

Your ref:
Our ref: PR02716
Paul Christensen

OFFICIAL

29 July 2022

The Honourable C Pitt MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

Dear Mr Speaker

Erratum to the Auditor-General of Queensland: Report to Parliament No. 17 2021–22 Appointing and renewing government boards

The purpose of this erratum is to correct information contained in 5 pages of *Appointing and renewing government boards* (Report 17: 2021–22), tabled 19th May 2022.

Within Appendix D, we have corrected financial information disclosed for the following entities:

- Board of the Queensland Museum
- Cairns and Hinterland Hospital and Health Service
- Central West Hospital and Health Service
- Queensland Curriculum and Assessment Authority
- Queensland Rail
- Queensland Treasury Corporation State Investment Advisory Board
- The Council of the Queensland Institute of Medical Research (trading as QIMR Berghofer)

We also corrected the amounts reported for total revenue and total assets included in Figure D2, and the combined assets on the Report on a page.

The correct pages are attached and should replace pages 1, 42, 43, 44 and 45 respectively.

In accordance with s.67 of the Act, would you please arrange for the erratum to be tabled in the Legislative Assembly.

Yours sincerely



Karen Johnson
Acting Auditor-General

Report on a page

There are 50 large Queensland government entities delivering energy, health, ports, water, and rail services. They have combined assets of \$266 billion, and their boards are intended to provide strategic direction and ensure their organisations conduct themselves in an accountable and transparent manner. The processes currently used to appoint and renew Queensland government board members are not effectively identifying the skills needed or appointing people within a reasonable time frame.

The Department of the Premier and Cabinet provides guidance to ministers and to the departments responsible for the boards. This guidance was developed 12 years ago and needs to be updated.

Boards benefit from having members with diverse qualifications and experience. While more than half of the directors on government boards are women, data is not readily available on, for example, how many members are Aboriginal and Torres Strait Islander peoples or are people with disability.

In this report, we have focused on the board recruitment processes of the 4 departments that are responsible for the largest government boards. At present, several issues are making it difficult for them to ensure suitable candidates are appointed to the boards in a timely way.

The right skills and fair remuneration

Some issues relate to attracting people with the right skills. For example, departments are generally not systematically consulting their boards to identify skills gaps before recruiting. The Department of Health is the exception, having worked with its boards to develop a matrix of necessary skills. Boards are well aware of some of the skills they need – including board governance skills. At present, only one-third of directors have completed a board governance course.

The widest field of applicants is not always sought. For example, Queensland Treasury does not broadly advertise vacancies for its government owned corporation boards. This narrows the field of applicants, it can give the impression that appointees are not independent, and it is not in line with better practice as advised by the Australian Institute of Company Directors and others.

Also, there has been no change to remuneration rates for directors on government boards for 7 years, which again narrows the field of skilled applicants.

A reasonable time frame

Other issues relate to long time frames. No guidance is currently available to departments on this, and it often takes 12 months to fill board vacancies. Candidates wait an average of 6 months to find out if they have been successful, and most find out only when the outcome is publicly announced. This risks preferred candidates choosing to go elsewhere.

In some cases, vacancies on the boards of government owned corporations have gone unfilled for up to 2 years. At times, boards of statutory bodies have not had enough active members to make decisions.

Departments need to check the claims of candidates. This is an important step that must be done quickly so as not to hold up the process. While all 4 departments conduct checks, only the Department of Health confirms academic qualifications. This means there is a risk that unsuitable candidates are being appointed. Also, candidates are not currently able to check for potential conflicts of interest until they join a board, when it may be too late.

Recommendation

We recommend the Department of the Premier and Cabinet works with Queensland Treasury and relevant departments to develop an overarching framework to bring the recruitment process for boards in line with better practice. This will ensure recruitment is driven by the board, is timely, and fairly remunerates members for their contribution.

Figure D2
Boards of large government entities –
revenue and assets for the 2021 financial year

Body name	Department responsible	Revenue (\$'000)	Net operating result (\$'000)	Total assets (\$'000)
Government owned corporations				
CleanCo Queensland Limited	Queensland Treasury	253,615	(15,917)	464,674
CS Energy Limited	Queensland Treasury	1,084,883	(266,135)	1,862,062
Energy Queensland Limited	Queensland Treasury	4,906,000	302,000	26,754,000
Far North Queensland Ports Corporation Limited (trading as Ports North)	Queensland Treasury	48,610	(6,179)	408,232
Gladstone Ports Corporation Limited	Queensland Treasury	516,592	93,462	2,480,954
North Queensland Bulk Ports Corporation Limited	Queensland Treasury	117,904	15,897	812,987
Port of Townsville Ltd	Queensland Treasury	77,171	14,327	883,143
QIC Limited	Queensland Treasury	532,302	71,560	501,742
Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland)	Queensland Treasury	985,208	86,969	8,307,647
Stanwell Corporation Limited	Queensland Treasury	2,735,632	375,437	3,555,278
Sunwater Limited	Queensland Treasury	475,073	39,026	1,115,277
Statutory bodies				
Board of the Queensland Museum	Department of Communities, Housing and Digital Economy	52,858	(2,456)	731,022
Cairns and Hinterland Hospital and Health Service	Queensland Health	1,110,558	28	922,964
Central Queensland Hospital and Health Service	Queensland Health	698,395	(2,701)	469,714
Central West Hospital and Health Service	Queensland Health	92,900	145	106,134

Body name	Department responsible	Revenue (\$'000)	Net operating result (\$'000)	Total assets (\$'000)
Children's Health Queensland Hospital and Health Service	Queensland Health	923,881	2,908	1,182,972
Darling Downs Hospital and Health Service	Queensland Health	945,504	10,626	543,038
Gladstone Area Water Board	Department of Regional Development, Manufacturing and Water	69,847	12,368	752,473
Gold Coast Hospital and Health Service	Queensland Health	1,808,003	10,634	1,785,298
Gold Coast Waterways Authority	Department of Transport and Main Roads	23,302	8,831	221,952
Legal Aid Queensland	Department of Justice and Attorney-General	165,064	9,800	115,500
Library Board of Queensland	Department of Communities, Housing and Digital Economy	79,873	996	158,923
Mackay Hospital and Health Service	Queensland Health	529,998	3,329	419,041
Metro North Hospital and Health Service	Queensland Health	3,380,369	11,703	2,496,065
Metro South Hospital and Health Service	Queensland Health	2,773,105	1,052	1,471,404
Mount Isa Water Board	Department of Regional Development, Manufacturing and Water	27,224	6,109	174,291
North West Hospital and Health Service	Queensland Health	206,702	366	130,861
Queensland Art Gallery Board of Trustees	Department of Communities, Housing and Digital Economy	75,116	12,998	632,327
Queensland Building and Construction Commission	Department of Energy and Public Works	303,315	61,160	561,609
Queensland Bulk Water Supply Authority (trading as Seqwater)	Queensland Treasury	1,039,195	12,596	11,738,627
Queensland Curriculum and Assessment Authority	Department of Education	88,088	9,809	47,020



Body name	Department responsible	Revenue (\$'000)	Net operating result (\$'000)	Total assets (\$'000)
Queensland Performing Arts Trust	Department of Communities, Housing and Digital Economy	53,531	2,347	35,292
Queensland Rail	Queensland Treasury	2,222,607	186,464	8,336,785
Queensland Reconstruction Authority	Department of State Development, Infrastructure, Local Government and Planning	704,337	(7,873)	42,489
Queensland Rural and Industry Development Authority	Department of Agriculture and Fisheries	293,265	70,138	1,445,287
Queensland Treasury Corporation Capital Markets Board	Queensland Treasury	203,416	115,651	131,742,729
Queensland Treasury Corporation State Investment Advisory Board	Queensland Treasury	4,676,076	–	37,814,711
Residential Tenancies Authority	Department of Communities, Housing and Digital Economy	70,357	35,297	1,018,982
South Bank Corporation	Department of State Development, Infrastructure, Local Government and Planning	55,873	(10,983)	817,405
South West Hospital and Health Service	Queensland Health	179,052	5,692	262,512
Stadiums Queensland	Department of Tourism, Innovation and Sport	118,998	(55,495)	1,589,912
Sunshine Coast Hospital and Health Service	Queensland Health	1,355,175	(21,282)	1,979,926
TAFE Queensland	Department of Employment, Small Business and Training	668,102	2,225	434,816
The Council of the Queensland Institute of Medical Research (trading as QIMR Berghofer)	Queensland Health	151,070	32,190	516,954

Body name	Department responsible	Revenue (\$'000)	Net operating result (\$'000)	Total assets (\$'000)
Torres and Cape Hospital and Health Service	Queensland Health	262,248	2,329	261,155
Tourism and Events Queensland	Department of Tourism, Innovation and Sport	145,630	(1,242)	27,343
Townsville Hospital and Health Service	Queensland Health	1,135,454	4,475	915,312
West Moreton Hospital and Health Service	Queensland Health	747,544	1,005	315,627
Wide Bay Hospital and Health Service	Queensland Health	716,898	3,083	367,416
Workcover Queensland	Department of Education	2,479,458	110,828	6,170,201
Total		42,365,378	1,355,597	265,902,085

Note: Revenue for the Queensland Treasury Corporation Capital Markets Board includes the net gain on financial instruments at fair value through profit or loss for consistency of presentation with other entities.

Source: Queensland Audit Office, from Tri-data – whole-of-government financial reporting information and the entities' audited financial statements.

