

A Plan - Better Services for Queenslanders

State's role in the economy



The Independent Commission of Audit's final report is a broad-ranging strategic blueprint to guide the changes needed for Queensland to once again be a high-performing State, both financially and in terms of value for money services.

The report makes recommendations about the changing role of Government in a modern economy. There are private sector operators and non-government organisations that have new ideas and ways of approaching problems. The Government must transition to become the "enabler" not the "doer".

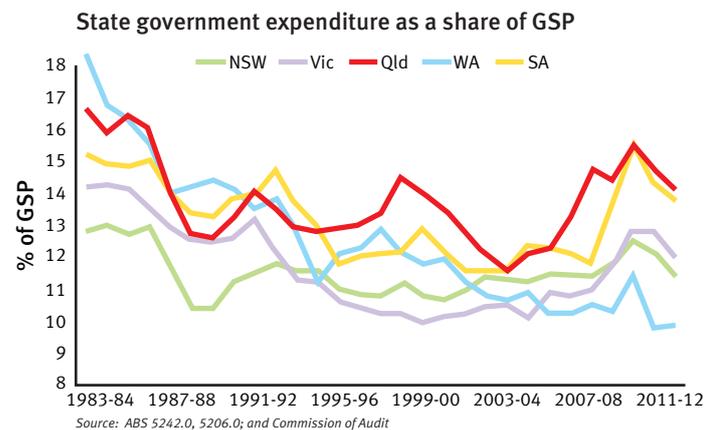
The Newman Government is determined to ensure that Queensland's public service is the best public service in Australia, delivering quality services to all Queenslanders.

This plan is a significant and positive step towards the Government fulfilling the five pledges it made to the people of Queensland on entering office—grow a four-pillar economy, lower the cost of living, deliver better infrastructure, revitalise front-line services and restore accountability in Government.

The Government's response is a long-term plan to ensure future generations enjoy the same Great Opportunities we have been afforded. A Great State with Great Opportunity.

The Size of Government in Queensland

- The Queensland Government is the largest employer and largest single purchaser of goods and services in Queensland. The Government's share of the economy has grown faster than other states in Australia.
- Queensland's Government was bigger than other mainland states in 2011-12. Over the period from 2003-04 to 2009-10, government spending grew faster than in other states – from 11.6% to 15.5% of gross state product (GSP). This can be seen in the chart below.



- The public sector represented 13.2% of Queensland's total employment in 2009-10, which is higher than the proportion of government employment in New South Wales and Victoria.

- Queensland had the highest cost of service provision of any mainland state in 2010-11. Since 2007-08, Queensland's level of service spending has been around 6% higher than the Australian average.
- However, for major functions such as health – which makes up 26% of the State Budget – increases in spending have not translated into corresponding increases in the level of service.

The Role of Government in a modern economy

- The Commission's Final Report canvasses very basic questions about the role and operations of Government in a modern economy.
- We are facing difficult circumstances where government revenues are not expected to keep pace with the increasing demand for services.
- In these circumstances, the only way to expand and improve services without increasing taxes or state debt is to fundamentally change the way government services are structured and managed. In other words – by increasing public sector productivity; or the way government does business.
- Improving public sector productivity will reduce:
 - the level of taxes needed to deliver a given range of services
 - the cost of doing business for firms using those services and
 - the relative size of the public sector, and, therefore, competition for scarce resources – both people and funding.
- Improving productivity means transitioning to become an "enabler", not a "doer". The Commission believes the role of government should be directed towards the provision of core services that the private sector is unable or unwilling to provide.

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- The range of activities and services directly provided by government has changed over time with many businesses once owned and operated by government now run by the private sector. These include banks, insurance companies, airlines and utilities. This can be seen in the table below.

Private provision of public services

Public provision → Private provision	Aspects of private sector provision
Legislation Policy advice	These services do not lend themselves readily to private provision. ¹
Defence	Private operators are now contracted to undertake activities such as border surveillance.
Courts	Various court reporting services are undertaken by private providers.
Police	Private contractors can install and maintain traffic cameras, while Public Private Partnerships have been used to build police stations, and provide utilities and facilities management services.
Prisons	There are various private providers contracted to operate and/or maintain prisons, and more limited examples of private ownership of prisons.
Health Education	There are a range of health and education services delivered by private providers, including hospital services, clinical services and allied health services, as well as an extensive non-government schools sector.
Transport infrastructure	There are numerous examples of private ownership and operation of transport infrastructure in Australia and overseas.
Utilities	Most services are now provided by the private sector.
Banking and insurance	The functions are now undertaken by the private sector.

¹ However, it is possible to obtain policy advice from sources other than the public sector.
Source: Commission of Audit

- In other Australian states and overseas, government is increasingly no longer involved in directly delivering services such as health, education, prisons and public transport. These services have been delivered efficiently and effectively through public private partnerships, contracting arrangements or other models.

The Commission of Audit has proposed eight key principles to assist government in considering how to manage and deliver services efficiently and effectively. These can be seen in the box below.

Key principles to manage and deliver services

- Focus on core services
- Facilitate contestability in service delivery
- Better demand management
- Greater workforce flexibility
- Capacity building
- Lower overhead costs
- Strengthen financial management
- Build productive capacity

From these principles, the Commission has developed recommendations across all areas of government activity focussing on:

- ways to achieve better value-for-money in front-line service delivery, including making better use of the skills and innovation of the non-government sector
- improving the way the public service is structured, organised and managed and
- ensuring public services with a strong commercial element are provided by private or other non-government providers wherever possible.
- In a modern Queensland, people care much less about who provides services – they care about the access, quality and timeliness of the services they receive.
- The Government's response to the Commission's Report is about better and more affordable services for Queenslanders. It is about increasing productivity, enhancing service delivery and ensuring Queensland remains a Great State with Great Opportunity.

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