

Report on a page

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

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

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

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

The right skills and fair remuneration

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

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

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

A reasonable time frame

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

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

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

Recommendation

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