

A. Entity responses

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the:

- Premier and Minister for the Olympics
- Director-General, Department of the Premier and Cabinet
- Treasurer and Minister for Trade and Investment
- Under Treasurer
- Minister for Health and Ambulance Services
- Acting Director-General, Department of Health
- Minister for Regional Development and Manufacturing and Minister for Water
- Director-General, Department of Regional Development, Manufacturing and Water
- Minister for Employment and Small Business and Minister for Training and Skills Development
- Director-General, Department of Employment, Small Business and Training.

This appendix contains the detailed responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.



Comments received from the Director-General, Department of the Premier and Cabinet



For reply please quote: GCS/RG – TF/22/8005 – DOC/22/70640

Department of the
Premier and Cabinet

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
qao@qao.qld.gov.au

Dear Mr Worrall

Brendan

Thank you for your email of 13 April 2022 providing the proposed report to Parliament on Appointing and renewing government boards (the Report) for comment.

The Department of the Premier and Cabinet (DPC) is supportive of the recommendations included in the Report.

As requested, please find enclosed DPC's response to the recommendations.

Should you require any further information, please contact [REDACTED]

Again, thank you for writing to me and for the opportunity to provide comment.

Yours sincerely

Rachel Hunter

Rachel Hunter
Director-General

9/5/22

*Encl

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Responses to recommendations

Department of the Premier and Cabinet

Appointing and renewing government boards

Response to recommendations provided by Ms Rachel Hunter, Director-General, Department of the Premier and Cabinet on 09 May 2022

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend that the Department of the Premier and Cabinet:</p> <ol style="list-style-type: none"> collects consistent information on the diversity characteristics of all people appointed to boards to allow it to analyse the diversity of members and report publicly on how boards reflect the diversity in the broader community. 	Agree	Q4 2022-23	<p>Upgrades to the Queensland Register of Appointees to Government Bodies will be required to support the collection and reporting of diversity data.</p> <p>In the meantime, the department will explore alternative approaches in conjunction with agencies to collect the data.</p>
<ol style="list-style-type: none"> Develops, in collaboration with Queensland Treasury and relevant departments, a whole-of-Government, overarching framework (aligned to better practice as outlined by the ASX Corporate Governance Council and the Australian Institute of Company Directors) for the appointment process for large boards (see Appendix D) that includes: <ol style="list-style-type: none"> requiring departments to request boards to complete a formal skills matrix (including qualifications) to inform performance evaluation, succession planning and to determine the skills needed for each vacancy requiring departments to request board members to have a performance evaluation completed prior to re-appointment providing advice to boards on how to determine if a member's long tenure has affected their independence providing advice to ministers and departments on the benefits of improving transparency and the applicant pool, by publicly advertising vacancies requiring checks of the academic qualifications of candidates involving board chairs more closely in the appointment and renewal process, to allow candidates to 	Agree	Q1 2023-24	<p>The department has reviewed <i>Welcome Aboard: A guide for members of Queensland Government Boards, committees and statutory authorities</i> (Welcome Aboard).</p> <p>The department will further review Welcome Aboard and other relevant guidance material, taking account of the recommendations of the Queensland Audit Office, in collaboration with Queensland Treasury and other relevant departments.</p>



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
conduct their own due diligence and discuss potential conflicts of interest and determine if they can be successfully managed. g) proposing indicative time frames for each phase of the appointment process, including for approval h) set timeliness performance targets to evaluate the effectiveness of the appointment process.			
3. evaluates the effectiveness of the Queensland Register of Nominees database to readily identify people with the skills needed	Agree	Q2 2022-23	The department will consult with agencies to identify possible enhancements to the register.
4. sets fair and competitive remuneration rates for board members, commensurate with size, complexity and responsibility.	Agree	Q4 2022-23	The department will review the <i>Remuneration Procedures for Part-time Chairs and Members of Queensland Government Bodies</i> .



Comments received from the Under Treasurer, Queensland Treasury



Queensland Treasury

Our Ref: 01950-2022

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
PO Box 15396
CITY EAST QLD 4002

Email: QAO.Mail@qao.qld.gov.au

Dear Mr Worrall

Thank you for your email of 13 April 2022 seeking formal feedback on the proposed Report to Parliament on Appointing and renewing government boards.

I appreciate the challenge of undertaking a whole-of-government assessment, and in developing a whole-of-government framework, particularly given the significant diversity of boards and their specific accountabilities.

Government-owned corporations (GOCs) and commercial statutory authorities are complex businesses that operate in competitive and challenging market environments. It has always been a priority that these boards are supported and led by directors and chairs with the skills and expertise to match those environments. That outcome relies on sound frameworks, and given its role co-ordinating GOC board appointments, Queensland Treasury is committed to ensuring good governance arrangements are implemented in GOC board appointment practices.

As per your request, I agree with the report recommendation 5, that Treasury implement the whole-of-government framework developed by the Department of the Premier and Cabinet (DPC) in Recommendation 2. In doing so, I request that consideration be given to flexibility of the approach in developing and implementing the framework to government-owned businesses (**enclosed**). I also confirm that Treasury will collaborate with DPC in preparing the framework.

Treasury is committed to continuous improvement regarding board appointment processes. The report highlights where appointment practices can be strengthened, and I am pleased to advise we have taken, or are in the process of taking, specific actions to improve those practices. The details below outline Treasury's views regarding several key points raised in the report.

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Alignment to better practice for appointment practices (ASX and Australian Institute of Company Directors)

Government-owned businesses are guided by the *Corporate Governance Guidelines for Government Owned Corporations*, and a number of the report's process recommendations may be incorporated into these guidelines which are currently under review to ensure alignment with the latest ASX principles and recommendations.

Treasury is cognisant of government-owned businesses' differing legislative and governance requirements relative to other companies. It is Treasury's approach to consider ASX principles and other leading practices within the context of shareholding ministers' and government expectations for these businesses. For instance, a clear distinction between ASX listed companies and government-owned business boards is the absence of board nomination committees.

Involvement of the board and identification of required skills

Treasury recognises the critical importance of board involvement in identifying skill gaps and organisational requirements. Treasury consistently engages with board Chairs in appointment processes, and has recently encouraged their greater active involvement, including, as per your recommendation, requesting boards to provide a formal skills matrix, which will be incorporated into this year's appointment processes.

Vacancies and board numbers

I note the report's finding that 25 per cent of vacancies were unfilled in 2019 but this is across a wide range of entities where it can be expected vacancies could occur. Notwithstanding this, concerted efforts have been made since this time to reduce risks resulting from unfilled vacancies with only one position remaining unfilled at the end of 2021.

It should be noted that the size of boards vary over time according to organisational needs, and decisions may have been made to leave positions unfilled (or even removed). While events such as resignations can lead to fewer members, Treasury is not aware of any circumstances where a government-owned business has not had sufficient members to constitute quorum or be able to make operational decisions.

We do appreciate that fewer board members can, in some circumstances, put pressure on existing members. With this in mind, the sizes of four GOC boards were increased during 2021 to ensure the boards comprised sufficient members with appropriate expertise.

Checking the suitability of candidates

I note the report's focus on academic checks as part of the appointment process.

In assessing a potential candidate's suitability for appointment to a GOC board, industry standing, including executive and board experience, is a key consideration, along with academic and other qualifications.

Advertising

In relation to the report's recommendation to more openly advertise, Treasury does advertise but will move to broaden its current advertising of vacancies via the Queensland Register of Nominees (QRON) platform by notifying industry bodies such as the Australian Institute of Company Directors.

We do not agree that the considered lack of advertising and engagement with Chairs has led to a perception that members are not independent or that boards do not have the diverse skills needed. The high calibre professionals that are currently members of these boards highlight the effectiveness of the current processes.

It should be noted that QRON advertisements are not restricted to registered users and that any individual can apply for these board vacancies. As QRON is the government's central register of board candidates, it is considered the appropriate platform to advertise vacancies.

If you require any further information, please contact [redacted]
[redacted] who will be pleased to assist.

Yours sincerely



Leon Allen
Under Treasurer

13 / 05 / 2022

Encl. (1)



Responses to recommendations



Queensland Treasury

Appointing and renewing government boards

Response to recommendations provided by Mr Leon Allen, Under Treasurer, Queensland Treasury on 10 May 2022

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
We recommend that Queensland Treasury implement the whole-of-government framework developed by the Department of the Premier and Cabinet in Recommendation 2	Agree	Timeframe for implementation will depend on the nature of changes included in the framework	We consider that there is a need for flexibility of approach in implementing the whole-of-government framework, particularly given the diversity of government business boards and their specific requirements.



Comments received from the Acting Director-General, Department of Health



Enquiries to:

Telephone:
Our ref:

C-ECTF-22/7090

Queensland Health

Mr Brendan Worrall
Auditor-General
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Email: gao@qao.qld.gov.au

Dear Mr Worrall

Thank you for your email dated 13 April 2022, in relation to the Queensland Audit Office's (QAO) proposed report to Parliament entitled *Appointing and renewing government boards*.

I would like to note that the Department of Health welcomed the opportunity to participate in this important audit. As highlighted in the report, the majority of the best practice principles identified by the QAO already form a part of the Department's standard appointment processes to Hospital and Health Boards and other statutory agencies within the health portfolio.

The Department of Health supports the QAO's recommendations set out in the proposed report, including Recommendation 5 that departments managing the recruitment process for Ministers responsible for large government boards implement the whole-of-government framework developed by the Department of the Premier and Cabinet in Recommendation 2.

I look forward to the proposed report being tabled in Parliament and the opportunity for the Department of Health to work with the Department of the Premier and Cabinet, Queensland Treasury and other relevant departments to contribute to the development and implementation of an overarching best practice framework for appointments to government boards.

Thank you for providing a copy of the proposed report and seeking my feedback. Should officers of your Department require further information, the Department of Health's contact is

Yours sincerely

A handwritten signature in blue ink, appearing to read "Shaun Drummond".

Shaun Drummond
Acting Director-General
09/05/2022

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Responses to recommendations

Department of Health

Appointing and renewing government boards

Response to recommendations provided by **Mr Shaun Drummond, Acting Director-General, Queensland Health** on 09 May 2022

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
We recommend that the Department of Health implement the whole-of-government framework developed by the Department of the Premier and Cabinet in Recommendation 2	Agree	To be confirmed following implementation of the framework to be developed by the Department of the Premier and Cabinet	Upon completion of the recommended framework by the Department of the Premier and Cabinet, implementation of the recommendation to be managed by the Office of Health Statutory Agencies, Strategy, Policy and Reform Division, Department of Health in line with legislation relevant to the appointment of board members to health statutory agencies.

Comments received from the Director-General, Department of Regional Development, Manufacturing and Water



Our ref: CTS 06140/22

10 May 2022

Mr Brendan Worrall
PO Box 15396
CITY EAST QLD 4002
By Email: qao@qao.qld.gov.au

Department of
**Regional Development,
Manufacturing and Water**

BRENDAN
Dear Mr Worrall

Thank you for your email of 13 April 2022 regarding your proposed report to Parliament on *Appointing and renewing government boards*.

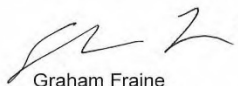
I appreciate the opportunity to comment on your proposed report and wish to acknowledge the positive engagement that your team has had with the department.

As per the enclosed response, I support Recommendation five of your report, noting that the Department of Regional Development, Manufacturing and Water will provide a more detailed approach once Recommendation two is delivered and it is clear what the proposed new framework for board appointments would mean for the department.

I acknowledge the need to progress appointments in a timely manner. In this regard, the department made improvements to the process during 2021 and will continue to make improvements following the delivery of Recommendation two from your report.

If you require any further information, please contact [redacted]
[redacted] who will be pleased to assist.

Yours sincerely


Graham Fraine
Director-General

Enc.

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Responses to recommendations

Department of Regional Development, Manufacturing and Water

Appointing and renewing government boards

Response to recommendations provided by Graham Fraine, Director-General, Department of Regional Development, Manufacturing and Water on 10th May 2022

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
We recommend that the Department of Regional Development, Manufacturing and Water implement the whole-of-government framework developed by the Department of the Premier and Cabinet in Recommendation 2	Agree	To be determined subject to delivery timeframe and outcomes of Recommendation 2	Actions to implement this recommendation will be determined following delivery of Recommendation 2.

Comments received from the Director-General, Department of Employment, Small Business and Training



Department of
Employment,
Small Business
and Training

Our ref: CIC-430

Mr Brendan Worrall
Auditor General
Queensland Audit Office
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Dear Mr Worrall

Thank you for your letter dated 13 April 2022 regarding your proposed report *Appointing and Renewing Government Boards* and for the opportunity to provide feedback on the report.

The Department of Employment, Small Business and Training (DESBT) supports recommendation 5 of the report to implement the whole-of-government framework developed by the Department of Premier and Cabinet as detailed in Recommendation 2 of the report.

I note the appointment timeframe in Figure 4C of the report relates to a process commenced in 2020 and is not reflective of the shorter appointment timeframes that DESBT usually meets for board appointments.

DESBT is committed to best practice with appointment processes and increased diversity on government boards. The Department routinely uses skills matrices to assist in appointment processes and will continue to implement practices that support good governance outcomes.

Yours sincerely

A handwritten signature in black ink, appearing to read "W Agnew".

Warwick Agnew
Director-General
Department of Employment, Small Business and Training
10/05/2022

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Responses to recommendations



Department of Employment, Small Business and Training

Appointing and renewing government boards

Recommendation	DESBT division	Agree/Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
We recommend that the Department of Employment, Small Business and Training implement the whole-of-government framework developed by the Department of the Premier and Cabinet in Recommendation 2	Engagement Division Investment Division	Agree	To be determined subject to the outcomes of Recommendation 2	

