbyists Code of Conduct; and
- providing lectures and papers to increase awareness of issues pertaining to public discussion issues relevant to the Integrity Commissioner's functions and expand the material available on the Integrity Commissioner's website.¹⁷

3.4.1 Issues raised at the public hearing – Integrity Commissioner

The Committee received written notification from the Integrity Commissioner on 2 July 2013 that he was unable to attend the Estimates hearing as he was taking leave in July. The Integrity Commissioner outlined that a nominee would represent him at the hearing.

Issues raised by the Committee in relation to Integrity Commissioner and the Department of Premier and Cabinet included:

- non-attendance of Integrity Commissioner at Estimate hearing;
- the number of days worked by the Integrity Commissioner and the Integrity Commissioner's annual salary;
- the budget for the Integrity Commissioner's office;
- the approval of the Integrity Commissioner's leave during Estimates and the process in which this leave was granted; and
- education of lobbyists in regards to the required recording of lobbying contact on the Integrity Commissioner's website.

¹⁵ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 45

¹⁶ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 47

¹⁷ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 47

3.5 Queensland Audit Office

The Premier also has ministerial responsibility for the budget of the Queensland Audit Office (QAO) which has a separate appropriation.

The Auditor-General is an independent Officer of the Parliament who is appointed for a non-renewable seven year term. The Auditor-General undertakes performance audits of public sector entities on behalf of the Parliament and reports the results of the audits to the Parliament.¹⁸

The following table compares the appropriations for the Queensland Audit Office for 2012-13 and 2013-14.

Appropriations	2012-13 \$'000	2013-14 \$'000
<i>Controlled Items</i>		
departmental services	6,600	6,558
equity adjustment	0	0
<i>Administered Items</i>	0	0
Vote	6,600	6,558

Source: *Appropriation Bill 2013*, Schedule 2: 13

The QAO has budgeted capital purchases of \$0.25 million in 2013-14 to maintain and replace current office and IT equipment.¹⁹

3.5.1 Budget highlights – Queensland Audit Office

QAO is an independent statutory office, whose activities encompass:

- reporting to the Parliament on the results of financial and performance audits;
- providing advice and assistance to members of Parliament and Parliamentary committees;
- reporting to public sector entities on their financial statements; and
- providing advice and assistance to public sector entities on ways to strengthen their internal controls and better manage their financial and operating risks.²⁰

The QAO's 2013-14 budget highlights include striving to be recognised as a leader in public sector audit and delivering services by using the following strategies:

- strengthening the engagement with the Parliament;
- undertaking collaborative audits with other States and the Commonwealth government;
- achieving a more timely and open engagement with the public sector;
- implementing a program of systematic organisational performance reviews; and
- strengthening their employment practices to engage the required skills.²¹

¹⁸ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 63

¹⁹ State Budget 2013-14, Capital Statement – Budget Paper No. 3: 97

²⁰ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 64

²¹ State Budget 2013-14, Service Delivery Statements, Department of the Premier and Cabinet, Office of the Governor, Public Service Commission, Queensland Audit Office: 64

3.5.2 Issues raised at the public hearing – Queensland Audit Office

Issues raised by the Committee in relation to the Queensland Audit Office included:

- the decline in the Audit Office’s budget and the impact on their work and efficiency; and
- turnover of staff through natural attrition and redundancies.

4. Treasury and Trade

The Treasurer and Minister for Trade has the ministerial and portfolio responsibilities for the Assistant Minister for Finance, Administration and Regulatory Reform; Queensland Treasury and Trade and the Motor Accident Insurance Commission (Nominal Defendant). The Queensland Treasury and Trade (QTT) has the following service areas:

- Fiscal
- Economic
- Commercial services / Projects Queensland
- Revenue management
- Trade and investment²²

Queensland Treasury and Trade’s focus is on restoring Queensland’s position of financial strength through managing a fiscal strategy underpinned by the Government’s four principles.²³ The four principles are:

- to stabilise then significantly reduce debt;
- to achieve and maintain a General Government sector fiscal balance by 2014-15;
- to maintain a competitive tax environment for business;
- to target full funding of long term liabilities in accordance with actuarial advice.²⁴

The department also provides services through the Motor Accident Insurance Commission/Nominal Defendant.

The following table taken from the *Appropriation Bill 2013* compares the appropriations for the department for 2012-13 and 2013-14.

Appropriations	2012-13 \$’000	2013-14 \$’000
<i>Controlled Items</i>		
departmental services	218,393	213,938
equity adjustment	(7,457)	2,932
<i>Administered Items</i>	5,968,938	6,381,839
Vote	6,179,874	6,598,709

Source: *Appropriation Bill 2013*, Schedule 2: 14

Budgeted capital purchases for QTT for 2013-14 is \$3.3 million.²⁵

²² State Budget 2013-14, Service Delivery Statements, Queensland Treasury and Trade: 1

²³ State Budget 2013-14, Service Delivery Statements, Queensland Treasury and Trade: 2

²⁴ State Budget 2013-14, Service Delivery Statements, Queensland Treasury and Trade: 2

²⁵ State Budget 2013-14, Capital Statement – Budget Paper No. 3: 124

QTT's role includes delivering the Queensland State Budget with a strong focus on fiscal repair and consolidation, coordinate regulatory and sectoral reform across Government to enhance productivity and reduce red tape as well as manage the State's revenue base in a competitive and sustainable way.

The following table outlines the agencies that fall within the department and provides a comparison of the agency budgets for 2012-13 and 2013-14.

Agency	2012-13 \$'000	2013-14 \$'000
Queensland Treasury and Trade		
- controlled	228,527	228,751
- administered	6,417,128	6,424,641
Motor Accident Insurance Commission/ Nominal Defendant	15,216 59,766	11,939 65,608
Queensland Future Growth Corporation	15	0

Source: State Budget 2013-14, Service Delivery Statements, Queensland Treasury and Trade (Summary of portfolio budgets).

4.1 Budget highlights – Queensland Treasury and Trade

2013-14 budget highlights for the department include:

- contributing to the implementation of accepted Commission of Audit recommendations;
- monitoring the outlook for the Queensland economy with a particular emphasis on potential revenue implications;
- managing the State Government's involvement in the reform of GST distribution and the ongoing management and reform of intergovernmental agreements and Commonwealth grants;
- release updated population projections for Queensland and its regions for use in service delivery and infrastructure planning;
- identifying further opportunities to leverage the Office of State Revenue's grants management capability across Government;
- finalise contractual arrangements with private sector providers for the Government Wireless Network, construction and facilities management services for a package of 10 schools and the purchase of new six-car train sets to replace an ageing train fleet and cater for increased demand caused by growth in South East Queensland;
- collaborating with the Department of State Development, Infrastructure and Planning and the Queensland Resources Council to deliver a Resource Communities Data Portal, which will streamline access to data and reduce costs to project proponents in undertaking environmental impact statements;
- implementing all endorsed recommendations contained in the Trade and Investment Queensland Review; and

- reinvigorating Queensland's State sponsored skilled and business migration program led by Business and Skilled Migration Queensland, a new unit within Trade and Investment Queensland.²⁶

The department has outlined that there are some major external factors that may impact on their objectives. These include:

- ongoing international and domestic economic uncertainty. Continued weak consumer and business confidence across Europe and slower growth in several Asian countries are expected to persist, adversely impacting consumer demand and the demand for Queensland exports;
- significant variation to rebuilding costs resulting from widespread flooding arising from ex-Tropical Cyclone Oswald;
- Australian dollar is expected to continue to be above historical trend against the US dollar in 2013-14, negatively impacting on Queensland's international competitiveness, especially the manufacturing, agriculture, tourism and education sectors;
- there is an increasing trend for the Commonwealth Government to make unilateral policy announcements that seek to override State spending priorities; and
- Weather conditions, or more specifically the extent to which the 2013-14 summer season is characterised by natural disasters that impact on the State budget and economy.²⁷

4.2 Issues raised at the public hearing – Queensland Treasury and Trade

Issues raised by the Committee in relation to Queensland Treasury and Trade included:

- recovery of State Penalties Enforcement Registry (SPER) debt and the SPER process in the attempt to recover SPER debt;
- LNG royalties and regional development;
- Government's cost-of-living commitments and update on delivery of cost-of-living relief including reducing electricity prices;
- Independent Commission of Audit report and implementation of the recommendations;
- Findings of the Commission of Audit and delivery of front-line services;
- latest ABS unemployment figures and labour market outlook for Queensland;
- update on government expenditure and areas in which reductions have been made;
- key capital projects relating to the rebuilding of the state;
- forecast growth of trade;
- valuation and sale of office buildings and, government precinct redevelopment; and
- revenue trends and forecasted exports for 2013-14.

²⁶ State Budget 2013-14, Service Delivery Statements, Queensland Treasury and Trade: 2-3

²⁷ State Budget 2013-14, Service Delivery Statements, Queensland Treasury and Trade: 3

4.3 Motor Accident Insurance Commission/Nominal Defendant

The Motor Accident Insurance Commission (MAIC) and the Nominal Defendant statutory bodies are focused on ensuring financial protection that makes Queensland stronger, fairer and safer. The 2013-14 strategic objectives are to:

- provide a viable and equitable personal injury motor accident insurance scheme;
- continually improve the operational performance of the Nominal Defendant; and
- provide a corporate governance model that facilitates MAIC's vision and meets the State's financial and performance requirements.

MAIC and the Nominal Defendant's primary focus for 2013-14 includes:

- achieving a 7 per cent reduction in the Nominal Defendant levy from 1 July 2013;
- implementing a new Nominal Defendant claims management system;
- undertaking a continuous improvement program to reduce operating costs; and
- implementing enhanced scheme performance monitoring and reporting capability.²⁸

²⁸ State Budget 2013-14, Service Delivery Statements, Queensland Treasury and Trade: 32-33

Statement of Reservation

FINANCE AND ADMINISTRATION COMMITTEE - STATEMENT OF RESERVATIONS:

This statement is submitted by the Member for Mulgrave, the Deputy Chair of the Finance and Administration Committee, on behalf of the Labor Opposition.

Department of the Premier and Cabinet:

Premier's failure to be open and transparent:

The Premier failed to meet his own standards about openness and transparency when he provided a vague and potentially misleading answer to the Leader of the Opposition's first question, which related to the remuneration of the Premier's Chief of Staff.

In his initial response to the Opposition Leader, the Premier said he was "happy to provide that information as a matter for the public record" (Hansard Premier and Cabinet Estimates proof, p. 3). He refused to liaise with his Chief of Staff, who was seated right next to him for the duration of the hearing. Instead, he insisted on taking the matter on notice, explaining that:

Mr NEWMAN: We are more than happy to provide an accurate, to-the-dollar figure, which is what Queenslanders deserve—nothing more, nothing less. I am not going to have him round it off to the nearest hundred dollars and then be accused of not being totally truthful to the committee, and I think that is very important. (Hansard, Premier and Cabinet Estimates proof, p. 4)

However, four hours later, at the end of the Premier's Estimates session, he could only muster up a piece of paper that stated his Chief of Staff was paid at the CEO 5.1 salary level. The Premier's response, to the best of our knowledge, did not include a "to-the-dollar" figure, as the Premier had promised. This was clearly an attempt to hide the full extent of the Chief of Staff's salary package from the people of Queensland.

The Opposition wrote to the chair of the committee, asking that the Premier be requested to provide the information he had undertaken to provide. In response to that request, the Chief Executive of the Public Service Commission sent an email to the Committee, advising of the salary point for a CEO 5.1 position. However, it was unclear from that response whether this included all aspects of the remuneration for this position, including superannuation, motor vehicle expenses, leave allowances and any other payments that make up the remuneration package.

The Opposition again wrote to the chair of the committee, requesting that the Premier, not the Chief Executive of the Public Service Commission, provide further information to clarify this issue. No further information has been provided. The Premier has failed to provide a to-the-dollar figure for the remuneration of his Chief of Staff, as he undertook to the committee to provide and the responses provided to date are a clear attempt at obfuscation of this issue.

On another occasion during the estimates hearing, the Premier continued to refuse to outline reasons for the dismissal of former Director-General of Transport and Main Roads, Mr Michael Caltabiano. This refusal is despite the revelation that Mr Caltabiano was paid \$652,947 between 4 May 2012 and his dismissal in March 2013. This is an extraordinary amount of taxpayer-funded remuneration for what was effectively five months' work, as Mr Caltabiano was stood down in October 2012. Also, the Premier's answer was not clear about whether Mr Caltabiano received any remuneration through a short-term contract from 26 March 2012 to 3 May 2012. Once again, the Premier's response was not open and transparent.

Premier's failure to deliver cost-of-living promises:

The Premier failed to provide an adequate explanation as to why his government had failed to deliver on the LNP's pre-election promises to reduce the cost of living for Queensland families. During the 2012 election campaign, the Premier promised to reduce power bills and save Queensland families up to \$330 a year. This promise stands in stark contrast to the reality that has occurred in the past 16 months under the LNP, particularly in relation to electricity. Under the LNP, power bills for the typical Queensland family will go up 22.6%, or \$268, in 2013-14.

Premier's failure to spend taxpayer funds wisely:

The Premier failed to condemn several instances of wasteful spending by the LNP. It was revealed through the Estimates process that \$24,000 was spent on a two-day Cabinet meeting in August 2013. It was further revealed that former Minister, the Member for Mudgeeraba, spent \$633.60 on two indoor flag poles for her office. In both instances, the Premier failed to criticise this waste of taxpayer funds.

But a more disquieting point discussed at the committee hearing was the revelation that the Premier has a butler on his staff. The Premier was unable to outline the policy areas covered by this so-called “Policy Advisor”. Instead, the Premier listed this staff member’s duties as follows:

Mr NEWMAN: Mr Chairman, I am happy to answer the member’s question. I have been to other state parliaments and premiers’ offices. I have been to the Prime Minister’s office—both the former Prime Minister Kevin Rudd and the current Prime Minister Kevin Rudd’s office, and also I have been to the former Prime Minister Julia Gillard’s office. **And on every occasion there have been people there who do such things as make sure that formal meetings are set up, that the room is ready to go, that tea and coffee and biscuits are provided, that if there is a meal being served it is procured and delivered and cleaned up, and that is the function of this individual.** I simply say that this is a normal thing that you would see in any office in the way that I have described, or indeed in any business in this nation at senior level. That is what this individual does. (Hansard, Premier and Cabinet Estimates proof, pp 15-16) (emphasis added)

The ill-conceived priorities of the Premier and the LNP Government were highlighted through the government’s handling of pay rises to Members of Parliament. Through the committee hearing, it was revealed that the Premier was aware of this issue in April 2012 and had provided advice to his Director-General that MP pay rises should be linked to the core Queensland public service enterprise agreement. Instead, the Newman Cabinet made a decision to grant a pay rise that resulted in a \$57,000-a-year increase for backbenchers, a \$90,000-a-year increase for Ministers and a \$118,000-a-year increase for the Premier. The Premier’s testimony – that the 41.9% pay rise was determined without his knowledge while he was on an overseas holiday – is incomprehensible, given the Premier had been aware of the issue for more than a year. Furthermore, testimony from the Director-General contradicted claims made by the Deputy Premier that he was not aware of the extent of the approved pay rises. The Director-General made this telling disclosure during the following exchange:

Ms PALASZCZUK: My question is to the director-general. Director-General, you would have seen the Government Gazette in which members’ salaries were increased by 41.9 per cent and additional salaries and expenses of office allowances payable to office holders of the Legislative Assembly, and I ask: were you aware that the increase was not just to backbenchers’ salaries?

Mr Grayson: Yes, I was aware that there were certain allowances which would increase in line with the salary component. That flows from the Parliament of Queensland Act 2001.

Ms PALASZCZUK: At any stage did you brief the Premier or the Acting Premier that the gazettal notice applied not just to the salaries of members but also to the allowances payable of which you said you were made aware?

Mr Grayson: The decision to allow the legislated salary to flow through was taken on 1 July by the Acting Premier with the cabinet. In order to implement that decision of the cabinet, I prepared for the Acting Premier an Executive Council minute.

Ms PALASZCZUK: Was that signed by the Acting Premier, Director-General?

Mr Grayson: Yes. The Executive Council minute going to the Governor in Council on Thursday, 4 July was in fact signed by the Acting Premier.

Ms PALASZCZUK: So, to be clear, the Premier was out of the country. He did not sign the Executive Council minute but the Deputy Premier was fully aware of what he was signing and what was to be gazetted that Friday?

Mr Grayson: Yes. To be clear, I took the Executive Council minute to the Acting Premier for his signature which then allowed it to go to the Governor in Council on 4 July.

(Hansard Premier and Cabinet Estimates proof, pp. 17-18)

Premier confirms massive job losses among government workers:

The Premier provided details about the extent of the Newman Government's job-cutting program on government workers. Under questioning from the Opposition, the Premier stated that some 13,827 FTEs were made redundant in the Queensland Government in 2012-13, reducing the public service to 190,372 FTEs. Unfortunately, the Premier failed to rule out further job cuts in the public sector, despite declaring in December 2012 that there would be no further cuts.

Queensland Treasury and Trade:

Cost of Living Hikes, Higher Debt, and Higher Unemployment Confirmed:

The Treasurer confirmed that taxes per person have increased by \$257 per person or \$1,000 for the average family of four under the LNP despite previously describing these Budget figures as *“complete and utter rubbish”*.

In the same answer the Treasurer confirmed that net debt has increased by \$7.58 billion since the LNP were elected and that unemployment has increased from 5.5% in March 2012 to 6.4% in June 2013.

The Treasurer also conceded that on both the debt to revenue ratio and the net financial liabilities to revenue ratio debt was peaking higher under his Government than projected under the previous Government.

Worst Employment Growth in Queensland Since 1990-1991 Confirmed:

The Treasurer was unaware that during the first full financial year of an LNP Government Queensland recorded its weakest result for employment growth since 1990-1991 when the Australian economy was last in recession. This information was available on the Office of Economic and Statistical Research website.

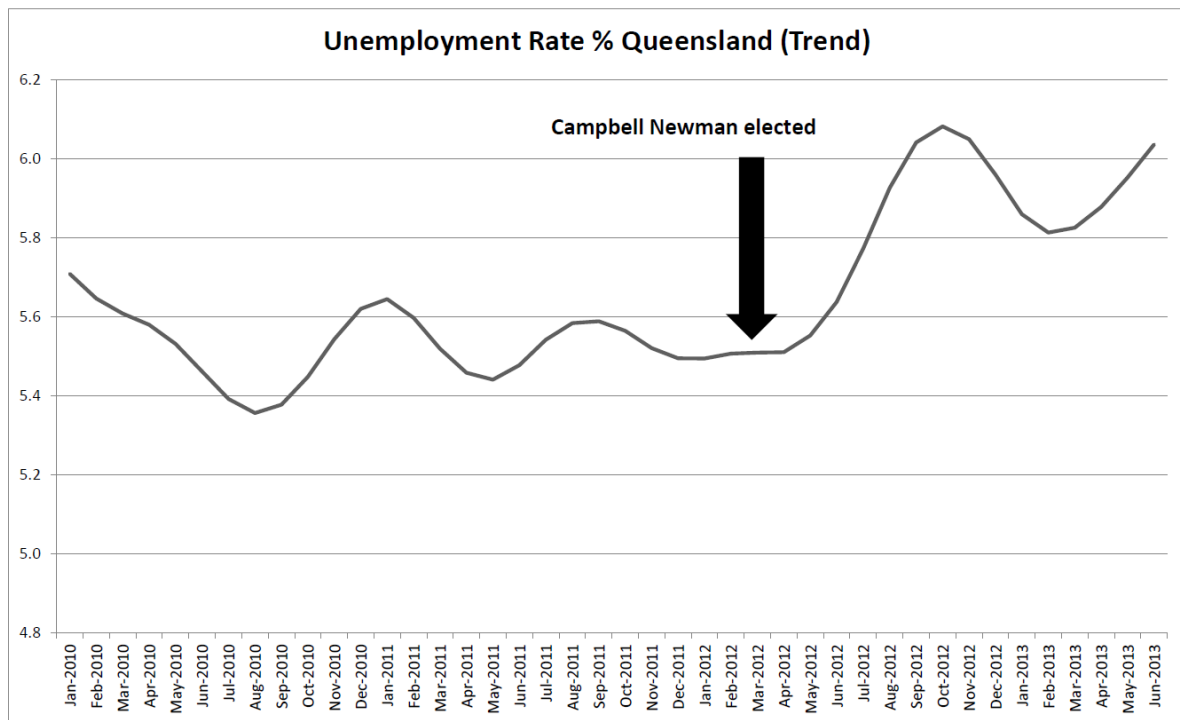
The Treasurer described this result as ‘moderate’ and then proceeded to make aspersions about former Prime Minister Paul Keating showing a lack of respect for both Queenslanders struggling to find work and the Queensland Parliament.

Treasurer Continued to Selectively Cite Jobless Figures:

When the Treasurer was asked about Australian Bureau of Statistics Labour Force Figures for June that showed a fall in full-time employment since the election of 14,500 on a trend basis and 13,700 seasonally adjusted, the Treasurer again attempted to be deceptive about the unemployment rate.

The Treasurer tried to dismiss this result as volatility in monthly figures despite the trend unemployment rate being consistently higher since the election. The Treasurer then attempted to use the same seasonally adjusted unemployment rate he describes as ‘volatile’ to say that at one point unemployment fell back to the level of 5.5% recorded at the election.

The chart below from ABS Labour Force data shows the unemployment rate since the Newman Government was elected under the Treasurer's now preferred trend measure. It is clear that there is a trend of higher unemployment and that pointing to "ongoing volatility in monthly figures" is a dubious assertion at best.



(Source 6202.0 ABS Labour Force June)

Treasurer Stands by Misleading Rhetoric on the Economy:

The Treasurer decided to stand by his statement that in January 2012 an economy growing at 4% with unemployment at 5.5% was a 'basket case' and that since then the economy has improved with growth lower at 3% this financial year and unemployment higher at 6.4% in June seasonally adjusted.

Treasurer Displayed a Concerning Attitude towards Probity:

When the Treasurer was asked about the appropriateness of accepting accommodation from Echo Entertainment while holding official meetings with Echo Entertainment he provided a disappointing response. The Treasurer stated that any suggestion that he may have a perceived conflict of interest when involved in decision making relating to Echo Entertainment as "small-mindedness on a scale beyond which most reasonable people would have some capacity of understanding".

The following day the Deputy Premier revealed that the Treasurer was involved in high level meetings about the possible granting of a new casino licence in Brisbane. The dismissive attitude of the Treasurer towards probity is concerning considering the substantial financial value of the Government's decisions relating to Echo Entertainment and a new casino licence.

Under Treasurer Revealed no Assessment on Insurance Duty Increase:

During questioning the Under Treasurer revealed that there had been no modelling of the impacts of a \$990 million insurance duty increase in disaster affected areas.

The Treasurer again made the claim that this increase was to fund a commitment to disability services. This commitment makes up just 32% of the revenue collected from the levy. It is also worth noting that it follows cuts to the same agency with 87 full-time equivalent positions in Disability Services to be discontinued this financial year and an overall increase in funding to Communities, Child Safety and Disability Services that at 2% is less than inflation. In real terms this represents a cut in funding not an achievement.

Failure on Financial Accountability:

The Treasurer displayed a concerning lack of understanding of his agencies' documents including the new Gateway Review Process and Project Assurance Framework guidelines approved under his Government. These guidelines are crucial to achieving value for money outcomes on multi-billion Government projects.

The Treasurer seemed to be unaware that net present value was a key financial indicator used by his agency and had previously provided a Question on Notice answer saying he didn't consider it relevant to the sale of seven office buildings in the city and relocation of public servants to 1 William St.

This is likely because the project has a net present cost and not a saving to Government as continually asserted by the Premier and Treasurer.

Queensland Treasury Corporation modelling leaked last year indicated that the move has a negative net present value or a net present cost of \$435.6 million.

It is disappointing that the Treasurer and Under Treasurer when directly asked refused to provide detail of the net present value of this move to 1 William St and the sale of seven office buildings despite the Government's Project Assurance Framework clearly stating that a project should not proceed if it has a negative net present value.

The Treasurer continually interfered in questioning directed to the Under Treasurer with the intention of preventing the provision of information.

When the Executive Director of Projects Queensland was asked about the process for the sale of office buildings and move to 1 William St he advised that he was *“asked to go to market on that project”*.

The Treasurer also revealed that his dubious claim of a saving of \$60 million per annum from the move to 1 William St was based on a back of the envelope calculation of a smaller lease area.

Prior to the Estimates Hearing the Treasurer refused to detail the terms of the leases and lease costs for the seven office buildings sold by the Government.

The Opposition obtained some of this information through a Right to Information request with the lease cost averaging \$81 million per year and increasing by 4% per annum, with the weighted average of the leases 11.1 years. This would indicate on a pro-rata calculation (based on the limited information made available), that the lease costs will exceed the sale value of the office buildings by more than half a billion dollars.

This is an issue with significant long-term financial implications for Queensland taxpayers and it is disappointing that the Government continues to withhold the true long-term costs of their decisions.



Curtis Pitt MP
Member for Mulgrave