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ESTIMATES COMMITTEE A

Mr Barton (Chairman)

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| Mr Borbridge | Mrs McCauley |
| Mr Budd | Mr Nunn |
| Mr Davies | Mrs Sheldon |

The Committee commenced at 11.30 a.m.

LEGISLATIVE ASSEMBLY (PARLIAMENTARY SERVICE COMMISSION)**In Attendance**

Hon. J. Fouras, Speaker of the Legislative Assembly
 Mr R. D. Doyle, Clerk of the Parliament
 Ms M. Cornwell, Deputy Clerk of the Parliament
 Mr R. Fick, Director, Corporate Services
 Mr M. Hickey, Acting Manager, Finance

Parliamentary Service

The CHAIRMAN: I will declare this meeting of Estimates Committee A now open. At the beginning, I would want to say that this is certainly an historic day for the Queensland Parliament. It is the formal beginning of the process of Budget Estimates committees. This is the first Estimates committee, and I think it has been said already today, and I strongly agree with it, that we are all on a very steep learning curve, but I am very confident that we will all work our way through that.

Estimates Committee A is a multi-party committee of the Parliament which has worked in a very genuine spirit of cooperation at its initial meetings and I am very sure that that spirit of cooperation will continue throughout today's hearing and our further considerations of the matters that are before us. The Committee will examine the proposed expenditure contained in the Appropriation Bill 1994 and the Appropriation (Parliament) Bill 1994 for the areas as set out in the sessional orders. The Committee has determined that units will be examined in the following order: Parliamentary Service Commission, one hour; Governor, 10 minutes; Parliamentary Commissioner for Administrative Investigations, 20 minutes; Auditor-General, one hour; Department of the Premier, Economic and Trade Development, three hours; Treasury Department, three hours; and Department of Housing, Local Government and Planning, three hours. The Committee has also agreed that it will suspend the hearings for meal breaks from 1 p.m. to 2 p.m. and from 6 p.m. to 7 p.m.

I remind members of the Committee and others that the time limit for questions is one minute and for answers is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. As set out in the sessional orders, the first 20 minutes of questions will be from non-Government members, the next 20 minutes from Government members and so on in rotation. The sessional orders also require equal time to be afforded to Government and non-Government members. Therefore, where a time period has been

allotted which is less than 40 minutes, that time will be shared equally. The end of these time periods will be indicated by three chimes.

For the benefit of Hansard, I ask departmental witnesses to identify themselves before they first answer a question. I now declare the proposed expenditure for the area of the Parliamentary Service Commission to be open for examination. The question before the Committee is—

"That the proposed expenditures be agreed to."

Mr Speaker, is it your wish to make a short introductory statement, or do you wish to proceed direct to questioning?

Mr SPEAKER: I would like to make a very brief statement.

The CHAIRMAN: If you do wish to make that statement, then the Committee would remind you that that has a two-minute time limit on it.

Mr SPEAKER: I would like to briefly talk about this very significant event today. I think the institution of Estimates committees in Queensland must be one of the most significant reforms which has occurred since this Parliament's inception. It is a reform that I am proud to be associated with. Certainly, no system of administration is perfect and the experience of other Parliaments is that Estimates committees can make a valuable contribution to improving the efficiency and effectiveness of administration. The requirement to prepare for Estimates hearings and to appear before these committees is not only a constructive discipline for Ministers and public servants, but it is also a valuable part of the process of scrutiny and accountability. It removes much of the anonymity of the public sector and, in so doing, also helps make more and better information available.

As well as its contribution to these areas, the Estimates process will develop to provide a base for informed debate in the Legislative Assembly on the Appropriation Bills. It will provide the opportunity for members to acquire a broad range of information, ranging from matters of high philosophy and policy to the minutia of the cost of a cup of tea in the public service. This new scrutiny process will also provide members with the opportunity to monitor the performance of departments and agencies. I would stress that ultimately it will result in the new openness of Government with benefits flowing to all who are involved. Most importantly, the final winners will be the people of Queensland, whom we are all responsible to.

The CHAIRMAN: The first period of questions commences with non-Government members.

Mr BORBRIDGE: At the outset, I would like to say that the Opposition welcomes the reform of the Estimates process. I want to assure this Committee that we are prepared to work constructively to ensure that it works for the good of the Parliament and I would like to say on behalf of the Opposition that we consider certain remarks made in the House this morning by the Premier beneath contempt.

Mr Speaker, naturally, this particular process will probably not reach its optimum performance first time round. In this regard, I would like to indicate that we are prepared to cooperate in a bipartisan way to an all-party review of the process at its conclusion to refine it for next year. Do you envisage that such a review will be conducted?

Mr SPEAKER: Yes, I think that it is important that we have a look at what has happened during this process, and I am sure that we would have a review of this process.

Mr BORBIDGE: I have a further question. I note that the allocation for the Parliamentary Service Commission is up \$600,000 to \$35.914m, although included in this is a reduction of \$1m for corporate services and members' support. You may recall that the Government's catchcry in advocating one vote, one value prior to the last State redistribution was to ensure that members representing very large electorates be better resourced in order to perform their duties, a second electorate office being a recommended course in this regard. Why has the PSC refused to provide a second electorate office to those members servicing electorates in excess of 100 000 square kilometres?

Mr SPEAKER: The EARC recommendations on resource needs of non-Government members, which recommendation was that?

Mr BORBIDGE: There have been several recommendations.

Mr SPEAKER: At paragraph 6.32 EARC recommended that members representing electorate districts of more than 100 000 square kilometres be allocated an additional office. That was discussed at the PSC on 21 May 1992. The PSC decided four to three—and I am reading from the minutes here—that the proposed second electorate offices for five electorates be held over to the next Parliament and, similarly, of course, that the allocation of the \$10,000 per member for casual staff, which was actually supported by all the Commission, be held over for the next Parliament. That was the decision taken.

Mr BORBIDGE: As a matter of policy, are you aware that some members of this Parliament find it necessary to fund a second electorate office to adequately service their electorates and are financing it out of their own resources? Do you consider that to be an acceptable policy?

Mr SPEAKER: I am aware that, up to 1974, members of Parliament had no electorate offices whatsoever. I was elected in 1977. I know the sparse office that I was allowed to rent and the lack of facilities in it. I do believe that we have gone a long way down the road to making it easier for members to represent their constituents. For example, there is a 008 telephone number that people can ring freely. That has been instituted. Members with the largest electorates have been given a four-wheel drive, and we have all been given a lot more equipment.

I appreciate that more can be done to optimise the ability of members to represent their electorates. But ultimately, I must stress that the Legislature itself does not have access to unlimited funds—and cannot have that. We have to be as responsible as

anybody else. We have gone through a time of recession, when there were budgetary difficulties all over the place. It was considered at that time that we also had to share in the pain. That was the basis.

Mr BORBIDGE: The allocation is up this year—\$600,000.

Mr SPEAKER: The allocation is up this year. In the last two Budgets there have been savings—through 41 voluntary retirement packages—of a substantial amount of money. In fact, we were asked by Treasury to save \$1m in the last Budget and an extra million in this Budget. That has happened. The allocation is up not because we have not shown constraint in our expenditure but because we are actually doing some new things. For example, there is \$874,000 additional money in the Budget for the new committees.

There is also \$500,000 in the Budget for enterprise bargaining. We have got that money there in case we have to meet enterprise bargaining agreements. Of course, there is also \$429,000 for the stonework. The stonework that we have to do is part of a \$12m program over 15 years. On that basis, those three items alone are an expenditure of \$1.8m.

Unfortunately—and I could be critical of this—we also have a lot of expenditure on FBT. We are paying FBT on everything in this place now. In fact, I could get the finance officer here to talk to you for two days, if you want, about the problems that we are having with the cost of FBT. The bottom line is, of course, that if you add up all those items there, you have that additional expenditure—over \$2m. That is why the Budget is up. It is not because we have not shown constraint; it is because we have the new committee system. We are going to go through the enterprise bargaining process with our staff. That is the reason.

Mr BORBIDGE: I note your comments that the parliamentary committee system will absorb a considerable amount of money. I note that the Budget provides \$2.3m for this purpose. From a policy viewpoint, do you consider it acceptable that the Budget for the parliamentary committee system is almost twice that which is provided to the Opposition?

Mr SPEAKER: I guess that the Estimates for the Office of the Leader of the Opposition are in the province of the Premier. I am sure the Premier will be arriving here in about an hour's time. I suggest that you ask him questions about the resources that you are going to get.

With regard to the committee system—I actually believe that it gives one great chance and a great opportunity for politicians to become parliamentarians. I am a very strong supporter of the committee system. I think it is very, very important that we can put on an objective front when we come here and behave like parliamentarians. I think that it is certainly a very big Budget. However, overall I would like to say that the cost for each committee is going to be less than \$250,000 on average. In fact, it is cheaper than other institutions that I have checked with. It is cheaper than the Senate committees. It is cheaper than the New South Wales committee

process. We are not being extravagant on that basis. Certainly, I fully support that. I would be quite happy at a later date to answer where that money is going to go. I would be happy to do that. Certainly, in my view, in terms of making this Parliament more relevant and in terms of making sure that the Parliament is not just a rubber-stamp for the Executive and that it plays its proper roles in holding the Executive accountable and in making sure that the public we represent are getting value for money—I think the committee system is worth every dollar that we have allocated for it.

Mrs SHELDON: On page 6 of the Parliamentary Service Commission Estimates statement it is claimed that \$9,000 of the \$16,000 rise in the annual Budget for the Speaker's Office was as a result of the upgrade of computer software. What accounts for the remaining \$7,000 rise in costs for that office?

Mr SPEAKER: It is the fact that, last time, there was no overtime allowance made for my personal attendant. What happened was that, in the previous Budget, there was no overtime allowance. It was a mistake. It was never put down. What happened was that—if you see Colin Schneider around the place; he comes here early in the morning and he is the last person to leave. He actually does get paid overtime. It really was never allowed for in last year's Estimates. That is the reason for it.

Mrs SHELDON: Why has funding for the Speaker's Office increased while funding in service areas for members, such as Hansard, Security, Catering and Attendants has been dramatically cut?

Mr SPEAKER: If we go to the cuts in Hansard—of course, we have gone onto a new system. Mrs Sheldon, you would be aware that the decision was taken that we go across from a system where we had eight Hansard reporters to six. We have got rid of the typists. We are saving a phenomenal amount of money in Hansard with regard to new technology and whatever. Similarly, with attendants—we have gone from a situation of full-time attendants to where we have six fewer attendants in the place. We are bringing in sessional attendants. We are running the place on a sessional basis.

With regard to my expenses—I am happy to be held accountable, like anybody else. There is no doubt at all that I am provided with things like mobile phones in my cars, and I am provided with newspapers for my office, and there is an amount there for laundry and an amount there for functions. Beyond that—if I may say so myself—I think I have been a reasonably frugal Speaker. If we want to get into a debate about what Speakers have spent in the past, I am quite happy to engage in that debate.

Mrs McCUALEY: The explanation for the increase in the Parliamentary Library Budget of some \$65,000 is that it was due primarily to reallocation of salary for the person involved with the History of Parliament project. I know that person is Mr Tim Moroney, who worked for Minister Warburton and who was not given another political appointment when Mr Warburton retired. Can you tell me when the project will be finished and what will happen with

Mr Moroney then, given that he has such obvious political links?

Mr SPEAKER: I think the thing that we will have to learn about this process is how to shuffle quickly to where we have got our notes when our memory is not there. I am trying to do that as quickly as I can.

You are right. Mr Moroney is the officer who is going to incur the cost for the history of the Parliament project. That cost is for salary and on-salary costs and also to provide operational costs associated with the project. Let us get to the first part of the question. In objective terms, should we be discussing the politics of Mr Moroney? Should we be discussing whether the Parliament itself should be actually doing a history of the Parliament? The last history of the Parliament was done in 1960. We have had no history documented since then. That is unfortunate. The Clerk is here, and he will tell you that I have been wanting to do this history of the Parliament since I became Speaker.

Some of the major players are passing away on us, people such as Sir Gordon Chalk and Jack Duggan—people who played great roles in the history of this State. It is important that that history is documented.

Mrs McCUALEY: I am not opposed to a history—

Mr SPEAKER: It is going to be the history of the Bjelke-Petersen years. That should be preserved for posterity.

Mrs McCUALEY: I agree. I think it is excellent.

Mr SPEAKER: You are saying that you disagree with the fact that Mr Moroney is doing it?

Mrs McCUALEY: No. I am asking what will happen to him when the project is finished.

Mr SPEAKER: The project will be finished in two years' time. I would agree that it is unfortunate that we had the situation in which a very competent and very senior Parliamentary Library staff member was seconded by a Minister to work as principal policy adviser. We could not wait three years. We appointed a Director of Library Research. It is unfortunate that in those circumstances that person is wanted. We are obliged under award conditions to pick that officer back up. I really cannot tell you what will happen in two years' time. If you are still on the Commission at that time, Mrs McCauley, we can have a good natter about it then.

Mr FITZGERALD: In relation to the Information Technology Services line item, members' pilot WAN study—I understand that that is the wide area network. It is a pilot scheme operating between a number of electorates—including mine—and Parliament House. I see a line item of \$18,000 for the year. My question is: what evaluation was done on that scheme? I ask you to note that already a letter has come from the Clerk of Parliament advising us that the scheme will finish and that the evaluation has fulfilled its purposes at this stage. It is to finish at the end of 1995. A supplementary question I can ask is:

do we get two years' Budgets in one? What evaluation was done, and was it a positive result?

Mr SPEAKER: It certainly was positive. Since then, I have received a letter from Laurel Power, whose electorate is one of the seven electorates in which we piloted the program. Ms Power was concerned that the program would not be ongoing because she found it extremely useful. She liked the idea of being able to plug into the parliamentary databases—PARL-AIRS, *Hansard* and Bills and to use modern technology to do that. In fact, the problem that we had in deciding this was: can you just allow seven members to enjoy a pilot? The pilot has to either grow up or die. That is whole idea of pilot schemes. Unfortunately, we applied and it was agreed to by the Parliamentary Service Commission to put a submission to the Budget Review Committee for funds for a three-year program, because it is very expensive to institute a wide area network in all of the electoral offices. I have the figures in front of me. The amount of money sought for the initiative was \$632,000 for year one, which would have been this year; \$1.42m for year two; and \$320,000 in year three. We requested a sum of \$2m over three years. I think that it is inevitable that somewhere down the road we are going to do that, but at the moment the Cabinet Budget Review Committee in its wisdom—under the Financial Administration Audit, we are not allowed to institute new initiatives under the current system unless approval is gained—does not agree. Now that we have our own Appropriation (Parliament) Bill maybe we will have a bit more say about a process to bring in our new initiatives. Under the current system we have been told that it was not accepted as a new initiative.

Mr BORBIDGE: I direct this question to the Speaker. It refers to his refusal to assist members with second electorate offices, or the decision by the Parliamentary Service Commission. Why is it that while members in large electorates have been provided with a four-wheel drive vehicle to help service their electorate, a sum of \$5,000 has been removed from their car allowance necessitating personal expenditure on fuel bills that are currently running from \$600 to \$800 per month from their own resources?

Mr SPEAKER: I think that it is justifiable, if I may say so, that that money gets removed from that allowance.

Mr BORBIDGE: Do you pay for your petrol, Mr Speaker?

Mr SPEAKER: No, I do not. That is true. I do not pay for my petrol, nor does any Minister. I have no doubt about what happens to me. I have accepted the guidelines for my expenditure that are the ministerial guidelines. I did that as soon as I was elected Speaker. For example, I know the difference between when I am acting in the position of the member for Ashgrove. When I entertain here as the member for Ashgrove, I pay as the member for Ashgrove. When I entertain when I am acting in the position of Speaker, the Parliament pays. I understand that. What happened, Mr Borbridge, was that in days gone by, Ministers of the Crown were

actually getting the electorate car plus the car allowance of nearly \$6,000. When I became Speaker, it was decided that Ministers and the Speaker, if they were going to receive a car—which does give you a petrol card; it allows you to use that card for private purposes; I am not trying to hide from that—we then had that allowance removed from us so that we were not getting both. I think that the \$8,000 allowance is to provide members with cars for electoral purposes. If you get one provided, you should lose some of that money.

The CHAIRMAN: The time period allocated for the questions by non-Government members has expired. The first question from the Government members will be from me. On page 18 of the Parliamentary Service Commission Estimates statements, a figure of \$874,000 is budgeted for the new committee system in the Legislative Assembly. Description (c) states—

"the retention of the Public Accounts Committee and the Public Works Committee with minor functional changes."

Could you inform the Committee what are the funding arrangements for the new committee system and what changes will occur to those particular committees that I have mentioned?

Mr SPEAKER: You are right in the figures that you have given. In the very near future, Cabinet will consider a further submission relating to the funding and resources of the new committee system. But what has happened to the budgetary process here is that we have actually made the decision in budgetary terms that the committees will be funded as they are now, including the parliamentary Committee of Electoral and Administrative Review, and that we would then work out additional money to be set aside for that.

The outcome would be that the infrastructure costs of establishing a new committee system will be \$590,000. That represents \$191,000 in additional salary costs and on-salary costs of \$66,000. We are now going to have the new Scrutiny of Legislation Committee, which will require payments to the members and chair of that committee. We are going to have to have five new staff, and furniture. Owing to a shortage of space, we are going to have to build out on the sixth level over what was the temporary chamber. That is going to be a substantial cost—getting the plans done, and so on. So it is on that basis that we are going to fund the new committee system.

I noticed on page 8 in "Savings Initiatives—Treasury" they indicated savings of \$283,000 from the abolition of the Parliamentary Committee for Electoral and Administrative Review. The problem is that that is not going to be a saving. There will not be a saving because the Legal, Constitutional and Public Review Committee would be replacing that committee. There would be no savings there. Certainly, I am looking forward to getting some final decisions on funding of these committees, and a final decision, of course, on the institution of these committees because there is no doubt that although the committees worked very well last year until April or so—there were 36 reports, and

I thought with the use of additional resources, they were going very well—there has been a slowing down because we have been in a transition period. We have a very big budget for committees, and they are doing very important work. So I would hope that the decisions about the new committee process be made fairly quickly and that we get on to that, because I think that it is very important.

The final point that I wish to make is about accommodation. It has been said to me by some members that maybe we should set up the committees uptown. I do not support that. In fact, the Parliamentary Committee for Electoral and Administrative Review in its report on committees recommended that the committee secretariat be retained in the Annexe. I support that recommendation, and I think that doing it on the sixth floor is a great way of doing it.

Mr BUDD: I would just like to ask a supplementary question in relation to the four-wheel-drive vehicles. Is it not true that members who did take the four-wheel-drive vehicles had the opportunity to either accept or not accept to take those vehicles? Is it also not true that some \$49,000 is allocated to them for an electorate allowance, which is about \$21,000 or \$24,000 more than a member with a smaller electorate?

Mr SPEAKER: Yes. There are five members with electorates in excess of 100 000 square kilometres—that would be an interesting electorate, would it not—and of those five members, only three accepted the offer of a four-wheel drive. We actually decided, rather than leasing them, to purchase them ourselves. I was given figures by my finance section. That was the cheapest way of doing it. There is no doubt at all that, A, they have the option—in fact, only three of the five took that option; and B, there is an electoral allowance system for electorates that are larger than city electorates, and it is based on area, etc.

Mr BUDD: On page 7 of the Departmental Estimates Statement, I note that, in the coming year, one of the major issues to which particular attention will be given will be in improving the quality of service support to members and their staff. Could you, Mr Speaker, please inform the Committee what steps are being taken to achieve that outcome?

Mr SPEAKER: We have actually changed the management structure of the Parliament. So we have gone, as a result of a consultancy we did about management, on to two programs. Within the next two years, we are intending to systematically review all of the subprograms in order. I hope the staff do not get too shaky about that, but it is going to happen systematically to ensure that the service that is provided by each program actually reflects the needs of the members. For example, we had a survey done recently by the Deputy Clerk about members' perceptions of the sort of service that they receive. For example, as a result of some adverse comments in the survey of members about the library's ability to provide research briefs, there was some concern about that. Already, the library itself is responding to that by changing the process of how

they are going to provide the briefs. They are doing it themselves. I think that is very important.

I think you also mentioned staff. That is important. I believe that the most important person to me, as a politician, is my electorate officer. I think that they really are deserving of training. They cop all the abuse and do not get the pay, and I think that we should be doing more about training them. Thirty thousand dollars has been provided in the 1994-95 Budget for electorate officer training to be done on a regional basis. There is an ELECTSYS system being developed, and the ELECTSYS system will allow each member to plug in and pull out interest groups. It has been developed at a cost of some \$25,000, but the training will be there for the staff to help them to use Windows and ELECTSYS. I think in many ways it will also provide a user forum for the exchange of ideas and for some reskilling in many areas.

More than that, I think we need a more hands-on approach from the property officer to little problems that we have in electorate offices. I think that we are starting to do that—maybe more site inspections; maybe have people who can actually go along and meet their needs more openly. I certainly think that we have to make sure that we look after our electorate secretaries with their training needs and their needs in electorate offices.

Mr NUNN: You have indicated that substantial savings will be achieved as a result of staff establishment reductions. However, I note that on page 31 of Budget Paper No. 3 that there will be an increase in the total budget for the Parliamentary Service Commission from \$35.314m in 1993-94 to \$35.914m in 1994-95. How do you account for that?

Mr SPEAKER: Similar to the answer I gave to the Leader of the Opposition earlier on, there were 41 staff positions, established positions, abolished through voluntary early retirement during the course of 1993-94. I have these figures here. A total of \$871,000 was expended on VERs during 1993-94. It was on the typical public service conditions—two weeks' salary for each year of service and a 13-week incentive, which was on at that time. We also had to pay the cash equivalent of long service leave. So that made a total of \$1.2m just on VERs. Unfortunately, that would actually save us in salaries in a full financial year—and we did not get that last year—of \$1.313m. But it is not all profit really because, in the end, we need to have, for example, typists in the secretariat section and attendants. We are actually bringing in sessional people, and the cost of that is estimated to be \$350,000. But certainly, we are running the place sessionally and we have these savings now.

I will repeat this: you do not see a decrease in the budget. You do not see it, of course, because we have over \$2m in enterprise bargaining. There is a \$500,000 allocation in the new committee system funding, in the stone work and in FBT. Although we have made these savings, and we have actually met the Treasurer's request that we save \$1m in one year and a further \$1m over the next year, we actually have to do other things. So that is why you are not seeing the savings in the budget, Mr Nunn.

Mr DAVIES: Mr Speaker, you have mentioned enterprise bargaining a couple of times this morning, once in answer to the Leader of the Opposition and then a minute ago in answer to Mr Nunn. I would just like a little bit more detail specifically. Could you explain what action the PSC intends taking with respect to enterprise bargaining in the PSC?

Mr SPEAKER: You would all be aware that there is and there has been some difficulties with the public sector unions about it. There was an enterprise bargaining agreement between the public sector unions and the Government. But, of course, the difficulty that we are in is that the public service core enterprise agreement being negotiated does not apply to the Parliamentary Service. So there are 18 core public service departments out there that do not apply to us.

By the same token, we are obliged under the Parliamentary Service Act to offer our staff at least equal conditions. It is clearly stated in the Act that we are to offer conditions that are available to the public sector generally. So we are going to have to develop a process to do that. Cabinet has determined guidelines for the conduct of enterprise bargaining by various agencies. In the end, we will have to look at those and set up a process. We are obliged to develop a Cabinet submission which sets out what process and guidelines and mechanism we will use. For example, I think this includes methods of consultation, productivity issues to be perceived, expected benefits, mechanisms for measuring productivity gains, and so on. It will be necessary for us to do that.

I have directed my staff involved in that area to become familiar with enterprise bargaining. Very soon, I hope that we will see a report before the Parliamentary Service Commission about how enterprise bargaining can be effectively implemented within the Parliamentary Service. There is \$500,000 in the Budget set aside for that process. It may be that it will not all be expended because our process will, I think, of necessity be somewhat slower than in the 18 core departments.

Mr CAMPBELL: I refer to savings made in the Parliamentary Service. Page 31 of Budget Paper No. 3 indicates that Corporate Services and Members Support will reduce from an actual estimated figure in 1993-94 of \$27,219,000 to an estimated \$26,269,000 this financial year. Further, as a result of this restructuring, the Commission's staffing levels at Parliament House were reduced by 20 per cent during 1993-94. On page 33, it is stated that additional reductions in the cost of producing various parliamentary documents were achieved. I ask: what other avenues or administrations are being, or will be, investigated and considered by the Parliamentary Service Commission to achieve future savings?

Mr SPEAKER: As I said before, we are undertaking to review all subprograms. We are also undertaking to look at and review the service operations to achieve savings. For example, take the area of Security. We have already instituted for security staff a 12-hour shift and block-pay system. Previously, Security had three 8-hour shifts. The

guards working late at night were very highly paid. There is a saving of \$80,000. That system has been instituted, although the union has taken us before the Industrial Commission. I was negotiating that agreement with the union. Our officers have been doing that for over a year and a half now. My patience ran out and I said, "We will do it." At the moment, there is a small industrial dispute with regard to that matter before the Industrial Commission. But I think that it will be found that we have acted properly.

I think that we are also going to try to get some money back from the Hansard reporters working for the court reporting service. We are negotiating that now. But we will get something like \$60,000 in savings from the Hansard reporters going out, when they are not busy here when Parliament is not sitting, to work as court reporters.

Catering, in my view, is an area in which we can do better. I am very pleased to say that we are having the Estimates committees this year rather than last year. Last year, the deficit for catering was \$1.26m. This year, because of the changes, it will be \$735,000. I think we can do better than that. And I do not want members to run to their chequebooks. If we really are going to meet that goal, if it means increased prices, we will have to implement that. But I think we could offer the catering facilities to a much wider clientele. I know there is a difference between my view and that of the PSC, but I am willing to discuss that matter and to try to convince it that that is in our interests.

The Table Office will possibly give us our biggest savings in the next 12 months. It is planning a feasibility study of all users of parliamentary papers, Votes and Proceedings, and *Hansard*, to see whether we can get some sort of agreement to replace bound volumes of this material with CD-ROM disks. This has the potential to significantly reduce costs, as well as ensuring that the material is provided in a more timely manner.

Mr BUDD: I note on page 4 of your departmental Estimates statement that the Budget for the Education and Protocol Office has increased by some \$19,000—from \$158,000 in 1993-94 to \$177,000 in the 1994-95 Budget. Could you explain that increase? Is it something to do with the extra functions or activities of this office?

Mr SPEAKER: Certainly. The Budget for 1993-94 is \$158,000. The Budget allocated for 1994-95 is \$177,000. The major difference is that there is \$23,000 for an additional amount to cover temporary employment, short-term employment, of a curriculum analyst for several months to prepare and produce various documents for primary and secondary schools and for distance education. We have had feedback through the Education Office that the material we are putting out, particularly at the primary level, is too sophisticated. We are hiring a teacher, someone with that background and who understands that material. Such a person will be provided.

I should say how fundamental to our Parliament is an education program. I really believe that. During the last year, we produced a second video. And

there will be two copies of that video, titled *The Workings of the Queensland Parliament*, available in every electorate. Everyone else will have to purchase those videos. Two copies will be available in members' electorate offices for loan to the community. The Fastfacts project has now been finished. We will start producing material that will help people understand issues, such as the role of the Governor and the role of the Executive. A tremendous amount of work has gone into that.

Of course, the Education Office did a wonderful job, in my view, in helping all of us in our induction program for new members at the beginning of each term and also with the seminars that it held for Estimates committees.

The CHAIRMAN: The time for the allocation of questions by Government members has now expired.

Mr BORBIDGE: I note that in the Parliamentary Service Commission Program Budget, your chauffeur receives an allowance in lieu of overtime of \$15,200, which is not available to any other driver. Considering that your electorate is suburban Ashgrove, on what basis is this allowance paid?

Mr SPEAKER: I am not aware, frankly—and I will admit this—that it is a different allowance from that available to other drivers. You have brought that to my attention. You are saying that it is a higher allowance than received by other drivers?

Mr BORBIDGE: I am advised that it is an allowance in lieu of overtime of \$15,200 a year.

Mr SPEAKER: I am not aware of that. I will supply the member with a written reply within 24 hours. I was not aware of that. I did not make that decision. It appears to me that my driver was getting paid that allowance when he was driving for the previous regime. I was quite happy to find that delightful fellow a job with me. The bottom line is that I am not sure why that is so.

Mr BORBIDGE: I would be happy for that question to be taken on notice, and also advice as to whether there were circumstances why that was previously paid and it is not paid now.

Mr SPEAKER: Maybe there was a rationale. I was not aware that he was getting it. I never made a decision to increase his overtime allowance. But you must be aware that drivers are on call 24 hours a day—for example, even when the State of Origin matches are on.

Mr BORBIDGE: Some are paid more than others.

Mr SPEAKER: My chauffeur actually loves his football.

Mrs SHELDON: I refer Mr Speaker to Program 2, Corporate Services and Management Report. Could you please detail what the "other" category includes, apart from that which is mentioned on page 11? It says "and other expenditure common across programs".

Mr SPEAKER: I wonder whether, if one flicked through some papers for three minutes, that could be deemed an answer and the bell would go off? I

should not joke. The "other" actually includes \$500,000 for enterprise bargaining; \$477,990 fringe benefits tax; the maintenance to motor vehicles; the fringe benefits tax on telephone costs of \$361,000; newspapers; gazettes; and morning teas for visiting school children. I will not go through all these amounts. There are also police meals. We have policemen on duty when the House is sitting, and we provide them with meals. There is the MLA insurance, which is only \$1,100; the members' paging system; maintenance equipment; computer equipment; and office equipment. I must agree that, when one sees a figure as large as that under the heading "other", one should ask questions. I can give you the full item rather than just re-read them again.

Mrs SHELDON: Thank you; I would like the full item. Could you also advise me of the detailed breakdown in the estimated actual expenditure for 1993-94 in this category and the estimated expenditure for 1994-95?

Mr SPEAKER: Actually, that would be quite a lengthy exercise. For many of those items—for example, enterprise bargaining—there was no estimated actual expenditure for 1993-94. We are estimating actual expenditure, and I think we will be pretty close to it. For example, with fringe benefits tax, the tax rate has nearly doubled. It has gone from \$250,000 to \$477,000. For telephones, it really has not increased that much at all. The variance is \$1,000. It has gone from 360 to 361. Laundry/dry cleaning has gone from 18 to 23. There is really not a large variance there, except in the area of motor vehicles. We purchased more vehicles last budget than we did this budget, because the Caprice that I had was changed over. So the expenditure for motor vehicles has gone down from 49 to 19. Generally speaking, the big difference between the two years is the amount of money set aside in that other section for wage increases to Parliamentary Service Commission staff of \$500,000 through enterprise bargaining.

Mrs SHELDON: Mr Speaker, would you be prepared to give me that detailed breakdown, please?

Mr SPEAKER: Absolutely, yes. I will make sure you have both of those details straight after this meeting.

Mrs McCUALEY: I have a question which you may also wish to take on notice and provide the information later. Earlier, you spoke about the Education and Protocol Office. You are well aware of my feelings on that subject. I believe that education about Parliament should be funded by the Education Department. Can you tell me which special client groups have had the seminar programs that are referred to, and what was the cost of those? Also, what sort of protocol support services are provided, which members have used them and what was the cost involved?

Mr SPEAKER: I think that may be the sort of question I would take on notice, but it does give me an opportunity to talk about the education office.

Mr FITZGERALD: Mr Speaker, with all due

respect, do you want that question on notice or not? I want to get a question in if possible.

Mr SPEAKER: I see.

Mr FITZGERALD: If you put it on notice, I do not want you to take up three minutes.

Mr SPEAKER: You are a very smooth talker, Mr FitzGerald! I will take it on notice, and I will not express the strong feelings that I have about the work of the education office.

Mr FITZGERALD: When the Treasurer introduced the Appropriation (Parliament) Bill, in referring to considerations of the parliamentary budget, he stated—

"This should occur by ensuring that the ability of the Parliament to discharge its duties under the Queensland Constitution was not restricted by funding received and approved by the Executive."

I ask: is the funding approved by the Executive? Are we restricted at present, or would you like to see Parliament pass its own Bills and not be restricted by the Treasurer?

Mr SPEAKER: Obviously—is our time finished?

The CHAIRMAN: The time allocation for questions by non-Government members has expired, but it would be appreciated if you could take that question on notice and provide an answer to it.

Mr SPEAKER: Is that it?

The CHAIRMAN: No, that is not it. We have several questions yet from Government members.

Mr SPEAKER: It is funny—for some reason or other, I want to go!

The CHAIRMAN: I think you are looking fairly comfortable there. I know that Mr Budd has a question for you.

Mr BUDD: I would like to take you to page 1 of your Departmental Estimates Statement, where you have outlined details of staff reductions. I note that security was reduced by eight positions, attendants by six, Hansard by seven, secretarial services by three, catering by 16 and executive management by one. Could you inform the Committee how much money was paid out to those employees, and what if any will be the long-term savings to the Parliamentary Service?

Mr SPEAKER: Yes. The total amount of money paid—which consisted of two weeks' salary for each year of service, the incentive payment of 13 weeks and the cash equivalent of long service leave—was \$1.216m. The abolition of the 41 staff established positions will realise a gross saving to the Commission in a full year of \$1.313m. So in a full year, the gross saving will be \$1.313m.

Mr NUNN: Mr Speaker, you have mentioned fringe benefits tax. I believe you mentioned the budget amount in a previous answer, but I missed it, so I would appreciate it if you could give it to me again. Could you give some idea of what items actually attract the fringe benefits tax?

Mr SPEAKER: The total amount in the budget was \$477,990. It is unbelievable which items attract fringe benefits tax. For example, motor vehicles. For the three members who have four-wheel-drive vehicles, the fringe benefits tax last year was \$668. That has now doubled. Expense payments is an example. My chauffeur gets a suit allowance and we actually have to pay nearly the same amount of money again as a fringe benefit there. There is a very big cost in relation to the members' home telephones, the fringe benefit tax of which is \$72,530. The members' mobile phones attract a fringe benefit. It appears that anything that can be used in even the slightest way for a private function attracts a fringe benefit tax. I think that is right, Mr Hickey?

Mr HICKEY: Yes.

Mr SPEAKER: For example, taxis that the PSC staff are entitled to when they are here late at night—that has gone up from \$2,285 to \$4,000. The area that is worrying me the most is car parking. The fringe benefit tax for car parks is going to be \$186,980. The Commission will be given a full report on fringe benefits. It has made no decisions about whether it ought to get some of this money back. My view on this is that, since we are paying this tax, staff who work here will have to contribute something towards that car parking. That is my view. Presently, we pay nearly \$200,000 FBT on car parks. We are talking about nearly half a million dollars. That is one of the reasons that we have a bigger Budget this year, even though we made all these savings. That is one of the major reasons why we have a bigger Budget.

Mr DAVIES: Mr Speaker, my question relates to something I think you really do want to talk about, and I think that we are all interested in, that is, further education through seminars, videos and other presentations. I would like to give you the opportunity to explain to us what exactly you are doing in those areas.

Mr SPEAKER: When I attended a seminar at the House of Commons in 1990, I spoke to the then Speaker of the House of Commons. He convinced me that, as well as the Parliament being responsible for legislation and holding the executive accountable and being there to allow members to represent the interests of their constituents, an important function of Parliament is an education role. I believe that people should be able to understand and be informed about the parliamentary process, because an informed public is better than a cynical one. Unfortunately, we really have to fight the high level of cynicism that is out in the electorates. As members of Parliament, we should be very keen to do that. We should allow people the opportunity, for example, to understand how a Bill goes through the Parliament. If people understand that, they may then be able to understand how they can have some input or how they can actually lobby? Do they know the process? Do they know whether Bills arise from Committees or the public service? I think it is important for people to understand the parliamentary process so that they are informed citizens.

In the next year, for example, we are going to develop computer programs to be used in schools and tertiary institutions for studies. It will be a fun thing for kids so that they will be able to learn while they play these computer games. The materials that we will be providing through the Fast Facts Project, which were produced last year but are ready to be printed now, will be extremely useful. The videos, which members will be provided with to rent out as libraries, will actually show a Bill going through the Parliament and show question time. I think it shows what happens quite objectively. I had better not go past the time.

The CHAIRMAN: I think we only have several seconds to go. I cannot really say that the time has expired. It is only a few seconds to go. I have now managed to successfully take that up for you.

Mr SPEAKER: We will supply the Committee with what it requested certainly within 24 hours.

The CHAIRMAN: Mr Speaker, on behalf of the Committee, I would like to thank you and your officers for your attendance and for the manner in which you have answered questions. I think we have the process off to a fairly effective start. Thank you all.

DEPARTMENT OF THE PREMIER, ECONOMIC AND TRADE DEVELOPMENT

In Attendance

Hon. W. K. Goss, Premier and Minister for Economic and Trade Development
 Lieutenant-Colonel Tony Nolan, Official Secretary, Office of the Governor
 Mr Eric Bigby, Executive Director, Government and Corporate Services
 Mr Barry Rollason, Auditor-General
 Ms Jenny England, Assistant Auditor-General
 Mr Greg Davis, Manager, Financial Services
 Mr Fred Albietz, Parliamentary Commissioner
 Mr Michael Schafer, Director, Organisational Services, Parliamentary Commissioner for Administrative Investigations
 Mr Erik Finger, Director-General
 Mr Terry Leighton, Director, Financial Services
 Mr Kevin Rudd, Director-General, Office of the Cabinet
 Mr Ross Willims, Deputy Director-General, Office of the Cabinet
 Mr Allan Welsh, Director, Administration, Government and Corporate Services Division
 Mr Loftus Harris, Executive Director, Trade and Investment Development Division
 Mr Ross Wilson, Senior Policy Adviser, Trade and Investment Policy
 Dr Peter Coaldrake, Chair, Public Sector Management Commission
 Mr Brian Carroll, Acting Executive Manager
 Mr John Leahy, Parliamentary Counsel
 Mr Lex Bartlem, Administration Manager, Office of the Parliamentary Counsel
 Mr John Down, Head, Office of the Coordinator General
 Mr John Tilston, Director, Projects
 Mr Dennis Luttrell, Executive Director, Information Policy Board
 Mr Bruce Derrick, General Manager, South Bank Corporation
 Mr Nigel Bamford, Manager, Corporate Services

Office of the Governor

The CHAIRMAN: The next item for consideration is the Office of the Governor and the time allotted is ten minutes. Mr Premier, I would like to welcome you to Estimates Committee A, along with the officers from the Governor and your own Department. For the information of the new witnesses, the time limit for questions is one minute and for answers is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. As set out in the sessional orders, the first five minutes of

questions will be from non-Government members, but I think it would be appropriate for me to indicate at this time that it is not the intention of the Government members of the Committee to ask any questions in relation to the Governor. For the benefit of *Hansard*, I would ask the officers to identify themselves before they answer a question. I now declare the proposed expenditure for the Office of Governor to be open for examination. The question before the Chair is—

"That the proposed expenditure be agreed to."

The first period of questions will commence with non-Government members.

Mr BORBIDGE: Can I ask the Premier what were the major recommendations implemented as a result of the review of Government House? What are the benefits and costs to date?

Mr W. K. GOSS: The review was to examine, as is indicated in the papers, the general operations and administration of Government House. Her Excellency felt that the operations had not been reviewed ever, or certainly for some considerable period of time. She had a particular concern to have a higher level of accountability in relation to the way in which the Budget was expended. I would like to make the point that Her Excellency did not have any concern whatsoever about the waste or misuse of moneys, either under her tenure or under any previous tenure; she simply felt that there should be a superior system in place. It is not something that I would really seek to interfere in, but she did seek assistance from the Department. Mr Bigby, and other officers of the Premier's Department, provided assistance in carrying out that review, as a consequence of which there were some 22 recommendations. They did not recommend any reduction in the overall support for the Office of Governor or staff, but there are changes to some of the classifications of staff. As a result of a separate review, there are some minor recommendations in relation to salary adjustments for some of the staff because they had not had a salary increase for some time, but we are talking about quite small sums.

A new audit mechanism was introduced and I understand, from memory, that private sector auditors Ernst and Young have been engaged to carry that out at a cost of about \$3,000, or something.

Lt. Col. NOLAN: Up to a maximum of \$9,000.

Mr W. K. GOSS: Up to a maximum of \$9,000, and that report is under way or just about completed, if not already completed. The other aspect of the review related to refinement of the procedures for the provision of advice. There was nothing particularly dramatic or radical found in the review or proposed in the review, it was really pretty much a refinement of the operations.

Mr BORBIDGE: On page 47 of the Budget Program Statements, reference is made to initiating an interchange program with the Parliamentary Service Commission. What is involved with this and what benefits are likely to accrue?

Mr W. K. GOSS: I think that is just in relation to improving the general administration. Mr Bigby, from my Department, will add to that.

Mr BIGBY: It involves exchange of officers between the Commission, the Parliamentary Service and the Government Executive Services area of the Department to enhance the understanding and knowledge of those officers of the Department on parliamentary procedures and process. Particularly, there was a recent exchange involving one officer of the office who worked in the Table Office of the Parliamentary Service.

Mr BORBIDGE: We have no further questions in respect to the Governor.

The CHAIRMAN: I think that means that we have exhausted questioning with regard to the Governor. There being no further questioning, that concludes the examination of the Estimates of the Office of Governor and I would thank all of those officers who were here specifically for that reason for their attendance.

Parliamentary Commissioner for Administrative Investigations

The CHAIRMAN: The next item for consideration is the Parliamentary Commissioner for Administrative Investigations, and the time allotted is 20 minutes.

Mr W. K. GOSS: While the Parliamentary Commissioner is moving to the table—I understood that I might be given an opportunity to make a short statement. Would this be a convenient time to do that?

The CHAIRMAN: We had that in mind. Please proceed.

Mr W. K. GOSS: Mr Chairman and members of Estimates Committee A, I would simply like to note for the record that I believe this is an historic occasion for all of us to take part in the first inquiry into the Budget Estimates of proposed expenditure of a department by a committee appointed by the Queensland Parliament. I believe, as I have said on many occasions, that the appointment of the six Estimates committees is a significant component of increased accountability and scrutiny of Government, and it is part of an overall reform process in which we have all participated over recent years. I simply want to say that I deem it an honour to be the first Premier and Minister to appear before such a committee.

As we all acknowledge, I think, the hearing is something of a learning experience for all of us. I, for one, consider that this will be reflected in the proceedings here today. However, I believe that, with goodwill and a genuine bipartisan approach, we should be able to achieve the purpose of the Committee.

I would like to note also that, besides the Department of Premier, Economic and Trade Development, I am present for those parts of the hearing which relate to the Queensland Audit Office and the Parliamentary Commissioner for Administrative Investigations. I leave to one side the Office of Governor, which we have already dealt with. I want to say for the record that I recognise the independence of these two organisational units that I have referred to, that is, the Auditor-General and the Ombudsman. My comments and responses will take account of that fact, that is, that my responsibility is limited to the provision of providing funding for such bodies. I do not direct the policy, scope, conduct or reporting of their investigations. In respect of those matters, they are not so much responsible to me or this Committee but directly to the Parliament or, for example, bodies such as the Public Accounts Committee.

I would lastly draw your attention to the fact that, during the course of the day, we have 20 to 30 senior public servants in attendance, so that hopefully the full range of likely questions can be properly addressed. However, I would be seeking to release them as their areas of responsibility are progressively dealt with, and would appreciate the cooperation of the Committee so that the senior officers can return to their task of serving the public after they have served us. Thank you.

The CHAIRMAN: It will certainly be our intention to try to release people as quickly as we can. The question before the Chair is—

"That the proposed expenditure be agreed to."

The first period of questions will commence with non-Government members.

Mr BORBIDGE: I refer to the Ombudsman's concerns in his 1992-93 annual report about the restriction of his jurisdiction brought about by the Government's policy decision to exclude corporatised entities from areas open to scrutiny by him. No action taken by the Government—that I am aware of—has since done anything to alleviate that concern. Why did you take that decision?

Mr W. K. GOSS: These questions are policy questions for the Government, of course. That needs to be recorded from the outset. Commissions of one kind or another make recommendations. The Government makes the decisions. In relation to Government owned corporations—the Ombudsman did make representations. Following discussions between the Ombudsman and the Treasurer, the Government amended the Bill in the Committee stage to enhance the jurisdiction in relation to statutory authority GOCs, reflecting the Government policy that there should be administrative review over these GOCs that are not in a fully competitive environment.

However, given the overall principles of corporatisation, it was considered that the Act, for that reason, should not apply to the making of a recommendation to shareholding Ministers of a statutory authority GOC, a decision about a statutory authority GOC's commercial policy and a statutory authority GOC's commercially competitive activities. I think members would appreciate that if we are seeking to make such an organisation commercially competitive, then you could put such an organisation at a competitive disadvantage with its competitors. That burden, in terms of administration expense and the exposure to public view of commercial information, is not something that competitors are subject to. So that, in broad terms, was the basis of the policy decision made by the Government and the compromise that was reached by the Treasurer and recommended and accepted by the Cabinet.

Mr BORBIDGE: I also refer to comments made by the Commissioner. He said in his annual report—

"I am not aware that Suncorp, which is already effectively corporatised, has suffered any competitive disadvantage by being subject to my scrutiny."

In light of those comments by the Commissioner, why did your Government reject that view?

Mr W. K. GOSS: If that is the view of the Parliamentary Commissioner, I simply have to make it plain for the record that the Government and, in particular, the responsible Minister, the Treasurer, took a different view. The Treasurer was very strong in his view, and I think you simply have a divergence of opinion in good faith by two senior people operating in the Government sphere. I believe also

that the Treasurer's view was based very much on discussions that he had with Suncorp—in particular, the board of Suncorp—as well. My recollection is that the Suncorp board—as did some other corporations involved in a commercially competitive area—felt that this was generally not an appropriate—certainly not in commercial terms—imposition to put on them. The Treasurer accepted and agreed with that view. That was the decision that was taken by the Government.

Mr BORBIDGE: We constantly hear that yours is a Government of consultation. The Ombudsman says in his 1992-93 annual report that he was not consulted on the Government Owned Corporations Bill, which now so effectively restricts his jurisdiction. Why is that, given that these matters go to the very heart of his responsibilities?

Mr W. K. GOSS: You might want to take that up in more detail with the Treasurer when he comes along for his Estimates after me later this afternoon. He is the responsible Minister for consultation in respect of Government owned corporations and the responsible Minister in relation to consultation with the Parliamentary Commissioner.

If my memory serves me correctly, the Parliamentary Commissioner did write to the Treasurer. I think a copy of that letter was sent to me. I took it up with the Treasurer, because there was a registration of concern that there had not been adequate consultation. The Treasurer disagreed with that proposition in relation to adequate consultation, but I understand that, nevertheless, further discussions occurred, and it was out of those discussions that the compromise to which I referred came.

Mr BORBIDGE: Notwithstanding that, the Commissioner says in his annual report to Parliament—

"... at no stage during the preparation of the Bill was I consulted."

Certainly while there is a divergence of opinion, it is a matter of who is right. Can I ask as a matter of policy: what is in the best interests of the taxpayer—the Ombudsman being excluded from dealing with corporatised entities, or the Ombudsman being able to carry on his traditional role?

Mr W. K. GOSS: That is a matter that Governments have to decide. We made our decision, and I have outlined pretty clearly what our decision was and why it was. We do not propose to depart from that. There are here competing public interest considerations. Really, you have to choose between them. That was the view that the Treasurer came to.

Mr BORBIDGE: Which you endorsed.

Mr W. K. GOSS: I will finish this answer, and then you can have another go. On the one hand, there was the argument that you have referred to, that the Ombudsman should have greater or unlimited scrutiny in relation to these matters, and that would serve the public interest. There is a valid argument to suggest that there is a public interest there. But there is also a public interest in having Government owned corporations function in a

competitive way and, therefore, maximise the service that they give to the public, maximise the attractiveness of the product that they offer to the public and, importantly, maximise the return that they give to the Budget, which organisations such as Suncorp do.

In terms of maximising that other public interest, as I said before, the Treasurer had to choose between those competing policy arguments. He came up with the compromise that I outlined to you at the outset. We believe that that is an appropriate compromise. I can well understand the Parliamentary Commissioner seeking a greater role for himself. It is not something on which I sought to influence him one way or the other; he is independent. It is a perfectly valid view for the Ombudsman to have. His role is to maximise scrutiny; the Treasurer's role is to maximise the performance of these organisations. Then, overall, the Government and the Treasurer have to make a decision as to where the right balance should be struck. That is what we have tried to do.

Mr BORBIDGE: I refer again to comments made by the Commissioner where he said—

"Furthermore, even if corporatised bodies are in a competitive situation, they are publicly owned bodies, performing public functions and representing the public interest. I therefore do not regard it as appropriate that they be removed totally from my jurisdiction, which is designed to ensure that public sector standards of accountability are observed."

Is the Commissioner wrong?

Mr W. K. GOSS: I do not know how many times I can explain it, but I will try again. What I said before was that the Parliamentary Commissioner has put an argument which is internally valid, logical and consistent with his role. We accept that. The Treasurer and the board of Suncorp had another view, which in terms of their particular role and goals was also valid, logical and internally consistent. We had to choose between those or strike a compromise that we thought was a fair balance. I believe that we have done that.

In terms of any particular Government owned corporation there will, of course, be an argument that could be taken up with you or anybody proposing that view as to whether or not these were public moneys. It is obviously arguable that what you are dealing with in terms of Suncorp is the premiums of policyholders and not so much Government or Budget funds. Nevertheless, in the ultimate outcome, the compromise that was reached was on the basis that I tried to explain to you in my previous answers.

Mr BORBIDGE: I again refer you to comments made by the Commissioner when he said—

"I accept that commercial decisions . . ."

such as you have you have just referred to—

". . . insurance rates to be set by Suncorp are not matters that an Ombudsman should or need inquire into. However, there will be a host of other non-competitive decisions, including

commercial policy decisions, which fall into the category of public administration."

In view of extensions to corporatisation in Queensland under your Government, are you prepared to further consider this matter?

The CHAIRMAN: Mr Premier, the time has expired for the allocation of questions by non-Government members, but you may care to provide a written answer to Mr Borbridge at a later point.

Mr W. K. GOSS: No, I will give a verbal answer. No, at this stage we do not see any basis to review the decision that has already been taken.

Mr NUNN: I direct my question to the Premier. As you know, I represent a provincial city seat, and before the redistribution that was a fairly large rural area. The Ombudsman is based in Brisbane, as the Premier is aware. How do you see the needs of the people in rural and provincial areas being served?

Mr W. K. GOSS: The Government takes the view that rural and regional Queensland should be serviced adequately in terms of Government services. That is often difficult and a burden in terms of expense and the logistics involved. I am able to say that the Ombudsman and his officers have always recognised their responsibility in this regard. In the last full statistical year, they undertook visits to some 77 regional centres. Provincial centres are visited two to three times a year and most country centres are visited once a year. In a three-year cycle almost all country areas will be visited. The Ombudsman does this himself; sometimes it is his Deputy Commissioners. In addition, they generally give some sort of public notice or advertisement in relation to a proposed visit so that people will be aware of it.

There are some 15 or so provincial and country newspapers that publish the *Ombudsman Casebook*, which gives a variety of cases dealt with by the Ombudsman. The effectiveness of this program is that it is not uncommon in one weekly visit to generate 30 or 40 complaints from an area such as yours. I think that people are responding and are aware of the availability of the Ombudsman, and when they come to town they are accessing that service.

Mr NUNN: Probably in line with the increase in population all over Queensland, the number of official complaints that have been lodged with the Ombudsman is increasing. What steps are being taken to alleviate the pressures arising from that situation?

Mr W. K. GOSS: At the moment, we are paying some attention to staffing but, if my calculations serve me correctly, we have provided a 40 per cent increase in staff to the Ombudsman since the 1991-92 financial year. In addition, more recently we have provided funds for the employment of two additional investigators. In addition to that, the Government will provide funding of the order of \$335,000 for new information technology. That new information technology should be in by March of this coming financial year, including installation and

training. The cost of that is about \$335,000. We will also provide about \$16,000 per annum for servicing.

In recent times, the case load per investigator—as I think the information that has been provided to you demonstrates—has been reduced from 170 cases to 142 cases per investigator. There is still a fair load—a fair bit of pressure—on the Ombudsman and his staff. We have addressed it in those two ways that I have mentioned. Hopefully the new information technology will deliver some appreciable improvement in terms of the load that officers are currently carrying.

Mr NUNN: I have one more question. I guess the complaints that are received by the Ombudsman are many and varied—some of them are quite complex and some of them are quite simple. Does the Premier have any idea how many or what percentage of the complaints that are received by the Ombudsman are actually resolved?

Mr W. K. GOSS: Over the last two financial years new complaints are running at about 12 a day. There has been something like an 87 per cent increase in complaints over the last five years or so. That can be put down to either the quality of government or to the fact that people are now more encouraged or more willing to make a complaint and see if they can have some decision of a public official reviewed and corrected. It is estimated that there will be about 1 240 complaints remaining unresolved at the end of this current financial year. The response time is fairly good. The time between the initial registration of the complaint and the response is about only 14 days. People are advised of progress by phone and then the parties—including the complainant—will be subsequently advised of the result by letter. I think an average time for resolution of a case is about 4 to 6 months. In terms of the success rate, if I can use that term, I think it is about one-third—

Mr ALBIETZ: About 38 per cent.

Mr W. K. GOSS: About 38 per cent are resolved to the satisfaction of the complainant or are in favour of the complainant.

The CHAIRMAN: There being no further questions, that concludes the examination of the Estimates for the Ombudsman. I thank those officers for their attendance. As there are only several minutes to go before our scheduled lunch break, I think it would be appropriate to suspend the hearings at this point and resume at 2 p.m.

The Committee adjourned at 12.58 p.m.

The Committee resumed at 2.02 p.m.

Mr CHAIRMAN: The hearings of Estimates Committee A are now resumed.

Queensland Audit Office

The CHAIRMAN: The next item for consideration is the Auditor-General, and the time allotted is one hour. For the information of the new witnesses, the time limit for questions is one minute and for answers, three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of these time limits. As set out in the Sessional Orders, the first 20 minutes of questions will be from non-Government members, the next 20 minutes from Government members, and so on in rotation.

The Sessional Orders also require equal time to be afforded to Government and non-Government members. Therefore, when the time period which has been allotted is less than 40 minutes, that time will be shared equally. The end of these time periods will be indicated by three chimes. I ask Departmental officers to identify themselves before they answer a question for the benefit of Hansard.

I now declare the proposed expenditure for the Auditor-General be open for examination. The question before the Chair is—

"That the proposed expenditure be agreed to."

Mr Premier, if it is your wish to make a short introductory statement in relation to this office, it is your choice, or whether you wish to proceed—

Mr W. K. GOSS: No, I just wanted to make those few remarks that I made earlier today. I am happy to leave it at that.

The CHAIRMAN: The first period of questions will commence with the non-Government members.

Mr BORBIDGE: Mr Chairman, can I say at the outset that the Opposition supports in a bipartisan manner some of the very significant reforms that have been implemented in regard to the Audit Office. We do, however, have a number of questions, which I direct to the Premier. I note, Mr Premier, that the Auditor-General is moving this financial year to full implementation of the user-pays principle for its services and that this year the estimated income is some \$7.8m compared with \$6.1m for partial implementation last financial year, against a total Estimate for the Audit Office this year of just under \$12m. This is money, I presume, which will flow from Departmental Budget allocations?

Mr W. K. GOSS: Yes, as I understand it, that is correct.

Mr BORBIDGE: To that extent then, Departmental Budget allocations are effectively reduced?

Mr W. K. GOSS: It varies from case to case. As I recall the Budget Review Committee process, we discuss it with each Department, but we do not always make a specific allocation for that. There are allocations in budgets for a range of activities. I am not sure that this one is separately itemised, though.

Mr FINGER: The Auditor-General's Estimates are essentially for corporate services and public sector auditing. What I think Mr Borbridge is referring to is the manner in which he achieves income from that by the user-pays principles that are then charged to various departments.

Mr W. K. GOSS: As I understood it, Mr Borbridge was seeking to clarify whether or not the consequence of that was an individual Department had its allocation reduced by the amount of its user-pays fee.

Mr BORBIDGE: That is the case, and you are saying that it is on a case-by-case basis; there are no set rules in that regard?

Mr W. K. GOSS: No.

Mr BORBIDGE: Can the Premier indicate if it is the Government's intent to extend and, presumably, from time to time increase the user-pays charges for auditing to the extent that there will ultimately be no call on the Consolidated Fund to support it, that ultimately the Audit Office will be self-funding via user pays? Is that the intention?

Mr W. K. GOSS: I think that is an ideal situation. I am not sure if that is the goal, though, or whether we will really achieve that. I think it is easy enough to do in one sense. I mean, notionally, you can do that but it is just the question of which pocket, the left pocket or the right pocket, the money is coming from, is it not—as to whether it is allocated directly to the Auditor-General or whether you give it to Departments nominally or globally and ask them to pay. I mean, it is generally in keeping with the whole thrust of the Government in terms of user-pays charging, that is, to force Departments to identify the real cost of these activities both as they carry them out and as they use services, and thus make Government more accountable and more transparent in terms of identifying the real cost.

Mr BORBIDGE: Where you indicated before that it is largely a case-by-case basis that Departmental Budget allocations are to be reduced, on the basis of where they are reduced, obviously, these charges will be an impost on the budget allocations of Departments and, indeed, other public sector agencies. Are we going to see them recorded in some transparent form in annual reports or via some other mechanism so that the impact on budget allocations can be gauged?

Mr W. K. GOSS: Yes, that is correct.

Mr BORBIDGE: That is correct?

Mr W. K. GOSS: Each Department will record it.

Mr BORBIDGE: We have a clear Estimate of some \$7.8m in such user-pays receipts this year. Is it possible to get a breakdown of those figures?

Mr W. K. GOSS: I do not have that with me, but I will take that on board and see if I can provide that information to the Committee. It may take 24 hours or so to do that.

Mr BORBIDGE: You can provide it to the Committee?

Mr W. K. GOSS: I said I will take that

question on board and I will see what we can provide to the Committee within the next 24 hours.

Mr BORBIDGE: What I am asking is, will you provide it to the Committee?

Mr W. K. GOSS: What I am saying is, I will take your question on board and I will do my best to give you a response within the next 24 hours.

Mr BORBIDGE: I refer to the problems that have been exposed by certain audits carried out by the Office of the Auditor-General and, without getting into detail, of the administration of Torres Strait Islander and Aboriginal councils, and I ask: what provisions are there in the Budget or within the Audit Office to address what appears to be a continuing problem?

Mr W. K. GOSS: I should make the preliminary point at the outset, we will provide an answer, but I indicate to you and the Committee members right now that it would be quite inappropriate in my view, and on the advice that I have received from the Auditor-General, to go into detail of audits. Certainly, we will not go into detail of any confidential matters but——

Mr BORBIDGE: I did not ask that.

Mr W. K. GOSS: Well, we have an hour ahead of us, so this might save some time later on for various members. Certainly, under section 92, I will not be going into any confidential matters, nor will I be in a position to deal with any not-completed audits. It is not appropriate in these proceedings today to deal with detailed policy or performance issues in individual Departments, so I will not be doing that. But, having said that, I do not want to avoid the question.

In relation to the problems that for a long time—long before this Government came to office—have been associated with the accounting and administration performance of these councils, the Minister for Family Services and her department have taken steps to try to improve that. It is a very slow process. We believe—and this is the Auditor-General's advice to me—that these problems will be with us for a while yet, although the Auditor-General did advise me recently that he detects amongst a number of these councils a stronger commitment to improving their performance in that regard. Time will tell.

I can advise the Committee that the relevant Minister has sought, and last Monday or the Monday before gained, Cabinet support and funding for new training and support measures for councils to try to improve their performance. There are some short-term and longer-term measures. But, as I say, we take the view that, if we are to give these councils greater autonomy and self-management, there will be these sorts of problems. I do not want to get into point-scoring, but the parlous state of their capacity to manage their affairs is something that we inherited. We do not think that that will be fixed overnight. It will take some years. But, as I say, measures have been undertaken. Recently, funding has been approved at the request of the Minister. The Auditor-General has indicated that, in recent discussions with representatives of some of

these councils, he detects a stronger commitment to improved performance. But we will continue to monitor the situation, as will the Auditor-General. We also need to make this point: most of the funds that these councils administer and expend do not come from the State Government. We provide a minor portion of their funds. That is why the Auditor-General comes into play. Mainly, we are not talking about funds from the taxpayers of Queensland.

Mr BORBIDGE: To what extent are these ongoing difficulties in this area placing a strain on the resources of the Auditor-General?

Mr W. K. GOSS: The Auditor-General is managing. The Auditor-General reports regularly in a comprehensive way. The office accepts this sort of work as part of its activity. It is not there to produce clean bills of health in relation to every agency that it audits but to identify problems where it sees them and to report upon them. In that sense, the councils are no different from any other agency which may be, from time to time, the subject of report or adverse comment by the Auditor-General. It is just that it is a slightly more intractable problem, for the reasons that I have outlined. As the Minister has advised Cabinet and the House, and as the Auditor-General has advised me, these problems will be with us for some years to come.

Mr BORBIDGE: What role do you see in the future for the Audit Office, and where do you see its budget going in view of these ongoing difficulties? The Auditor-General said in his annual report that considerable progress has been achieved over the past two years to increase the contents of the report to Parliament. What has been the progress in relation to this initiative so far?

Mr W. K. GOSS: I think the Audit Office, as it is currently structured, was established in May of 1993. We all know its general responsibilities. As a result of the EARC review, there has been a general organisational restructure, of which members would be aware. The Auditor-General has undertaken a reform to reshape his structure along flatter lines, and is in the process of introducing a specialist corporate services function which will improve the overall performance and administration of his office.

In relation to the changed approach to auditing—as a result of the EARC recommendations, this Government has introduced a number of reforms that enhance the role of the Auditor-General and his office. So we will see that process continuing. In terms of staff—there has been a review of the requirements for staff. A need has been identified for an additional 21 staff. That request was reviewed by Treasury and by the PSMC and was considered reasonable by the Cabinet Budget Review Committee for this reason: since 1978 there had been only a 4.5 per cent growth in staff. There were no staff increases after 1986 under the previous Government. So we consider those requests to be reasonable in all of the circumstances. The first stage of staff expansion occurs in this financial year. In 1994-95—the year with which we are now dealing—the full staffing structure will be implemented at a further cost of \$470,000, to take

the total supplementation for additional staff to \$1.1m.

Mr BORBIDGE: As to those particular problem areas to which you referred earlier and your indication that these problems will be with us for some time—I take it that that indicates a degree of tolerance in that matter that would normally not apply to other Government Departments.

Mr W. K. GOSS: No, that is not right. I would not like to have an element of race introduced into these proceeding. I think you need to see it in the following way, Mr Borbridge. We have a group of people responsible for administering funds. However, there has been a successive failure over generations by previous Governments—firstly, Labor, and then National and Liberal for 32 years—to provide any reasonable training and resources in administering and accounting for such funds. Given this general failure to provide the circumstances in which people can manage their own affairs, it will take time to train individuals in any part of the public sector in this type of auditing.

You can, of course, take the approach of simply bringing in some externally qualified experts and putting them at the top to tell people how to run their affairs. But that just perpetuates the unfortunate historical situation that we have seen in these communities, as I say, perpetrated by successive Governments on both sides of the political fence. What the Minister has, I believe quite properly, set out to do—as I say, this is not my area; we are delving now into the responsibility of the Minister for Family Services and Aboriginal and Islander Affairs—is to try to set upon a course that encourages greater self-management in these areas. That will take time.

Mr BORBIDGE: Considering that your Government has now been in office for almost five years, are you satisfied with the progress that has been made to date?

Mr W. K. GOSS: No, I am not satisfied with the progress that has been made to date. I would have liked to have seen better progress than has been achieved up to now. I think the Minister is also very frustrated at the slow progress, hence some very blunt comments that she has made publicly in recent months about the extreme sanction that could be taken to actually sack councils. She has also been talking fairly bluntly in more private conversations with representatives of these councils. I think the message is starting to get through.

Both the Minister and the Auditor-General have said that, in recent discussions, for example with the island councils, the response that they are getting is that there is a greater commitment to doing better in this area. Hopefully, the additional measures on top of those previously undertaken by the Minister and her department—and approved by Cabinet in the last couple of weeks—will speed up that process. But I do not know what the Minister can do beyond that, unless you revert to the old paternalistic situation that operated in Queensland where you put in a white Government administrator. I do not think that we want to go back to those days.

Mr BORBIDGE: Bearing in mind the adverse reports from the Auditor-General and, indeed, from the PAC, why is it that as recently as the last two weeks Cabinet was further addressing this matter?

Mr W. K. GOSS: These are new matters. On several occasions, the Minister has outlined in the House—I think in a ministerial statement and in answers to questions from Opposition members—the measures undertaken by herself and senior officers of her department. Action has been taken. These measures that she has brought to Cabinet in the past couple of weeks are new and additional measures on top of that. I would not want to give you or anyone the impression that this was the first action that has been taken. Indeed, action has been taken before. Once again, I make the point that the money that is being administered by these councils comes from a range of sources—I believe primarily from the Federal Government. There is only a small involvement here in terms of Queensland taxpayers' funds.

Mr BORBIDGE: I refer in particular to problems identified in the 1993 Auditor-General's report in relation to the human resource management system—and that appears at pages 136 to 138—and the indication there that extensive problems still exist with this system. What is the current status of problem resolution in this area, and are the sorts of problems outlined in the report still occurring?

Mr W. K. GOSS: The questions are becoming increasingly out of order. I draw the Committee's attention to the fact that previous annual reports are not the subject of these proceedings. I think that I have tried within the limit of my capacity and area of responsibility—

Mr BORBIDGE: Can't you answer it?

Mr W. K. GOSS:—to address these matters. All I can say in answer to the member is that these are matters which I think he knows are properly within the responsibility of the Minister for Family Services and Aboriginal and Islander Affairs.

Mr BORBIDGE: That is the Auditor-General's report.

Mr W. K. GOSS: He has the right and the opportunity to attend those Estimates committee hearings and pursue those matters. I simply say—

Mr BORBIDGE: Point of order. I was referring to the Auditor-General's report.

Mr W. K. GOSS: Point of order. The point is that the member needs to know—and he would have been told this at the training session for members—that previous annual reports are not part of these proceedings. I have given him—

Mr BORBIDGE: They have been provided to members of the Committee.

Mr W. K. GOSS:—great ambit up to this point in time.

Mr BORBIDGE: They have been provided to members of the Committee as background information.

Mr W. K. GOSS: Good for you! My point is still the same, and I say again—

Mr BORBIDGE: Can't you answer the question?

Mr W. K. GOSS: Yes, I can answer the question. In terms of the problems identified by the Auditor-General, the Minister has taken action over recent years. The Minister has sought approval for further action in the last couple of weeks. Those measures will now be implemented by the Minister for Family Services and Aboriginal and Islander Affairs. She has put up these proposals. She and her department have responsibility for administering them. I do not have responsibility for administering them. I am looking to the Minister to undertake that role, and I am sure she will. If you want to go into the detail of it—

Mr BORBIDGE: It is information supplied to this Committee.

Mr W. K. GOSS: If you want to go into the detail of the measures that the Minister proposes, then I suggest you take that up with the Minister. I am sure she would be happy to outline the new measures to you at length in accordance with her ministerial responsibility.

Mr BORBIDGE: I request that you get your facts straight. I was referring to the 1993 Auditor-General's report in relation to human resource management, which was made available to members of this Committee, and I would request an answer to my question.

Mr W. K. GOSS: I have given an answer twice. I think the member is deliberately trying to avoid the point that has been made to him, namely that the human resource management problems in the Department of Aboriginal and Islander Affairs are matters which are being addressed by the responsible Minister. I have made it very plain that in addition to measures implemented in the last couple of years—

Mr BORBIDGE: I am referring to your Department.

The CHAIRMAN: Mr Borbridge, I think that—

Mr BORBIDGE: I am referring to your Department.

The CHAIRMAN: Mr Borbridge, I am speaking. I think that the Premier has been prepared to go a fair bit of the way beyond the strict technicalities, but it is my understanding that those matters are properly the province of other Ministers, and I would rule those questions out of order.

Mr BORBIDGE: Mr Chairman, with respect, I draw your attention to public sector-wide issues, page 135 of the Auditor-General's report.

The CHAIRMAN: Mr Borbridge, if you wish to dissent from my ruling, we will have to suspend this hearing for a moment and go and discuss it.

Mr BORBIDGE: Mr Chairman, I will ask another question.

Mrs SHELDON: Mr Chairman, I seek some clarification. Are you telling me that we are not allowed to ask questions on any of the

supplementary information that has been issued to us by the various Departments?

The CHAIRMAN: Only if they are related to the current Estimates; that is my understanding.

Mr BORBIDGE: The question related to the current Estimates, Mr Chairman.

The CHAIRMAN: You were delving into matters—

Mr BORBIDGE: With respect—

The CHAIRMAN: Hang on.

Mr W. K. GOSS: I do not want to have an argument. I made it very plain this morning that I wanted to avoid this sort of thing.

Mr BORBIDGE: We had moved off that.

Mr W. K. GOSS: The member has been referring again and again—and I have attempted to answer his question again and again—to management problems revealed in the audit of various Aboriginal and Islander councils. I really cannot take that matter any further.

Mr BORBIDGE: By way of explanation, I had concluded that line of questioning. I was referring in particular to the human resource management system implemented across the public service with reference to your Department.

Mr W. K. GOSS: That is a different matter. I am happy to answer that.

Mr BORBIDGE: That was the question.

The CHAIRMAN: Mr Borbridge, the time for your questions is up, and we are now delving into Government members' time. I make the comment that the human resources management system and its performance is the province of another Minister. I turn now to Government members' questions, because the time for non-Government members has now expired.

The Queensland Audit Office is undergoing a significant restructure at present. Could you provide us with some broad detail as to why this is necessary?

Mr W. K. GOSS: There had been very few increases in staff and resources over many years prior to the EARC report. Then we had the EARC report, and that recommended a number of things. The major outcomes that were accepted by the Government were the creation of a new Audit Office—and that has occurred—a new role for the Audit Office in respect of performance management systems audits, and a recommendation that the office adopt a user-charges approach. I have already indicated in my answer to Mr Borbridge the steps that have been taken by the Government to increase staffing resources over two financial years, totalling over \$1m. The quality financial audit approach is also expected to result in improved efficiencies in the approach to audits, and savings will occur in other areas, including travel.

I think it is fair to say that the role of the Auditor-General in terms of the expanded nature of his activities and responsibilities has placed a greater burden on the office, but I think the organisational restructure is directed towards addressing that, and

the staff resources that we have provided will also do that. The other issues that I have mentioned are the audit methodology that has been employed. I understand that Coopers and Lybrand has been responsible for the training in that area. It is recognised private sector methodology. It moves from the old flick-and-tick approach to one more systems-based or the overall control framework.

The restructuring that has occurred as a result of the recommendations from EARC which were accepted by the Government, the additional resources and some of the reforms that the Auditor-General is himself introducing indicate that we now have a restructured and substantially enhanced performance from the QAO.

Mr DAVIES: I am referring to Program Statements, Budget Paper No. 3, page 23. I note that the Queensland Audit Office's key objectives, as outlined on that page, include the development of quality assurance processes including peer review and task assessment reports. However, given that there is no external review body for the Queensland Audit Office, how does the Parliament know that it is getting value for money and that the Queensland Audit Office is both cost efficient and competitive with the private sector?

Mr W. K. GOSS: I think that we need there to look to the quality assurance process that the Auditor-General is developing. I think that is an approach by the Auditor-General that is worthy of all of our support. I am advised that this quality assurance process, especially peer review in larger auditing firms, has been used for many years. Professional accounting bodies are now introducing quality assurance as mandatory in terms of their requirement for auditors, and our expectation is that the Auditor-General is proposing what would be consistent with developments in the private sector.

I am advised by the Auditor-General that the Financial Administration and Audit Act requires a peer review to be undertaken each five years by a person appointed by the Governor in Council and that that person will report to Parliament. I believe that that external review is significant and should give members and the public reassurance. The first review has obviously not been held, because the new office is a fairly new structure. The first review will probably take place in about 1996 or 1997. As I said, the person who will undertake that review will be independent of the Audit Office and will have wide-ranging powers to review that performance and, as I say, report to us as members of Parliament.

The CHAIRMAN: The Government members do not have any further questions at this point.

Mr BORBIDGE: In the context of the Estimates before the Committee, I refer the Premier to a system that has been implemented across the public service, that is, the Human Resource Management System, and concerns expressed that any number of staff can be designated as occupying the one establishment position at the same time. There appears to be no relationship between the number of establishment positions and the number of employees. Do you consider this situation to be

acceptable? What is the position within your Department?

Mr W. K. GOSS: Generally, the problem in relation to Human Resource Management has been one where there have been mixed results. The system that is in place sector-wide is, I think, by and large, satisfactory, but its performance is variable a bit depending on the size of the agency and the particular activities or nature of the operation of the agencies. For example, there might be a smaller department that is pretty predictable in terms of its operations where the current system will operate very well, and then there might be a larger department, such as the Education Department, where there are a lot of staff and people coming and going, where the Human Resource Management System has not been so adequate. I think it is fair to say that, from time to time, a review or audit of those departments has shown up a range of problems in relation to staffing and payments. Issues that have been identified include overpayments. For example, in the Education Department, as I have mentioned, there have been payments to employees who have been terminated in the past and payments to employees prior to their actually starting work, and sometimes there has been incorrect taxation or superannuation deductions. That is something that is being worked on. The responsibility for that previously was with DEVETIR, but it has now been transferred to the PSMC. My advice from the Auditor-General is that his observation is that action is occurring in an attempt to correct these problems when they show up in departments, and the decision to transfer responsibility to the PSMC is part of that.

Essentially, as we understand it—and I am relying here on my pretty limited computer literacy—there is a need for the capacity of the system to be flexible, particularly, as I say, when dealing with large departments or departments that have considerable variations in their staffing operations from time to time.

Mr BORBIDGE: Can you detail what is being implemented by the Auditor-General in improving HRM procedures across Government departments?

Mr W. K. GOSS: As I understand it, it is being done by the PSMC.

Mr FINGER: It has just been transferred.

Mr W. K. GOSS: It has just been transferred to the PSMC in the last month or two.

Mr BORBIDGE: I refer to the extent of compliance with the Treasurer's guidelines by departments in regard to disclosure requirements and note that, in the 1993 annual report, compliance in the areas of property, plant and equipment and goods and services received a below fair value and actually fell from the previous year to levels of about 20 per cent. What is the current progress by the Auditor-General in attempting to overcome this problem?

Mr W. K. GOSS: I will ask Mr Rollason to answer that. I do not know.

Mr ROLLASON: Of course, what you are asking, Mr Borbridge, is not for me to answer. I am not responsible for implementing anything, but it

seems to me that there is a lot of progress being made in the asset area. Treasury has been furthering its work in respect of the Treasurer's guidelines, which will be applied in respect of 1993-94 reporting. All I can answer to that is that audit will monitor what departments are doing and report to the Parliament again if the situation shows no sign of improvement.

Mr W. K. GOSS: Could I just supplement that by saying that, in my own Department, we are developing an assets register and I understand from my Director-General that that work is about 75 per cent complete. The problem we have is that when we came into Government, a number of occasions arose in the first year or two in which Ministers asked in particular discussions what the Government's assets or holdings were in a particular area or in a particular department—either land or buildings, or whatever. To our amazement, what we found was that we had inherited a system where there was no assets register or system of assets management under the previous Government. So we have set about the considerable task of identifying all of our assets and putting them on a register, but it is a very big task when there had been no system in place beforehand.

Mr BORBIDGE: A 1992-93 investigation by the Auditor-General of public finance standards found that various agencies were still at various stages of implementing key standards. What has been the progress to date and are you satisfied?

Mr W. K. GOSS: You will have to talk to those departments about their progress. As I understand it, in broad terms—I am not going to speak for other Ministers—they are in the process of implementing the establishment of such an assets register or an assets management policy. In my own Department, as I have indicated, my Director-General estimates that that work is about 75 per cent completed, but I make the point again that it is just inconceivable that a modern Government in the 1980s would not have had such an assets register or assets management policy in place. That was in fact the situation that we inherited, and for the last three or four years there has been considerable work devoted towards identifying those assets, putting them in a register and putting in place a policy to manage and safeguard them and in other cases to sell them. For example, surplus land or real estate will be sold under a policy where it is surplus.

Mr BORBIDGE: No further questions.

The CHAIRMAN: As there are no further questions, that concludes the examination of the Estimates of the Auditor-General. I thank the Auditor-General, Mr Rollason, and his officers for their attendance today and their assistance to this Committee.

Premier, Economic and Trade Development

The CHAIRMAN: The next item for consideration is the Department of the Premier, Economic and Trade Development, for which the time allocated is three hours; but, Mr Premier, we have finished early. Are you in a position to proceed or do you need to wait for some of your officers to arrive?

Mr W. K. GOSS: I do not have most of my officers here. I was told that we would not be required on this Department until 3 o'clock. I queried whether that was right and I was advised through my officers, who I assume had been in touch with the Committee, that there would definitely be one hour required for the Auditor-General. I think that request came particularly from Opposition members. So, because my senior officers are very busy, apart from Mr Finger and Mr Leighton, I told them they could continue working until just before 3 o'clock.

Mr BORBIDGE: I take a point of order.

The CHAIRMAN: What is your point of order?

Mr BORBIDGE: The situation is, as the Premier well knows, that there were firm indications given, certainly to Committee members, that we may make up time during the course of the afternoon, and I would not think it too difficult for senior public servants to be available to the Parliament of Queensland a few minutes early.

Mr W. K. GOSS: We can make them available a few minutes early—at about 5 to 3 o'clock. That is when I told them to be here. If you like, I am happy to start now, but if you want to get into some of those areas, if I do not have the detail with me and the officer is not here yet, we may have to come back to it later this evening. It is just that the information that came to me was that the Opposition was insisting that it would require a full hour for the Auditor-General, so I relied on that.

Mr BORBIDGE: Government members did not exercise their time, Premier, and you know it.

Mr W. K. GOSS: That is a matter for you people to resolve.

The CHAIRMAN: Do you want to have a discussion outside, because I do not think now is the time or place to debate it. If we need to discuss that, Mr Borbridge, I think we will suspend proceedings. Do you wish to proceed, or would you be happier if we had a suspension for a period of time to let your officers get here?

Mr W. K. GOSS: I will have a cup of tea and wait for the troops to get here, and maybe we can start 10 minutes earlier.

Mr BORBIDGE: Mr Chairman, I am happy to continue.

Mr W. K. GOSS: I am happy to continue. I just note for the record that we acted on the basis of the advice we received from this Committee, and if some particular item of detail requires advice from a senior officer and that officer is not here, then I will make that plain and you can take it up later this evening. I am not responsible for the way in which the Committee orders its business.

The CHAIRMAN: I think both parties are happy to proceed, so we will proceed on the basis that we may have to wait for some of the Premier's officers to be here. The next item is the Premier's Department. The time allocated is three hours. The new witnesses are not here yet, so I think I will wait until they are here to advise them of how their time allocations work. I would now declare the proposed expenditure for the Department of Premier, Economic and Trade Development to be open for examination. The question before the Chair is—

"That the proposed expenditure be agreed to."

Mr Premier, do you wish to make a short introductory statement with regard to your Department itself before we proceed to the actual questioning?

Mr W. K. GOSS: No, that is fine.

The CHAIRMAN: The first period of questions will commence with the non-Government members.

Mr BORBIDGE: Today, your Department's Budget is 107 per cent larger than it was in 1989. Can you advise the Committee how Queensland taxpayers are getting value for money from these massive increases?

Mr W. K. GOSS: I can assure you that the Queensland taxpayers are getting terrific value for money. Since we have got into Government, we have really straightened out that Department. In addition to that, that has been part of a process of rationalising a crazy mix of an absurd number of departments. I think 27 departments in all have been reduced to 18, in line with the number of Ministers. We got rid of some of those crazy—in administrative terms—combinations like lands, forestry and police and tourism, mining and folk dancing and some of the other things and tried to get some rationality into it.

In relation to the overall Budget—the increase comes about from a number of areas: firstly, changes in the focus and responsibilities of the Co-ordinator General's program and the expansion of trade and investment. The other thing that has to be noted here is the user-pays Budget adjustments. In other words, there is nothing really different there, but the user-pays elements of those activities are incorporated within the Budget. The other one that falls within the first item I mentioned, which is the Co-ordinator General's program, is that the South Bank Corporation has been transferred—in terms of its funding component—from the Treasurer's Department to mine. Those are the main elements, I think.

Mr BORBIDGE: The salary component of the Budget is now 68 per cent larger than it was in 1989. Given the fact that there have been no major or substantial wage rises in that period, how do you account for the increase?

Mr W. K. GOSS: Do you mean in total salaries?

Mr BORBIDGE: Total salaries—68 per cent larger than when you took office—costs to the taxpayer.

Mr W. K. GOSS: I know they are costs to the

taxpayer, but they have not been substantial wage increases. I think you have to take into account—

Mr BORBIDGE: Sixty-eight per cent higher than in 1989.

Mr W. K. GOSS: The problem is the Disraeli-like approach that you have to statistics, Mr Borbridge. The situation is that you have to compare apples with apples. If you want to formulate your question on that basis, we will all be able to proceed on a more sound and rational basis.

Basically, the Department is fundamentally different now from what it was when I inherited it. Indeed, in the time that we have been in Government, it has changed substantially in the sense that functions have come in—like Trade, for example—and other functions have gone out—for example Arts, the Criminal Justice Commission and so on; those sort of elements having been previously included in the first three years. I do not want to get down to too much detail, but I think it needs to be broken up a bit in terms of whether you are concerned about particular officers or particular divisions of the Department. I do not think the comparison you are making is in any way fair or accurate.

Mr BORBIDGE: Taking into account that there is also a 28 per cent increase in staff numbers in your Department, that the salary component is up 68 per cent and that the Premier's Department Budget is up 107 per cent under your stewardship, what are the improved efficiencies? What measures have you put in place to assess the alleged benefits of these new management practices and the substantial increase in expenditure that you have incurred?

Mr W. K. GOSS: I think you missed the point in my last answer. Back in the beginning, we had Arts in the Department. Now, that is a very big part of the Budget. That has gone out. I think your question fails to take into account the changes that have occurred in terms of the staffing and the functions of the Department.

In terms of the improved efficiencies—I will pick out a couple of examples. Take the Trade area. When we came into Government, the Trade area was totally confused. You had different elements of it in different departments—quite uncoordinated. What we did is what we promised to do in Opposition, that is, to pull that together in one centralised function in my own Department.

Over the course of the last couple of years, we have established the Trade and Investment Development Division under the directorship of Mr Harris. It is performing very well. We continuously get favourable comment from people who use the services, from commentators in the press, and elsewhere. That Trade and Investment Development Division has been a very effective and efficient performer. In another answer perhaps—because there will not be enough time here—I can give you a run-down of some of the benefits of that.

In the economic development area—that was restructured partly as a result of the PSMC report. It is now a much flatter management structure—more project oriented—instead of what used to be there

before. I think that is a much more efficient approach. In terms of the rest of the Department—I cannot see any particular fat or inefficiency there, although I am happy to answer questions on any item of detail.

In regard to the Office of Parliamentary Counsel—we have increased staff there and increased their information technology. I think they are going very well. I can give you figures, if you want them, in relation to the improved efficiency of that office measured by the number of Bills and measured by the number of pages of legislation and the other activities of the Office of Parliamentary Counsel.

In relation to the Ombudsman and the Auditor-General—I will not go through those again. I think the figures supplied to you already—and other figures I can give you—once again show, for reasonable increases in resources, big increases in terms of their workload and in terms of their expanded roles.

There are about four or five where we have increased performance and increased efficiency. I have just been handed a list of staffing in other areas. If you want to play around with statistics—the actual staff as at 30 June 1993 was 498, yet the estimated staff as at 30 June 1995—two years after that, and in relation to these current Estimates—is 466. So there is a decrease. It just shows how you can play around with figures.

Mr BORBIDGE: I note your playing around with figures. I also note that in the departmental Estimates statement at page four it says that more attention is required in relation to the development of performance indicators and the measurement of performance. Why are you so confident in your Department's performance when your Department itself acknowledges a problem in measuring performance? What measures have you put in place to measure performance?

Mr W. K. GOSS: We have a program evaluation process that we operate in all departments. I think it is fair to say that I am confident that the measures that we have introduced, and which I referred to before in relation to those various components, have genuinely delivered real benefits and real improvements in terms of performance and efficiency. I am quite confident about that. We have had PSMC reviews. We have had the supervision of myself and the Director-General in that regard. But we do not relax on that basis. We have the attitude within the Department that we should be continuously seeking to improve our performance. That is why we are always looking for ways in which to improve the performance. That is what the program evaluation will be for.

Mr BORBIDGE: Can you explain why the average salary of the 495 staff in your Department has increased by more than \$12,000 per person since 1989?

Mr W. K. GOSS: Can you tell me what your source material is so that we both know what you are talking about, and I can work from the same material?

Mr BORBIDGE: What I am asking you is why—and I will repeat the question—

Mr W. K. GOSS: No, I heard the question the first time.

Mr BORBIDGE: What I am asking you is why the average salary of the 495 staff in your Department has increased by more than \$12,000 per person since you came to power in 1989.

Mr W. K. GOSS: I heard the question the first time. I think we can do without some of these games. The point of clarification that I asked for—and I will ask for it just one more time, and after that I will give the best answer I can—is if you can give me the source material that you are basing the figures on, I will be able to go to that, too, and perhaps give you a better answer.

Mr BORBIDGE: The information is quite simple. I am asking you a question. If you want to dispute it, disprove it.

Mr W. K. GOSS: I do not have to disprove it, because the member, Mr Chairman, has an appalling record for misstating statistics and misquoting reports. We saw evidence of that in Parliament this morning. I will just leave that to one side, because I would imagine that we will get more of that, so I do not want to go into it again.

If the member had been good enough to clarify his question, I would have been more confident in my answer, but what I think he is confused by is the fact that the salary costs now include a range of on-costs—superannuation, fringe benefits and so on. They are now brought into it to identify the real cost. It is part of that answer that I was giving before: we are trying to identify the real cost and put them all in so that you do not have salary costs and ignore in terms of public accountability the other on-costs that are inevitably associated with staff. I think that is the main reason for the member's confusion.

Mr BORBIDGE: So you are maintaining that despite the massive increases that your department has received since 1989 it is a more efficient department, but you cannot provide to this Committee any evidence of outcomes, any evidence of improved efficiencies?

Mr W. K. GOSS: Absolutely. I am happy to do that. I have already given that in general terms. Firstly, let us start with the Trade and Investment Development Division and some of the successes that have been achieved. In recent times, major successes include the South Bank Convention Hotel investment—the total estimated cost of that project is \$40m. The organisation of a trade and investment mission to New Caledonia, which involved 11 firms with participating firms reporting sales of \$4.15m directly from the mission and projected sales over the next 12 months of around \$7m.

A major Korean investment in Queensland coal mining development in joint venture with Mitsui Mining and Savage Resources of Australia will be about \$6m to \$8m during the first several years of exploration and \$120m to \$170m investment during the following three years. That was generated by the Minister, Mr McGrady, and organised by the Trade and Investment Development Division.

Our Taiwan office of TIDD facilitated the first Taiwan Sugar Corporation purchase of Queensland sugar early in 1994—about 30 000 tonnes. The total Taiwanese sugar purchase for 1994 is expected to reach 125 000 to 150 000 tonnes. That division was also involved, through its Japan Secretariat, in the organisation of the Tenjin Matsuri festival, which was a great success and was paid for primarily by the relevant Japanese Prefectural Government. That was great for the relationship and great for the development, trade and the contacts that occurred between private sector participants in our respective communities.

A Central Java trade mission to Queensland, which coincided with Warana 93, included 42 senior Indonesian representatives. Meetings were arranged between the Indonesian business representatives and 95 Queensland firms. I have the figure in relation to the investment and trade resulting from that.

Market development missions are another example. There is a range of them, such as those to the Tokyo Furniture Fair involving six Queensland firms, and schemes such as QEDS and QAES, which have come in recent times and which have been very well received by the private sector generally, in respect of QEDS, and particularly by the agricultural sector in relation to QAES. These are really good achievements and I think they greatly enhance performance and efficiency in terms of the focusing and allocation of resources by that one division alone. That is something of which my department can and should be very proud. I would have that thought it was an area where we would have got credit and did. I will turn to the Office of the Coordinator General.

Mr BORBIDGE: If that is the measure of your success and the reason for the massive increases in resources to your department, why is it that in 1989 Queensland was accounting for 45 per cent of every investment dollar being spent in Australia yet under your brave new regime that has dropped away considerably.

Mr W. K. GOSS: I think we are back into question time now and we have lost sight of the Estimates. I am trying to avoid being suckered into one of these stunts and arguing over political issues. These are really supposed to be about the Estimates of proposed expenditure for 1994-95. I do not think you can get much further away from that than that last question. I will say that there did occur between 1989 and today something called "the recession". Queensland was not insulated from that; although all independent commentators would say that we performed best of any of the States in terms of an improved economic performance during that period. That is not all due to the good government of this State by my Government, but I think we are partly involved in that in terms of the policies that we implemented—particularly in relation to the Budget with reducing debt, and having the lowest taxes and charges in the country. Compared with the Liberal/National Party administration in New South Wales, for example, their taxes per person are about 40 to 50 per cent higher than Queensland. That is the sort of reason why this "brave new world", as the

member calls it, has in fact been performing better than any other State since 1989. I remind the member that there was something called "the recession" and there was also during that period, because of financial problems at home in Japan, particularly in the property market, something of a pull back by Japanese investors right around the world. Given the significant component of their portfolios that many Japanese investors had in Queensland, that was always going to have a greater effect on Queensland during those difficult years in the Japanese economy than it did in other parts of the country. I think my answer is responsive to the question, but I think both the question and the answer, with respect, Mr Chairman, have nothing whatsoever to do with the proposed Estimates of expenditure for the 1994-95 financial year.

Mr BORBIDGE: Your Budget papers tell us that there are 76 staff working in the Office of the Cabinet. A recent copy of the department's internal telephone directory, which was faxed to my office on 23 May, suggests that the Office of the Cabinet has 91 staff. Which figure is correct? Is it that 16 staff will be retrenched by 30 June, or do your Budget papers give a misleading impression of the true strength of the Cabinet Office?

Mr W. K. GOSS: It is just a clerical error in the Premier's Department in terms of the staff who had left being included in the telephone directory. But a new directory will be coming out soon and that will correct that situation.

Mr BORBIDGE: How many officers are seconded to the Office of the Cabinet?

Mr W. K. GOSS: The current staffing is 76 and the secondments are fewer than five.

Mr BORBIDGE: How long have these officers been seconded from other departments to the Cabinet Office?

Mr W. K. GOSS: It varies from time to time, depending on the nature of the project. Examples of projects which the Office of the Cabinet might undertake which would require secondment vary greatly. Typical examples would be the land rights legislation back in 1991. Obviously, that involves consultation with a range of departments, starting, of course, with the Family Services and Aboriginal and Islander Affairs Department but including also other departments such as the Department of Lands, the Department of Minerals and Energy, the Department of Environment and Heritage.

The Office of the Cabinet, to which I have given responsibility for the coordination of policy to those areas that require a whole-of-Government approach or involve matters of some complexity and several departments, requires sometimes a supplementation of expertise that within the office by people from a particular department who have specialist knowledge. In that case, you would have officers from those departments that I mentioned seconded for months at a time. Similarly, in relation to the drought working group or the drought task force—

Mr BORBIDGE: Who pays the salaries in that situation?

Mr W. K. GOSS: In that situation the salary would be paid by the host department or it can be the subject of negotiation between the two Directors-General, depending on how long the job goes for in respect of resources of the particular departments. I mentioned the land rights working group. Another one was Mabo, obviously. Another one was the drought task force or working group, another would be the Rail Taskforce. It varies from time to time. Sometimes they can be quite short-term tasks; others can go on for quite some time. As soon as is reasonably practical, those officers are returned to their original departments.

Mr BORBIDGE: How many consultants are employed in the Cabinet Office, and what is the total cost?

Mr W. K. GOSS: I do not think that we have any consultants employed in the Cabinet Office.

The CHAIRMAN: I think the time for allocation of questions by non-Government members has expired. Before I turn over to the Government members, I think this might be an opportune time, as a large number of your staff have arrived, Mr Premier, to say for the information of new witnesses that the time limit for questions is one minute and for answers it is three minutes. A single chime will give a 15-second warning and a double chime will sound at the expiration of those time limits. Also, for the benefit of Hansard, I would ask that the departmental officers identify themselves before they answer a question.

Mr Premier, the Budget Estimates for the Trade and Investment Division amount to a total of \$17m. This is an increase of almost \$4.5m. Do we get good value for money from the Division in terms of export inquiries and values? I appreciate that you have answered with some examples of that material in answer to Mr Borbridge, but are you able to explain that further for this Committee?

Mr W. K. GOSS: Yes. I think it is a very important area because what we all have to realise in Queensland and Australia is that our domestic market is too small. I think that there is a growing realisation that we have to have a stronger export culture and that small to medium-sized business in Queensland have to get overseas.

I think the Trade Division, under the direction of Mr Harris, who came to us from Austrade, has done a reasonably good job in the time that they have been doing this. I outlined before a wide range of initiatives that the Trade and Investment Development Division had been involved in, in my answer to Mr Borbridge. I can give some more detail that I think would interest the Committee. For example, official ABS statistics show that our exports from Queensland overall, and in particular to countries targeted by the Division, have increased appreciably. For example, total Queensland exports to our major export destinations—particularly I am talking here about the Asia Pacific where we have had a real focus—have gone from the period of the recession from about \$10.8 billion in 1991-92, in the early days of the Division, to an estimated \$12.5 billion or so for this financial year. I am talking about countries like Japan, Korea, Taiwan, Hong Kong,

PNG, Indonesia and China. They are obviously not responsible for all of that, but they have certainly played a big role. We think that the benefits, in fact, are substantially greater because once people get up and running in terms of their involvement in Asia, they cut themselves loose—or we cut them loose—and we do not hear any more in terms of their successes. It also takes time to bring off investment opportunities at some stage, so there may be a lag of some years before you get a pay-off.

In terms of new investments back into Queensland, we would think that the Division has influenced new investments into Queensland, in the short time that it has been focusing on that, of around \$168m or so. So I think the benefits have been quite significant.

I mentioned before, in answer to Mr Borbridge, the QEDS scheme and the QAES scheme. They have been very well received by the private sector, and I think that the proof of the pudding or the test of these schemes is often the response they get in the marketplace. I must say they have been getting a very good response in the marketplace. I continually get not just the sort of public comments favourable in relation to those initiatives, but I frequently get private unsolicited letters to the Department and the Division as well in relation to assistance that has been provided by TIDD.

The CHAIRMAN: Do you have any detail on how many investment inquiries the Division would generate in a year?

Mr W. K. GOSS: In the current financial year—and I think we can expect this to improve—on our projections, the Division would have processed about 2 500 export inquiries and they have resulted in known additional exports or sales worth \$127m, I think I said before. And that is known, I stress; it could be more than that, with additional exports of maybe up \$250m projected over the next 12 months. In terms of investment inquiries, they have processed about 885 investment inquiries and influenced the achievement of approximately \$87m in new investments just in this financial year alone to date with added or additional potential investment projects amounting to \$660m to \$760m under consideration. I think that is a pretty remarkable result, given the depressed state of the national and international economy over recent times and the reluctance that people have had to invest generally, but particularly in areas that are very important to Queensland like the agricultural sector, for example, where we have been hit by the drought; like the mining sector, where we have been hit by low commodity prices; and tourism, where the property market has taken a real battering. So I think those figures, when you put them in that context, are very good. With the emerging natural and, indeed, international recovery, we can only see those numbers and results improving.

The CHAIRMAN: Many other bodies in Queensland undertaking work of a similar nature are seeking investment for Queensland, or seeking to develop trade opportunities. The ones I think of particularly are Mr Harris' old organisation of Austrade—although that is a national body—the

Office of Economic Development of the City of Brisbane, the Queensland Confederation of Industry and Commerce, and various private sector companies and consultants. Does this Division simply duplicate the work that other people are doing, or how valuable is it to our State?

Mr W. K. GOSS: We made a conscious policy decision, and the practice of the Division is very much to avoid duplication—to do what we do in our own interests where that is necessary to service a particular Queensland interest, but elsewhere to work through agencies such as Austrade, or to work cooperatively with them. We are a supporter of the National Trade Strategy Consultative process and we work with individual Austrade units on individual initiatives. So I make it plain that we prefer to work with them. We only have offices, as you probably know, in London, Hong Kong, Taipei and Tokyo, and they are very much looking after specific Queensland interests but, wherever appropriate and wherever possible, at the same time are working with the national effort.

We have also been—and I think consistently with that; if I can underline that point—the first State, rather than to open an additional overseas office, which is what some States have done, to have entered into a unique agreement with Austrade to purchase at a substantial discount in-market services from Austrade in particular markets where we think it does not warrant the expense of us doing directly from here, or it does not warrant the cost of opening an office. I think that has been well received. Discussions that I have had with Austrade officers indicate that they are happy with the cooperative approach, and that is discussions that I have had here and in some of those markets.

For example, Queensland used to have an office in Los Angeles, which I really do not think was too serious. It was a parachute for someone. We closed that and put the money into what we thought was a better return, which is Taipei and Hong Kong. I was recently in Los Angeles for a couple of days and the Consul General there—who is a former Austrade officer, I think, if my memory serves me correctly—served our interests very well. He was very supportive, and the early coordination and consultation between the Divisions, my Department and him set up that visit, and the couple of days of meetings and conferences that I had went very well. So I think that is a good example of where we can save money by pulling out a full-time presence but still get a very effective bang for the buck by that cooperative approach with the national effort.

Mr BUDD: Mr Premier, on page 42 of Budget Paper No. 3, I note that one of the major program issues of the Office of the Queensland Parliamentary Counsel is for the Office to have the responsibility for the management of the Government's legislative reform program, and the Office does attempt to provide a high standard of legislative drafting service for both Bills and subordinate legislation. Could you advise the Committee if the workload of the Parliamentary Counsel has increased and, if so, to what extent?

Mr W. K. GOSS: Yes, I can. I think I indicated to Mr Borbridge before, when he was on his quest for evidence of increased performance or efficiency, that the Office of Parliamentary Counsel had been pretty good at doing that. Under the leadership of Mr Leahy, the Office has been substantially reformed. I think the Parliament has been well served by the Office of Parliamentary Counsel.

Amongst other things, I would like to mention such reforms as the implementation of a plain English policy and an increased emphasis on the accessibility of the language used. The very complex land rights legislation in 1991 was a good example. The other thing is the link between policy and legislation. But, in a more direct answer to your question, while maintaining these higher standards and implementing these reforms, the output of the Office is consistently higher than many of its interstate counterparts. For example, since 1989—if people are concerned about performance and efficiency—the Office has increased its workload substantially.

In 1992, 68 Bills and 463 pieces of subordinate legislation resulted in a total of 5 500 pages of legislation. In the 1993, it dealt with 85 Bills and 521 pieces of subordinate legislation totalling 6 000 pages. That is consistently higher than other States. I do not have the total figures for 1993 available, but, from information that we have from interstate, we would say that our output in terms of the performance of our Office of Parliamentary Counsel is 10 to 15 per cent higher than that in New South Wales and Victoria.

Of course, in addition to servicing the Government's demands, which have been pretty heavy given the reform program and changes to legislation which have been quite massive in recent years, the Office of the Parliamentary Counsel, as I understand, has been providing a higher level of service to the Opposition in relation to the urgent drafting of amendments and services required by the Opposition from time to time as legislation comes through the House. I am very well satisfied with the level of the performance there.

Mr DAVIES: Page 52 of Budget Paper No. 3 mentions the program policy on information. I note that there is an expected outlay this year of about \$2.027m. In relation to the Information Policy Board, what specifics savings or improvements have occurred or are expected to occur?

Mr W. K. GOSS: Once again, I did not have time to address this in the limited time before in answer to Mr Borbridge when he was seeking information about improved performance, efficiency, savings and so on. This is another good example. The board's activities have been very beneficial to the taxpayer. Some of the more significant benefits that have resulted from the board's activities in the information technology area include the Q-TEL/PACSTAR arrangement to rationalise State Government communications, which is expected to save us about \$10m a year. The Microsoft Government software contract, in conjunction with the Administrative Services Department, has saved \$1m in about 10 months. Similarly, the WordPerfect

program, supervised by IPB, has saved about \$100,000 in three months.

There have been other software rationalisations that have reduced purchase and support costs. They have also facilitated and guided computer-aided dispatch systems between the Police and Emergency Services that could—and I could not put an exact figure on this at this stage—expect to save as much as \$2.5m over three years by avoiding duplication. Generally, their support and advice in best practice and facilitation assists just about all departments in terms of their cost-benefit performance in the information technology area.

Mr NUNN: In the important area of trade and investment, some new initiatives have been introduced in an effort to increase the export of Queensland goods and services as well. There seems to be a general recognition that trade and investment in Queensland is expanding—and the Premier has been able to demonstrate this in his previous answers. To expand exports even further, an allocation of \$2.1m has been made available to Queensland export firms through the Queensland Export Development Scheme. Could you please provide the details of how the scheme would work and how many applications you would expect it to process each year?

Mr W. K. GOSS: As its name suggests, the Queensland Export Development Scheme is designed to try to encourage exports by private businesses in Queensland. We think it is a good scheme. It was not fully operational until about late 1992, early 1993. It operates across all sectors—manufacturing, primary production, traded services and tourism. The Trade and Investment Development Division coordinates QEDS delivery, but largely through existing regional networks of DPI and DBIRD. They have not duplicated with their own structure. An internal audit of QEDS was recently undertaken to address the performance of the procedures and systems. That indicated that this scheme does embody the desired features of consistency and transparency in its administration.

It was designed to fill a gap in the market, based on feedback that we got after extensive consultation with industry and with industry organisations. The budget overall is about \$5.8m over three years. To date, about \$2.6m has been allocated to 70-odd firms, and half of about half of those are located outside of Brisbane. The first matching payment based on negotiated milestones were written into the agreement. This is typical. We enter into an agreement with the beneficiary. That first agreement was made late in the 1992-93 financial year. There have been a number of payments since then.

I am advised by the division that new export and firm export orders attributable to QEDS assistance, as confirmed in a recent survey of a number of businesses in the portfolio, amounted to more than \$13m. The division advises me that it expects returns to be greater than 20 to 1 on grant investments over three years. Obviously, this will have benefits in terms of increased investment domestically and increased employment. But I think

the best long-term benefit of this is the development of an export culture, and getting people into export markets. They then tend to get onto their own two feet and do it themselves. The ripple effect of that is that we tend to see other businesses in a similar line of business seeing that their neighbour can do it and realising that they can do it, too.

A very good example of how this culture is developing can be found in the awards that I instituted back in 1990 for export performance. I think about 90 people attended the first dinner and entered the first round of competition or application for awards. That has grown over the three or four years to around 500 people. We have to close down registrations. So there is great enthusiasm for this sort of scheme and program.

Mr DAVIES: I have another question in relation to the Trade and Investment Development Program. It is about the Queensland Agribusiness Export Scheme. I note from Budget Paper No. 3 that that was a major policy initiative included by the Government last year. Mr Premier, could you, for the benefit of the Committee, explain how that program works?

Mr W. K. GOSS: I think a summary of information has been provided on page 7 of the program summary to members of the Committee, so I will not go through that again. I draw your attention to the fact that it involves about seven initiatives. In terms of its performance—we are trying to put together a broad framework of strategies which, once again, are designed to try to encourage and enhance private sector performance. We are trying to start people up. We get out of the way, and they perform themselves. That is not something that Governments should be seeking to do permanently.

Already, for a fairly new scheme, it has been very successful. A large part of the reason for this is the expertise that the division has built up from extensive consultation that was undertaken with industry. I will give members some examples of the results already achieved. We have had 45 companies linked via four inbound buyer visits, resulting in negotiations of initial sales of about \$220,000 and potential sales from those buyers of about \$2.8m a year. We have had 28 firms participating in two international trade fairs—Japan in March; Taiwan in June. There was a market assessment mission to Taiwan and Hong Kong in June. Some 71 food processing firms were assisted by the NIES Scheme, 14 more than last year.

We have business advisory and support service schemes established in six pilot regional offices in five areas—Ayr, Townsville, Mooloolaba, Hamilton, and two in Toowoomba. These provide simplified access to people in their own region to Government programs and incentives. More generally, we have had a coordinated approach to overseas missions and Queensland Trade personnel travel, not just in the division in my Department but also in other areas like the Department of Business, Industry and Regional Development and the Department of Primary Industries. Can I say this in conclusion: full implementation of QAES will take place in this coming financial year. It is still early days. There will

be an emphasis on targeted trade missions—for example, to Hong Kong—and placing firms in key Asian markets.

The CHAIRMAN: The time allocated for questions by Government members has expired. I now turn to non-Government members.

Mr BORBIDGE: When you established the Cabinet Office, you amalgamated a couple of areas, but its role probably best reflects the old Policy Coordination Division. Your Cabinet Office has an overall budget of 30 per cent more than that of the old Policy Coordination Division and spends more than 120 per cent more on salaries. What value have Queensland taxpayers received from this expenditure?

Mr W. K. GOSS: Tremendous value. Once again, in terms of your reference to salaries, you have not given me figures, but I just note—

Mr BORBIDGE: The source is the Budget papers.

Mr W. K. GOSS: Sure. But in terms of what we are comparing, we need to remember that there has been a change in methodology over the last couple of years to include on-costs, and you should take that into account. In terms of the performance of the Office of Cabinet, it really became plain to me after a year or two in Government that we needed an enhanced performance in terms of policy coordination, particularly when it came to whole-of-Government or cross-portfolio issues. I think that was needed anyway, irrespective of who was in Government, but it was probably more necessary for a new Government feeling its way a bit and also a new Government that had a fairly substantial program of reform, or one that was generated by independent commissions.

I set up the Office of Cabinet pretty much based on the Greiner model in New South Wales, which I thought had been pretty effective. In terms of the sort of value for money that has been obtained from it, let me give you an example as quickly as I can. The whole operation of COAG has been very important to the States and to Queensland; Asian languages; Hilmer report; mutual recognition; the Leading State document, our economic policy document; drought review; the rail task force; the \$150m Jobs Plan; land rights; prostitution; Mabo; juvenile justice; watch-house detention; health capital works; response to Burdekin; the Australian National Training Authority; the consultation document published by this Government *Crime Prevention*; reform of the legal profession; fundamental legislative principles; whistleblower protection legislation; SEQ 2001; the Queensland Women's Consultative Council; and Women's Infolink. You may recall that under the previous Government women's policy was pretty much ignored. We came to Government with a very specific policy to establish organisations such as a Women's Policy Unit in the Premier's Department to recognise its importance, the appointment of a women's policy adviser and the establishment of organisations such as the Women's Consultative Council. The Office of Cabinet has been involved in all of those activities, and I have an even longer list here somewhere, if you

want to go through them. I think that is tremendous value for money.

Certainly, industry leaders, particularly rural industry leaders, have regularly commented to me on the value that they see in the Office of Cabinet in terms of consultation with them and coordination of cross-portfolio activities, and that includes not just canegrowers, grain growers, cattlemen and graziers—pretty much the whole spectrum. They have been well pleased with the consultation and benefits that they have received from the office.

Mr BORBIDGE: I note that the Cabinet Office has 10 separate units, one of which is called Corporate Services. What does this unit do, and why does the Cabinet Office need a Corporate Services Unit, when your department has \$7.2m and 97 staff already devoted to this purpose?

Mr W. K. GOSS: I am advised by the finance officer that that is the allocated cost—in other words, the department has an overall corporate services cost, but it allocates a nominal component to agencies or offices such as the Office of Cabinet to once again reflect the true cost of corporate service rather than having them all put in the department, thus placing you in the position of having to ask me questions as to why the corporate services costs of the Office of Cabinet are included in the department Budget as opposed to the Office of Cabinet Budget. It is just greater transparency and accountability.

Mr BORBIDGE: You have an Economic Policy Unit, a Land Use Planning Unit, a Legal and Administrative Policy Unit, a Social Policy Unit and a Women's Unit. Does this not duplicate the work of other departments that have responsibilities in these areas?

Mr W. K. GOSS: No, not at all. It could if we let it get out of control, but those units are pretty small, if you look at the individual staffing numbers per unit. For example, if you take the Economic Policy Unit, there are 11 people there; the Social Policy Unit has 11; the Women's Policy Unit has about 14; the Legal and Administrative Policy Unit has about eight; and the Environmental and Land Use Planning Unit has about six. They are not large numbers when you break them down like that. It is a pretty lean organisation for the big job that it has to do, namely service the Premier and coordinate the cross-portfolio or whole-of-Government activities of an organisation this size.

Let us pick one out. The area of women's policy is a good example. There had been insufficient attention paid over many years to areas and issues of interest to women. What women were saying to the Government was, "Look, we want our interests to be considered from a whole-of-Government perspective." For example, if an individual department brings a submission to Cabinet in which it has really failed to look at particular issues of concern to women, that will be picked up by the Women's Policy Unit. That unit will undertake some consultation and attempt to address that.

As to an area such as the Economic Policy Unit—you might have a difference of view or a difference of approach between two economic

policy related portfolios. It might be Transport and Treasury, for example. Using the good officers of the Office of Cabinet, through consultation, we try to sort out those differences before they get to Cabinet. We try to avoid arguments at Cabinet if we can and just concentrate on constructive debate. If there cannot be a resolution of the differing approaches or the different assumptions that have been used by departments, then obviously it goes to Cabinet for decision. But we have found that very good in terms of actually encouraging or directing consultation between departments rather than operating in a way that might suit the interests or the agenda of one particular department but affect adversely the other department. It really lends itself to much smoother running of the business of Government. I think that has been the experience both in New South Wales and certainly in Queensland since the Office of Cabinet has been in operation.

Mr BORBIDGE: As you have an Economic Policy Unit in the Cabinet Office and one in Treasury, which has responsibility for determining Government policy?

Mr W. K. GOSS: The Cabinet has responsibility for determining Government policy. These agencies give us advice. That is the difference between this Government and the previous Government. We get the best quality advice that we can, and then we make the decisions. I must say that there is a good working relationship between those two units to which you have referred. They tend to concentrate on different areas. For example, Treasury will be more interested in issues such as corporatisation; the Office of Cabinet will be more interested in initiatives such as the Leading State document, which you will recall had a more comprehensive approach in terms of economic policy. That is where the Office of Cabinet comes into its own, because that is where it will talk to Treasury, DBIRD, DPI, Minerals and Energy, Environment and the whole box and dice to ensure that we achieve a whole-of-Government perspective. So, there really are different but complementary roles to be played by the two units to which you referred. I can assure the member that there really is no problem with conflict or duplication.

Mr BORBIDGE: There have been a number of occasions on which Cabinet submissions and Cabinet decisions have had adverse effects on rural Queensland. Where was the Cabinet Office then?

Mr W. K. GOSS: As I said, the Cabinet Office does not make the decisions. The decisions are made by the Cabinet. I think the best example that people are aware of, and that you would be aware of, are the rail decisions that were made last year. Those sorts of options came up in the Budget Review Committee, which consists of five Ministers and is supported by a range of officials. Because we were facing a reduced payment in terms of our entitlement and our expectation from the Federal Government, we set about, in accordance with our fairly disciplined policy of balancing the Budget, to find the savings necessary to do that. Now, a whole

smorgasbord of options was rolled up, and included in those were the rail ones.

I think that, with the benefit of hindsight—and I have said this publicly before—we had the blinkers on a bit in terms of our determination to find the savings and we overlooked some of the community service obligation issues to some of those rural communities that were serviced by those trains. When the decision was made, neither the Office of the Cabinet nor the Economic Policy Unit of Treasury nor the relevant officers from the Department of Transport were in the room, it was the Ministers. Now, those decisions were made, and we got our bums kicked over that.

After undertaking consultation myself with various local government leaders and industry representatives in rural Queensland, I personally initiated a review. Once I determined that a review should be undertaken, I announced that and I called in the Office of the Cabinet and said, "This is obviously something that involves a number of departments and will also involve consultation and liaison with a wide range of industry, community and local government organisations outside of Government", so I got them to establish the Rail Taskforce to undertake that review, the results of which subsequently came to Cabinet and their recommendations were accepted. That is how the Office of the Cabinet was able to play a very useful role in finding a satisfactory resolution to that particular controversy—satisfactory to most people concerned.

Mr BORBIDGE: Between 1991-92 and 1992-93, there was a 28 per cent increase in the Cabinet Office Budget at a time when staff numbers fell slightly. As this increase remains built into this year's appropriation, what accounted for this increase and what new programs were undertaken?

Mr W. K. GOSS: Once again, it is an example of the changed methodology with other costs associated with staff such as superannuation, FBT and the rest being brought into account; in other words, user-pays budgeting.

Mr LEIGHTON: Budget adjustments to reflect that.

Mr W. K. GOSS: Budget adjustments to reflect that.

Mr BORBIDGE: What is the full salary package of the Director-General of the Office of the Cabinet?

Mr W. K. GOSS: The package is exactly the same as that of all chief executives. There are three levels of chief executives, (1), (2) and (3) or (a), (b) and (c)—I do not know which way they go. The Director of the Office of the Cabinet is in the middle category and has the standard package, as I recall it.

Mr BORBIDGE: And that would be?

Mr W. K. GOSS: I do not know, but I could undertake to give it to you within the next 24 hours—sorry, I have just been corrected, the Director-General is on the lowest of the three categories, not the second.

Mr BORBIDGE: But you will provide that information?

Mr W. K. GOSS: Sure. I am happy to.

Mr BORBIDGE: Is it the role of the Director-General of the Cabinet Office to brief members of the media and, if so, how much money has been spent on this activity?

Mr W. K. GOSS: It is a pretty minor part and, really, you can call it a marginal or incidental part of his role. From time to time, what happens is that senior public servants, particularly those in key positions such as the Director-General, are approached by people, sometimes from the media, for an interview or an explanation in relation to some major policy initiative.

A good example is that Mr Rudd was very prominently associated with and recognised right around Australia as having been the driving force behind the book that was written and published and adopted by the COAG meeting in Hobart in relation to a national Asian languages and studies program. A lot of people would approach him about that. He was also centrally involved in the establishment of the drought review, and if you ask any significant rural industry leader, they will acknowledge the role of Mr Rudd in relation to that particular undertaking which delivered strategic and focused and much needed assistance to rural communities affected by the drought. Whether it is the head of an industry organisation or whether it is a journalist who has an interest in the particular area, Mr Rudd has to work extremely long hours to do his job and to meet with and to advise or brief people in relation to those particular issues.

Sometimes, as I said at the outset, that will involve in a very marginal or incidental way talking to members of the media. It may, on some occasions, involve some limited entertainment, but nothing of a very substantial nature. The general entertainment expenses of the whole of the Office of the Cabinet are only \$11,000 for the year. When you take into account a range of functions, particularly the level of consultation activities undertaken by the Women's Policy Unit, I do not think that that is a substantial sum.

Mr BORBIDGE: Do you authorise the Director-General of the Cabinet Office to provide political briefings from time to time to selected journalists?

Mr W. K. GOSS: I do not know what you mean by "political briefings", but, no, that is not something that I would authorise. However, from time to time, obviously, when people seek a briefing or seek information in relation to a particular policy area, they will normally be motivated to do so. Whether they come from the Confederation of Industry or the *Daily Bugle*, they will often be prompted to do so because there is some topic of current controversy or some topic of wide ranging public discussion. So it would be the case of perhaps a political debate or political controversy generating the interest, but in terms of the Director-General's role in any advice or briefing to a member of the public, an industry organisation or any

other person who had a legitimate interest in that debate—he would, of course, limit himself to the policy issues involved in that regard. Generally, his practise has been to either request my authorisation beforehand or generally to advise me afterwards. I do not know whether he does that in cases where he gets bailed up walking down George Street or not.

Mr BORBIDGE: As the average salary of someone who works in the Cabinet Office is now \$60,000 per year, are taxpayers getting value for money for such high salaries, and what performance indicator can you provide to prove your point?

Mr W. K. GOSS: I have referred you to it before, and I will not go through it again, but you know that very long list that I gave you before that the office had been involved in. That lists very important national issues and very important issues for Queensland.

Mr BORBIDGE: Are you saying they would not have been done without a Cabinet Office?

Mr W. K. GOSS: Well, they would not have been done as well, and not only would we have not had the same level of contribution, but also the other thing we would have missed is the cross-portfolio coordination that I mentioned before that is very important in terms of getting a quality result. The system that we started off with in late 1989 or 1990 generated terrible confusion in the Cabinet from time to time when a Minister would come along with a particular submission. I can see how the previous Government got so many things wrong and how so many rorts and funny deals slipped through because there was so much going on. There was so much confusion—late submissions were dropped on the table. I said that I was not going to have that. In fact, back in August 1989, before we were in Government, I published a paper saying what some of the reforms that we would bring in in that regard would be. The Office of the Cabinet was a logical extension of that once I saw the sort of problems that were starting to affect us. I did not want to go down the road of the previous Government, so I looked around for solutions to that. I thought that the Greiner model that the Liberal/National Party had in New South Wales was pretty good, so we had a talk to them, and that is why we brought it in. Let me assure you—you do not have personal experience of this, but I do have daily personal experience of this—it works very well.

I have just been given some additional information on the salary. I think you mentioned a figure of \$60,000-odd. The average salary in the Office of the Cabinet is \$45,501. I think the figure that you are using, as I suggested before, includes other costs added on, and the Office of the Cabinet—

Mr BORBIDGE: We used the figure out of the Budget.

Mr W. K. GOSS: I am trying to explain it to you; I have done so already about three times. Bringing in the user-pays methodology means that those on-costs are put on, so when you quote a salary figure, it is not the true salary figure; the salary figure is incorporating the new user-pays

methodology. If you want clarification of that, the Office of the Cabinet is not the top rating in terms of average salary. The Coordinator General's, at \$49,529, is higher; the Information Policy Board, at \$45,818, is higher and so on. Just to explain that, the actual average salary is about \$45,500.

Mr BORBIDGE: Who has more power within the Premier's Department, the Director-General of the Premier's Department or the Director-General of the Cabinet Office?

Mr W. K. GOSS: Clearly, I think the senior officer and the person with more power in that sense is the Director-General of the Premier's Department. The Director-General of the Office of Cabinet has considerable power, but within a much more limited sphere of activity. The Premier's Department services me generally. It covers Trade and Investment, and parliamentary and Government services. The PSMC also comes within the umbrella, and the Office of Parliamentary Counsel. There are some others, but I will come back to that.

The CHAIRMAN: The time allocation for the period of questions by non-Government members has expired.

Mr DAVIES: I would like to come back to the Trade and Investment Development Division. I note from Budget Paper No. 3, page 56, that there are four overseas offices and six international secretariats. It appears—from what I can glean from the Budget statements—that there has been an increase in the costs for those offices. I wonder whether the Premier could outline to the Committee the reasons for those increases in costs.

Mr W. K. GOSS: There have been some changes in terms of the methodology of calculating those costs, which I shall just ask the finance officer or someone else to dig up for me while I talk about it. The role of the offices has changed somewhat. They have a much more trade and investment focus now. There is not so much of the cocktail circuit or social activities. We have tried to supplement those overseas offices in other areas, rather than open an office there, to have what we think are more efficient, country-based secretariats in the division itself, each of which is staffed by people fluent in the language of the country that we are trying to deal with. Those secretariats operate very well—in fact, so well that we have just been encouraged to set up a couple more, relating in particular to Papua New Guinea and the South Pacific.

In terms of the overseas offices' increased costs—I think if you just look at the raw figures in the Budget papers, they indicate an increased cost of around 40 per cent. The overall cost of increasing the operations of the overseas offices has increased due to these factors: firstly, the opening of new offices in Hong Kong and Taipei. They are now under this Government. Secondly, there is the reallocation of the rental and associated costs of the operation of the London and Tokyo offices under user-pays principles, which I was explaining before in answer to other questions. So you have those costs—rental and associated costs—added in where they were not before.

In addition to that, you have some problems from adverse movements in the Australian dollar against the yen, for example, of 30 per cent, making some offices more expensive to operate; and, at some stages, higher inflation levels in Australia than in host countries. Those are the main factors. The real increase has been those two new offices. The other changes really result from changes in methodology or factors over which we have no control.

Mr DAVIES: You started to say that the role and operation of those offices has changed. Is there anything further you would like to say on that?

Mr W. K. GOSS: Just briefly. I think that is reflected by the fact that the London office, which was a bit of a cocktail-circuit operation, has been substantially downsized to focus on what we see as its core business, which is trade and investment development. Not only have we done that in terms of downsizing its resources but we have expanded its area of responsibility; so that office now has to provide a greater servicing of Europe—in particular, regular or periodic visits to Paris, Munich, Frankfurt and other areas where there might be a possibility of doing a deal.

The other thing, of course, is that it is now not an Agent General or an overseas representative office; it is a Trade and Investment Development Office. I think that, in brief, sums up what we have been trying to do. I think the closure of the Los Angeles office also reflects that, and the redirection of those funds to Hong Kong and Taipei. Each office is now staffed with officers who have first-hand knowledge of the business and cultural practices of those particular countries. In addition to that, we have brought in what was not there before under the previous Government, that is, a detailed operational plan. That, obviously, has a strong focus on trade and investment.

Each office is, furthermore, required to deliver a monthly report on its activities, and is regularly—from memory, I think annually—audited by the division here in Brisbane to ensure continuing high levels of performance.

The CHAIRMAN: The program statement for the Public Sector Management Commission refers to the development of new standards in the public sector. What are these standards, and what are they designed to achieve?

Mr W. K. GOSS: The advice that we received from the Public Sector Management Commission was that there needed to be reforms in a range of areas in the public sector. I referred, in my answer to Mr Borbridge before, to a document that we published in August 1989 in relation to the need for reform of the public sector. We implemented that policy with the establishment of the Public Sector Management Commission in 1990. In fact, I think it was the first piece of legislation introduced by this Government into the Parliament.

What has happened as part of that is that the PSMC has developed new standards. They relate to the following kind of things: recruitment and selection, performance planning and review,

grievance procedures, executive performance management and development, fair treatment of employees, managing diminished performance, position descriptions, employee assistance, job evaluation, and so on. The PSMC conducts information sessions in relation to the standards that are targeted at managers and supervisors. They seek to establish a framework to assist management to implement better management practices across the public sector. They have not necessarily been easy to negotiate and introduce or explain in all cases, but we see the reform of the public sector as an ongoing process. With the information and training that is delivered to our managers and supervisors, we believe that, over time, this will make for a more efficient public service generally, and the standards are part of that.

The CHAIRMAN: So in an overall sense, you see that these standards would result in significant efficiency increases and cost savings for Government?

Mr W. K. GOSS: We believe they will, because they will result in a better quality of management and better management practices. In that sense, we have been careful not just to concentrate on training or having information sessions for managers. There has been very close consultation with public sector unions as well to ensure that they understand and, where possible—although it is not always easy—have some measure of support for these practices, because better management should mean a better climate in which to operate for employees. So we think it is the right way to go. We believe it has broad support, even though it causes a bit of extra work or heartburn from time to time.

Mr BUDD: No doubt you are aware that one of the recommendations of the Electoral and Administrative Review Commission was to suggest to the PSMC the introduction of a Code of Conduct for public sector employees. I note that, on page 55 of Budget Paper No. 3, the outlook for 1994-95 has to do with that Code of Conduct. Could you inform the Committee what progress has been made on implementing the Code of Conduct?

Mr W. K. GOSS: There was a fair period in gestation, but the Government finally got the two reports. Cabinet considered it, and Cabinet has decided to introduce a new and comprehensive Code of Conduct for all public sector employees. The PSMC has been given the responsibility, and it is currently developing the necessary legislation and the draft code. What the code will do for the public sector is, firstly—we hope—reduce the incidence of misconduct which requires costly investigation, whether it be by the CJC—which is the most expensive kind you can get—or the courts; secondly, to provide a clear basis for agency chief executives to take effective disciplinary action themselves for breaches of ethics and standards and, lastly—hopefully—increase standards of service and performance for the clients, that is, the Queensland public.

It will be based upon a new proposed public sector ethics Act, which will declare five fundamental

ethical obligations as the basis of good public administration: firstly, respect for the law and system of Government; secondly, respect for persons; thirdly, integrity; fourthly, diligence; and finally, economy and efficiency. It will establish a small support unit within the PSMC itself to provide advice to agencies on the implementation of that scheme, which will rely on making disciplinary and performance management processes work better. There will not be new disciplinary provisions for ethics breaches.

Mr NUNN: During the process of restructuring Government departments, I imagine that there has been a number of the appeals over appointments. In fact, from time to time I have been approached by constituents regarding appeals in which they may have taken part from time to time. It is quite obvious from these conversations that these appeals can be quite expensive both in terms of time and money. Can you tell me what the PSMC has done to manage this situation?

Mr W. K. GOSS: You are right. The change of Government bought, as promised, a restructuring of the public sector. The benefit from a restructure and rationalisation of public sector activities is obvious, particularly when you have had one Government in power for 32 years. I am not making a political point there. If you have the Labor Party, the National Party or the mad hatters tea party in power for 32 years, you are going to get some degree of ossification or some degree of the whole place cobwebbing over.

It was necessary to have a good clean out and a good restructuring. The PSMC was given that task. The consequence of a large restructuring is that you will get displacement, creation of new positions and abolition of old positions. You will have people who are displaced and then have to compete or apply for new positions—often in new organisations. That will inevitably lead to dissatisfaction or disappointment among people, so you really have to have some sort of reassurance there and a mechanism there to ensure that people get fair treatment in relation to the appointment process. That is why you have an appeal system.

We have always had an appeal system, but when you get a change like that you will get a large number of appeals lodged. I want to stress that the appeal system is just one means of achieving that end. If we can get in place a process where merit is protected up front, then you will reduce the number of appeals and you will not have the level of dissatisfaction that would otherwise occur if people do not have confidence that the merit principle is being protected up front. The Government put before Parliament a proposal that appointments could be exempted from appeal to the Commissioner for Public Sector Equity, which is part of the PSMC. The Commissioner was satisfied that the principles of equity and merit are sufficiently protected by other means. The Commissioner has issued interim guidelines regarding the exercise of this power. I should note for the record also that there has been some reluctance on the part of chief executives to seek an exemption and to unions to consent to the

granting of it. I think this is a better arrangement than we had before, where provisions could be exempted by the Governor in Council. In terms of fair treatment appeals which are of concern to people, I think that they are generally dealt with inside three weeks, which I think is pretty reasonable and I think that reassures people a fair bit. Promotional appeals are generally dealt with within three weeks after the relevant closing date.

Mr NUNN: You have touched on areas of efficiencies with regard to public sector management. I understand that one of the Public Sector Management Commission's program goals is the enhancement of efficient and effective service delivery in the public sector. This is a very important area of concern to the public given expectations that service will continue to improve over time. What has the PSMC achieved in this area?

Mr W. K. GOSS: What do you mean—in terms of the general quality of management, or what?

Mr NUNN: No—as I stated, in the enhancement of the efficient and effective service delivery as it was stated in its goal.

Mr W. K. GOSS: We have had a program of reviews starting with round 1 back in April to October 1990 where we had the Department of the Premier followed by the Treasury, Department of Manufacturing and Commerce, and Corrective Services done. Then we went on through successive rounds of review and recommendations in relation to restructuring and operation of various departments. In terms of what they have achieved, that review process has been completed. Secondly, standards—I referred to some of those before—and appeal systems have been developed. The reviews and standards that have been set out in that timetable have all not just occurred but they have also been systematically monitored.

Other measures delivered by the PSMC include equal employment opportunity policy. Particular attention has been paid to the proportion of women in senior positions. They have delivered an increased performance commitment in relation to training and development by individual departments. In terms of their performance generally in all of those areas, that involves a monitoring process such as client surveys. They meet financial targets that are set down and they also have specified turn around times. I think all of those things that I mentioned at the end are features of quality management and that is a pretty good record of performance in what has been a difficult task—one that has met with a lot of the resistance. The trouble with something like the reform process—if you want to use that loose term—is that everyone supports it in theory, but when they come knocking on your door, everybody says, "Why me? Why don't you go next door?" That has been one of the problems that the PSMC has had. Nevertheless, that very substantial body of work and achievement has been achieved largely within the time frame that was set by the Government—not entirely, but the time frame that was set was pretty ambitious. We are reasonably satisfied with the quantity and quality of the tasks that they have undertaken.

Mr BUDD: On page 54 of the Budget Paper No. 3 at the top of "Program Outlays and Funding Sources" there is quite a substantial amount of money set aside for salaries, wages and related payments. I would imagine that included in that figure a sum would be set aside for payouts of contracts. I understand that Dr Peter Coaldrake has recently resigned as Chair of the PSMC. Could you inform the Committee what sort of compensation had to be paid out for Dr Coaldrake's contract.

Mr W. K. GOSS: I am aware of some suggestion that Dr Coaldrake might be getting some special or residual payment. I can assure the Committee that there is no truth to that somewhat scurrilous suggestion. He was employed back in April 1990 on a four-year term. That expired recently. I discussed Dr Coaldrake's future with him and indicated that the Government would like to have him continue for another term. At that time, he indicated that he was interested in applying for a position back with the Queensland University of Technology. As his contract was about to expire, I offered him and he accepted a further three-year contract similar to the previous one, on the basis of his advice to me as a matter of courtesy and good faith that if he was successful in obtaining that position that he would seek to be released from the contract; in fact, he would seek to resign. I accepted his renewal of tenure on that basis. All that he receives is his accrued long service leave and holiday leave. There is no other residual or special payment.

The CHAIRMAN: I understand that the Office of the Cabinet played a role in the establishment of the Australian National Training Authority in Brisbane which became operational this year. Did this require a substantial diversion of Cabinet Office resources and was this diversion of resources worthwhile in terms of the overall results of these negotiations?

Mr W. K. GOSS: I think it was, but I left most basic negotiation on that to the Director-General and then it was brought back to COAG and confirmed. My voice is about to run out. I will ask the Director-General to talk about the development of ANTA and what that has meant for Queensland.

Mr RUDD: Members of the Committee might recall that in 1992 the Federal Government in its One Nation statement announced a particular policy intention in relation to the future of TAFE and training in Australia. That position was that the Commonwealth proposed to take over TAFE and absorb it entirely into its own functions.

The view taken by the Queensland Government at the time was that that was inappropriate and that TAFE continued to need to be sensitive to regional requirements both around Australia and within Queensland. The position taken by the Queensland Government was dissimilar to that taken by the Government of New South Wales at the time, which was quite happy to hand over TAFE to the Commonwealth.

We then had protracted negotiations for the bulk of 1992 about the future of TAFE. As a result of those negotiations, Queensland was asked by the smaller States, by which I mean Western Australia, South Australia, Tasmania, the Northern Territory and

the ACT, to represent their interests in negotiations with the Commonwealth to come up with a different model. The model we came up with was one which became the Australian National Training Authority, which is a body that does not result in the absorption of TAFE into the Commonwealth. As a consequence of that, the body was established here in Queensland and represents a satisfactory outcome from the Government's perspective.

The CHAIRMAN: The period of time for Government members' questions has just run out. Before we proceed back over to the non-Government members, we are running a bit ahead of time, and I thought we might take this opportunity to suspend proceedings for 10 minutes and let you have a chance to have a short break. We will be back here at 10 past 4.

The Committee adjourned at 4.01 p.m.

The Committee resumed at 4.12 p.m.

The CHAIRMAN: We will go back into session. We are now entering a period of allocation of questions for the non-Government members. Mr Borbridge?

Mr BORBIDGE: Mr Premier, according to the 1992-93 Budget in respect of the PSMC, estimated full-time equivalent PSMC staff as at 30 June 1993 was 45. The annual report for that year listed 64 full-time staff and the departmental phone listing at the time detailed 86 staff. Which figure is correct, and why three sets of figures?

Mr W. K. GOSS: The staffing figures I have as at 30 June 1993 are 89. As at the end of this financial year, it is 60. The estimated numbers for the end of June 1995 are 64. The thing that has to be understood in terms of the variations of the staffing levels of the PSMC is that they had a big lump of work in the early stages, particularly with the reviews, and it was always my indication to them and their understanding that they would downsize over time, which has occurred. I have a note here which may relate to part of your question. As at 8/3/94, the PSMC telephone directory indicates that there were some 86 officers working in the Commission. There are currently, I am told, 70, of which 61 are PSMC and the others are short-term secondees from particular Departments working on particular projects that the PSMC is undertaking. What you will effectively find there, I suppose, is that the telephone listing reflects the physical location but not necessarily the staffing establishment or expenditure for salaries, wages and related costs as a number of those officers are funded by their home Department. While there has been a general downsizing, there will be fluctuations depending on particular tasks that the PSMC may be allocated or may from time to time undertake.

Mr BORBIDGE: Mr Premier, under your Government there has been a 179 per cent increase in spending on public sector management. As you have mentioned, there has been a lump of work. We currently have a situation in which there is widespread community criticism and concern in respect of law and order. We have a health system that even many of your supporters acknowledge is in turmoil. There have been major management

problems in DPI and in the Department of Education. I would ask whether you could provide this Committee with evidence of the improved efficiencies that have flowed through to the taxpayer as a result of the PSMC and the massive amount of taxpayers' money it has consumed.

Mr W. K. GOSS: I note for the record that I would never accept the figure of 179 per cent, particularly when it comes from the member. But I will do my honest best—

Mr BORBIDGE: It is your spending; it came from the Budget documents.

Mr W. K. GOSS: You can ask your next question when I am finished.

The CHAIRMAN: I ask the Committee member not to badger the witness. This is not question time in the Parliament. There are very tight Standing Orders.

Mr BORBIDGE: I am more than happy not to badger the Premier if I am not abused for asking a question based on his Budget figures.

The CHAIRMAN: You have asked this question. I ask you to listen to the answer. You can follow up then. You are at the beginning of your question period.

Mr W. K. GOSS: Perhaps I will put it as politely as I can—I am not accepting the figure of 179 per cent because of previous experience in the use of statistics. I will do the best I can in the three minutes allowed to talk about the great improvements in health, police, primary industries and in the public sector generally. It is a fairly big brief for three minutes, but I think I can do it.

For example, we have over 1 000 additional police. There have been increases in salaries, equipment, systems, training, and all of the other recommendations of the Fitzgerald report. I believe the Police Service today has a much better standing in the community and a better performance and level of training than when we inherited it as a tattered and corrupt body from Mr Borbridge's Government.

In the first term, we identified a serious underfunding in health and hospital infrastructure. We did not have the money to do as much as we would have liked. That is why we raised the tobacco tax to the level of the other States. We have seen a range of reforms through regionalisation. Now we are seeing massive increases in the Health budget to repair the neglect to which the member was an accomplice.

As to education—once again, there have been record budgets. Although the Opposition seeks to tear that record system down and to denigrate it repeatedly, the money is flowing through. It is providing increased school grants, the construction of new schools, refurbishment of schools, and better-paid teachers, which is important in terms of the quality of education that our kids get.

As to primary industries—it is bit hard to measure performance in that area, given that over recent years and during the period in which we have been in Government we have had one of the worst droughts in Queensland's history. Take the egg and

dairy industries as an example. We brought in major reforms to bring people into the real world instead of leaving them vulnerable behind walls of protection.

In regard to the sugar industry—an area with which the National Party has been traditionally associated—it was a Labor Government that brought in the reforms and expansions of that industry that are now so much supported by cane growers. I can go on. Across the board in all those areas, there has been terrific value for taxpayers for the money to which the member refers.

Mr BORBIDGE: I refer to a report to former Prime Minister Bob Hawke in 1988-89 by the Economic Planning and Advisory Council which stated that, despite the fact that Queensland spent considerably less per capita than other States on areas of spending such as health and education, the standard of service delivery provided to Queenslanders was at least equal to the best that was being provided by other States in the Commonwealth. I also refer to the ongoing difficulties within the Department of Health, namely the fact that, through public sector management under your Government, costs have increased by 179 per cent, and I ask: how many reviews have been carried out by the PSMC into the Department of Health?

Mr W. K. GOSS: There was a general review, as occurred with all departments. Since that time, I think there has been one other review by a gentleman or an organisation by the name of McKay. I will give Mr Borbridge an example of how appalling the administration of Health was in terms of administration and corporate services. Under the system that we inherited from your Government, the Health Department could not tell us what staff it had. I forget what your budget was, but ours was over \$2 billion, and there were tens of thousands of staff. Under the member's Government, staff records were kept on cardboard cards in filing cabinets. It was Victorian—not geographically, but the era. That has made life very difficult for us, but we have struggled on. With the reforms implemented by the PSMC and a fairly substantial investment from Health, while there has been an increase in expenditure in some of those administrative areas, this was necessary to bring about modern management practices to understand the numbers and composition of our staff, so that we could make informed decisions as to where we needed more or fewer staff. We do not want to waste any money on overserviced areas.

In relation to capital works, I am sorry to say that the department that we inherited from your Government, Mr Borbridge, did not have any serious or worthwhile capacity to manage its capital works program. That is not easy to put in place; I concede that. But we are moving to do that, and that is particularly important when we need such a large expenditure on health and hospital capital works. We are undertaking that as part of the normal Health budget, as your Government would have done in relation to capital works as well. But we have added to that, of course, with the tobacco tax-related \$1.5 billion Capital Works Program.

In so many areas—and particularly in the Health Department—the public sector had been professionally and bureaucratically neglected by the previous Government. I really did not want to rake over all of those matters, because I do not think that is something we should be canvassing here. However, if the member, in terms of questioning the 1994-95 Estimates of proposed expenditure, wants to go back to 1989 and 1988 reports, then I will have no alternative other than to go through his Government's record in detail. I do not have a problem with doing that, because there is fertile ground there for me to till, but it really does not relate to the business of this Committee.

Mr BORBIDGE: In your latest effort to misrepresent my questions, you questioned the increase in the budget for Public Sector Management. The Budget for Public Sector Management for 1989-90 was \$2.456m, which appears at page 73 of the Budget papers; the Budget for Public Sector Management for 1994-95 is \$6.874m, which appears at page 54 of the Budget papers. It appears that the information and the figures to which I referred earlier were accurate. I ask: how many departments have been reviewed more than once? How many reviews does the PSMC have to undertake before it gets it right? In regard to departments such as Health, when will it have any success at all?

Mr W. K. GOSS: If we are going to go back to old reports and old documents, particularly back to 1989—

Mr BORBIDGE: You queried the figures.

Mr W. K. GOSS: —then you should re-read the Fitzgerald report, which exposes the tattered and pathetically sad and neglected nature of the public administration for which you were responsible both as a member of the then Government and as a Minister. In relation to the task that we gave the Public Sector Management Commission, there were—

Mr BORBIDGE: People are dying, Premier.

The CHAIRMAN: No interjections, please, Mr Borbridge.

Mr W. K. GOSS: It is a bit unfortunate that this Committee would descend to trying to exploit for political advantage the death of somebody in hospital. If that is the sort of point that Mr Borbridge is going to make about the Health policy and Health administration of this Government, I have to confess to this Committee that eventually everybody is going to die, and some of those people are going to die in hospital.

In relation to the reviews that the PSMC has carried out—it has carried out a review on all the major agencies. I am happy to provide a full schedule of about two pages in length—and I will read it out if you like or, alternatively, I can provide it overnight—of the PSMC reviews, commencing with round one in April 1990 and running through to round 13 in May 1994. Basically, we seek to carry out a comprehensive or overall review in relation to each of those departments or agencies that are listed there, and that is it—the one review. That is why the

PSMC's work force and responsibilities are downsizing over that period, as I indicated in answer to a previous question.

However, that does not mean that from time to time we will not see the necessity to examine, investigate or review some discrete part of a department. We do not work on the basis that you can get into Government in 1957, or 1989, and make some changes and then it is right forever. We have a culture of continuous self-improvement, as opposed to the slothful conservative approach, which is that you change things and then you just leave them; you just manage the status quo. We are not into managing the status quo; we are into trying to improve things and achieve a better result.

That means that from time to time, if we think there is a problem in a department, we make no apology for the fact that we will go back into that particular unit or that particular program and see how it can be improved. That will be necessary from time to time in various departments. For example, in relation to my own department, when it came time to make some changes in respect of the Office of Coordinator General, we sought the advice of the PSMC in relation to the new management structure. That is why you have professional management advice.

Mr BORBIDGE: I refer to the most recent PSMC review of the Health Department. What were the findings of that review? What action has the PSMC taken to ensure the recommendations have been acted upon?

Mr W. K. GOSS: If you really want to get into the Health Department, I am going to have to refer you to the Minister for Health. That is the type of activity that is undertaken by the Commission in close consultation and cooperation with an individual department. In those cases, I expect the PSMC to work with the Minister and with the department to bring about the resolution of the particular problem or issue concerned. That is what happens in these cases. It is the responsibility of the Minister for Health to deal with that, and it is the responsibility of the Minister for Health to implement it.

I am afraid that I am not going to fall for the trick of my Estimates being used to examine the Estimates of every other department. I have enough to worry about in terms of my own Department. I suggest that, in the time that we have between now and 6 o'clock, you direct your activities to the policies or programs of my Department in terms of my Department's substantive role.

Mr BORBIDGE: The questions were directed to the PSMC, for which you are the responsible Minister. I ask: how long are you prepared to tolerate a situation in which the end result of PSMC reviews is a deterioration in service delivery to the taxpayers of Queensland?

Mr W. K. GOSS: That is a false statement, and I do not accept it. It is just a bit of political huff and puff. I can do that, too, if that is what we are going to get into. But these Estimates committees are about the Estimates of proposed expenditure of my Department for the 1994-95 financial year. I know

you run up and down the State and up and down the Parliament talking about the decline in services in rural Queensland, the Department of Health or whatever. I suppose that is how you see your job. If you do, good luck to you. I am not going to quibble about that. However, what I am going to say to you quite clearly is that you are out of place in terms of trying to have a detailed examination of the performance of the Health Department or the Health Department Estimates this afternoon. You are welcome to come along to those Estimates when those Estimates are on.

In terms of the PSMC and its role—it is not the only agency. When these issues have come along, the Office of Cabinet has also had a look at them and provided advice. I am saying that that is their role. That is what they receive money for—to carry out that sort of activity. I have described their role. I have described how the process works in terms of the report or whatever it is then coming to the Machinery of Government Committee of Cabinet or to the Cabinet itself. The actual responsibility for the activities of that department and then the implementation of any reforms and the subsequent performance based on those reforms is a matter for the responsible line Minister.

Mr BORBIDGE: As Minister responsible for the PSMC, how do you judge the effectiveness of the measures that it recommends for reform of the public sector? What evidence of improved efficiencies can you place before this Committee this afternoon?

Mr W. K. GOSS: This is the answer I gave before, but I will give it again. The sort of performance indicators that we use for the PSMC are: firstly, the completion of its reviews, which has occurred, and secondly, the development of standards. I am prepared to read those standards out again if you like, or would you like to take them as read?

Mr BORBIDGE: You answer the question.

Mr W. K. GOSS: Okay, we will just find those and read them out to you again.

Mr BORBIDGE: What evidence has improved—

Mr W. K. GOSS: No, my answer is that then we have reviews and the standards systematically monitored. Other items of evidence that I would give you are: the Equal Employment Opportunity Policy; a commitment to training and development by departments; and monitoring processes consistent with quality techniques which include client surveys, meeting financial targets and turnaround times. The standards that they have been responsible for developing are very important, Mr Borbidge, in terms of better management and a more professional public sector. Those standards are: recruitment and selection, performance planning and review, grievance procedures, executive performance management and development, fair treatment of employees, position descriptions, training and development and so on. If you look at the transcript you will see the rest of the standards that I gave in answer before. The result of all of this is that

agencies are now much more targeted in their roles; they are much more accountable in terms of those proper management systems.

The other thing that has occurred is that head offices have been downsized. Let me give you an example of great irony in relation to the previous National Party, or country-based, Government. We got into office and we found these bloated head offices in departments such as Education. You had massive bureaucracies down here in the middle of town. What we did was downsize dramatically those offices in departments such as Education. Where did we put them? We put the decision makers and those public servants back into the classrooms and back into regional offices in rural and regional Queensland. In other words, we put the personnel back into the areas that you traditionally represent, where they had not been before.

The other thing that has occurred is monitoring and proper management of public service travel costs, car fleet costs and the like—overall tremendous efficiencies and savings.

The CHAIRMAN: The time for allocation for questions from non-Government members has expired.

Mr DAVIES: I would like to come back to the Office of the Cabinet. I notice that on page 45 of Budget Statement No. 3, one of the initiatives of the Office of Cabinet is school curriculum, school transport and concession reviews. In relation to school curriculum, there has been considerable national publicity about the Queensland Asian Language Teaching Program, and the Office of Cabinet was involved in the recent national report on Asian Language Education in Australian schools. Can the Premier outline to the Committee to what extent did this command resources of that Office and how will Queensland benefit from that national program?

Mr W. K. GOSS: I will ask the Director-General Office of the Cabinet to handle that because he was the prime mover and author of the final report that went to COAG.

Mr RUDD: The bottom line in terms of the financial return to Queensland out of our participation in this national exercise on Asian languages and cultures education in Australian schools is that in the Commonwealth Budget which was brought down recently \$48m was allocated nationally over the next four years to this program. Queensland should receive between \$8m and \$10m of that money for the further implementation of those programs in this State. That is \$8m to \$10m which the State would not otherwise have had. Back in 1990, the Queensland Government took a decision to implement an Asian Languages Teaching Program across the primary school system in this State. Over the last three years, that has been progressively implemented and brought down to Year 6. We now have about 120 000 children in primary and secondary schools in Queensland learning a second language, half of those second languages being Asian languages in about 600 schools.

In the Council of Australian Governments, a decision was taken at the end of 1992 to take the

Queensland model nationally. The Queensland Government, through the Cabinet Office, was asked to chair a national group to do that. As a consequence of its report which was taken by COAG in Hobart in February of this year and adopted, we now have the Queensland model adopted nationally. Apart from the good public policy benefit of that in terms of producing the next generation of Australian children who will be literate in the languages and cultures of the region—a region which is central to the economic interests of this country in the future—the bottom line financially is that we are now in possession of \$8m to \$10m in terms of assistance to State revenues in the further implementation of this program in Queensland, which we would not otherwise have had.

Mr NUNN: My electorate has been involved with the rationalisation of rail services, and on one of the branch lines in my area it was done in an effort to turn around an annual loss of around about \$500,000 a year. To what extent was the Office of Cabinet involved in the operation of the Government's Rail Task Force chaired by the Deputy Premier, and could you describe the outcome of the Government's involvement in negotiations with local communities?

Mr W. K. GOSS: That was a fairly difficult issue not just for the Government, but for the community generally to try to understand and seek some change of Government direction in relation to the Budget Review Committee recommendations which went to Cabinet last year and resulted in a decision to close a significant number of uneconomic rail branch lines. I undertook a process of sort of informal consultation myself. I went travelling through a number of country centres, talking to local people and local government representatives. I spoke to or phoned a number of people in country areas such as Cunnamulla, Toowoomba, Monto, Longreach and Charleville and, as a result of that, I decided on the review that I referred to before, which was subsequently announced publicly. I called in the Office of Cabinet because I could see that there was a significant job to be done in terms of consultation not just across a couple of departments, primarily including Treasury, Transport—for Queensland Rail—Department of Primary Industries and the Office of Rural Communities, which was the responsibility of the Deputy Premier, but there was also a need to have consultation and an opportunity for people in those communities and industries to have some input into the Government. It was not simply a case of reversing the decision, because, overall, the decision was not wrong, but clearly there were some elements of it where there was scope for an argument as to whether or not it was fair or appropriate in all the circumstances. So, the Office of Cabinet undertook that, and I think it was a very successful exercise.

The Rail Task Force that we announced was in fact then subsequently chaired by the Deputy Premier and consisted of those range of representatives, including, by the way, trade union representatives. Because there was a lot of work to be done, we had a committee of officials to support the task force, which was chaired by the Office of

Cabinet and included representatives from appropriate departments and organisations. To give you an idea of the work that the Office of Cabinet had to process—that task force received over 1 200 written submissions and held public meetings in just about all of the locations that were affected. It was a very substantial body of work. It produced a report which recommended some closures, recommended that some remain open and recommended a process whereby others might be judged over a period of time. It was a very substantial body of work and I think the success of it was reflected not just in the body of work, but in the fact that the recommendations of the task force were subsequently adopted by Cabinet totally.

Mr BUDD: The program summary for the Office of the Cabinet, which was provided to the Committee, indicates that Women's Infolink is one of the initiatives of the Women's Policy Unit. Could you explain to the Committee how effective Women's Infolink has been in the provision of information to Queensland women about the range of Government services available to them?

Mr W. K. GOSS: For those of you who have not seen it or been there, Women's Infolink is established in premises on the Queen Street Mall. It has been very successful. It was opened in 1990. The idea was to provide an information and referral service for Queensland women to act as a link between the Government and Queensland women who are looking for information or advice. It provides information and referrals to women. It also collects information about their concerns and interests; so it becomes a data input back into the Government as well as a service to them.

The three main service areas are, firstly, information and referral and, secondly, community education. Also, they have a library and other resources there which are freely available to women and women's organisations. From women I have spoken to, including women who are not particularly involved in what is generally known as the women's movement—or not particularly regarded as feminists—they have also been interested in and have accessed this particular service.

The education service produces publications such as *Women's Word*, the journal published twice a year, and an Infosheet series, which is a cheap series of information documents. The ten Infosheets that have been produced have been well received by women right across Queensland. They are used by women, women's groups, libraries and the like. The library itself has a very good collection of clippings, articles, magazines and books relating to issues of interest to women.

If I can quote some statistics—because I know that some members of the Committee are very interested in performance and efficiency—the latest client contact statistics for May 1994 show that up to seven times as many women now contact Women's Infolink each month compared with when it opened. Three years ago, seven per cent of calls were from outside the metropolitan area, whereas for May 1994 the figure was a record 38 per cent. So the great thing is that it is really being accessed by women right across Queensland. The 008 free phone service

is an important part of recognising the interests and concerns of rural women.

If I can add to that—and it is not directly on the Women's Infolink—the Women's Consultative Council has been an important part of that. Apart from the general work they do, they have also been keen to involve women from rural and regional Queensland and, where they can, to visit those centres.

The CHAIRMAN: That is all of the Government questions at this stage. We will return to the non-Government members.

Mr BORBIDGE: What is the cost of consultants employed by the PSMC?

Mr W. K. GOSS: Consultancies for 1993-94 have run at about \$158,000. The Estimate for 1994-95 is about \$110,000. That includes \$30,000 for the Queensland Public Sector Training Council.

Mr BORBIDGE: What is the total number of Senior Executive Service staff? What salary applies at each level, and what performance measures are required for SES employees?

Mr W. K. GOSS: There is no special differentiation for the PSMC in relation to SES qualifications.

Mr BORBIDGE: SES generally.

Mr W. K. GOSS: I will come to that in a minute. In terms of the clerical and administrative component for this current financial year, it is estimated as follows: clerical and administrative, 23; middle management, 27; and senior executive, 10. That is a total of 60. In terms of the Senior Executive Service—I might ask Dr Coaldrae to say something about that.

Dr COALDRAKE: The total number of people in the Senior Executive Service—I have not got the June 1994 figures, but it is about 540 people, of whom about 480 are in the general management administration stream of the Senior Executive Service, and about 60 positions are allocated to the professional stream, which was specifically established as a way whereby people who had high levels of professional expertise would have some incentive to remain in those areas of professional expertise rather than simply move into the area of management because that is where the opportunities were. The numbers sector-wide are about 540, but I am sure that we could give a precise figure.

Mr BORBIDGE: Could we have the precise figure supplied to the Committee by tomorrow, please?

Dr COALDRAKE: Yes, no problems.

Mr BORBIDGE: What salary package applies to the Chairman of the PSMC?

Mr W. K. GOSS: I will have to give you a general answer at this stage, but I can provide the detail overnight. The Chairman of the PSMC is on one of the Chief Executive levels, of which there are three. It is a standard package that applies to those, and he is in the middle one. I shall provide the details overnight.

Mrs SHELDON: I refer you to the PSMC annual report, page 21, which was included as background material for this Committee.

Mr W. K. GOSS: But it is not part of the Estimates; let's make that point.

Mrs SHELDON: In reference to the actual budget for salaries, wages and related payments—which I assume is part of this Budget—what is the total amount paid to Dr Peter Coaldrae during his period as Chairman of the PSMC?

Mr W. K. GOSS: I do not have that sort of thing here. I have already undertaken to give you details of his package overnight.

Mrs SHELDON: I would like the total package. I do not think that is what Mr Borbridge asked for.

Mr W. K. GOSS: That does not relate to the proposed Estimates for 1994-95. But let me say this, in case there is some underhand implication in the question: it is just simply the standard Chief Executive package—

Mrs SHELDON: There was no underhand implication in the question; it was fairly simple and direct. What is the total amount of money paid to Dr Peter Coaldrae since he has been on the PSMC?

Mr W. K. GOSS: It has been the amount which is equivalent to that paid to Chief Executives under the standard package for those Chief Executives who are in the middle level of the three levels applicable to Chief Executives.

Mr BORBIDGE: Which is?

Mr W. K. GOSS: I do not have that with me.

Mrs SHELDON: Will you forward us those figures?

Mr W. K. GOSS: I do not have it with me.

Mrs SHELDON: Will you undertake to supply it?

Mr W. K. GOSS: I will take your question on board.

Mrs SHELDON: Thank you. Does that mean you will undertake to supply it?

Mr W. K. GOSS: No, it means that I will take your question on board.

Mrs SHELDON: So you are not going to supply me with that information; is that correct?

Mr W. K. GOSS: No, I did not say that. I said that I would take your question on board.

Mrs SHELDON: If you are going to supply it, tell me "yes" or "no"; will you supply me with details of that amount of money?

Mr W. K. GOSS: I do not have any further answer to give beyond that which I have already given.

Mr BORBIDGE: Mr Chairman, we have a request from the Committee to the Premier to provide certain information to this Committee. Does the Premier have the authority to disregard any request from this Committee?

The CHAIRMAN: Before the Premier attempts to answer that, I think that is a very marginal question, if it is a valid question at all, because it is not to do with the Budget Estimates for the next financial year. The Committee is already aware that Dr Coaldrae has resigned and will be terminating his employment very soon.

Mrs SHELDON: Tomorrow, I understand.

The CHAIRMAN: That is right.

Mrs SHELDON: So the question is still very relevant.

The CHAIRMAN: It is the Estimates for the next financial year that we are considering. I think that the Premier has undertaken to provide details of the salary package that is paid to Dr Coaldrae. I think that that probably is not even necessary in terms of our guidelines. I do not think we should pursue this any further.

Mrs SHELDON: What is the total cost of the PSMC to date?

Mr W. K. GOSS: I do not have that here. It is a bit like the last question. It is right out of order.

Mrs SHELDON: You have paid for this, I assume, out of the Premier's budget?

Mr W. K. GOSS: These Estimates are about the Estimates for the 1994-95 year. Now, I do not have a problem with these questions in the sense that there is nothing embarrassing. If you had a calculator and a few Budgets, you could probably work it out yourself.

Mrs SHELDON: You have all your staff there. I suggest that you use them and give us the answer.

Mr W. K. GOSS: You have staff, too.

Mrs SHELDON: Not here at the table.

Mr W. K. GOSS: All you have to do is read the Budgets. I have sat here today answering questions from the Opposition. At least 50 per cent of the questions have been out of order. The reason that I have answered them is that I am trying to be cooperative.

Mr BORBIDGE: That is a matter for the Chairman.

Mr W. K. GOSS: I have a view on it, and I am telling you what my view is.

The CHAIRMAN: Hang on. I will develop the view on it.

Mr W. K. GOSS: I am trying to be cooperative and, furthermore, I am trying to avoid the sort of stunt that we envisage, namely, that information asked for was not provided. These are the Estimates for the 1994-95 financial expenditure. In relation to Dr Coaldrae, he will be paid zero, zilch. In 1994-95 he will no longer be with us. He will be the ex-Dr Coaldrae; the ex-Director of the PSMC. Your questions are right out of order. They are fairly easily calculated. If you are going to continue to ask questions that are out of order, if I do not have the information here, the best that I can and will do is say that I will take it on board and overnight we will put together what information and provide it to you even

though you are not entitled to it, and even though it does not have much significance.

Mrs SHELDON: With all due respect, Mr Premier, I think that it is up to the Chairman to rule whether my questions are out of order, and so far he has not.

The CHAIRMAN: Please, Mrs Sheldon, do not take liberties with what I will rule. I have been prepared to give the Opposition members a lot of leeway in terms of the questions that they have asked, provided the Ministers have been prepared to answer them. That has applied to the Speaker in some cases this morning and certainly to the Premier this afternoon. If the Premier raises objections and those objections are valid, then I will rule those questions out of order. But if you want me to start ruling every question out of order, we will not get very far very fast. I suggest that we just be a little bit more moderate and try to keep the questions relevant. I would ask you not to imply that I am accepting them purely because I have not objected in every case.

Mrs SHELDON: What are the estimated savings to the Queensland taxpayer attributed to the PSMC?

Mr W. K. GOSS: I do not have an exact figure for that, because that is the sort of thing that is very hard to measure. For example, if you look at the level of inefficiency, the level of maladministration in a department such as the Police Department—you will have to read the Fitzgerald report. Even though those things occurred long before we had the good fortune of your joining us in this place, if you look at the Fitzgerald report you will see that it is very hard to measure the loss to the public as a result of a significant number of senior officers being corrupt or other officers not discharging their duties. Clearly, you should know as a shadow Treasurer, which is what I understand your title is, that some of those things are incapable of measurement in quantitative terms. They are capable only of assessment, measurement or description in qualitative terms. What you have to understand as a shadow Treasurer is that you have to have a handle, or an understanding, of both the quantitative as well as the qualitative measures of public service administration and public service performance. If you can, if you are prepared to give me the formula or model whereby, say, corruption in the police force or inefficiency in the police force can be measured in terms of a monetary impact, then we are quite happy to do the calculations for you. Let me assure you that I would guess that the savings as a result of public sector reform will over the time of this Government amount to hundreds of millions of dollars in terms of improved performance and repairing the appalling structure that we inherited.

Mrs SHELDON: I will place this question on notice. Can you give a breakdown of the savings by department year by year for the period of the PSMC's operation. Could you supply me with that?

Mr W. K. GOSS: I refer you to my previous answer.

Mrs SHELDON: It was of no use to me at all. There were no dollar terms in it. If it is too difficult for you to answer now, you could give me—on notice—the answer to my question.

Mr W. K. GOSS: I will take it on board and do the best I can to give you an answer. Let me say it again. Maybe I did not explain it clearly enough so instead of using the Police example I will to use another example, say, Education. How do you measure a loss to the Queensland public from the maladministration of the Education Department? I suppose what you could do is calculate the salaries and on-costs—including rent—associated with all of those public servants that you had in that big fat head office. We could take that total and put the public servants back into the market place—back into play—and that would be the net benefit to the public in terms of education services being more efficiently used. We took teachers out of your Taj Mahal and put them into the classroom. If you want a better understanding of this, in the last year alone, if you have read the published reviews—and I gather that you have not—you will see that they give guidance. That is the best that you can do—give guidance as to the likely savings in the areas such as Corrective Services, Police, Emergency Services and ASD. If you are suggesting that these things can be measured in monetary terms, then I think that you are optimistic or—I will leave it at that.

Mrs SHELDON: I have one final question on this. What is the performance criteria of PSMC if you have no way of knowing whether any of their so-called efficiencies work?

Mr W. K. GOSS: I think I gave that before—twice, did I not?

Mrs SHELDON: I do not think that you did, with due respect.

Mr W. K. GOSS: I will have to read it a third time.

Mr BORBIDGE: You referred to seminars. I gather they are very helpful.

Mr W. K. GOSS: I will have to read it a third time. Firstly, the actual completion of the reviews has been very important and the results of each one of those has been tabled in the Parliament. I would refer you to those documents. Secondly, Mrs Sheldon, is the development of standards. I will not read out those standards again, because I have read them out twice. They are in the transcript, including, for example, the appeals systems. Reviews and standards have been subsequently monitored, equal employment opportunity, and the improved commitment to training and development by departments themselves. What we have tried to do in this regard is get departments to enhance their performance. The other aspect is the quality management issues that I referred to before—client surveys, meeting financial targets, turnaround time. In addition to that, as I said before, agencies are now much more targeted in their roles as a result of going through that review process that they generally find very helpful.

Another aspect is the development of proper management systems. We have had the head offices

downsized, as I have tried to explain to you a couple of times. That has been beneficial because it has put people back into service delivery instead of paper shuffling. We have monitoring and proper management of public service travel costs, car fleet costs and so on, which has resulted in considerable savings. I talked before about the system of administration that we inherited from the National/Liberals Party. I spoke before about how there was no asset register—no policy of asset management. Included in that are cars. You did not know how many cars you had. You did not know who had cars. We have had the PSMC knock that into shape and the result has been substantial savings. There are number of criteria there. I think they are the main ones that I can refer you to. I urge you, if you have a genuine interest in this area, to have a look at the reports of ministerial statements that have been made by Ministers reporting on reviews to the Parliament over the last three and a half years. I think you will glean something from that. I think that there is a pretty good record there on the part of the PSMC.

Mr BORBIDGE: How much does the Government expect to spend this year under its master media tender arrangement and what were the corresponding totals for the previous two financial years?

Mr W. K. GOSS: Once again, Mr Chairman, I would point out that today we are talking about the proposed Estimates of expenditure for the 1994-95 financial year. In that sense, once again, it is another question that is out of order. I do have some information on the master media contract. I am trying to turn it up. When we came into Government the contract then was with a company known as George Patterson, which had all of the arrangements. These arrangements are not something that this Government implemented. They had been in place for 10 years. Simply, it involves the collective purchasing power of a number of advertisers into one buying group—in this case the group being the Queensland Government. There have been three contracts in place since 1988. The first was that under the previous Government with George Patterson, which went into the period of this Government and continued with us for some time. After that Neville Jeffress Advertising and AIS Media, which had between them respectively non-campaign advertising—for example, classifieds, and campaign advertising, such as the public information campaign that was run in some newspapers on Mabo. In terms of total expenditure by Government advertisers—that is, \$36.6m to 30 April 1994; departmental advertising amounted to about \$11.5m, or 31.4 per cent of that. That figure of \$36.6m is made up of campaign, \$25.7m, and non-campaign, \$10.9m. In terms of the overall expenditure to the Government, I do not think I have that figure here. I might try to get it for you.

I think the Premier's Department figure—I am responsible for the Premier's Department Estimates, so all I can do is give you that. I think our Estimate for this financial year is approximately \$400,000.

Mr BORBIDGE: Premier, you said before that our management systems were such that the previous Government did not know how many cars we had. How many cars does your Government have?

Mr W. K. GOSS: Well, you would have to ask the responsible Minister for that, that is, the Minister for Administrative Services. That is covered in his Estimates, because it is his area of responsibility. I do not manage the car fleet.

Mr BORBIDGE: The PSMC instigated the changes, though, did it not?

Mr W. K. GOSS: Once again, you have got to understand the difference between a system and the actual doing of the job, or the process of a review and then the actual implementation. I tried to explain that before in relation to Health. If I can explain it in relation to the car fleet—we do not employ or establish professional managers or a source of professional advice like the Public Sector Management Commission to manage a car fleet, fill the cars up with petrol, do the repairs and so on. We actually get professional managers to give us professional management advice, and you have an Administrative Services Department, or a Government Garage or something like that, which manages a car fleet, puts the petrol in the tank and that sort of thing. I do not want to get down to too much detail, but that is the sort of distinction I am trying to make. The Administrative Services Department, in their Estimates, will be able to inform you about how the car fleet is run, how many cars they have got and the relevant figures in relation to that. I am happy to tell what you our Department's are.

Mr BORBIDGE: Fine.

Mr W. K. GOSS: Right. For the 1993-94 fleet, the number of vehicles is a total of 68. That is made up of 13 for Legislative Services, nine for the Office of the Cabinet, six for Parliamentary and Government services, 14 for the Co-ordinator General, zero for EARC, one for the Information Policy Board, 11 for the Public Sector Management Commission, seven for the Trade and Investment Development Division and seven for Corporate Services—a total of 68.

Mr BORBIDGE: I note in your Department's annual report for 1992-93 that one of the highlights of the year was "the development and implementation of a computerised reporting system which identified major issues raised in correspondence by electorate, by post code and by location." What was the cost involved in that project? For what purpose does the Department use such information? Can you assure this Committee that this information has not been provided to the Labor Party for campaigning purposes?

Mr W. K. GOSS: It has not even been provided to me, much less the Labor Party. In terms of the 1992-93 annual report, I am sorry to disappoint you, but I have actually brought with me a wealth of material that relates to the 1994-95 Estimates. I will do the best I can to get some information for the member overnight and provide that information within 24 hours.

The CHAIRMAN: The time for questions by non-Government members has expired. Mr Davies?

Mr DAVIES: In relation to the Office of the Co-ordinator-General, which is covered on pages 48 and 49 of Budget Paper No. 3, I notice that the budget for the Co-ordinator-General is \$32.247m for 1994-95. I also note that the program plays a vital role in the implementation of the Government's Leading State strategy in Queensland. I further note at the top of page 49 that the Co-ordinator-General has been involved in the delivery of projects which are now under construction, committed for construction or have received necessary approvals with a total investment of approximately \$1.03 billion. In general, Mr Premier, is the Co-ordinator-General's Department cost effective in terms of the returns to the people of Queensland?

Mr W. K. GOSS: I believe it is. I think there has been considerable pressure on all Governments, both national and State right around the country, to do what they can to attract economic development, and then when you get it, to try and get it through the Government approval processes as quickly as possible because, obviously, that is going to make investment in your State and community more attractive. The Co-ordinator General is simply the re-establishment of that, and the restructuring that has occurred within the Department is simply an attempt to do just that—to improve the performance that was occurring within the Department previously. I think it has been cost effective. There is now a flatter management structure, as I think I referred to before in one of the questions on the PSMC.

To give you just a couple of examples, perhaps the best one is the Carpentaria/Mount Isa Mineral Province initiative that was started by this Government and underpinned by the Co-ordinator General. It is a cooperative exercise involving the Commonwealth Government, the Northern Territory Government and five or six of the major national mining companies. We do most of the work. We provide a substantial amount of funds but have brought in funding and cooperation from all of those other private sector companies and those other Governments. That will lead to the development—a fairly minor expenditure in that context—of that province, which is an area in north-west Queensland the size of France. It is an area that will require, in relation to projects identified already, such as Cannington, Century and so on, capital investment in the order of \$2 billion to \$3 billion and export earnings in the vicinity of \$20 billion to \$30 billion.

We believe that we have been a significant contributing factor in terms of expediting those sort of developments because of the advanced work that we have done and the cooperation and information that we have been able to draw from companies and other Governments. I think Century will be assisted in terms of its eventual proceeding by that, as will Cannington, as will other important developments such as the gas pipeline which, hopefully one day soon, will proceed from the south west to the north west. A lot of work is going into that by very professional officers and some consultants. There are some external-paid consultants in respect to

some of the more technical aspects that have to be done there, but the potential pay-off, I think, is very substantial in terms of the overall outlay.

We have been told, in fact, that Richard Court, the Premier of Western Australia, is considering introducing our model—that is, the Queensland Co-ordinator-General model—in Western Australia. They have asked for a brief on it.

Mr DAVIES: I have a second question in relation to the Co-ordinator-General's Department. I notice on page 49 there are a number of items listed as the Co-ordinator-General's main priorities for 1994-95. One of those is to "assess and facilitate major tourism development projects" in Queensland and I would ask, in general terms, a similar question to the one I asked before. I ask the Premier to outline some of the current projects in that tourism area which are on board for the Co-ordinator-General. In general terms, is that a worthwhile initiative for the Co-ordinator-General to be involved in?

Mr W. K. GOSS: I think it is very worth while because, as members would know, tourism is our third-biggest industry but our fastest-growing one. It has also suffered a bit of an investment drought over the last couple of years with the recession, both nationally and internationally. But I will give you a quick snapshot of some of the very important and worthwhile projects that it is involved in. The skyrail at Cairns—the approvals have been obtained there. The Co-ordinator-General's office has been closely involved in that. That is an investment of about \$30m. The redevelopment of Fitzroy Island and Green Island by Daikyo and associated companies—I think the total investment there is about \$70m or \$80m. They have been involved in assisting the processing and development of the Laguna Quays tourist resort between Proserpine and Mackay. They have done a lot of work in trying to progress the Woodwork Bay tourist resort north of Proserpine. In fact, they have done a tremendous amount of work, and have been very patient in terms of dealing with that developer. The problem now is the private sector and the provision of the necessary capital. But we have really done what we can.

I will mention two other things: the Cairns Regional Tourism Study and the Whitsunday Regional Tourism Strategy. I mean, they are major bodies of work, done in consultation with other levels of Government but, importantly, with the private sector to get in place a clear plan or strategy in terms of what the requirements are in the tourism industry in those key tourist regions in Queensland, to identify the necessary sort of infrastructure spending and to encourage greater private sector involvement in planning and promotion of their industry and greater private sector responsibility for the future of their own development and their industry.

In the case of Cairns, that strategy was released in April. Structures have been put in place to implement the recommendations. We have provided modest funding, but we would hope that the private sector would pick it up and take it over in terms of making it self-funding. In terms of the Whitsundays—we have released a draft for public

stakeholder consultation and, once again, we believe that that will be very valuable in terms of outlining the future direction and requirements of the development of large-scale tourism and tourism generally in the Whitsunday region.

The CHAIRMAN: We do not have any questions at this point. However, before I throw questioning back to the Opposition, I just ask you to wait for a moment because an attendant needs to consult with the Premier on a matter.

Mr W. K. GOSS: It is up to the Chairman. I have no objection.

The CHAIRMAN: If you have no objections, we are okay. We did not want a flash bulb going off in your face without you knowing why. Dr Watson is seeking to ask a question by leave of the Committee.

Dr WATSON: Thank you very much, Mr Chairman. By leave of the Committee I would like to ask one or two questions with respect to the Premier's previous answers, particularly with respect to the efficiency and effectiveness of Government departments, which relates to the PSMC. I have a list of departments in alphabetical order, if you want them. I was wondering if you would provide a rank order in terms of efficiency of each of the departments from 1 to 18, where 1 is the most efficient and 18 is the least efficient.

Mr W. K. GOSS: I think that is a fairly spurious proposition. You are comparing apples with oranges, with pears, with donuts, with toothpaste, with widgets. How do you compare the efficiency of a body that delivers police services to one that, for example, develops environmental protection strategies? I think for somebody who has tertiary qualifications it is an interesting question. If you want to clarify it or identify to me some recognised and accepted methodology for ranking and comparing such different agencies in terms of efficiency, we will certainly give it a go.

Dr WATSON: Can I ask it in terms then of effectiveness. I might get the same answer. It is incumbent upon Governments, of course, to allocate resources, and presumably in the allocation and monitoring process you would actually make some implicit rankings and the PSMC would make some implicit rankings. I was asking you to detail those implicit rankings.

Mr W. K. GOSS: I think that we would not take the approach of deciding the allocation of funding on the basis of a ranking of efficiency. For example, when we inherited Government, if you looked at the Health Department you would probably give them a pretty low ranking in terms of efficiency. That does not mean that you give them less money; that would be silly, wouldn't it! We would look at a wider range of issues. I suppose largest amongst those would be need, particularly when it came to issues of social policy, when it comes to areas of efficiency. Maybe you might apply that in greater measure to a department such as the Department of the Premier or the Department of Business, Industry and Regional Development.

You would look not so much at the overall department in that regard; you would probably look

at an individual program and say, "Yes, that area is worth while funding, but we do not have as efficient or as highly performing a unit in that area as we would like", so you would not put so much money in there. Or you might say, "Look, before we put money in there we would want to see some improvement in the performance." So you might have a PSMC review or you might say to the Minister and the Director-General, "Look, sharpen up your act in these respects, A, B and C, and come back to us in the mid-year review or come back to us next year and we will consider funding then."

The point I am trying to make is that it is a bit hard to rank and allocate funding on the basis of efficiency when you are dealing with social policy, economic policy, and service delivery by central agencies. It perhaps does become a bit more relevant when you break it down into an individual program, because you might have an area of need, and this could apply in an economic development area or it could apply in a social policy area where somebody comes along and says, "There is a great need in terms of the XYZ service", and we say, "We accept there is a great need, but we do not think we would get value for money out of giving you all the money you are asking for at this stage until you improve your performance in that unit. We would want to see you going away and doing that before we gave you the money."

I think it really comes down to individual programs rather than comparing the Health Department with the Treasury Department. If you did that, the way that Treasury dominates the Budget process, Treasury would get all the money and Health would not get much at all.

Dr WATSON: Are you trying to tell me that when you look at the departments, each and every department is equally efficient and equally efficient at achieving its goals? Is that what you are saying?

Mr W. K. GOSS: No, I am not saying that. I am saying that it is very hard to measure——

Dr WATSON: That is okay. That is sufficient for my answer.

Mr W. K. GOSS: But I have not finished.

Dr WATSON: That is sufficient.

Mr W. K. GOSS: It is not sufficient for me. I am entitled to answer, and I have not finished my answer. I have got time to go. What I was trying to say to you, to make my answer complete, was that you cannot necessarily compare apples and oranges on an efficiency basis or a taste basis; it is different. What I am saying to you is not that we cannot compare them or that we do not compare them. I am saying that you can get down to subprograms where you will measure that in terms of an individual component, but it is hard to measure that on a department-to-department basis. We look at a much wider range of issues, but primarily need and then other issues such as effectiveness. Of course, the other thing that you would know, being an economist, is that it is not just demand, it is also supply.

Dr WATSON: I take your answer as admitting that each department in your opinion is not equally

efficient or effective; you are just not willing to give a rank order.

Mr W. K. GOSS: I would not take these forensic skills into the Magistrates Court; you would starve.

Mr BORBIDGE: What was the amount of any payout provided to the Director designate of the Tokyo office, Mr Ron Tilley, and what costs were incurred in sending a replacement officer from Brisbane to Tokyo, including any air fares and accommodation costs of the officer's family?

Mr W. K. GOSS: I do not know if I have got all that, but I am quite happy to get it for you overnight. Let me tell you in summary that the overall result of what occurred during that period was a net saving to the Government. In fact, coincidentally and perhaps accidentally, we saved money as a result of those incidents due largely to the very high rent that was being paid in respect of accommodation for the previous Director-General of the office and his family. I can assure you that there was a net saving to the public purse, and I can provide you with the details overnight, I would think.

I am sorry, we have them now. The cost to the Queensland Government of Mr Nunn relieving in the position from 4 October 1993 to 28 January 1994 was a total for "air fares, passports, accommodation, child care, additional pay for being in an acting position" of \$55,970; "additional relieving costs in Brisbane, \$6,440"; "equivalent salary on-costs" for the replaced Director in Tokyo for a 17-week relieving period of approximately \$100,000. The secondment of Mr Nunn to the position actually saved the Queensland Government approximately \$37,000 compared with having the previous Director, Mr Kenny, remain in the position for a further 17 weeks. Mr Tilley was paid one week's salary.

Mr BORBIDGE: What is the cost of the Premier's suite at the Gold Coast Indy Car race and what are the costs associated with hospitality provided in that suite?

Mr W. K. GOSS: As far as I know, I do not have a Premier's suite at the Gold Coast Indy; I go to somebody else's suite. I think it is the QEC, or someone like that.

Mr BORBIDGE: The Queensland Government suite?

Mr W. K. GOSS: The Premier does not have a suite there.

Mr BORBIDGE: You just issue invitations for people to go there?

Mr W. K. GOSS: I think myself and the Treasurer and maybe the Minister for Tourism, as Ministers who have an interest in this, do issue invitations.

Mr BORBIDGE: How does it operate in terms of cost?

The CHAIRMAN: We have had this discussion before, Mr Borbridge. Can you ask the questions and let the witness answer them without being badgered, please?

Mr BORBIDGE: He was confused, Mr Chairman. I was trying to help him.

The CHAIRMAN: I do not think so, Mr Borbridge. Be a little more gentle.

Mr W. K. GOSS: I understand there is a 50-50 sharing between the Queensland Events Corporation and the Queensland Government. I can probably get you some more detailed figures overnight, and I undertake to do that. In terms of issuing invitations—invitations are issued to all sorts of people, including yourself and the Leader of the Liberal Party. But I want to say to you in relation to those invitations that are issued that they are not issued just to community leaders of one kind or another and senior public servants who have had some involvement in the actual establishment of the proceedings and the running of the proceedings; they are also issued to a good cross-section of State and national business leaders. We use the undertaking to promote the State and to try and improve the prospects of attracting investment to the State.

I want to say to you—and I say this in confidence; I do not want it repeated—that I am not exactly a fan of motor racing; it can be quite uncomfortable to sit there for hours with bits of plastic stuck in your ears. But it is something that I do because, as Premier, I am expected to be there.

Mr BORBIDGE: What is the salary package attached to the positions of your principal private secretary and your media director?

Mr W. K. GOSS: I do not have that information here. I can probably provide it to you overnight.

Mr BORBIDGE: What was the salary package provided to your former principal private secretary, Mr Barbagallo?

Mr W. K. GOSS: I do not have that information in my head. I think Mr Barbagallo was on a salary of about \$75,000 or so, with a car and, I think, some contribution towards his telephone costs. I am not sure whether it is entirely appropriate, Mr Chairman, to get into the business of identifying every individual staff member's personal salary entitlement, whether it is from either my staff or the Department's. Staff and departmental officers are entitled to a bit better treatment than that.

For purely political purposes, my media adviser and my former private secretary have been singled out for deliberate, cynical, defamatory smears on their good characters. I do not want to encourage that. I would have thought that the member would have been advised by his own staff that officers are entitled to be left out of that sort of grubby political byplay that goes on from time to time.

Mr BORBIDGE: I was merely asking about the salary package of an officer, and whether it was the same as that of other officers playing similar roles in ministerial administration and within the office of the Premier.

The CHAIRMAN: Mr Borbridge, that does not seem to be relevant to next year's Estimates. I think that individuals can expect to have some privacy

respected. As parliamentarians, what we are paid is public knowledge. However, I do not think that individuals should be singled out in that regard, particularly as the question does not appear to have anything to do with next year's Estimates.

Mr BORBIDGE: Mr Chairman, it is included, as I understand it, in the expenditure of the Department. There is concern that people holding positions in certain ministerial offices are paid substantially more than other people holding similar offices with similar responsibilities.

Mr W. K. GOSS: I will make two points. Firstly, there is nobody in any other ministerial department who holds a similar position to those held by either my private secretary or my media adviser. Those positions are one of a kind. Furthermore, for the information of this Committee, I point out that this is yet another question of many questions that have been out of order. The expenditure for these matters does not fall within my department; it falls within the Treasury Department. I am really getting tired of answering questions that relate to either the 1992-93 financial Estimates or other Ministers' departments. If you cannot fill up your time by sticking to my Estimates, I think you should call it quits.

Mr BORBIDGE: Mr Premier, you would be aware that some Ministers have had staff on their ministerial establishment allotted to work from their electorate offices. Do you use this system? On what basis are such staff employed? And what is the additional cost involved?

Mr W. K. GOSS: The Deputy Premier, some Ministers—basically, Ministers whose electorates are well outside the metropolitan area—and I are entitled to apply for, and get, a research officer or electoral assistant to make up for the fact that we cannot be in our offices in the same way that normal, non-ministerial members of Parliament can be available in their electorates to provide services to constituents and organisations.

At times, because of commitments around the State, interstate, or sometimes overseas, it can be weeks before I can get to my electorate office. It can be weeks before I can get to my office for a two or three-hour clinic. Often times, my wife is able to represent me at community functions of one kind or another. But, basically, to give some better service, approximating that which non-ministerial members can give, that is a fair allocation of additional staff.

Mrs SHELDON: I note the Premier's last statement about providing extra electorate staff because of the stress on his electorate secretary. Of course, under any system of social justice and equity, the Leader of the Opposition and myself would have similar help in our electorates, which, of course, we do not.

Under questioning of the Speaker by non-Government members this morning, the Speaker stated that the Committee should seek further information from you on the issue of staff for Opposition parties. In that light, I ask: why is it that you have ignored recommendations from EARC and

PEARC that the National and Liberal Parties receive an extra 21 staff combined?

Mr W. K. GOSS: This is an interesting area, about which there has been a lot of misunderstanding and misrepresentation in terms of Opposition resources. I think that there are a number of problems for which the Opposition tends to blame the Government. However, really, the problems are caused by their own abysmal performance. The member for Burdekin highlighted this recently. A *Courier-Mail* journalist writing a comment piece used the term "bone lazy" to describe a number of Opposition members of Parliament.

To highlight why this is the cause of the problem—and it is not staff—one just has to look at the number of staff that I had when I was the Leader of the Opposition in 1988. I had about eight staff. I think the then Deputy Leader of the Opposition, Mr Burns, had one research officer. The National and Liberal Parties between them now have about 16 staff—double what I had. In spite of that, they still complain. But is it fair that they have 16 compared to our eight?

Mrs SHELDON: I refer you to EARC and PEARC, which was what the question was about.

Mr W. K. GOSS: For example, I had a private secretary, a press secretary and, I think, three to four secretaries and a driver. Of my staff of about eight, I had only two senior people at the AO7 rate. The coalition has four AO7 senior officers, three research officers—I had one—and they have nine clerical staff and chauffeurs. That is a total, as I said, of 16.

But how does that compare with the other States? Queensland has a higher proportion of Opposition staff to ministerial staff than any other State Government. For example, in 1992, in Queensland the proportion was 8.3 per cent; in New South Wales, it was 6.5 per cent; in Victoria, it was 6.2 per cent; in South Australia, it was 5.6; in Western Australia, it was 6.9 per cent. In 1994, the current year, the proportion is 8.3 per cent in Queensland and 5 per cent in New South Wales—it has gone down. I do not have the figures for Victoria, but I understand they have gone down.

So this Opposition does much better than I did when I was in Opposition—nearly twice as well. Comparatively, it does better than the other States. Furthermore, I point out that the Opposition has been given additional resources indirectly through other means. And I am referring to the millions of dollars—certainly, it is seven figures—that have been provided to the Parliament through funding for committees, research officers and so on, which, as the member knows, tend to advantage Oppositions much more than Governments. They tend to cause discomfort for Governments. So those are additional resources for the Opposition. It really comes down to a bit more hard work.

Mrs SHELDON: Mr Premier, I refer you to Budget Paper No. 3, page 46, Parliamentary and Government Services, and refer you to salaries, wages and related payments. What is the number of your media advisers and policy staff? What is their

estimated actual expenditure in 1993-94? How does it compare with the previous year?

Mr W. K. GOSS: I tried to explain to your colleague before that these are the Estimates of the Treasurer; they are not within my Estimates. I know you specialise in asking questions that are out of order, but they are in the Estimates of the Treasurer.

Mrs SHELDON: So you cannot tell me how many media staff or policy advisers you have?

Mr W. K. GOSS: In my office?

Mrs SHELDON: Naturally, your office is the one to which I am referring; I am directing the question to you.

Mr W. K. GOSS: The Treasurer will give you the details. I have a private secretary and a press secretary. I have my personal secretary, who covers appointments. Mr Atkins, who you know, of course—you have done a fair job on him—looks after the general media advice in terms of coordinating the 18 press secretaries who work for the various Ministers. He is supported in that job by an assistant.

I have another policy adviser, Mr Woodland, in the economic policy area, and Mr Mickel. Some secretarial staff back them up. I cannot think of anybody else offhand. The total establishment is about 23, which is pretty much what it was in the Premier's Office before I came into Government. The establishment is down because a few people have left and they have not yet been replaced.

Mr BORBIDGE: I understand that under the previous Government the staff establishment for the Premier's office was 14.

Mr W. K. GOSS: It was 21, but it was worse than that because you had a lot hidden away in the department. From memory, I think that you had 25 in Media and Information Services. Media and Information Services, where you hid 25 public relations people in the Department of the Premier, was subsequently disbanded by us.

Mr BORBIDGE: What about the Cabinet Office?

Mr W. K. GOSS: The Office of the Cabinet works on policy issues and does not work in the press and PR area. That 25 additional staff that you had gave you a total of ministerial or PR ministerial support that was greater than what we have in office at the present time. That total was, as I said, disguised by the 25 whom you had tucked away. We have disbanded that unit.

The CHAIRMAN: Before we proceed further, the period for asking of questions by non-Government members has expired. The Government members have no questions. There is something in the order of 20 minutes left of the time that we had allocated for the Premier's Department. Mr Borbridge?

Mr BORBIDGE: Can I ask the Premier what moneys were spent on renovating the 5th floor of the Executive Building when the new Coordinator General was appointed and what was the total expenditure in renovating the 14th floor for the Cabinet Office?

Mr W. K. GOSS: I am glad that you asked that question. I was going to ask one of my people to ask it, because this gives me the opportunity to nail—I will not say the unparliamentary term—the untruth that has been peddled year in and year out by that member. I am just so glad about this. He has said, "Isn't it outrageous that the Premier is spending \$10m refurbishing his office in the Executive Building?" What absolute tripe.

In May 1989, Mike Ahern ordered the refurbishment of the Executive Building at a cost of \$10m. The member who has been saying that and who asked the question was in the Cabinet that approved the expenditure. Subsequently, his imagination took off and he said, "In addition to that, they are putting marble and rainforest timber in the lifts." Remember that? Laminated timber and fibreboard are in the lifts. In any event, the expenditure was approved and initiated by your Government. All we did was continue it. In relation to some of the specific items—

Mr BORBIDGE: The Cabinet Office and the Coordinator General's Office.

Mr W. K. GOSS: I am coming to that. You must have the entree, too, if you want the main course. Mr Ahern made the decision on the Executive Building, and I am not criticising that decision. The building was 20 years old and it needed a standard refurbishment. For example, it no longer complied with Building Act standards. I will not go into the rest of the detail. I can give it to you, if you are interested.

In relation to the Office of the Cabinet—one of the problems that we had was that, if we had not only refurbished but also made a more efficient utilisation of space, we would have needed to rent more space. As a result of that refurbishment, we crammed people into a much smaller area. I doubt that we have the particular costs for the 14th floor. The \$10m that you approved was spent on the whole building. Subsequently, and much more recently, money was spent on the office of the head of the Office of the Coordinator General on level 5. The refurbishment budget that was identified and allocated—do you want to hear this? Do you want this?

Mr BORBIDGE: It is on the record. Keep going.

Mrs SHELDON: Keep going.

Mr W. K. GOSS: The refurbishment budget that was identified and allocated was \$150,000. The head of the Office of Coordinator General was able to get outside quotes to do that work for \$51,500. That was not just his office. It included also the construction and installation of a conference room, reception, secretarial facilities and ensuite facilities, which is in accordance with chief executive status.

Mr BORBIDGE: I refer to the efforts by the Coordinator General in respect of the encouragement of private sector provision of public infrastructure. What have been the results?

Mr W. K. GOSS: Although the guidelines for

that are developed by Treasury, it is a general economic development issue, so I am happy to answer it.

Mr BORBIDGE: The Coordinator General is in your department.

Mr W. K. GOSS: There has not been success so far in terms of an actual construction because, although we have had plenty of interest and we have a number of projects on the books in which there is interest, we do not have a clear commitment yet because both the public sector and, I must say quite frankly, the private sector are still having some trouble coming to grips with how they can make it work in a commercial sense.

I suppose that I can talk about things such as the Eastern Corridor, which has been advanced as a possibility. We have generally found that private sector companies that express an interest in providing public infrastructure genuinely want to do that. They want the commercial benefits. They want the up side, but they do not want the risk. There must be a fair sharing of that. If people want the commercial up side, they must also be prepared to have some of the commercial down side.

In the member's own electorate, she would be well aware of the Bells Creek Arterial Road and the involvement of Thiess Contractors in that proposal. That is an example of a clear-cut commitment by the private sector and there is every likelihood, subject to studies that are under way, that you will see in the electorate of Caloundra private sector provision of public infrastructure. Others are under way, including correctional facilities and roads such as the Eastern Corridor. We have a way to go.

It may well be that the much-misunderstood QIFF scheme will enable some of that gap to be bridged in terms of encouraging the private sector in and thus enabling important infrastructure for the public to be established earlier than it would have been. Much of that infrastructure will occur at some stage or another, but it would be good in terms of economic development and in terms of controlling and managing our growth if we were able to get it into place sooner.

We believe that that can occur through the complete private sector provision of public infrastructure, or it may be that we have a mix. It may be that we must top it up, as it were, to make it work for the individual project.

Mr BORBIDGE: You have mentioned QIFF. Do you envisage the Coordinator General playing a key role in assessing projects under that scheme?

Mr W. K. GOSS: The Coordinator General will have a role. At this stage, QIFF is established in principle. We have the broad principles or structure. Cabinet has asked the Treasurer to come back to Cabinet with a more detailed proposal as to how it will be administered and what the eligibility criteria will be. That is something in respect of which the Treasurer and his officers will consult closely with the Coordinator General and, I expect, with the Economic Policy Unit of the Office of the Cabinet. As a result, that will come forward. At this stage, the proposal is that the committee of officials or officers

who will advise us in that regard will be chaired by Mr Smerdon, the Under Treasurer.

Mr BORBIDGE: What is the total cost of consultants employed under the Coordinator General program?

Mr W. K. GOSS: Coordinator General probably has the great bulk of the consultancy expenditure within my department, which relates primarily to the kinds of technical consultancies that he undertakes in respect of major economic developments. For example, I mentioned to you before the Carpentaria/Mount Isa minerals province, which is, as you will appreciate, a very big area of Queensland.

The level of expenditure for consultancies in 1993-94 is expected to be \$9.3m. Of that, about 20 per cent will be funded by other parties, such as the Commonwealth and private companies, as I alluded to in the case of the Carpentaria/Mount Isa minerals province, where we seek wherever we can to hook a contribution out of another Government or out of the private sector.

The two projects that have incurred the largest consultancy costs are the Carpentaria/Mount Isa minerals province, which is expected to be \$1.7m, and, in the year just gone, the biggest consultancy cost was the sale of the Gladstone Power Station, which involved consultancies of \$5.6m. I have a break-up of those costs somewhere, too, if you want them.

Mr BORBIDGE: Over and above the \$5.6m in consultancies in respect to the sale of the Gladstone Power Station, were there any other costs incurred by your Department?

Mr W. K. GOSS: Not that I am aware of—apart from our own staff. Of course, we did not use only the Coordinator-General's staff. There were staff pulled in from time to time from the QEC or from the Department of Minerals and Energy, and Treasury. It was a big effort. I have never seen two teams as big as the teams that were on each side of the table negotiating that particular deal.

Mr BORBIDGE: What was the nature of temporary staff appointed to the Office of the Coordinator-General to handle special projects?

Mr W. K. GOSS: Let me see if I can find that for you. I am not sure whether I have information on that. If there is anything substantially more than this, I undertake to provide it overnight. I understand there were eight people associated with CYPLUS—or the Cape York Peninsula Land Use Planning Study—which involved getting people in on short-term projects. In fact, I think the longest they go for is a year. There is a range of north Queensland organisations of one type or another that have asked for and negotiated contracts to do particular studies or particular work for the Federal and State Governments, which are jointly funding that particular series of studies. There were also three on the gas pipeline. That relates to the gas pipeline from the south west to Brisbane. That involves a range of activities. That has been needed for a long time, and convincing the private sector that they should do it or avoiding being forced into a

position of us doing it on a subeconomic basis is not proving to be easy.

In addition to that, I should say in terms of anticipated consultancies and expenditure by the Coordinator-General's Office that we anticipate we could spend up to \$5m on the gas pipeline project in the next year in terms of engineering works and site and route identification to have that in place for if and when we get a private sector operator to build it so that we do not lose time in that preparatory work being done at the time that a tenderer is identified. In other words, to expedite that process, the Coordinator-General is seeking to put that preparatory work out to consultancy prior to the actual commencement of the work and the tender itself.

Mr BORBIDGE: I note the projected reduction in the budget for the Coordinator-General program, which you explain on the basis of variations in funding for major projects administered by the State. Can you provide further details in this regard?

Mr W. K. GOSS: I am advised that the 1994-95 Estimates represent a decrease of \$4.561m on the previous estimated actual and that this predominantly reflects reduced funding to the South Bank Corporation as well as variations to major project funding. Some of those variations include a \$2.75m downward variation in respect of South Bank; an upward variation of \$4.731m in respect of gas pipeline work; and an upward variation of \$1.4m on Mount Isa/Carpentaria province. That is a variation from 1993-94 to 1994-95. The other ones are all downward variations because they have been concluded. They are the Gladstone Power Station; the Drug Design and Development Centre; Gladstone land acquisition and other incidentals. They are about \$6m to \$6.5m, but they have been completed. They are not in this year; they were in last year, so that is a downward variation.

Mr BORBIDGE: I refer to the planned redevelopment of the old airport site at Eagle Farm and ask: what resources have been allocated for that project in 1994-95?

Mr W. K. GOSS: We have had officers of the Coordinator-General's department working on that. I think we may have engaged an external consultant. I will check that. If we did and incurred cost, I undertake to give that cost to the Committee within 24 hours. That land is not Queensland Government land; it is land in fact owned by one of the departments of the Federal Government, but we see it as a strategic site in terms of its placement between the airport and the ports area. We see it as a strategic site and a strategic opportunity where the Commonwealth Government has basically missed the boat. We have been prodding them to put together a development strategy for the site. We think it should be secured in terms of its strategic position for exports and servicing of the port and airport in the future. We have brought in the Brisbane City Council and the Commonwealth Government to try to encourage the development of a strategy there. We get no money out of this, and the Federal Government will get the benefit, but apparently we

must give them a hand to get them off their backside and get it moving.

I have now been provided with information in relation to consultancies totalling \$73,695 in relation to the development of the strategy for the site, made up of \$71,000 to Paris and Associates in respect of site identification, market research and transport issues, and \$2,695 for Sinclair Knight and Partners for infrastructure studies. The research indicates strong demand for the site from light industrial and commercial activities and perhaps heavier industrial activity on the south side. Our expenditure and staff activity is on investigation and preparation of conditions for the taking of the land to market, including traffic studies to determine the best road solutions, land contamination investigations, preparation of tender documents and addressing issues associated with any adverse social impact. We would hope that those funds would be recouped when the sites are eventually sold but, as I say, we are not finding the Federal Government easy to prod along in relation to this matter.

Mrs SHELDON: I note from your 1994-95 departmental Estimates that one of the achievements of your Women's Policy Unit was to introduce strategies to increase women's representation on statutory authorities. Could you detail those strategies?

Mr W. K. GOSS: Firstly, the unit carried out a bit of an education and information program in the community to inform women in particular that the Government is interested in appointing qualified women on the basis of merit to such positions. To practically further that, the Women's Policy Unit established a register where women from the community could fill out a standard form outlining their qualifications and areas of interest. I have told Ministers that, before they bring such an appointment to Cabinet, they should check with the Women's Policy Unit to see whether there is any suitably qualified woman in circumstances where they have not put forward any women. When we came to Government in 1989, most of the boards in Queensland had no women or very few women on them. That has improved considerably, but there is still an underrepresentation of women.

We sometimes find that Ministers are in a hurry or there is strong support for simply reappointing the previous board, but they do not check with the Women's Policy Unit. That is where the role of the Office of Cabinet generally comes in, in terms of checking a submission to see whether it has addressed a particular whole-of-Government issue and, where it has not, I will receive a report prior to Cabinet indicating that there are no women on the board or what the gender ratio is and indicating that there are women who would be qualified. In those cases, I will personally take up with the Minister or have the unit take up with the Minister whether or not they are prepared to consider appointing such a woman to that position. In many cases, the Ministers are prepared to do that, or we simply send them away from Cabinet to at least try to come back with one or two women, even if they cannot achieve more substantial representation than that.

I can assure you that time and time again I have seen cases in which, as a result of that process, qualified women have been appointed to boards of one type or another. For example, with the QIC we inherited an all-male board. When we reappointed them, we had an all-male board. However, after fairly laborious negotiations with some of the major accountancy firms, I believe that the Treasurer has recently been successful in getting their support for allowing senior qualified women to take up such positions.

Mrs SHELDON: Do you see that this unit would be involved in any future efforts aimed at achieving greater representation by women in the spheres of parliamentary representation?

Mr W. K. GOSS: I would not think so. I do not think that falls within their brief. I think it really comes down to members of political parties and politicians to resolve that within their own political organisations. In terms of the Labor Party—we have a conference coming up, as I think do the two other major parties. I do not know about your conferences, but our conference will have a very vigorous and healthy debate on that. It is something that we will resolve ourselves at the party political level.

Mr BORBIDGE: I refer to the future of Queensland House in London. Are there any proposals to move the operations of the London Trade Office and the Agent-General into Australia House, or are there any plans to sell Queensland House?

Mr W. K. GOSS: No, not imminently. I did have discussions with the High Commissioner approximately 15, 16 months ago, and they are certainly interested in having the States come into Australia House, of course on a user-pays basis. I am not sure that they are in a position to do that in the immediate future because they have to undertake considerable work on Australia House themselves. Furthermore, while we have reduced the staff at Queensland House and have, I think, been able to let some of the premises out commercially to reduce the burden on the taxpayer by the income of that rent, we do not propose an imminent sale, because when I last inquired—which was last year—I was advised that the market was pretty poor at that time, certainly compared with the price that the previous Government paid for the building.

The CHAIRMAN: The time allotted for the consideration of the Estimates and expenditure of your Department, Premier, has now expired. Before I suspend this hearing, I want to thank you for attending and I want to thank all of your officers for the very positive support role that they have played. Once again, thank you for being prepared to answer a whole range of questions, some of which probably did go beyond the technical requirement, but I am sure that all members of the Committee appreciate your preparedness to do that.

Mr W. K. GOSS: I would like to express my appreciation to the Committee. I know that on one or two occasions the exchanges did get a bit testy because matters were in my view—whether it is right or wrong—certainly well outside the 1994-95 Estimates. Notwithstanding that, it has been a

constructive exchange and I have appreciated the opportunity to participate in it.

In relation to the matters that are outstanding in respect of which I have undertaken to the Committee to go away and see what more information I can provide, or in other cases where I have specifically undertaken to provide that information, I will now meet with my officers to review that and we will endeavour to have all of that information back to the Committee, if we possibly can, by the close of business tomorrow night.

The CHAIRMAN: Thank you very much, Mr Premier. At this point I will suspend the hearing, which will resume at 7 p.m. sharp in this Chamber.

The Committee adjourned at 5.53 p.m.

The Committee resumed at 7.01 p.m.

TREASURY DEPARTMENT
In Attendance

Hon. K. De Lacy, Treasurer
 Mr Henry Smerdon, Under Treasurer
 Mr Gerard Bradley, Assistant Under Treasurer (Budget)
 Mr Merv Lawrence, Assistant Under Treasurer (Corporate Services)
 Ms Jane Macdonnell, Executive Director (Office of State Revenue)
 Mr Stephen Rochester, Chief Executive Officer (Qld Treasury Corporation)
 Mr Geoff Waite, Manager, Economic Services Branch
 Mr David Balwin, Acting Director, Financial Services Branch

The CHAIRMAN: The hearings of Estimates Committee A are now resumed. The next item for consideration is the Department of the Treasury. The time allocated is three hours. For the information of the new witnesses who are here for this session, I point out that the time limit for questions is one minute, and for answers it is three minutes. A single chime will give a 15-second warning, and a double chime will sound at the expiration of these time limits.

As set out in the Sessional Orders, the first 20 minutes of questions will be from non-Government members, the next 20 minutes from Government members, and so on in rotation. The Sessional Orders also require equal time to be afforded to Government and non-Government members. Therefore, where a time period has been allotted which is less than 40 minutes, that time will be shared equally. The end of these time periods will be indicated by three chimes.

For the benefit of the Hansard staff, I ask departmental officers to identify themselves before they answer a question. I now declare the proposed expenditure for the Department of the Treasury to be open for examination. The question before the Chair is—

"That the proposed expenditure be agreed to."

Minister, if you wish to make a short opening statement of approximately two minutes, now is the appropriate time to do that. Alternatively, we can move directly into questioning.

Mr De LACY: I will take the opportunity just to simply say that I am pleased to be part of this Estimates committee program—this auspicious occasion. It may not be the most exciting occasion in the world, but it is an auspicious occasion. I would like to pledge my support and that of my Department to the process and to be cooperative and constructive so that we can make the whole process a worthwhile one for the people of Queensland.

My Department of the Treasury is, of course, a central agency. We have an appropriation for our

core activities as well as a whole-of-Government appropriation of special allocations in a whole range of areas, and I am sure that will come out. I would like to think that Treasury is, to a large extent, responsible for the good reputation that Queensland has as a financial manager. Treasury does have that discipline and rigour, I think, which has contributed to the very fine performance of the Queensland public sector, and it does represent one of the success stories of this State. That is in a whole range of ways.

In respect of the Budget, our underlying financial position is the strongest by far of any State in Australia. We have a AAA credit rating as a consequence, and I think everybody in the financial markets would tell you that our AAA rating is the strongest or, as the QTC says, a AAA rating with a star.

In a whole range of other areas, all of our financial institutions are solid. They are a ministerial responsibility of ours. Our superannuation schemes are the best in Australia. The gaming industry, for which we are responsible, I think it is fair to say is the cleanest and best regulated in the world. Our research capacity, I think, is unrivalled, that is, economics, the Government Statistician's Office and a range of other research capabilities that we have.

We are responsible for a range of other areas that I think are important for Government—corporatisation; the reform of non-bank financial institutions; compulsory third-party motor vehicle insurance—and each and every one of those has been done in a systemic, practical, efficient, competent and professional way. With those few words, we invite questions from the Committee.

The CHAIRMAN: Thank you very much. The first period of questions will commence with non-Government members.

Mrs SHELDON: I refer you to page 350 of Budget Paper No. 3 for 1993-94, which you will notice refers to the expenses in ministerial offices. I also refer you to page 53 of Budget Paper No. 3 of the 1992-93 State Budget papers, which also refers to ministerial expenses. What are the estimated actual figures for 1993-94 based on? Could you explain the term "estimated actuals", and how do you come to those figures?

Mr De LACY: "Estimated actuals" is a new term in Treasury's lexicon because, as you know, we brought the Budget forward. The Budget has been brought down during the financial year to which the previous financial year accounts refer. In the past, we always compared the Estimates to actual expenditure. Now, of course, we only have 10 months' actual expenditure, so we need to estimate the final two months. It is just not possible to talk about actual expenditure until the end of the financial year, and that is one of the substantial changes in the Budget documentation for this financial year. You will see that term "estimated actuals" in all the Budget papers. I think it is something we will have to get used to because we intend to continue to bring down the Budgets before the financial year to which they refer.

Mrs SHELDON: I am comparing the Estimates of expenditure for 1993-94—

Mr De LACY: You are still talking about ministerial offices?

Mrs SHELDON: Yes, I am. In the 1992-93 Budget papers and the estimated actuals in this year's Budget papers, you will notice that they are exactly the same. Does this mean that there has been absolutely no change—down to the last dollar—in the estimated actual expenditure for each ministerial office from last year's Estimates?

Mr De LACY: Not in each ministerial office; but, yes, I think that is a reasonable conclusion to come to; that we estimate that the actual expenditure for ministerial offices in 1993-94 will be the same as the Estimates. Henry, is that a fair comment?

Mr SMERDON: That is a fair comment. I think the reality is that once the Budget is allocated, Ministers are required to live within that particular allocation. And if \$14.4m has been allocated totally for ministerial offices, it will be confined to \$14.4m.

Mrs SHELDON: In the light of that fact, according to your own Budget papers, every ministerial office is expected to meet to the last dollar its budgeted expenditure for the 1993-94 financial year. I wonder how it is that the salaries, wages and related payments for the total of all ministerial offices are estimated to have risen by 9.5 per cent, or \$800,000, in 1993-94.

Mr De LACY: The increase in wages and salaries—I am just taking it on face value that there is a nine per cent increase—I am sorry; which years were you talking about?

Mrs SHELDON: We are talking about 1993-94, and in your own Budget papers here. Would you like me to repeat the question?

Mr De LACY: The increase in 1993-94 to the Estimates for 1994-95, is that what you were talking about?

Mrs SHELDON: What I actually said was: in your Budget papers, every ministerial office is expected to meet to the last dollar its budgetary expenditure for 1993-94. I wonder how it is that the salaries, wages and related payments for the total of all the ministerial officers is estimated to have risen by 9.5 per cent, or \$800,000, in 1993-94.

Mr De LACY: From 1992-93?

Mrs SHELDON: Yes.

Mr De LACY: Well, there is a range of additional costs now associated with salaries. We now include all of the on-costs such as fringe benefits tax, superannuation—I think, and cash equivalent of long service leave. As we progressively move towards accrual accounting, it is important to include the full cost of programs. That major change in the inclusion of salaries, wages and related payments occurred between 1992-93 and 1993-94. You will note that salaries, wages and related payments are estimated, in fact, not to increase at all in this next financial year, because all of those on-costs have been included.

Mrs SHELDON: If you look at your papers, the total number of staff has remained exactly the same—193. You have mentioned fringe benefits tax and, in light of that, is it fair to say that other estimated expenditure levels throughout the Budget papers are therefore little more than carry-overs from the previous year with no real relation to the actuals?

Mr De LACY: No.

Mrs SHELDON: Could you explain? You have said fringe benefits tax. I cannot understand how you can have these differences when, in fact, the staff numbers stay the same.

Mr De LACY: We are just including more in the salaries than we included the year before.

Mrs SHELDON: Could you detail to me exactly what the new details are and what are the costs that you referred to?

Mr De LACY: I have just done that—fringe benefits tax, provision for superannuation, and cash equivalent of long service leave. All of the on-costs or those salary-related costs have now been included in the Budget for the ministerial officers. In the past, all of those provisions used to be kept in a separate account in Treasury. They are now allocated. That does not apply only to ministerial officers; it applies right throughout the public sector—throughout all departments. So there is apparently an increase in provision for salaries between 1992-93 and 1993-94, but it is an apparent increase, not a real increase, because there are a number of salary-related costs that are now incorporated that were not incorporated before.

Mr BORBIDGE: I do not expect you to provide the answer this evening, but if it is possible would you provide to the Committee by the close of business tomorrow the breakdown of the number of staff within each ministerial office?

Mr De LACY: I have no objection to supplying that.

Mr BORBIDGE: It may help if the document was tabled, Mr Chairman.

Mr De LACY: All ministerial levels 1993-94—I am prepared to read them out: Premier's, 25; Deputy Premier's, 12; Police and Corrective Services, 11; Treasurer, 11; Tourism Sport and Racing, 8; Transport, 12; Employment, 8; Minerals and Energy, 10; Primary Industries, 13; Health, 9; Education, 10; Environment and Heritage, 9; Attorney-General, 10; Family Services, 8; Administrative Services, 9; Housing and Local Government, 9; DBIRD, 10; and, Lands, 9.

Mr BORBIDGE: You would be aware that some Ministers have had staff on their ministerial establishment allotted to work from their electorate offices. Do you use this practice? How many other Ministers have also adopted this practice and on what basis are such staff employed? What is the additional cost involved?

Mr De LACY: I think that those Ministers who come from out of Brisbane allocate a ministerial staffer to their electorate office. That person is usually engaged at about an AO4 level—I am not sure whether that applies right across. The

justification is self-evident. In answer to your question, yes, I do avail myself of that. As a Minister, I spend virtually all of my time in the ministerial office a long way from my electorate office. My electorate office has to take on not just normal electorate responsibilities but also a whole range of ministerial-related responsibilities. People who come into my electorate office in Cairns come in as often to see the Treasurer as they do to see the member for Cairns. It both would not be fair and would not be possible for the electorate secretary to meet those needs. I guess I could find out exactly how many Ministers avail themselves of this, but in general terms it is all of those Ministers who come from outside of Brisbane.

Mr BORBIDGE: I would appreciate it if you could advise the Committee, obviously on notice for tomorrow, how many Ministers make use of this system and also if you could advise us when it was introduced.

Mr De LACY: I can advise now that it was introduced in 1990. Whether it was introduced before that, I do not know, but it has been a policy of our Government.

Mr BORBIDGE: It was not. If you could advise the Committee tomorrow of those Ministers who have availed themselves of this privilege, it would be appreciated.

Mrs SHELDON: It is too bad that you could not relate the same policy to my office and to the office of the Leader of the Opposition. We have similar requirements on our time and staff as you do. I refer you to page 351 of Budget Paper No. 3, 1994-95. You will notice that the first two paragraphs of the "Performance 1993-94" section are the same as last year. The only new performance achievements were computer upgrades and a staff questionnaire on all ministerial offices. Were there any improvements in efficiencies in ministerial offices and, if so, what were they?

Mr De LACY: The survey that was carried out was part of an evaluation of the Ministerial Services Branch, which is the branch in Treasury that is responsible for servicing the ministerial offices. The reason we have that branch is to ensure that there is a consistent application of principles and guidelines across all ministerial offices. You would recall, I am sure, that in the days preceding the election of the Goss Government, ministerial offices operated in a variety of ways, to a whole different set of accounting standards and other standards.

We believe that the only way you can operate ministerial offices is to lay down a fairly rigid set of guidelines and ensure that those guidelines are adhered to. The best way of ensuring that those guidelines are adhered to is to have one branch in the public service which is responsible for servicing and processing all of the expenditure claims and what have you.

Right throughout the public service now, as part of our program management, there is a requirement that all subprograms and programs be evaluated from time to time. In fact, the Public Finance Standards say that each needs to be

evaluated or reviewed once every three years. Part of an evaluation is to survey the clients to find out how your services can be improved. So your reference to the survey of ministerial staff members is exactly that; it is part of the review of the Ministerial Services Branch.

The second part of your question is: has the performance of the Ministerial Offices improved? Well, I think the Ministerial Offices are performing very well. Some people may say, "If they are perfect, how can they be improved?"

Mrs SHELDON: Some may not.

Mr De LACY: Some may, yes, but I think there is a desire on behalf of everybody to continue improving performance and, in line with the whole of the public service, that is an objective.

Mrs SHELDON: Do these efficiencies actually save any money for the Queensland taxpayer?

Mr De LACY: When you carry out efficiencies, or as you become more efficient, there are two benefits: one is that it can save money; the other is that you can provide a better level of service. If you are providing a better level of service or a more cost-effective level of service, then there is a benefit, even if it is not a cash benefit. In terms of the Ministerial Offices—I think to the extent that their performance improves, it improves the performance of the Minister and of the Department and it therefore reflects on the whole of the public service.

I think the best measure of that is the performance of the Goss Government. There are very few people who say that the Goss Government is not performing well. In fact, there are few people who would say—and I know there are some who would not—that it is not the best-performing Government in Australia. Now, I am not attributing all that to the Ministerial Offices, but I think they can take some of the credit.

Mrs SHELDON: If the performance achievements that were stated were computer upgrades and a staff questionnaire for all Ministerial Offices, how much money in dollar terms was saved for the Queensland taxpayer by undertaking those two performance achievements that were mentioned?

Mr De LACY: I do not know if there was money saved. I think you should look at the fact that the estimated actual expenditure in 1993-94 was the same as the estimates of expenditure for 1994-95. If you have a look at the Budget Estimates, there is virtually no increase or no real increase in outlays for the Ministerial Offices. The increases, or the apparent increases in the Budget Estimates, are for costs not previously allocated to Ministerial Offices, and that is a range of leasing costs which have been allocated for electricity and cleaning. If you subtract those, I think the increase in budgets for the Ministerial Offices is less than 1 per cent—0.99 per cent. So I think what I am saying is that the public of Queensland is getting more value for their dollar.

Mrs SHELDON: You say that. If you believe you have increased efficiency, that staffing levels have remained constant and that there has been no significant increase in capital outlays, why has the

Ministerial Office budget increased by 15.29 per cent from 1992-93 to the expenditure in the 1993-94 Budget?

Mr De LACY: I think we have been through that.

Mrs SHELDON: Well, I do not know that you have satisfactorily answered it.

Mr De LACY: There is a range of costs now being allocated to the Ministerial budgets which were not allocated before. Those costs were always met by the public sector, except that they were met from a separate advance in the Department of Treasury. Now they are allocated to all the programs. That is not just the case with the Ministerial Offices; that is the case with all the Departments. So it is an apparent increase but not a real increase.

If you want to have a look at the performance of the Ministerial Offices, have a look at the difference between 1993-94 and 1994-95. I have just said that there is less than 1 per cent increase in expenditure between the two years. If you are going to keep implying that there was a great increase between 1992-93 and 1993-94, you are doing it on a wrong basis because somewhere else in the accounts there is a reduction in outlays because a whole range of costs have been transferred to the programs to which they apply. That is good budgeting. That is moving down the direction of accrual accounting, when all the costs are brought to book in the area where they occurred and at the time at which they occurred.

Mrs SHELDON: Mr Treasurer, the total expenditure for Ministerial Offices increased by 15.5 per cent from 1992-93 to 1993-94 and it will increase by a further 4.6 per cent in 1994-95, yet the only performance achievements that you have documented, or have achieved, are computer upgrades and a staff questionnaire. What is the breakdown of the computer upgrade carried out for the Ministerial Offices? Could I have a list of the previous equipment and software, the new equipment and software, and the cost of acquisition and upgrade of these computer facilities? I am quite happy to take that on notice.

The CHAIRMAN: Okay, if you are happy to take that on notice, Treasury is. As the time for questions by non-Government members has expired, it reverts to the Government members. I will ask the first question. I refer to the Government's public debt program as detailed on page 85 of the Treasury Department's Estimates statement, which indicates that the State's total Budget allocation for public debt is about \$2.5 billion. What input will the Queensland Infrastructure Financing Fund have on the State's public debt?

Mr De LACY: The public debt to which you refer, the \$245m—the public debt is somewhat greater than that \$245m, but that is the interest and redemption payments, and that is referred to as "public debt". It is the old Loan Council debt to the Commonwealth. In the old days, the Commonwealth used to borrow on behalf of the States, and there is still a considerable amount of debt there. It used to finance the Capital Works Program and, each year,

the State pays back to the Commonwealth interest and redemption on that public debt. The Queensland public debt, I think as everybody knows, is relatively modest and if you balance the debt off against the financial assets in the Budget sector, we have got a substantial surplus—a surplus of something like \$3.7 billion right across the Government sector. As I said in the Budget Speech, we are heading towards zero net debt at the end of this next financial year.

The short answer to your specific question about the Queensland Infrastructure Financing Fund is that it will have very little impact on the net debt of the State of Queensland. The theory behind the Queensland Infrastructure Financing Fund is to harness the financial strength of the State and to use it to meet our infrastructure needs. I gave a commitment in the Budget Speech that we could set up the fund, meet those infrastructure needs, build up a fund of \$1 billion within the next 12 months, increasing by the end of the century to \$2 billion, and still meet the criteria of zero net debt.

Those people out there who are saying that the QIFF will lead Queensland down the Victorian track—I presume what they mean is that it is going to lead us into an intolerable debt position—obviously have chosen to misinterpret what it is all about or to misinterpret Queensland's financial position. In conclusion, I just have to say that it will have very little impact on our net debt, and it will not impact on the underlying financial strength of Queensland. In fact, in the long term, it will add to it.

The CHAIRMAN: I refer to page 83 of the Treasury Departmental Estimates Statement and note that the Government Superannuation Office is to participate in a joint venture with the Queensland Investment Corporation to provide post-retirement investment products and services to public sector employees, I believe under the product name of Q Invest, and I ask: what is the justification for the Government Superannuation Office's involvement in such a scheme?

Mr De LACY: The superannuation industry is an evolving industry. In the last 10 years, I guess, it has evolved very rapidly. It is probably one of the fastest changing industries in Australia, and certainly one of the fastest growing industries.

The Queensland public sector and, I think, other States have traditionally provided post-retirement pensions to their employees. Two years ago, we established a new superannuation fund in Queensland, which we called Q Super, and changed the basis of superannuation from a pension to a lump sum. What we find now is that as our public servants retire, they retire with a lump sum—and I think that is consistent with the way in which superannuation schemes were evolving—but then they have got the challenge of what to do with their lump sum. Many of them—and I mean many of them—have come back to the Government and said, "We would like the people who have provided our lump sum—in other words, our superannuation benefits—to continue to be involved with providing post-retirement income." So we see that as a logical progression. But it is not new for Governments to provide post-retirement incomes for their employees. In fact, it is something that has

been done for many, many years. All of the members of your Committee, of course, are in the situation where, when they retire, they will be in a position to have a pension provided by the public sector. So there is nothing new about it at all. I imagine you are all in the parliamentary superannuation scheme, which is a pension scheme. In concept, there is nothing new. It is just a logical progression.

Some people have suggested that we are using the strength of Government to compete against the private sector in an improper way. Let me say that that is not the case. As Q Invest provides these products—an allocation pension initially; a rollover facility very soon; and perhaps new products as they evolve—Q Invest will be a public corporation. It will be subject to corporations law and it will be subject to the Commonwealth Government's superannuation industry supervision legislation.

Mr BUDD: Mr Treasurer, I would like to refer you to page 67 of the Treasury departmental Estimates and note that staff from the office of the Under Treasurer provide advice on such major issues as South Bank and the Gold Coast Indy Grand Prix. I would like to ask whether you have any information on what losses the Government has incurred as a result of its involvement in Gondwana Land, the Indy and Compass.

Mr De LACY: That is a good question in a sense that every second day when you pick up the newspaper somebody is talking about losses in those areas. However, the only area that in my view the Queensland Government has sustained losses in is with the arrangement with Compass Airlines. The total loss to the Government was, I think, from memory, \$7.3m. We had an equity investment or shares to the value of \$6.8m and there was a half a million dollar loan, and when Compass went into receivership we effectively lost that investment. In defence of that investment, at that time Compass Mark I provided a great injection—an economic injection, I guess—into the Queensland economy and certainly provided a major boost in the middle of a recession to the Queensland economy. As we were still struggling to come out of recession and the opportunity presented itself for Compass Mark II, we believed that it was worth a go to stimulate the economy and our tourism industry.

In relation to Gondwana Land—I know that people continue to say that somehow the Queensland Government has lost money with Gondwana Land. The story there is that the South Bank Corporation did provide a guarantee to the Joffe group to establish Gondwana Land. One of the reasons we did that is that we believed it was important as the South Bank was being developed to have an integrated active park, and it was important to have that themed rainforest attraction.

In order to ensure that that was there and provided in a timely manner, the South Bank Corporation provided a guarantee. It is common knowledge now that the Joffe group has gone into liquidation. The guarantee to the Queensland Industry Development Corporation was called upon. South Bank Corporation has taken over the running of Gondwana Land. The Government has not lost

any money at all. It is trading profitably and some time in the future obviously we will be calling on the private sector, or calling for the private sector, to take it over once again, and I am quite confident that we will be able to sell it off without any loss at all.

As far as the Indy car race is concerned, I just have to say that we see that not as a loss but as an investment in Queensland's tourism industry, the best single way that we can market Queensland to the whole wide world.

Mr DAVIES: Mr Treasurer, you just mentioned the QIDC. I would like to ask a question in relation to the Venture Capital Fund of the QIDC. It appears from the information before us that the Treasury no longer provides funds to the Venture Capital Fund operated by the QIDC; is that correct?

Mr De LACY: That is true. We have closed the Venture Capital Fund in the QIDC. This whole issue of venture capital is something which my department and I have considered long and hard. We hear the stories, as I am sure all other honourable members do, of viable projects out there which cannot find venture or development capital. But I guess that has been the case ever since commerce has been around. Nevertheless, I am convinced that there is a lot of venture and development capital and there are a lot of viable projects. The important thing is to see if we cannot bring them together. But whether there is a role for Government in directly providing the venture capital is a different issue, and this Government has come to the conclusion that that is not an appropriate role for Government, that if Government becomes involved in providing capital to the private sector—in other words, picking winners in the private sector—I simply do not think that they do it well. That is not to say that sometimes it cannot be beneficial, but that relatively small fund—\$20m—really does not make a very big impact, either, on the economy. We have a very competitive banking system out there.

We need to work towards developing a much more mature and sophisticated venture and development capital industry. We believe that the Government has a role in facilitating this. For instance, recently Treasury has been involved in supporting—and even providing some seed funding to—a seminar series called Corporation Builders '94. A whole range of seminars were carried out in Queensland. Providers of capital and those seeking capital came together. The objective was to make people more aware, but also to set up a range of networks. As a consequence of that, we have been able to match a lot of venture and development capital with some viable projects.

The long-range benefit was to start the development of a much more mature industry in this regard. That is the objective. I think Government can play a very important role in that regard. I will finish where I started. I believe, and my department believes, that a Government should not be involved directly in supplying venture capital to the private sector. When Governments do that, they generally do not do that well.

Mr NUNN: I refer to page 22 of the Treasury departmental Estimates statement. I note that the

financial management program was involved in the implementation of the Queensland corporate card. I also refer the Treasurer to the finding of the Bevis report in relation to the Australian Government corporate card. What action has our Government taken to ensure that problems similar to those outlined by Mr Bevis are not encountered in Queensland?

Mr De LACY: This is probably another good example of the way in which Queensland does it right. I am aware of the problems associated with the corporate card at the Commonwealth level. We undertook to introduce a corporate card in Queensland two years ago. But we did it—as we normally do—in a methodical and systematic way. I issued very clear guidelines. Agencies were required to establish their own detailed guidelines. Firstly, we trialled it in three agencies for six months. We evaluated that trial. We decided to proceed with it and issued it to all agencies. I think all agencies also trialled the card in one or two sections.

To do this properly, you have to have proper controls. The FA & A Act does impose very severe penalties for the misuse of the card. We put together a training package. All purchasing officers have been required to undergo training. Treasury and the Auditor-General have monitored the introduction of the card. We have found the card very convenient. The implementation of this card has brought about a whole range of efficiencies at that level of the public sector. It has simplified administration. It is a lot better for business. It has speeded up payments to business, and has been universally well regarded by the business sector.

But I know that some people believe that people will misuse a corporate or credit card if it is available. I have to say—and I think my department would back me up—the credit card actually sets up a clearer audit trail than is the case with the old voucher systems and the range of other systems that we had for making purchases. The corporate card is now a reality in Queensland. It is a fact of life. It has brought about a whole range of efficiencies, both for Government and for the private sector. At the end of May this year, 1 470 cards had been issued. We anticipate that 2 000 will be issued by the end of June. Estimated savings of \$2.5m will accrue annually. On the basis of 4 000 cards, potential savings are estimated at \$2.5m.

The CHAIRMAN: What sort of people have access to a corporate card, or utilise a corporate card, in Treasury?

Mr SMERDON: It varies between departments. Under the usual criteria, the cards go to those people who have the most need for them. For example, a purchasing officer making daily purchases will have a card, but his limit will be \$1,000 per transaction. So there are limits imposed on what he can or cannot do. Very few cards have limits above \$1,000. They are usually for people who travel a lot. Again, not everyone avails themselves of a corporate card. I do not have a corporate credit card; I use my own American Express card. It really varies from department to department.

The CHAIRMAN: So it is not just available to people in senior executive-type positions. In fact, that is not its intention at all. It is primarily for people who need to make purchases. It means that you do not have to issue money for purchases.

Mr SMERDON: That is correct. Being a member of the Senior Executive Service does not automatically qualify a person for a credit card. In my department—and I can speak only for Treasury—my policy is that I must personally approve and have justified to me the need for a corporate credit card before I will issue one.

The CHAIRMAN: I refer to page 19 of the Treasury departmental Estimates statement, and to Treasury special allocations investments. Why does the Consolidated Fund spend money on investments?

Mr De LACY: I thought somebody would ask this question. I will flick it in a minute. Treasury does invest as a whole of Government activity; that is, it invests not only on behalf of the Treasury but on behalf of the Government. We make short-term investments with the Queensland Treasury Corporation, and medium and longer-term investments with the Queensland Investment Corporation. There are two main areas of activities for which we invest. I cannot answer the Chairman's question sufficiently in my remaining time.

The CHAIRMAN: I might revisit that issue when it is next our turn. The period for the asking for questions by Government members has expired.

Mrs SHELDON: What is the breakdown of estimated actual ministerial expenses department by department for the 1993-94 financial year?

Mr De LACY: Have you got an obsession with ministerial expenditure?

Mrs SHELDON: I am just asking some probing questions.

Mr De LACY: You want to know the estimated actual expenditure for each of the ministerial offices?

Mrs SHELDON: No. I want to know the ministerial expenses department by department for the 1993-94 financial year.

Mr De LACY: It is in the Budget papers.

Mrs SHELDON: I do not only mean office expenses.

Mr De LACY: I am sorry. You will probably have to explain what you mean by "ministerial expenses".

Mrs SHELDON: I mean all expenses that Ministers would encompass, not just in their offices.

Mr De LACY: But all ministerial expenses are included in the expense for the office of the Minister. That is published in the Budget papers on page 350 of Budget Paper No. 3.

Mrs SHELDON: So every penny that the Minister or his staff spends is put down under ministerial offices?

Mr De LACY: Yes.

Mrs SHELDON: Could you give me the

breakdown of the individual expenses that are incurred in those offices?

Mr De LACY: I am not that sure I can.

Mrs SHELDON: It must be listed somewhere.

Mr De LACY: I am not sure what you mean by ministerial expenses. Ministerial expenses are published in the Budget papers. Total expenditure for 1994-95 is \$15,000,070.

Mrs SHELDON: Could we have a more detailed breakdown than that, because that does not tell us exactly what is covered, does it?

Mr De LACY: Yes, it does. Salaries, wages and related payments are \$8,961,000. Non-labour operating costs are \$6,274,000. Other current outlays/recoveries are \$165,000. That is the total expenditure for the Ministers, their staff and on the operation of their offices.

Mrs SHELDON: Could you tell me where detailed in there you find ministerial travel?

Mr De LACY: You will not find detailed in here ministerial travel. It is part of non-labour operating costs. At the end of each year, Ministers are required to table a statement for public disclosure, which shows domestic travel, overseas travel, motor vehicle operating expenditure, charter expenditure, domestic official functions, overseas official functions and other. Under our ministerial guidelines, we are required to table that each year for each ministerial office. Most people would agree that that is a level of accountability that was certainly never previously provided in Queensland. To what extent it is provided in other States, I do not know.

You will remember that we came into Government in the aftermath of the Fitzgerald inquiry. The Fitzgerald inquiry made many negative comments about the lack of accountability in ministerial offices. We undertook to ensure that the level of accountability in ministerial offices was substantially improved, and we have done that. We have issued guidelines for the financial management of the office of the Ministers. For instance, we are required to table in Parliament details of each overseas trip, the itinerary, the people with whom we met, the objectives of the trip and who travelled with the Minister. Then, at the end of the year, in that public disclosure document we put the costs.

The budgets for the ministerial offices are included in the Budget papers. I have made reference to that. Those budget Estimates include all of the costs associated with not only the operation of the office but also all of the ministerial expenses incurred by the Minister.

Mrs SHELDON: Entertainment would be in there as well, would it?

Mr De LACY: Yes.

Mrs SHELDON: Is that a different line item?

Mr De LACY: It is included, yes, as non-labour operating costs.

Mrs SHELDON: Could you furnish us with a list of what the non-labour operating costs are?

Mr De LACY: Yes. I have just said that. Six—

Mrs SHELDON: No, no. Break down what each of the costs are. They are just there as a bulk figure.

Mr De LACY: I am not sure what you are asking for. Do you want a breakdown for each Minister?

Mrs SHELDON: I would like to know for each Minister exactly what those non-operating costs break down into.

Mr De LACY: I am responsible for servicing the offices of Ministers and the appropriation for the ministerial office. Through the Ministerial Services Branch, I am responsible for ensuring that there is a consistent application of the guidelines for the office of a Minister. If you want information about the way in which each Minister uses his or her allocation, I can supply you with a copy of this and you can see the principles or the guidelines under which Ministers must operate.

However, if you want to find out how they break down their expenditure within their offices, you will have to ask each one of those Ministers. I am not in a position to provide that and I am not willing to provide it. I am prepared to provide for you a breakdown for my office on the same basis as it is provided here for all of the Ministers, that is, salaries, wages and related payments and non-labour operating costs.

Mrs SHELDON: With due respect, Mr Treasurer, that does not tell one much at all. I cannot believe that you agree that the sums of money that are listed there are to be paid out to ministerial offices without any form of accountability as to what they are doing with that money.

Mr De LACY: I do not agree for that to be paid out to ministerial offices. Parliament is appropriating that money for the ministerial offices. That money must be spent in accordance with those guidelines. I have a responsibility to ensure that it is spent in accordance with those guidelines.

Mrs SHELDON: There are no dollar values with those guidelines.

Mr De LACY: No. It is a set of accountability principles.

Mrs SHELDON: I am really interested in the dollar figures, not principles and guidelines.

Mr De LACY: But you have the dollar figures.

Mrs SHELDON: With due respect, there is very little detail here—"Salaries, wages and related payments, non-labour operating costs, other current outlays and recoveries".

Mr De LACY: That is provided at the end of every year.

Mrs SHELDON: So entertainment expenses are provided and detailed?

Mr De LACY: Yes.

Mr BORBIDGE: Treasurer, under what circumstances can certain costs incurred by a Minister be charged to the department? For example, if the Premier were hosting a function in Tokyo, that would be a departmental expense, not a ministerial expense?

Mr De LACY: The guidelines have been published. There is a ministerial expense, there is a departmental expense and there is a Government expense. They have been defined in here.

Mr BORBIDGE: If the Premier is hosting a function at the Imperial Hotel in Tokyo, is it a ministerial expense, a departmental expense or a Government expense?

Mr De LACY: It depends.

Mr BORBIDGE: What does it depend on?

Mr De LACY: It depends on who is organising it and for what purpose it is being organised. I go to a lot of functions that are organised by somebody else. I go along as a guest.

Mr BORBIDGE: I gave a specific example there. What would be the situation?

Mr De LACY: I have told you.

Mr BORBIDGE: If the Premier is hosting a function in Tokyo, is it a ministerial expense, a departmental expense or a Government expense, and does it appear in ministerial expenses?

Mr De LACY: If the Premier is hosting it, it would be a ministerial expense. If the department is hosting it but has invited the Premier—

Mr BORBIDGE: As the guest of honour?

Mr De LACY: As the guest of honour, it conceivably could be a departmental expense.

Mrs SHELDON: Who decides that?

Mr De LACY: There may at times be—

Mr BORBIDGE: If the Premier does not want it to appear as a ministerial expense, he gets his department to send out the invitation? Is that correct?

Mr De LACY: With due respect, you are probably attributing old standards.

Mr BORBIDGE: The old standard, with respect, was that all of those costs were incurred by the Minister. What I am saying is: does this situation leave itself open so that, if the Premier is hosting a function in Tokyo and he does not want it to appear as a ministerial expense, it can be arranged so that the department hosts the function and the costs involved are absorbed by the department and do not appear as a ministerial expense?

Mr De LACY: If it is hosted by the Minister, it is a ministerial expense. If I organise and host a function, that will be charged to my ministerial office. If the department organises a function, it is charged to the department.

Mr BORBIDGE: Where do you draw the line?

The CHAIRMAN: Mr Borbridge, could you let the Treasurer answer the question before you jump back in, please?

Mr BORBIDGE: Chairman, it is important because obviously a mechanism has been created that effectively disguises the extent of ministerial expenses that are being tabled in the Parliament by virtue of the ability to debit those expenses not against ministerial expense but against departmental expense.

Mr De LACY:

"Ministers may undertake official functions both in Australia and overseas for the following purposes:

Portfolio related. The costs of all official functions that relate to the Minister's portfolio in general rather than a departmental program or activity shall be a charge to the office of the Minister.

Departmental related. The costs for all official functions that are reasonably associated with a departmental program or activity shall be a charge to the department involved. However, Ministers should not use this category to avoid incurring expenditure that should properly be a charge to the office of the Minister.

Government related."—

and this is what I said in the first place—

"Where the prior written approval of the Premier is obtained, the costs for all official functions that are not reasonably associated with the Minister's portfolio or departmental programs or activities but are related to the benefit of the Government as a whole may be charged to the Department of the Premier, Economic and Trade Development."

That appears to be quite clear. You are saying that it is not, but it is not possible to spell it out any clearer than that. We have made an effort to distinguish between them.

I would have to say that, in my own case, I sometimes struggle with the Queensland Treasury Corporation. The Queensland Treasury Corporation organises the visit. They are investor development missions. They use me as the Treasurer to explain the fiscal and economic position of the State of Queensland, but it is primarily a Queensland Treasury Corporation function. They invite all of the investors along. They are the one that has the relationships with the investors, but they use me as the Treasurer of the State of Queensland to assist them to promote the bonds to the investors.

Mr BORBIDGE: It is not a ministerial expense, then.

Mr De LACY: I pay all of my own expenses, but those official functions are picked up by the Queensland Treasury Corporation, and it is proper that they be picked up by the Queensland Treasury Corporation. In my view, it is quite clear in that regard. But I do confess that there could be times when it is not so clear. Nevertheless, we have spelt out the guidelines. If you want to question some individual Minister about a particular function, you will have to do that. I can only spell out what is in our guidelines, and we have attempted to stop Ministers from hiding the cost of their ministerial expenses in departmental expenditure. That is the reason for those guidelines.

Mrs SHELDON: I would like to ask you a question regarding QIFF, the Queensland Infrastructure Financing Fund. If QIFF will allocate

money to infrastructure projects, then there must be a way of prioritising projects. What is it?

Mr De LACY: That is a pretty blunt question. You will note that there is no allocation made for QIFF at this stage. Once we get to the stage of making an allocation, we will set up a trust fund and, to the extent that we put money in and that money is appropriated, it will be appropriated as unforeseen expenditure during this financial year and approved by Parliament at the conclusion of the financial year.

To answer your question about priorities—the priorities will be decided by Government, as we do with all infrastructure spending. As far as QIFF is concerned, it is for the provision of infrastructure. Despite all the things that are being said, it is only for infrastructure—roads, bridges and what have you. We have a very strict borrowing regime in Queensland that we will borrow only to provide infrastructure that is capable of generating an income stream which will service the debt. The reason for QIFF is that there are some projects which may not, in the short term, be fully commercial. The best measure of this is to invite the private sector to carry it out. As you know, if the private sector is to become involved in a project, it has to be bankable. In other words, they need to be able to convince their bankers or the people who are providing them with finance that they can service the debt. If the private sector can do that, there is no need for the Government to be involved.

However, in some cases, there may be projects which we believe have a great benefit to the State, but they may not be fully commercial in the short term. To the extent that there is any risk to a part of it, we may be able to partly finance a project with debt, because you can sign a range of contracts which will ensure that a proportion of the debt will be serviced. With that proportion that cannot be serviced with certainty—in other words, bankable certainty—we have to provide debt. We will have a committee of officials, chaired by the Under Treasurer, who will evaluate the projects in the first instance, but of course the decisions will be made by Cabinet.

Mrs SHELDON: How are the project funds allocated? How do you envisage that?

Mr De LACY: I do not know what you mean.

Mrs SHELDON: Are you looking at long-term infrastructure, short-term infrastructure?

Mr De LACY: Infrastructure is always long term.

Mrs SHELDON: So you are looking at long-term infrastructure?

Mr De LACY: Yes.

Mrs SHELDON: Then you must surely have a long-term plan for that infrastructure development. I asked you about a priority list there, and you really did not have any priority list, so what is your long-term plan for that infrastructure development?

Mr De LACY: QIFF is a means to bring forward some of the infrastructure needs. I make the point that all of this infrastructure would eventually be provided. All QIFF will do is affect the timing and

the scale. It is a means to bring forward infrastructure. We believe it is important to bring forward the provision of infrastructure, because Queensland is now in a growth phase. We have a dynamic economy and a rapidly growing population, and the big challenge for us is to meet the infrastructure needs. QIFF provides us with a means to hasten the provision of infrastructure.

A good example is a gas pipeline. We all know that, in time, there will be a justification for a pipeline to the north-west minerals province. We all know now that there needs to be a pipeline from south-west Queensland linking up with central Queensland and into Brisbane and eventually to Gladstone and Rockhampton. We would hope that the private sector will provide that. We have invited the private sector to submit tenders for that one, and even for north west. However, at the end of the day, if they cannot do it, QIFF will provide Queensland with a mechanism of providing that infrastructure before it would normally be provided by the private sector.

The CHAIRMAN: The time allocation for questions by non-Government members has expired. I want to revisit the question that I asked earlier just before we ran out of time about Treasury special allocations and investments. Why does the Consolidated Fund spend money on investments? Why is the 1993-94 estimated actual expenditure for investments negative leading into this new financial year?

Mr De LACY: That is an interesting question. How can we have negative investments from the Consolidated Fund? There are two reasons that Treasury makes investments in its whole-of-Government activities. One is in respect of superannuation. The figures that have been provided in this departmental Estimates statement are really net figures. With superannuation, you have investments of the interest earned on the employer contributions, but taken away from that is a drawdown of funds from the investments that is used to meet the superannuation benefits that are paid to members. There is also an investment of carryovers, but carryovers also have a positive and a negative, and you end up with a net figure. You will see for 1993-94 that there are actually negative investments of \$14m. In 1994-95, there will be positive investments of \$33m. In the program statement on page 354, which applies to the same thing, you will see that it actually indicates both the investment and the other side of the coin, which explains why we have negative investment. Gerard, perhaps you could elaborate on that.

Mr BRADLEY: The elements involved in the investment figures in Treasury essentially come down to three net items, one of which is the drawdown of investments to meet benefit payments to superannuation retirees. There is then the investment of the interest on the superannuation investments. In 1993-94, the investments drawn down for benefit payments are around \$300m, and investments of interest on our reserves are about \$450m. We then also have a drawdown of investments to meet carryover commitments from the

previous year of around \$160m, which accounts for the negative figure. They are net results.

In addition to those amounts, gross investments are made of the employer contribution for superannuation of around \$460m and also for carryovers in the current year, which is around \$149m. So, gross investments in fact are closer to \$600m, or the net figure which appears in Treasury is around \$15m. The balance of investments actually shows up in departmental allocations for employer contributions for superannuation and for carryovers for the current year.

The CHAIRMAN: I refer to page 35 of the Treasury departmental Estimates statement and the allocation of \$1.3m in 1994-95 to the Government Owned Enterprise Unit. Why has the allocation to the GOE Unit been reduced in 1994-95 when the unit would presumably be gearing up for corporatisation, and what benefits do you see in this expenditure even though it appears to be lower?

Mr De LACY: That is a question that I ask myself because we do have what we call a GOE Unit in Treasury and, as the process of corporatisation gathers pace, it has become a very busy little unit. When I saw that the outlays for 1994-95 were in fact less than 1993-94, I wondered why. I am advised that there were substantial office relocation costs in 1993-94 and that, in fact, there will be an increase in staff numbers. I see that the number of staff in the GOE Unit as of 30 June 1994 will be 11, so it has increased throughout the year to 11. We have established four additional positions for the GOE Unit, and even with that number of staff members, I think you will find that they are going to be busy little beavers, because corporatisation is now in full swing. The Queensland electricity supply industry will be fully corporatised as of 1 January. As of 1 July, there will be the three large ports in Queensland—or the Ports Corporation—and the ports of Gladstone and Brisbane. Pretty soon after that, the two financial institutions, that is, Queensland Investment Corporation and QIDC, will be corporatised. We were hoping that would happen by 1 July, but we expect by at least 1 September—and I think you would appreciate this, Mr Chairman—that all of the work that needs to go into that pre-corporatisation process will be done. When we to a certain extent lay these entities bare, we find out what makes them tick, and we have to do a valuation of all their assets so that we can determine what is a proper rate of return. From that rate of return, we have to have a tax policy, a pricing policy, a dividend policy and what have you. However, at the end of the day, I think it is a good outcome for the people of Queensland because it is all about making them commercial and that means making them efficient. When they are efficient, of course, they will not only produce their product at a cheaper rate, but they will return a dividend to the owner, the taxpayers of Queensland. I am sure that everybody believes that the benefits from that are great.

The CHAIRMAN: And the GOE Unit will be involved in assisting Treasury to set the performance agreements and the overall monitoring of the new corporations?

Mr De LACY: That is right. What we do with the corporatisation process in Queensland—and I think this is what separates us from the rest of Australia—is to have two corporatisation Ministers, the portfolio Minister and one consistent corporatisation Minister, and for all of my sins, that is me. The reason for those two Ministers is that we have a consistent application of principles right across-the-board. What happened in a lot of other States is that when they started to corporatise, the entities themselves took over the corporatisation process and corporatised themselves in the way in which they thought was best for themselves, and that may not be best for the shareholder, who is the taxpayer of Queensland. So we have this consistent application of principles and we also have this body of expertise. The GOE Unit will be involved not only in the pre-corporatisation process, but right throughout, drawing up the statement of corporate intent, monitoring the financial performance and the efficiency performance of these entities. I think that reiterates the point I made earlier, that in Queensland we always do it right and we always do it better because we have a practical, systematic, methodical approach to all of these issues. We have done that with corporatisation.

We are already starting to get the benefits from that in this Budget. From the Queensland electricity supply industry, the people have got \$100m back by way of tax equivalents. The consumers of that electricity have \$100m worth of tariff reductions. So the benefits are already starting to flow to the people of Queensland.

Mr BUDD: I would like to refer again to page 67 of the Treasury departmental Estimates statement and further note that the staff from the Office of the Under Treasurer provide advice on the Brisbane Cricket Ground redevelopment. In view of all the reports flying around about overruns in the cost of the new grandstand at Lang Park, are we likely to face a similar overrun at the Gabba and, if so, is it going to be funded by Queensland taxpayers?

Mr De LACY: We have decided not to proceed with Lang Park now after the football last night. No, that is not true. I have not been specifically involved with Lang Park, but I understand that there is a substantial overrun, but the good news is that that will be commercially financed and the contribution from the Sport and Recreation Benefit Fund will remain at \$5m, which was announced publicly. In respect of the Gabba—I have been involved with the redevelopment of the Gabba for three or four years now and I would like to think that we have brought the same principles to the redevelopment of the Gabba as we have brought to all of these other things with which Treasury has been involved, that is, systematic, practical application of principles.

The redevelopment of the Gabba is scheduled to cost \$42.147m, of which \$14.250m will effectively come from the Government through the Sport and Recreation Benefit Fund. We have carried out Stage I and Stage II, and I think they have been universally applauded. I think that the Gabba already looks very much better than it did three years ago. Stage III

involves the construction of a grandstand to replace the northern grandstand and the Leslie Wilson Stand. At this stage, that is going to cost \$25.487m—or that is what we have budgeted to spend there. We are at the stage now of fairly detailed planning for that, but we are still budgeting in a range of ways, talking to the two tenants, which are the Queensland Cricketers Association—the QCA—and the Brisbane Bears. Our objective is not only to construct the grandstand, but also to put in a new scoreboard with instant replays—and we have not given up hope of installing lights, because we believe that in Queensland we need to have a major facility to conduct test cricket that we can all be proud of. The facilities at the Gabba have not been appropriate to what is required in this day and age. I can give you an assurance that once we have finished all the detail and we commit ourselves that it will remain within Budget.

Mr DAVIES: If I could ask a supplementary question in relation to the Queensland Infrastructure Financing Fund—it is my understanding that the same principles will apply in relation to the Queensland Infrastructure Financing Fund except that some of the projects in the short term might be cash flow negative but, in the long term, will be cash flow positive. Is that correct?

Mr De LACY: That is correct. The reason we have established QIFF is that these are projects are commercial, or should be commercial, but the investment horizon is outside that of the private sector. The private sector has to be able to make a return on its investment in the short term. Through the auspices of QIFF, the Queensland Government will be able to finance commercial infrastructure in such a way that we do not have to get an immediate return. To the extent that we are using debt, yes, we will have to get a return on that component. But that is the reason that we are using equity as well, because the equity does not require an immediate return. That means that we can come into projects which the private sector cannot, or will not—but only those projects that we believe eventually will be commercial and, secondly, have a great economic benefit to the State of Queensland.

Governments in the past have come into these projects on dozens of occasions, but they have mostly come in just with debt. Because of our rigid financial management principles, we are not prepared to put debt, or total debt, into a project unless we can be certain that it will be serviced immediately from the income stream. So, for those people who are saying that somehow we are compromising our financial management principles—that is quite wrong. It is Queensland again using its financial strength, but with the management principles that have led to that financial strength to meet the needs of the future. That is what it is all about.

Mr DAVIES: The equity funds that we will be putting in will be coming from, as I understand it, cash flow positive investments of the Queensland Government today.

Mr De LACY: Exactly. There is a whole range of mature projects out there which are paying off their debt faster than was originally envisaged. That

is usually because there is more usage than was originally envisaged, and that usage comes from rapid growth—growth in the economy and growth in the population. But that growth in the economy and growth in the population is creating other problems—infrastructure needs. So the benefits we are getting from the growth in these mature projects we are going to use to finance other projects.

Some people choose to misrepresent what we are doing. I guess you cannot stop them from misrepresenting what we are doing. But there are projects out there that have built up surplus equity. There is no simpler way of saying it than that. They have built up surplus equity. We will take some of that surplus equity away. We will leave them in a commercially viable position, but we will use that surplus equity to finance new infrastructure. I would have thought that everybody would support that in the sense that we have this headlong rush into large structural surpluses.

What we ought to be doing is utilising some of those surpluses to provide infrastructure. People are saying to me, "Why do you want all of these surpluses? What is wrong with a bit of debt? Why do you have to have large structural surpluses?" They are an outcome of the financial management principles that we use. We now have a way of using some of those surpluses, too, for the benefit of the people of Queensland. But as I said before, we are not compromising any of our basic fundamental financial management principles.

We are talking about a \$1 billion surplus a year. We are going to put, say, \$400m worth of equity into this fund. Over the next six years, even a \$2 billion fund—we are actually running surpluses of \$1 billion a year. If we take \$800m out of the next six years—six years means that we are going to run a \$6 billion surplus. We are going to use \$400m of that surplus as equity to finance new infrastructure. I do not want to get into any point scoring, but to suggest that that is putting us on the Victorian track is just a complete misreading of what we are on about.

Mr DAVIES: As to the final red herring—none of those assets are going to be sold; we are just going to use the surpluses that are being generated.

Mr De LACY: The surpluses in the existing mature infrastructure projects—when on Budget day I did say that we would invest in new infrastructure, I used the word "marginal". Some people have said, "Oh, marginal. The private sector won't do it. They are all getting involved in marginal things." By "marginal" I meant that it was marginal from a fully commercial point of view. If there is going to be an element of marginality there, we have to put equity in. That is all I mean. To suggest that somehow or other we are compromising our principles is quite wrong. What did you say about the red herring?

Mr DAVIES: The red herring is that it is being said that there are assets that are going to be sold.

Mr De LACY: What I said was that, as we put these new projects on a commercial footing, we hope that this QIFF will become a revolving fund. If we build a 20-inch pipeline, for instance, at this stage

the private sector is not prepared to finance it. They may be prepared to finance a 12-inch pipeline. But as we build it and we bring new users on stream and it becomes fully commercial, it may make sense then to sell that off to the private sector, take the equity back in and use that to refinance another project. I was talking about new projects financed out of the Queensland Infrastructure Financing Fund itself.

The CHAIRMAN: The period for allocation of questions by Government members has expired. Back to the non-Government members.

Mrs SHELDON: Was any officer or unit of the Treasury Department involved in investigations into the sale of all or part of Suncorp?

Mr De LACY: There were no investigations into the sale of all or part of Suncorp.

Mrs SHELDON: So no officer of your Department was involved with this?

Mr De LACY: I am saying that there was no investigation. There are no officers, or anybody, investigating the sale of all or part of Suncorp. If you are referring to the Price Waterhouse study of Suncorp—

Mrs SHELDON: No, I am not.

Mr De LACY: I guess the short answer is that nobody is involved in the sale of all or part of Suncorp.

Mrs SHELDON: I said "was".

Mr De LACY: Was, is, are or will be.

Mrs SHELDON: Has a departmental report been made available to you or your office on the possible sale of Suncorp?

Mr De LACY: I think it is common knowledge that since about—I am not sure what this has to do with expenditure Estimates, mind you, but I will answer it, anyway. Since last November, there has been something of a public and an internal debate going on about the future of Suncorp. After the South Australian election, the Premier mused aloud about the need or otherwise of Governments in this day and age to have an insurance company, a finance company and a building society, with a range of other subsidiary companies hanging off it. He stimulated a debate quite deliberately. I think a lot of people—

Mrs SHELDON: I am aware of that. But, with all due respect, my question to you was: has a departmental report been made available to you?

Mr De LACY: I am trying to answer that in my own way.

The CHAIRMAN: Mrs Sheldon, could you let the Treasurer answer the question? In my view, the question is not relevant to the Estimates; but the Treasurer has indicated that he is prepared to answer it. I think you should let him answer it.

Mrs SHELDON: The Treasury program—

The CHAIRMAN: Are you dissenting from my ruling?

Mrs SHELDON: No, I am not.

The CHAIRMAN: Will you just let the Treasurer answer the question that you have placed on the record, please.

Mrs SHELDON: It was just a comment that this did not in any way refer to the Treasury documents.

The CHAIRMAN: Do not tend to debate it or we will go out of this room to debate it. Let the Treasurer answer the question, please.

Mr De LACY: That debate has been going on publicly and internally. We have looked at Suncorp in a range of ways. We continue to do that; that will not stop after we have made the final decision that we are going to retain public ownership. There will be a number of studies carried out. If you are suggesting that Treasury has provided some great document about the sale of Suncorp, the answer is: no. We have looked at it in a whole range of ways and as we look at that there are bits of paper and briefs produced and I guess they will continue to be produced.

Mrs SHELDON: I guess these bits of paper and briefs could amount to a departmental report.

Mr De LACY: No.

Mrs SHELDON: Obviously you would not. I refer you to the most recent Treasury Department's annual report 1992-93 included as supporting documents for this Committee. On page 108, it details the cost of consultancies to the Treasury Department at \$3.729m that year. What will be the estimated costs of consultants to the department in the 1993-94 financial year?

Mr De LACY: 1993-94—\$2.429m. That is spread over each of the programs of Treasury—not each of the programs—management, \$430,000; human resource management \$75,000; information technology, \$1.306m; communications, \$11,000; finance and accounting, \$666,000; professional/technical—sorry, I am reading the wrong column. Do you want me to read those out again?

Mrs SHELDON: I would just like to know are they the details of consultants—

Mr De LACY: It is \$2.429m. I might say that compares with \$3.729m in 1992-93 and \$4.217m in 1991-92. I guess if you can draw any conclusions from that, the cost of consultancies is going down. I never apologise for engaging consultants. Consultants are important. The private sector increasingly uses consultants—outside experts. It is important for the public sector to have in-house a whole range of expertise, but there are two areas. One is specialist expertise, which it does not pay to keep on board because it is not used 24 hours a day, 365 days a year. Every now and again there is a need for somebody from outside because it is not an ongoing specialist area. Very often this happens with information technology. I have to say that the biggest bulk of our external consultancy is information technology consultancy and a large part of it goes into the Office of State Revenue because what we are trying to do with the Office of State Revenue is change the technology that is there from the Stone Age, almost, which we inherited in 1989,

to a modern, computer-driven, instant-reaction department. That is what it is all about. But it costs a lot of money and I think it is appropriate and necessary to engage outside consultants to assist with that process.

Mrs SHELDON: Can you tell me what the estimated cost of consultants to each department for the 1994-95 financial year would be?

Mr De LACY: To each department? No. We are on Treasury Estimates.

Mrs SHELDON: I thought that you may well have that documented somewhere.

Mr De LACY: No. I do not know whether they do for 1994-95; we do not in Treasury, either. We are into program management. At the end of the year, we tend to break down our figures in a whole range of ways. We look at it from an input item basis as well as a program basis. When we do our Budget Estimates we do them on a program basis and each program would probably have some consultancy—some more than others, depending particularly if they are going into information technology in a big way. But it is a pretty big job before the event to collect all of the consultancy estimates from the different programs in the department. Even for Treasury, I do not have estimates for 1994-95 of consultancy costs.

Mrs SHELDON: When I asked you the estimated cost of consultants in your department for the 1993-94 financial year, you quoted me a figure. I wondered where that was documented.

Mr De LACY: Where it was?

Mrs SHELDON: Yes.

Mr De LACY: We do not have end-of-year figures yet. We only have estimated actuals, I am sorry. That is an estimated actual.

Mrs SHELDON: Can you give me the breakdown? You must have the figures at least up to the March quarter, which would be actuals. I guess you have estimated the cost for the rest of the year.

Mr De LACY: Yes, that is what I was reading out to you except that I read the wrong column. I will read it again, if you like. For management, \$430,000; human resource management \$75,000; information technology, \$888,000; communications, \$38,000; finance/accounting, \$533,000; professional/technical, \$465,000. That is a total of \$2.429m. That excludes the Queensland Treasury Corporation and the Nominal Defendant. Those are figures to the end of May.

Mrs SHELDON: I refer to the Public Sector Management Commission annual report 1992-93, which showed that the Treasury Department staff had increased from 1 258 to an estimated 1 358 in the past two years. Why has this been necessary?

Mr De LACY: You are referring to a PSMC report?

Mrs SHELDON: Yes, I am.

Mr De LACY: I do not have that before me and I am a bit reluctant to take your figures at face value.

Mrs SHELDON: Do you doubt me, Mr Treasurer?

Mr De LACY: No, I have just been in this game for too long. As of 31 May 1994, the establishment is 1 188. That seems to be lower than the figure you said. The occupied positions are 1 050. Vacant positions are 1 039. Offset positions are 48.

Mrs SHELDON: Possibly you should ask why the PSMC had their figures wrong—someone has; either they have or you have.

Mr De LACY: Do not forget that full-time equivalents and establishments are different. Mr Lawrence will answer the question.

Mr LAWRENCE: In the Budget documents we see reference to full-time equivalents and that is not necessarily equal to the number of people. Full-time equivalents add up people who are working part time, for example. If you have two people working half time, you add those together and you end up with only one full-time equivalent. It depends on how you are adding up the figures. Establishment consists of a set number of positions in the department, which may or may not actually be filled at that time as well. Then you have the number of people who are actually there at one particular time—people who are present whom you can count. The number of people who Treasury had as at 31 May was 1 166. The establishment at that time was 1 188 and our estimated full-time equivalent staff was 1 347.

Mr BORBIDGE: The Auditor-General, in making comments in respect of the human resource management system—and I ask this directly in relation to your Department, but the comment was about Government departments generally—said in response to the answer that was just given—

"Any number of staff can be designated as occupying the one establishment position at the same time. There appears to be no relationship between the number of establishment positions and the number of employees."

Is that the case in your Department?

Mr De LACY: I think there is a relationship, but it is not a one-to-one relationship. I might let you answer that again—

Mr BORBIDGE: What sort of a relationship is it? Are they there or are they not there?

Mr LAWRENCE: The issue is that it is possible to have more than one person against the same position number, provided they are working part-time. There are rules that are laid down which indicate the minimum part-time permanent employment. If you have got one person working three days a week, for example, and another one working two days a week, they may well occupy the same position. But you could not have more than the equivalent of one full-time person against that establishment position.

Mr BORBIDGE: If I could just relate that back to ministerial staffing, then? I think from memory, Treasurer, you said that there were 25 ministerial staffers in the Premier's Department. The telephone

listing for the Department identifies 23 in Premier's, plus 11 in the Premier's Correspondence Unit—a total of 34. How do you explain the very considerable inconsistency in regard to the evidence that you have given the Committee and the State Government telephone directory?

Mr De LACY: I am not sure that is related to Treasury Estimates. In fact, I cannot see how it is related to Treasury Estimates.

Mr BORBIDGE: No, you were answering questions before in regard to ministerial staff and I gave that as an example. You informed us, in reply to a question before, that the Premier's ministerial staff establishment is 25, whereas in the Government telephone directory it is 34.

Mr De LACY: As I said, I do not think that that is part of Treasury Estimates, but I would just venture an opinion that the Correspondence Unit is part of the Department. The Department writes correspondence for Ministers, and it is not part of the Ministerial Office. I mean, 80 per cent of the letters that go out from me are written by the Department. I do not know whether we have got a Correspondence Unit as such, but—

Mr SMERDON: Could I just add to that? In the Premier's particular case, I think what you would find, Mr Borbridge, is that he gets a lot of letters that are related to other portfolios. That unit actually sends those letters off to other Ministers for comment, and they come back, and they are collated under the Premier's signature and then sent out. I suspect that it is a central—

Mr BORBIDGE: Accepting that, how do you account for the Auditor-General's comment that there appears to be no relationship between the number of establishment positions and the number of employees?

Mr De LACY: I think Mr Lawrence explained that. There is not a direct relationship between establishment and actual people. I think what the PSMC does—I understand this is what they do—is that they come in at a point in time and find out how many people are actually in departments. But that is a different measure. There are a number of ways that you can measure these, and you should not try to compare one kind of measurement with another one. If you want to talk about full-time equivalents, well, talk about full-time equivalents. If you want to talk about establishment positions, talk about establishment positions. That is not unusual. That is something that is in every public service and, I imagine, every private sector entity in the whole wide world.

Mrs SHELDON: You would think that if it was going to work, the systems would be fairly similar. Mr Treasurer, could you tell me then how your established staff number, or the number of your staff, compares in 1992-93, 1993-94 and 1994-95?

Mr De LACY: This is the Department?

Mrs SHELDON: Yes.

Mr De LACY: Treasury is a very lean and mean department. It is one of the smallest departments in the public service, I might say, and a very humble

department. We will see how many. The biggest bulk of Treasury employees are in the Office of State Revenue—from memory, about 400. I can give you the number of employees in Treasury as of this year. In 1991-92, Budget Paper No. 3, the full-time equivalents, 1 258; 1992-93, 1 311; and this year, on 30 June 1994, we expect it to be 1 347.

Mrs SHELDON: Mr Treasurer, could you tell me then how much has been paid in redundancies from the Department this financial year and how much is expected to be paid next financial year?

Mr De LACY: In Treasury?

Mr SMERDON: We would have to take that on notice. I do not have the precise figures of the redundancy payments. The amount of voluntary redundancies that were put through were quite small, and would really relate to the Office of State Revenue. They are the only ones that I can recall. Jane may well have a number—probably \$200,000 in round figures, which related to about six or seven people.

Mrs SHELDON: Could you furnish that to us later on?

Mr De LACY: I think you will find that a disappointing figure for you.

Mrs SHELDON: I am never disappointed, Treasurer. Have any staff who have accepted redundancy payments in the last four years been re-employed in the Department either permanently or as consultants?

Mr SMERDON: No.

Mrs SHELDON: None at all?

Mr SMERDON: None at all.

Mrs SHELDON: Mr Treasurer, you rejected the suggestion of the sale of assets to fund QIFF. Why then does page 7 of the Capital Works document of the current Budget state—

"The fund will be a 'revolving' fund with projects providing returns back to the Fund as they mature either by way of dividend and interest or by sale, either partial or whole, to the private sector of proven projects."

Mr De LACY: I just explained that. I would hope that as the projects we finance with QIFF mature and become commercially sound, it may be possible then to involve the private sector and sell them off and put that money back into the revolving fund to finance new infrastructure.

Mrs SHELDON: How are you going to do that? By sale? Partial or whole?

Mr De LACY: Well, yes, partial or whole—partnership; bringing the private sector in. You see, we have got no objection to the—

The CHAIRMAN: The time allocated—

Mrs SHELDON: I understood you to say before that they would not be sold.

Mr De LACY: No, I did not say that. I just went to some lengths to explain that as we finance these projects, we would be prepared to sell them.

The CHAIRMAN: Mrs Sheldon, I am going to have to cut it off there because the time allocated for questions by Opposition members has expired. You can come back to that one later. I call Mr Davies.

Mr DAVIES: At the risk of being parochial for a little while, I would like to ask a question in relation to Queensland Nickel. I note at page 41 of the Treasury Departmental Estimates that the Commercial Policy and Projects Division plays an administrative and strategic management role for the Government's stake in the Queensland Nickel joint venture. I also note the comment that divestment options will remain under continuous review and may intensify when the nickel and cobalt markets improve. The question I would like to ask is: what is the situation with these markets? Is the Government considering divesting itself of the holdings in Queensland Nickel?

Mr De LACY: I understand that this is a project of great interest to the honourable member. Queensland Nickel, of course, has gone through a lot of phases in its development. I think members would remember that it came into part-Government ownership quite a number of years ago when the previous Government guaranteed some debt to the irrepressible Alan Bond. That guarantee eventually had to be realised. It became debt, and then the debt was converted into equity. I can still remember when we came into Government in December 1989 part of the Bond empire, Dallhold, going technically into receivership. That triggered a range of events which enabled us to increase our holdings from 12.5 per cent to 28 per cent but, as people said at that time, what was that worth, anyway.

I am pleased to say that Queensland Nickel is now on a very strong commercial footing. It is locally owned. I remember some people saying that we should have done a deal with INCO, the big Canadian nickel company at the time. Nevertheless, the Queensland Government, particularly through Treasury's Commercial Planning and Projects Division being actively involved as an equity holder, now has 20 per cent of the joint venture. We have preference and ordinary shares. I think there are something like 38 million preference shares and 7 million or 8 million ordinary shares. Those ordinary shares were worth 85 cents. If you have a look at today's *Australian Financial Review*, I think you will find they are worth about \$1.70.

Our policy is as it is with a lot of these things. I do not think that the State Government has a long-term role as an equity owner of a nickel-processing plant, nevertheless we have been in there for a long time and we are there for the long haul and we will not do anything that will destabilise the project, nor will we divest in such a way that we do not get a good return. I think the people of north Queensland can now be satisfied that that project is on a very solid footing indeed and the Queensland Government Equity Unit is now worth a lot of money. Our long-term intention is to divest our holding, but we are not going to hurry into it and we are not going to do it in such a way that it will destabilise the project at all, because we believe that that project is too important to north Queensland.

Mr DAVIES: My next question relates to the Permanent Building Societies Contingency Fund. On page 53 of the departmental Estimates statement I also note that a major portion of that particular fund was transferred to the Consolidated Fund as part of the arrangements relating to the establishment of the Financial Institutions Scheme. My question specifically is: how was this amount then distributed from the Consolidated Fund?

Mr De LACY: On page 53 in the Permanent Building Societies Contingency Fund for 1993-94, you will see that there is an expenditure item of \$80,407,000, which, if you take out the administration costs, is basically the whole fund. That fund was paid into the Consolidated Fund. I know we were criticised at the time because some people do not trust us. I do not know why. However, it went into the Consolidated Fund but it was distributed in two ways. It was distributed back to the people who had contributed in the first place, which were the building societies, and it was distributed according to some sort of formula on the basis of their contributions. You will remember that Metway Bank at the time believed that they should have been entitled to some simply because they used to contribute, but they were no longer a building society when the fund was wound up.

If you have a look at page 46 in the same document, you will see that payments were made to building societies from the Consolidated Fund—Technical and Agency Services. There is a special allocation out of Treasury out of the Consolidated Fund. Some \$54,711,000 was paid directly to building societies. If you have a look at page 36, also from the Consolidated Fund but through the Economics branch of Treasury, you will see that there was a payment to the Queensland Office of Financial Supervision of \$25.696m. That is a fund that has been set up to finance the operations of the supervisory authority, which is QOFS, or the Queensland Office of Financial Supervision. I might say that that puts the Queensland building societies on a very competitive basis because a large part of the cost of supervision is being picked up because of the interest income from this \$25m investment. So not one cent of that Building Societies Contingency Fund remained in departmental accounts or the Consolidated Fund, it was all distributed as we promised at the time it would be distributed.

Mr NUNN: I refer to pages 15 and 16 of the Treasury departmental Estimates statement and note the involvement of the Treasury Fiscal Management Program in commercialisation. Can the Treasurer outline for us Treasury's involvement and what the objective of commercialisation really is?

Mr De LACY: Yes. We have a number of basically commercial enterprises in departments. Many of them are not large, some of them are quite large. I think there are three terms that we throw around these days: commercialisation, corporatisation and privatisation. Privatisation means that you sell it off to the private sector so it is not owned any longer by Government or the public sector. Corporatisation is where you put it onto a commercial footing and run it like a public

corporation in every sense of the word, including having at the top a commercial board. Commercialisation means you put an entity onto a commercial footing and run it like it is, a privately owned commercial operation, and not only retain public ownership but retain it within the public accounts and within the general broad departmental structure.

An example of that is Goprint. There are at least half a dozen commercial entities in Admin Services: Q-Fleet, Goprint, Q-Build, Q-Property Management and those kinds of entities. We are commercialising them. Eventually, commercialisation means that they will have to operate on a level playing field and they will eventually be untied. They have traditionally provided products or services to the Government sector itself. Of course, it gives them a great advantage if they are tied to the public sector. But eventually they will be untied. They will pay dividends and taxes, just like the private sector. In the early days, they will remain tied to their clients in the public service. The object of the exercise is to make them efficient. The truest or the most proven way of making them efficient is to expose them to commercial principles, and that is what we are on about. I think everybody would support that, because to the extent that we are using in-house services, why should we—that is, the public sector—use services that are less efficient than those that are available outside? This process of commercialisation will take some time. We want to ensure that we are not trading off things that are worthwhile and we need to look after the employees and the others that are involved in these entities. It is part of this inexorable progress towards efficiency and cost effectiveness in the public sector.

Mr BUDD: Mr Treasurer, I would like to refer you to page 50 of the departmental Estimates statement, and in there are the allocations for the Cairns and the Brisbane Convention Centre construction costs. I understand that these funds are to come from the casino licence fees in both Cairns and Brisbane. Can the Government guarantee that all of these funds will go towards the convention centres?

Mr De LACY: Indeed, I can. The up-front licence fee in net present value terms for the sale of the Brisbane licence was \$139.2m. The estimated cost of the construction of the convention and exhibition centre on South Bank is \$170m. Also, we will have to direct some of the tax stream in the first year or so towards the construction of that complex. It will be funded from the up-front licence fee as well as from some of the tax stream in the early stages.

The net present value of the sale of the Cairns Casino licence was \$36.4m. I am advised that the cost of the convention centre is going to be \$37.691m. And there are a few associated costs, including the relocation of the molasses tanks and the relocation of the health clinic from the casino site. That will mean that there is a shortfall of \$4.3m. Likewise, that will be funded up front from the immediate tax stream. I was amused to hear the Opposition spokesman in Parliament talking about the Queensland Government doing nothing for

tourism. In this year alone, as well as providing \$32m to the QTTC to promote Queensland as a tourism destination, we are spending \$170m on South Bank and \$40m in Cairns constructing convention centres. In Brisbane, we are constructing both a convention and an exhibition centre. I ask you: what better way is there of promoting Queensland as a tourism destination than to provide convention centres of that magnitude? I invite everybody to go to South Bank to look at the size, the magnitude and the magnificence of the convention and exhibition centre being constructed there. It will be a great asset for Queensland and Queensland tourism.

Mr BUDD: I would like to talk about the Machine Gaming Division and refer you to page 28 of the departmental Estimates statement, and the allocation of some \$45m in 1994-95 to the Machine Gaming Division. Could you outline to this Committee how that money will be spent?

Mr De LACY: The Machine Gaming Division funding is going from \$63m in 1993-94 to \$45.6m. But that does include a fairly large provision for the purchase of machines. The Machine Gaming Division not only administers the regulatory regime for poker machines in Queensland; it also provides the poker machines. Every gaming machine in Queensland clubs and hotels is owned by the State Government through the Machine Gaming Division. Initially, we raised money through the QTTC to buy these machines. Of course, the lease rental is servicing the debt. The growth in the numbers of poker machines is slowing down. There are something like 15 000 gaming machines in Queensland. In the long term, we do not expect to have more than 20 000. So the need to borrow money to purchase new machines is rapidly diminishing. Hence, the reduction in the appropriation for the Machine Gaming Division.

There was \$33.1m for the purchase of gaming machines last year. This year it will be just \$7m. There is \$8.5m for repairs and maintenance of existing machines. There is \$3.5m and \$19.5m for interest and redemption payments to the QTTC. And there is also the money that they need to run the division. Again, that is another thing in Queensland that we have done better than anybody else. The gaming machine industry in Queensland, by general agreement, is the most efficient and the cleanest in the whole world. I think a lot of credit generally ought to go to Treasury and the Machine Gaming Division, which has proven to be a very effective and efficient unit.

The CHAIRMAN: The allocation of time for questions by Government members has expired.

Mrs McCUALEY: On page 358 of Budget Paper No. 3, the program goal is stated as being "to meet the needs of Queensland Public Sector Clients through effective capital funding, financial management and advice". I am aware that there are six councils which have not been able to obtain loan approvals. They have been told that, if they need urgent financing before the end of the financial year, they should go to the QTC on a one-off basis. Apparently, Treasury officials disagree with a section in the Local Government Act that cites section 22 of the Statutory Bodies (Financial Arrangements) Act.

They are saying that that is not appropriate. For councils not requiring urgent loans, the advice has been to submit the bank offer to the QTC and to await approval. But sometimes that approval takes five months. Can you tell me whether you have this matter in hand, and whether that approval time will shorten? Will these councils be able to obtain the loan approvals that they need?

Mr De LACY: Following your question this morning, I tried to get some information about this. I think I require some further information, because I was not aware of it. But, yes, there has been some dispute over the Statutory Bodies (Financial Arrangements) Act. I will direct that question to Tony Bellas from Treasury, because I have not had the opportunity today to get across this issue.

Mr BELLAS: There is a section in the Local Government Act that refers to the Statutory Bodies (Financial Arrangements) Act. The borrowing powers of local authorities are drawn from that Act. There has been, I suppose, some disagreement about whether or not that section of the Local Government Act does, in fact, apply the SB(FA) Act to local authorities. To put the matter beyond doubt there will be an application of part 4 of the Statutory Bodies (Financial Arrangements) Act to local authorities to give them the power to borrow. That can be done within a matter of weeks. It is done through Executive Council. In the meantime, they are able to borrow through the QTC. We can also put through individual approvals under the SB(FA) Act for borrowings by authorities. There is no reason why they should necessarily be delayed in getting those borrowing approvals.

Mr De LACY: I am not sure that I should be interrogating you, Mr Bellas, but the suggestion was made that they have been waiting five months for approval for loans.

Mr BELLAS: I think the longest has been two months. The last approval that went through was back in April.

Mrs McCUALEY: There have not been any since then.

Mr De LACY: That is not five months ago.

Mrs McCUALEY: No, but a lot of them have been waiting that long, apparently. With respect, Treasurer, that new Local Government Act came in November last year. That is not a question.

Mr De LACY: All I can say is that, yes, I have become conscious of it today. I will take it up with my Department. It must be resolved. I accept what you say. It must be resolved, and I will ensure that everything is done to have it resolved.

Mrs McCUALEY: My second question is also about Budget Paper No. 3 on page 353 where the outlook for 1994-95 talks about adjustment and transition issues relating to the implementation of the Hilmer report on international competition policy. Does that mean that you will adopt the recommendations of the Hilmer report? Are you aware of the serious implications that that report has for local government?

Mr De LACY: Yes. We are not adopting the Hilmer report holus-bolus. It still must be subject to a lot more discussion at the Council of Australian Government Ministers. Treasury has been involved, bearing in mind that this is a whole-of-Government responsibility and it is being coordinated by the Premier. The Premier has primary responsibility. The Office of the Cabinet and Treasury have been involved in the sense of measuring the impacts in Queensland.

Queensland more than any other State of Australia has done the hard work on the audit, if you like, of the impacts of Hilmer. They need to be worked through, because those impacts are widespread not only on local government but also on a whole range of areas which we sometimes think Hilmer himself and his committee did not understand and certainly the other States of Australia did not understand. Henry, can you add to that?

Mr SMERDON: We have agreed in principle to support Hilmer at COAG, but a lot of work must be done and a lot of investigation must be undertaken. As I understand it from the local government perspective, we have certainly sought input from the Local Government Association as to the implications for local government. We are probably further advanced than most States in terms of evaluating the full impacts of Hilmer. I would expect that process of consultation with the Local Government Association to continue to ensure that, when the matter is further progressed at the August meeting of COAG, the concerns are brought forward by all States.

Mrs SHELDON: Mr Treasurer, as at 30 June 1992, Queensland's gross State debt was \$14.7 billion. How do you account for the increase in the following financial year of approximately \$2 billion in gross State debt to \$16.761 billion as at 30 June 1993?

Mr SMERDON: Which page are you referring to, Mrs Sheldon?

Mrs SHELDON: This is from Budget Paper No. 2, State debt.

Mr BRADLEY: The gross figures are influenced by the activities of the Queensland Treasury Corporation. Its activities are reflected in terms of our gross liabilities and our gross assets, so that the intermediary activities are on both the financial assets and the financial liabilities sides. It is probably more useful to look at the net figure in that sense.

Mrs SHELDON: I am referring to the gross figure at the moment. Could you tell me what is the estimated gross State debt for Queensland as at 30 June 1994?

Mr BRADLEY: No. We cannot do those numbers until the financial year is at an end.

Mrs SHELDON: With all due respect, that is only three weeks away now and you should be able to give a good estimate. The Treasurer said before that these figures were based on 10 months actual/2 months estimate, so I would think that you would have that estimate now.

Mr De LACY: If you could just explain what a

gross figure means and how it is not a very good measure of anything at all.

Mr BRADLEY: The gross figure includes all of the—

Mrs SHELDON: That was not the question, with due respect, Mr Treasurer.

Mr De LACY: It is not possible to give you a gross figure for 30 June until some time after the conclusion of the financial year because the gross figure includes the debt for all of the statutory bodies, all of the local authorities, all of the public trading enterprises, as well as the State Government sector.

Mrs SHELDON: I only asked for an estimated one.

Mr De LACY: I can give you an estimated net debt because we have done that.

Mrs SHELDON: No. It is the gross State debt that I wanted. I do not understand how you can get an estimated net debt but not an estimated gross debt.

Mr De LACY: We cannot provide it. I cannot provide it, but we will be in a position to provide that by the time we debate the Treasurer's annual statement in October.

Mrs SHELDON: I really do not understand how you can know what the estimated net debt is but you cannot tell me what the estimated gross debt is.

Mr BRADLEY: The estimated net debt is calculated using the negative net financing requirement. We take the net figure from the previous year and adjust it for the net change as estimated in our numbers here. The gross number will be influenced by the actual total activities of the QTC during the year. We do not have figures as yet. QTC figures are not included in the Budget sector numbers that we have in the Budget papers this year. That requires a fairly significant amount of analysis to reconcile with the QTC and eliminate double-counting. At this point in time, the Budget sector does not include the QTC.

Mrs SHELDON: The gross State Government assets as at 30 June 1992 were \$11.138 billion. Can you say who valued those assets and what they were?

Mr De LACY: They are just financial assets.

Mrs SHELDON: With all due respect, you must know what you are valuing. How do you do that?

Mr De LACY: Yes. Financial assets are financial assets

Mrs SHELDON: Do you do this on an accrual accounting basis?

Mr De LACY: That is what is in the balance sheet. If you are saying, "Are they done on an accrued basis?", yes, because they are marked to market.

Mrs SHELDON: Could I please have a list of those assets and their valuations?

Mr De LACY: The assets are cash assets. Cash is cash—financial assets. We are not talking about bitumen roads, schools or anything else. When we are talking about financial assets, we are talking about financial assets. I do not know what you mean by a "list". Do you want a list of pound notes?

Mrs SHELDON: You must have a list of the assets that you have valued.

Mr De LACY: As of when? What do you mean—in which departments or in which entities?

Mrs SHELDON: Your gross State Government assets as at 30 June were \$11.138 billion, and my question was: who valued them and what were they?

Mr De LACY: Do you want to know which entities of Government have the assets?

Mrs SHELDON: Yes.

Mr De LACY: As of June 1992 or 1993?

Mrs SHELDON: 1992.

Mr De LACY: The Consolidated Fund, \$4,044m; Auctioneers and Agents Fidelity Guarantee Fund, \$68m; Government Officers Superannuation Fund, \$314m; Motor Vehicle Insurance Nominal Defendant Fund, \$114m; Government Superannuation Provision Fund, \$128m; and loans and advances, \$1,223m. That is only Budget. Below that is PTEs: QHC, \$622m; electricity boards, \$238m; port authorities, \$74m; and others, \$328m. That still is a total—

Mr BRADLEY: The remaining balance is QTC financial assets, to arrive at the figure of \$11 billion that you mentioned.

Mr De LACY: So that is a total in the budget sector of \$5,891m, and in the public trading enterprise sector there are total financial assets of \$1,262m.

Mrs SHELDON: I refer to the Gold Coast Indy. I refer you to 1994-95 Budget Paper No. 3, page 365, which refers to the advice and support that your department gave to the Gold Coast Indy event. As the race and the State Government has lost \$65m to date, how much do you estimate the Gold Coast Indy car race will lose in total in 1994-95, and how much will the Government contribute this year?

Mr De LACY: Perhaps you should put that question to the Minister in charge of the Indy car race. I do not know why you have asked me.

Mrs SHELDON: I think he gets his funds through you.

Mr De LACY: I do not know why you would ask me that question. To start with, I do not accept that we have lost money on the Indy car race. We put money into the Indy car race each year because of the economic benefit that it brings primarily to the Gold Coast but to Queensland in general. We put money into the Gold Coast race because we believe that it is one of the—if not the—most cost-effective ways of promoting Queensland on the world scene. It is a signature event. It is a way of putting our name up in lights and promoting Queensland. Cabinet made this decision and made it quite definitively after

this year's Indy car race. The net investment this year is just over \$10m, I understand.

Mrs SHELDON: Is that the actual figure—\$10m?

Mr De LACY: No.

Mrs SHELDON: Could you tell me what the actual figure is?

Mr De LACY: No, because I do not have the actual figure.

Mrs SHELDON: Your Tourism Minister has been running around saying it is \$10m.

Mr De LACY: Yes; good.

Mrs SHELDON: It is more than that, is it?

Mr De LACY: If it is more than that, it is an inconsequential amount more than that.

Mrs SHELDON: You evidently believe that \$65m is an inconsequential amount, too.

Mr De LACY: I never said that. I said that, if it is more than \$10m, it will be a very small amount above \$10m. Next year is the fifth race in the contracted first five years, so it is the final race for the first five years. In the early days of the Indy race, the Indy Car Company entered into a range of contracts, one of which was with Channel 9. Once those contracts have expired, we will be in a position to negotiate new contracts. The race now speaks for itself, and we will be in a much stronger commercial position to negotiate contracts. I expect that, in the long term, we will be able to run the Indy car race for a net contribution from the Government of \$5m a year. That is my best estimate at this stage, but it is based on a pretty good understanding of all the costs and the potentials involved.

Mrs SHELDON: The Tourism Minister has also been saying that the Government will fund this race for the next five years. Could you tell me the estimated costs to the Government of doing that?

Mr De LACY: You can probably work that out for yourself on the basis of what I have just said, but—

Mrs SHELDON: With all due respect, I do not know that I can. Frankly, we were told that the loss was going to be \$5m this year, and it was \$10m.

Mr De LACY: Let me just say this: I think it is inappropriate for me to be answering questions about the Indy car race. That is a matter for the Minister for Tourism. I have been kind enough to give you my personal opinion, but if you want to take that matter further, you really need to address your questions to the Minister for Tourism.

Mrs SHELDON: With all due respect, you fund that.

The CHAIRMAN: I am going to rule that that is a matter that is for the Minister for Tourism. The Indy race is totally under his department's control these days. It is not under the control of Treasury. I think you have had a fair go on that question.

Mrs SHELDON: It was in last year's annual report.

Mr BORBIDGE: Point of clarification, Mr Chairman.

The CHAIRMAN: I have ruled.

Mr BORBIDGE: I understand that—

The CHAIRMAN: I have ruled. Do you want to leave the room so that we can have a discussion about my ruling?

Mr BORBIDGE: Mr Chairman, it is a question to you.

The CHAIRMAN: Unless you proceed to move on with your questions, I am about to suspend this hearing so that we can have such a discussion. I have ruled that that question is out of order.

Mr BORBIDGE: I have not asked a question.

The CHAIRMAN: You are debating my ruling, and we will not have that debate in this Chamber.

Mr BORBIDGE: I will not debate your ruling. Am I permitted to ask a question relating to a matter that the Treasurer raised in regard to contracts relating to Indy of which he was aware on which he just passed comment? You allowed those comments to be made.

The CHAIRMAN: I have allowed a lot of questions to be asked today that technically were out of order. People have been given a degree of latitude, and that was intended as part of this process. It has now reached the point where it has gone too far, and I have just ruled and put a stop to it. Unless you proceed to your next question immediately, we will suspend this hearing to discuss the matter.

Mrs SHELDON: Then I think we should suspend it, Mr Chairman.

The CHAIRMAN: This hearing is suspended for 10 minutes while we have a discussion.

The Committee adjourned at 9.26 p.m.

The Committee resumed at 9.33 p.m.

The CHAIRMAN: We will resume the hearing. Before moving on, I would indicate that there was a motion of dissent moved against my ruling. That motion was lost. I would ask Mrs Sheldon to proceed to the next question, if that is her wish, or Mr Borbridge, who ever wishes.

Mr BORBIDGE: Mr Chairman, it was lost on party lines, unfortunately.

Mrs SHELDON: I refer to the strategic initiatives for 1994-95 listed on page 3 of the Queensland Treasury Strategic Plan document 1994 to 1998. The third last strategy on the list reads—

"... the development and implementation of new taxation legislation to replace existing Stamp Act."

Given that stamp duty is the biggest category of State-based revenue and, under this strategy, is to be replaced and the new tax implemented by the end of the new financial year, I ask: where in the Budget documents or your second-reading speech did you notify Queenslanders of your intention to expend Treasury's resources on completing such a massive upheaval of the State tax system within 13 months?

Mr De LACY: This is the second time today that you have asked this question.

Mrs SHELDON: I am hoping to get an answer this time.

Mr De LACY: I can only give you the answer I gave you this morning, because it was right.

Mrs SHELDON: Which was nothing.

Mr De LACY: I announced it in the Budget last year. It is a process that has been under way for some time. I would have thought that everybody in Queensland would have supported the process. Sorry, it was not announced in last year's Budget, it was announced in the 1991-92 Budget, so it has been under way for some time. As you would appreciate, rewriting the Stamp Act is no small feat. The current Stamp Act dates back to 1894 and it has been amended a multitude of times since then and, in my view, it is time that it was rewritten, that it was put into simple English, and that we have a look at it in a consolidated and macro way. As I said this morning, we are not just doing it in the Office of State Revenue, we are involving the Tax Liaison Committee, which is a committee comprising taxation experts from the private sector, and they are having a large and a constructive input. By "taxation experts", I mean both accountants and lawyers. I would hope that, before the end of this calendar year, I would be able to introduce into the Queensland Parliament a new Revenues Bill which meets those objectives of good tax legislation, those objectives being simplicity, equity and efficiency. That is what it is all about. Before you rush to conclusions, it is not about increasing revenue—that is not one of the objectives at all—it is about improving the Tax Act, removing anomalies and making it much easier for everybody to understand.

The CHAIRMAN: The time period for the allocation of questions by non-Government members has expired. I call on Mr Nunn.

Mr NUNN: I would refer you to page 13 of the Treasury Departmental Estimates statement and the allocation of \$116m in the 1994-95 year to the Treasurer's Advance. What is the purpose of this allocation?

Mr De LACY: This is a provision that is called the Treasurer's Advance. It is a provision that has been around for a long time. It is authorised by the Financial Administration and Audit Act. It is an allocation in the Treasury Department which is put aside for a range of provisions that we expect to be required. I am not saying it very well. It is a provision account. There are a range of potential expenditures that we are not in a position to allocate at the beginning of the financial year, some because they are not properly known, such as a natural disaster—so we always have a provision for natural disasters—and some that we have been negotiating but we have not finalised. If I could give you an example of that—we have been negotiating a new career structure with the Nurses Union. We know that, in order to implement that career structure, there will be a requirement for some VERs—voluntary early redundancies—but we were not in a position to provide funds to the Health Department for that before the beginning of the financial year or before the Budget. As it turns out, we have now

decided how much will be required and we are in a position to transfer that allocation to the Department of Health. There are some expenditures throughout the year which we can anticipate, but at this stage it is not appropriate to put that allocation in the Department.

Probably the best example of all is the enterprise bargaining outcome. As a good employer, we are endeavouring to negotiate an enterprise agreement with the public sector work force—that is the core work force—as well as the agency work forces, but when you get to negotiate these things, you cannot tell the people with whom you are negotiating exactly how much money you have put aside, otherwise—I am sure the Chairman would understand this—you put yourself in a pretty weak negotiating position.

We have put some funds in a Treasurer's Advance for an enterprise bargaining outcome. These are all provisions that any responsible Government ought to make.

The interesting thing about the allocation is that we have provided \$116m this year. If you have a look at the estimated actuals for 1993-94, they are zero. The reason for that is that they are not expenditures; so at the end of the year, they always end up zero because we do not actually expend the money. What we do is transfer it to other departments where it is spent. So at the end of the year, although we have provided \$116m, the actual expenditure for the year will finish up zero.

Mr NUNN: I refer you to page 21 of the Treasury departmental Estimates statement and note that the Financial Management Program is involved in the design and management of a tax equivalent regime for Government owned corporations. Why are our largest statutory authorities being required to pay taxes to Treasury?

Mr De LACY: There are a number of reasons. The corporatisation process is a process of putting all of our Government enterprises on a proper commercial basis with clear commercial objectives and in a competitive environment. A competitive environment normally means what is referred to sometimes as a level playing field. If you are going to compete, you need to compete on an equal basis with those other people out there. If you are not competing on an equal basis, it is hardly competitive. It will hardly lead to the efficiencies that come from true competition, and you will ultimately end up with a misallocation of resources. Private sector firms have to pay tax. So if you are going to compete with private sector firms, you should be paying tax as well. Not only that, but I think that the owners of those particular enterprises are entitled to the same tax stream as they would be if they were privately owned.

On top of that, at the last Premiers Conference there was an agreement entered into with the Commonwealth which effectively said that the Commonwealth would maintain the exemptions of Commonwealth tax which apply to State-owned institutions, but that exemption will be withdrawn unless those Government owned corporations pay tax equivalent to the company tax that they would

pay if they were private. So I guess what that means is that we are in a situation where we are required to have a tax equivalent regime.

We are now developing a manual for the application of this tax. The actual assessing function will be carried out by a private accounting firm, but all of the Government owned enterprises in Queensland—indeed, in Australia—will, in the future, be required to pay tax equivalents or Commonwealth tax equivalents. The Commonwealth is insisting on that as part of its process of micro-economic reform, but I might say that it is something that we in Queensland agree with, not only because we get the tax stream but because it is part of this commercialisation and all the efficiencies that flow from that.

Mr BUDD: I would like to refer you to page 51 of your departmental Estimates statement and talk about the allocation of some \$8.6m in 1994-95 to the very recently formed Gaming Machine Community Benefit Fund. I ask: who will determine the distribution of grants from this fund? Can the Treasurer give an assurance that the Government will provide that this is not going to be another whiteboard exercise?

Mr De LACY: I can indeed. I can understand why there is a need not only to ensure that the distributions from the Community Benefit Fund are carried out on a proper basis but that there is also a need to be seen to carry them out on a proper basis. The way in which we are going to ensure that is by having the recommendations for distribution come from a completely independent body.

I have appointed a Community Benefit Fund Committee. It is chaired by Elaine Darling. It comprises representatives of both the licensed club industry and the hotel industry—the people who will be paying into the fund—and equal numbers from the welfare industry. We have drawn up a set of guidelines, and they have been refined by the committee itself.

The committee will be serviced by a secretariat from the Department of Family Services. They will receive applications four times a year. They will make recommendations. I can give you an assurance that I will be acting on their recommendation, because what we do not want is political interference in this kind of exercise. I believe that a properly constituted independent committee will do a far better job than politicians operating with a whiteboard would ever do. The objective of this is to put back into the community some of those gambling dollars which have been denied them, to a certain extent, since the introduction of poker machines.

The introduction of poker machines has been an unprecedented success, but obviously it has impacts in a range of ways. One of the impacts has been on the capacity of a whole range of charity and community organisations to raise funds, and this is one way of compensating them for the revenue losses that have accrued as a consequence of the introduction of gaming machines.

It is important that we distribute the funds on a fair and equitable basis so that everybody knows

that they have an equal opportunity of getting it. We expect almost \$9m—certainly well in excess of \$8m—to go into this fund. I think you will find that, over time, it will do a great deal to improve the viability of charities and community organisations in Queensland.

Mr DAVIES: I would like to refer you to page 109 of Budget Paper No. 2, which deals with debt levels. I note from those Budget papers that it is forecast that the net debt per capita as at 30 June 1995 will be zero and that net debt per capita as at 30 June 1994 is estimated to be around \$400 per capita. The chart there, chart 5.5, shows that the net debt per capita as at 30 June 1990 was \$1,500. I was just wondering whether you could explain how that massive reduction has been able to be achieved.

Mr De LACY: I said earlier today that the Queensland Government, over the last three or four years, has been running an underlying or structural surplus of about \$1 billion a year. That is what has been responsible for the very rapid decline in the net debt in Queensland. If I take up some of the questions that were asked earlier by Mrs Sheldon when she was seeking to establish what was the gross debt for Queensland, I made the point that the gross debt to a large extent is a meaningless figure in the sense that the Queensland Treasury Corporation, for instance, is out there raising funds and at the same time it is on-lending those funds, and at different times it has raised more funds than are distributed and it has surpluses. But if you are looking at the gross debt, it has no impact—it is not a meaningful figure from the point of view of determining whether or not Queensland is in a strong financial position. The only way to measure the financial strength of Queensland is to compare the total financial assets with the liabilities. That is net debt and that is what is going to be zero in 12 months' time.

The CHAIRMAN: The time for questions by Government members has just expired. Mrs Sheldon?

Mrs SHELDON: I refer to the Corporate and Executive Support, mentioned in Budget Paper No. 3, page 365. You say program evaluations were carried out. I also note that you say that client service standards have been established. I wonder whether you could tell me what those client standards are and whether you have evaluated the outcomes from them?

Mr De LACY: Yes. As part of the strategic planning process in which all departments are involved each year, which is all part of program management, I think there is a need to understand how you are perceived by your clients. It is an integral part of the strategic planning process. I will pass this on to the person who is in charge of Corporate Services in the department and ask him to comment.

Mr LAWRENCE: The client service standards that have been established in the Corporate Services Division cover the full range of services provided under the Corporate Services banner—financial services, human resource management services and general corporate support services. Those particular

standards that have been established have been established in consultation with clients. You can go down to an activity level, which sets out turnaround times for various functions that are undertaken. Those standards are monitored on a regular basis. As well as looking at that from an efficiency point of view, regular surveys of clients are undertaken to look at the quality and level of satisfaction of clients with those particular services.

At the moment, a program evaluation is being undertaken of the whole Corporate and Executive Services Program. That will be completed by the end of the month. The results that that is indicating at this point are that the Corporate and Executive Services Program is meeting its clients' needs. There was an overall satisfaction with services that was obtained in the last surveys that were done as part of this evaluation. That showed that, on average, in the order of 92 per cent of people were satisfied with the services that were being provided and with the level of service that they were getting. On the other hand, the amount of resource that Treasury is actually putting into the Corporate and Executive Services Program is very favourably compared with other benchmarks right across the service.

A couple of benchmark surveys have been undertaken and Treasury is at the very lowest level of the departments that were included in that particular survey, that is, overhead or Corporate Services costs per employee. About 13 per cent of the number of people employed in Treasury are working in the Corporate Services area and about 16 per cent of the Budget is involved in Corporate Services activities.

Mrs SHELDON: Would you be able to supply me with a list of those services?

Mr LAWRENCE: The services or the service standards?

Mrs SHELDON: Both—the list of services and service standards.

Mr LAWRENCE: Yes, they can be provided. There are about 52 different activities for which service standards have been established.

Mrs SHELDON: Thank you very much. Just referring back to this new tax legislation—will you guarantee that the change will not result in an immediate net increase in total Government revenue generated from all sources to which the new tax will apply?

Mr De LACY: The rewrite of the Tax Act is not aimed at increasing revenue. So any increase in revenue will come about as a consequence of changes in the economy. I am not giving you a guarantee that there will not be an increase in revenue—stamp duty or other revenue—now, next year or whenever. But the new tax is not designed to increase the revenue.

Mrs SHELDON: Would you guarantee that the new legislation will not apply to areas that are not currently covered by stamp duty?

Mr De LACY: You should know that I never give guarantees. I am not sure what you are asking.

Mrs SHELDON: I think it is fairly clear.

Mr De LACY: Will it not be what?

Mrs SHELDON: This is listed as taxation legislation and the other is a duty, so I am saying to you: will you guarantee that the new legislation will not apply to areas that are not currently covered by stamp duty?

Mr De LACY: It is not designed to broaden the base of the tax, if that is what you are asking.

Mrs SHELDON: So it is purely going to cover the same thing that stamp duty does now.

Mr SMERDON: That is right. The major thrust, which the Treasurer has not mentioned, is to split off the administration of the legislation from the actual application of the tax laws. That will be a significant change to the way the legislation is currently drafted, which has five Acts with administration tied up in each Act. We will have a separate legislation for administration. It is simplification of existing legislation and it will be written in modern English.

Mrs SHELDON: Will it be revenue neutral?

Mr De LACY: Yes, basically.

Mrs SHELDON: You said that if you are competing against private enterprise you should pay tax. I think you were referring to Government corporations, etc. Do you then support the notion that the Transport Department should have its sales tax and stamp duty exemptions removed as it competes with private enterprise?

Mr De LACY: The Transport Department?

Mrs SHELDON: Yes.

Mr De LACY: No. As we corporatise entities—

Mrs SHELDON: Well, the entities within the Transport Department.

Mr De LACY: The railways? Yes. As we corporatise railways, they will be subject to the same regime as their private sector counterparts. They will be paying State Government taxes, the equivalent of Commonwealth Government taxes. That is what corporatisation is all about.

Mrs SHELDON: Thank you.

Mr De LACY: Can I say, while there is a lull in proceedings, that my department has been able to advise that for 1993-94 there will be four redundancies or voluntary early retirements from Treasury at a cost of \$219,000. That is information that you sought earlier tonight.

Mrs SHELDON: I refer you to Technical and Agency Services, Budget Paper No. 3, page 362. Can you justify the 26.7 per cent increase in labour costs and the 89.7 per cent increase in non-labour costs when the increase in staff is 9.6 per cent?

Mr De LACY: Mr Lawrence will answer the question.

Mr LAWRENCE: It really is a matter of the way that we actually handle the accounting process. The increase that we got in salary and wages between the two periods is basically due to the fact that that is a trust fund.

Mr SMERDON: No, that is not right.

Mr LAWRENCE: That is not correct.

Mr SMERDON: The additional \$1m in salary, wages and related costs is a provision for award increases which was put into that particular program rather than across the programs generally within the department. That is the simple explanation. There is no significant increase for staff per se; it is an award provision which was included in a single program.

Mr LAWRENCE: Virtually held in trust so that later on it could be spread across the other programs.

Mrs SHELDON: Budget Paper No. 3 page 363 notes that the Motor Accident Insurance Act 1994 has provisions for a levy to be extracted from premiums. Do such levies currently exist? How much are they expected to raise in a full financial year, and is this a user-pays levy?

Mr De LACY: Yes, it is, and it does not currently exist—does it?

Mr SMERDON: No.

Mr De LACY: No. It is a levy that is associated with the new Motor Accident Insurance Scheme. It is a levy on insurers, or it is part of a premium, and it is designed to cover the full cost of the administration of the scheme. I think that that is right and appropriate. Why should other people be paying? Why should not the people who participate in and benefit from the scheme cover the full cost? The cost has got to come from somewhere, why not the people who are involved in the scheme?

Mrs SHELDON: How much is this new tax expected to raise in a full financial year?

Mr De LACY: It is not a new tax.

Mrs SHELDON: It is a new user-pays levy. How much is it expected to raise?

Mr De LACY: You are right, it is a user-pays levy.

Mrs SHELDON: In your terminology, Treasurer, it is, but how much is it expected to raise in the full financial year?

Mr De LACY: We will see if we can get that figure, or we will have to get back to you with it.

Mrs SHELDON: Thank you.

Mr De LACY: Feel free to ask another question.

The CHAIRMAN: My understanding is that the time allocated for consideration of the Estimates of expenditure of the Department of Treasury——

Mr De LACY: We will make that figure available to you.

Mrs SHELDON: Thank you, Mr De Lacy.

The CHAIRMAN: I think that would be the best bet. The time has expired. I think that if you sent it over to us tomorrow, that would be best. In closing this session, Mr Treasurer, I certainly want to thank you and all of your officers not only for coming but also for the very competent way you have handled yourselves tonight. The next item for consideration is the Department of Housing, Local Government and Planning, but before I call that one,

I will suspend this session for 10 minutes to let everybody have a stretch. It has been a long night. Before leaving, Treasurer, do you want to make any quick comment?

Mr De LACY: Thank you. It has been an exhilarating and an exciting exercise, and I am pleased to have been part of it.

The Committee adjourned at 10.02 p.m.

The Committee resumed at 10.15 p.m.

DEPARTMENT OF HOUSING, LOCAL GOVERNMENT AND PLANNING

In Attendance

Hon. T. Mackenroth, Minister for Housing, Local Government and Planning
 Mr Dick Persson, Director General
 Mr Ken Smith, General Manager, Housing Services
 Mr Alex Ackfun, Manager, Aboriginal and Torres Strait Islander Housing Division
 Ms Jennifer Clark, Manager, Home Ownership Division
 Mr Tony Waters, General Manager, Housing Production Services
 Mr Ted Cripps, Manager, Asset Management Division
 Mr Kevin Yearbury, General Manager, Planning Services
 Mr Warren Rowe, Manager, Planning, Policy and Information Division
 Mr Maurie Tucker, General Manager, Local Government Services
 Mr Noel Hudson, Deputy Chairman, Local Government Grants Commission
 Mr Ian Fulton, General Manager, Financial Services Division
 Mr Cesare Callioni, Manager, Financial Policy and Management Division
 Mr Bob Hunt, General Manager, Organisational Services
 Mr Tom Spark, Manager, Administrative Support Unit
 Ms Jan Phillips, Director, Executive Services
 Ms Kathy Kirby, Manager, Cabinet Legislation and Liaison Unit

The CHAIRMAN: The next item for consideration is the Department of Housing, Local Government and Planning and the time allotted is three hours. For the information of the new witnesses, I point out that the time limit for questions is one minute and for answers is three minutes. A single chime will sound giving a 15-second warning and a double chime will sound at the expiration of these time limits. As set out in the Sessional Orders, the first 20 minutes of questions will be from non-Government members, the next 20 minutes from Government members and so on in rotation. The Sessional Orders also require equal time to be afforded to Government and non-Government members. Therefore, where a time period has been allotted which is less than 40 minutes, that time will be shared equally. The end of these time periods will be indicated by three chimes. I would ask the departmental officers to identify themselves before they answer a question, for the benefit of Hansard.

I now declare the proposed expenditure for the Department of Housing, Local Government and Planning to be open for examination. The question before the Committee is—

"That the proposed expenditures be agreed to."

Minister, if you wish, you may make a short statement now, or we can proceed directly to questions.

Mr MACKENROTH: Thank you, Mr Chairman. Firstly, let me say that I am very pleased to take part in what is an historic day for our Parliament. I can say that I am taking part in the early stages of the Estimates hearings, but certainly not at an early stage of the day. However, I think it is an historic day for us and I am pleased to be a part of that.

My department, the Department of Housing, Local Government and Planning, has achieved a lot over the last four and a half years. In the housing area we have increased the stock that we have by some 42 or 43 per cent. In the local government area we now have a new Act in place. In the planning area we have gone a long way down the track in relation to regional planning. Over the next year we need to continue the work that has been done and we need to consolidate on that. Through the housing area we will continue to build new houses and we will expand on the work that we have done in relation to upgrades. In the planning area we are presently working on new legislation and the implementation of SEQ 2001 and the completion of FNQ 2010.

The local government area, as well as seeing the new Local Government Act successfully implemented right throughout Queensland, also has two new programs, the Rural Living Infrastructure Program, which will be administered by local government services, and also the new program in this Budget to upgrade the roads and drainage systems in Aurukun and on Mornington Island. That is all I have to say.

The CHAIRMAN: The first period of questions will commence with the non-Government members, and I believe the first will be Mrs McCauley.

Mrs McCauley: My first question, Minister, pertains to Budget Paper No. 3 on pages 206 and 208 for both local government and planning. You may well want to put this on notice; I do not expect you to be able to answer it here. Could I have a complete breakdown of the current grants and subsidies line and the capital outlays line? If you want to provide that at a future date, that is fine.

Mr MACKENROTH: Do you mean the estimated actuals for this year or the Budget estimates? The estimated actuals for 1993-94?

Mrs McCauley: No.

Mr MACKENROTH: The Budget estimates for 1994-95?

Mrs McCauley: Yes.

Mr MACKENROTH: The Budget estimates for 1994-95 grants are: the local authorities trust fund, \$131,200,000; the natural disaster relief, \$12m; the Local Government Minister contribution to a Federal fund, \$12,000. There is an arts grant of \$10,000. The

Aurukun and Mornington Island grants for those councils is \$2,020,000, and local government concessions is \$580,000. In relation to the capital outlays, the grants are: to local authorities trust funds, \$62.5m; local government infrastructure support, \$51,891,000. The national Landcare program is \$2,826,000. The Kuranda rail levy is \$256,000. The accelerated rural communities water supply and sewerage scheme is \$5m. The local government infrastructure for the Aboriginal and Torres Strait Islander communities is \$2.5m. The local amenities rural living infrastructure program is \$10m, and the computer plants and equipment is \$55,000.

Mrs McCAULEY: Thank you, Minister. I would like to ask you some questions on SEQ 2001. I see in the Budget that \$4m was provided to the Department of Environment and Heritage for the acquisition of land for the South East Queensland Regional Open Space System and that this is part of a program of some \$20m over five years which will be supplemented by local government funds. Can the Minister tell me what percentage local government is expected to contribute to this and who will have the ownership of the land if both levels of Government contribute?

Mr MACKENROTH: All Crown land owned by local government is held by the State. So local government does not really own that land. Councils such as the Brisbane City Council and the Albert Shire Council currently have environmental levies, which they are using to purchase land. The regional open space system is intended to supplement the work that those councils are doing by providing funds through the State Government. It will also try to coordinate some of that planning. So we will not be telling councils to buy land in any particular area and we will not be asking them for a contribution towards our scheme. We will be working towards trying to develop a coordinated system for purchasing land. And both the State Government and local authorities are already purchasing land for open space. This will ensure that there is proper planning right across the whole of south-east Queensland. This fits in with all of the planning that we are doing for south-east Queensland.

Mrs McCAULEY: I hope you can assure me that the Local Government Department is driving SEQ 2001. In the Budget, as I said, \$4m is allocated for Environment and Heritage. The Lands Department has been allocated \$6.86m for the regional open space system. I understand that the Department of Primary Industries has funding of \$150,000 to compile data, including drawing maps, and so on. That, with the Landcare and Catchment Management Program, which has funding of \$5.85m, to me seems to fragment what is a very important concept in SEQ 2001.

Mr MACKENROTH: I understand your question. I know that is not the case. As to SEQ 2001—the Government has adopted certain recommendations from the Regional Planning Advisory Group. Cabinet has made those decisions known. Importantly, in relation to the coordination of Government departments, a regional coordinating

council will be set up for south-east Queensland, of which I will be the chairman. The Deputy Premier will be a member of that body, as the Chairman of the Planning and Infrastructure Coordinating Committee of Cabinet. Each of the four chairpersons of the subregions of SEQROSS—usually the mayors from those areas—will be members of that regional coordinating council. The implementation of the SEQ 2001 plan will be driven mainly through that regional coordinating council. It will be done, firstly, by me, as chairman, and then by those other people as they work into that scheme.

The actual allocations of money for specific items of SEQ 2001 within those areas are rightfully there, because those programs have to be implemented by those different departments. We are bringing those departments together to work towards some proper planning for the future, which has not happened in the past.

Mrs McCAULEY: Can you tell what the amount spent on consultancies by your department has been? Would you provide a list and the amount? Does this include external consultancies for planning and studies?

Mr MACKENROTH: The total amount spent on consultancies in 1993-94 is \$1.97m. That goes right across the whole department. There is \$520,000 in the corporate area; \$60,000 in Local Government; \$480,000 in the planning area; \$100,000 in the Aboriginal and Torres Strait Islander housing plan; \$520,000 in the public rental area; \$100,000 in community housing; and \$10,000 in the home ownership area.

Mrs McCAULEY: In Budget Paper No. 3, page 207, under the heading "Outlook 1994-95", one of the points reads, "Analyse the long-term financial position of 'at risk' rural councils". Could you elaborate on this, because I was unaware that there were rural councils which are at risk. Can you tell us in what way they are at risk? Are they suffering financial difficulties? How many are there, and which ones are suffering?

Mr MACKENROTH: Yes, a number of councils have a problem in relation to their financial position. They are councils that we have lent money to. I think that is directly as a result of the drought. We have arranged loans for them, on which we are paying the interest. We need to do some work in relation to that. I will supply you with the information about those councils.

Mrs McCAULEY: I notice that another of the Department's goals is to undertake a study of local government performance indicators and benchmarks. Will this study take into account the major differences between local governments across the State—for example, population variations, isolation factors, length of roads, and so on? Who will undertake the study? Will the LGA be involved? What will be the cost? When will it be completed? Will it be made public?

Mr MACKENROTH: We will be involving the Local Government Association of Queensland. Consultancies will be involved. That will look right across the spectrum, in relation to the matters that

you have raised, of what is actually being looked at. The information that finally comes from that will be made public.

Mrs McCauley: Will that study also analyse the benefits of amalgamations, given that in the amalgamations to date there has been no cost-benefit analysis done of those mergers at all?

Mr Mackenroth: No, this will not be looked at. I believe that one of the Local Government Commissioner's jobs is to look at the financial aspects of amalgamation and to see whether money can be saved. That is in the reports.

Mrs McCauley: I know that the funding for the Office of the Local Government Commissioner does not come from your Budget.

Mr Mackenroth: I know that, too.

Mrs McCauley: Page 207 of Budget Paper No. 3 states that the implementation of all recommendations of the Local Government Commissioner on external boundary changes, including amalgamations as endorsed by Cabinet, is one of the performance factors in 1993-94. Can you tell me how many of the Commissioner's findings the Minister has rejected or altered?

Mr Mackenroth: I cannot alter his recommendations. The major recommendations that are made in his reports cannot be altered. The Act does not allow that to happen. So we either can accept them or reject them. To date, we have accepted the recommendations. There has been one recommendation in relation to the boundary between Brisbane and Logan City. There has been a recommendation in relation to Widgee and Gympie; Maryborough and Woocoo; Bundaberg, Gooburru and Woongarra; Townsville and Thuringowa; Warwick, Rosenthal and Allora; and Mackay and Pioneer.

Mrs McCauley: Given that none of the commissioner's findings have been rejected, does the Minister believe that it is proper that an unelected person should make such important decisions?

Mr Mackenroth: We took note of the recommendations that were made to the Parliamentary Committee of EARC and EARC by the National Party of Australia and took on board very strongly the recommendations that it made to do it in this way.

Mrs McCauley: With respect to the Local Government Grants Commission methodology, would the Minister advise progress on that work? Is the Department doing the review and are the personnel involved travelling and speaking with local councils?

Mr Mackenroth: Local government grants?

Mrs McCauley: Local Government Grants Commission methodology.

Mr Mackenroth: That is being done. The review is being done by the Federal Government. We have had discussions with local governments in relation to it, but the major work is being done by the Commonwealth Government. In relation to the funds for grants from the Commonwealth—the State

Government is a bank for local government. We receive the money, pass that money on to local governments and probably cop all of the criticism because it does not work too well.

It is going on at this stage. It was to be finished and implemented by the end of this financial year. My understanding is that that will not happen. I have written to the Deputy Prime Minister and asked for his agreement to a moratorium on changing the grants distributions to local governments within Queensland. Last year, I asked for a three-year moratorium. He agreed to a one-year moratorium. As he has not completed the work that he has started on, we would hope that he would agree to another moratorium for one more year.

Mrs McCauley: I understand that your department has relocated or is relocating to 111 George Street. Could you tell me what costs are involved in that; will there be additional ongoing costs and, if so, what are they and how much?

Mr Mackenroth: That is probably too much detail to try to give you here. I undertake to make that available to the Committee.

Mrs McCauley: Page 221 of Budget Paper No. 3, under the heading of "Corporate Services—Outlook", says, "Introduce and administer the Animals Protection Act". When does the Minister expect that Act to be introduced? What costs are involved and will there be a revenue-raising factor in that Act?

Mr Mackenroth: The Act will be introduced when it is completed. That will be done when we complete the work that we are doing. Since a draft Bill was sent out last year, we have had further discussions with some of the groups. We are yet to come up with the next draft and have further discussions with all groups. I do not know how long that will take, but I intend to ensure that the people who are involved are as happy as we can make them. In relation to fees—\$25,000 is available in the Budget this year for the implementation of it, but the drafts contain no proposals to introduce any fees for people to have to pay for it.

Mrs McCauley: I thought that you might have been listening to the Minister for Environment and Heritage about her cat program.

Mr Mackenroth: I have a cat, thanks.

Mrs McCauley: Page 205 of the Program Statements lists one of the key issues and initiatives as "Assist local governments to obtain appropriate financial resources". Earlier, I asked the Treasurer a question pertaining to the problem of borrowing by local governments which has been created by section 440 of the new Local Government Act over which Treasury is creating obstructions and which has effectively stopped any of the local governments from borrowing money from their local banks since April this year. I ask the Minister: do you intend to amend that Act urgently so that councils that have not been able to obtain loan approvals can do so?

Mr Mackenroth: I personally was unaware of that question you raised today in the Parliament. After you raised the question, I undertook to find out the information and make it available to you. I will do

that now. We do not need to amend the Local Government Act. An Executive Council minute or a change of a regulation should be made under the Statutory Bodies Financial Arrangements Act.

I understand that a question was asked of Treasury when the Treasurer was here. Treasury believes that sections 439 and 440 will not allow the local authorities to borrow. The implementation of a regulation under the Statutory Bodies Financial Arrangements Act will allow that to happen, so there will not be any necessity to change the Local Government Act. The regulation is all that is needed. My understanding is that that will be done within three weeks.

Mrs McCauley: I asked the Treasurer and I will also ask you about the Hilmer report. He said that some of the recommendations of the Hilmer report have been accepted by Treasury. Page 353 of the Treasury documents says—

"Adjustment and transition issues related to the implementation of the Hilmer Report on National Competition Policy will be addressed."

I ask the Minister: are you aware of the serious implications for local government if that Hilmer report is accepted and acted on by the State Government?

Mr Mackenroth: As I understand it, the State Government at COAG has agreed on the principles of the Hilmer report, and we would encourage local governments to try to take that up where they can.

Mrs McCauley: The Budget paper states that the department seeks to build the capacity of local governments and improve the standards and performance of councillors and officers through the design and promotion of enhanced financial and operational management practices and systems. Would the Minister please advise the process for doing that?

Mr Mackenroth: There are two ways that that is done: firstly, by the implementation of the new Local Government Act, which came into being on 26 March this year. That is the first one. The second way is by a series of seminars—

The CHAIRMAN: That is the end of the time period for questions from the non-Government members at the moment.

Mr Mackenroth: Do I get to answer the question, though?

The CHAIRMAN: Complete that answer.

Mr Mackenroth: I would feel cheated otherwise. We are running a number of seminars for councillors right throughout the State. We have run some now on a number of programs and others are to come. The financial planning, I believe, is one of the next sets of programs to be done on the State.

The CHAIRMAN: That is the end of that allocation of time for questions by non-Government members.

Mr Davies: I refer you to the Program Statements, Budget Paper No. 3, page 205, and the line item "Housing—Aboriginal & Torres Strait Islander". I notice that it has increased from an

estimated actual this year of \$37m to \$51m next year. Could you explain why it has been necessary to increase the ATSI housing program by that level of expenditure?

Mr Mackenroth: Mabo land claims is the short answer. We have a sum of money that has been carried over from this financial year that we were unable to spend, which was a unique situation. We have been unable to spend money in Aboriginal communities because of the prospect of Mabo-type claims over Aboriginal housing. We needed to address some of those issues before the money was able to be spent. The money is Commonwealth grant money specifically for that purpose, and we have the agreement of the Commonwealth Government to carry that money over into the next financial year. That is where the majority of the increase in that fund is.

Mr Davies: On page 206 of the same document, I notice the following program goal: "A system of local government which responds to community needs and in which councils perform to their full potential." Would you please explain the practical implications of that goal?

Mr Mackenroth: That goal is really encapsulated in the Local Government Act, which the Parliament passed at the end of last year and which we are now seeing implemented throughout Queensland. We have brought about the most modern piece of legislation for local government to operate under in Australia. We have given local governments greater autonomy to go about making their own decisions within their own communities without the need for the State Government to be as involved in decision making as it was in the past. Under that legislation, local governments do not need to come to the State Government to obtain permission to do various things. We have also placed the councils in a position where, although we have given them greater autonomy, they also need greater accountability. They will need to be more accountable not to the State Government but to their own communities. We will require all local governments to have strategic plans and annual reports.

By the end of this month, all councillors throughout Queensland will be required to have their pecuniary interests lodged with the chief executive officer, and that list will be available to the public. All senior staff will also be required to lodge pecuniary interests with the chief executive officer. I believe that we are putting in place a system that will work better for the communities for which those local governments are working.

Mr Davies: I want to try something that we never have a chance to do in the House: ask a third question without notice. Page 209 refers to one of the outlooks for 1994-95 being the introduction of a new planning and development Bill. It refers also to an educative process. Would you please give us a bit of an idea on what that educative process will consist of?

Mr Mackenroth: The planning legislation that we are working on will be new for Queensland, and we will need to educate the people who will use

it, that is, local government, developers and the community in general. At the end of last year, we released a discussion paper which set out broadly the principles under which we are thinking of developing the legislation. We received a number of submissions on that discussion paper. We are currently working on a draft Bill, which will be released for public consultation and for comments from local government and the community in general. We will then move towards implementing a new planning process.

As I said before, it is intended that that planning process will allow local governments to have greater autonomy. Along with that, they will need to have greater accountability. We will be requiring the State to be more involved at the early stage of planning rather than at the end. At present, local government can go about drafting a strategic plan. When that process is completed, they then approach the State Government and ask what the State Government wants to be included in the plan. That is how the process works at present; that is how the legislation works. We will be requiring the State Government to be involved at an earlier stage. We will have to conduct an education program of seminars and print brochures and booklets to let people know how that new planning legislation will work and how they can work with it.

Mr NUNN: In the area of public rental, the number of rental accounts that are over four weeks in arrears has been a problem for a number of years. One of the areas listed for improvement in 1994-95 is a further reduction in those overdue accounts to 5 per cent. How do you intend to attack that problem?

Mr MACKENROTH: One of the first things that we have done is to decentralise the way the system works in Queensland. Rather than the system working through head office in Brisbane, we have established 17 area offices in Queensland. Each of those area offices looks after between 2 000 and 3 000 dwelling units. That enables officers to get closer to the tenants, and in turn those officers can work on reducing the level of arrears that currently exists. We want to work on reducing that level to 5 per cent. That is our target, and I am confident that it will be achieved.

The current level of rental arrears is 5.83 per cent. Although we need to work on reducing that level, it compares favourably with other States. For example, the ACT is 6.37; Tasmania is 8.55; Victoria is 7.34; and New South Wales is 5.8. We compare favourably with those States, but we need to work constantly on reducing the level of rental arrears.

Mr NUNN: Under your Department's Local Government Program, a \$10m allocation is made for the provision of water supply and sewerage infrastructure in rural towns. Is that allocation separate from the new Rural Living Infrastructure Program and, if so, in what way?

Mr MACKENROTH: Mr Nunn, which page are you referring to there? Is that table 13?

Mr NUNN: In Budget Paper No. 3, I am referring to page 207, the third dot point from the bottom.

Mr MACKENROTH: You are asking about the water and sewerage projects?

Mr NUNN: That is right.

Mr MACKENROTH: There is \$10m in the Rural Living Infrastructure Program, and there is \$5m in the Water and Sewerage Program. There is \$5m extra money, and there is \$10m in the program, \$5m of which comes from the Local Government Infrastructure Program and \$5m of which is new money.

The CHAIRMAN: I refer to the Budget Estimates for the planning program, which are detailed on page 25 of your Department's Estimates document, the blue folder.

Mr MACKENROTH: In the planning program?

The CHAIRMAN: Yes.

Mr MACKENROTH: Is this the Aboriginal and Torres Strait Islander Program.

The CHAIRMAN: Your Departmental Estimates document, the one you supplied to us.

Mr MACKENROTH: Page 25, you say?

The CHAIRMAN: Yes.

Mr MACKENROTH: That is the Aboriginal and Torres Strait Islander program; is that correct?

The CHAIRMAN: I must admit, I am having difficulty finding my own area. I have tagged it wrongly. I must have the wrong number on it.

Mr BUDD: Mr Chairman, with your indulgence, while you are looking for it, I might ask the Minister a question.

The CHAIRMAN: Yes.

Mr BUDD: I would like to speak about the SEQ 2001 program. I note that it is budgeted for under Regional and Local Planning. Could you inform the Committee if there is good cooperation between the local authorities in the region covered by the SEQ 2001 program and your Department and whether there are any benefits that local authorities will obtain as a result of this expenditure?

Mr MACKENROTH: There has been a lot of cooperation through local government, the State Government, the Commonwealth Government and the community in getting to the stage that we have now with the SEQ 2001 project, and I am very hopeful that that cooperation will continue. Naturally, there have now been 20 councils elected and that means that there are some new councillors, so we will need to wait and see the commitment of some of those people to that process. The cost for councils should be measured in terms of the savings that they make.

The situation that we have with SEQ 2001 is that it is about proper planning for south-east Queensland and for the people who live in south-east Queensland for the next 20 years. It plans for the next generation. In doing that, we are going about planning for proper infrastructure and, in doing that, we save money. So, there is really no cost in it. I see it as savings, and if we go about proper savings, there can be real benefits to local government and to the State. We will continue to

work with local government. It has reached the stage now where we probably need the greatest cooperation of local government because we are moving from the macro-planning of the total of south-east Queensland down to the four subregions where we will need to see the micro-planning going into local government schemes. Over the next year, we will need a lot of cooperation from local government, and I am very confident that we will get that from all councils, because I think the community in south-east Queensland wants to see a proper plan in place.

The CHAIRMAN: Could I follow up with at least one supplementary on that, Minister?

Mr MACKENROTH: On page 25?

The CHAIRMAN: I have clarified that, it is actually page 5, but I will come back to that question later. How will that funding that is coming out in SEQ 2001 impact on actual development, particularly in that region in my electorate which is in the middle of the area covered by SEQ 2001? What will it mean for developers in terms of how they can bring new land projects on, and what impact does it have on infrastructure costs? What is the overall plan regarding that?

Mr MACKENROTH: What it means for developers is that we will have in place a plan that sets out the region's aspirations for the next 20 years. Developers will be able to go about proper planning to know where to develop land and where to get land. One of the questions that is raised quite often by developers is in relation to developing out of sequence. In other words, the question they ask is, "Will the State be telling us where we can and cannot develop?" The State will not be telling them where they can and cannot develop. What we will be doing is, through having a proper plan in place, encourage development into certain corridors where infrastructure costs can be kept down. By doing that, the cost structure will allow the development to go ahead.

If developers buy raw land at a cheaper cost outside of the sequence area, naturally they will be able to do that. If they want to bring that on earlier, they will need to pay the bring-forward infrastructure costs to do that. That means that, if a developer wants to build a development that requires a main road to be built, we would require the developer to pay the costs of that, just the same as developers have to pay for the sewerage lines and the roads within their estates now. If it means the bring-forward costs of a school, we would have to negotiate with the developers to do that. The Government has been very successful to date in doing that with developers such as the Delfin Group in Forest Lake. At Springfield we have come to a number of agreements with the developers in relation to bring-forward costs where they are paying for costs outside of their estate to ensure that they are able to continue with the development. What that does is save the taxpayers of Queensland a considerable amount of money.

The CHAIRMAN: The strategic plans that

local authorities are bringing forward in this region now, are they dovetailing very closely with the SEQ 2001 report?

Mr MACKENROTH: No, the SEQ 2001 report is not finished, so we cannot make them do that. We now do have a draft regional outline plan which we would expect local governments in south-east Queensland that are presently working on strategic plan reviews to take account of and, in the majority of instances, that is actually happening. The other thing that we do have is a post-date planning policy on agricultural land which is able to lock up some of the agricultural land that we need to keep in south-east Queensland. Over the last couple of years, when it has been necessary, the State has taken some steps to do that in south-east Queensland.

The CHAIRMAN: Would an example of that be the cane growing lands that are right in the middle of the corridor?

Mr MACKENROTH: Yes, it is the cane growing lands mainly that we would be looking at, more on the north coast than on the south coast. It is my understanding that the Albert Shire Council, not in the present strategic plan that it is doing, but in the one before, basically locked up the cane lands which are to the east of the Pacific Highway. We would want to see that continue. My discussions with Bill Laver when he was the Shire Chairman, before the new mayor, showed that that was the council's intentions and what it wanted to happen.

The CHAIRMAN: Will any of that funding on SEQ 2001 for this current Estimates be considered to go into the industrial land at Yatala and other industrial land in that region where it is fairly important to get jobs into?

Mr MACKENROTH: That is a part of the strategic plan and development control plan that is being done as a part of the Building Better Cities Project. The industrial land there is part of that, and that is part of a process that is being done now. That plan will fall in with the SEQ 2001 project and it is being done with that in mind. That was done with the agreement of the Albert Shire Council.

The CHAIRMAN: The period for time for questions by Government members has expired.

Mr J. N. GOSS: I refer you to page 65 of Budget Paper No. 4 relating to home ownership. In December 1991, there were 40 000 loans; in December 1992, 38 000 loans; and in December 1993, there were 31 000 loans, representing a drop of 9 200 in loan accounts over two years. The current number of accounts is down to 28 091. In eight months of this financial year, there were 591 HOME Scheme loans and 818 rental purchases. How do you expect to achieve the target figure of 2 500 HOME Scheme loans for 1994-95 and 1 500 rental purchase loans?

Mr MACKENROTH: I do not know where you got all those figures from. I cannot really comment on their accuracy. In the program for the 1994-95 financial year, we have allocated a sum of money which is the maximum amount of money which is available that would provide for that number of loans.

If that is not met, it is simply not borrowed. So that is the amount of money that the Government has decided that it is prepared to allow the Department to borrow to on-lend. It is as simple as that.

Mr J. N. GOSS: So you will be borrowing it in small amounts during the year?

Mr MACKENROTH: We only borrow the money that we need to lend on. We do not go out and borrow \$200m in one go. We have the facility to borrow, and we take the money up as we need it. So if the situation is that there is not a great uptake in loans through the Department, we would not borrow that much money for this year.

Mr J. N. GOSS: So those figures were just the maximum that you would go to?

Mr MACKENROTH: That is the maximum volume of money that we have set aside for the coming financial year for home purchase.

Mr J. N. GOSS: The sum of \$150m was to be made available for home loans. It was expected that that would cover 2 500 homes. In the rental purchase area, there is \$150m for 1 500 homes. There seems to be a bit of a discrepancy there, even though the deposit on a home loan is greater.

Mr MACKENROTH: Where are the figures that you are quoting? I understand your question, but where are the figures that you are quoting?

Mr J. N. GOSS: They are still on page 65—the same figures of \$150m—

Mr MACKENROTH: I understand the \$50m and the \$100m.

Mr J. N. GOSS: Page 44 of the departmental Estimates document states that the target is 2 500 for \$150m and another \$150m for 1 500 in rental purchases. That seems to be out of proportion, even allowing for a higher deposit.

Mr MACKENROTH: I do not know whether the 2 500 is not, in fact, a total number of which 1 200 is a part. I will check that. Yes, 2 500 is the total, and the 1 200 is a portion of that. It is not two different figures. It is, in fact, a total of 2 500, of which 1 200 is the Rental Purchase Plan portion.

Mr J. N. GOSS: So 1 500 is the new target?

Mr MACKENROTH: Right.

Mr J. N. GOSS: That is not what it says there.

Mr MACKENROTH: No. I can see how you read it that way.

Mr J. N. GOSS: There is no Commonwealth contribution to that?

Mr MACKENROTH: There is no Commonwealth contribution to that, no. Commonwealth and State Housing Agreement funds are used for the Government's portion of the Rental Purchase Plan share. So we are buying a portion of the rental home with funds that are coming out of the Commonwealth and State Housing Agreement Fund.

Mr J. N. GOSS: So that \$100m would be Commonwealth funding?

Mr MACKENROTH: No, it is coming out of the Commonwealth and State Housing Agreement

Fund. That is a mixture of State and Commonwealth funds and a mixture of rollover funds and revolving funds within the account. It is coming out of the Commonwealth and State Housing Agreement accounts. It does not require any approval from the Commonwealth to do that.

Mr J. N. GOSS: As to the departmental Estimates on page 43 in relation to home ownership debt servicing—in 1993-94, the figure was \$37.855m. This year, it is anticipated to be \$54.140m, representing a jump of \$17m in one year, at a time when interest rates have more than halved and the number of loans has decreased. Is this increase purely for interest on the loans?

Mr MACKENROTH: There is a \$10m payment from the Home Purchase Assistance Account to the Queensland Housing Commission Fund which is, in fact, a portion of a loan that has been made from that fund in previous years. We have decided to bring forward some of the payment to the other fund to put into rental homes. There is \$10m in that. So it is actually money that is being paid from one fund back to another fund because of money that was lent there in the previous year.

Mr J. N. GOSS: Some of it is servicing another internal debt.

Mr MACKENROTH: It is actually a repayment of a debt which was paid across previous years.

Mr J. N. GOSS: On average, \$7m is the remainder of the interest?

Mr MACKENROTH: That is correct, and also the refinancing from HOME to variable rate loans, which is the policy that was introduced at the end of June or in July last year.

Mr J. N. GOSS: As to Private Rental HLO7 Community Rents Schemes on page 36 of the departmental Estimates, I refer to the Community Rent Scheme. There are some Estimates there, but in relation to the estimated amount for actuals there has actually been a reduction in the amount in the coming year. I am wondering why at a time when—

Mr MACKENROTH: I cannot see the reduction, so could you start the question?

Mr J. N. GOSS: The estimated figure for the previous year was \$6,400,000; now it is \$6,300,000. That is not a great reduction, but it is at a time when there is a growing number of people who are looking for Community Rent Scheme housing. On page 37 we see that one of the objectives and targets was to increase the capacity of low and moderate income earners and groups with special needs to access transitional housing. There has been a reduction in that, yet it is one of the department's major objectives in the private rental area.

Mr MACKENROTH: There will be no reduction in the scheme or what we will actually get out of the scheme in terms of helping people. It has been estimated that we will not require that volume of money to actually run the program that we have in place. My understanding would be, in fact, that some of the costs in this financial year would have been helping with some of the start-up costs of some of the programs that we were still getting on board. We

now have them in place and the running costs are not as high as they were in previous years.

Mr J. N. GOSS: Can I add that I think that it is an excellent scheme and I know that it has helped a lot of people in need. I turn to community housing—HLO4 on page 39-40 in the departmental Estimates. Capital infrastructure grants had an increase of 50 per cent. In relation to the Community Housing Partnership, the Community Housing Program and the Cooperative Housing Program, can you give us an idea of the locations of most need, the type of construction, where the dwellings will be, the average cost, and if there is a Commonwealth component? I think that it is \$32m.

Mr MACKENROTH: We will put that one on notice and give you that information. There is a Community Housing Program—a Commonwealth program—as well as our own State program. As to the locations of the majority of these, the grants to the particular community groups that get them are done through two different processes but mainly through community consultation. We can provide that information to the Committee.

Mr J. N. GOSS: As of 1 January—and this is a general statement—10.8 per cent of Home Loan borrowers were in arrears and 12.7 per cent of HOME Shared or Rental Purchase borrowers were in arrears by one month or more. Over 1 000 families—53.68 per cent—who receive mortgage relief loans were also in arrears. Can you tell me what provision has been made in this Budget to cover any anticipated losses? I know that you have mentioned the accumulated reserves. How have they been arrived at and what is the sum of the reserves?

Mr MACKENROTH: There is no provision made in the sense that we have needed to allocate money for any perceived losses. I think that the important thing that we need to understand at the start of any discussion on something like this is that the Department of Housing is not making a loss out of its HOME Purchase Program. On occasions we may make a loss on an individual loan, the same as a bank or a building society would make a loss out of an individual loan, but at the end of the day they will make a profit. The reserves that we build up are built up from the operating margins under which we operate, which are the costs of funds to what we actually charge to lend out. In doing that we are prudent enough to put aside a very small portion of a per cent to reserves, which is enough to cover any losses on individual loans. Our estimations are that the reserves that we have there will cover losses that we will make in the next financial year.

Mr J. N. GOSS: Is that the 0.4 per cent difference between when you borrow it to when you lend it?

Mr MACKENROTH: No. In the rate that we lend out at we need a percentage to cover our operations—to pay for our staff. Contained within that is provision for reserves for any future losses. That is able to accommodate any loss that has been made. What was the other part of your question?

Mr J. N. GOSS: I was asking you whether it was the 0.4 per cent. I remember you were

borrowing at 14.5 per cent and originally lending at 14.9 per cent.

Mr MACKENROTH: I know that it is not 0.4 per cent.

Mr J. N. GOSS: Are you making a better profit than 0.4 per cent?

Mr MACKENROTH: No, we do not make a profit of 0.4 per cent. It is 63 basis points.

Mr J. N. GOSS: I will look that up.

Mr MACKENROTH: 0.63. That is not profit, by the way.

Mr J. N. GOSS: No, not profit.

Mr MACKENROTH: Out of that 63 basis points we have to pay the cost of our operation, which is all the staff who run the Purchase Program. If someone comes in to get a loan, people have to administer the loan. Out of that 0.63 per cent, we make the money and we put some of that aside for reserves.

The CHAIRMAN: I understand that the time for allocation of questions by non-Government members has expired.

Mr BUDD: Minister, I would like to take you to page 207 of the Program Statements and the outlook for 1994-95, the third dot point, the review and consolidation of the local government superannuation legislation. Do you have any information that you might like to give to the Committee on the details of this planned change to the superannuation schemes?

Mr MACKENROTH: I will get Maurie Tucker, who is the Manager of Local Government Services, to answer that question.

Mr TUCKER: There are a number of issues that the Government is looking at in the area of local government superannuation. The Act itself needs to be amended to conform with the words and the terminology now used in the new Local Government Act. That is one of the reasons.

A second is that, in the new Local Government Act, there has been power given to councils to actually have superannuation generally for their members, the elected members, and we need to create a scheme in the Local Government Superannuation Act to achieve that. Lately, only last month or so, the Commonwealth Government has introduced its own SIS legislation, which we need to bring across. Those are the main reasons why we need to look at the Act.

Mr NUNN: You have already answered part of this question, but I had a wider question than the one that has already been put to you, so I will put the whole question again. On page 207 of the Program Statements, it is stated that one of the key initiatives of 1993-94 included the implementation of all recommendations of the Local Government Commissioner on external boundary changes, including amalgamations, as endorsed by Cabinet. What progress has the Local Government Commissioner made on this rationalisation of local government boundaries and what cost implications

does this have for your Department and the local authorities involved?

Mr MACKENROTH: There is really no cost implication for my Department. The situation is that the Local Government Commissioner has recommended a number of amalgamations, the latest of which is in the Warwick area, and there will be an election there on 25 June. There has been the first amalgamation, which was Gympie and Widgee, which became Cooloola, and Mackay and Pioneer have totally amalgamated. Those other ones, as I said, will happen. The recommendations that were made by the Local Government Commissioner contained with them the basis for those recommendations, which was that there would be considerable savings over time for those local government areas and, over time that will, in fact, happen. That is the basis upon which the Government made the decision to accept those recommendations.

The CHAIRMAN: The Program Statements on page 219 show that the Department will outlay funds on 175 individually designed housing solutions for people with disabilities. Could you explain some of the background for that development?

Mr MACKENROTH: Yes, the Department works very closely with people who apply to it for rental accommodation and who have disabilities. We work with those people to design homes to suit them. We have increased this number from 1989, when I think there were some three homes modified for people with disabilities, to well over 100 this year, and the figures that you have quoted there show that. We simply find out the individual needs and modify the house to suit. If it is a new home that needs to be built, we do that to suit the individual.

Mr DAVIES: I would just like to ask a question in relation to public rental housing. Under the improvements and redevelopment area, you are aware—I know, because you have been to Townsville in recent times—that there is a major redevelopment project up there called the Garbutt Inner-city Urban Renewal Project. I think that there is around about, across the State, \$15.7m being spent on those types of developments. That is one. Are there any others throughout the State?

Mr MACKENROTH: A major redevelopment such as Garbutt? Yes, there is. In Leichhardt, which is part of Ipswich, there is a major redevelopment going on there, which is being done conjointly with the Defence Housing Authority. There is also the redevelopment of some of the housing stock that we own in Inala. We have got a major program on upgrading some of the flats around the town centre in Inala. They are the major programs. We, in fact, are trying to decrease the percentage of housing that we own in the Leichhardt area. We are trying to decrease the percentage of stock that we own up in the Garbutt area, or the Garbutt estate. We are, in fact, changing that area by building more attached housing because it is Residential B land. As we do that, we will also be decreasing the percentage so we will end up owning the same number of dwelling units within Garbutt, but we will have a lower percentage in that we will increase the number of dwelling units in the area. It is our intention to do

that. By doing that we will also be encouraging private developers to redevelop within that area. So that is one thing.

In relation to our housing stock that we own right throughout Queensland, we set out a couple of years ago to do a stocktake on all of that. We have done that. The housing that has been built in the 1940s, 1950s and 1960s is really in great need of money being spent on it. We have a major upgrading program—as well as our maintenance program, which has been increased—across that housing stock to upgrade kitchens, bathrooms and floors in some of the older homes. So there is a major upgrading program going on all the time now and the amount of money that has actually been put into that is quite large. This year, we intend to spend some \$60.5m on maintenance and upgrading.

Mr BUDD: Minister, I would like to take you to page 30 of your Department's Estimates document. In one of the areas under Public Housing and Maintenance, you say that you have taken a stocktake of all dwellings, which is nearly completed, and you will be able to provide information on the conditions of that housing. Would you have any idea how you will use that data to improve any planned maintenance in future years?

Mr MACKENROTH: Yes, certainly. We did that stocktake specifically for that reason: to find out what state the stock was in. We now own over 43 000 dwellings in Queensland. We needed to get a very accurate picture of the state of that stock. The older stock needs a considerable amount of money being spent on it. We have been able to do that. We will now be able to implement a proper stock management plan. There was never a plan there before. There was never any record of the state of the individual homes. It was simply that if somebody complained that they needed their home painted, it would be painted. If there was something wrong and someone complained about it, someone would come out and fix it.

That really was not a very good way to look after an asset to the State. The number of homes that we own is a very large asset to the State and we need to look after it properly. So that is what we are doing. We do have a proper plan in place. Within Queensland now, we have Asset Management Centres operating right throughout Queensland. We have been able to put vans on the road to respond to calls. We have been able to put in place a much better asset management plan, and that is just what we need.

The CHAIRMAN: So it is a question of planned maintenance and a planned program of upgrading?

The CHAIRMAN: Yes. It is two things: it is planned and responsive. We plan to do certain things as it rolls over, and we are also able to respond to individual needs as they arise for individual tenants.

The CHAIRMAN: As part of that planning, will that also assist you with that program of identifying where you, in fact, have to cull some housing because you are way over that percentage that the

current policy allows, and also will you sell some sites that have been developed and that you own?

Mr MACKENROTH: We work on a basis of approximately 20 per cent as a maximum for public housing within a particular area. If we develop an estate ourselves, we sell approximately 80 per cent of the housing lots and build on only approximately 20 per cent. In some areas in Queensland we have much larger holdings than that, and up to 60 per cent to 70 per cent of the whole of the estate can be owned by the department. We need to respond to that in two ways. Firstly, we need to go into those areas and redevelop them as we are doing in areas such as Leichhardt, and we need to encourage people to purchase them. Where we can, we encourage tenants to purchase them so that we can decrease the percentage that we have. That is a goal to work to. It is very difficult to achieve. If you own 60 per cent or 70 per cent, it is really, I think, an impossible task to come up with a 20 per cent ownership. But it is certainly a goal to decrease the numbers. Of course, if we sell those homes, we can build somewhere else.

Mr BUDD: On page 27 of your departmental estimates, one of your major program issues is to redevelop older urban areas to try to increase the choice and standard of public housing and to improve the neighbourhood environment. How much of this work has been done and how has it been accepted by the areas that you have done it in?

Mr MACKENROTH: I guess one of the most pleasing things that has happened since I have been the Minister was to have people ring up and complain about the housing that we were building, believing that it was too good for housing public tenants. I thought that was a novel outlook, seeing as people normally complain about it for other reasons.

We have done a lot of inner-city redevelopment in Brisbane, and also in Townsville we are working on inner-city redevelopment. We are doing it ourselves, and by doing that we are encouraging private developers to do it. One of the Building Better Cities projects is to encourage redevelopment of Townsville South for housing. About 2 000 people live in Townsville South, and it has the infrastructure to accommodate 5 000 people. Over a period of time the population has declined. The Townsville City Council has a lot of money tied up in an asset that is not being really utilised. So the Building Better Cities Program there is about encouraging people to move back into the inner city and encourage development.

We have identified a number of properties in Townsville South. As well as being involved with the council and the Building Better Cities Program, my Department of Housing has been able to acquire a number of properties on which we will build new, modern buildings—detached housing. By doing that we would hope to encourage private developers also to become involved in the redevelopment of that area. We are doing that, particularly in Brisbane, in areas such as New Farm and Teneriffe. We are working with the Brisbane City Council on urban renewal and developing new homes in those areas, and that is leading to private developers becoming

more involved in developing some of the things that are there.

One of the problems that we find, of course, is that as we do it and become more successful, it gets harder and harder for us to purchase land at the sort of price that we would pay to develop our housing.

The CHAIRMAN: Minister, on page 219 of Budget Paper No. 3 are program statements. Under the heading "Outlook 1994-95" I note that 140 dwellings will be constructed by group training schemes under the HITT program at a cost of \$2.2m.

Mr MACKENROTH: You wonder how I can build that many houses for that price?

The CHAIRMAN: Partly that. But what benefits does this program have for the department and also for the training of building industry apprentices and trainees, and is it a cost-effective way of building those houses?

Mr MACKENROTH: If you look there you will see that \$2.2m is allocated. That \$2.2m is the extra cost of building those 140 dwellings. What we do is let those contracts to group training schemes. The cost of building them is usually about 15 per cent higher than what it would be if we let the contracts to contractors. So the \$2.2m is an extra cost to the department on top of its normal building program.

I think that is a very important program for the building industry, and the contractors also believe that and they are very supportive of it, because the majority of the apprentices that are taken on by the group training schemes who build our houses are usually in their first year, or first or second year, and it gives them very valuable hands-on experience in the house-building industry. From there the group training schemes are able to put them with host employers. We find in the main that once they leave our projects and go to builders we do not get them back; they stay there and finish their time. So the program is able to do that. We are providing apprenticeships for, I think, almost 300 apprentices a year through this particular program. I think it is very important. We need to ensure that we are training tradespeople for the future, and we are able to do that. I guess one of the interesting things is that one of the dwellings which has just been built on the south side of Brisbane was built totally by female apprentices.

Mrs McCUALEY: Would the Minister advise what was the amount of rates subsidy paid to shires affected by drought, and how many councils was the subsidy paid to?

Mr MACKENROTH: Up to 30 June 1993, based on the rate arrears position at 30 June 1993, there were 10 drought-affected local governments that were authorised to negotiate loans totalling \$1,696,000 in 1992-93. Of these, four councils—Murilla, Murweh, Etheridge and Flinders—accepted the offer of assistance and raised loans totalling \$832,000 in 1992-93. A review of the projected rate arrears position of drought-stricken local authorities for 30 June 1994 was completed in December based on 31 October 1993 estimates. As a result, a further eight drought-affected local governments have been authorised to negotiate loans totalling \$2,160,000 in

the current financial year as follows: Balonne, \$400,000; Booringa, \$280,000; Murilla, \$95,000; Murweh, \$280,000; Peak Downs, \$280,000; Wambo, \$500,000; Flinders, \$45,000; and Longreach, \$280,000. The Balonne and Booringa Shire Councils have decided not to take up the loans. Of the other councils, Murweh, Peak Downs and Wambo have raised their loans. Murilla, Flinders and Longreach have indicated they will be taking up their loans before 30 June 1994. In the case of Longreach, the loan raising will be for a reduced amount of \$200,000.

Mrs McCauley: Can the Minister advise the cost of his Ministerial Office and how many staff compose it?

Mr MACKENROTH: There are nine staff. I know that, because I heard the Treasurer say that today. I do not have the details of what it costs to run it.

Mrs McCauley: Can I put that question on notice?

Mr MACKENROTH: Yes.

Mrs McCauley: How many staff within the Local Government Department are information or media officers?

Mr MACKENROTH: In the Local Government Department, or in the—

Mrs McCauley: No, just in the Local Government Department.

Mr MACKENROTH: Our Department is not structured in that way.

Mrs McCauley: No, I meant in the local government section of your Department.

Mr MACKENROTH: In the local government section of my Department? I am unaware of any—

Mrs McCauley: What about in the whole Department?

Mr MACKENROTH: I asked you that question; you replied that you meant the local government section. The Department of Housing, Local Government and Planning is structured in four different program areas. I think you are looking for the Publicity Unit, which is in Corporate Services; is that right?

Mrs McCauley: Yes.

Mr MACKENROTH: There are five or six staff in public relations. I do not know how many of those people are journalists

Mrs McCauley: And do they provide not only for the local government section but also for housing and planning?

Mr MACKENROTH: They provide for the housing, local government and planning sections.

Mrs McCauley: How many of the staff in your Department are at the senior executive level and what is the salary range? How many of the SES are women?

Mr MACKENROTH: There are 22 SES

positions. The salaries range from \$58,425 to \$109,000, which is from SES Band 1 up to SES Band 4. Three of those officers are women.

Mrs McCauley: What is the amount spent by your Department on advertising?

Mr MACKENROTH: For the total Department, the estimated actual expenditure for 1993-94 is \$316,000.

Mrs McCauley: What are the guidelines for distributing targeted assistance for the water supply and sewerage works under the Rural Communities Water Supply and Sewerage Scheme? Do the guidelines target communities with under 10 000 people or shires with a population of fewer than 10 000 people? Can you clarify that?

Mr MACKENROTH: It is shires under 10 000.

Mrs McCauley: So small towns of fewer than 1 200 people in a shire like the Banana Shire, which has a population of 16 000 people, will not be eligible? Is that what you are saying?

Mr MACKENROTH: I think you are talking about two different things. The Rural Communities Water Supply and Sewerage Scheme is for towns with under 1 500 people. The Rural Living Infrastructure Program is for shires with under 10 000 people.

Mrs McCauley: It is same scheme, though. It is the same rural water supply and sewerage scheme.

Mr MACKENROTH: No. There is still a program for the water supply which is separate to the Rural Living Infrastructure Program. So they would apply, and those towns would be assessed under the normal scheme that has been operating. The towns that are in shires of under 10 000 people could be assessed from either program.

Mr LINGARD: I refer to a question before by Mr Dollin in which he referred to the \$10m Rural Living Infrastructure Program. You said that \$5m was old money and \$5m was new money. What do you mean by "old money"?

Mr MACKENROTH: There is \$5m in the water scheme. There is \$5m of money from local government infrastructure. The water scheme is in that component of it. From that program, there is \$5m which has been added to that which is a new allocation or a new initiative. That makes up that component. I think there is then a \$10m allocation for community amenities, which is a new initiative.

Mr LINGARD: There is \$10m that you have referred to in the Rural Living Infrastructure Program. However, there is \$15m mentioned in the Budget.

Mr MACKENROTH: That is correct.

Mr LINGARD: Clearly, that \$15m is made up of another \$5m from the capital works subsidy program which, as the Budget says, is there for showground improvements. Therefore, the current showground subsidy will be subsumed within this program. Yesterday, in the Parliament, you said very emphatically—

"At the same time, we have brought the show societies capital works program—the

subsidy program—into my department, and it will be administered in the same area. The \$1.5m does not and will not come out of that \$40m. I ask honourable members opposite to stop peddling untruths around this State."

Clearly, as the Budget says, the extra \$5m on top of the \$10m to make \$15m is subsumed into this program.

Mr MACKENROTH: No, it is not. As to the money about which you are talking—in this financial year, 1994-95, \$10m has been allocated for community amenities. This is under the Rural Living Infrastructure Program. There is \$10m which has been allocated for community amenities. There is \$10m which has been allocated for water and sewerage projects. Five million dollars of that \$10m is provided from the Local Government Infrastructure Program. There is \$15m which has been allocated as new initiative money, and there is \$5m which has been transferred from the Local Government Infrastructure Program. That makes up that \$20m. The show societies capital works program—and I have checked this with the Treasurer—has an allocation of \$1.5m. It is allocated to my Department. However, at this stage it is in the Treasurer's advances. It will be allocated as the program is transferred across to my Department. The \$1.5m is not in that \$20m.

Mr LINGARD: I ask you then to refer to page 63 of State Budget Paper No. 2, in which it states clearly—

". . . showground improvements and therefore the current showground subsidy will be subsumed within this program."

Clearly, that is the \$10m that Mr Dollin spoke about, plus this \$5m, which makes \$15m. Clearly, it is within the \$40m. Clearly, you are being untruthful in saying that it is another \$1.5m.

Mr MACKENROTH: I object to that.

Mr LINGARD: Clearly, your statement in Parliament yesterday is incorrect, because you have said—

Mr MACKENROTH: I object to that.

The CHAIRMAN: Let us not get into the habits of question time. Can we keep the questions directly on the Budget Estimates without the rhetoric? I would also like to clarify one other point. Mr Dollin has not asked any questions here tonight. Mr Nunn is a member of this Committee. I think you are confusing him with Mr Dollin, Mr Lingard. Let us leave the invective out of it, and ask direct questions about the Estimates.

Mr LINGARD: On page 63, what do the words "the current showground subsidy will be subsumed within this program" mean?

Mr MACKENROTH: I have explained this, Mr Lingard, yesterday. I have further explained it tonight, including the allocation of money—what money is going to where and where the showground subsidies allocation is. That is very clear. You can say what you wish, but I repeat: under the Rural Living Infrastructure Program this financial year, \$10m has been allocated to community

amenities—\$10m. That is a new initiative in the Budget. The sum of \$10m has been allocated to the Water and Sewerage Project. Of that, \$5m is a new initiative and \$5m has been transferred from the Local Government Infrastructure Program as part of that Water and Sewerage Project. That is where that money is coming from. That makes a total of \$20m in the Rural Living Infrastructure Program.

The responsibility for showgrounds also has been transferred across to my department and will be jointly administered with that program. The allocation of \$1.5m, which is the same amount as last year's allocation, is in the Treasurer's advance in the Budget. When the program is transferred across, the money will be paid to my department. That is very clear. You can say what you like now. However, when the auditor's report comes out for the end of this next financial year, you will see very clearly that what I am telling you is correct.

Mr LINGARD: The amount last year was \$1.5m. You say that it is \$1.5m again this year. In addition to the previous shires, the Torres Strait Islander councils are also involved. Others are involved. Therefore, indirectly, less money is being allocated this year than was allocated last year.

Mr MACKENROTH: The \$1.5m is for show societies. The \$1.5m that was available last year was for show societies. It has nothing whatsoever to do with the Aboriginal councils, which are part of the Rural Living Infrastructure Program. If there are any show societies within Aboriginal communities—and I am unaware if there are—they were eligible last year to apply for a grant. We would not disadvantage them or prejudice them from getting a grant under the show society funds because they are black. They would have been eligible last year and they would be eligible this year.

I will repeat that I am unaware of any show societies within Aboriginal communities. If there are some, they would be eligible. It has nothing whatsoever to do with those 31 Aboriginal councils that also will come under the Rural Living Infrastructure Program. Those people live in rural Queensland and they deserve the money just as much as everyone else. It has nothing whatsoever to do with that \$1.5m.

Mr LINGARD: Budget Paper No. 4 states that the Rural Living Infrastructure Program will serve rural communities of less than 10 000. That will exclude shires such as Calliope, Duaringa, Esk, Gatton, Jondaryan, Kingaroy, Stanthorpe and Warwick. It will also exclude Rosenthal, Glengallan and Allora, which are now amalgamated with Warwick and have a total population of over 10 000. It will exclude communities such as Camooweal, which is inside a shire that has a population greater than 10 000. As your department is responsible for administering parts of that program, are you aware of those Budget guidelines, and how strictly do you intend to enforce them?

Mr MACKENROTH: As the program has been set out, the guidelines have been drawn up for 10 000. I will enforce the guidelines very strictly because I enforce all the guidelines within my department very strictly. If there is a need to change

the guidelines, we may change the guidelines. We certainly will enforce the guidelines.

We have decided that the program will start by looking at councils which have a maximum population of 10 000. That is 82 out of 128 local governments and 31 Aboriginal communities in Queensland. We will see what comes in. Probably by about November this year, we will look at the range of applications that are made under that program to see what can be done. If money is still available from there, we may look at increasing that. Esk would not come under the program because it is within the Moreton region. The Moreton region is excluded from that program.

Mr LINGARD: How come your figures are 82 shires when the Budget figures say 110 shires? I refer to page 3 of Budget Paper No. 4.

Mr MACKENROTH: Sorry?

Mr LINGARD: In Budget Paper No. 4, page 3 says quite clearly that 110 shires will be in that program.

Mr MACKENROTH: I have page 3 of Budget Paper No. 4 and it does not—

Mr LINGARD: Sorry, Budget Paper No. 4. Let me read it. It says that a new Rural Living Infrastructure Program providing \$40m in three years will subsidise new and upgraded amenities in 110 of the State's smaller rural communities.

Mr MACKENROTH: In "about" 110. You left out the word "about", didn't you? You did leave out the word "about". It did say that. We have 82 local governments, plus 31 Aboriginal and Islander councils. That makes 113, which is about 110.

Mr LINGARD: If 31 Aboriginal councils compete against the others who previously competed for the \$1.5m showground subsidy, we say that clearly you end up with less money for showground subsidies.

The CHAIRMAN: I direct you not to answer that question, Minister, because the time period for the allocation of questions by—

Mr MACKENROTH: Can I answer that question?

The CHAIRMAN: They are cribbing our time all the time. That is what I am concerned about, but I will let you answer that question.

Mr MACKENROTH: I answered the question on the \$1.5m very clearly. Once again, you bring back in the 31 Aboriginal communities. I said before that, if there is a show society in one of those 31 communities, that show society would be eligible to apply. Such show societies were eligible last year and they would be eligible this year. The program is not taking any money away from anywhere. It is totally wrong to say that, totally wrong.

The CHAIRMAN: The time period has more than expired now. I refer to the Budget Estimates for the planning program, which are detailed on page 5 of your department's Estimates document. The amount budgeted for regional and local planning is \$3,218,000. That is an increase over the projected Estimates for 1993-94 of almost \$700,000, which is a

fairly significant increase. What planning areas will be improved by that increased expenditure?

Mr MACKENROTH: There are three areas that come into that. An additional \$170,000 has been placed in the Budget this year to go towards the Far North Queensland 2010 project, which is similar to the SEQ 2001 project. We are also funding the SEQ 2001 Regional Resource Unit within my Department to keep the work going on SEQ 2001. The other increase is really due to operational requirements and changing staffing patterns that have come about through the changes that we have made and the needs that we have in working on the regional local planning programs.

The CHAIRMAN: On page 221 of Budget Paper No. 3, Program Statements, in the section on Corporate Services under the subheading "Outlook 1994-95", the program includes the implementation of workplace reforms through enterprise bargaining and award negotiations. What are the anticipated advantages to your Department through that process of negotiations, and what steps have been taken to plan them over the next year?

Mr MACKENROTH: What are the reforms and—

The CHAIRMAN: What are the advantages to your Department of that negotiation process, and what steps have been taken to put it in place?

Mr MACKENROTH: That is in its very early stages, but I might ask the Director-General, Mr Persson, to answer that question.

Mr PERSSON: The Department is part of the core agreement that is still being negotiated, so obviously we are awaiting the outcome of those central negotiations. We are currently setting up within the Department an enterprise development approach, of which enterprise bargaining will be a component. We intend to integrate that into the development of quality assurance programs across the Department and the development of best practice, involving people throughout the organisation to the greatest extent possible in the development of a range of further measures to improve productivity.

The CHAIRMAN: Does the core group that is involved now include your trade work force, your blue-collar work force, or is it only your core public servants?

Mr PERSSON: No, it does not. At this stage, they are included in the core.

Mr DAVIES: In Budget Paper No. 4, Capital Works, on pages 67 and 68, the Department has allocated \$147.1m for the construction and acquisition of public rental housing in 1994. I note that there is a target of almost 1 700 additional public housing commencements which has been set for that year. That is made up of 330 aged housing units, 855 apartments and attached housing units and 496 detached housing units. That is a massive amount of expenditure. Why has it been necessary to outlay that level of expenditure?

Mr MACKENROTH: Probably because we have well over 20 000 people on our waiting lists for

rental housing. The more houses that we build and the better we build them, the longer the waiting list becomes. There is a need for public rental housing in our community. People on lower incomes need to access safe, secure housing at a reasonable cost. We target our rents to income so that people are able to afford the housing. We have a waiting list of people who want to move into public rental housing. Each year, we attempt to increase on that stock. Next financial year, it will be increased by 1 700. That is actually a slight decrease from the previous year. That has occurred as a direct result of our needing to increase the money in our program of upgrades and maintenance after having done our asset management checking. We must draw a very fine balance between how much money goes into that section and how much goes into the new program, but we have to do that and decide what it is. That is what we have decided we can do in the coming financial year.

Mr DAVIES: I wish to ask a supplementary question in relation to that. If you are having to spend that level of funds, there must have been a backlog at some stage; you must be trying to catch up with the backlog.

Mr MACKENROTH: The waiting list now is longer than it was a year ago and two years ago. As we build better housing, the waiting list grows longer. We as a Government have adopted a program of not culling people from the waiting list, as occurred previously. I think there was a disincentive to people to apply for public housing. We have attempted to take that away and to make public housing an alternative form of housing for people, particularly those on low incomes.

It is very difficult to measure demand for public housing by the numbers of people on a waiting list. The way to measure demand is by the numbers of people who are paying the full rent and the numbers who are receiving assistance. Very, very few people within our housing program actually pay full rent. Because of the fact that they are on low incomes, the majority of them receive a rental rebate.

As part of the COAG process—and the Industry Commission has looked at housing recently—the Housing Ministers of Australia are trying to come up with a formula to measure that sort of performance. It is very difficult, but we must present a formula to the Premiers and the Prime Minister by August.

The CHAIRMAN: The Government members do not propose to ask any further questions at this time.

Mr MACKENROTH: Can we use your time to go to bed?

The CHAIRMAN: I was also hoping for that. This is the third late night in a row, although I must admit that, for a change, we are responsible for the late night tonight rather than you.

Mr MACKENROTH: Thanks!

The CHAIRMAN: I have passed to the other side. My apologies, Miss Simpson.

Miss SIMPSON: How much does the average Housing Department Aboriginal rental house cost to build in Queensland, and how much does the average house cost to acquire for Aboriginal rental housing? If the Minister wishes to take that question on notice——

Mr MACKENROTH: I want to clarify the information that you seek, because that is probably important. It varies very much by location. The average cost of providing a house on an island in the Torres Strait, of course, is much greater than the average cost of providing a house in Brisbane. I would think that the average cost of providing an Aboriginal house in Brisbane would be the same as providing a house through our normal rental program. Because of the particular way in which that question was framed, I do not believe that you are comparing apples with apples.

Miss SIMPSON: What would be the cost in the most remote areas of Queensland? For example, what would it typically cost to build an Aboriginal rental house in a place such as Lockhart?

Mr MACKENROTH: We will get that information for you, but the average cost for the Department to build a three-bedroom home in Queensland is \$67,000. On the islands in the Torres Strait, the cost varies, but it is about \$158,000. That is the sort of cost differentiation that you are looking at. That comes about because of the increased costs of getting people and materials to those particular areas. If we build a house there as a Department—and we just purchased some land in the Torres Strait on Horn Island—it will be similar costs for us to build as well.

Miss SIMPSON: In keeping with that question, on page 62 of the 1993-94 Capital Works Budget document stated under "Aboriginal Rental Housing" that \$25.1m was allocated for that year to construct and acquire approximately 261 dwellings and that there was an additional amount of about \$6.5m for land purchase. In the 1994-95 Budget documents for Capital Works, it is stated on page 65 and page 69 that construction and acquisition of about 65 dwellings for Aboriginal rental housing will cost \$10.9m plus \$3.5m for land. This means that in the 1994-95 Budget, the average cost for a house minus land is about \$169,000, or with land is about \$214,925. How do you explain this sort of difference?

Mr MACKENROTH: Where is the difference?

Miss SIMPSON: Based on the figures in——

Mr MACKENROTH: Which book are we in?

Miss SIMPSON: It is the Capital Works Budget Paper No. 4, page 65 and page 69. It refers there to 65 dwellings which will cost \$10.9m, plus \$3.5m for land.

Mr MACKENROTH: You have to try to bring it down to a simple cost per dwelling because there are carry-forward sums or carryover funds from one financial year to another which would be included in there but may not be counted in the actual number of dwellings that are built. So, to simply take the number of dwellings on that page and divide it into the dollars does not give you the average cost per

dwelling. It is wrong to do that. In relation to the purchase of land—that does not tell you how much land was purchased. The land that is purchased is for forward planning; it may be for the next one, two or three years in the program. So, you cannot include that and say that it is also an added cost. We may have built 65 dwellings, but we might have bought 100 blocks of land.

Miss SIMPSON: That is why I included it as two separate figures. But in keeping with your answer, could I please have a breakdown then on the carry-on costs from last year with—

Mr MACKENROTH: They would not carry on, they would carry over.

Miss SIMPSON: You said there was money that was carried on for construction from last year. If we could have that clearly defined.

Mr MACKENROTH: We will get the average cost per dwelling for each of those years for you. I think that is what you are after.

Miss SIMPSON: You said there were funds carried on from last year's program.

Mr MACKENROTH: Carried over.

Miss SIMPSON: If I could have that differentiated from what you have there in the Capital Works document?

Mr MACKENROTH: We will sort that out for you.

Miss SIMPSON: In relation to the HOME Shared and HOME Scheme—in each of the financial years from 1990-91 to 1992-93 exclusive, we saw in the Capital Works elements of the Budget papers an estimate of some \$500m for the operation of the HOME Shared and HOME Scheme. That reduced to \$240m in 1993-94 and reduces further in this Budget to \$200m. Why were those borrowings recorded in this way in the Capital Works documents when Housing Department annual reports indicate that in excess of 70 per cent of funds borrowed for these purposes were used to buy established housing not involving capital works at all?

Mr MACKENROTH: It is always done that way. It is the way the previous Government did it, and it is the way it is recorded by the Australian Bureau of Statistics. It is just a normal recording practice that is done right throughout Australia and there is nothing untoward in that. The purchase of an existing dwelling in itself will generate the building of a dwelling unit somewhere in Queensland.

Miss SIMPSON: Will the Government commission Standard and Poors, or a similar reputable firm, to undertake a review of the HOME Scheme in 1994-95?

Mr MACKENROTH: Will they?

Miss SIMPSON: Yes.

Mr MACKENROTH: They have just completed one. I do not think that we need another one.

Miss SIMPSON: So will there be any independent means of reviewing the HOME Shared and HOME Scheme in 1994-95?

Mr MACKENROTH: I do not believe that there is a need for an independent review to be done again. There has been one done which found that the performance of HOME is similar to organisations such as Metway Bank or Suncorp Building Society—the financial standard of them is the same. It is not of any problem to the State's financial position. All of those things have been done. The volume of lending under HOME has decreased as interest rates have come down and people have refinanced. We have refinanced people into variable rate loans.

Miss SIMPSON: So basically there will not be an independent review?

Mr MACKENROTH: There will not be any need for one.

Mr SPRINGBORG: First of all, I would like to go back to issues taken up by Mr Lingard relating to the 10 000 population criterion for qualification for the Rural Living Infrastructure Program. In particular, at the outset, are Aboriginal councils known as shires?

Mr MACKENROTH: Are Aboriginal councils?

Mr SPRINGBORG: Yes, are they known as shires? Are they known as Aboriginal councils?

Mr MACKENROTH: No, they are not known as shires, no.

Mr SPRINGBORG: Also, just to go back and to recap on what you said to Mr Lingard before, as far as you are concerned, the 10 000 people qualification criterion to qualify for the RLIP is an arbitrary figure as far as you are concerned?

Mr MACKENROTH: It is the figure that has been set within the guidelines. If we go outside of that, we would need to have a decision, and Cabinet could make that decision. I am not in the business of saying that I will accept 10 500 when Cabinet has set a guideline of 10 000. If there is a need to increase that 10 000, that would be looked at. As I said before, we first need to see what is the extent of the program that people actually apply for. We will wait until we see that.

Mr SPRINGBORG: I refer you to page 12 of the document which was put out by the Government, the Rural Communities Policy Package of 1994. It does say here under the heading "Rural Living Infrastructure Program", in the paragraph close to the bottom—

"The program will provide subsidies to approximately 110 rural and remote shires"—
hence our apprehension and concern over that—

"in Queensland with populations of less than 10 000 people. In particular, communities facing geographical isolation, climatic extremes and financial disadvantage will be targeted."

Do you still consider that that includes Aboriginal councils?

Mr MACKENROTH: I know that it does, and I honestly cannot believe that the Opposition would be trying to disadvantage Aboriginal communities in Queensland by saying that. I think the Budget document that we went through before very clearly

states that it is rural shires and Aboriginal communities, and I do not see any sense at all to play on a word like that. We are looking at shires of less than 10 000 people and in doing that we are also looking at Aboriginal communities of less than 10 000 people.

Mr SPRINGBORG: I would like to say that I am not in the business of depriving Aboriginal councils; that is not why I asked the question. All I am saying is that we are talking about the program and we are talking about the qualification criteria and we are trying to get it clear to be able to explain it to people. Where you have those disparities, it makes it quite difficult to understand. Further to that, I draw your attention to the situation in my electorate with regard to the spending of the \$40m on the Rural Living Infrastructure Program over the next three years and, in particular, the new Warwick Shire which will be comprised of Warwick City and Glengallan, Rosenthal and Allora Shires. Within that new shire we have a situation where three of those current councils consist of populations of less than 3 000 people or very close to 3 000 people. They are disadvantaged communities at this stage under this scheme and I do not see how they are not going to be disadvantaged after the scheme is put in place because the qualification criteria is quite obviously going to discriminate against the new Warwick Shire.

Mr MACKENROTH: They will not be eligible under the scheme.

Mr SPRINGBORG: I come back to that, because the prime goal of the new Warwick Shire is going to be to put in place programs to actively and properly manage its new shire. Obviously, we will have to look at the issues of the consolidation of the administration—maybe a new building in the town and taking over some of the debt of one of the shires. I believe that will not provide them with the opportunity to be able to put the resources in those drought-ravaged areas such as Yangan, Allora and Killarney, which will obviously miss out under this package. I believe that they are at a very deliberate disadvantage so far as this program is concerned. I am just saying to you that I believe that you need to go back to Cabinet and to review it, because situations like this will come up.

The CHAIRMAN: Before the Minister tries to answer that, could I say that we have given you the right to ask questions but not to debate the points. If you have questions to ask, I would ask you to ask the questions, but that was pure debate. I ask you to refrain from debating the issues here. We will have a debate in the House in two weeks' time. Could you keep your questions strictly as questions, please?

Mr MACKENROTH: There are two points, I think, to answer. I think an assumption has been made by you that they would have received a grant. Until such time as we actually receive the applications from eligible councils throughout Queensland, we will not know what is in fact going to be there. I think I said to Mr Lingard before that, in relation to changing the guidelines, we certainly would not be looking at doing that before we see what type of applications we get and what sort of projects are put up to us by the eligible councils

throughout Queensland. We will wait to see what happens there.

The guidelines will be sent out to eligible councils in the next couple of weeks by the Minister for Rural Communities. He will be sending out the guidelines to them with an outline of the scheme. People will then need to apply to my Department.

Mr SPRINGBORG: I accede to the ruling of the Chair, and I apologise. I would like you to explain to me how we would go about, say, deciding whether the Barcoo or Inglewood Shire would qualify for those moneys, considering that they are both under the 10 000 population eligibility criteria. Would it be on isolation compared to the situation with drought and those sorts of things?

Mr MACKENROTH: The basis under which the assessment would be done would be, firstly, needing to get in the applications from all eligible shires that wish to apply. We would then look at what has been put up to the Government. We would then make those assessments based on that. We will be encouraging local governments to consult with their own communities about what they would like to see done. Once they do that and come back to us, we will make assessments based on that. As most of them are in National Party seats, there will not be any need for a whiteboard.

Miss SIMPSON: You said that there would not be another independent review of the HOME Shared scheme. But the report by Standard and Poors into the HOME Scheme earlier this year was quite critical of a number of points in relation to your Department's handling of the scheme. I would like to deal with some of these concerns. Clearly, the efforts of the Department to clean up its act in quite a large number of areas will be a key to how effectively this year's allocation is managed. I refer to the reference on page seven of the report to what the agency calls—

The CHAIRMAN: Miss Simpson, are you asking questions about the Budget Estimates or another report?

Miss SIMPSON: This is about the Budget Estimates, because it refers to means of making sure that they are properly spent. I would refer firstly to the reference on page seven, which talks about hidden losses in the scheme through rental and bond subsidies and unrealised losses on acquired housing stock. Will you bring these losses into the open?

Mr MACKENROTH: I think we have already done that in the Parliament—put out the losses that have been made on individual loans. I dispute that they are hidden losses. It is not something that is hidden. One of the things that is referred to there as something that the Department does—if someone has a home loan and there is a marriage break-up, we may fund one of the people—and it is usually the woman who has the children—we will fund her into the Rental Purchase Plan. That is being seen as some way of having a hidden loss. I think that if we can keep a family with children in their own home, we are providing a community service. We have not made any loss within the total scheme. That is the important thing. We may have made some

losses—and I think it is around \$500,000 this financial year—on individual loan accounts.

Miss SIMPSON: So Standard and Poors were wrong?

Mr MACKENROTH: I do not believe that there are hidden losses there.

Miss SIMPSON: They are a fairly reputable firm. They refer to rental and bond subsidies as being a means of hiding losses.

Mr MACKENROTH: We do that for people who borrow from the ANZ Bank, the Commonwealth Bank, Suncorp and any other lending institution. If people get into problems with their loans, we have a Mortgage Assistance Scheme. I do not see that as a hidden loss or whatever. It is a program that is there, and it has been there for a number of years. I think that to call that a hidden loss is wrong.

Miss SIMPSON: The report is quite scathing about the cash flow model employed by the Department. That criticism on page 13 of the report is so detailed that it would take too long to go through here, but I am sure that you are familiar with it. What are you going to do—

Mr MACKENROTH: Did you read me the positive things in the report, by the way?

Miss SIMPSON: What are you going to do about the cash flow model?

The CHAIRMAN: The time allotted for questions by non-Government members has expired. However, Government members do not propose to ask any questions at this stage, so we will go back to that question.

Miss SIMPSON: I refer to the question about cash flow.

Mr MACKENROTH: I might get the Director-General to answer that.

Mr PERSSON: We are currently working with the Treasury to see what we can do to meet the Standard and Poors objective. From our point of view, the cash flow model that we designed was not designed to meet the objective that Standard and Poors now want met.

Mr BORBIDGE: If that is the case, why were Standard and Poors not called in?

Mr MACKENROTH: Standard and Poors were called in to have a look at the scheme and to ensure that the scheme would in no way affect the State's financial standing. The report quite clearly states that it does not. Whilst there may be some individual criticisms of the scheme—I publicly released the report. We are quite prepared to do that. It also has, I think, a lot of positives in there. We have asked Standard and Poors, which is a reputable firm, to come and have a look at it. I can still disagree with some of their words in there, but I think that overall it is found that the scheme is operating okay and is not in any way affecting the State's viability.

Mr BORBIDGE: I refer to the discussions that are under way with Treasury to make sure that these management problems are brought up to a level acceptable to Standard and Poors. Will you give an

undertaking to this Committee that that will be implemented and, if so, when?

Mr MACKENROTH: Yes, quite a number of changes have already been made, particularly in relation to arrears. The requests that are made of our Department by Treasury are implemented. We are currently working on a new reporting system for all of the housing programs, which will fit more in line with the way the whole of Australia is moving in terms of reporting. That is also being worked out with Treasury at this stage. It might take six months or longer to get those in place, but we are working on that and it will happen.

Miss SIMPSON: On page 14 of that report—and this relates to this year's expenditure—it says that the Queensland Treasury Corporation's original estimation of prepayments under the scheme were greatly underestimated. It was just by the good management of the Treasury Corporation that this did not blow out. Will you endeavour to get for the Committee a detailed rundown of prepayment of each of the loan rates applying under HOME from its inception to the present?

Mr MACKENROTH: I do not know. We can tell you how many loans have been prepaid, but I think that some of the information that you are asking for is QTC information. I do not think that I can give you that undertaking. In relation to HOME, the information that I will give you may satisfy the request that you have made; it may not. The number of loans that were made under HOME were 12 934 for a total sum of \$1,020m. The number of loans under the Rental Purchase Plan were 5 723 for a total amount for the purchasers' share of \$150m. That makes the total number of the loans 18 703 for a total amount of \$1,519m. As at 30 April 1994, the total number of HOME loans current is 7 178 for a total amount of \$534m. For the Rental Purchase Plan, the figures are 4 624 for a total of \$120m. That makes the total number of loans 11 802 and a total amount owing of \$684m.

Mr SPRINGBORG: I would like to once again go back to something Mr Lingard was referring to. I refer you to the Rural Community Policy Package 1994, which outlines the qualifications of the Rural Living Infrastructure Program and to page 63 of the Budget Overview—the document that deals with the subsidy program for the showgrounds. The Rural Living Infrastructure Program applies to shires with populations under 10 000 and assists disadvantaged communities. This document says that the current subsidy program is subsumed within there. My reading would be that that 10 000 may apply to the Showgrounds Subsidy Program when it is subsumed. Could you once again clarify that for us?

Mr MACKENROTH: I really do not think that I can clarify it any more than I have. No, it is not in that \$10m—no, it is not in that \$10m! The \$1.5m is in the Treasurer's Advances. When the program finally is shifted to my department, \$1.5m will be transferred from the Treasurer's Advances to my department. It will be different from the \$20m, which is in the Rural Living Infrastructure Program. That is the sixth time that I have said it. I cannot say it any differently nor any clearer.

Mr BORBIDGE: Do you now have within your loans division a quality control area in relation to the lending function? I specifically raise this in regard to the Estimates for the coming year because Standard and Poors did mention that the situation that you have had previously was very unusual.

Mr MACKENROTH: Situation of what?

Mr BORBIDGE: I refer you to the Standard and Poors report at page 26 that the loans division did not have as at January this year a quality control area in relation to the lending function. I am asking do you now have one?

Mr MACKENROTH: The numbers of internal people have been increased by two to take account of this and a quality manager has been appointed into that area.

Mr BORBIDGE: When did he commence?

Mr MACKENROTH: It could be a she. It is a she, and it was four or five months ago.

Miss SIMPSON: In reference to Aboriginal rental housing, ATSI grant money is mentioned in the Budget documents on page 211 of the Program Statements in the "Outlook" section—\$20.1m. On page 210, it does not include that under line item "Grants". Is that correct? Has that actually been included into the capital works section of page 210?

Mr MACKENROTH: That is what it is, yes.

Miss SIMPSON: How many houses is this \$21.1m expected to build and what is the actual Budget breakdown for that ATSI grant?

Mr MACKENROTH: I would have to provide that information to the Committee.

Miss SIMPSON: Thank you very much. To gauge performance this year, to compare what the ATSI Council building program is doing, could I also have information on previous outcomes from ATSI grants because there is very little detail in the Budget papers?

Mr MACKENROTH: I do not know how much of that we can provide. It could be very difficult. The reason for that is that the administration of that program has only been in my department since December 1992. I do not know what information my department would have. We only have until 5 o'clock tomorrow afternoon to provide this information. It just may not be possible. We will have a look at what we can provide in relation to that; whatever we can do will be done.

Miss SIMPSON: With regard to Aboriginal housing, how many people are on waitlists for properties held up by native title legalities?

Mr MACKENROTH: I would not know that because the waitlists are not held by our department. The housing that is being held up by Mabo land claims are houses that would be built by Community Councils so it would be grant money to Community Councils. They manage their own housing and we have nothing to do with their waiting lists, so I would be unable to provide that information.

Miss SIMPSON: How much State funding and how much Commonwealth funding is there for Aboriginal housing?

Mr MACKENROTH: I think the majority of money in that program is Commonwealth money. We provide \$2.1m for administration and this year we have put in \$1.5m as an extra amount of money for upgrading some of the current stock.

Miss SIMPSON: So the rest of the program money is actually Commonwealth funding?

Mr MACKENROTH: The rest of the money is specific purpose grants under the Commonwealth/State Housing Agreement.

Miss SIMPSON: So it is \$3.15m that is actually State funding for Aboriginal rental housing?

Mr BORBIDGE: In the Estimates before us, have you addressed the concerns of Standard and Poors in their report that the number of accounts in arrears being handled per employee in relation to HOME was three and four times the industry average, with staff dealing with around 500 loans in arrears for less than 90 days, and almost 900 loans greater than 90 days in arrears?

Mr MACKENROTH: Yes, we have increased the work that is being done on arrears. We have instituted, as a direct result of the Standard and Poors report, direct chasing up of money by contacting people personally, which was one of their recommendations. As a result of the lower lending volumes we have also been able to increase the numbers of people who are actually working on arrears, because we have got more staff who are able to be transferred or working on that particular area. That is actually happening.

Mr BORBIDGE: Also in respect of the Estimates before us, the other criticism that was made was that "the guidelines lacked specific detail as to the information that is required to make prudent judgments" and that the guidelines "do not mention what would be considered acceptable credit history". Were you aware of these problems prior to the S and P report, and have they now been addressed?

Mr MACKENROTH: What page is that that you are reading from?

Mr BORBIDGE: I am quoting from the S and P report. I have not got the actual page number. This is straight out of their report—"the guidelines lacked specific detail as to the information that is required to make prudent judgments"—and there was also concern that the guidelines did not mention what would be considered acceptable credit history.

Mr MACKENROTH: That is part of the same issue that was raised before in relation to quality assurance, which we are working on with Treasury now.

Mr BORBIDGE: So that is in hand?

Mr MACKENROTH: Yes.

Mr BORBIDGE: No further questions at this stage.

The CHAIRMAN: I think we have reached the point at which the Committee has concluded its consideration of the matters referred to it by the Parliament on 28 April 1994. At this point, I want to thank you, Minister, and your officers for participating here tonight in the manner that you

have. I also want to thank and congratulate the Committee members on the constructive role that they have played, as well as the research staff, who have certainly been playing an invaluable role in supporting us and counting down the minutes.

Everybody has worked cooperatively with very few problems. Each session has been very different in character—a different manner of questioning, a different manner of responses—but all very constructive. I said at the opening this morning that we are all on a steep learning curve. I think we have all learnt a lot. Of course, the Committee still has a lot of work to do on its report to be presented to the Parliament. Personally, it has been a privilege for me to have been part of what many people have described as an historic hearing—the first Budget Estimates Committee of the Queensland Parliament. I am very sure that everybody who has participated feels the same way. Before I formally close, Minister, I would invite you to make some brief comments.

Mr MACKENROTH: I need to raise one matter, and I might just make a very short comment. I think in a question from John Goss before in relation to the margins, I talked about the 62 basis points and said that that was used to cover losses as well as our administration costs. That is not correct. The 62 basis points is used to cover our administration costs, and there is a small margin which varies with interest rate fluctuations that is set to cover the losses. So the information that I had given before is not quite correct and I just wanted to correct the record in relation to that.

In closing, on behalf of the Government I would like to congratulate all Committee members. It is the first day of the Estimates Committees, and I have watched the total events of today from my office downstairs. I think the process has been a very healthy one. I think that the spirit in which all players have approached it has been very good, and I think that it can only help our Parliament to engage in a process such as this. It will assist in making members of Parliament more aware of what is actually happening in the Budget and in the various portfolios. It will probably make Ministers look much more closely at the Estimates of their own Departments. It will make public servants more aware of what is happening and the need to be very careful about how they spend money. That is a good thing for the whole community.

I think today has been a very successful day and, for the sake of the Parliament of Queensland, I hope that the remaining five days are just as successful. Thank you.

The CHAIRMAN: Thank you very much. I now declare this public hearing closed.

The Committee adjourned at 12.45 a.m.
(Friday).