# *FINANCE AND ADMINISTRATION COMMITTEE*

**Members present:**

Mr W.E. Wendt MP (Chair)
Ms R.M. Bates MP
Hon. D Boyle MP
Mr M.J. Crandon MP
Ms P-K. Croft MP
Mr R.A. Stevens MP

**Staff present:**

Ms D. Jeffrey (Research Director)
Ms J. Mathers (Principal Research Officer)

# INQUIRY INTO THE BUILDING BOOST GRANT BILL 2011

## TRANSCRIPT OF PROCEEDINGS

**THURSDAY, 6 OCTOBER 2011**

**Brisbane**

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**Committee met at 2.00 pm**

**BRADLEY, Mr Gerard, Under Treasurer, Queensland Treasury**

**BOOTH, Ms Sonya, Project Manager, Department of Employment, Economic Development and Innovation**

**DALY, Ms Melissa, Director, Business Projects, Office of State Revenue, Queensland Treasury**

**DASH, Mr Phil, Deputy Coordinator-General, Project Assessment and Attraction, Department of Employment, Economic Development and Innovation**

**HANDLEY, Ms Tatum, Acting Policy Manager, Department of Employment, Economic Development and Innovation**

**MASON, Mr Allan, Deputy Commissioner, Office of State Revenue, Queensland Treasury**

**MOLLOY, Mr Dennis, Assistant Under Treasurer, Fiscal and Taxation Branch, Queensland Treasury**

**O'BYRNE, Mr Colm, Executive Director, Commercial Branch, Department of Employment, Economic Development and Innovation**

**CHAIR:** Good afternoon, ladies and gentlemen. I note that the Deputy Premier could not be here at this stage, although he may pop in later. As such, I declare this public briefing of the Finance and Administration Committee's inquiry into the Building Boost Grant Bill 2011 now officially open. My name is Wayne Wendt and I am the chair of the committee and the member for Ipswich West. The other members of the committee are Mr Ray Stevens MP, deputy chair and member for Mermaid Beach; Ms Ros Bates MP, the member for Mudgeeraba; the Hon. Desley Boyle MP, the member for Cairns; Mr Michael Crandon MP, the member for Coomera; and Ms Peta-Kaye Croft MP, the member for Broadwater. We also have our research staff here, of course, who do a fabulous job.

The purpose of this meeting is to receive a briefing about the Building Boost Grant Bill. The bill was referred to the committee on 8 September 2011. The committee is interested in the practical implications of the policies being put into effect in the bill. The bill has two main policy objectives: firstly, to give legislative effect to the Building Boost grant scheme currently being paid under an administrative arrangement; and, secondly, to amend the State Development and Public Works Organisation Act 1971 to provide a head of power for the Coordinator-General to recover costs incurred in assessing a proposed infrastructure facility of significance and other minor amendments to improve the efficiency of current processes and actions, and to clarify intent.

This briefing is a formal proceeding of the parliament and is subject to the Legislative Assembly's standing rules and orders. The committee will not require evidence to be given under oath, but I do remind witnesses that intentionally misleading the committee is a serious offence. You have previously been provided with a copy of the instructions for witnesses, so we will take those as read. Hansard will record the proceedings and you will be provided with the transcript. I remind all of those attending the briefing today that these proceedings are similar to parliament to the extent that the public cannot participate in these proceedings. In this regard, I remind members of the public that under the standing orders the public may be admitted to or excluded from the briefing at the direction of the committee. I also request that mobile phones be checked now to ensure that they are switched off or at least in silent mode. I remind committee members that officers are here to provide factual or technical information only. They are not here to give opinions about the merits or otherwise of the policy behind the bill or alternative approaches. Any questions about the government policy that the bill seeks to implement should be directed to the responsible minister or left to debate on the floor of the House.

I might ask each of the attendees if they would like to provide a brief opening statement and then we will invite questions from members of the committee. Gerard, would you like to provide a brief opening statement?

**Mr Bradley:** We are here from Treasury and the Office of State Revenue to assist the committee in reviewing the bill. The purpose of the bill, as you have mentioned, is to implement the Building Boost grant, which we have already underway and which we are currently doing under administrative arrangements. This bill then gives effect to those arrangements and allows the boost and the appropriate arrangements associated with its administration to be fully implemented. We would be pleased to assist the committee in explaining how the process will work both to date and going forward.

**CHAIR:** What about Dennis?

**Mr Molloy:** Gerard has already outlined the main thrust of the policy aspects of the boost. Certainly to the extent that the committee has further questions on aspects to do with the government's boost and the economics associated with that, I would probably be in the best position to respond on those.

**Mr Mason:** The Office of State Revenue has responsibility for administering the Building Boost grant. I and my colleague Melissa Daly are here to assist the committee with any questions you may have about how the legislation actually works in practice with regard to the terms and conditions of the bill and the commissioner's administration processes.

**CHAIR:** Are you happy with that, Melissa?

**Ms Daly:** Yes, thank you.

**Mr Dash:** You have mentioned the main reasons for the amendments to the state development act. Of course, the Coordinator-General is always looking for improvements in efficiencies in his process and of course we also want to recover fees where appropriate and where we are obliged to to make sure that the public of Queensland is getting value for money from our business.

**CHAIR:** Fine. Is everybody else right? No-one else needs to provide an opening statement at the moment? In that case, I know that Mr Stevens is very keen to kick off. Over to you, Ray.

**Mr STEVENS:** Yes, thank you, Mr Chairman. Mr Bradley, I am not sure who I should be directing questions to, but I will start at the top and work along from there. You can flick pass if necessary. The bill itself is basically in two parts—the Building Boost grant and also the amendments to the State Development and Public Works Organisation Act. They are two quite different issues that we are dealing with in this bill, so I will firstly refer to the Building Boost grant. In terms of the matters that I see there—and I know it is retrospective type of legislation going from 1 August to 31 January and there are difficulties involved in that particular type of drafting et cetera—all of the drafting to me has been trying to allow for the failures that may occur out of this legislation, in other words, going into people's files and revisiting the matter if it does not work and that type of thing so that we will not be limited to this, that and the other. When you were drafting this legislation was there an awareness that this is particularly difficult legislation to implement because of its wide range of investors such as homeowners et cetera that the $10,000 grant will appeal to? Were we concentrating in the drafting of this legislation on the matters of failure that may come because of the system not being appropriately addressed in the first instance because of the time frame?

**Mr Bradley:** I might make some initial comments, but Allan Mason can probably talk in more detail about the drafting of the actual legislation. Clearly in this case, given that the measure was announced in the June budget and the commencement date was indicated as 1 August, there was not sufficient time to frame legislation to enable that to be put in place prior to the 1 August commencement. Also, it was important for us to have a period to consult with industry and discuss some of the more detailed technical arrangements associated with the implementation of the boost, noting, as you have mentioned, the fact that it does apply to a wide range of potential investors such as homeowners and first home owners. It was necessary to deal with the range of circumstances that might occur across such a broad range of potential eligible applicants and to also deal with the transitional aspects of commencement from 1 August when there may have been transactions that were occurring just before perhaps or indeed just after and also reflecting some of the ways in which homeownership technically can be structured by the industry in the way in which new homes are constructed, the way in which the title arrangements work and so on. So it does have a level of complexity associated with that, not so much because of a risk of failure but nevertheless it reflects the complexity of the industry and the nature of arrangements surrounding the building of new homes and the tenures that may exist in a variety of circumstances. But I might ask Allan if he would talk in more detail about some of the more technical aspects of the drafting of the bill.

**Mr Mason:** There is an important point that the bill was modelled as far as possible on the provisions of the first home owner grant. That is a piece of legislation which already has established principles for eligibility and the commissioner's entitlement to review eligibility and to ensure that the conditions are met. So wherever possible we have adopted the provisions, for both the policy and the legislation, of the first home owner grant. There are some provisions in this bill which are special to the fact that two issues are different in this particular piece of legislation compared with what we lovingly refer to as FHOG—the first home owner grant. The first is that there is no requirement for the applicant to occupy the property personally. There is an obligation for the applicant to ensure that the property is occupied by someone, but it is fairly generous. So it can be anybody—it could be their family member, it can be a tenant or the person themselves. Secondly, there is no limit on the number of grants that an applicant may obtain.

So those two conditions required some adjustments to the standard FHOG model to, if you like, make sure that the grant is focused on the area that government intended, and wherever that occurred I am happy, if issues arise, to take the committee through those individual cases. So, by and large, the

legislation is based on FHOG. It is quite common in that legislation for a revenue office to have provisions which ensure that the grant is applied to the person to whom it is intended, and where that does not apply—where parties have not met conditions of the grant and so on—for the commissioner to test that and to recover grants from ineligible applicants. But the majority of cases covered by the bill are the relatively straightforward cases.

**Ms BOYLE:** I am a bit more interested in terms of how it is going so far. I hear out there a little bit of noise from odd people who are not involved with the scheme at all, so they probably do not have any expertise for their opinion, saying, 'Nobody'll take it up and what's the point in it and how come it's only six months and who set the $600,000 limit?' It is sad to say that there are a lot of people who are quick to criticise rather than look at what it might do. Are you able yet, seeing we are now up to October, to give us any indication of the people taking this up? Is it happening? Is it happening all over Queensland or in particular areas?

**Mr Bradley:** Today the Deputy Premier has responded to a question on notice which gives some indication of the numbers of applications received and approved to date. With regard to our experience for schemes of this nature, I guess the best example has been where we have had boosts to the first home owner grants from time to time as agreed between the Australian government and each state government. There has usually been quite a slow period of gradual build-up of applications and payment of grants, and this can extend over a long period of time. The intention here was to address the fact that the housing industry was going through a relatively subdued period and to have a time limited application period, which would create some pressure for new activity to be brought forward during this particular subdued period of activity. Nevertheless though, it relates to contracts signed during this period and may be the case in fact that applications for this time period occur subsequent to 31 January as people complete their homes or as they actually settle with the relevant builders or the transaction that occurs. So there can be quite a long period of time, firstly, for build-up and then for actual payment of grants, and that has been the experience with those occasions where we have seen temporary increases, usually for about 12 months in the case of the first home owner grant.

This was intended, though, to be very targeted and time limited and to provide every incentive for people to act during this period to try to create more activity in the industry and, indeed, to support activity in the industry during this period. I do not have data available in relation to the actual regional application of it. I imagine we would have that data gradually over time. But it is relatively early in the time period at present, so I do not think we have that quite yet.

We are seeing a gradually rising trend of applications, but it is pretty early days. Usually, we would find a number of months and lag, particularly for new homes, for the actual transactions to be processed through the Office of State Revenue. Does that assist you in that response?

**CHAIR:** Picking up on that, we talked about the six-month time limit. Are you in any position to comment on that? Why was it put at six months and not five and not 12?

**Mr Bradley:** I think the six-month period was particularly intended to provide a boost during what was perceived to be the subdued level of activity during the current calendar year. We were anticipating into 2012 that we would start to see a broader recovery of the industry as we recovered through the period post the natural disaster period and also as we gradually saw a recovery in growth as estimated in the budget this year, where we expected to see quite a significant pick-up in growth. But our forecast for growth in the housing sector was that that would really come more towards the middle onwards from 2012. So it was really targeted to try to bring forward activity into this relatively subdued period for the next six months.

**CHAIR:** So if you are not in a position now to give us figures on how successful it has been, so to speak, when will we see that? Will that be after January? Is that what you are saying?

**Mr Bradley:** The Deputy Premier and Treasurer and Minister for State Development has responded to a question on notice today with some numbers.

**CHAIR:** Yes, you mentioned that.

**Mr Bradley:** I can—

**CHAIR:** If you can.

**Mr Bradley:** I have only got them electronically. I will have to read them.

**CHAIR:** That is okay.

**Mr Bradley:** I think they will be on the parliamentary site today, I imagine, once the question has been processed. Applications received to 31 August were 135. To the end of September it was 569 and to 5 October it was 648. So we are seeing a gradual build-up in applications through this period.

**CHAIR:** Is this per month? Is that 500 per month?

**Mr Bradley:** No.

**Mr STEVENS:** No, cumulative.

**Mr Bradley:** They are all cumulative, year to date.

**Mr STEVENS:** Six hundred and forty-eight today.

**Mr Bradley:** That is right. That is correct.

**Ms BATES:** Is that approved applications?

**Mr Bradley:** No, approvals are gradually being processed. That requires a level of documentation. Also, in the initial period some of the applications were found to be not eligible, because they related to prior to the commencement date. As at the end of September, 83 applications had been approved. That is now at 102 as at 5 October. So it is a gradual process. We are working through the applications and approving those. It also depends on when the actual transaction itself is due to settle. So there is obviously a period of months, once the contract is initially signed, before the actual grant payment itself can be paid.

**Ms BOYLE:** Can I just seek some clarification about this? I am not really clear what exactly has to be done by the end of January. Is it only submitting the application or is it having the application approved?

**Mr Mason:** There are three types of eligible transactions consistent with the first home owner grant. There is the contract to buy. So that contract would need to be executed in the eligibility period. There is a contract to build a home on your own land. That contract would need to be executed within the eligibility period. Finally, owner-builders are also eligible. An owner-builder has to commence construction in the eligibility period, and that equates to laying foundations for the home. You asked earlier—

**Ms BOYLE:** Can we pause on that? So that means, just in terms of organising the sheer paperwork and approvals and the like—maybe with councils and all sorts of things—we are going to see a much greater number, in likelihood, in the second half of the period than in the first half. There is a kind of lag, which is partly what I think you were trying to explain, in getting the idea and the wish to do it and then translating that into a contract?

**Mr Molloy:** That is right. Just to provide some context to that, the Under Treasurer mentioned, if we have a look at the previous first home owner grant experience, how long that takes to build up—the translation of contracts into applications and payments. If we have a look at the boost that the federal government introduced in October 2008, that was a boost of an additional $14,000, only for first home owners. In the first six months after eligibility of that boost, only around 15 per cent of the actual applications were paid out in that period of the total which to date have been paid out. So that just shows that there is a real delay in the ramp-up. The peak tends to come somewhere around 12 months later, and then you still have a tail that keeps going for up to 12 months after that. So it is very important to understand that distinction between when you enter into a contract, which makes it eligible, and when you receive the grant. There is a significant delay in that, which we are able to observe from the first home owner experience. As Gerard has said, we expect that there will be a similar delay in terms of the actual payments being made.

That is one of the things that is evident in the data to the moment. If you have a look at those numbers relative to 14,000, they look as though they are not all that large, but it is a very similar experience to what we saw in the first home owner boost. That is what we would be expecting—that it will really start to strengthen when we get into the first few months of 2012.

**Mr STEVENS:** Further to that, first home buyers are quite a defined group of people who are targeted and also that $14,000 grant was at a time when the real estate market in itself was quite up and also the lending institutions were quite forthcoming with generous levels of funding for first home buyers on top of that boost. This one is a very wide area of industry support right across three—and I take it renovations come under one of those areas as well, the renovated houses that you mentioned?

**Mr Mason:** They come under the grant only if they meet certain criteria. They have to meet the Commonwealth's GST criteria. That is, where the home is substantially renovated and there is a contract of sale of that home, the buyer of that home may be eligible.

**Mr STEVENS:** So it is, in effect, a new home.

**Mr Mason:** Exactly.

**Mr STEVENS:** Okay. But the take-up of that 15 per cent—the analogy of the figures that you are drawing there—is quite different from the circumstances that we have. The intent of this investment package is to stimulate a very flat industry, as I understand it, for construction across Queensland. We should have seen, 2½ months into the program, probably a better response, would you not believe, from an industry crying out for support for construction?

**Mr Molloy:** I do not think so because, even though the scope is broader, the same time lags that you are talking about for the first home owners in terms of entering a contract, actually commencing construction, completing construction and submitting the application apply if it is an investment property or indeed if it is a homeowner moving into a new property. So even though the scope is broader, the transition, or the transmission mechanism that leads to the application being submitted and then paid—I think we can look at the first home owner experience to get an idea as to what that profile would be.

**Ms BATES:** Just to go on further with what Ray was saying, one of the things that this building grant is supposed to do is instil confidence in the building industry and get the building industry moving. Following on from the question asked by the member for Mermaid Beach, with 102 applications in the past three months, or 102 new applications, if you extrapolate that out, even if there is a bigger boost in the next three months it may end up being probably fewer than 500 new dwellings. I am just wondering what the feedback from the Master Builders Association has been or what conversations you have had with them in regard to how this boost is going so far.

**Mr Mason:** Certainly, the Office of State Revenue has not had any conversations with industry outside the consultation exercise we went through for the development of the legislation and certainly not in the context of the question that you have asked.

**Ms BATES:** One would assume that this whole scheme is designed to boost the building industry, which is on its knees. Are you going to have some conversation with the Master Builders or the HIA to get feedback from them as to how this scheme is going?

**Mr Bradley:** Certainly, we had consultations with the industry during the period leading up to the commencement of the boost, including in relation to designing appropriate strategies for advertising, communicating and publicising the boost. The industry itself has also undertaken activities—individual companies—in terms of including the boost in some of their material to promote the boost. The applications are gradually rising—around 648 as of 5 October. We think it is probably still reasonably early days in terms of being able to determine particular trends. We would expect that over the coming months we would consult with the industry, but we have not yet specifically consulted with industry groups around the process, although I know that relevant ministers have had regular discussions with industry participants and are aware of the activities they are undertaking to create awareness of the boost itself. But it is relatively early days, I would have to say, at this point.

**Mr CRANDON:** Thank you. All of the discussion we have had so far has been around a short-term boost, getting the industry going. It is flat at the moment. In fact, there was even a suggestion that the expectation is that moving into 2012 and beyond the industry would perhaps be somewhat better off than it is now and so forth, which brings me to a question in relation to time regarding unregistered plans of subdivisions. It seems to be an incredibly long period of time, this tail-off. I am concerned about the cost of keeping the scheme going and keeping it open for an extended period of time, because we are talking about the contract stating that the building work must start before 1 February 2013. So we are a year further down the track beyond the end of the six-month period. But then it goes on to say that it must be completed before 1 February 2015. I am just wondering what sort of $600,000 dwelling is going to take something like two years to build. Why have we such a long tail-off on something that is meant to be a short, sharp boost—bang—for the industry to make it all happen?

In asking this question, it seems to me that we are opening ourselves up for a little bit of graft and corruption to eke in, because people are looking at it and saying, 'Hang on a second, if we sign up these things beforehand on that maybe development that we are getting over there, if we get them all signed up inside the six months we have these people on the hook and we will just sort of move on.' Is there not enough land out there at the moment that is already developed, that is already ready to go? If we want a short, sharp boost, why have we this rule in place that allows us to go on for another three years?

**CHAIR:** I suppose there are a number of questions there.

**Mr Bradley:** Perhaps I can start and I will ask Allan to talk more particularly. In the lead-up to the commencement of the administrative arrangements for the boost we sat down with the industry and talked through with them the practical issues surrounding the timing for construction of the new dwellings. They were particularly concerned about apartment type complexes, which take a longer period for construction.

The time lines were developed in consultation with the industry, having regard to their views around those practical issues of how long it would take to actually construct buildings. Obviously we are seeking to get people to make commitments during the six-month period of the scheme, but we are being realistic in terms of then allowing sufficient time for actual construction of dwellings, particularly more complex dwellings—multilevel dwellings—through that longer time period. I do not know if Allan wants to elaborate on that.

**Mr Mason:** The original time frame that was proposed was a period of about 18 months from completion of the eligibility period. The Treasurer received a joint submission from the UDIA, the Property Council of Australia, the Housing Industry Association and Master Builders in relation to that particular condition saying that in relation to off-the-plan sales of home units—and that is where the issue arises—that time frame would be inadequate to help a large number of projects that were presently on the drawing board, as it were, in Brisbane and other parts of the state. We met with representatives of that organisation and they provided us with details of the time lines that are involved in development of multiunit dwellings. The time frames that you see in the legislation are actually time frames that were proposed by those industry bodies and accepted by them as being appropriate for multiunit dwellings.

Where there is a property that is subdivided for housing, the grant would be available normally under the building contract provision. The house would be started within six months of the contract being signed and would be completed well and truly within the 18 months. For housing construction, the off-the-plan condition normally would not apply. It generally would apply only in relation to the multiunit dwellings.

**Ms BATES:** I want to speak to you about how you arrived at the $600,000 limit. In my talks with Master Builders they have talked about an average build for an ordinary home of about $350,000. So you are obviously looking at blocks of land under $250,000. On the Gold Coast there probably would not be very many of those blocks at that price. So I would like to know how you came at that.

I do understand that it is a federal issue, but we do have a bill before the House in Canberra about the carbon tax. The Master Builders have already said that it would probably add another $7,000 on an average build of $350,000. You are saying here that they can build up until 2013. There is also the

additional cost of the NBN, which will probably add about $5,000 more per house to install in order to be NBN ready. I understand that they are federal issues, but that $12,000 effectively wipes out the $10,000 boost. Could I have your comments on those matters?

**Mr Molloy:** Taking the $600,000 first, certainly our analysis was that, in applying a $600,000 cap, that would obviously mean there would be a number of properties which would be ineligible. Our estimate was somewhere around the 20 per cent mark, based on data that we had available. So it was an issue of balancing the desire for stimulus of the sector obviously with affordability and with notions of equity that really drove that concept of $600,000.

In terms of other costs that might come through, it all depends on the nature of the contract which is concluded within the period ending at the end of January 2012 as to whether they are making allowances for those or not in terms of whether they are being passed through to the homeowner. Obviously, the carbon tax is not coming in until it is implemented, which is the middle of next year. It is an issue as to whether that is picked up in the contract or not at the time the contract is submitted. Any costs that are subsequent to that—obviously a decision is being made to build a house prior to that. It is really a matter of what is included in the contract.

**Ms BOYLE:** It was not until this process that I realised, as the member for Cairns, that this is a kind of investment opportunity as well for some people. That has not been well talked about, I have to say, at least in Cairns. The chat up there from those who are interested is mostly from those who are not confident in the market because there has been such gloom and doom, particularly given some of the economic factors in terms of impact on tourism and so on up north. This has gone some way towards encouraging people to say, 'Maybe we should take the plunge.' In that sense, most of the examples that I know about are of people who are bringing forward, as it were, something that they had hoped they might do next year or the year after. That fits quite finely with the government's objectives. But I have not seen attention in the media or certainly in any of my discussions with the local Master Builders and others around the town to say, 'Here is a nice opportunity for people who are looking for a little investment.' There is nothing better than a nice new house. Bung in some tenants and you would be eligible. Of course, the likelihood is that the market is going to improve considerably over the three to five years into the future and you could make a few dollars. I suppose it is really a question for the Treasurer and his media people, too. Are you aware whether we have put out any information for public consumption focusing on that side?

**Mr Bradley:** Certainly the promotional material did try to make it clear that this was broader than we have had in the past in terms of first home owners, that it did apply to investors. That specifically is included in the advertising material and on the site that we have which promotes the housing boost. Certainly that has been made very clear to the industry. The industry is absolutely clear that investors are eligible for the boost. I have seen material which individual participants of the industry have put out which also makes that clear to their potential buyers of their new homes. As to the extent to which that has been taken up by investors, I say it is probably relatively early in the time period. Over time, as we consider appropriate promotion, obviously making it clear to people that as investors they are also eligible, that is something we will have to continue to do.

**CHAIR:** Are we unique in Queensland in terms of this particular style of grant, or are they doing it in other states? If so, what other states? Did we look into that?

**Mr Bradley:** There are other examples in other states. Allan, I think the most particular example is probably the Northern Territory.

**Mr Mason:** That is correct. The Northern Territory does have a Northern Territory build bonus, which they introduced on 3 May this year, which provides a grant to homebuyers and investors including companies and trustees that sign a contract. The value of the home is capped at $530,000 but, unlike our scheme, only one grant is payable per transaction. So applicants are ineligible if they have received a previous grant.

**CHAIR:** How much is that grant?

**Mr Mason:** It is $10,000. Also, unlike the Queensland boost, non-Australian residents are eligible whereas ours is limited to Australian residents and substantially owned Australian companies and trusts. New South Wales has a stamp duty home builders bonus, but it is delivered through the stamp duty system. That provides an exemption from stamp duty in certain circumstances or 25 per cent off the normal duty in other circumstances in relation to homes. I think South Australia and Victoria also have first home bonus schemes to some extent. A number of jurisdictions have their own particular types of schemes. I think Queensland's is the only scheme that is open to Australian residents and their companies and trusts. Any number of transactions are eligible; there is no cap.

**CHAIR:** I think you mentioned that the Northern Territory one started in May. Was it for six months only as well?

**Mr Mason:** It was between 3 May 2011 and 31 December.

**CHAIR:** Again, there will be some time before they can determine how successful it was in relation to previous data.

**Mr Mason:** Exactly. It is an eight-month scheme.

**Mr STEVENS:** I have a question for Mr Mason following on from the question from the member for Coomera in relation to the 2015 cut-off date. Given that, in relation to high-rise buildings, approximately 60 per cent of sales are required before the banks will lend the money and proceed with the project, under

your scenario of allowing for that to happen and to take it to 2015, does this $10,000 building bonus, which is basically to have an immediate effect, become more of a sales bonus for people contemplating building a high-rise and requiring those 60 per cent of sales to go forward with the building bonus? So it is a sales bonus rather than a building bonus?

**Mr Mason:** Is the question about whether or not the price of the property would increase by $10,000?

**Mr STEVENS:** No. People are selling a $10,000 bonus payment available on this unit that, for instance, I will build as a high-rise. I need 60 per cent of the building sold or 102 applications to go forward with that building. Then the building will start construction and we will be given the money by the banks after that 60 per cent—the 102 or whatever the number is—to get going. That really translates into a sales incentive bonus rather than actual building construction happening today—an immediate effect.

**Mr Mason:** I understand the question. It is true that financiers will not lend on high-rise construction of multiunit dwellings unless the developer has secured a certain percentage of sales of units. As I understand from industry, that is generally a percentage that is sufficient to cover the amount of the debt at the very least.

**Mr STEVENS:** Correct.

**Mr Mason:** The idea of providing the boost to applicants who sign within the six-month window is to stimulate sales. It is to stimulate getting those projects.

**Mr STEVENS:** So it is a sales bonus?

**Mr Mason:** It is designed to stimulate sales to enable developers to get their projects off the ground and into the next stage of actually laying foundations and getting building done. Without those sales, those projects simply do not get off the ground.

**Mr STEVENS:** Following on from that, which is what I understood would probably be the reason for the 2015 date, can you advise how many of those 102 are for high-rise projects?

**Mr Mason:** I cannot answer the question today, but I am happy to take the question on notice.

**Ms BATES:** I have probably met with over 60 stakeholders in the construction industry in the last three months. Their concerns are that, regardless of the boost, it is actually more difficult for first home owners to obtain finance due to increased cost of living and lack of confidence in the economy. Do you expect that the relatively slow take-up at this stage of the boost grant may well be due to inability to secure finance? Have you factored that into the legislation?

**Mr Bradley:** Obviously we cannot anticipate individual circumstances of applicants. In terms of estimating the likely take-up, we have certainly had regard to what we consider to be the normal level of activity and whether that can be sustained, although the industry, as we have mentioned, is going through a fairly subdued period. We have not had feedback from industry at this point that the take-up at this stage is affected by issues around financing—at least not that I am aware of. I would say, though, that, again, it is a fairly early period of the scheme and we will obviously have to monitor that over time. We are certainly open to having discussions with industry participants as they get greater experience themselves about market conditions.

**Ms BATES:** The National Australia Bank released some figures recently that there has been a 14.2 per cent drop in building approvals for new homes over the June-July period. How do you explain that difference and whether or not the building boost is actually working?

**Mr Molloy:** I am not familiar with the NAB survey, but the ABS released data earlier this week on building approvals for August which—

**CHAIR:** This is Queensland?

**Mr Molloy:** It is Queensland building approvals. That data suggested that, in trend terms, there was actually a slight improvement in August, when the number of dwelling approvals increased by 1.6 per cent. In seasonally adjusted terms, the number of dwelling approvals increased by 19.6 per cent. These numbers, particularly those seasonally adjusted numbers, are very volatile. So they need to be quite circumspect in focusing on those. There is no doubt that there are a lot of factors at play in the housing sector. Cost of finance is an important issue, although some banks, particularly on their fixed interest products, are starting to lower rates. But there does appear to be some tentative signs of at least a recovery in dwelling approvals in Queensland. But there are a whole range of factors that could be contributing to that. As I said, I am not familiar with the NAB.

**Ms BATES:** Thank you.

**Ms BOYLE:** Could we move to a different element of the bill? I thought we might talk about the punitive provisions for a while.

**CHAIR:** Certainly, member for Cairns.

**Ms BOYLE:** For those who do the wrong thing, or so we believe, and take the grant or do not acquit it properly, there are some pretty heavy penalty provisions in here. One of the areas of concern to me, and I am sure to other members of the committee, too, is who these authorised persons are going to be. Who is going to be tramping into people's properties and seizing certain things? It is not really clear in the bill as to who is going to manage this. How will they be authorised persons? How will they be accountable to us for their proper actions?

**Mr Mason:** The Commissioner of State Revenue will be responsible for administering the legislation and is presently administering the administrative arrangement. The commissioner also administers the first homeowner grant and also administers the Duties Act, both of which provide for concessions or benefits to homebuyers and have particular conditions in them and have provisions for recovery of concessions or recovery of grant where conditions are not met.

The Office of State Revenue has an investigation division. We have recently reorganised matters and we are adopting strategies to find out where parties have not complied with particular conditions sooner rather than later. By finding out where there has been an inability to meet conditions sooner it means that the cost to the customer generally tends to be much less in terms of any penalty that is imposed, and we give the customer an opportunity to let us know, 'Yes, there is a possibility I will not meet a condition,' wherever that is possible.

The mechanisms that we use for the first homeowner grant and for the stamp duty concessions will be applied to the Queensland building boost grant. Our officers who are qualified to be appointed as investigators will be appointed for investigation of these particular grants. It is important to note that most of the applicants for grants or concessions comply with the conditions. We are talking about a very, very small proportion of parties who do not comply. In a lot of cases they do not comply for matters not connected with any sort of intent or malicious intent on their part. It is normally because their circumstances change, and the penalty regime is adjusted accordingly. It is reserved for maximum penalties for cases of blatant abuse, and I am pleased to say that they are very limited.

**Ms BOYLE:** I suppose it is only that we have made provision for that that it has caught my eye in terms of our officers—authorised persons—going in and seizing computers and so on. It sounded very police like. We understand that there are reasons police should have such powers. But should good public servant, tax commissioner types be whipping on to people's properties and taking their computers?

**Mr Mason:** It may sound that the commissioner has very extensive powers and therefore indicate that the commissioner uses those powers on every occasion. The powers of investigation that you will see in the legislation are quite standard across most investigation revenue authorities and also any authority where it is necessary for there to be investigation powers. Indeed, the Office of Parliamentary Counsel has developed a standard set of investigation powers which will include all of those. You will find that that template legislation makes its way into similar statutes like the Queensland Building Boost grant.

As to the last time that the commissioner actually exercised the power of seizure, I can tell you that it has not happened in the exercise of the first homeowner grant to my knowledge or in the exercise of the Duties Act provisions. I suspect that it is most unlikely to be exercised in these circumstances. What we are really interested in is: was there a contract signed between the relevant dates or did people make the date up? Have the parties met the occupancy condition, which is a fairly generous one, of having someone in possession of the property for three months? Was the consideration truly under $600,000—in other words, are these people truly eligible? If they are, then they will be entitled to the grant. If they are not, then the commissioner will seek recovery.

**Mr STEVENS:** Following on from that, I would hate to see the government and Treasury left with a mess to clean up a la the pink batts mess in Canberra. I note that an entity is available to get up to four grants—$10,000 each for four different proposals—before we look very closely at the fifth application, which may not be entered into for the sole or main purpose of obtaining just the Building Boost grant. In the building industry there are some what we call $2 companies, which you would be aware of. What protection have you put in place to make sure that four applications cannot be received from a company and the company goes broke subsequently and state finances are tipped down the drain into a $2 company? Are personal guarantees involved? What is the process that you have put in place to protect the taxpayer of Queensland?

**Mr Mason:** The process for payment of the Queensland Building Boost grant is similar to the process for payment for the first homeowner grant. The payments are by and large paid through financial institutions. Financial institutions are the ones who are providing loan finance to the purchaser. It is not the builder who applies for the grant; it is the end purchaser or home builder who applies for the grant. In our experience under the first homeowner grant, that happens in the vast majority of cases. Our financial institutions are registered with our office to be involved in the administration. They will take applications as part of their process of taking applications for finance. They will lodge the application with us through our electronic lodgement system, our revenue management system. What we do is we pay the grant to the financial institution to be held pending settlement of the transaction. Where settlement occurs, the moneys are handed over to the purchaser for the benefit of settlement. Where settlement does not occur, the financial institution repays the money. Where the purchaser or the home builder is not applying for finance—they are paying cash—the payment is made to the applicant after completion of the transaction. After they have settled their purchase or after they have a certificate of completion of their home, they apply directly to the Office of State Revenue, and we manage the payment process to them when we are satisfied that we have a complete transaction.

**Mr STEVENS:** Thank you.

**Mr CRANDON:** On the subject of the start date of 1 August, this grant was foreshadowed in the state budget in June. The start date was 1 August. I would imagine that there is going to be a cost involved in the policing of or confirming whether or not a contract was signed after 1 August and what have you. That would be fairly costly I would imagine. What was the purpose behind the 1 August start date? Why the void? Why was it a case of saying, 'Hang on, guys. Don't sign anything yet. Wait until 1 August'?

**Mr Mason:** The 1 August date enabled the office to liaise with financial institutions and solicitors to educate the market and get them ready for the implementation of the boost. There were systems that needed to be developed—the details of the legislative design and the detailed conditions of the grant. The application form needed to be developed because the application form is a critical part of the process. If government had commenced the grant on the earlier date, the difficulty would have been that the final detailed conditions of the grant and all of the paperwork and systems and processes would not have been available. When the grant started on 1 August, our IT was in place, electronic lodgement was available. The Office of State Revenue has a revenue management system which enables data to be collected and therefore to be used in the process of not only managing and administering the grant but also validating entitlement to the grant and checking later on whether subsequent conditions have been complied with. So the issue is really one of preparedness of the entire market to be ready for implementation of the grant.

**Mr CRANDON:** I hear what you are saying about preparedness and that you needed that time up to 1 August. But we are not talking about that. We are talking about the signing of a contract. It could have been foreshadowed in the budget papers that this was going to happen—'You won't be able to get any money out of this until after 1 August because it is going to take us that time to prepare the administration side of things, but if you sign a contract on a new house between now and then that will be okay.'

**Mr Mason:** I think the difficulty with the approach is that particularly where you are operating under an administrative arrangement—and this scheme is operating presently under an administrative arrangement—applicants who are out in the marketplace signing contracts to incur very significant financial obligations need to have certainty about whether they are or are not entitled to the boost, whether they are or are not entitled to finance. So the issue becomes one of making sure that, when the time comes for them to decide to enter into a significant financial obligation, they have clarity about their eligibility. That clarity was available on 1 August. The detail of entitlement was not available on the budget date.

**Mr CRANDON:** There is such a thing as 'subject to clauses' in a contract.

**Mr Mason:** That is true, but not all customers when they are purchasing properties take the view that they can insert in a contract a condition. It depends very much on their bargaining power with the vendor.

**CHAIR:** Allan, I have just listened to those responses. You talked about the administrative arrangements which are currently in place. Can you advise what the practical implications would be if the legislation was not passed?

**Mr Mason:** The government has decided that this grant will be payable. The provisions of the Building Boost grant legislation actually clarify the detail of the administrative arrangement. If the legislation was not passed, nonetheless the payments would still be valid payments and the issue becomes one of making sure that eligibility criteria are met. From the commissioner's point of view, there would be difficulty in that the powers of investigation that are vested by this bill, using that as one example, would not be available to the commissioner. So you would really be in a situation where, if the commissioner were asking questions after the payments had been made about whether particular post-settlement conditions had been met, such as occupancy, and if applicants choose not to answer those questions, the commissioner would have no power to enforce answers to those questions. In respect of investigation, for example, passage of the legislation is very important to ensure that the boost is paid to the right people in accordance with the government's policy.

**CHAIR:** Thank you very much. That is quite good.

**Mr STEVENS:** In terms of review of decisions, obviously an applicant applies and the commissioner makes a determination. If the commissioner refuses an application, a person who is dissatisfied with the decision of the commissioner—I assume they would not be unhappy if their application was approved—in relation to the person's entitlement to the Building Boost grant may lodge a written objection to the commissioner. Is it not very much a case of Caesar judging Caesar? They can apply again after the commissioner reviews his initial decision on the process, but that would be Caesar judging Caesar. They can then go to QCAT after 60 days. Why is there not a different mechanism for appeal other than back to the commissioner, who has said no in the first instance?

**Mr Mason:** The mechanism that is in the Building Boost Grant Bill is consistent with the review mechanisms that are in the first homeowner grant, the Duties Act and, indeed, in most revenue legislation at state and federal level. Most revenue legislation provides for an initial review on an administrative basis within the office of the decision maker. In the case of the Office of State Revenue in Queensland, the review decision is undertaken by an officer other than the officer who made the original decision. It is made in a completely different area of the office. In our case it is made by our Administrative Policy Branch which specialises in review of decisions. It is meant to provide customers or applicants with a simple, cheap mechanism for having their decision reviewed.

**Mr STEVENS:** It might help to spell that out.

**Ms BATES:** In our briefing note, it says—

The bill is designed to stimulate the Queensland housing market by assisting housing affordability, increasing the supply of housing and increasing employment in the housing construction industry.

The UDIA recently warned that there were massive job losses in the construction industry. In fact, there have been 7,537 jobs lost in the industry in the three months since August. If the boost is working, and the boost was to support employment, have you any idea why our construction industry is losing so many jobs?

**Ms BOYLE:** It is not what has happened in Cairns. We have gone up in August. Have you not on the Gold Coast?

**Ms BATES:** No, definitely not on the Gold Coast. All the tradesmen are driving up the M1 to Brisbane.

**Mr Molloy:** The main stimulus from the boost will be expected to apply in the second half of this financial year. So it will really start to come through from January, 2011-12 to 2012-13. That is where the real commencements are happening, where the investment is happening. That is where the boost is going to be having most of its impact. It is obviously not going to be showing through in the time period that you are referring to.

**Ms BATES:** Three months.

**Mr Molloy:** It is not going to be having any material impact in that time period. I am not sure whether the employment data that you were quoting—

**Ms BATES:** The UDIA.

**Mr Molloy:** If I look at the ABS data on the construction sector, there is no doubt that employment has fallen in the construction sector. Certainly since its peak period of 2007-08 it is noticably coming off. The construction sector is a broader concept than just people working in the housing and dwelling sector, but certainly we can observe the ABS construction data as to how many people are employed in that sector. If we look at those figures for the last 12 months and compare them to the previous 12 months, we see that that is starting to flatten out. It is still soft but it is starting to flatten out.

As I said, we would be anticipating that the real strength in the flowthrough to activity is not going to be occurring last month or this month; it will be in the months to come, particularly in the six months from January through to June next year and then the 12 months beyond that. That is when it is really going to flow through, because there is that transition process that we talked about. It is entering into a contract, turning into an approval, turning into a commencement, turning into activity. So it is that process.

**Mr STEVENS:** In terms of the penalty involved here—and I am talking about fundamental legislative principles in this matter—would that be you, Mr Mason?

**Mr Mason:** Yes, it is.

**Mr STEVENS:** It says, 'Failure to provide notification and repay a wrongly paid grant as required is an offence and may be the subject of a penalty imposed by the commissioner.' The penalty could be $10,000. Is that the grant payback plus $10,000? That would seem to me to be a very excessive penalty under FLPs. Or is it $10,000 to get the grant back?

**Mr Mason:** It is a penalty in addition to the grant and it is a maximum.

**CHAIR:** It is 'up to'.

**Mr Mason:** It is a maximum. The applicant has to repay the grant and the applicant is also potentially liable if the commissioner decides to impose a penalty. The maximum level of penalty will be an amount equal to the amount of the grant, but the level of penalty that is applied in a particular case will be determined based upon the facts of that case. I mentioned earlier that most applicants comply with their obligations under the state concession and grant schemes. It is only in exceptional cases that they do not. Even in the cases that they do not, most of them are trying to do the right thing but do not get it right. The commissioner's approach in those cases is to apply an appropriate level of penalty that is relevant to the transgression that has occurred.

Where an applicant is clearly abusing the scheme and is engaged, in the case of tax, for example, in evasion or in this particular case actively seeking to exploit or abuse the grant, in those circumstances the commissioner would be likely to apply a higher or even the highest level of penalty. Applicants have the right to object against the level of penalty and to take their objection to the Queensland Civil and Administrative Tribunal.

**Mr Bradley:** I will just elaborate. It would be fair to say that it also acts as a fair deterrent. Advisers are aware that it has significant implications if their clients do not act appropriately, so it hopefully avoids the need to impose such penalties.

**Mr STEVENS:** I am just wondering what civil libertarian group or what legal advice would give you the go-ahead on a $10,000 fine on a misplaced $10,000 grant under fundamental legislative principles. It seems fairly excessive.

**Mr Mason:** In the case of the first home owners grant, which is a national scheme of course, the level of penalty is the same—that is, it is the amount equal to the amount of the grant. As I said, the circumstances in which the maximum penalty would be imposed would need to be a quite severe set of facts where the applicant—

**Mr STEVENS:** Deliberate.

**Mr Mason:**—sought to abuse the scheme.

**CHAIR:** We have received a report from the secretariat of the Scrutiny of Legislation Committee in relation to this issue. I do not know whether you have seen the report but they have identified some confusion on this very issue. That is something we need to be aware of.

**Mr Mason:** We have not seen the Scrutiny report.

**CHAIR:** I am informed that it has only been released to us so far and that it will become public whenever I agree to release it. I think the committee is quite happy to release the Scrutiny of Legislation Committee briefing which provides some issues in relation to that. That is something positive to take forward from this meeting.

**Ms BOYLE:** Release it to whom? I think it is fair that the department get to look at it before the general public does, particularly seeing it does raise critical questions which may be more confusing questions than critical. In the old system, departments used to get the FLPs and get a chance to look at them before decisions were made.

**Mr Mason:** This legislation obviously has a retrospective effect which would be a key issue in relation to fundamental legislative principles. In drafting the legislation every effort has been made to ensure there is no retrospective impact on applicants where they commit a breach of the legislation on a retrospective basis. Applicants in those circumstances have a period of time after the act commences to rectify their breach, in which case there is no offence and there is no penalty.

**Mr STEVENS:** Twenty-eight days.

**Mr Mason:** That is correct.

**CHAIR:** We are able to release this report to the department at this point for their information and then we will follow up with a public release to the parliament after that. That is what we will do that after this particular meeting.

**Ms CROFT:** I have a question about the practical issues of people going into contracts. If there was a person who wanted to purchase a property and they were dealing with a real estate agent, have the forms for the real estate agents, that they have people fill out and sign, been updated? It is a big issue for real estate agents to keep up to date with those changes as well. I know that from my experience as a member of parliament we have had issues where real estate agents have not filled out the correct form and that has impacted upon the buyer and then they are the people who pay the penalty.

**Mr Mason:** The purchaser will sign the contract through the real estate agent and then either take their contract to their solicitor or, if they are doing their own conveyancing, handle it themselves. If they are applying for finance, a large number of financiers are registered with our office to be involved in administering the grant. Their financier will be the one with whom they will complete the application for the grant. Where they are purchasing a property without having to obtain finance, we are relying on the advertising that has occurred in relation to the grant to ensure they have the information available to them to know they have this entitlement to apply for the grant.

In most cases—that is, cases where applicants are obtaining finance—it will not be the real estate agent who will be assisting them with their grant application but rather their financier or alternatively their solicitor who would be advising them of their grant entitlement, and either they can make the application through the financier or their solicitor could help them complete it and lodge it with the office direct.

**Ms CROFT:** Was that not the case with the first home owner—

**Mr Mason:** It is exactly the case with the first home owner grant.

**Ms CROFT:** But isn't there a form that the real estate agents have to utilise?

**Mr Mason:** I am not aware of a form from our office that real estate agents are required to complete for either the first home owners grant or the Queensland Building Boost grant. I think it may well be in relation to the timing of signing of the contract. I know there is a PAMDA statement which comes out of the property agents legislation, and there is a very specific order in which documents have to be given, but that is outside my field of expertise. From our point of view, there is no requirement for the real estate agent to provide the applicant or a purchaser with any information or any application in relation to the grant. That is normally done by the applicant through their financial institution, through their lawyer or directly with us.

**Ms BATES:** I want some clarification on the legal side of this. If someone knowingly applies for a grant and they give false and misleading information in that application, isn't that fraud? If that is the case, isn't that a criminal offence? Why would it be dealt with in QCAT and not in the Magistrates Court?

**Mr Mason:** It depends very much on the nature of the false and misleading information. Like all conduct, there is a spectrum of conduct that ranges from an innocent mistake through to an intentional misleading of the commissioner. Where the behaviour is such that you refer to, where it is quite—

**Ms BATES:** Blatant.

**Mr Mason:**—blatant and intentional, the commissioner may well give consideration to referring the matter to the Queensland police for prosecution. But in the run-of-the-mill cases where it is simply an error or mistake on the part of the applicant, either a penalty or alternatively a prosecution for an offence would be the appropriate approach.

**CHAIR:** We were talking about amendments to the State Development and Public Works Organisation Act, which is something we were going to do and I have just been reminded about.

**Mr STEVENS:** I was not going to let it go. That was my next call.

**CHAIR:** I will hand over to you, in that case, because I was trying to read something else.

**Mr STEVENS:** Thank you, Mr Chairman. This amendment is to collect some of the moneys the government expends in terms of investigating proposals that come before the government under the State Development and Public Works Organisation Act. It says that it is from other states and I would like to know which other states. It also says that key government agencies have been consulted on the matter, but I would like to know what industry people have been consulted on the matter because it is very much collecting fees for the government—to draw a legal analogy—to pay for the defence and the prosecution. Any applicant under the SDPWO Act will have to have a raft of their own material to put before government to proceed under this particular act. The government is then asking for them to pay for another set of investigations done by the government, checking their own documents—in other words, 'We do not believe your documents. We want to check it ourselves,' and rightly so. I am not arguing that for one second, but isn't that the responsibility of government, to check those applications independently?

In terms of the ramifications of the collections of these funds, does the fact that you collect a fee from the applicant for that particular proposal have any lawful ramifications in terms of an expectation that that project will go ahead? Does that weigh on the government's determination on the matter? How will the fact that the applicant is paying for that application and the investigation by the government of that application affect the unbiased nature of government reviewing that application?

**CHAIR:** I think he has asked every question I had.

**Mr STEVENS:** I have been through this proposal myself, Mr Chairman, so I am very well aware of it.

**Mr Dash:** Can I clarify the first question you asked. Was it consultation with states or stakeholders?

**Mr STEVENS:** No, it says in the explanatory notes that other states have this particular legislation and jurisdiction. Which states have that particular payment scenario legislation? It says that government agencies have been consulted. Which industry players—in other words, development industries, tourism industries, all those people who would come naturally under the SDPWO Act—have been consulted about the fee they are going to cop before we hit them with it? There were a few other ones about legal ramifications. Do they have some legal rights—because they are paying for the matter, they should proceed? I am interested in those sorts of legal ramifications.

**Mr Dash:** In terms of the other states that are being compared to, I will defer to my colleague, Mr Colm O'Byrne.

**Mr O'Byrne:** I am not aware of other states having legislation or provisions similar to the infrastructure facilities of significance. I would need to have a quick look at the briefing notes that were provided and whether it actually refers directly to that.

Infrastructure facilities of significance is a provision that was introduced in 1999. I think at the time it was quite unique to Queensland and I think it remains pretty much so. It provides a head of power for the Coordinator-General in certain circumstances where an infrastructure facility has been approved as being of significance by the Governor in Council whereby, as a measure of last resort to assist that proposed facility, compulsory acquisitions of land can be undertaken—as a measure of absolute last resort.

One of the innovative features of this is that it applies to any infrastructure facility, regardless of ownership or operation. So provided that the Governor in Council approves it as being of significance to the economy regionally, state-wide or nationally, taking into account economic, social and environmental considerations, the Coordinator-General then can act in that way by ultimately compulsorily acquiring land. That is the basis of the IFS scheme. As I mentioned, I am not aware of a similar scheme in other states. I will have to probably take a bit of time and read your briefing material there.

**CHAIR:** Are you saying that you would like to take that on notice?

**Mr O'Byrne:** I can probably get back to you a bit later in the session, if you like.

**CHAIR:** Okay. We will move on.

**Mr CRANDON:** There were other parts to that question.

**Mr STEVENS:** What industry consultation did we have?

**Mr Dash:** All of the stakeholders involved in current IFS projects are aware of the Coordinator-General's expectation that the cost of the IFS process should be borne by the beneficiary of the service of the Coordinator-General. The interesting thing about IFS is that we have not had too many; we are probably looking at only a couple this coming year. It is very difficult to predict who is going to be coming in through the front door of the Coordinator-General's office seeking such an application. These sorts of projects are very large. The proponents are usually very capable and they have to prove their capability, but the consultation we have done is really focused around the current IFS proponents and any perceived future IFS proponents that we are aware of.

**Mr STEVENS:** I will give you a 'for instance' that may come under your IFS as I see it. I could be wrong, but this is how I am reading it. A cruise ship terminal or a superyacht terminal on the Gold Coast might be described as an infrastructure facility of significance. The applicant putting that forward would

have their own documentation to approve that up. Under this piece of legislation, the government would say, 'Thank you very much for your documents. We're now going to get you to pay for our investigations into the matter.' Is that correct? Is that the gist of the legislation?

**Mr Dash:** That is true. We are obliged to represent the public of Queensland when assessing and deciding on these applications, recommending that through to the Coordinator-General, the Deputy Premier and then the Governor in Council for the ultimate approval. We believe that we owe Queenslanders a robust assessment of any application.

Yes, they may have put some significant resources into their application and to have their consultants do their work, but we are obliged to provide a robust and highly technical review of those applications. That will include things like the proponent's capability, the technical merits of the proposal and the adequacy of the location. For example, if it is a corridor for an infrastructure facility, we will check whether the location is appropriate. So a lot of technical work needs to be carried out to review, assess and decide on such an application.

**Mr STEVENS:** With respect, Mr Chairman, if I may, as I understand it, those checks that you just mentioned would have to be done before it is granted under Governor in Council infrastructure facility of significance status. In other words, all the nitty-gritty bits, whether it qualifies for an appropriate investigation by government agencies, are done before that status is granted. What this legislation does now is double the fees because as part of their approval process they have to do all of those investigations that you require of them, as part of their IFS application. What you are saying is that they now have to pay for our people or even our consultants—if you do not have your own expertise on hydrological matters or whatever the matter may be—to go out and check their documents as well.

Mr Dash, can you see that this is doubling the cost of the application of a significant project for Queensland? Whether it is in the tourism industry or any particular industry that is good for the Queensland economy, they will have to double the cost of their application fee and that may well prohibit some further projects of major significance—because this only applies to major, significant projects being put forward in Queensland.

**Mr Dash:** It is important to note that this application process is entirely voluntary. In fact, proponents can continue on with their major projects and not even have to actually apply for the infrastructure facility of significance. They are not obliged to pay an application fee and they are not obliged to even apply. It is a process that they may wish to go through if they are concerned that at some point in their project there may be some unattainable agreement with the landowner or the like for their project.

**Mr STEVENS:** Mr Dash, with respect, this is for major projects for Queensland. The reality is we are not talking about a local council development application; this is for the large skyrail type of tourism infrastructure that requires many, many, many government departments, the Coordinator-General to take a major role in the matter and a lot of government input into making it a reality. It is not something where you would trot up to the front door and say, 'I'm making an application. Here's my money. Here's my cheque. Good luck, fellows.' I can assure the good applicants in that case that there would be a minefield of government departments to be coordinated on their own from outside the government circles.

The idea of the Coordinator-General's department, as I understand it, is to bring these matters together in the interests of Queensland. What we are doing here is putting in a regime that doubles the cost of the application fee. Basically, you pay for the defence and the prosecution in your application for a major infrastructure facility of significance in Queensland. I am trying to find the justification for this amendment to the legislation—other than the financial one, which I can see is, 'Let's get some more money to pay for the services we expend on these matters'—otherwise we will have every council in Queensland saying, 'Every development application must be accompanied by a fee for our council officers to also consider this development application before council.' They make a fee but not a fee to cover major infrastructure like these ones do; it goes nowhere near. I can assure you from council experience that the fees they charge are heavily subsidised by the ratepayers of their individual councils.

**Mr Dash:** Can I mention also that there are already fees that are instituted for the assessment of environmental impact statements under the state development act.

**Mr STEVENS:** Correct. They have to pay that now.

**Mr Dash:** That is correct. The Department of Environment and Resource Management also charges a fee of $120,000 for the assessment of any EIS process for their particular process under their act.

**Mr STEVENS:** Correct.

**Mr Dash:** Those fees are fairly negligible in the whole scheme of an EIS for a major project. Similarly, these fees for the infrastructure facility of significance are even smaller than that and they are even more negligible in terms of what we are talking about. These facilities of significance are normally about a billion dollars or more, and the total assessment feasibility costs for a project of that sort of scale are in the order of between $20 million and $100 million. So what we are talking about is a fairly minor fee that is a justifiable fee because of the effect and the extent of resources that we have to put into assessing the application to make sure that it is a robust application and it truly is an infrastructure facility of significance that warrants the ongoing assessment by the Coordinator-General—ultimately even the

compulsory acquisition of land from Queenslanders, which is not a small action to be taken by the Coordinator-General. It is certainly an action of last resort but it is a very important assessment that we need to make. We certainly do not want to short-change that assessment. We believe we need to have the resources to do an adequate assessment of that application.

**Mr STEVENS:** When we are talking about billion dollar projects here, we are obviously mainly talking about mining industry projects such as new rail lines and those sorts of matters. I cannot think of too many other billion dollar projects being put forward in this current circumstance.

**Mr Dash:** I will give an example of some of the ones that we have processed in the past: the Burnett water infrastructure development project, which was the Paradise Dam; the Tarong Power Station ash dam extension, which was a necessary ash disposal site for the Tarong Power Station to ensure it could continue producing power; and a resource case, as you have mentioned, was the Sonoma coal project infrastructure facility of significance, which was rail infrastructure related to that project. So there is a mixture of mainly resource projects at the moment but certainly some non-resource projects—for example, the Paradise Dam.

**Mr STEVENS:** Getting back to my earlier question—

**Ms BOYLE:** Can I ask a follow-up question before you go on. There are two clarifications, and you have pretty much clarified the first thing. I heard several times the member for Mermaid Beach say that you are going to double the costs. I am sure he said the word 'double'. He is not a man prone to exaggeration.

**Mr STEVENS:** Of application fees.

**Ms BOYLE:** Yes.

**Mr STEVENS:** Not of the projects.

**Ms BOYLE:** Can we just make it clear on the record that it is not the cost of the development potentially—

**Mr STEVENS:** No, it is of the application fee.

**Ms BOYLE:** You were alleging that maybe this would mean the doubling of application fees.

**Mr STEVENS:** Correct.

**Ms BOYLE:** I understood your response to say that, compared to all the other fees that are being charged—that are quite significant but still not as substantial as a percentage of the total cost of the development—the fees we are talking about here in this bill are really quite small and they would not represent a doubling of the application fee. Can you clarify that at all? What sorts of amounts are we talking about? If the honourable member is correct that this is going to be a disincentive to good companies in Queensland approaching us to do some amazing and wonderful things, then of course it would be silly work.

I will ask my second question before you address that one. In the end, who pays for what has to be done by you and your people, which is a good-quality, detailed examination of these proposals? It has to happen, so we are talking about who pays—and the decision on who pays is a policy matter, actually. It is the government who decides. Is that going to be general revenue in some sense? Will it be some percentage to the applicant or the whole cost to the applicant? Isn't that a government decision rather than, with your good advice, your own decision directly?

**Mr Dash:** The claim that it is doubling the application fee is rather confusing because proponents do have to prepare applications and it does cost them money, and we acknowledge that. Sometimes the data that they have prepared as part of their application fee or in the main is actually derived from their feasibility studies, which I mentioned before, in the order of $20 million to $100 million for a billion dollar project. So what that means is that this application fee is probably about a few per cent of that feasibility cost, so in fact it is a fairly negligible increase in their total feasibility costs.

**Mr STEVENS:** So it is a couple of million off the $100 million feasibility? Is that what you are saying?

**Mr Dash:** No, it is $55,000 if they have not prepared their EIS and it is $110,000 if they have prepared their EIS and the Coordinator-General has delivered his evaluation of that EIS. So it is a relatively small application fee compared to the total feasibility costs of the project that they have to prepare anyway as part of their project assessment for themselves.

**CHAIR:** Phil, we also have a question in relation to IFS.

**Ms BATES:** Yes, I just need to have some clarification if there is any difference between an IFS and a project of significance.

**Mr Dash:** Yes, there is quite a difference. They are two separate declarations under the state development act. The infrastructure facility of significance is the commencement of a pathway, as I said before, or a process potentially to acquire land on behalf of a private proponent whereas the declaration of a significant project is in a different part of the state development act and it relates to the environmental evaluation of that project. So once a project is declared significant, requiring an EIS, then that triggers part 4 of the state development act, which is the conduct of an EIS, and that is a fairly robust assessment taking about 1½ to two years on average for the large, complex projects to date.

**Ms BATES:** In relation to that, have there been any projects of significance that have gone through an EIS that maybe was not a favourable EIS but the Coordinator-General has still approved the project?

**Mr Dash:** Could you just ask that question again, sorry?

**Ms BATES:** With projects of significance that you were just talking to me about, not the IFS, they all have to undergo quite stringent environmental impact studies. Has there been any project of significance that underwent an EIS that was not particularly favourable yet the project was approved by the Coordinator-General, to your knowledge?

**Mr Dash:** To my knowledge, no. The Coordinator-General only releases a report—and a favourable report—if he does consider it is manageable in terms of the impacts on the environment, the social impacts and the economic impacts. There have been a couple of projects that have been refused by the Coordinator-General in history, one being the Sun Aqua sea cage and the other one being the Naturelink Cableway down on the Gold Coast.

**Ms BATES:** In Springbrook.

**Mr Dash:** The Springbrook area; that is right.

**Ms BATES:** Yes, it is my electorate.

**Mr Dash:** But normally what we do with projects is that through the two-year process the Coordinator-General, negotiating with the other departments and coordinating the other departments, ensures that the project is adapted and conditioned in such a way that the impacts are manageable, and there can be some significant change as you go through that process in the way that the projects are actually proposed to be constructed and operated.

**Ms BATES:** Thank you very much.

**Mr Dash:** I think I missed answering a question from the Hon. Desley Boyle in terms of who pays, and if we do not charge for this service of course the public of Queensland does pay for that and of course they are paying for an assessment of a private entity's project, which does not seem to be quite a good fit in terms of good government operations modern government standards.

The amount of resourcing has rapidly increased in the last few years. In the first 10 years since that section of the act was introduced in 1999, we have only had three projects—and I mentioned those three before—and since 2010 we have had another five that have started the process and are being approved by Governor in Council, and those are the Queensland Curtis LNG project, the Surat-Gladstone gas pipeline, the Australia Pacific LNG project, the Alpha Coal project rail corridor and the CopperString powerline project. So you can see that there have been five in the last 18 months compared to three in the 10 years prior to that, so there is a very rapid increase in the amount of work that the Coordinator-General's office has to do in assessing these applications. They were manageable in the past with three over 10 years, but with the number that we have on our books at the moment it is a significant impact on our resources.

**CHAIR:** And two declined?

**Mr Dash:** That was in terms of the significant projects, which is a different section of the act to the infrastructure facilities of significance.

**CHAIR:** So how many declined, then? We talked about the ones that you mentioned a moment ago, which are—

**Mr Dash:** To my knowledge, I am not aware of any that have been declined, but I will take that question on notice.

**CHAIR:** If you can, please. I might take a step back to you, Gerard, in particular. I just want to clarify something that we were talking about before. We did receive two submissions, as most would know, and one was from a Mr Pan talking about clause 9(3) in relation to the briefing provided by your department to the committee, Gerard, and Mr Pan suggested that clause 9(3) was not appropriate in the bill. Your conclusion was that amendment of clause 9(3) of the bill is not considered to be necessary. It was a little bit confusing to me—first his submission and then the response. Is there anybody here who can explain that?

**Mr Bradley:** I think Allan could probably respond but, just to clarify, our response was saying that we did not consider that the amendment of the clause was necessary.

**CHAIR:** That is right. You said that the amendment of clause 9(3) of the bill is not considered to be necessary.

**Mr Bradley:** That is correct.

**CHAIR:** That is exactly right, yes. I just wanted to clarify for my own mind, because I had a little bit of difficulty with Mr Pan's submission in terms of exactly what he was aiming at.

**Mr Mason:** He is talking about a particular technical issue within the legislation. His concern is that one of the provisions of the bill will actually prevent someone from being eligible for the grant where they lease a property because of the requirement that the applicant, within 12 months of completion of the eligible transaction, have the right to possession. We do not think there is a technical problem there. We understand why he might consider that, but we are talking about at a point in time. Certainly after completion of the transaction, at that instant the purchaser—the applicant—has entitlement to possession. The fact that they then grant entitlement to possession to another party is fine. That is intended. So whilst

we say that there is no requirement to amend the legislation to remove an unintended consequence, we are saying that there is no problem that he is concerned about. The issue that he is concerned about does not arise and the government's intent is certainly that an applicant who wishes to buy a property and rent the property is able to do so.

**CHAIR:** Okay. I wonder then, in relation to that, if Mr Pan gets something from us. I just wanted to clarify it for him because I had difficulty understanding exactly where he was going with it. Thank you for clarifying that. Members of the committee, how are we situated? Is everybody fine at the moment? If so, I had better move on to what else I had to do.

**Ms BOYLE:** One of the matters hanging over is the question asked by the member for Mermaid Beach as to whether other jurisdictions have got this. I have just had a look at the briefing note again and I cannot see anywhere where it does refer to other jurisdictions.

**Mr STEVENS:** I was looking at the jurisdiction as it was mentioned and I think I have taken a misinterpretation of when it says 'other jurisdictions'. It talked about 'consistency with the legislation of other jurisdictions' and I think it is talking about other parts of the government jurisdiction rather than states.

**Ms BOYLE:** Right.

**Mr STEVENS:** It says that the bill is not part of national scheme legislation and that the amendments to the act are consistent with legislation in other jurisdictions, which I think is other government departments. Because you mentioned national scheme legislation, I thought you might have been referring to other states in that particular case, but that is in other government jurisdictions?

**Ms Handley:** Yes.

**CHAIR:** Does anyone have any final comments from your side?

**Mr Bradley:** There is just one question. There was a question very early on, I think from the member for Cairns, around regional data. There is some data, which is very preliminary. I mentioned that as at the end of September there were a total of 569 applications. From the preliminary data, around 208 of those relate to Brisbane and I think in the case of the Far North there are around 38 applications.

**Mr STEVENS:** Sorry, but how many?

**Mr Bradley:** Thirty-eight in the Far North.

**Ms BOYLE:** Which is not a bad proportion, but my objective is to make sure that that goes up over the next few months.

**Ms BATES:** Can we have a breakdown for the Gold Coast?

**Mr CRANDON:** Yes. Do you have the others there?

**Mr Bradley:** Yes. We can probably give that to the—

**CHAIR:** We might take those on notice, if you do not mind, and provide them after this meeting. That would be excellent. If there are no further questions or statements, I would like to thank everybody for being here this afternoon. If members require any further information, we will certainly make contact with you. Thank you for your attendance today. The committee appreciates your assistance. I declare this briefing closed. Is it the wish of the committee that the evidence given here before it is authorised for publication pursuant to section 50(2)(a) of the Parliament of Queensland Act?

**Mr STEVENS:** I move that.

**CHAIR:** If that is authorised, I declare that the case. Thank you very much. We have another meeting to go to now, but otherwise we thank you all for being here this afternoon. It was a great outcome. Thank you very much.

**Committee adjourned at 3.40 pm**