ECONOMICS AND GOVERNANCE COMMITTEE

Members present:
Mr LP Power MP—Chair
Mr MJ Crandon MP
Mrs MF McMahon MP
Mr DG Purdie MP (virtual)
Mr RA Stevens MP (virtual)
Mr A Tantari MP

Staff present:
Ms L Manderson—Committee Secretary
Ms R Duncan—Assistant Committee Secretary

PUBLIC BRIEFING—DEBT REDUCTION AND SAVINGS BILL 2021

TRANSCRIPT OF PROCEEDINGS

MONDAY, 12 APRIL 2021

Brisbane

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The committee met at 11.33 am.

CHAIR: I declare this public briefing open. Today's proceedings are being conducted using videoconference and teleconference facilities, so I ask all participants and anyone watching on the live broadcast to please bear with us if we encounter any technical issues. I would like to respectfully acknowledge the traditional custodians of the land on which we meet today and pay our respects to elders past and present. We are very fortunate to live in a country with two of oldest continuing cultures in those of the Aboriginal and Torres Strait Islander peoples, whose lands, winds and waters we all share.

My name is Linus Power, the member for Logan and chair of the committee. The other members of the committee are Ray Stevens MP, member for Mermaid Beach and deputy chair, who is joining us via teleconference; Michael Crandon MP, member for Coomera; Melissa McMahon MP, member for Macalister; Adrian Tantari MP, member for Hervey Bay; and Dan Purdie MP, member for Ninderry, who is joining us via videoconference.

The purpose of today's briefing is to assist the committee with its examination of the Debt Reduction and Savings Bill 2021. This briefing is a proceeding of the Queensland parliament and is subject to the standing rules and orders of the parliament. It is being recorded and broadcast live on the parliament's website. I remind all committee members that officers today are appearing to provide factual or technical information. Any questions about government or opposition policy should be directed to the responsible minister or shadow minister or left to debate on the floor of the House.

If you are not joining us this morning via videoconference connection on your mobile phone, I ask you to turn your mobile phone off or switch it to silent and to also please place microphones on mute unless you are speaking. This will prevent audio interference and background noise.

ALLEN, Mr Leon, Deputy Under Treasurer, Economics, Fiscal and Commercial, Queensland Treasury (via videoconference)

AMOS, Ms Sarah, Head of Commercial, Queensland Treasury (via videoconference)

BROWN, Mr Anthony, Acting Director, Legislation Branch, Queensland Police Service (via teleconference)

CHRISTENSEN, Ms Cecelia, General Counsel, Queensland Treasury (via videoconference)

FRAINE, Dr Graham, Deputy Under Treasurer, Policy, Performance and Corporate, Queensland Treasury (via videoconference)

FRIEDMAN, Mr Paul, Acting Executive Director, Policy and Performance, Queensland Police Service (via videoconference)

McNEIL, Professor Keith, Acting Deputy Director-General, Prevention Division, Queensland Health (via videoconference)

MOLLOY, Mr Dennis, Head of Economics, Queensland Treasury (via videoconference)

PARKER, Ms Maree, Deputy Director-General, Infrastructure and Economic Resilience, Department of State Development, Infrastructure, Local Government and Planning (via videoconference)

RAJAPPA, Ms Uma, Director, Environmental Hazards Unit, Prevention Division, Queensland Health (via videoconference)

RYAN, Mr William, Head of Fiscal, Queensland Treasury (via videoconference)

SINGLETON, Mr Neil, Insurance Commissioner, Queensland Treasury (via videoconference)

SMITH, Dr Caroline, Executive Director, Economic and Policy Futures, Department of State Development, Infrastructure, Local Government and Planning (via videoconference)

SMITH, Mr Doug APM, Deputy Commissioner, Strategy and Corporate Services, Queensland Police Service (via teleconference)

STOKES, Dr Julie, Director, Healthcare Legislation Improvement Unit, Prevention Division, Queensland Health (via videoconference)

WEATHERLEY, Acting Chief Superintendent Craig, Organisational Capability Command, Queensland Police Service (via teleconference)

CHAIR: Thank you for agreeing to brief the committee this morning. In view of the briefing being broadcast via videoconference and teleconference, and given the absence of nameplates and more limited visual cues, I ask you please to identify yourself when speaking, particularly when speaking for the first time or when speaking other than in response to a direct question. Committee members will also endeavour to ensure that they clearly identify themselves when asking questions to minimise any confusion for yourselves and for members of the public watching the broadcast, as well as, of course, to assist Hansard in their transcription of the proceedings.

I now invite you to make some opening statements before I turn to committee members for questions. We might start with some opening comments from Queensland Treasury, after which representatives of the other departments may wish to contribute.

Mr Allen: Good morning, Chair. I would be very appreciative of the opportunity to make a short statement, if I could. I will reference other departments and, as you say, if they wish to add to that they can do so. On behalf of those departments appearing today I would like to thank you for the opportunity to provide this briefing regarding the Debt Reduction and Savings Bill. Like the committee, we would like to begin by acknowledging the traditional owners of the land on which we meet and pay our respects to elders past, present and emerging.

As the committee is aware, this is a large, complex and significant bill with many facets covering not just Queensland Treasury but also a range of other departments and agencies. We have four of those different agencies represented today. Officers from each of those agencies will endeavour to assist the committee in its assessment of the proposed legislative changes. The bill puts forward an important reform of the business and balance sheet of the Queensland government in response to the economic and financial impacts of COVID-19 and the implementation of the government's savings and debt plan, with the general task of fiscal repair. In particular, it sets out the state's approach to managing debt and Public Service delivery efficiencies. While the bill is estimated to deliver modest direct savings, the measures and initiatives within signal the intent to continually reform and improve the management of public finances and the optimal structures for the functions the government undertakes.

The bill provides the mechanism for the Queensland Titles Registry to be included in the Queensland Future Fund through the Debt Retirement Fund. The inclusion of the commercial value of the Titles Registry in the fund is designed to improve the state's debt-to-revenue ratio when assessed by rating agencies. The change will not impact operations of the registry's function, which provides critical services to Queensland home owners and to the property and development sectors. The aim will be a seamless transition of the team which processed over 600,000 lodgements and 2.3 million paid title clearances in 2020.

On the savings front, the bill restructures a number of public entities with the legal mechanisms required to deliver those changes. These proposed changes include the Public Safety Business Agency to be reintegrated into frontline services Queensland Fire and Emergency Services and the Queensland Police Service; the functions of the National Injury Insurance Scheme Queensland, NIISQ, reporting to the insurance commission; a new Office of Productivity and Red Tape Reduction to be created within Queensland Treasury to integrate the productivity and regulatory reform work of the Queensland Productivity Commission into the economic function of Treasury to support the government's economic recovery policy efforts, noting that the commission's competitive neutrality functions will be resumed by the Queensland Competition Authority; and Building Queensland's staff, assets, resources and records to be integrated into the Department of State Development, Infrastructure, Local Government and Planning.

Further, the bill includes amendments to the Acts Interpretation Act 1954 to introduce a fee unit model for regulated fees which will save considerable time by streamlining the processes for indexing of fees in a fashion very similar to the penalty unit model that is already in place. Savings are also expected to be realised by amendments to the Financial Accountability Act 2009 allowing online advertising to replace print advertising for government agencies, noting that there are a number of key exemptions contained in the bill, including ones specifically designed to support regional newspapers.

The bill also includes mostly minor and technical changes to the Medicines and Poisons Act 2019 relating to tattoo ink and identified carcinogenic chemicals which may increase the risk of developing cancers.

As noted at the commencement of this statement, various facets of this bill are designed to support important reforms to the state's approach to managing debt and Public Service efficiency as part of the government's debt reduction and savings plan. Officers appearing today will endeavour to address any questions you have about the bill. Thank you.

CHAIR: Thank you very much. Are there any opening statements from any of the participants from other departments?

Mr Smith: We have no statement to make, thank you.

Mr Allen: There are no further statements from this room.

Mr STEVENS: Mr Allen, I note that there is $1 billion to be put into this new scheme from the defined benefit scheme surplus as per the previous 2020 fiscal and economic review. Given that the advice from the Auditor-General is that that scheme is a billion dollars in the red currently, where will they get that billion dollars from if there is no surplus?

CHAIR: Obviously this is a debate over accounting standards, Mr Allen.

Mr Allen: The QAO report on state finances for 2020, which was tabled on 18 March, noted that the defined benefit scheme in its most recent actuarial review reported a $3.5 billion surplus as at 30 June. The reference to both a surplus and a deficit being reported on the same fund is due to different methodologies being used for funding and accounting purposes. The decisions that have been made in relation to the transfer of a component of the current surplus in the fund relate to the application of the funding methodology. It states the legislative basis for calculating the state's superannuation liability as noted in the Superannuation (State Public Sector) Act 1990.

Mr STEVENS: Under whatever scheme of accounting principle was used, former treasurer Mackenroth had to top up the defined benefit scheme with Queensland taxpayers' money to the tune of several billion dollars. If money is taken from this particular fund to put into this new scheme, is there any guarantee there will not be a request to the Queensland taxpayers to top up the defined benefit scheme in the future?

Mr Allen: I note that the Queensland Future Fund included a commitment from the government that the scheme would remain fully funded. A conservative approach has been taken to the utilisation of surpluses from that fund for the purposes of creating the debt offset, and those are the policy settings that have been applied.

CHAIR: Obviously, all of the other states use the same actuarial standards in order to calculate whether they have a surplus or not. Mr Allen, are any of the other states projecting an actuarial surplus?

Mr Allen: To the best of my knowledge, Queensland remains the only state with a fully funded public sector superannuation scheme.

CHAIR: What about the Commonwealth? Does the Commonwealth have a fully funded superannuation scheme for defined benefit superannuation recipients?

Mr Allen: On the information available to me, the defined benefit scheme at the Commonwealth level at 2019-20 included an unfunded liability.

CHAIR: Do you have information on New South Wales and Victoria?

Mr Allen: As at the same date, both New South Wales and Victoria currently recorded unfunded liabilities.

CHAIR: We are the only state to project a surplus in our defined benefit superannuation scheme?

Mr Allen: To the best of my knowledge, yes, that is the case. The whole purpose behind the Queensland Future Fund, as utilised in other jurisdictions as well, is: to the extent that we have surplus assets that could be appropriately recognised in the overall calculation of our debt-to-revenue ratio, the surplus being recognised in the Future Fund allows us to, in effect, offset a rating agency's calculation of our debt-to-revenue ratio, so it is utilising those assets in a different way.

CHAIR: Coming from outside the accounting world, it seems very strange that the rating agencies cannot look at this in a sensible and reasonable manner, but they need that to be put into a different sort of fund in order to properly recognise the strength of the Queensland system of savings for the future?

Mr Allen: The creation of the fund allows those assets to be clearly recognised as an offset to the overall debt position of the state. It is noted that that is a structure that has been utilised in jurisdictions both within Australia and overseas and that the rating agencies do recognise that. As you note, it does require the transfer of that asset from the general government sector into the fund.

Mr TANTARI: Chapter 3 of the bill seeks to amend the Financial Accountability Act to enable the government's legal publication requirements to be satisfied by online advertising or publication, with some exemptions for regional newspapers. Can you advise the annual savings this change to advertising requirements is expected to achieve for the government across all agencies? Can you also advise what the exemptions are for regional newspapers included by this amendment?

Mr Allen: I will ask Dr Fraine to provide a response.

Dr Fraine: As I understand it, there were two parts to that question. The first is with regard to savings that may come about from this initiative. In 2019-20 the government spent roughly $1 million on the types of publications that are discussed in this bill, the majority of which are in South-East Queensland. We would expect savings of somewhere in the hundreds of thousands from this particular initiative. As you stated, one of the exemptions that we have looked at in this space and that the bill addresses is an exemption for regional newspapers. We know that in many communities throughout the state regional newspapers are an important part of the local community. This bill builds in a number of exemptions, one being that for regional newspapers, for the nature of the types of matters we are talking about in this bill, government agencies can still give consideration to publication of these requirements in those newspapers.

Mr CRANDON: Can Treasury advise when measures in this bill, such as changes to the Queensland Productivity Commission and Building Queensland, were identified to be included in the government's plan to save $3 billion over four years?

Mr Allen: Are you talking around the timing for inclusion in the bill?

Mr CRANDON: Yes.

Mr Allen: As the Treasurer's introductory speech to this bill noted, these are measures that are primarily related to the Treasury portfolio, even though we note with, say, Building Queensland subsequent machinery-of-government changes have that in another portfolio. It is part of a process of the government looking for opportunities to improve efficiencies across all areas. As part of the implementation of the savings and debt plan, it is work that we have undertaken in lead-up to the COVID-19 Fiscal and Economic Review where this was announced. It was in that period in the lead-up to—

Mr CRANDON: Sorry, I did not mean to cut across you. Are we talking weeks or months? How long ago was it identified?

Mr Allen: The specific date—I cannot say specifically.

Mr CRANDON: Could you perhaps take it on notice?

CHAIR: Just to clarify, what was the question?

Mr CRANDON: It was in relation to timing. When were measures in the bill such as the changes to the Queensland Productivity Commission and Building Queensland identified to be included in the government's plan?

CHAIR: With respect, member for Coomera, is that something of a policy question of when the executive made a determination about when that was policy?

Mr CRANDON: I do not think it was a determination, Chair. I appreciate where you are coming from. It is really a matter of when the determination came about—when it was actually identified.

CHAIR: When the policy decision was made?

Mr CRANDON: Okay.

CHAIR: That being a question about when the policy decision was made, it might be something that obviously was done at the executive level and it might be something to better address to the relevant minister. Given that we know there are constraints on departmental officers providing factual information rather than policy, is there something you can add?

Mr Allen: To reiterate my earlier comment, it was in the context of the COVID-19 Fiscal and Economic Review in which these measures were announced.

Mr CRANDON: In the interests of time, can you provide a breakdown of the savings that each measure will deliver? You might want to take these sorts of questions on notice, given that we are very short on time.

Mr Allen: We are able to provide that breakdown. In terms of the direct savings in the bill, again I note that these are measures which are in and of themselves concentrated in Treasury but point to a direction that the government is taking in relation to the efficiency of the Public Service in general and the direction of the government to look to functions and look to do things differently. In terms of the direct savings, if we take the integration of Building Queensland functions into the Department of State Development, Infrastructure, Local Government and Planning, there is approximately $700,000 per annum there. If we look to the integration of the Public Safety Business Agency within the QPS and Queensland Fire and Emergency Services, there is at least $300,000 there. Dr Fraine noted previously the hundreds of thousands of dollars to be exacted from savings from changes to the publication arrangements to online publication. That leaves around $1.6 million between the integration of the Queensland Productivity Commission function into Treasury and the integration of functions of the National Injury Insurance Agency into the insurance commission. That would provide a reference back to the introductory speech and the estimate of direct savings of circa $3 million per year.

Mr CRANDON: We are talking a total of $3 billion over four years.

Mr Allen: $3 million per annum in ongoing savings.

Mr CRANDON: In total terms the government plans to save $3 billion over four years, and we are talking about several million at this stage. Is it possible to give us a breakdown for the committee to consider of the savings over each year—the total, the $3 billion, over the four years? Would it be easier if we looked at it from that perspective? The figures you have mentioned so far are just in the millions, whereas we are talking about quite a significant sum of money.

Mr Allen: We are referencing those measures, as I noted, that primarily relate to one portfolio. The savings and debt plan is a whole-of-government initiative, and I appreciate there are more agencies than Treasury listed here. These are, as stated, quite modest savings against one portfolio in general. The government has set itself a more significant savings and debt plan target that it is looking to address over the course of the forward estimates. It will be providing updates on that savings and debt plan as part of its budget statement. That is probably the best forum to have those measures outlined when it refers to the whole-of-government savings effort.

Mrs McMAHON: I have a question in relation to the changes to government fees and the implementation of a fee unit model. I understand many different departments have different forms that have prescribed dollar amounts attached; therefore, there will be implementation costs attached to it. Could you outline to the committee how this fee unit model will affect the end user—that is, the client or the customer—directly and what they will see when they interact with a government department over fees?

Mr Allen: Queensland Treasury is best placed to answer that. I am happy to provide an initial response. I have with me William Ryan, Head of Fiscal. If any further detail is required, he can support my answer.

In the first instance there is no impact on the fees that people are required to pay. This is a mechanism to improve the efficiency to which those fees are indexed on a regular basis. Each in-scope fee will be displayed as a dollar amount which will be converted to and displayed as the number of fee units, unless it is exempted under the fees and charges policy.

Agencies will amend those respective regulations to adopt the fee unit model—and, yes, there will be a transition effort required to do that—and display their fees as the number of fee units and not a dollar amount. The value of the fee will be prescribed and displayed in the Acts Interpretation Act regulation. It is anticipated that agencies will continue to publish the dollar value of their fees, such as on their website, and update those publications yearly to reflect indexation.

To ensure transparency, the principles for fees and charges policies will require agencies to publish a schedule of their fees in dollar amounts on their website and in other public-facing materials they utilise.

Mrs McMAHON: I have a question to Queensland Health in relation to the Medicines and Poisons Act. In relation to the regulation of tattoo ink, I was wondering if someone could outline the health risks that are associated with the tattoo inks and what this bill is attempting to do in the regulation of said inks.

Prof. McNeil: As you know, tattooing introduces a foreign substance or, in this case, a foreign chemical into the body. It has been practised for thousands of years, but we know much more about the inks that are available now, essentially in two forms: there is a dye and a pigment element. The dye elements are chemicals which can be broken down. If the wrong dyes are used, those chemicals that are broken down can be carcinogenic. Similarly, some of the pigments contain heavy metals, for instance cadmium or lead, which are also carcinogenic. The aim of this is to regulate what goes into those tattoo inks that are used across Queensland, aligning with what is being done in Europe, where most of our inks come from. They have quite strict regulatory requirements as to the chemical composition of those inks, and it is our intention that we reflect that. A statement of the content of the inks will need to be published by the manufacturers on their websites and they will need to comply with the requirements of the bill.

Mrs McMAHON: I understand that in tattoo parlours health, safety, sanitary and hygiene issues are fairly well monitored and followed up. In relation to parts of our community where cultural tattoos are still a relevant practice, I was wondering about the impact this bill may have on those cultural practices of tattooing outside the normal tattoo studio.

CHAIR: You might be talking about South Sea islanders and other types of cultural groups. I again put the question to Queensland Health.

Prof. McNeil: Consultation has gone on and will continue to go on as we introduce this over a 12-month period. We are very mindful of the cultural aspects of tattooing in some parts of our society. We will be consulting with them widely around their input regarding these changes.

Mr PURDIE: Mr Allen, I think you said earlier that the intended saving from the PSBA being absorbed back into the QPS and the QFES was $300,000 per annum.

Mr Allen: That is correct. That is the number I referenced in providing that breakdown earlier.

Mr PURDIE: Mr Smith, our briefing paper talks about these functions being absorbed back into the QPS. I think there are 11 listed including education and training, operational functions, IT et cetera. I would assume that the QPS budget is probably overstretched at the moment with Operation Linnet and the COVID command that has been established and even the Greenfield report and the service realignment project. Is the QPS confident that you could absorb those functions without any additional funding?

Mr Smith: I think there are two parts to your question. Just for clarity, you referred to strategy, recruitment, and education and training et cetera, and they were functions that were returned to the Queensland Police Service back on 1 July 2016. Those functions have long been absorbed into the overall operating model of the Queensland Police Service. With respect to any of the changes that we need to make internally in the Police Service as a result of the disestablishment of PSBA from 1 July this year, we already have structures in place where they will be absorbed into our day-to-day business. The main efficiency that we were seeking to achieve by the disestablishment of PSBA—there were two parts to the main problem we were trying to address. One was the operation of a separate governance structure for what are largely mission critical functions, so there are no bankable savings from that. It was about the achievement of a more efficient governance structure. The second main issue that we were looking at achieving was—and human resource management is probably the best example—integrating the overall management of our people into the operational governance. I think from your own experience you would understand quite well what happens when not managing your people when you are trying to manage a significant 24-hour operational organisation. That was what we were trying to achieve.

In answer to the second part of your question with respect to the costs, the savings achieved through efficiency gains in returning the functions to the Police Service are the cost savings. We will do the best we can to achieve it without costs, but that will be associated with the structure review that is being undertaken. You mentioned the Greenfield report, and part of the outcome there is to get a more efficient organisation.

Mr PURDIE: Talking about that and the service realignment project and the burden on the police budget, is there any plan in place at the moment to rationalise police establishments and facilities, sell police stations or close down police beats?

Mr Smith: The general proposition with respect to closing police stations is that there is no plan for that. I speak in the present, quite obviously, because I cannot forecast what might happen into the future. There will be a lot of policy considerations, but we have no immediate plans to close any police stations.

Mr CRANDON: Mr Allen, following up on the question from the member for Macalister, I think you have answered one part of the series of questions that I had and that was how you will be interpreting the fees and charges for mums and dads. I think you have said that that is going to occur by dollar values being placed on the websites and what have you. Item 41 of the briefing paper that we received from you talks about the government indexation rate, GIR, being the current mechanism for indexing regulated fees. The policy of increasing regulated fees each year in line with the GIR is to be maintained, with the GIR to be set using a standard index such as the CPI index. It is interesting that that has not been defined in something as important as this. I note that we have a whole range of CPI indexation factors that can be considered. Is it the Brisbane CPI each quarter? That is the first part of the question.

The second part of the question is: how will it be implemented? For example, Transurban use a 12-month CPI to the end of the March quarter and then they implement that increase on tolls from 1 July each year. Could you talk to us around what CPI factor you are going to be using, whether it be Brisbane or Australia? I would not imagine it would be Sydney, Melbourne or any other place like that, so it is either Brisbane or Australia? That is the first part of my question. The second part is the timing of that.

Mr Allen: If I can take the index part of the question first, that has been a measure, and there are various measures that are used across government. There are something in the order of 1,550 fees and charges that are within scope to this. On the whole, indexing to CPI is the predominant measure that has been used. There is also reference, say, in the case of the education department, to indexes of adjustments that they may make on a different time frame. In the past, we have also seen decisions around indexation of fees for amounts above CPI. In the first instance, the indexation rate, as is determined by CPI, will be advised to agencies by Treasury and they will undertake an internal process to prepare those in the values and fees with the Office of Parliamentary Counsel to make those amendments. As to the second part of the question, could I ask the member—my apologies for this—to remind me of the second part of the question?

Mr CRANDON: You talk about the fact that if a government department has a financial year year—so a July through to June year—then it would be based on that financial year basis. What I am asking is: where would the CPI indexation factor that you are using—and you have not quite answered that question yet; I will just come back to that—be cut off? With Transurban, for example, would it be like where they cut it off at the end of March—so the CPI factor that they use is the 12 months to the end of March—and then implement it three months later, from 1 July, for their price increases? Does that answer the question?

CHAIR: The question was around the timing of when any indexed increase goes in place.

Mr Allen: Thank you, member for Coomera, for that clarification. My apologies that you had to do that. In terms of when the model will commence for certain agencies—all in-scope agencies will be required to display their fees and fee units from 1 January 2022—agencies with regulated fees will commence and amend their regulations to reflect that change from the dollar value to a fee unit. Agencies that have a 1 July to 30 June financial year will display their regulated fees as fee units from the 2022-23 financial year. This means that agencies will continue to display their fees as a dollar amount until fee indexation is due to occur—

Mr CRANDON: Mr Allen, sorry—

CHAIR: Member for Coomera, Mr Allen was just answering the question. Do you have a point of order?

Mr CRANDON: I just want to clarify the question a little bit further, if you don’t mind, Chair.

CHAIR: Mr Allen, the member for Coomera was asking: of all the departments, can you give a comprehensive answer about when they would set their index rates—what time, which is obviously impossible, which might be the point of the member for Coomera’s question?

Mr CRANDON: No, that was not actually the question I was asking, Chair.

CHAIR: What was the question, member for Coomera?

Mr CRANDON: We have all of that information you were reading to us, and that is why I tried to pull you up so that we would not waste time talking about that again; you have provided that information. On an ongoing basis, Transurban, who have been doing this for several years now—I am using them as the example—use the annual CPI rate for Brisbane to the end of the March quarter and implement those increases from the 1 July quarter. Do we have the detail around that? Also, which CPI rate are you using?

Mr Allen: Apologies for dragging this out. The process you described is currently the process. Yes, they would be the time frames that would be applied. Adopting the example you use, it would be a March figure that would then apply from the start of the next financial year, to provide time for the system to be updated. That has been under recent government changes to the inflation rate that has been used—the Brisbane March to March CPI.

Mr CRANDON: The second part was with regard to the CPI figure. Is it the CPI for Brisbane you are going to be using as the base?

CHAIR: I think he has already made clear that that would depend on what department it was. In the past, say before 2015, were there increases above CPI—for instance, an example of penalty rates at that stage?

Mr Allen: Yes, there have been in the past above-CPI increases. If you just give me a moment, I am just trying to reference that so I can be quite clear about what some of those changes have been in the past. I know the government has made decisions around those particulars.

In the 2017-18 budget the government moved to a forecast consumer price index escalation of fees and charges that replaced the previous government's policy of an indexation rate of 3½ per cent per annum which had been in place since 2013-14. The use of forecast CPI ensures the indexation rates are forward looking. To the example around Transurban, if you adopt a March to March Brisbane CPI, that would be then the forward-looking rate that is applied from the start of the next financial year to provide a more contemporary estimate of price changes in the year to which the increases apply.

Mr TANTARI: My question is to either Mr Allen or Dr Fraine and relates to the changes to the Titles Registry. The bill contains provision for the transfer of the operations of the Titles Registry to a new operator called Queensland Titles Registry Pty Ltd. Can you explain how this change to the Titles Registry will strengthen Queensland's financial position and what income it will generate for the managed trust?

Mr Allen: If I could just frame part of that answer around the Future Fund, the plan is to more accurately reflect the government's debt position. In effect, that has been modelled on both the New South Wales Generations Fund and the Quebec Generations Fund. As Moody's, the rating agency, has highlighted, they will play a material role in the state's management of debt while, as we noted before, ensuring superannuation liabilities remain fully funded.

In relation to the reflection on the rating agencies, the Debt Retirement Fund can only be used for debt reduction or to cover the expenses associated with its operation. Based on the current value of investments that are to be contributed to the Queensland Future Fund, modelling indicates that the state's debt-to-revenue ratio for rating purposes is estimated to fall by approximately nine per cent, which is an average we have applied to the 8½ per cent using an S&P methodology and the 9.6 per cent used by Moody's in their 2021 assessments, noting that each agency is using a slightly different measure of debt and revenue to come up with that calculation.

Mr STEVENS: My question is a follow-up to the member for Hervey Bay's question in relation to this movement of the Titles Registry office, valued at $4.2 billion, to this new debt fund. It sounds to me very much like—and this is my pun—shifting the debt chairs on the Queensland Titanic. You have a valuation of $4.2 billion on a titles office that is smaller than the New South Wales titles office which went to market and realised $2.6 billion. Can Mr Allen or his officers please explain to the committee how their valuation is derived and what key assumptions make it a lot more valuable than the New South Wales—I do not know about Quebec—titles office?

CHAIR: I note that that was not a pun. The member for Coomera is still maintaining the puns here. Mr Allen, could you answer the question?

Mr Allen: In relation to these valuations, I would note that businesses between states can differ in their size and scope, as has been noted. The valuations that have been developed have been undertaken by independent valuers based on due diligence undertaken by Treasury and QIC Ltd. Those final asset values will be informed by the independent advisers to Queensland Treasury and QIC. Those variables in any valuation include, obviously, the earnings and the duration for which the calculation is undertaken. There are any number of variables that will go into the final valuation.

CHAIR: I thank all of the departmental officials and the Queensland Police Service officials for the information they have provided today. Thank you especially to our Hansard reporters and the parliamentary broadcast staff for their assistance. A transcript of the proceedings will be provided on the committee's parliamentary webpage in due course. We note that there have not been any questions taken on notice. I declare this public briefing closed.

The committee adjourned at 12.25 pm.