



## SPARK AND CANNON

### TRANSCRIPT OF PROCEEDINGS

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THE HONOURABLE TIMOTHY FRANCIS CARMODY SC, Commissioner

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IN THE MATTER OF THE COMMISSIONS INQUIRY ACT 1950  
COMMISSIONS OF INQUIRY ORDER (No. 1) 2012  
QUEENSLAND CHILD PROTECTION COMMISSION OF INQUIRY

BRISBANE

..DATE 27/02/2013

Continued from 26/02/13

DAY 46

WARNING: The publication of information or details likely to lead to the identification of persons in some proceedings is a criminal offence. This is so particularly in relation to the identification of children who are involved in criminal proceedings or proceedings for their protection under the *Child Protection Act 1999*, and complaints in criminal sexual offences, but is not limited to those categories. You may wish to seek legal advice before giving others access to the details of any person named in these proceedings.

THE COMMISSION COMMENCED AT 10.05 AM

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COMMISSIONER: Good morning. Mr Haddrick?

MR HADDRICK: May it please the commission, I continue to appear. Do you wish to take appearances, Mr Commissioner?

COMMISSIONER: Yes, I think we will, just for a change.

MR SELFRIDGE: Yes, good morning, Commissioner, Selfridge, initial G, and I appear for the State of Queensland.

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COMMISSIONER: Thank you.

MR SELFRIDGE: Thank you.

COMMISSIONER: Ms Ekanayake.

MS EKANAYAKE: Good morning, Commissioner, Ekanayake, initial J, for the Aboriginal and Torres Strait Islander Legal Service.

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COMMISSIONER: Thanks, Ms Ekanayake. Mr Capper.

MR CAPPER: It's Capper, initial C, for the Commissioner of Children and Young People and Child Guardian.

COMMISSIONER: Thank you. Yes, Mr Haddrick.

MR HADDRICK: Thank you, Mr Commissioner. Mr Commissioner, today is the final day of hearings for all matters within the commission's terms of reference, save for matters that fall within term of reference 3(e). It is a matter of public record that this commission is directed by its order in council made by her Excellency the Governor in June 2012, that it is to consider and report into certain matters. Clause 6 of the order in council states - and I quote:

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*In making recommendations the Commissioner will chart a new roadmap for Queensland's child protection system over the next decade. The recommendations should take into consideration the interim report of the Queensland Commission of Audit and the fiscal position of the state and should be affordable, deliverable, and provide effective and efficient outcomes. The recommendations should include -*

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And then it goes on to set out four matters, and they are:

*Any reforms to ensure that Queensland's child protection system achieves the best possible outcomes to protect children and support families; (b) strategies to reduce the over-representation of*

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*Aboriginal and Torres Strait Islander children at all stages in the child protection system, particularly out-of-home care; (c) any legislative reforms required; and (d) any reforms to improve the current oversight, monitoring and complaints mechanisms of the child protection system.* 1

Mr Commissioner, it is plain, therefore, that it is a requirement that you have regard to, "The interim report of the Queensland Commission of Audit and the fiscal position of the state, and your recommendation should be affordable, deliverable and provide effective and efficient outcomes." 10  
To this end the commission has summonsed to appear, as almost a book-end type of witness, the under-treasurer of Queensland, Ms Helen Gluer. The under-treasurer is the chief executive of the Department of Treasury and Trade at DG level; that is, she is the chief executive officer of the department.

She is the principal public servant to provide advice to her responsible minister, that is the treasurer, and to the cabinet and its various committees. The office of the under-treasurer might generally be described, perhaps in colloquial language, as the chief bean counter of the state. In calling Ms Gluer I propose to also call 20  
Mr Walter Ivessa, who is the assistant under-treasurer, who will also provide evidence where Ms Gluer is of the view that he is in a better position to answer the commission's questions. The evidence of Ms Gluer and Mr Ivessa will be taken concurrently.

The purpose of calling these witnesses is to receive evidence as to the aspect of the order in council that I have just read out to you, Commissioner. Essentially there are three probative goals. The first is a quick examination of headline figures for the state's fiscal outlook; the second is to receive evidence as to the costs associated with running Queensland's child protection system, primarily the tertiary aspects but not limited to those aspects; and the third is to consider pressure points associated with the financing of the tertiary system. 30

By way of background, and noting the commission heard yesterday from Ms Margaret Allison, the director general of the Department of Communities, there are certain matters that I should outline as part of this opening. Child safety services is a function of the broader Department of Communities, Child Safety and Disability Services; as such, for budget purposes child safety is not its own reportable entity. However, for the purposes of the Productivity Commission's report on government services - ROGS, as we'll hear about today - and for internal departmental purposes, a discrete child safety budget is available. 40

The most significant difference for child safety from a budgeting perspective of being a function of a larger

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department, rather than its own department as it has been previously, is that its funding, of which the total department budget is 2.5 billion in the 2012-13 financial year, is easily moved within the broader department, both in and out of the child safety component, or silo of that department, as and when required by those who administer it.

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It is understood that particularly in recent years this flexibility has been utilised by the department to meet the increasing costs of the child protection functions. From 2003-04 to the 2011-12 financial year the budget for child safety services has increased by a whopping 303 per cent from \$182 million to \$735.5 million. Primarily the increase has been the result of the implementation of the recommendations of the Crime and Misconduct Commission's inquiry into child protection of some years ago which found that child safety services in Queensland were significantly under resourced.

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Subsequently expenditure on child safety services increased 163 per cent from 2003 to 2006, moving up from 182.2 million to 479.8 million. The most significant increase in funding has been in grants and subsidies, including nongovernment organisations grants, foster care allowances, child-related costs, and the Evolve program, which this commission has already heard evidence in relation to. Grants and subsidies increased from 65.9 million in 03-04 to 402.6 million in 2011-12, or in other words, 510 per cent.

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Over the same period employee expenses grew by 213 per cent from 100.7 million to 316.1 million. It is against this backdrop, Mr Commissioner, that I now call Ms Helen Gluer and Mr Walter Ivessa to give evidence.

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**GLUER, HELEN LOUISE** sworn:

ASSOCIATE: For recording purposes please state your full name and your occupation.

MS GLUER: Helen Louise Gluer, under-treasurer.

COMMISSIONER: Good morning, Ms Gluer, welcome.

MS GLUER: Thank you.

**IVESSA, WALTER** sworn:

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ASSOCIATE: For recording purposes again please state your full name and your occupation.

MR IVESSA: Walter Ivessa, assistant under-treasurer, Queensland Treasury and Trade.

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COMMISSIONER: Good morning, Mr Ivessa. 1

MR IVESSA: Good morning.

COMMISSIONER: Yes, Mr Haddrick.

MR HADDRICK: Ms Gluer, it's true that you appear here today by way of summons to appear?

MS GLUER: Yes.

MR HADDRICK: First of all, in terms of your professional background so the commission has some understanding of what expertise you bring to your evidence, you're the under-treasurer of Queensland and have been since when? 10

MS GLUER: March last year.

MR HADDRICK: And prior to that you were the chief executive officer of Queensland Health corporate services authority.

MS GLUER: I was the acting chief executive officer, yes. 20

MR HADDRICK: And how long did you hold that role for?

MS GLUER: Approximately two months, Mr Haddrick.

MR HADDRICK: And prior to that you were the chief executive officer of Stanwell Corporation.

MS GLUER: Yes.

MR HADDRICK: And you were also Brisbane City Council's chief finance officer. 30

MS GLUER: That's right.

MR HADDRICK: And you're currently an adjunct professor of business at the Queensland University of Technology.

MS GLUER: Yes.

MR HADDRICK: And at that university you have recently retired from being the deputy chancellor of that university.

MS GLUER: Retired is such a strong word, but yes. 40

MR HADDRICK: Yes, I understand the loaded meaning. Mr Ivessa, I think - - -

COMMISSIONER: There's a finality to it.

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MR HADDRICK: - - - you are the assistant under-treasurer. 1

MR IVESSA: That's correct.

MR HADDRICK: How long have you held that role for?

MR IVESSA: Since 1996.

MR HADDRICK: How long have you been in Queensland Treasury for?

MR IVESSA: Since 1981. 10

MR HADDRICK: Okay. You are responsible for the health group in the fiscal division.

MR IVESSA: That's correct.

MR HADDRICK: What does that mean?

MR IVESSA: The health group in the fiscal division deals with budget and policy issues related to a group of government agencies - five government agencies - of which the department, the subject of this inquiry, is part of. 20

MR HADDRICK: And what are those government agencies?

MR IVESSA: The agencies that are in that group include Queensland Health; Department of Housing and Public Works; the Department of Science, Information Technology, Innovation and the Arts; the Department of Aboriginal and Torres Strait Islander and Multicultural affairs; and the Department of Communities, Disability Services and Child Safety.

MR HADDRICK: And of course that last one is the primary agency which this commission is having most attention to - - - 30

MR IVESSA: Correct.

MR HADDRICK: - - - in its terms of reference.

MR IVESSA: Yes.

MR HADDRICK: Just for completeness, both of you, as senior public servants, answer ministerially to the treasurer. Is that correct? 40

MS GLUER: Yes.

MR IVESSA: Yes.

MR HADDRICK: Okay. Now, for the purposes of your evidence today what I propose to do is show two sets of

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slides. The first set of slides - and this is by way of  
advice or a submission to the Commissioner - is a set of  
slides which you, Ms Gluer, have provided to the  
commission, which are taken from statistics collected by  
the Treasury. The second set of slides are ones that the  
officers of this commission have produced and have shown to  
you. So for purposes of informing the rest of the bar  
table, that's the way the evidence will be received today.  
I will turn to the first set of slides, if I could, please,  
and they are the ones provided by Treasury. Now, I might  
be able to zoom in on this slightly. Copies of these  
slides have been provided to other parties at the bar  
table, Mr Commissioner, certainly the first set. Now, that  
slide there that I've placed up on the screen, what are we  
looking at there, please, Ms Gluer?

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MS GLUER: What you're looking at, Mr Haddrick, is two sets of graphs. So between 01 and 06 you can see that expenses grew over that period by a little bit over 6 per cent and revenue grew at around the 10 per cent rate.

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MR HADDRICK: So when you say expenses, you're talking about global state government expenses, you're not talking about any discrete agency.

MS GLUER: No, across - - -

MR HADDRICK: This is the total budget.

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MS GLUER: Absolutely, across the whole of government, so the whole of general government. That doesn't include things like government owned corporations, so things like Stanwell generators or Ergon or Energex. Just within - - -

MR HADDRICK: Government business enterprises.

MS GLUER: Exactly, so just within the general government area, which is the sorts of agencies that Walter was talking about, and also government agencies. Expenses grew at around six and revenue grew at a bit over 10, which is the right order of things. So one is getting in more money than one is paying out.

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MR HADDRICK: So that's that year's financial position you're describing.

MS GLUER: Exactly, the 01 - - -

MR HADDRICK: Sorry, that period, the five financial years between 2000 and 2005.

MS GLUER: Exactly - or 2005-6, that's right. Then between 06-07 to 10-11, so the next five years, it was essentially a reversal. So expenses grew at about 10.5 per cent and revenue grew at about 6.9 per cent, which means that you're running in a deficit position.

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MR HADDRICK: Something went wrong in that period. What went wrong fiscally?

MS GLUER: The government was spending more revenue than it - the government was spending more on expenses than it was getting in on revenue.

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MR HADDRICK: Can you put that down to any particular features of policy, in terms of was it directed at certified agreement expenses, was it simple costs of running individual departments, was it a drop-off in revenue, revenue growth trends? Are there particular things that you would ascribe that particular change to?

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MS GLUER: Yes, and I think the road to deficit is paved with a lot of conventions and good intentions. So there are a whole range of things that happened during that period, not the least of which, of course, was the GFC in 2008, but notwithstanding that, during that time expenses growth across employee expenses, across operating expenditure and also across capital, which I think we'll get to in the next slide, were all occurring. So there wasn't one thing or one policy decision in one area that caused that reversal, it was a whole range of policies and spending priorities.

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COMMISSIONER: Was it all on the expenditure side of the ledger or was there revenue falling at the same time?

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MS GLUER: No, Mr Commissioner, revenue was increasing. You can see from that slide that revenue grew at an average of 6.9 per cent but expenses outgrew that at 10.5. The actual, if you like, the gross dollars of our revenue across that time would have still been increasing every year, but expenses were increasing at more than our revenue.

COMMISSIONER: Disproportionately.

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MS GLUER: Exactly.

MR HADDRICK: It was the suite of policy responses to those challenges that led us to this particular position?

MS GLUER: That's right. You had the child safety inquiry that you've referred to earlier. I think there were a number of other inquiries that will come through in the public nonfinancial sector period. On the debt side, things like the Somerville report on Ergon, which isn't part of this general government but on the next slide in terms of growth in debt was also the outcome of an inquiry that said our electricity networks needed a lot of upgrading.

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COMMISSIONER: I see the heading says Lack of Effective Expenditure Restraint. What does that mean? It means, does it, that the expenditure wasn't restrained effectively?

MS GLUER: Yes.

COMMISSIONER: I know that we use the words "effective" and "efficient" as if we are all talking about the same thing. do you have a definition within Treasury of effective and efficient?

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MS GLUER: I don't believe there would be a definition as such, Mr Commissioner. Certainly I know what I mean by it.  
COMMISSIONER: Yes.

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MR IVESSA: Not in a fiscal context but more in a general context. 1

COMMISSIONER: What I mean by it, you tell me if you mean something different when you use the term, is I mean if you're effective if you reach your goals you do that efficiently if you reach the goals by maximising available resources with no waste.

MS GLUER: Correct.

COMMISSIONER: Right, and you are neither efficient or effective if you don't reach your goals and you spend too much not doing it. 10

MS GLUER: If I can just give an example in that context, Mr Commissioner. At the mid-year economic review, which we'll get to the slide a bit later, government has a strong view on what its revenue is going to look like over a year, but it can move around a little bit. So coal volumes could go up and down or coal prices could go up and down, but in terms of our spending we should be able to really make sure that we're spending in line with what we project we'll spend at, and certainly in MYEFR that came through. Our revenues were slightly down, which comes through in, if you like, the figures that got put out late last year, but our expenses have been held at what we were budgeting them to be held at, because those are things we can control a lot more. 20

COMMISSIONER: They're more predictable and consistent than revenue.

MS GLUER: They are more capable of being controlled if one as a want to control them. 30

COMMISSIONER: Okay, thanks.

MR HADDRICK: Moving on to the second slide - just before I move on to the second slide, do you recall off the top of your head what these final figures are for the 06 - sorry, yes, for the period 06 to 2010? What sort of - you've given us percentage changes there in terms of 10.5 per cent. What sort of monetary difference are we talking about?

MS GLUER: I'd have to check that, Mr Haddrick. Do you know what the operating deficit would have been over those five years? 40

MR IVESSA: I haven't got that information on me.

MS GLUER: We can certainly get that, Mr Commissioner.

COMMISSIONER: Okay.

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MR HADDRICK: Thank you. Okay, the next one, and refer to the next line. This would reflect changes for capital expenditure. Can you talk us through that particular graph, please? 1

MS GLUER: Thanks, Mr Haddrick. In this slide we also compare it to other states just to try and give it a little bit of relativity. It's fine to say, well, you know, back in - if you look at the red line, first off, back in 2000 and 2001 you can see that it starts off at about 2.25 per cent. So back in 2000-2001 general government capital expenditure - so general government capital expenditure are things like what we spend on hospitals and ambulances and schools. They're not what we spend on the electricity networks - - - 10

MR HADDRICK: Recurrent expenditure.

MS GLUER: Exactly. So it's in the general government sector, and that's very then comparable with other states. Now, one could say, well, the capital expenditure in Queensland shouldn't be comparable with Victoria because Victoria is very small, and there is a level of truth to that, in that service delivery in a much wider geographic area is more expensive, but having said that, New South Wales is also a very large geographic state so it's horses for courses, a little bit. 20

MR HADDRICK: So it's understandable that say for Queensland where there are primary treating hospitals, if I can make up that expression - - -

MS GLUER: In Cape York, yes.

MR HADDRICK: You would need more of them spread across a larger state with a more disparate population than you would in an intense urban population as you might have in Victoria. 30

MS GLUER: Correct, and you then can't quite get arguably as efficient a service delivery outcome because you've got a more dispersed population to serve. But even so, this compares - the blue line is the other states, the red line is Queensland, so you can see back in 2000-2001 Queensland spent around 2.25 per cent of gross state product on capital expenditure compared to the other states that spent about 1. Now, again, there might be an argument for why Queensland needed to be a bit higher. You can see through to about 06-07 that was pretty steady. It was down a little bit to around the 2 per cent and the rest of the state stuck pretty much at a bit over that 1 per cent. 40

MR HADDRICK: So in the years between 04-05 and 06-07 there seems to be what might be described as a general ratcheting up in capital expenditure.

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MS GLUER: Across all of Australia. So you can see that the other states went up slightly and Queensland went up slightly up to about 06-07 and then in 06-07 Queensland has just rocketed. See the red line? We've just gone up and up and up, to the point in 09-10 where it was at around 3 and a half per cent, whereas in the rest of Australia it only got to 1 and a half.

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COMMISSIONER: What was the spike there between 09 and 10?

MS GLUER: Mr Commissioner, it will have been a number of things. So the implementation of the south-east Queensland infrastructure plan, the upgrade of the electricity distribution network, to an extent, the upgrade of the water - particularly the water infrastructure project, so the water grid, Wyaralong Dam, the money on Traveston Dam, the purified recycled water treatment plants in Brisbane, as well as the desalination plant in Tugan. I think that was about 9 billion all-up.

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MR IVESSA: Part of it would have also been the Commonwealth stimulus following the GFC as well. 1

COMMISSIONER: I noticed there was a spike elsewhere in the country as well not as pronounced.

MS GLUER: Yes, that's right, so part of it will also have been that, but there was also a lot of capital being spent in Queensland on infrastructure projects.

COMMISSIONER: Yes. 10

MS GLUER: And more beds for Queensland so the Queensland hospitals - - -

MR HADDRICK: But despite the spike is much earlier in Queensland - - -

MS GLUER: Yes.

MR HADDRICK: It's in the end of the 05 fiscal year.

MS GLUER: That's right, and it's then sustained. 20

MR HADDRICK: A good two years prior to the rest of the country having its spike.

MS GLUER: Exactly, that's right.

MR HADDRICK: In 04, 05, 06 - that's prior to the GFC.

MS GLUER: Exactly.

MR HADDRICK: So that was a decision that government generally made unconnected with the global financial predicament. 30

MS GLUER: That's right; that's right.

MR HADDRICK: How are we to compare that set of figures? What is the message that we can take from that graph compared to that graph I just showed you that gives us our global difference in expenditure versus revenue? How are they interlinked, those two sets of figures?

MS GLUER: Mr Haddrick, from my perspective they're interlinked to the extent that they're showing that expenses were ratcheting up way of what revenue was and similarly capital expenditure was ratcheting up way ahead of - compared to other states' percentage. So we were spending more on capital and more on expenses and it was unsustainable. 40

MR HADDRICK: What would be the basis on which you would decide to spend more on capital if it weren't paid for by

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revenue? You could only do that on the basis that you thought revenue was going to go up at a much higher down the track than it actually did, couldn't you?

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MS GLUER: Look, Mr Haddrick, I couldn't speak for the government at the time. Again I'm sure that there will have been another number of policy decisions that caused that.

MR HADDRICK: Okay. Now, moving on to this financial year's projections for the State of Queensland - - -

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MS GLUER: Gee, if no-one was sleepy before, they're going to be sleepy now, sorry.

MR HADDRICK: That's okay. Tell us what we are to take from that particular graph. What are the salient features?

MS GLUER: Just to centre this graph for people, this was as part of the budget and strategy outlook for 1213 so it was the budget that was brought down in September last year and it sets out our key financial aggregates for the fiscal year 1213 and the key things to me to take out of that are twofold. First off, it's looking at the fiscal balance across the year so in 10-11 the actual fiscal balance was a bit of 7 billion. So that's the penultimate set of numbers I'm looking at.

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MR HADDRICK: Yes.

MS GLUER: The fiscal balance in 10-11 was just over 7 billion, in 11-12 we were estimating at 5.6 billion, in 12-13 10.7, in 13-14 3.7 and, importantly from my perspective, in 14-15 projecting a fiscal surplus of 652,000,000.

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MR HADDRICK: Now, there's an anomaly in there. It starts off at seven, drops to five, as you would think in terms of fiscal repair, as it's described in an earlier chart, then it bumps out to twice that at \$10 billion before then going back down to three and then going back into the black. Why this odd figure of 10.7 billion for the 2012-2013 year?

MS GLUER: Mr Haddrick, when the federal budget was brought down in May last year, part of the outcomes of the federal budget bring down was that funds that the state government should have received in 12-13 from what we call the NDRRA money which the natural disaster recover and resilience assistance was brought forward into the 11-12 year. So the consequence of the bring forward from the federal government to the state government in the May budget in May 12 is that that was then received in the

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fiscal year 11-12 for the state government which dropped what the fiscal balance would have otherwise been. 1

MR HADDRICK: So it drove down that figure there.

MS GLUER: Drove down the 5.6, that's right, and drives up the 12-13 because we were - so, as an example, instead of getting - - -

MR HADDRICK: So arguably that might be really, say, 6 billion, just for argument sake, and that might be, say, 4 billion so that we would otherwise see a general downward trend in the negative position. 10

MS GLUER: That's right.

MR HADDRICK: So why was that money brought forward again?

MS GLUER: Well, our understanding is that the reason that it was given to us, if you like, early was that from the federal government's perspective then in the fiscal 12-13 that spending doesn't count in the federal government's books in that year so it doesn't show as an outlay which means that - say, the federal government's revenue was \$10 and their expenses were \$12, that means they would have a deficit of \$2. I'm being extremely plain-spoken though. 20

MR HADDRICK: Yes.

MS GLUER: If you can take some of the spending out of that year and put it in another year - say, you can take \$4 spending out, your revenue is still \$10 but now your expenses are only eight. You will show a surplus of two. So being able to take spending out of the particular year and move it you can either create a surplus or a deficit at a federal government level. 30

MR HADDRICK: So the Commonwealth Treasury's books look a little bit better this year, this financial year - - -

MS GLUER: Yes, than they would otherwise.

MR HADDRICK: - - - than they would otherwise but for them paying you early.

MS GLUER: That's correct.

MR HADDRICK: Any reason for that or would that be inviting you to contemplate upon matters - - - 40

MS GLUER: Certainly from my perspective it was interesting at the time. The accountants were saying to me, "Well, hang on, we don't want it this year. We want it next year." I said, "Everyone get over it. It's cash. We'll have it, thank you."

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MR HADDRICK: Yes.

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MS GLUER: But certainly if I was the federal government, by moving it back to 11-12 it means I'm moving some expenses which means I'm giving myself a greater shot of getting to a surplus.

MR HADDRICK: Would that be similar across other jurisdictions? Is Queensland the only beneficiary of this early Christmas present?

MS GLUER: I would have to check that, Mr Haddrick. Certainly I'm very firmly of the understanding that the way that the federal government treats the NDRRA funding and in particular in Queensland books from an accrual accounting perspective you can move it around without having to worry about the accrual accounting affecting your books. Now it's getting very boring.

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MR HADDRICK: No; no; no.

MS GLUER: That's only with the NDRRA funding, is my understanding, is where that counts.

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MR IVESSA: My understanding was they did do that with other jurisdictions that also had natural-disaster spending.

MS GLUER: But we were the big pit because we'd had the disaster of the floods.

MR HADDRICK: Okay. Now, the next slide - now, I don't know if you can see the end of that one. I will move it across in a second. What are we looking at there?

MS GLUER: So, Mr Haddrick, this is when the government reviewed how it was going late last year so this is our - what we call our mid-year fiscal and economic review. Again the key thing to me there is the fiscal balance but I think apropos, Mr Commissioner, what you were talking about before in terms of revenue and expenses you can see the revenue that the government is anticipating receiving in the 12-13 fiscal year. We were budgeting for 42.2 billion and in 12-13 we estimate that we will actually receive 41.5, so our revenue is down 700,000,000. Now, there's a whole range of things that contribute to that, a lot of which - the government tries to have policies settings to assist business but if coal royalties are down and coal volumes are down, it is certainly a big contributor to that, but again where you can control and where you must control is on your expenses line and on that line you can see that - if anything, we're seeing that our expenses will be down from 48.5 billion to 48.2.

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COMMISSIONER: And your projections reverse the trend to more revenue, less expenses. 1

MS GLUER: Exactly. So whilst we're still going to have a fiscal deficit in 12-13 through - actually, does that slide go over a bit more, I think, Mr Haddrick?

MR HADDRICK: It does.

MS GLUER: You can see that we're still saying that we'll achieve a fiscal surplus in 14-15 but between now and then we're running quite large fiscal deficits because of the carry over of in particular past decisions that are still flowing through our books, so things like the Sunshine Coast Hospital, things like the Gold Coast University Hospital, et cetera. 10

MR HADDRICK: What sort of dollars are we talking about there?

MS GLUER: That's billions, Mr Haddrick.

MR HADDRICK: 10 billion; 5 billion? 20

MS GLUER: No, the Gold Coast University Hospital - well, over the total project costs would've been probably about three.

MR IVESSA: The capital spend of those hospitals is somewhere between 1 and a half and 2 billion dollars each.

MS GLUER: Each.

MR IVESSA: The additional operating expenses are of the order of 2 to 3 hundred million dollars a year. 30

MS GLUER: Each.

MR IVESSA: Each.

MR HADDRICK: Is that amount spread out over some particular point in time or - - -

MS GLUER: The capital is spread over the fiscal years in which the actual project occurs. The operating expenses, as Walter just referred to, occur every year. And then you can also see the other key one there for me - - - 40

MR HADDRICK: Yes.

MS GLUER: - - - is the bottom set of figures, which is how we see the nonfinancial public sector gross borrowings increasing. So you can see - - -

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MR HADDRICK: Okay. In ordinary human speak what does that mean? 1

MS GLUER: Total amount the government owes.

MR HADDRICK: Okay.

MS GLUER: Total amount on its tab.

MR HADDRICK: Yes.

MS GLUER: So total amount on its tab in 11-12 was 61 billion. That will peak, we say, in 15-16 at 82 billion. Even with the repair work that's been done the debt still increases, and the reason it increases, Mr Haddrick, is that it needs to fund those deficits in 12-13 and 13-14. So if you spend more than you get in the year the only way to pay for it is by increasing your borrowings. 10

MR HADDRICK: Or cut your expenditure.

MS GLUER: Exactly. But I'm saying if you've already - if you're spending more than you're earning - - - 20

MR HADDRICK: Yes.

MS GLUER: - - - then the only way to get it you've got it on the credit card.

MR HADDRICK: Or cut your expenditure in future years.

MS GLUER: Exactly. And then you need to gradually bring it down, and I think we are getting to the fiscal principle shortly, which is a real showstopper. 30

MR HADDRICK: Okay. I'm sure I've got the showstopper here. It's the reason I studied law.

MS GLUER: I can just talk to it if you wanted, Mr Haddrick.

MR HADDRICK: Yes, if you could, but I'll just put my hands on it. I think I know the slide you're referring to.

MS GLUER: So following the delivery of the Commission for Audit report last year the government read into parliament four fiscal principle is that it says will guide the fiscal thinking of the government over the years to come. The first fiscal principle - unfortunately this isn't on the slide - is, "The government's goal is to stabilise and then reduce debt." We say, as you can see from those figures, that by 14-15, 15-16 we will have stabilised the debt. So the first fiscal principle is to stabilise and then 40

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significantly reduce debt. The second fiscal principle that guides us is, "To achieve and maintain a fiscal surplus by 14-15." And at this stage we are still budgeting for a fiscal surplus of 534 million. 1

MR HADDRICK: Just stop. When you say a fiscal surplus, you're talking about the expenditure for that one financial year, you're not necessarily talking about debt left over from previous years, are you?

MS GLUER: No, but you're certainly still talking about servicing the debt left over from previous years. 10

MR HADDRICK: Okay.

MS GLUER: So a fiscal surplus refers to your revenue and your expenses, and then anything additional you borrow.

MR HADDRICK: For that particular financial year.

MS GLUER: Yes.

MR HADDRICK: Okay. Keep going. 20

MS GLUER: Less whatever borrowings you may be repaying from other years, but essentially, yes.

MR HADDRICK: Yes.

MS GLUER: And then - so our second fiscal principle is to achieve and maintain a fiscal surplus by 14-15. Our third fiscal principle is, "To maintain a competitive tax environment," because we very much want business to come and operate in Queensland. And our fourth fiscal principle is, "To target long-term funding of liabilities," so that's things like the defined benefits scheme for government superannuates, as well as long service leave, et al. 30

MR HADDRICK: Okay. They're the global factors impacting upon - - -

MS GLUER: Yes.

MR HADDRICK: - - - the state of Queensland's fiscal position right now and going forward. I now wish to show you some slides and ask you some questions in respect of those activities that we would describe here as the child protection system and get you to comment upon what those particular figures reflect. The first slide - and I'll try and make sure I have these in the correct order - is this one here called Queensland Child Protection Services Expenditure Percentage Change. This is a slight produced by the Treasury. 40

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MS GLUER: Yes. 1

MR HADDRICK: What are we looking at there?

MS GLUER: What that's showing, Mr Haddrick, is from 06-07 through to 11-12, what the percentage increase was each year. At times it can be a little difficult to look at just numbers because, you know, is 100 the right number or is it the wrong number, don't know. But in this case what it is showing is the actual percentage increase every year. So it says over those five years that you're looking at there - my apologies, six years - the average annual percentage increase was 14.2 per cent. 10

MR HADDRICK: And is that a sustainable figure from Treasury's perspective?

MS GLUER: No, it's not, Mr Haddrick. And if I can refer you back to the first slide that you put up, sir, in relation to the growth in general government revenue and expenses, that, if you like, is one of the subsets of that expenses growth I was talking about in terms of sustainability. 20

MR HADDRICK: You're referring to this line here that tells us that - - -

MS GLUER: That's right.

MR HADDRICK: - - - current expenses grew for that period of time at 10.5 per cent.

MS GLUER: That's right.

MR HADDRICK: But in the child protection services expenditure - those services that Treasury classifies as child protection services - it's growing at 14.2 per cent, which is almost - in fact almost 4 per cent higher than the overall state expenses. 30

MS GLUER: Yes.

MR HADDRICK: And then of course that compounds year in, year out, doesn't it?

MS GLUER: Exactly. And certainly from my perspective the rate of growth in expenses overall the government is not sustainable. This is a subset of that at an even higher level, which again goes to sustainability. 40

MR HADDRICK: Now, there's some radical change in these figures, particularly between the 09-12 years. Can you tell us what that might be represented by? Why have we got such anomalies there?

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MR IVESSA: Maybe if I can answer that one. 1

MR HADDRICK: Certainly.

MR IVESSA: The child protection services expenditure is a subset of total expenditure of the agency and sometimes there are classification changes between different categories, so it could be that in 10-11 some things were classified as child protection services that perhaps in previous years were classified under one of the other headings. We've got two more graphs after this that show - one shows the out-of-home care component and the other is actually the aggregate for the whole of the agency. The aggregate for the whole of the agency then evens out any definitional changes that might have occurred over that period in the classification of the expenditure. 10

MR HADDRICK: Would you know if any of those particular changes had accounted for the 10-11 year, Mr Ivesa?

MR IVESSA: I don't myself, but it's obvious when we look at the 10-11 number that there seems to have been an adjustment between what is classified as child protection services and what is classified as intensive family support. Because in that year it appears like the intensive family support has reduced. I suspect that there's been a classification change rather than a real reduction. 20

MR HADDRICK: Could there be new services coming online?

MR IVESSA: There would be an element of new services, but certainly it would not have been of the order of a 25 per cent increase.

MR HADDRICK: Okay. Now, the next graph is the one you're referring to there. What are we looking at here? 30

MR IVESSA: This graph is out-of-home care services, so these are foster care payments, placements and other placements for children in care.

MR HADDRICK: So this is residential placements, transitional placements - - -

MR IVESSA: That's my understanding.

MR HADDRICK: - - - and state expenditure on foster placements. 40

MR IVESSA: That's my understanding, yes.

MR HADDRICK: Okay. What can we read into that, Ms Gluer or Mr Ivesa?

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MR IVESSA: Certainly once again very high growth rates over that period. Certainly it was very strong growth in 06-07. That was probably a product of we were still in a phase-up stage at that point from the previous decisions around significantly enhancing child protection services.

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MR HADDRICK: So that might be the boost and expansion that occurred after the CMC report.

MR IVESSA: Correct. But you can see - - -

MR HADDRICK: And then there's the flow-on expenditure.

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MR IVESSA: That's right. But even beyond that there's been a steady growth in expenditure in that area. And if you look at the average over that period once again, the average is of the order of 11.4 per cent per annum.

MR HADDRICK: Which is higher than the - - -

MR IVESSA: Correct. It's the same story that drives that whole of government expense growth that we observed between 06-07 and 10-11.

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MR HADDRICK: Okay. Now, this next slide - and I'll be tendering all these slides at the end, Mr Commissioner.

COMMISSIONER: Yes.

MR HADDRICK: Is Queensland Child Protection Out-Of-Home Care and Intensive Family Support Services Percentage Change. How is this slide different to the one we just saw?

MR IVESSA: Well, this is effectively an aggregation. This brings together both out-of-home care and child protection services and intensive family support and provides it as an aggregate growth. And you can see a similar pattern once again: in 06-07 there's still a ramp-up phase from the earlier enhancements to child protection services and significant growth in the subsequent years still occurring. And once again the average annual growth over that period is 11.4 per cent per annum.

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MR HADDRICK: So in 06-07 the budget was 23.4 per cent bigger than it was the previous financial year.

MR IVESSA: Correct.

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MR HADDRICK: And in 11-12 it was 5.9 per cent larger than it was the financial year prior to that.

MR IVESSA: Correct. Correct.

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MR HADDRICK: Isn't there actually a good story to be told in terms of the general downward trend there? 1

MR IVESSA: Certainly in terms of 11-12 is certainly a lower level of growth, but in the current fiscal environment even 6 per cent is a challenging proposition.

MR HADDRICK: So it's coming off a very high base to start with.

MR IVESSA: Correct. 10

MS GLUER: And in line with that, Mr Haddrick, Queensland's population growth across the years that we're referring to here, being from 06-07 through 11-12 was about 2.4 per cent compound.

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MR HADDRICK: So the population goes up 2.4 per cent but we're spending perhaps five times, or at least four times as much as that. 1

MS GLUER: Correct.

MR HADDRICK: Additional expenditure.

MS GLUER: Exactly.

MR HADDRICK: In this particular area of government activity. 10

MS GLUER: That's right.

MR HADDRICK: That leads us to the completion of the slides that Ms Gluer and Mr Ivessa have kindly provided to the commission and I will tender them shortly as part of the - actually, I might tender all those slides, because they're of a different category to the next, Mr Commissioner. I tender the slides provided by the under-treasurer and Mr Ivessa.

I've just been kindly alerted to perhaps an aspect of the figures in those figures in the slides. Do those figures account for inflation? 20

MR IVESSA: Well, they are the aggregate growth.

MR HADDRICK: So they're based back - - -

MR IVESSA: So within that growth would be a combination of - - -

MR HADDRICK: For the previous year, the inflationary figure - - - 30

MR IVESSA: Correct.

MR HADDRICK: - - - of the previous year would be factored into the subsequent year's growth rate.

MR IVESSA: Well, within each year there would be cost increases occurring.

MR HADDRICK: Yes.

MR IVESSA: There would be general inflationary increases but also enterprise bargaining increases. 40

COMMISSIONER: Because the inflationary increase is built into the overall cost increase of that - - -

MR IVESSA: Correct.

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MR HADDRICK: Exactly.

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COMMISSIONER: The slides will be exhibit 183.

ADMITTED AND MARKED: "EXHIBIT 183"

MR HADDRICK: They would best be described as the Treasury slides.

COMMISSIONER: All right.

MR HADDRICK: The next set of slides that I'd like you to have a look at, please, are slides that have been generated by officers of the commission based on data officers of the commission have had available to them over the course of this inquiry. I'm not going to ask you to verify the accuracy of the raw figures because they will either stand or fall according to the data sources, but what I want to do is ask you some questions about trends and what we can take from those if those figures are correct or indeed indicative of the true position. Can I get you to take have a look at this slide here? I might just work out how to pull this back, please, Mr Officer, to shrink this. This chart here is described as total expenditure for the provision of child protection out of home care and intensive family support services in Queensland between 03-04 to 2011 and 2012 year.

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Now, on these figures, which officers of the commission instruct me are based on data provided from the statement of Mr Brad Swan, who is a very senior officer in the Department of Communities, and that statement is dated 14 September of last year, it shows or purports to show an increase in raw expenditure for those particular governmental activities rising from 182.25 million to 735.45 million. Without asking you to verify the accuracy of the start and finish points in terms of the amounts of money, because as I say they all - the accuracy will rise or fall according to what should be made of that statement of Mr Swan, but if we are to accept as a basic proposition that those figures are at least indicative of the trend in raw growth for those government activities, what are we to make of a growth of perhaps, was it, 450 million, in round terms, in expenditure over the last nine years?

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MS GLUER: I'm just trying to do some math in my head, Mr Haddrick. I think that's about a fourfold increase that we're looking at over those years. A fourfold increase is an extraordinarily large increase in the expenditure on a particular area.

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MR HADDRICK: How does that compare against other units of governmental activity?

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MS GLUER: I don't have the - if I can refer back to those 1  
previous slides, over the period up to 05-06 the average  
growth in expenses was sitting at around the 6.3 per cent.  
That's certainly a lot higher than that.

MR HADDRICK: That's the annual growth, 6.5 per cent, you  
say.

MS GLUER: That's right.

MR HADDRICK: Not the aggregate growth over that period of 10  
time.

MS GLUER: Exactly.

MR HADDRICK: So it's compounded each year.

MS GLUER: That's right, and then from the period for the  
rest of government from 06-07 through to 10-11 it was  
around 10 per cent. That is a lot higher than either of  
those and is unsustainable.

MR HADDRICK: To your knowledge, and perhaps the question 20  
is directed to both of you, what would you put that growth;  
as you say, unsustainable growth, down to?

MS GLUER: Certainly I've been advised, Mr Haddrick, and  
I'd be very welcoming of Walter's much more informed  
comments than mine given his history in this area since -  
many years - too many for me to say, Walter, but certainly  
I've been advised it was a number of issues. The first was  
previous policy decisions from government born of  
particular inquiry outcome. So you're talking about the  
CMC outcome. Also, certainly since I've been in government  
and as under-treasurer but also, prior to that as well, the 30  
apocryphal stories of people who worked within the industry  
around the culture of just how many people feel they need  
to refer a particular contact or make particular contact  
with the Department of Child Safety.

MR HADDRICK: I'm going to come to that issue of intakes  
in a sec because I want to explore that from a central  
government perspective in more detail, but the first part  
of your answer you referred to the - or you allude to the  
CMC inquiry, which of course was 06-07, which puts us about  
there on the chart. Prior to that point in time there's  
still quite a steady growth in raw expenditure. Obviously  
whatever the driver is occurred perhaps after the CMC but 40  
definitely before the CMC inquiry. Is there anything that  
we can attribute the 03 to 06 growth on? Is there any  
factor?

MS GLUER: I'm unaware of anything, Mr Haddrick, and  
certainly that would have been way above what the rest of  
the government was doing. Walter, do you have any - - -

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MR IVESSA: No, I think it was predominantly driven by those inquiries and obviously a policy priority of government at the time to enhance the quality and extent of services - - -

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COMMISSIONER: I think Forde resulted in a \$100 million injection and there was a bundle of money that was earmarked for prevention and early intervention, but something happened to it because of machinery of government changes subsequently and then within three years you had the CMC inquiry which then confused - because its remit was to investigate the foster care system but its report overhauled the entire system, in effect, and it, like Forde, placed more emphasis, at least rhetorically, on prevention and early intervention to put downward pressure on out of home care and public child care services, but that didn't seem to be given practical expression in the outcome, because while on the one hand there was the rhetoric of prevention and early intervention, a new government department with the name Child Safety was set up and the funds went to it and it performed a solely tertiary function.

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MR IVESSA: Correct.

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COMMISSIONER: Then what we call the secondary system - and again, there's no uniform definition of that, nor is there any universal meaning given to early intervention or even prevention for that matter, because even tertiary is preventive in the sense that it stops it happening again if it's effective, but there's never been an investment, despite the legislative requirement for it, in - well, there has been investment of late, post 2007, in what we might call the secondary system, but the act has called for it to have been done by the department administratively since 2000. The director-general yesterday conceded that if it had been done according to the legislative requirement over that period of time, and in spite of machinery of government changes, because they don't affect the legal requirements, the outcome might be different and I mightn't be sitting here and you might not be sitting there. We'll never know, and I think that's one of the things I'll come back to you when Mr Haddrick's had his run of it. It seems to me if the theory is right, and there seems to be a consensus is prevention is better than cure and a stitch in time saves nine.

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I'm not sure what Treasury needs to be convinced of that in practice. We can have a look at that, but if we are going to have a new secondary system that's supposed to prevent rather than attempt to alleviate harm, then it needs to be a coherent one and it seems to me we also need to know - Treasury would need to know of the rival options, which of them is the highest yield per unit cost and I'm not sure that there's been any research into that by the department or anyone else. So at the moment if you were to say, "Well, is this program for reducing family violence available at Caboolture more effective or efficient than its rival at Logan?" I couldn't tell you. No-one could tell you, but you would like to know that, wouldn't you? 1 10

MR IVESSA: Yes.

COMMISSIONER: Yes.

MR IVESSA: It's important that those programs or initiatives are subject to some sort of rigorous evaluation.

COMMISSIONER: Economic evaluation as well as whether it's meeting goals. 20

MR IVESSA: In the first instance, you know, the effectiveness issue.

COMMISSIONER: Yes.

MR IVESSA: Are the dollars achieving the required outcome in terms of reductions in notifications or a reduction in the number of kids in care.

COMMISSIONER: Yes, and if it is achieving it, if the goals are being met, are they being met in the most cost-efficient way? 30

MR IVESSA: That's right.

COMMISSIONER: Because we can spend a lot of money being effective as well as spending a lot of money being ineffective.

MR HADDRICK: Just picking up on that aspect of the commissioner's question - and I could perhaps ask you it from a first-principles perspective - as the state's head financial adviser, speaking generally, what do you say to the proposition that there are some services the state can provide and those services for X number of dollars will save on the expenditure down the track on a much larger and more expensive service? I don't know if I articulated it correctly. Is that a proposition or a method of financing 40

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that Treasury ascribes to or is there a degree of scepticism to the rigour in which that process can occur?

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MS GLUER: Mr Haddrick, there are a few answers to that so if I can, what you're describing in one sense is the classic business case where Walter says, "I've got an old car. It's costing me \$10,000 a year to repair it. If I buy a new car which is going to cost an extra \$15,000, it's only going to cost me \$2000 a year to repair it, therefore I want you to lend me the money to buy the new car. I'm going to save on repairs; let's go." I can bank that so I look at the business case. I provide - - -

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MR HADDRICK: Sorry, what was that, "I can - - -"

MS GLUER: I can do that. I can bank that. So, in other words, I want to do that deal or I want to provide that funding because I can actually bank the savings. So I know that instead of having to provide next year and the year after the \$7000 a year repairs for Walter's car it's only going to be \$2000 so I can bank the difference.

MR HADDRICK: You can bank on it because you have a high degree of certainty that there is that savings.

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MS GLUER: And that he's a reasonable driver.

MR HADDRICK: Yes.

COMMISSIONER: And Walter has put a good business case to you.

MS GLUER: Exactly; so spend X. I'm going to reduce these operating expenses by Y. I'm still going to get the outcome I need which is getting from A to B and, more particularly, it's going to be an even better outcome because I'm going to get their more reliably because it's a newer car so tick, tick, tick.

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MR HADDRICK: Okay. Applying that methodology or that philosophy to this area of government activity, you have the tertiary child-protection system which is the statutory system for the state intervening into the care and protection of children with the whole court structure and department to administer that.

COMMISSIONER: Which effectively is post-harm.

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MR HADDRICK: Which is post-harm or to avoid the risk of future harm.

COMMISSIONER: Yes, but it's post initial harm.

MR HADDRICK: Yes, and then you have prior to that the secondary system which might be a variety of welfare

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programs aimed at getting people off that track - sorry, getting children off that track so they don't end up in the tertiary system. 1

COMMISSIONER: Which is pre-harm; theory being address the risk problems; prevent the harm; saves you a lot of money down the track having to deal with the total human and social cost of the harm. So the question is - - -

MR HADDRICK: Is it bankable?

COMMISSIONER: Yes. 10

MS GLUER: Intuitively it makes perfect sense.

COMMISSIONER: Yes.

MS GLUER: So if you prevent someone hurting themselves or very much in this case - and I'm not meaning to be disrespectful - if you prevent somebody being hurt or being put in harm's way, intuitively it makes much more sense to keep them out of harm's way in the first instance and save that money. The difficulty - - - 20

MR HADDRICK: But you're the head banker. Would you bank on that?

MS GLUER: No, you can't. It's very difficult.

MR HADDRICK: Why not?

MS GLUER: You've got to then bank it. Let's say this year you're going to spend - let's say we spent \$2000 and you spent \$1000 pre-harm and \$1000 post-harm. That's just as an example. Now you're going to say we're going to spend \$1500 pre-harm. Are you only going to spend \$500 post-harm? If you're not, then you're just - and now you're spending more. Now, if the government wants to spend more because it wants to get a more effective outcome, then that's a policy objective, but all the graphs we're seeing here - there's been a pile more money put into this space but I don't believe that we're getting that policy outcome. 30

COMMISSIONER: Which only proves the proposition that more money alone is not the solution.

MS GLUER: That's right. Money needs to be spent on the right things. 40

COMMISSIONER: Yes, and at the right time.

MS GLUER: Exactly.

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MR HADDRICK: Now, before we move to that area of our inquiry, you would be familiar, I would imagine, with the report on government services which is published annually. Yes or no? 1

MS GLUER: Yes, by the Productivity Commission; yes.

COMMISSIONER: This is known as ROGS.

MS GLUER: Yes.

MR HADDRICK: Now, I'm instructed that in the 2013 ROGS report Queensland had the second-highest cost per substantiation in Australia, being \$39,870 per substantiation, to administer from a taxpayer's perspective, whereas the State of New South Wales, larger population, had the lowest and that was \$13,358 per substantiation. 10

COMMISSIONER: Do you know what a substantiation is?

MS GLUER: Yes.

MR HADDRICK: Now, putting aside the obvious apples and oranges aspect of that, that is, what is a substantiation in Queensland might be different to a substantiation in New South Wales or the differences in their intake system, what does it tell you that it costs to the Queensland taxpayer three times as much to administer a substantiation than it does the New South Wales taxpayer? 20

MS GLUER: That says to me, Mr Haddrick, that we really need to look at the whole issue of substantiation and how we're identifying children at risk. So Victoria in that same ROGS report was about \$20,000 per substantiation. New South Wales you say was about 13.3 and Queensland was 40,000. There are a number of issues that this drives. The first off is that I think the saving - if you could do the cost per substantiation, say, as the best-practice case, in this case New South Wales, which is also a large geographically dispersed state, you would off the same rate save about \$190,000,000 but, more particularly, part of the issues that have occurred to me since I've been fortunate enough to work with Walter and have some exposure to this space is that the net is cast so wide when you look at the number of contacts and notifications as between the different population groups across states, a lot more happens in Queensland and - - - 30 40

MR HADDRICK: Sorry, I just want to stop you there. So what you mean by the net is cast wide is the process whereby we intake names of children for investigations/assessments to determine whether there are substantiated concerns - - -

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MS GLUER: Yes. 1

MR HADDRICK: - - - that fishing net is very wide.

MS GLUER: Exactly.

MR HADDRICK: And we're catching not just the mackerel but the guppies as well.

MS GLUER: Absolutely, and the danger with that - if you've got that many things in the air - if you've got 1000 things that you're trying to look at, it's very difficult to see as clearly the one that is being hurt. 10

MR HADDRICK: Okay.

MS GLUER: So if you actually apply the filter more so that your population that - you're trying to find the child at risk in more effectively. I would have thought it's intuitive that you have more chance of finding that child.

COMMISSIONER: They get lost in the crowd.

MS GLUER: Exactly. 20

COMMISSIONER: The problem with that system, what we call an overloaded system, is two things and they're paradoxical: you get over-inclusion. Because you have got so many children to choose from, people apply differential definitions across the board, for example, using emotional harm which has no standardised identification point, and our figures show that most of the children coming in, 77 per cent, are for neglect in emotional abuse combined and they're about half each. 30

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I think there slightly might be more, slightly - maybe 40 per cent, 35 per cent in favour of neglect over emotional harm; and less than 20 per cent for physical harm, which is easily identifiable; and then 5 per cent for sexual assault, again easily identifiable, but also related to emotional harm.

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MS GLUER: Mm.

COMMISSIONER: They identified the worst category of harm, so that's how it's done. So there might be a bit of overlap there. But then you also get the - what you were talking about, the under-inclusion; you actually miss the child who needs protective help of the state.

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MS GLUER: Help, yes.

COMMISSIONER: And so what's happening then is the child who doesn't need your protective attention, gets it; and worse still, the child who does need it, doesn't get it.

MS GLUER: Mm.

COMMISSIONER: And in both cases the child suffers systems abuse - - -

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MS GLUER: Exactly, exactly.

COMMISSIONER: - - - because they're both harmed in different ways and that harm was preventable by getting the identification process right.

MS GLUER: Exactly.

COMMISSIONER: And then the next step is having identified a need, whether it is protective - whether it's risk avoidance or reduction - is then giving them the right, highest yield, best value service that will actually meet that need for that child.

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MS GLUER: Exactly.

COMMISSIONER: And that seems again to be something that requires a lot of work, a lot of research to understand what works and what doesn't. And by comparison, I know that research is often the first to go in fiscal restraint periods, but this is one of those areas, it seems to me, that policy and practice are both research-driven.

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MS GLUER: Mm.

COMMISSIONER: Because it is human services and its quality depends on human decision-making.

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MS GLUER: Mm.

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COMMISSIONER: In New South Wales, for example, they have a whole research unit that not only informs internal policy but publishes externally and is the seat of excellence on child protection theory and practice and policy. It might be that - and it is, it's part of that. For example, they have recently commissioned a longitudinal study of children in care five years out of the system: where are they; have they moved into another system like homelessness or adult prisons; or are they married with two children going to school, and achieving well? It seems to me that that's precisely the meaningful measure that we need to use to say: qualitatively our system is achieving its goal. And we have to identify what those goals are. It seems to me that the goal would be: if you take a child from his or her natural home you must be in a position to guarantee a net gain for that child otherwise you may as well have left the child alone, you know, at home, if you're not going to improve, or at least not make their position - you can't disadvantage that child at the very least.

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MS GLUER: Mm.

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COMMISSIONER: You can be neutral, but you can't disadvantage. So you have to be able to measure at some point whether that's occurred, whether you have actually not disadvantaged that child overall.

MS GLUER: Mm.

COMMISSIONER: Now, that is the qualitative thing and that is very hard to put a figure on, but if you don't, if you do produce children who are disadvantaged then you just perpetuate the problem intergenerationally.

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MS GLUER: Mm.

COMMISSIONER: And the social cost and human cost of that is as unsustainable as the cost of trying to prevent it.

MS GLUER: Mm.

COMMISSIONER: The other thing is, it seems to me, the important measure, is not only are they not disadvantaged, but it seems the child's interests - the best interests of the child and social interests as well - that the child is a more responsible adult and potential parent and their own parents might have been.

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MS GLUER: Mm.

COMMISSIONER: Because again if that's the ultimate aim of us producing more productive, more engaged adults, then

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again overall they'll be a greater contributor to society and they'll be less of a cost burden to society. They'll actually produce rather than consume social cost. 1

MS GLUER: Mm.

COMMISSIONER: So that's how strategically high the goal is. But how you bring that down to be meaningful to Treasury, for example, when you're looking at how you achieve that and through what services, particularly when they're cross-portfolio services and we don't have any - I don't think we have any capacity for pooled funding, do we, that each service that discharges a child protection function can share the pot of money? 10

MS GLUER: Not as such, no.

MR IVESSA: We don't tend to operate a pooled fund. In our accountability regime unfortunately it's structurally separated.

COMMISSIONER: Now, the argument I've heard about that is that that's exactly what produces a silo mentality, because every department is judged according to their ROGs, which may or may not be the best measures, and therefore they want perform according to those ROGs for that department, which may well mean not helping out another department that's doing the same job because, "I'm not going to get the credit. The benefit might show up in their books but the cost is coming out of mine and I'm reluctant to do that." Is that right? 20

MS GLUER: I think, Mr Commissioner, you can certainly do policy change. You make it very clear that within that amount of money that you're being given, is you're doing those services, but that we expect the following outcomes. You can actually do that in a policy sense. You don't have to have a shared pool of money with Walter with an ICAP on it. 30

COMMISSIONER: (indistinct).

MS GLUER: Mm.

COMMISSIONER: The ROGs, who comes up with them?

MS GLUER: The productivity commission actually produced the report. 40

COMMISSIONER: Right.

MR IVESSA: It's through a steering committee that involves all jurisdictions in Australia.

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COMMISSIONER: You may not be comfortable in answering this, but the child protection ROGs, are they the ones you'd use? 1

MR IVESSA: When we look at questions around performance - - -

COMMISSIONER: Yes.

MR IVESSA: - - - we tend to go to ROGs data because it is one of the few data sets that provides some comparative data. Because data on its own - - - 10

COMMISSIONER: Doesn't mean much.

MR IVESSA: - - - doesn't mean much if you haven't got a point of comparison.

COMMISSIONER: Yes.

MR IVESSA: And so ROGs is one of the few data sets that we have that provides some comparative data in cross-jurisdiction, so we can look at the cost of a substantiation in Queensland versus New South Wales versus Victoria. 20

COMMISSIONER: And I can see why that's meaningful from your perspective.

MR IVESSA: Yes.

MS GLUER: Mm.

COMMISSIONER: At the problem I see with ROGs is from the practice perspective, and that is they're output, not outcome. 30

MS GLUER: Mr Commissioner, is you're completely correct. The whole outcome thing is a very difficult thing to measure. You were talking before about, you know, children being at risk or being "productive parents".

COMMISSIONER: Yes.

MS GLUER: So I think another overload of that is: what is the role of government in that space?

COMMISSIONER: That's a very vexed sociopolitical question because governments don't intrude into family life without justification. In fact, they're not allowed to under law, and the legal settings and the community expectations of government are mismatched, it seems. 40

MS GLUER: Mm.

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COMMISSIONER: Because while the law says: well, we want you to intervene early, prevent harm by reducing the risk, but that's the expectation. On the other hand they're not given the power or authority to intervene at the earliest point in time because they've got to wait until there is an identified risk, namely that they've got to wait until there's report made or some basis for suspecting that this child is at harm, and it might be too late by then. And that seems to be what's happened, that's why the 2.5 billion that they've got available in child protection is shifted from the front to the back because when the car stops suddenly that's where everybody ends up, at the back. And there's nothing left for the front end because it is already all gone. And it's hard to convince anybody, including the department, that spending money up front will reduce, over time, the demand the tertiary system.

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All their measurements are outputs as well. Yesterday we went through an exercise of their own performance measures for indigenous over-representation, for example, and not one of them was focused on preventing children getting into the system. None of them were entry point measures, they were all measures about how well they were doing in care. Well, over-representation is - or representation is keeping them out of care. So they're not even measuring their own performance meaningfully, they're measuring something quite different.

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MR HADDRICK: The horse has already bolted.

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COMMISSIONER: Yes. So, you know, again, that seems to me to be an internal policy problem and it's not easy. Yes, I don't know what that was all about but it was interesting while it lasted. Go on, Mr Haddrick.

MR HADDRICK: It certainly was, Mr Commissioner. Following on from an aspect of the commissioner's discussion with you there, prior to you entering the witness box I had previously brought some figures to your attention about the intake system. I've alerted you to information that this commission is now seized of through a couple of different sources and information summons in terms of the total number of intakes, the total number of those intakes that resulted in child concern reports and the total number of those intakes that resulted in substantiated concerns. Those figures are broken down into subcategories of the reporting entity or agency. So in the 2011-2012 year the Queensland Police Service made 42,303 - so 42,000 reports which constituted intakes for suspected child neglect or children that would perhaps need to be the subject of the child protection system. Of that, 34,000 of those reports, 81 per cent, resulted in what we formally describe as a child concern report, that is, a nonsubstantiated report.

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COMMISSIONER: It doesn't even get an investigation.

MR HADDRICK: Yes. Of that, of that 42,000, only two and a half thousand, in round figures, or 6 per cent, could be described as substantiated. That is, there was an assessment and that assessment resulted in the concern being substantiated to the point that some action, however described, needed to be taken by government. As the chief bean-counter of the state, if one of your statutory agencies, the Queensland Police Service, is making over 42,000 reports and all the resources that are bundled up into making those reports, filing them, looking into them, cross-referencing things that are required to assess those reports, and only 6 pc of those reports actually result in substantiated concerns, what is your assessment as head of Treasury of that use of bureaucratic resources?

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MS GLUER: The policy settings are wrong, and worse, it could actually - - - 1

MR HADDRICK: In what sense wrong?

MS GLUER: Talking before, if you walk in a room and there's 42,000 items in a room and 2000 are hurt, it's much more difficult to find the 2000. If you walk in a room and there's 10,000 items - and I'm not trying to be disrespectful - there's 10,000 people, it's much easier to try and identify the 2000 that do need your help. So I think that there is - I'm sure there is a policy, be that cultural or real, just to be very clear, in the Police Service, in the Education Department, in Child Safety, indeed in a whole range of areas within society, where people, I think - and this isn't just apocryphal. Like, I've seen - they're scared that if they don't say something somehow they're in trouble and that, you know - - - 10

MR HADDRICK: So better to report than the consequences.

MS GLUER: Exactly. So if Johnny doesn't bring his lunch to school, if you're a schoolteacher, "I'd better contact child safety and let them know." You know, how much time did that just waste instead of the teacher thinking they can ring mum and go, "He needs to bring some lunch." But I think it's more than that then, that because you're doing that what aren't you doing? You can only do so many things. Then you've got all this government focus on those issues that aren't delivering anything but that, more importantly, create the noise that means you may miss the cry. 20

COMMISSIONER: Well, that's it. I mean, they actually get no service. The 80 per cent get no service, but they need something. They've obviously got a need there of some sort, but because they don't meet child safety's criteria they get nothing from child safety and they've been passed on from some other agency - and I'm not saying it's police on this occasion, but say schools, for example, the lunch - instead of getting their lunch they get a report to child safety that doesn't give lunches, whereas the school was probably better placed to provide what the child needed, namely a lunch from a tuck shop, and it would have been all over in a matter of seconds, the child wouldn't have been put at risk of an investigation, the family wouldn't have suffered the trauma from maybe, you know, being aware that it had been reported and the stigma that goes with that. So there's a lot of downstreaming adverse impacts of a needless report. 30 40

MR HADDRICK: If I can just take you to the next slide prepared by officers of the commission. Now, I'm not asking you to verify the accuracy of the figures in this slide, and I'll read them out, because they look a bit

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faint, at least from where I stand, up on the big screen. This slide is entitled, "Total expenditure on child safety employee expenses Queensland 2006-07 financial year to the 11-12 financial year." Our source for that is a statement of Mr Tim Hodder who has provided information previously from the Department of Communities to the commission - this commission, that is.

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Now, without asking you to confirm whether each point, the 162 up to 233 million, is correct, let's make an assumption that is either correct or is roughly indicative of the correct position, but if we are to accept that that is correct, or roughly correct, of the - or indicative of the correct position, a change from 2006-07 to 2011-12 of moving from 162 million to 233 million for employee expenses in the child safety services silo of the Department of Communities, as head of Treasury what is your assessment of that growth rate? What is our take-home message from that?

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MS GLUER: Again, I'm trying to do some math in my head. That's about a 40 per cent increase over those five years.

MR HADDRICK: Yes.

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MS GLUER: So rough as, that's about 10 per cent per annum, which is not sustainable. I think if you just think about your own salary, if your own salary went up 10 per cent per annum - - -

MR HADDRICK: Well, that's sustainable for me, but it's not sustainable for the person paying for it.

MS GLUER: I think that it's important to realise that - and I'm not sure of your data source on that, but quite - and I think very appropriately, the department uses services of nongovernment organisations a lot in this space, and of course their employee expenses I don't believe would be caught in those figures there.

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MR HADDRICK: No.

MS GLUER: So the position may in fact be more acute than that, but that is not sustainable.

MR HADDRICK: Which brings us to a general proposition now, or a way of delivering services. You talk about nongovernment employees. Are we to take it from that that use of nongovernment employees for the delivery of some governmental services is a device in which to better refine the use of taxpayer money?

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MS GLUER: I think it's - I don't think that is the case in every case. I think that certain things are very well delivered by government and my personal view and one that I

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would advise my minister on is that government is very well served by having certain services retained internally and delivered by government employees. So as an example, the advice that Walter does around delivery of services across government, the advice that Walter does around how to benchmark what's happening with other jurisdictions, I believe that that's a service very well provided internally.

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MR HADDRICK: But are there services or activities within the Department of Communities that could be better done by nongovernment employees?

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MS GLUER: I think they could be more effectively and efficiently done. So that's not to say that the government employees currently doing them don't do a very good job, but I believe that government may be better placed in certain circumstances on specifying the outcomes that it wants from a service as opposed to defaulting to the position, which government often does, of saying, "We need to have a new car. We'll build it." That's how we got the (indistinct)

MR HADDRICK: You use the words "effectively" and "efficiently". Effectively and efficiently in what sense?

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MS GLUER: Effectively from the point of view of if you were talking about, say, people with a disability that were living in home accommodation but needed assistance and some degree of supervision. I mean that very respectfully. I don't understand why there should be a default position that somebody in the employ of government should be providing that as opposed to a locally based nongovernment organisation that has an arrangement with government to provide those services. So you're getting them, I think, closer to the community in which they're being provided. I personally think that's a good line of sight.

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MR HADDRICK: So as a general proposition any increase or augmentation of perhaps secondary services or, indeed, changes to the tertiary services could, from your perspective or from Treasury's perspective, be well managed or appropriately managed by considering the further provision of those services by nongovernment agencies.

MS GLUER: I think that any time Treasury is spending money it should always be looking at the options. So there should never be a default position that says it's done better by someone outside of government, but there should also never be a definition that says it's done better by someone inside government. There should always be a constant view as to where is that service best delivered. So I think that government decides from a policy sense what services it wants to ensure are delivered. It doesn't need to then deliver those services.

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MR HADDRICK: Not necessarily as a general rule but as a useful tool, do you find the provision of services by nongovernment providers, if I could call them that, as a useful way of keeping checks on unit costs, unit costs of delivery of any particular service?

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MS GLUER: Yes, and I think that in this particular area a lot of the nongovernment service providers are not for profits and certainly my experience has been they are extremely good at partnering with government from the point of view of open book so they're not protecting necessarily that profit driver and certainly my experience has been that they're good - I can't imagine a government would ever want to outsource a service and not be satisfied that that employer wasn't providing good workplace health and safety, good, proper award conditions, et cetera. That all happens with good nongovernment service providers.

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MR HADDRICK: So from an efficiency of dollars spent perspective you see no problem - correct me if I'm wrong. You see no problem in the further provision of secondary and tertiary services by the community or not-for-profit sector.

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MS GLUER: Absolutely not; correct.

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COMMISSIONER: Like the casting of the net, for example, what we call intakes. That's the first step in the tertiary system at the moment.

MS GLUER: Yes.

COMMISSIONER: One of the things we raised in our discussion paper was whether that really needed to be a government-provided service or government funded and whether it really needed to be part of the tertiary system because the tertiary system employees, frontline workforce, would be better off case-managing children than sorting out the fish in the net. That can be done by somebody else and if the net is overloaded, the loss is falling on whoever is sorting out the fish, not on the department that's looking after the children.

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MS GLUER: Except, Mr Commissioner, that when you do that first blanch, you have got a lot of government resources tied up in that as well and I think that to understand what is the threshold or what are the signs or what is the policy that best informs how to identify further investigation of whether a child is at risk I think needs a lot of work and again it's not just going to be what government policy is. This is very cultural now as well which is why we have such - on the face of it - well, not on the face of it, absolutely on the numbers the difference between us and New South Wales - you were talking before about how effective New South Wales is in some of these spaces and yet they're a third of the cost of us. So this isn't just about money. It's about making sure that you're driving the issue the right way.

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COMMISSIONER: It's being refined.

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MS GLUER: Exactly.

COMMISSIONER: It's not a system malfunction or it's not a design fault or a practice mismatch with policy, that's true. The other thing you need to remember though is that the nongovernment sector is thickly populated by former government workforce members these days because that's their career path and so there's no - the specialisation that used to be within government for these sorts of services is no longer exclusive to government.

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MS GLUER: Quite right.

COMMISSIONER: Of course, because it's a complex, adaptive system, we have to make sure that each component is effective and efficient in the discharge of its function - - -

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MS GLUER: Exactly.

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COMMISSIONER: - - - whether it's done by government or nongovernment, because at the end of the day it's a public-funded child-protection system, however inclusive that is.

MS GLUER: Exactly; exactly.

COMMISSIONER: I think by most definitions it's clearly not just the tertiary end of it. It includes all agencies that are funded by government or services that are provided by government.

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MR HADDRICK: Can I just pick up on the very first aspect of last answer and you talked - my words, not yours - about comparing things on an even definition - my words, not yours - and I took you to that 42,000 intakes originating from the QPS earlier. Other agencies that report concerns are, of course, Queensland Health, Education Queensland and there will be reports generated from parents or guardian or the family members. In terms of Queensland Health in that 2011-2012 there were 14 and a half thousand intakes resulting in 9.8 per cent substantiations, so just one and a half thousand. From Education Queensland there were 13 and a half thousand intakes. Intakes originating from parents or guardians - there were 13 and a half thousand intakes there. Now, you would be aware that the criteria used by those different agencies as to whether they make a report varies from agency to agency.

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MS GLUER: Yes.

MR HADDRICK: As the person who has to fund that process, distribute the cash around to the various agencies that deliver all those services, do you see any value in uniform definitions for when a report needs to be made so that we can properly resource those particular agencies to do those functions?

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MS GLUER: Mr Haddrick, I completely concur with that. The only thing I'd unpack a little bit further is I don't believe the difference is going to be simply between agencies. It will also be within the agency as well. I guarantee you if you ask a teacher at Wynnum and a teacher at Mitchelton what their view is on when something is to be reported, it would be different. If you ask a police person at Mundubbera versus a police person at Buderim, the answer will be different. This, I think, has become an incredibly vexed area for people who are undoubtedly trying to do the right thing but of itself is creating possibly the wrong thing.

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COMMISSIONER: Yes, because it's a universe of uncertainty. 1

MS GLUER: Exactly.

COMMISSIONER: No-one wants to be the one who got it wrong either.

MS GLUER: Or to fear that they will be prosecuted if they've got it wrong.

COMMISSIONER: Yes. 10

MS GLUER: I think that is - again whether it's a apocryphal or real actually doesn't matter if that's what people who are in a position of feeling they have an obligation to report feel.

MR HADDRICK: But what we can do - correct me if I'm wrong - is at least the real thresholds that need to be applied by the statutory agencies can be made uniform even if the implementation of those real thresholds is variously applied by the respective public servants to implement those thresholds. That would give us at least some greater consistency across the agencies and some greater understanding of what constitutes a child-concern report. 20

MS GLUER: I very much agree with that, but I think from my perspective in this particular area, the area of reporting, uniformity, I think, would be the best outcome for a child.

COMMISSIONER: Part of the solution.

MS GLUER: Absolutely, but I think also turning your mind to the importance of making sure government then implements that because of the - I'm not sure how many reports there were there that you have referred to, Mr Haddrick, but between police, Education and Health we've got about 170,000 employees and I'd suggest we've probably got about 180,000 different views. 30

COMMISSIONER: Yes, and there are 114,000 reports and at the end of the day 80 per cent of them are screened out. 20 per cent of them are investigated and of those only 20 per cent are substantiated.

MS GLUER: It's the definition of insight. 40

COMMISSIONER: Yes, and it's a lot of process for very little product at the end of the day.

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MS GLUER: That's right. And indeed possibly a worse (indistinct) you'd get if you weren't trying to screen as many.

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COMMISSIONER: Well, that leads me to this question, picking up your point, that you'll have differential subjective definitions and reporting patterns within a single agency. What about if you had some screening within the agency so that all those differential reports came to a unit in the agency - as I'm speaking I'm mindful that this involves cost - that then is responsible for an internal screening before that agency actually becomes the reporting agent for the agency itself?

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MS GLUER: I fear, Mr Commissioner, the default position will be that you won't change the actual number coming through. I think the importance of being clear around what it is we're trying to achieve and what it is - sorry, what it is you decide to recommend to government we try and achieve - and then communicating.

MR HADDRICK: Indeed, you might aggravate the problem, because if I was the (indistinct) I said, "Well, it's going to be caught by the proper net that's further up the system - - - "

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MS GLUER: "I'll just pop it in - - - "

MR HADDRICK: " - - - and we'll see how we go."

COMMISSIONER: Sounds like a ground of appeal.

MR HADDRICK: Yes.

COMMISSIONER: Toss it in and see how it goes.

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MR HADDRICK: I'd never do that. The next chart I want to take you to is again another chart created by officers of this commission and it's entitled Total Expenditure for the Provision of Out-of-Home Care Services in Queensland for 2003-04 to 2011-12. And in that it shows that the raw growth in expenditure rose from 03-04 from 141 million to 396 million in round figures over that period of time. Now, I ask you to take on faith that that starting point and that finishing point is correct. No doubt we obtained it from figures that we obtained from the Department of Communities pursuant to an information summons. But accepting that those figures are correct and that trajectory is indicative of what did actually occur over that period of time, what can we take from that particular graphical representation of the raw expenditure?

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MS GLUER: Again, Mr Haddrick, that is unsustainable. If you roll that up to a whole of government perspective, if

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government expenses did that - and more particularly, continued to do that - the state would be unable to afford it.

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MR HADDRICK: Perhaps a question to both of you, if I could - Mr Ivessa might be in a better position to identify - if we are to accept for the 2006-2007 year that the figure is somewhere around 315, 320 million where that fourth dot point is on the graph there, what might account for the growth around that point in time? Perhaps Mr Ivessa?

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MR IVESSA: Up to that point in time?

MR HADDRICK: Yes.

MR IVESSA: I think it's the same discussion that we had earlier. Over that period 03-04 to 06-07 was a period of board and other inquiries and government invested a lot of additional resources into the child protection system in that period. So that's a similar pattern to what we've seen in some of the other slides as well.

MR HADDRICK: So the Forde report, being 1999, if I recall correctly, is obviously off the left-hand side of this graph in terms of time frame.

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MR IVESSA: Sure.

MR HADDRICK: And Forde sought the eventual end of institutional care in Queensland. And out-of-home care goes some way to addressing the needs that institutional care previously provided. So the steep growth over perhaps those first three years might be accounted for, and indeed perhaps a year or two that isn't reflected on the left-hand side might be accounted for the establishment of a broader out-of-home care system - - -

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MR IVESSA: True.

MR HADDRICK: That would respond to what was previously institutional care.

MR IVESSA: That's correct.

MR HADDRICK: Okay. And this final graph entitled Expenditure for the Provision of Child Protection, Out-of-Home Care and Intensive Family Support Services by Type of Service in Queensland, is an aggregate. You'll see perhaps on the left-hand side - I might read them out - the top colour, the light blue, is for Child Protection Services; the dark blue is for Out-of-Home Care Services. It is similar to the line we just saw. In fact, is exactly the same line that we just saw in the previous graph; this is simply an augmented graph. The third one is Intensive

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Family Support Services, and the fourth one is Family Support Services. We can see from that representation, if those raw figures are indeed correct - and I'm not asking you to comment upon the accuracy of the start or finishing points of those particular lines - but from that graphical representation it's correct, is it not, that the real driver for the bucket of money - the growth in the bucket of money - is the growth in the out-of-home care services. It's not the intensive family support services.

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MR IVESSA: Correct.

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MR HADDRICK: And intensive family support services might otherwise be described as secondary services, as opposed to the tertiary services that out-of-home care is one option of.

MR IVESSA: Yes. Certainly that is dominated by the tertiary service provision. And there may, as I mentioned earlier, be an issue in 10-11, 11-12 in terms of intensive family support services. I suspect - and we would need to check with the agency - as to whether there's been some definitional changes there; some things that may have previously been classified as family support services are being reclassified in some way.

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MR HADDRICK: But putting aside small little twists in the line at various points in each of them, the take-home message from this graph is, or is it not, that drive down the costs of out-of-home care and you drive down or you make more sustainable the entire footing of the child protection system.

MS GLUER: Exactly.

MR IVESSA: Out-of-home care and the actual tertiary child protection services.

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MR HADDRICK: Which is dominated by out-of-home care.

MS GLUER: Yes.

COMMISSIONER: Well, I'm not sure what child protection services includes. Presumably it is everything up to out-of-home care.

MR IVESSA: Correct. I think it's the intake process - - -

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COMMISSIONER: From intake - - -

MR IVESSA: - - - the investigation process, all the way - - -

COMMISSIONER: - - - to long-term guardianship.

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MR IVESSA: Yes.

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COMMISSIONER: But out-of-home care would include interim temporary as well as ongoing care, presumably. And of those it's the ongoing out-of-home care that's the biggest number. You can't tell it from there, but it's definitely the biggest component. And the aggravating feature is that not only are there more entrants into the out-of-home care system - the long-term system - but they're staying longer as well, and you can tell that by the end numbers. So they're just staying longer and - - -

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MR HADDRICK: And from that we surmised that a way of getting the entire budget of this area on a more sustainable footing is to stop the growth in the length of participation in the tertiary system, so finding downward pressure on the length of out-of-home care.

COMMISSIONER: And then the cost of the out-of-home system has two pressure points, if you like, it's when they first come in and then as there are about to leave from 15 to or because - well, they're 15-year-olds who have been in care for a long period of time, and how well they have been for by the state up to that point will determine their needs, if you like, from 15 to 18, which are going to increase because you've got the added requirement then that the state has to prepare them to adulthood and independence, and that requires some work as well. And a lot of them by this point - 12 onwards, but around 15 - are going to be developing different, more complex needs than they might have had a 10, either because of environmental or genetic things.

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MR HADDRICK: As a final set of figures that I'd ask you to comment upon as the person who signs the state cheques, this commission has previously heard evidence a few weeks ago about what are the average unit cost of the provision of out-of-home care, primarily through residential homes, and this commission was told back on 4 February that for foster and kinship care places, that the cost to the Queensland taxpayer was on average per place \$6908 per place. But when it came to the other tertiary options - that is residential and transitional places - in terms of the other categories of needs for residential care the Queensland taxpayer pays for the second highest category on average \$337,285 per head per year.

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When it came to the other tertiary options, that is, residential and transitional places, in terms of the upper categories of needs for residential care the Queensland taxpayer pays for the second-highest category on average \$337,285 per head per year up to what I described at that point in time as a staggering \$407,606 per child per year for residential care. Now, having heard what you've heard from the commissioner a few moments ago, or what you've seen in terms of the growth and expenditure, what you've told us through your own graphs in terms of the change year in, year out in the budget, and having heard what the commissioner said about the longevity that children remain in the tertiary system once they're in, as the person who is having to pay for all this on behalf of all us Queenslanders, what do you make of those figures of 337,000 and 407,000 per head per year? What would your advice to government be?

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MS GLUER: Certainly, Mr Haddrick, I think, in line with a lot of the community, on the face of it that sounds extremely high and certainly doesn't sound like something that would be sustainable in the longer term from the point of view of looking after children in care. I think as Walter said before, it's actually very difficult in isolation from understanding, you know, what a comparable service in other jurisdictions or other states might look like, but certainly on the face of it that sounds outrageously expensive.

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MR HADDRICK: Forgetting the comparative aspect, and I take your point about what does it compare against New South Wales and Victoria and so on, but would it be your advice to this commission - not wishing to put words into your mouth. Please correct me if I'm wrong. Would it be your advice to this commission that those figures would be more sustainable for the overall budget in this area if the system started - or continued to have less heads in the system? So what I'm saying is the 337,000 or 407,000 averages are perhaps sustainable if there wasn't such a growth rate in the number of children who were caught in the system.

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MS GLUER: Certainly if there weren't as many children that required the care then the amount then needed to care for them, those per capita figures would reduce, and from a budget perspective that would be a welcome outcome.

MR HADDRICK: Right, and it's for others to reflect upon whether that money can be better spent on those children who really do need that care.

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MS GLUER: Absolutely. I'm not trying to be obfuscacious. It's just not within my level of expertise, but on the face of it, those figures sound extremely high and I can say

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without reservation that the funds being spent within this area are overall unsustainable. 1

MR HADDRICK: That's the evidence of this witness - these witnesses, Mr Commissioner.

COMMISSIONER: Thank you. Mr Hanger?

MR HANGER: Could we go last?

COMMISSIONER: Yes, certainly. Ms Ekanayake? 10

MS EKANAYAKE: We have no questions for this - - -

COMMISSIONER: You have no questions.

MR CAPPER: We have no questions either, thank you.

COMMISSIONER: You are last, Mr Hanger.

MR HADDRICK: Just before the crown - I perhaps should formally tender the graphs that Ms Gluer and Mr Ivessa were speaking to. There are four graphs produced by this commission. We will describe them as the child safety services financial graphs as produced by this commission. I tender those documents, Mr Commissioner. 20

MS GLUER: Mr Commissioner?

COMMISSIONER: Yes, Ms Gluer:

MS GLUER: Could I possibly clarify something, if that's okay?

COMMISSIONER: Of course. 30

MS GLUER: Mr Haddrick, when I say that that spending in child safety is unsustainable, what I mean is within a government budget sense to continue to spend over - at excess of 11 per cent per year in an expenses sense when our revenue is not growing at anything like that, that's unsustainable. Government can always make choices about where it will choose to spend its money. So it may choose to spend a lot more than that in a particular year if there's a particular policy direction they're wanting to go, but therefore they will need to spend a lot less in another area. I just wanted to clarify that. 40

MR HADDRICK: Or borrow to pay for it.

MS GLUER: Yes, but that's not sustainable.

MR HADDRICK: That's not sustainable.

COMMISSIONER: That's a priority send.

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MS GLUER: Exactly. Thank you. 1

MR HANGER: Yes, we have no questions.

COMMISSIONER: Thank you, Mr Hanger.

MR HADDRICK: Might the witness be - unless you had any questions.

COMMISSIONER: No, I'm just going to process your tender. I will make that exhibit - the graphs, four graphs, from the commission will be exhibit 184. 10

ADMITTED AND MARKED: "EXHIBIT 184"

COMMISSIONER: Ms Gluer, Mr Ivessa, thank you very much for coming today. We appreciate the time that you've spent and the evidence that you've given. You're formally excused from your summonses.

MS GLUER: Thank you very much.

COMMISSIONER: Thank you. 20

WITNESSES WITHDREW

MR HADDRICK: Commissioner, that completes the evidence of today and indeed that completes the evidence of all matters, as I understand it, save for the matters relating to 3E, subject to further order of the commission.

COMMISSIONER: That's a statement I was doubting that I would ever hear, and I'm pleased to hear it.

MR HADDRICK: And particularly from me. 30

COMMISSIONER: I'm pleased to hear it. Is that right, though, Mr Hanger? Are there any outstanding witnesses from your point of view?

MR HANGER: No. There were several we reserved rights on but we'll let that go through to the keeper.

COMMISSIONER: Right, thank you. Is that the case with everybody?

MS EKANAYAKE: Yes. 40

MR CAPPER: Yes.

COMMISSIONER: All right. I'll formally close the taking of evidence and information on all the terms of reference other than term 3E and thank you for all your help, ladies and gentlemen, on this aspect of it. There are some

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issues? Yes, I gave directions yesterday about  
submissions. Effectively, I think, those are that the  
deadline for receiving responses to the discussion paper  
and final submissions relating to the public hearings are  
due on the same day, 15 March, and then a week later, if  
any, I'll take oral submissions.

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MR HANGER: 3E is due this Friday, this week.

COMMISSIONER: Yes.

MR HANGER: That's no problem, from our point of view.  
That will just be a written submission, though.

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COMMISSIONER: Yes, that's what I had envisaged. There  
was some confusion.

MR HANGER: Yes, that's what we've done.

COMMISSIONER: Yes, and that's how you interpreted it.

MR HANGER: Yes.

COMMISSIONER: Yes, well, that's correct. Then I'll  
consider it and then if I want to hear anything more I'll  
reconvene. If I don't, I'll just give a ruling. Okay,  
thanks very much again. We'll adjourn.

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THE COMMISSION ADJOURNED AT 11.52 AM

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