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**ESTIMATES COMMITTEE E**

Mr G. Nuttall

Mr N. Bennett                      Mr J. Pearce

Mr R. Connor                      Mr T. Perrett

Mr T. Gilmore                      Ms L. Power

The Committee commenced at 11.30 a.m.**DEPARTMENT OF MINERALS AND ENERGY****In Attendance**

Hon. T. McGrady, Minister for Minerals and Energy

Mr Paul Breslin, Director-General

Mr Ken Gluch, Deputy Director-General

Mr Keith Hilless, Commissioner, QEC

Mr John Geldard, Secretary, QEC

Ms Rosalind Brunckhorst, Director, Corporate Services Division

**The CHAIRMAN:** I welcome the Minister and the officers of his Department. We wish you a warm welcome this morning and hope that you enjoy your stay with us for the next few hours. I am sure that the Minister knows all of the members of the Committee. However, a number of people from your Department and the public would not be aware of who is on the Committee. From my right, we have Mr Pearce, the member for Fitzroy; Mr Bennet, the member for Gladstone; Ms Power, the member for Mansfield; Ms Cornwell, the Committee's research officer; Mr Gilmore, the member for Tablelands; Mr Perrett, the member for Barambah; and Mr Connor, the member for Nerang. We have two visiting Opposition members: Mr Watson, the member for Moggill; and Mr FitzGerald, the member for Lockyer. In the deliberations of this Committee, we have worked in a spirit of goodwill and harmony. To that end, we are also looking forward to a productive day.

I declare this meeting of Estimates Committee E now open. The Committee will examine the proposed expenditure contained in Appropriation Bill 1994 for the areas as set out in the sessional orders. The Committee has determined that the units will be examined in the following order: firstly, the Department of Minerals and Energy; secondly, the Department of Primary Industries; and, thirdly, the Department of Business, Industry and Regional Development.

The Committee has also agreed that it will suspend the hearings for meal breaks from 1.30 to 2.30 p.m., and from 7 to 8 p.m. I remind members of the Committee and others 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 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 that equal time 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. All answers to questions taken on notice must be supplied by 5 p.m. on Friday 17 June 1994.

I ask departmental witnesses to identify themselves before they first answer a question for the benefit of Hansard. I now declare the proposed expenditure for the Department of Minerals and Energy to be open for examination. The time allotted is three hours. Having said that, and having made a statement regarding the time allocations, in the interests of harmony and goodwill—and given that this is the first time that we have held Estimates Committee hearings in the State Parliament of Queensland—we have given an undertaking to Committee members that there will be some flexibility with time. If members do have additional questions at the expiration of the three hours, we will be giving a small period to allow that questioning to take place.

The question before the Committee is—

"That the proposed expenditure be agreed to."

Minister, is it your wish to make a short introductory statement, or do you wish to proceed directly to questioning?

**Mr McGRADY:** I would like to make a short introductory statement.

**The CHAIRMAN:** We welcome that and invite you to make that statement, with a limit of no longer than three minutes.

**Mr McGRADY:** I will respond by wishing you and your Committee good morning—and a good afternoon as well. My portfolio is one of the crucial economic portfolios of the Queensland Government. Whilst it is not a high-profile portfolio in terms of media coverage, it certainly is very important to the economy and the economic wellbeing of Queensland. The portion of the Budget available for ongoing operational activities such as salaries and administrative expenses is \$31.6m. For our new special projects for next year, many of which were recently highlighted in the *Leading the Way* document, we budgeted for just over \$5m. That will cover a set of programs which are directly targeted at assisting the growth of the State's mining industry.

The whole focus of this program is the collection, maintenance and dissemination of exploration data and also for the Department to continue work in environmental management, including mine site rehabilitation. Last year, the value of minerals produced in Queensland increased by 11 per cent to \$5.6 billion. The combined minerals and energy sector generated more than \$6.4 billion in export income for the financial year, including nearly \$1 billion in income from processed metal exports. This export revenue accounted for about 53 per cent of the State's export income. Clearly, the minerals and energy sector is the major driving force behind the Queensland economy. It is an important generator of investment, export earnings, Government revenue, infrastructure and, of course, as the Premier announced this morning, jobs.

The other side of the portfolio is energy, which obviously takes in the Queensland Electricity

Commission. But it also has the responsibility for gas, petroleum and the like. Queensland received a return from the efficient operations of the QEC through the dividend which the industry paid to its shareholders, represented by the Government, and also the cash equivalent for its taxation return. So, Mr Chairman and members of the Committee, I would welcome any questions. We certainly will endeavour to assist as much as possible.

**The CHAIRMAN:** Thank you, Minister. The first period of questions will commence with non-Government members, and I would ask Mr Gilmore to commence.

**Mr GILMORE:** I would like to begin by dealing with the expenses of the Office of the Minister. Many of these questions will, I believe, be more appropriately taken on notice, and I am pleased with that; it is not a problem. Firstly, would the Minister please supply to the Committee the details and costs of all ministerial and staff travel which is paid for by the Office of the Minister and all ministerial and staff travel associated with ministerial travel which is paid for by the Department?

**Mr McGRADY:** In response to that question, I think it is fair to say that our Government has certainly set the example by tabling in the Parliament details of overseas travel in particular, whereby the responsible Minister gives a report to the Parliament on the overseas travel he or she has embarked upon. I also think that the Treasurer has issued in the Parliament a document which details all of the travel undertaken by me and my staff, and I would suggest that that be referred to.

**Mr GILMORE:** Presumably you will supply those numbers for the Committee?

**Mr McGRADY:** The Treasurer has already supplied that information.

**Mr GILMORE:** No, he has not, with respect, Minister. The details of ministerial travel, etc., have not been provided and I would appreciate your providing them.

**Mr McGRADY:** I can certainly give you the figures of my Department, no problems.

**Mr GILMORE:** Thank you very much. Would you please also supply details of all private use, including holiday use, of the ministerial limousine; details of budget allocations for the Office of the Minister, including staff numbers and job descriptions; and details of all travel and accommodation costs for MLA travel—that is, Government members who are not in the Ministry—paid for by the Office of the Minister or the Department?

**Mr McGRADY:** We will take those comments on board, Mr Chairman.

**Mr GILMORE:** You will provide those numbers?

**Mr McGRADY:** We will take those comments on board.

**Mr GILMORE:** Minister, in respect of departmental expenses, would you please provide staff numbers, job descriptions and budgets for each of the departmental regional offices of the

Department of Minerals and Energy? Would you provide that on notice?

**Mr McGRADY:** Yes.

**Mr GILMORE:** Thank you. Would you provide full details of the allocations for the head office of the Department of Minerals and Energy; expenditure on a line item basis to cover wages and salaries and related payments; travel associated with the Department, including domestic and international; contributions to programs, interest and other items of expenditure over \$10,000? Would you be able to provide that on notice as well?

**Mr McGRADY:** We can certainly give you some information this morning about the travel of the Department, but that would be a broad figure.

**Mr GILMORE:** If you can provide the detail on notice, I would be more than pleased with that.

**Mr McGRADY:** The important thing to realise, as you would appreciate no doubt, is that the Department has a budget with regard to travel and accommodation and I as the Minister am not 100 per cent aware of all the travel that departmental officers participate in.

**Mr GILMORE:** But the Department could supply that quite happily?

**Mr McGRADY:** The Department can. Let me say this: any overseas trips which the departmental officers take are approved by me. I would also say, much to the annoyance of the Director-General and other people—and the Electricity Commissioner can vouch for it too—that for these people to get an overseas trip past me certainly takes more than arm twisting to say the least. But we would be more than happy to supply that information.

**Dr WATSON:** Mr Chairman, with your leave, will that be provided for—

**The CHAIRMAN:** Order! I think before you ask a question you need to seek leave of the Committee.

**Dr WATSON:** I did seek leave.

**The CHAIRMAN:** Leave is granted.

**Dr WATSON:** With leave, will that information be provided for both the Department and the Commission?

**Mr McGRADY:** If that is the desire of the Committee, yes, that can be handled.

**Mr GILMORE:** Does your Department of Minerals and Energy pay a Treasury performance dividend and, if so, how much?

**Mr McGRADY:** The answer is yes, and the exact amount is 1 per cent, which is common across the Government.

**Mr GILMORE:** How much would it be?

**Mr McGRADY:** I am led to believe it is just over \$300,000. I think the exact figure is \$310,000.

**Mr GILMORE:** Is that the 0.5 per cent or 1 per cent?

**Mr McGRADY:** That is 1 per cent, I believe.

**Mr GILMORE:** What is the annual cost to the

Department of motor vehicles leased from Q-Fleet, and how many vehicles are involved?

**Mr McGRADY:** Mr Chairman, I am glad that that question has been asked because it gives me the opportunity to compare the record of my Department to that of the previous administration. I am led to believe that in 1989, which was the year prior to us coming into office, the Department of Minerals and Energy had 250 vehicles. The figure today, I am advised, is 83. So you would appreciate that there has been a large reduction in the numbers of vehicles which my Department operates with now as opposed to the way it used to be in the days of the previous regime. As the Committee would be aware, we also have a new system of leasing and my information is that the cost of leasing the vehicles for the Department is about \$484,000 per year.

**Mr GILMORE:** I turn now to Minerals and Energy. How many mineral tenure applications have been made over the past year?

**Mr McGRADY:** This is one of the prime responsibilities of my Department and there has been a major improvement in the time which the Department is now taking to process the various applications. My information is that the number of unprocessed applications last year was 336. As I mentioned before, the Department has spent a great deal of time and effort in reducing the number of unprocessed applications from 336 last year and we are now down this year to 200.

**Mr GILMORE:** That is 200 that remain unprocessed?

**Mr McGRADY:** There are 200 that remain unprocessed.

**Mr GILMORE:** How many tenure applications have been received, though, in this year?

**Mr McGRADY:** We normally receive about 350 to 400 a year. If we do our sums correctly, there is about a six-month backlog.

**Mr GILMORE:** Presumably, then, you know how many tenures were actually granted in this year. I am more than comfortable to take that answer from your Director-General.

**Mr BRESLIN:** I cannot give you the exact figure for—

**The CHAIRMAN:** Order! If you could just address yourself to the Committee.

**Mr BRESLIN:** Paul Breslin, Director-general of the Department. I do not have the exact number on me at the moment.

**Mr GILMORE:** I will be happy to take that on notice. I would appreciate it if you could also give me the average age of the unprocessed applications.

**Mr McGRADY:** Could I make one comment? One has to give credit where credit is due. I think the work that the Department has done in this field needs to be highlighted. Some months back in reply to a question in the Parliament, I said flippantly that—

**Mr GILMORE:** Is this an answer to my question?

**Mr McGRADY:** It is.

**Mr GILMORE:** Because it is taking a fair bit of my time.

**Mr McGRADY:** I am in your hands, Mr Chairman.

**The CHAIRMAN:** Continue, Minister.

**Mr McGRADY:** The point I was making is that this is one area in which the department has certainly lifted its game. The length of time it now takes to process an application from the beginning to the final granting of a mining lease has been reduced significantly. In fact, it has been said to me that sometimes the mining leases are issued more quickly than expected, and sometimes some of the small companies are somewhat financially embarrassed because they have not finalised their finances. Politics aside, the departmental officers should be congratulated for the way in which they have sped up—

**Mr GILMORE:** I am comfortable with that. How many mining leases and claims were surrendered in the past year? I will quite happily take that on notice. I have another question on notice. I would like to know the total number of tenures by type currently in the State. In respect of EMOSs—how many EMOSs, both in metalliferous and the coal mining areas, have had their first annual audit; how many have had their second audit; and how many should have had an audit but have not?

**Mr McGRADY:** For the sake of those who do not understand the mining industry terminology, "EMOSs" stands for Environmental Management Overview Strategies. All coal mining EMOSs have now been presented to the Department. About 60 per cent of the metalliferous EMOSs have been presented. There has been, if you like, a small number of audits done, but the reasons for that are quite clear. The people who work in the environmental section of the Department have been concentrating their efforts on formulating policy. That policy has now been completed. It is up and running. That now allows those environmental officers to be out in the field undertaking these audits. There is also another system whereby we allow companies to bring in consultants to undertake some of these audits.

In recent times, some comments have been made about the environmental performance of the Department. I have a chart in front of me—which I will table if you wish—that certainly illustrates quite clearly the performance of the environmental section of the Department.

**Mr GILMORE:** I am comfortable with that, except that I do not yet have an answer. Will you provide those numbers on notice, please? I am just chasing a bit of detail.

**Mr McGRADY:** Yes, no problem.

**Mr GILMORE:** Mr Chairman, Mr FitzGerald seeks leave to ask questions.

**Mr FITZGERALD:** I seek leave to ask questions.

**The CHAIRMAN:** Leave is granted.

**Mr FITZGERALD:** Your Department maintains

a collection of all the core samples that are taken during drilling; is that correct?

**Mr McGRADY:** Yes.

**Mr FITZGERALD:** Do you retain all core samples? How far back do they go?

**Mr McGRADY:** In order to give the Committee the most up-to-date information on this, I would ask Dr Bob Day, the Director of the Geological Survey Department, to answer that question.

**Dr DAY:** I am Dr Bob Day, Director of Geological Survey. In response to the question—some of the core material we keep is subject to regulation. From petroleum exploration—which is very expensive and is usually to greater depths than mineral drilling—we retain all core and all cuttings. With mineral core, before he disposes of the core, an explorer has to seek approval as to whether we want to retain the core or any part of it. With departmental drilling, we have retained all stratigraphic drill core to date. However, through the Exploration Data Centre, we have circulated a draft policy about future core retention. There is a point where it is perhaps cheaper to drill a hole to get samples from a shallow depth than to retain core. I think that is probably all I need to say.

**Mr FITZGERALD:** Are there any plans to dispose of any core samples you have at present?

**Mr McGRADY:** I would refer that question to Dr Day.

**Dr DAY:** In the draft policy that has been circulated, there was a suggestion that some core might be disposed of. However, we are still awaiting information from our clients—who are, in essence, industry—as to their feeling on that matter.

**Mr FITZGERALD:** What is the annual charge in the budget for holding the core?

**Mr McGRADY:** An amount of \$46,000 is allocated, but that covers a number of areas. We would have to take that on notice.

**Mr FITZGERALD:** Are there any plans to extend the facilities where the core samples are retained?

**Mr McGRADY:** Not to my knowledge.

**Mr GILMORE:** One further question in respect to the environmental section. Could I have details of the budget allocation for the environmental section of your Department?

**Mr McGRADY:** The total amount for the environmental management of the Department is \$2.8m. You will have to it break down and give us the information you require.

**Mr GILMORE:** I am sorry?

**Mr McGRADY:** I am saying that the total amount for the whole of the minerals program, which the environmental area comes under, is \$2.8m. If you can specify the exact figures you require, we would be able to give you that information.

**Mr GILMORE:** I would be comfortable if you take that question on notice and give me the details of the breakdown for that.

**Mr McGRADY:** All right.

**Mr GILMORE:** I turn now to the electricity industry. I refer to Budget Paper No. 3 on pages 310 and 312 under the headings of "Power Generation" and "Transmission". On the line item of "Other current outlays/recoveries", there are two figures. There is a figure of \$124m and a figure of \$24m—a total of \$148m. If previous budgets can be taken as an indication, this figure should represent the dividend for the financial year. In Budget Paper No. 2 on page 48, the dividend for this year is quoted as being \$135m. Would you explain to the Committee this apparent anomaly?

**Mr McGRADY:** The figures which you refer to—it is the QEC—the total figure is \$235m.

**Mr GILMORE:** That is the dividend number?

**Mr McGRADY:** No, the dividend is \$135m and there is \$100m which is the tax equivalent—\$100m which is the tax equivalent which the industry is paying in lieu.

**Mr GILMORE:** With respect, I was referring to those two particular numbers on those line items, 124 and 24; that comes to 148. What does that represent?

**Mr McGRADY:** That is the dividend plus tax for the QEC.

**Mr GILMORE:** So therefore, there is——

**Mr McGRADY:** The total of \$235m——

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

**Mr GILMORE:** We will come back to it later.

**The CHAIRMAN:** I now hand over to the Government members and ask Mr Pearce if he would like to commence.

**Mr PEARCE:** My first question is in the area of the Airborne Geophysical Data Project. On page 5, part B of the Departmental Estimates statement, and page 261 of the State Budget Paper No. 3, you have allocated \$2m to the Airborne Geophysical Data Project for 1994-95. Why has your Department allocated this amount of money to this project and in what way will Queensland taxpayers benefit from this commitment?

**Mr McGRADY:** The air data will acquire airborne geophysical data over 402 000 square kilometres between Maryborough and the Burdekin at a cost of just over \$2m—in fact, I think it is over \$2.1m in the forthcoming Budget—and then an additional \$2m in 1995-96. Of this \$2.1m allocation in next year's Budget, \$1.6m will be applied to the airborne survey of the southern half of the area, which I mentioned before between Maryborough and the Burdekin, and \$0.5m to training, operational activities and computing equipment for data handling. A further \$1.5m will be reserved for the airborne survey of the northern half of the target area in the following financial year. This is a cost-effective means of obtaining data over such large areas of land.

Geophysical surveys identify surface and below-ground rock types and features with the potential for mineralisation and they are used widely

in mineral exploration. The data will be used to accelerate the Central Queensland Geological Mapping Project and evaluate the mineral prospectivity of the region. The data will also be marketed to mineral explorers. An amount of \$4.8m will be contributed from base funds over the next six years towards the Central Queensland Geological Mapping Project of the GEOMAP 2005 Program, giving a total of \$8.3m from the next financial year up to the year 2001. Of course, the discovery of base metal mineralisation of copper and zinc in Mr Pearce's area—around the Rockhampton area—in 1992 certainly makes central Queensland a potential for a new mineral province. The geological survey has given central Queensland first priority in its 12-year program of updating the State's knowledge of mineralised areas.

**Mr PEARCE:** This is a new initiative for the Department, is it?

**Mr McGRADY:** It is.

**Mr PEARCE:** My next question refers to the Federal State Government CYPLUS project. On page 23 of the Departmental Estimates Statement and page 261 of the State Budget Paper No. 3, progress of the joint Federal/State Government CYPLUS project is given. What funding has been allocated by the Department for the CYPLUS project and how will it benefit the mining industry in Queensland?

**Mr McGRADY:** CYPLUS stands for the Cape York Peninsula Land Use Strategy, and, as the member quite correctly states, it is referred to in the industry as CYPLUS. The aim of CYPLUS, which as you said is joint funded by the Federal and Queensland Governments, is to provide ecologically sustainable resource use and management in the Cape York Peninsula. The Office of the Coordinator General in fact is the lead agency for the Queensland management of this project, but my Department's role is to provide information on the geology and the potential mineral resources of the region. The work is expected to be completed by about August of this year. The amount of money which the Department will be funding is about \$5,000-odd—but we will come back to you on that figure. As I said before, the Commonwealth is also providing funding. The Department has compiled information on 1 490 current and abandoned mines prospects and mineral occurrences. Now, mineral occurrences reports have been prepared on individual map sheet areas and historical mining production figures have been compiled on the reports on the Palmer goldfields and also in Cooktown, Thursday Island and the Weipa district. Reports have also been prepared on mineral exploration, coal and also petroleum exploration. The data has currently been compiled with other geological data sets to provide an assessment of the mineral resources in the peninsula—and I will just confirm that the Department's funding is in fact \$5,000.

**Mr PEARCE:** My next question is in the area of corporatisation of the Queensland electricity industry. On page 8 of the Departmental Estimates Statement the corporatisation of the Queensland electricity industry is raised as a major program issue.

Could you tell the Committee what progress has been made towards corporatisation of the Queensland electricity supply industry? Will Queensland taxpayers benefit from corporatisation and will community service obligations be affected?

**Mr McGRADY:** I again thank you for that question because it is an important part of our Government's program in regards to the electricity industry. There will be major changes to the electricity industry next year. Corporatisation takes effect on 1 January 1995. What I did when I became Minister was to set up a steering committee consisting of people from all walks of life, if you like, who could meet on a regular basis and recommend to me, and also the Treasurer, on how corporatisation of the industry should take place. There was also a number of working committees, which were basically technical committees, but the point I and other people make is that the Queensland electricity supply industry is acknowledged as one of the most efficient electricity industries in the Commonwealth of Australia today. Having said that, we believe it is vital to lock in the gains which we have made over a number of years. As you know, the delivery of services from the electricity supply industry in this State has been excellent. I suppose our greatest achievement has been in the field of prices, where you would be aware that in the recent Budget the Treasurer announced that there would be a freeze on domestic prices until February 1996 and there would be a decrease—a decrease—in electricity prices for commercial and business undertakings of 10 per cent on average.

We can all play with figures. I am sure that some people can use figures to destroy an argument, and vice versa. But I claim that, in real terms, the prices of electricity for domestic consumers under our Government—and taking into effect the freeze which I just mentioned a moment ago—will result in a 12 per cent reduction. For commercial and business operators, the real decrease will be 20 per cent. That will maintain our position as the lowest mainland State as regards electricity prices. It is not just a matter of reducing prices for the sake of it. What we hope to achieve by this is to encourage business to come to Queensland—the low-tax State, the low-cost State. Obviously, if businesses come to Queensland, that provides more jobs for our State.

Corporatisation is an integral part of the plans which our Government has for the continual process of investment in Queensland. I, like most people in the industry, am very excited. The community service obligations, such as tariff equalisation and pensioner rebate, will remain under the legislation which I will be bringing in some time this year.

**Ms POWER:** I would like to ask a question about the schools project Minerals for the Future. I note that, in the Estimates on page 14, Minerals for the Future was completed and endorsed by the Education Department for release in early 1994-95. How is the kit being received in education circles, and is there a need to allocate further funding for this project?

**Mr McGRADY:** In your previous life, of course, you were a schoolteacher. Projects such as

this would obviously be very dear to you. The Department of Minerals and Energy—as you correctly state—recently completed a project to develop this kit. The kit was produced to fulfil a need for material to provide young people and teachers with a balanced—and I underline the word "balanced"—view of the minerals and energy industries.

It would have been easy for me, as the Minister, to get my Department to produce this kit themselves. There is no doubt at all that there would have been some financial assistance from some of the larger mining organisations. But I felt that this would have been seen by some people as just another public relations blurb from the industry. So I set up a group of people. We seconded a teacher, Mrs Ann Mannion, from the Department of Education, who did a tremendous job. We got together a group of people from my Department, from the Education Department, from the Department of Environment and Heritage, the Queensland Mining Council, the Wildlife Preservation Society of Queensland, the Aboriginal and Torres Strait Islander Education Unit and the United Mine Workers. Those people worked together to develop this kit.

The kit itself gives you the history of mining in Queensland. It states that the Aboriginal people in fact were the first real miners. It also tells you what the mining industry in Queensland is doing in terms of the economy, the numbers of jobs it provides and how mining affects the everyday life of everyday Queenslanders. I have received a lot of correspondence from the various schools around the State. We supplied 1 700 kits to the schools; and if anybody wants them, we are more than happy to provide more. The reaction that I received from those schools was that it is an excellent document. It is certainly being used in the schools.

I underline the fact that it is not a public relations exercise on behalf of the Department or the industry. It is a genuine attempt to present a balanced view to the school children and the teachers of Queensland to assist them in looking at one of the most vital industries in our State today.

**Mr PEARCE:** In response to one of your earlier answers, I note the change of attitude so far as environmental standards and performance within the mining industry are concerned. I note that, on page 1 of the departmental Estimates statement, one of the corporate goals of the Department is to achieve a high standard of environmental performance in the minerals and energy industries. How does your Department ensure high standards of environmental management and rehabilitation of mine sites, and is there a cost to taxpayers? If so, what is it?

**Mr McGRADY:** Obviously, we do put great priority on the environmental impact of mining in this State. There have been some terrible disasters which were overseen by previous administrations. Of course, today it is the Queensland taxpayers who, in those instances, are cleaning up the mess. That is why our Government, when we came into office, in cooperation with the mining industry, set up this environmental management overview study. Each mine now has to sit down with the Department and

work out an environmental process for the life of the mine. Mr Gilmore asked a question about this before. That is audited from time to time. It is a very important aspect of mining.

As you would be aware, a couple of weeks ago, Mr Pearce and I went through the coalfields. The feeling I got from talking to mine management, the workers in the industry and union officials is that there is now a far greater awareness out there of the importance of looking after the environment.

I was particularly impressed by one person who worked for one of the larger mining companies, who told me that he used to work for a Government Department—the DPI. As a result of the policies which our Government had introduced, this environmental officer wanted to become part of this industry because he has seen new and exciting things happening in the field of the environment. He is now working for one of the companies. That attitude is coming from the very top right down to the people at the coalface.

There are costs associated with some of the mistakes of the past. In fact, in this year's Budget we have allocated moneys for work to be done at Horn Island, Mount Morgan, outside of Charters Towers, and in Herberton in Mr Gilmore's electorate. We are spending money to assist in rehabilitating some of the disasters of previous regimes. As long as our Government is in office, we will ensure that the environment continues to have an important role in the mining industry.

I used the word "balanced" before. You cannot go overboard. I think that, as a Government, we have created a particular environment. The old days when anything went have gone. I believe that the vast majority of people in the mining industry are adhering to the rules and regulations which our Government and the Department have set in place.

**Mr PEARCE:** I certainly agree that there has been a great change in attitude in recent years. On page 22 of the Estimates statement and page 260 of State Budget Paper No. 3, reference is made to a work plan to the year 2005, which has been designed to produce updated geological maps and reports for prospective areas of Queensland. What funding is required during 1994-95? How does the Department recoup this cost? What will this program do to attract exploration interest in Queensland?

**Mr McGRADY:** I launched this GEOMAP 2005 some months ago, but it is still part of the mining package which the Premier and I launched just a couple of weeks ago. The estimated cost for 1994-95 is about \$6.5m. This includes \$2m for the air data initiative and, obviously, other funding.

For the benefit of the Committee members, I point out that GEOMAP 2005 is a program and work plan to produce updated geological maps and reports for all unexplored but prospective areas of Queensland by the year 2005. The program also generates assessments of mineral resources, petroleum, and gas, as I mentioned before. It is an important part of our Government's policy. The Premier mentioned this this morning in regard to the Mount Isa-Carpentaria minerals province. Mines do

not just grow. You do not decide one day to open up a new mine like you may do a fish and chip shop or a corner store. You have to explore the land, and then you have to secure the various permissions and finances. It is a major program which takes many years, as you know, to start production. This mining package, which our Government introduced in this year's Budget, is laying the building blocks for the industry for years to come. GEOMAP 2005 is part of the initial assistance we can give the industry. It is certainly not handouts. It is a constructive plan for the future of the industry.

**Mr PEARCE:** Is the Department able to recoup any of the costs at all?

**Mr McGRADY:** Yes. As you would be aware, much of this work that we are doing now is on a user-pays basis. I do not have the exact figures as to how much we will recoup, but certainly there will be a contribution.

**Mr PEARCE:** Another major program issue—on page 22 of the departmental Estimates statement, and on page 261 of State Budget Paper No. 3, reference is made to the Geoscience and Resource Data Base. Could the Minister explain what is the Geoscience and Resource Data Base? When will it be completed? What funding has been allocated and how will it assist explorers in Queensland?

**Mr McGRADY:** This program should be completed by the end of June this year. This project adds geoscience and resource information to the Department's corporate database, together with the mining tenures database. It forms the MERLIN system, which the honourable member, as a member of my committee, will be aware of. It stands for the Minerals and Energy Resource and Location Information Network. This Geoscience and Resource Data Base integrates all department databases together. All the data is held on computer and can be called up instantly for display as text data for maps and plans. That is one of the other important features of the package which we announced recently. We are certainly going into the high-tech area now, and computerisation is certainly an integral part of our Department's plans for the future.

**The CHAIRMAN:** The time period for the allocation of questions by Government members has now expired. I hand over to Mr Gilmore.

**Mr GILMORE:** I might just go back a little bit to the \$100m taxation estimate. Would you please explain to the Committee how that \$100m figure was calculated? What was the profit figure that was utilised to determine the number, and what was the percentage of taxation applied?

**Mr McGRADY:** Could I just reply to the question we just missed out on—the end—just for clarification?

**Mr GILMORE:** No, it is fine. I am finished with that.

**Mr McGRADY:** That is fine.

**Mr GILMORE:** Go back to the \$100m which, we have now noted, has been set aside in the Budget for taxation purposes. Would you please explain to the Committee how the \$100m was

calculated, the profit figure that it was based upon and the percentage utilised?

**Mr McGRADY:** The \$100m which I stated before we were paying in lieu of tax to the Federal Government was an estimate on the company tax the industry would have paid had we been paying taxes to the Commonwealth Government.

**Mr GILMORE:** It is an estimate, but it must be a fairly sensible one. What was the basis for the \$100m estimate? You must have had a profit figure and a percentage that you calculated it against?

**Mr McGRADY:** As you are aware, the profit we announced last year was \$560m. We are not aware of the profits yet for the present financial year. The estimate that was done by the QEC was on what we felt we would have normally paid to the Commonwealth Government had we been paying company tax.

**Mr GILMORE:** I wonder why you should feel that, because if we are going to pay full equivalent taxation, and that is as laid down in the Budget documents, then, as I understand it, that is in the vicinity of 33 per cent.

**Mr McGRADY:** I would ask John to respond to that.

**Mr GILMORE:** If it is company tax.

**Mr GELDARD:** John Geldard, Secretary of the QEC. It is obviously fairly early days on the question of tax. It is fairly early days in terms of trying to get a handle on what sort of tax we are going to be paying under the policy of paying Federal tax equivalents. It is not just a simple matter of saying "33 per cent of your accounting profit". You have to look at what write-offs you might have for depreciation of plant, for instance. There are some indications that might suggest that the lives for tax are going to be a lot less than the lives for book. So the 33 per cent of accounting profit could overstate quite significantly the tax liability of the industry to the State Government.

**Mr GILMORE:** Ultimately, of course, it will be full taxation as you would have paid it to the Commonwealth Government. That is the point I am making: it would be full corporate taxation?

**Mr McGRADY:** That is correct.

**Mr GILMORE:** I presume that that \$100m also includes other instruments of taxation, whether they be State or Commonwealth—stamp duties and that sort of stuff. Are they going to be included in all that?

**Mr McGRADY:** I would imagine so. The philosophy we have is that as we move towards corporatisation and as we have private players coming into the marketplace, we want to try to play on a level playing field. I know that there are some people in this place who believe that the industry should be privatised. That is a view they are entitled to hold. We do not accept that point of view; we accept the fact that corporatisation is the way to go, but also to encourage competition inside the industry. The \$100m which you refer to is only, at this stage, income tax. The other State Government charges and taxes are not included in that figure.

**Mr GILMORE:** Who determined that \$100m figure? Was that a Treasury number, or did it come from your Department?

**Mr McGRADY:** No, as Mr Geldard mentioned before, it is early days yet. The same with the dividend—we determined the dividend, but next year when the boards are set in place, they will recommend to Government what the dividend will be.

**Mr GILMORE:** So it is fair comment that we do not have full equivalent taxation this year; it is something that we are not quite sure about?

**Mr McGRADY:** With all due respect to you, Mr Gilmore, the profits for this year have not been announced, so it is an estimate of what we felt the industry would pay.

**Mr FITZGERALD:** The figure of \$100m, was that determined by the Treasury or was it a figure that you felt you would like to reimburse consolidated revenue with? We want to know who determined the \$100m.

**Mr McGRADY:** One of the things that we do in this Government is sit down, negotiate and discuss. In this case here, the figure of \$100m was arrived at after discussion between the QEC and the Treasury.

**Mr FITZGERALD:** Was that an offer you could not refuse?

**Mr GILMORE:** My next question relates to page 314 of Budget Paper No. 3. I note on that line you have non-labour operating costs which have blown out from \$69.2m to \$171.4m. I think you had better take this on notice. Would you please provide to the Committee details of what is covered by non-labour operating costs and why we have a blow-out of that magnitude?

**Mr McGRADY:** We can answer the question for you now.

**Mr HILLESS:** Keith Hilless, Commissioner, Queensland Electricity Commission. That large change in the expenditure represents our costs of purchasing electricity from Gladstone Power Station.

**Mr GILMORE:** On page 192 of the Budget documents, as you have already mentioned in your response to a Government member, there will be price adjustments ranging from as high as 12 per cent for electricity consumers—this is, industrial consumers—with downward variations resulting in savings to the consumers of \$100m in a full year. Will you please explain in detail the structure of those tariff cuts?

**Mr McGRADY:** No, I cannot, because, as we stated in the Budget, these new prices will take effect in February of next year when the QEC and the Commissioner hand down the increases or otherwise. So we have said, as a Government, that there will be a freeze on domestic prices and there will be, on average, a 10 per cent reduction in the prices for commercial and business consumers. We are in the process now, in the QEC, of working out exactly how that will apply. What I can say to you is that, obviously, no business or commercial operator will pay more. Some may have reductions of more

than 12 per cent; I do not know. But certainly it is an average of 10 per cent. So I think it would be unwise of me to attempt to give you a figure.

**Mr GILMORE:** So it is fair to say that, at the moment, it is a chalk mark in the dirt. We really do not know where it is in so far as—

**Mr McGRADY:** Mr Chairman, in all fairness to the QEC, the Treasurer brought down his Budget and he stated that \$100m would be used to reduce electricity prices in the State of Queensland.

**Mr GILMORE:** So it was a Treasury decision?

**Mr McGRADY:** No, as I mentioned before, our Government negotiates and discusses with people. We do not come in with the big stick. In all of the decisions which have been taken by our Government, it has been in full consultation with the Queensland Electricity Commission. The same with the \$100m. It is in full discussion and agreement with the QEC. The point I have to stress—and I have to stress this—is that we made the announcement in the Budget that \$100m will be given back to the consumers of this State, and we are now working on how the various tariffs will be adjusted to implement that policy decision.

**Mr GILMORE:** As part of those calculations, would you believe it is likely that some of that may well have been revenue forgone because we have not raised our prices, or is it all genuine tariff cuts? Have we got a revenue forgone area in there?

**Mr McGRADY:** It is quite amazing; you simply cannot win in this game. I remember last year, when other individuals were running around the countryside saying that we were ripping off the electricity consumers of Queensland because we were not reducing prices, we were paying off debt. This year, what we have done is to reduce the prices by \$100m. We believe that the consumers of this State are entitled to this. We believe that the QEC and the electricity supply industry in general can afford it, otherwise we would not have done it.

There is one thing for which you have to give this Government credit, and that is in the field of electricity prices. I mean, we are leading the nation. We are regarded around the world as a leader. I do not think you will find too many friends out there in the community who would criticise the decision of our Government to reduce electricity prices.

**Mr GILMORE:** Unfortunately, you have not answered the question. Minister, I was wondering whether you would like to take that on notice?

**Mr McGRADY:** No, I am saying that we have not forgone revenue. Obviously, if you reduce prices and you give \$100m back to your consumers, it is money you do not receive. I tabled in the Parliament not too long ago a graph which suggested that if we would have increased electricity prices simply by the CPI figure, we would have been receiving an additional almost half a billion dollars a year. Our aim is not to rip off the consumers of this State; our aim is to encourage people to invest in Queensland and to provide a service that is at the lowest possible price.

**Mr GILMORE:** At the risk of appearing to labour the question, there has been a fair bit of public acclaim of this. I think you would have to accept that. On behalf of the irrigators of the State, I would like to know whether people who are on off-peak tariffs and people who are on bulk tariff arrangements are likely to be able to access these tariff cuts.

**Mr McGRADY:** The point I made before was that we are now in the process of working out just what percentage decrease will apply. My understanding is that the people to whom Mr FitzGerald referred in the Parliament some weeks back are on commercial tariffs and, as such, I would imagine that there would be a reduction. At this point in time, I am not making promises, but that is the way I see it at this time.

**Mr GILMORE:** One would assume that Queensland Rail and other Government departments are also on commercial tariffs. One would assume also that Queensland Rail will take part in some of these tariff cuts. I was wondering if you would care to hazard a guess as to how much of the \$100m will in fact be taken up by Government departments, including Queensland Rail, for their traction requirements?

**Mr McGRADY:** That would only be a guess, and I do not think any meaningful assistance to the Committee would be forthcoming by me guessing these things. I mean, Queensland Rail and some of the other Government departments are now going through the process of corporatisation, and they are as entitled as anybody else to secure the benefits of decisions that we might make in the electricity industry.

**Mr GILMORE:** But you would acknowledge that, of that \$100m, quite a bit of it is going to be soaked up by the Government sector?

**Mr McGRADY:** No. I think that is an unfair comment to make because, as I have just said, QR would become a commercial entity in the not-too-distant future. They are a major business in this State. But that does not detract from the way in which other businesses in our State will benefit.

**Mr GILMORE:** It certainly detracts from the amount of money that they get access to.

**Mr McGRADY:** If you want to play those games, you are quite correct, but I do not see anything wrong at all in QR receiving the same benefits as Myer stores, or some of the mining companies around the State. I mean, they are still a commercial entity in Queensland.

**Mr GILMORE:** Minister, to pre-empt your discussions in respect of these tariff reductions, at the time that they are finally determined, would you be kind enough to provide, in tabulated form, power charges—if you would be so kind as to put them under the demand and load factor categories, as is the accepted international standard, and publish them so that we have some indication of what the current situation is?

**Mr McGRADY:** Mr Chairman, I would be happy to take that suggestion on board.

**Mr GILMORE:** Thank you very much. Minister, in this Budget, we have reductions in income for the QEC of \$100m— which we have just been debating—a tax of \$100m approximately and dividends which are charged out at \$135m, by your determination. I think that is accurate. Would you please give this Committee some projection of profit figures after tax and dividends this financial year, that is, this current financial year, and for 1994-95?

**Mr McGRADY:** No, I would not. I am not in the market of making forecasts or predictions as to what the profit of the QEC or the electricity supply industry would be at the end of the year. I mean, we have—

**Mr GILMORE:** We have only got three weeks to go.

**Mr McGRADY:** That is right. You, like other people, will await the outcome of the announcement. I think the facts are that in the past five years we have demonstrated to everybody who lives in this State, in this nation and, indeed, around the world—and you know it better than most—that we are a responsible Government. I mean, you were at the AMEC dinner a few months back in Canberra when people lavished praise on our Premier and our Government.

**Mr GILMORE:** Minister, I think that we can go on to the next question.

**Mr McGRADY:** No. Mr Chairman, with all due respect, I have not finished the answer.

**The CHAIRMAN:** Order! Mr Gilmore, you asked the question. The Minister is entitled to his three minutes of reply.

**Mr McGRADY:** The point I am making is that, as a Government, we have shown responsible management of the assets of the State. We would not be squandering resources away. I do not see any point in trying to forecast what the result will be. The industry is in a healthy position and it will continue to be in a healthy position. When it is corporatised, it will be healthier still.

**Mr GILMORE:** Minister, will you please outline to the Committee the current debt of the Queensland electricity industry? How much debt has been retired during the last year, and how much of the debt retired was not associated with the once-off payment from the sale of the Gladstone Power Station?

**Mr McGRADY:** My understanding is that the debt of the QEC is about \$1.1m and the total debt of the industry is about \$1.7 billion. Obviously, the proceeds we received from the Gladstone Power Station were used to recover some of the debt.

**Mr GELDARD:** The debt of the industry has fallen during the year from about \$2.9 billion to \$1.7 billion, which is \$1.2 billion or thereabouts. Of the order of \$800m was received from the sale of the Gladstone Power Station. That was applied to debt reduction, which leaves about \$400m from other sources that we applied to debt reduction.

**Mr GILMORE:** Would that \$400m be considered to be a normal debt write-off for the year? Or is that less than would have been the case last year?

**Mr GELDARD:** I cannot remember what last year's figure was, but it was a fairly healthy write-off. I do not think we would achieve that every year.

**Mr GILMORE:** The \$400m?

**Mr GELDARD:** The \$400m.

**Mr GILMORE:** With a debt-to-equity ratio of 23 per cent in 1993-94, what are the projections for a debt-to-equity ratio in 1994-95 and 1995-96?

**Mr GELDARD:** I would rather not speculate on what the debt/equity outcome is. We have stated that we are looking to continue the decline of the debt-to-equity ratio. It is contingent upon a number of issues, such as dividend policy, tax policy and the like. So it is difficult for me to speculate.

**Mr GILMORE:** What are your targets in respect of that?

**Mr GELDARD:** Those targets can be formulated only in the light of knowing what the dividend and tax policies are. A debt-to-equity ratio of 23 is a very healthy ratio.

**The CHAIRMAN:** The time allocated for questions by non-Government members has expired.

**Mr BENNETT:** Having visited the Gympie Mine Shaft Repair Project as a member of your ministerial Minerals and Energy Committee, I must say that I was very impressed with the work being undertaken there and the processes used to cap the mine shafts. On page 263 of Budget Paper No. 3, mention is made of the Gympie Mine Shaft Repair Project and that further mine capping will be done in 1994-95 and onwards. Can the Minister outline how this project will address public concerns in view of the hazards arising from the mine shaft subsidence in the area?

**Mr McGRADY:** I thank the member for the question because, again, the answer should illustrate to members of the Committee the compassion that our Government has for this area. For those of you who have not been to Gympie, I point out that old mining shafts were opening up overnight. Churches, houses and other buildings were running the risk of falling into them. Plus, of course, there was a potential for loss of life.

It is fair to say that this did not just happen in the past five years. Previous Governments knew about this, but precious little was done. Ken Vaughan, the previous Minister for Resource Industries, embarked on a campaign to cap some of these mining shafts. In 1993, following a submission from me, the Cabinet agreed to a program that would see about \$1.25m spent per year for the next three years to cap some of these problem shafts. Next year, we will spend \$1.27m on this program. The figure spent in the previous year was a little lower; we spent more money in the year before that.

Approximately 130 shafts will be capped in the next financial year. It is an ongoing program. It is an extremely expensive program, but the people of Gympie really appreciate the work that we have done. Again, it is one of those issues which makes one feel proud to belong to a Government such as ours.

**Mr BENNETT:** I now refer to the Budget Paper No. 4, which is headed "Capital Works". I refer to the State gas pipeline—and I am being a little parochial. There is an allocation of some \$300,000 for the Gladstone to Minproc branch line. Minister, can you elaborate further on this project?

**Mr McGRADY:** The Ticor chemical company, formerly Minproc, currently operates a plant outside Gladstone that produces sodium cyanide. I am informed that this plant uses butane as a fuel and feed stock. As you say, we are spending \$300,000 this year. One of the options could involve the use of approximately 1 to 1.5 petajoules of natural gas per year. A decision is expected to be made by that chemical company by the end of this calendar year as to whether this project is feasible.

The State Gas Pipeline Unit made a provision last year in its budget for these additional facilities to provide gas, should that activity come to fruition. It did not, but that money has been earmarked again. The \$300,000 would be spent on providing 1.5 kilometres of pipeline. There will also be a connection to the State gas pipeline. This would involve some valves and other things that would obviously be needed to bring this to fruition. I emphasise that the work will be done only if the company decides to proceed with its project.

**Ms POWER:** I would like to turn to the area of occupational health and safety. I note that one of the corporate goals listed on page 1 of your departmental Estimates statement is to achieve a high standard of occupational health and safety performance in the minerals and energy industry. What is the Government doing about health and safety in the mining industry?

**Mr McGRADY:** As you would probably be aware, two committees have been set up, one in particular in the coalmining industry. That is a tripartite committee consisting of representatives from the Department, the Queensland Mining Council and the trade unions. For the past 18 months they have been going through all aspects of health and safety in the industry. We have a draft Bill, which is out in circulation now. We extended the time period to some time in June. We have received tremendous feedback from people in the industry.

During my visit to the coalfields, which I referred to earlier on in response to a question from Mr Pearce, I was amazed at the numbers of people who were familiar with the proposals and could quote to me the page and the section of various recommendations. Health and safety is obviously a very important issue in any industry, but in the mining industry it is all the more important for obvious reasons. I think it is fair to say that the Queensland mining industry has the best record in Australia. But that is not sufficient. Our aim is to continue to provide an industry that is safe. One accident a year is one accident too many. So the Department, the Queensland Mining Council and the trade union movement are working very hard to update the legislation governing workplace health and safety in the mining industry.

**Mr PEARCE:** What sort of cost are we looking at to put this type of legislation together? Do you

really think that it will benefit the mining industry and, in particular, its work force?

**Mr McGRADY:** I certainly believe that people in the industry do appreciate the work being done. They do understand the importance. Coming from the mining industry, as you do, you would appreciate just how important safety is. Some 26 per cent of the division's budget is spent on health and safety, but in that budget there is also money set aside for the Gympie Shaft Repair Project and other ones which we consider to be health and safety matters, but which people at the coalface would not. You might like to put that question on notice so we can give you the exact figure. In 1993-94, \$260,000 was spent, and in 1994-95 that figure increased to \$342,000.

**Mr PEARCE:** The ready access to Government services for all Queenslanders has been a priority for the Goss Government. In relation to your Department, what action will you be taking to ensure that the general public and industry has ready access to key information in regional centres, and what impact does this have on the overall financial position of your Department? What I am asking is: is it cost effective to have this information available in regional centres?

**Mr McGRADY:** As you rightly pointed out with this MERLIN system to which I referred before, it is our intention to allow the public to utilise this system, and that is the reason why it is being extended to the regional offices. The facility will become available next month in the Brisbane office and, as I said, will expand over a period of time to the regional offices scattered around Queensland. This allows the small miners and explorers to come in and get this information. I think it is fair to say that some of the large companies have this information themselves, but this allows the small people, the small players in the industry, to gain access to the information we have. The cost is just over a half a million dollars to extend this system to the regional offices, and there will be a fee for service which will be charged to the users, and rightly so, too.

**Mr PEARCE:** I now refer to the publication of commodity papers and leaflets. I notice this item on page 23 of the departmental Estimates statement. Could you explain the purpose of these papers and leaflets and their cost of production? Why can't the mining industry pay for these costs?

**Mr McGRADY:** The Queensland Government is charged with the responsibility of managing Queensland's mineral resources for the benefit of all of Queensland and all Queenslanders. As I mentioned before in another area, large companies produce their own commodity papers for their own purpose, and they would obviously be confidential commercial documents. The small players—the small companies—do not have the resources or indeed the wide knowledge to prepare their own. They can purchase information from commercial sellers, but the high price and non-Queensland nature of the materials detract from the value to the small miners and the small players in the industry.

Potential investors in exploration need to access information of the known resources in our

State. This financial year, the Department has produced 16 commodity leaflets and seven commodity papers, which doubles the project target. The leaflets are provided free to the general public and to investors, while the commodity papers are published in the monthly *Queensland Government Mining Journal*, for which a subscription is paid. It comes back to the fact that as a Government and as a Department we feel that we have a duty to provide this information, and this year it will cost us \$341,000.

**Mr PEARCE:** I turn now to an area which is of particular interest to me and about which I have a number of questions, namely, the Mines Rescue Brigade. On page 36 of the Estimates statement the Mines Rescue Brigade is mentioned. I would like to know: what is the current status of the Mines Rescue Brigade and how is the Mines Rescue Brigade funded?

**Mr McGRADY:** The current status of the Mines Rescue Brigade in my opinion is that it is doing an extremely good job for the industry, and again I keep on referring to my recent visit to the coalfields. I took the opportunity to visit the centres and to meet with the employees of the brigade and also the volunteers who play an important role in the work of the Mines Rescue Brigade in our State and in our mines. The funding for this brigade is split three ways: the Queensland Government, the Workers Compensation Board and the industry itself, and they pay \$609,000 each towards the work of the Mines Rescue Brigade.

**Mr PEARCE:** Just a question following on from that. I note on page 34 of the statement in the table of forward estimates that the Mines Rescue Brigade's estimated actual for 1993-94 was \$2.002m, and the 1994-95 budget is \$10,000 less at \$1.992m. Can you explain why there has been a decrease in funding to this important area of coalmine safety?

**Mr McGRADY:** Mr Pearce, I have news for you. There has not been a decrease in the funding for mines rescue, and you can be forgiven for coming to that conclusion. In fact, there has been a change in the way the accountants have put these figures down. When the Mines Rescue Brigade committee sit down and actually do their work, they will have an additional \$20,000 in their budget over and above what they received last year, and on top of that there will be some further efficiency gains as a result of some of the policies we have implemented. So in actual fact, the Mines Rescue Brigade will be at least \$20,000 better off in the coming financial year than it was in the previous year.

The other point I would like to raise is that during my visit to the Mines Rescue Brigade I did see some of the concerns that some of the staff people had, and some of those concerns, in my opinion, are quite justified. I did ask Mr Paul Balfe, who is with us here today, to see if some of those concerns could be addressed as a matter of priority. He may like to come forward and address the Committee.

**Mr BALFE:** Mr Chairman, members of the Committee, I am Paul Balfe, the Acting Director of the Energy Division. As the Minister has said, there were a number of specific issues of concern raised

with us during the recent visit to the coalfields. In relation to the Blackwater Station, there was an issue of repairs to the fire gallery and the covering in of a drainage system on the driveway apron. Those matters have been approved for immediate rectification and I believe that that work, if not complete, is now under way.

Another significant issue was the state of the vehicles for the brigade. We have requested, as a matter of urgency, a full report on the condition of the brigade fleet so that we can prioritise replacement of those vehicles.

**Mr PEARCE:** You have blown me out of the water with a couple of those answers, so I will move on to my next question. I turn now to the Pacific Resource Information Centre, which is mentioned on page 37 of the departmental Estimates. As well, page 259 of State Budget Paper No. 3 refers to the establishment of the Pacific Resource Information Centre. What is the purpose of the Pacific Resource Information Centre, and what funds will be required to establish the centre?

**Mr McGRADY:** Again, this is one of the new initiatives in the mining package titled "Leading the Way" that the Premier and I announced. In the coming financial year, we will be spending just under \$2m—in fact, \$1.95m—on this project. PRINCE will cost \$3.55m over three years—\$1.95m in the coming financial year, \$950,000 in the following year, and \$650,000 in 1996-97. PRINCE will be a major computerised facility for the storage, processing and interpretation of the exploration data to which I have been referring for the last half hour. Initially, this system will store the Department's extensive collection of petroleum data, but eventually it has the potential to become a major national and international minerals and energy data processing centre. Once again, Queensland will be leading the way.

PRINCE will certainly enhance Queensland's exploration potential by placing this raw data in an environment in which it is much more useful to the industry in general. The system will be built on the Government's \$20m investment in the Queensland Centre for Advanced Technologies—QCAT—at Pinjarra Hills. It is part of the mining package that was announced a few short weeks ago.

**Mr PEARCE:** I refer now to page 36 of the Estimates statement at the bottom of the page under "Major program issues". In the statement, it is predicted that unprecedented growth in electricity demand will occur in the South East Asian countries. I note that \$1m has been allocated for a three-year project to ensure that the high quality of Queensland's thermal coal is recognised by prospective buyers. Could you explain how the \$1m will be spent?

**The CHAIRMAN:** The time is just about up. Will you be happy to—

**Mr PEARCE:** I have no problems with putting that question on notice.

**The CHAIRMAN:** Minister, are you happy to do that? It is just that the time is up.

**Mr McGRADY:** I would have liked the

opportunity to explain, because I believe it is important.

**The CHAIRMAN:** In the next 20-minute bracket, Mr Pearce might like to re-ask that question. The time for Government members has expired. Mr Gilmore, would you like to continue?

**Mr GILMORE:** I would like to return briefly to the non-labour operating costs section of which I spoke earlier, which had a blowout of over \$100m. As was explained by Mr Geldard, that was to do with purchasing power from the Gladstone Power Station. Does that account for all of that blowout of \$100m-odd, or are other factors involved?

**Mr McGRADY:** John, would you answer that, please?

**Mr GELDARD:** Without getting down to the last dollar, I think it accounts for the major proportion of that, yes.

**Mr GILMORE:** Having received that answer, one is concerned that, having sold the power station, we are now procuring power from that station at a cost of over \$100m a year. One would have thought that that would to a degree take some of the gloss off the sale, because the amount of money that was returned to the Government will be very quickly frittered away. I am not sure that I need an answer to that; I just wanted to make the comment that I thought that it was a bit unfortunate.

On page 315 of Budget Paper No. 3, it is indicated that capital expenditure for 1993-94 was met entirely from industry-generated funds, and that included the Stanwell operations. You have recently announced a decision to proceed with the New South Wales interstate connection, and there will be a requirement for a new power station in the immediate future. Provided that these facilities are not constructed by private enterprise, will the QEC be able to fund them from industry-generated funds, as it has in the past, or will there be a necessity to borrow?

**The CHAIRMAN:** I will ask Mr Geldard to answer that.

**Mr GELDARD:** As I mentioned earlier, the industry has a debt-to-equity ratio of 23 per cent. That is a very, very healthy ratio. I have no reason to believe that the industry cannot fund any foreseeable electricity project and maintain a very healthy debt-to-equity ratio.

**Mr GILMORE:** But that does not answer the question. The question was: will we have to borrow to fund infrastructure such as power stations, whereas in the past we have not? Certainly, your answer is that we will be able to maintain a healthy debt-to-equity ratio, but that does not answer the question. Will we have to borrow or not?

**Mr McGRADY:** In all fairness, I think that would be a decision for the new board when it is appointed and comes into operation on 1 January 1995. That is why we are appointing these boards. They will make those sorts of decisions based on the information which obviously will be supplied by the senior officers, whoever they may be at the time.

**Mr GILMORE:** Given the fact that you will allow the board to make such weighty decisions as whether or not to borrow to build thousand-million dollar power stations, I wonder whether the board will also be able to make decisions in respect of power price increases or decreases and those types of matters, or will it in fact be directed by Government?

**Mr McGRADY:** No. Under the legislation which will be coming before the Parliament—and we have already placed the charter before the Parliament—the relevant Minister has reserve powers with regard to the pricing of electricity. I think one of the points that will be covered in the legislation will be tariff equalisation. After that, some of the scare tactics that some people have been carrying on with will vanish forever. The Minister will have reserve powers regarding price increases. But if these boards are appointed, they will be recommending what the prices should be, just as at present the Electricity Commissioner is the person who determines what the price of electricity will be. In my opinion, that system has worked very, very well in the past, and there is no reason why the new system will not work equally as well in the future.

**Mr FITZGERALD:** In answer to a question from the member for Fitzroy, you referred to the dividend that is paid to the shareholders, that is, the State. You can take this question on notice, if you like. How much money has been paid from consolidated revenue to the electricity industry in the past 20 years? We are receiving a return on our dividend.

**Mr McGRADY:** I will take that on notice.

**Mr GILMORE:** Would you please try to inform the Committee of the details of projected capital expenditure estimates up to the year 2000?

**Mr FITZGERALD:** In relation to my question, I would like that information to be broken down.

**Mr McGRADY:** Mr Gilmore, do you want a detailed statement?

**Mr GILMORE:** Yes, please. Would you like to take that question on notice? It is not a problem.

**Mr HILLESS:** We do not have any information for next year.

**Mr GILMORE:** I will place that on notice. On page 309 of Budget Paper No. 3, there is an indication that the 1994-95 budgeted expenditure for the Queensland Electricity Commission of \$1.677 billion is a decrease of some \$768m or 31.4 per cent over the previous year. This is said in the Budget documents to be primarily due to the sale of the Gladstone Power Station in March 1994. Would you please explain in detail what savings have been made as a result of that sale, and all of the increment parts of the \$768m?

**Mr McGRADY:** Do you want to answer that one, Keith?

**Mr HILLESS:** Could I just clarify? This is the power generation program that you are looking at?

**Mr GILMORE:** Yes. Electricity commission; I imagine it is. It is a reduction of \$760m, page 309.

**Mr HILLESS:** That is the total commission. The majority of that is contained in reductions in the power generation program which include low interest and redemption resulting from the sale of the Gladstone Power Station of some \$708.5m.

**Mr GILMORE:** Sorry, repeat that.

**Mr HILLESS:** The reduction in interest redemption resulting from the sale of the power station. The application of those sale proceeds to reduction of debt amounts to about \$708m of those \$768m. Lower outlays are anticipated in the Stanmore Power Station Construction Program as it nears completion; that is estimated at about \$109m. There is reduced power station operating and maintenance costs, again as a result of the Gladstone Power Station, because it is obvious that we do not need to meet those costs any more, of about \$57.5m. In the Generation Program, it is offset by some increases of expenditure, including increases in dividends and taxes, which we have already discussed in these programs here. There are other more minor changes in expenditure in the transmission area and some also in the corporate functions of the QEC, but the largest majority clearly is the changes and arrangements in generation principally due to the sale of the power station.

**Mr GILMORE:** I note that employee numbers in the policy area "092 Power Generation" have fallen from 1 895 in 1992-93 to an estimated 1 203 in 1994-95. The Gladstone Power Station was sold in March of 1994. Could you provide the Committee with employee numbers of February 1994? Could you indicate any change in employee numbers which is not attributable to the sale of the Gladstone Power Station?

**Mr McGRADY:** I do not have those figures with me at the present time, but I think it is fair to say that the numbers of people who have been employed in the electricity industry over a large number of years has been decreasing, for obvious reasons, and I do not believe that there will be any further substantial decreases in those numbers. However, I would also have to say that where there have been any voluntary redundancies, they have always been with the full consultation of the trade unions in the industry. Now, I do not believe there are any plans for any major reduction in numbers.

**Mr GILMORE:** If you would just take that on notice and provide the figures, I would appreciate it, Minister. My next question is in relation to the purchase of electricity from the Gladstone Power Station. We have already canvassed that somewhat, but could you provide the Committee with an indication of the price that we are paying for that power and, for comparative purposes, the price that we are generating power for at Stanwell?

**Mr McGRADY:** I think the price at Gladstone would be commercially confidential, Mr Chairman.

**Dr WATSON:** What is the incremental effect on revenue as well as the incremental effect on costs of removing the Gladstone Power Station from the Queensland electricity supply industry?

**Mr McGRADY:** A comparison of cash flows between retention of Gladstone Power Station and

the sale of the Gladstone Power Station indicates that the QEC, or the Queensland electricity supply industry, is in a cost neutral position as a result of that sale, that is, the proceeds received from the sale of the Gladstone Power Station match the net cash inflows which the industry would have received if Gladstone had been retained. Accordingly, the sale of the Gladstone Power Station will not result in an increase in electricity prices around Queensland.

**Dr WATSON:** So that was a net cash flow analysis, was it?

**Mr McGRADY:** Yes.

**Dr WATSON:** What was the discount rate used?

**Mr McGRADY:** John, would you answer that?

**Dr WATSON:** And what was the period?

**Mr GELDARD:** Do you want me to answer the question on the discount rate? I would have thought that was a commercial—

**Mr McGRADY:** No, that is a commercial figure.

**Mr GELDARD:** I would have thought that is a commercial figure.

**Dr WATSON:** I am not asking for anything to do with Gladstone. You answered the question by saying it was cost neutral and by suggesting that the future cash flows had come back to zero by using some discount rate—which I presume is an internal discount rate; it cannot be competitive—and the time period used.

**Mr McGRADY:** We will take that question on notice.

**Mr GILMORE:** I recognise your answer that the price that we are paying for power from the Gladstone Power Station might be commercially sensitive—I cannot see why, in so far as the company is not competing with anybody—but is it fair then to say that we are paying more for power from Gladstone than it is costing us to produce it at Stanwell?

**Mr McGRADY:** The answer to that is, "No".

**Mr GILMORE:** During the negotiations for the sale of the Gladstone Power Station, suppliers of coal to that station refused to assign coal supply contracts to the new owners of the power station. The QEC maintained those contracts and has on-sold the coal to Gladstone. What is the cost to the QEC of administering these contracts?

**Mr McGRADY:** I think it is fair to say that the sale of the Gladstone Power Station, which has been acknowledged, was one of the most lengthy negotiation processes that this State has ever participated in. We had a very large team of people and we actually signed the agreement on the date we said we would. There are many issues which had to be negotiated over this long period of time and, obviously, the Blackwater tops, which I think you are referring to, was subject to discussion and negotiation. Keith, will you continue.

**Mr HILLESS:** The cost of administering the on-sale agreements are very minor. They simply involve the on-sale of the prices contained in the agreements and the recognition of which tonnage

went to which place, so those administration costs associated with on-sale are minor. Certainly, we do not keep any separate records of that.

**Mr GILMORE:** How long do those contracts have to run, the ones that you are administering on behalf of Comalco?

**Mr McGRADY:** Keith?

**Mr HILLESS:** I would only have to guess that, Mr Chairman, but I would want to take that on notice. They fall out some time early in the next century, but I would need to take that on notice.

**Mr GILMORE:** Is there only one mine involved in this, that is Blackwater and the tops, or is there other coal?

**Mr HILLESS:** No, the on-sale agreements exist in relation to coal from the Callide mine and coal from the Curragh mine. Coal at the Blackwater mine is not involved.

**Mr GILMORE:** I would be pleased if you take that on notice and provide the details of that in terms of volumes of coal, etc. Does the QEC in fact make a profit on the administration of the on-sale of the coal or are you simply handling it and selling it on for the price that you purchase it at?

**Mr McGRADY:** My information is that we are simply handling this and that that arrangement was taken into account when the actual sale agreement was completed.

**Mr GILMORE:** Why did the QEC choose to continue with ownership of these contracts and thereby protect the owners of the Gladstone Power Station from having to negotiate commercial coal contracts?

**Mr McGRADY:** I will ask Mr Paul Breslin, the Director-General of the Department, to answer that question.

**Mr BRESLIN:** The supply of coal was under the original lease for the Blackwater Mine and some of the other mines involved. It was felt that some of the terms in those leases required sale to the State Government. It was seen that if the QEC, as an instrument of the State Government, continued them, then the terms of the lease would continue to be met. Additionally, there were commercial issues about assigning those contracts to some commercial players involved and some of the difficulties that might have arisen, and it was much more simple and straightforward to keep the supply of coal to the QEC and to on-supply it to Gladstone.

**Mr GILMORE:** Were there negotiations between your Department and the owners of the Blackwater Mine in respect of cancelling those contracts?

**Mr McGRADY:** Mr Chairman, I think we are being rather lenient here. We are talking about the forward Estimates.

**Mr GILMORE:** There is an administrative cost with respect to your industry in relation to these contracts and the sale of the Gladstone Power Station, which I am getting to next.

**Mr McGRADY:** The point I am making is that we are happy to go along this path, but I want the

Committee to realise that we are not forced to enter into this debate.

**The CHAIRMAN:** I think Mr Hilless from the QEC indicated the administration costs regarding that.

**Mr GILMORE:** In any case, if I might continue—having now determined that some contracts were in place which caused a mining company to provide coal at cost to the Gladstone Power Station, the fact that the company chose not to assign those contracts to the new owners of the power station, and that the Government therefore continued and went around the corner, I ask: what premium was paid for the power station on the basis of cheap coal made available by those arrangements?

**Mr BRESLIN:** The Gladstone Power Station sale involved, as I remember it, hundreds of term sheets involving hundreds of issues very much like this one. They were all taken into account. In fact, the bottom line price which was negotiated was the result of taking into account many, many factors along the lines of what you are talking about now. Taking one of them out and saying that a certain amount was allowed for that would, I believe, be a breach of confidence in those negotiations.

**Mr GILMORE:** It may well be a breach of confidence, but it appears on the face of it that the State Government got a premium price for the power station on the strength of contracts which were at somebody else's expense. I think we ought to consider that a little more at a later time in this session, because I think we are about to run out of time. We will certainly canvas this further later.

**The CHAIRMAN:** The time for the non-Government members' block is expired. I hand over to Mr Pearce. I think there was a question that we did not quite finish in the last block.

**Mr PEARCE:** Does the Minister require me to go back over that question? It was in reference to \$1m being allocated for three-year projects; that the high quality of Queensland thermal coal is recognised by prospective buyers. Could the Minister explain how the \$1m will be spent?

**Mr McGRADY:** This QTHERM is again part of the mining package which we announced a few weeks ago. In the next financial year, we will be spending \$245,000. The following year, we will be spending \$495,000 and, in the third year of the scheme, we will be spending \$325,000, which takes us just over \$1m. QTHERM will help to ensure that Queensland is in a position to take advantage of the forecast increased demand for thermal coal, particularly in the Asian region.

Identification of exploration targets, enhancing knowledge of thermal coal deposits, identifying barriers to deposit development and promoting market awareness will lead to increased development and investment and, of course, production. Development of one new coalmine based on about five million tonnes per annum will involve investment of almost half a billion dollars, \$200m in coal sales per year and up to \$55m per annum in Government revenue—besides the hundreds and hundreds of

jobs. It is important that the Government involves itself in initiatives which will ensure that the Queensland coal industry continues to grow.

There is a demand in Asia for our coal. We should not be seen as simply producing one type of coal. We should be recognised as a producer of both types of coal. This is the aim of the QTHERM program which, as I said, is \$1m over three years.

**Mr PEARCE:** I note on page one of the Estimates document that one of the first corporate goals is to improve opportunities for responsible minerals and energy development. How has the Government encouraged exploration in Queensland?

**Mr McGRADY:** The Government has taken a number of initiatives, but possibly the most important one has been the removal of the restrictions on certain areas of land, particularly in the Bowen Basin. The previous regime insisted that Cabinet would make decisions about certain areas of land which could be allowed for exploration.

The area to which I am referring now is what we refer to as the RA 55—Reserved Area 55—which covered almost half a million square kilometres of coal areas in the Bowen Basin. We lifted those restrictions. I attended an international conference in London and also spent a number of days going around Asia talking to people, telling them of what we had done. As a result of that, for the first time ever in Queensland we introduced a cash bidding program whereby the Department had done a tremendous amount of work to ascertain the quality of coal and the quantity of coal in these areas. We asked the companies to bid up front for the licence. As a result of that, we received \$12.9m by way of cash bids, which went to consolidated revenue.

More important than that, we have the possibility of seven new coalmines opening up in the Bowen Basin. There is a difference in philosophy here. We take the view that the market will determine when the new mines open up—as opposed to 18 so-called wise men and women sitting around a Cabinet table. We believe the market dictates when they will seek exploration permits for those areas. So I think that the removal of the restricted areas is one of the most important decisions taken by our Government in the mining area.

One of the important points, too, is that as a result of this lifting of restrictions we now have in the Queensland market new investors who have come from South Africa and Korea. There are some new Japanese investors and, of course, some Australian consortiums. So it opens up our State to these new investments, which I believe will enhance our position in the years ahead.

**Mr PEARCE:** You made earlier reference to rehabilitation works on Horn Island, Mount Morgan and the Herberton tailings dam. I would like to go back to that because of the significant cost to taxpayers. I will start with Horn Island. On page 29 of the Estimates document, it states that substantial progression of rehabilitation works on Horn Island is claimed and that the sum of \$330,000 has been allocated in the 1994-95 Budget. Could you tell the Committee what work will be carried out with the

funding? What has the rehabilitation work cost Queensland taxpayers? What funding will be required to complete the rehabilitation project?

**Mr McGRADY:** I think it is important to stress that the mining industry in general are very responsible corporate citizens. As in all industries, you have people who do not always do the right thing. In this industry here, it is the taxpayers who are forced to meet these costs. The other option, of course, is for the Government to stand by and take no action at all. We reject that philosophy. In this coming year, we will be spending \$1.7m on rehabilitation work in Herberton—which is in the electorate of Mr Gilmore, I believe—Mount Morgan and outside Charters Towers, as I mentioned previously.

On Horn Island, we will be spending \$330,000 in the next financial year. That work will basically involve rehabilitation and further maintenance work. There is still a major problem there. There are ongoing discussions with officers of the Department and the residents of Horn Island. I have given a commitment that we will continue to do work on the island, which will preserve the area and the environment and bring it back, hopefully, to the state it was in prior to the mining company going in. Horn Island is one of the blots on the Queensland mining map. I would certainly hope that people do not see that as being the norm in the industry. It certainly is not.

**Mr PEARCE:** Let us have a look at Mount Morgan, which is in my electorate. On pages 29 and 31 of the program summary for minerals, reference is made to further progress being made in environmental management of the Mount Morgan site. What was the funding allocation in 1993-94? How does that compare with the Budget allocation for 1994-95? What will be the ongoing cost to Queensland taxpayers?

**Mr McGRADY:** In 1993-94, I believe we spent \$210,000. This year, we have budgeted to spend almost double that amount of \$440,000. Again, what we have to take into account is that Mount Morgan has been mined for over 100 years. So we are talking about the results of over 100 years of mining. The work we are doing there is basically environmental work—rehabilitation work—and we will continue to perform that work until we believe that we have an acceptable position there.

**Mr PEARCE:** Do you see the cost escalating, levelling out or decreasing as the years go by?

**Mr McGRADY:** I would certainly hope that the cost will level out and then start to decrease.

**Mr BRESLIN:** It is likely that there will always be some ongoing cost at Mount Morgan to maintain the site. There has been over 100 years of mining there. There are problems in terms of leakage from the site. We will need some ongoing control. We would see it reducing and perhaps levelling out in the order of several hundred thousand dollars, or maybe less than that, each year.

**Mr PEARCE:** I now refer to page 11 of Part B of the departmental Estimates document and approved new policy initiatives. I note on page 13

that \$530,000 has been allocated in 1994-95 for rehabilitation of the Herberton tailings dam. A further \$30,000 will be required over the following two years. Why is your Department spending \$560,000 on rehabilitation works at the tailings dam?

**Mr McGRADY:** That is along the lines that I have previously announced, that is, that there are areas where Governments have to spend moneys to protect the surrounding areas. As I said, Herberton is in the electorate of Mr Gilmore. We are spending this money to protect the water and the environment of that area. I believe it is over half a million dollars this year. There will be ongoing rehabilitation, maintenance of water quality and continuing monitoring in both 1995-96 and 1996-97. This will be carried out by the Department's staff supervising contractors on an as-needs basis. It is basically to prevent pollution of the water supply.

**Mr PEARCE:** I am trying to establish that this Government certainly has to look at making major outlays over the coming years to fix up some of these problems that have been left for us.

**Mr McGRADY:** The point you make is valid. I would hope that, as a result of the policies which our Government has introduced, those problems will become a thing of the past. There are still a number of mine sites around the State where ongoing work will be required. But due to the system—the EMOS—which we introduced, we would hope that the new mines will clear up as they move on and as they continue mining. I think that is one of the great success stories of our Government, particularly in the mining area.

**Mr PEARCE:** Could I now move on to the area of royalties?

**The CHAIRMAN:** Just before you do, Mr Pearce, it is 1.30. I have been advised that there is about seven minutes left in this block. What I propose to do is to finish off this block.

**Mr PEARCE:** On page 15 of the Estimates statement reference is made to royalties for the 1994-95 financial year, which are estimated at \$239m. Is the Department able to properly identify and collect all royalties owed to the State? That is the first part of my question. Are there any mining operations in Queensland that do not pay royalties to the State?

**Mr McGRADY:** As to the second part of your question: are there any mining-Government companies that do not pay royalties to the State? The answer is, "Yes." From memory, in the West Moreton coalfields and, I believe, part of the Gordonstone mine. The reason for that is that back in the early part of the century special leases were granted to people whereby they have the exclusive rights of everything—not just the surface rights but indeed the underground rights. I personally feel that that is most unfair and unjust because I take the view that the taxpayers of the State are entitled to royalty payments, and as a result of legislation which was introduced many, many years ago, in those areas private individuals in fact receive the royalties and we, as a Government, receive nothing at all from those fields other than the jobs and the other flow-on

benefits from the mining industry. So the answer to your question is, yes, there are companies which do not pay royalties to the State.

The first part of the question was—

**Mr PEARCE:** Is the Department able to properly identify and collect all royalties owed to the State?

**Mr McGRADY:** The answer to that is I believe we would—we could. Obviously, it is our job and it is our role to collect the royalties which companies rightfully owe to the State. That is the role of our Department.

**Mr PEARCE:** I turn now to another area in which I have an interest, that is, SIMTARS. On page 16 of the departmental Estimates statement reference is made to fee for service or external revenue target of \$2.205m in addition to \$275,000 for research grants to SIMTARS. Could you please give the Committee details of the fee for service? What are the consequences if the required level of revenue is not reached through the fee for service?

**Mr McGRADY:** SIMTARS is one of the great success stories of Queensland. This organisation was set up after two disastrous mining accidents. The idea was that this organisation would look into safety in mines. Now, fee for service was a part of the charter of SIMTARS. In fact, it has grown from 1988-89 from \$10,000 a year to almost \$2.5m in the current financial year. That has been achieved, in my opinion, due to the leadership that has been displayed by SIMTARS. If you would allow me, Mr Chairman, I would like to invite Mr Peter Dent to come forward and answer the remaining part of that question.

**Mr DENT:** Peter Dent, Director of SIMTARS. SIMTARS 70 employees have over the past five years since our official opening brought our earnings from \$10,000 in our first year of operation—a minuscule amount—to \$2.35m this current year. I certainly am honoured to represent those 70 employees here today, 30 of whom have been brought on our books on a permanent basis on the strength of those commercial earnings of \$2.3m. An amount of almost \$10m has been earned commercially in those five short years in establishing a new scientific enterprise, that is, SIMTARS. Next year, our growth is anticipated to continue at a slightly lesser amount of about 7 per cent on current year earnings of \$3.5m to about \$2.4m to \$2.5m. So in terms of the last portion of that question—the consequences—at this point in time, SIMTARS anticipates its growth will continue but at a slightly reduced rate due to the fact that our capability is approaching its maximum extent. Over that five years, the contribution from consolidated revenue has remained relatively stable. In other words, the contribution has not increased in five years in real dollars.

**Mr PEARCE:** I would just like to put on record the good work that SIMTARS is doing, and I know, particularly in the coal mining industry, it is very much appreciated because we have made terrific progress in recent years through the good effort and good work of those people. I would just like to refer now

to the exploration and development of the State's minerals. On page 2 of the departmental Estimates, your Department states, "The minimising of impediments to minerals and energy industries to enhance the exploration and development of the State's minerals and energy resource potential." Could the Minister explain how the Department plans to achieve this goal, how it will be funded and what the long-term benefits will be?

**Mr McGRADY:** A similar question was asked earlier on about the tenures, and we did take it on notice. We have some figures here, but I think in fairness to the Committee—

**Mr PEARCE:** Fine.

**Mr McGRADY:** I would prefer to call for that with the previous question that was asked on notice earlier today so we can come back this afternoon, hopefully, with the correct figures.

**The CHAIRMAN:** We have about 30 seconds left, so I think that we might adjourn for lunch and resume at 2.30 promptly.

The Committee adjourned at 1.42 p.m.

The Committee resumed at 2.35 p.m.

**The CHAIRMAN:** We will recommence this hearing. The next 20 minute block will be allocated to the non-Government members, so I will hand the questioning over to Mr Gilmore.

**Mr GILMORE:** Mr Minister, as I indicated in the last block, I will be revisiting the contract to sell the Gladstone Power Station and some of the attendant parts of that contract. Apparently, I have struck something that is of some interest—certainly, to me—about the way that business was done. As I expressed earlier, I am very concerned indeed that there is a cost to the company that runs Blackwater to the benefit of new owners of the Gladstone Power Station, so I would just like to tease that out a little bit more.

Following on from the answer that Mr Breslin gave, one would have thought that while it was certainly an individual part of a number of aspects of this matter, the cost of fuel for the power station would certainly be one of the major contributing factors to the cost of running a power station, and so it would seem to me that it would have been a major factor in the consideration that was given to this matter. Was this particular contract for the on-sale of coal fundamental to the sale of the power station at Gladstone?

**Mr HILLESS:** I think we should make the point clear that the on-sale of coal to fuel the Gladstone Power Station is the selling of coal from two commercially based contracts which the QEC has with the Callide coal mine and the Curragh coal mine. They are two contracts that were entered into after the calling of open tenders in the normal competitive way. The coal supplies that come from the Blackwater mine are being entirely consumed by the Stanwell Power Station. None of that coal is going to Gladstone, and those arrangements were fully taken into account in the sale process.

**Mr GILMORE:** There was no particular emphasis placed on the capacity of the new owners

of the power station to purchase coal at existing contract rates rather than at newly negotiated contracts on the basis of the price as at today.

**MR HILLESS:** I think that the rates are of commercial interest, Mr Chairman.

**Mr McGRADY:** As the Commissioner said, that is a commercial question. We have been answering a number of questions in regard to the sale of the Gladstone Power Station. This sale has been completed. There is nothing in next year's Estimates concerning the sale of the Gladstone Power Station, and I do not intend to answer any questions which have a commercial interest.

**The CHAIRMAN:** That is the Minister's view.

**Mr GILMORE:** Mr Chairman, that is a pity because, quite clearly, the contract for the purchase of power from that power station, that is, the arrangement for the \$102m, was clearly also dependent on the cost of fuel from contracts which have been on-sold. I think it is a pity that the Minister sees fit not to answer that and not to tell the people of Queensland the substance of the contract for the sale of one of their major assets. I might also say that this is something that the Government has made much of, but has told little of. I thought today might have been an opportunity for the Government to redeem itself somewhat.

**The CHAIRMAN:** Mr Gilmore, I think that the Minister is indicating that it is not in the Estimates for 1994-95, and he has asked that you perhaps move on to other questions.

**Mr GILMORE:** I will certainly move on, Mr Chairman. Would the Minister indicate to the Committee details of forward plans for power generation?

**Mr McGRADY:** I welcome this question, Mr Chairman. As you would be aware, we recently set up a committee which I can deal with later on if you want me to. At the present time, a number of options are being investigated. I anticipate that a decision will be made towards the end of this year. Included in the options which are being considered is, obviously, a coal fired plant. Coal tenders have been received from five areas, three of them being green-field sites on the Darling Downs and the other two being coal for additional plant at Callide B and the Tarong Power Station. For all the five potential coal-fired developments, investigations are under way consisting of the assessment of the site variable costs, modelling of the dispersion of the stack gases, environmental investigations into the effects of each proposed development, investigations into water supply options by the Department of Primary Industries through its Water Resources Division, and testing to determine the handling ability of all coals except Callide, which is obviously already known.

Another option would be a gas fired gas turbine plant. Gas tenders were called, but no conforming tenders were received. However, discussions are continuing to identify the best opportunities for utilising natural gas for electricity generation. One of the other options that is being considered is the liquid fuel gas turbines. Fuel supply tenders have been received and are being evaluated. As part of

that process, it is necessary to identify feasible sites for the plant. As you probably know, a detailed engineering study of the three liquid fuel gas turbines sites at Brisbane, Townsville and Cairns has been completed. This study has confirmed the engineering feasibility of the site at Cairns, Cluden near Townsville, and also at Brisbane. Continuing studies relating to liquid fuel gas turbines are going on.

The other option to which we have to give consideration would be the interconnection with New South Wales. Mr Chairman, as you would probably also be aware, studies are continuing into high voltage alternating current interconnection. Last week, you would have seen in the media that the New South Wales, Queensland and Commonwealth Governments have in fact started work on trying to identify a corridor or route for that project.

The other one which we have to take into account is the utilisation of existing assets. Mr Chairman, as you know, investigations are in hand to determine the costs of recommissioning Callide A and also the Collinsville Power Station as well as the other options we are considering. The point I am making, Mr Chairman, is that the decision will hopefully be made towards the end of this year and those options are being investigated.

**Mr FITZGERALD:** Could you detail to the Committee the expected or anticipated power demand for every year up to the year 2000 so that we can check on forward planning.

**Mr McGRADY:** Detail the power demand?

**Mr FITZGERALD:** The expected maximum power demand up to the year 2000. Obviously, you will take that one on notice or jot it down.

**Mr McGRADY:** The Commissioner should be able to give you that now.

**Mr HILLESS:** Our current forecasts of electricity requirements indicate the potential need being in the order of 300 Mw per annum, essentially, each year from 1998 onwards.

**Mr FITZGERALD:** That is extra. Did that take into consideration the decrease in industrial power and commercial power that came in just at the announcement of the Treasurer? Will that increase demand at all if there is an increase in population and an increase in industries that are hoped to be pulled into the State?

**Mr HILLESS:** Yes. Mr Chairman, our forecasts of demand have taken into account the potential new developments in the State's electricity needs. We also take into account issues such as the elasticity of demand based on changes on price. That is factored into those forecasts.

**Mr GILMORE:** Mr Minister, I might just follow up that last comment. What is the coefficient of elasticity of demand in the electricity industry?

**Mr HILLESS:** There is no acceptable figure that people have.

**Mr GILMORE:** What number do you use?

**Mr HILLESS:** I cannot answer that. I can give you the number that is in that forecast.

**Mr GILMORE:** Are there any plans to retire generating capacity between now and the year 2000?

**Mr McGRADY:** No.

**Mr GILMORE:** Could you please indicate the departmental estimates for the cost of upgrading ageing power plant between now and the year 2000? Obviously, there will have to be some major upgrades.

**Mr HILLESS:** I have to take that question on notice. That would be along the lines of the previous question in relation to our forward forecasts.

**Mr GILMORE:** Would you please list—and I will happily take the answer on notice—the expected life of all of the existing power stations?

**Mr HILLESS:** We could not place a definitive life estimate on any power plant. The economics of power generation these days are such that, whilst we may have originally built power stations with anticipated lives of 30 or 35 years, clearly it is possible to exceed that based on good operating practice and continual upgrading of the plant. So it is not possible to say with any degree of certainty the absolute life of any plant.

**Mr GILMORE:** What is the time frame, from planning through to commission, to bring a new thermal power station on stream—for example, a major operation like Stanwell?

**Mr HILLESS:** The sort of time horizon that you would need for a new coal-burning plant on a green-field site is in the order of seven years.

**Mr GILMORE:** You recently announced plans to acquire that corridor for interstate connection—and you referred to it a few minutes ago. What is the planned design capacity of that link, and for how long will it cover demand increases?

**Mr McGRADY:** Paul Breslin is on the management committee.

**Mr BRESLIN:** At the moment, the group is looking at a capacity of 500 megawatts. But I ought to say that the study group is at a relatively early part of its work. Possibly, it could look at a DC link as well as an AC link. And it will be looking at DC as well as AC links. For example, if it were a 500 megawatt link—say, an AC 500 megawatt link—it is possible to increase that capacity quite quickly in the future without anything like the lead time that you would have for the first corridor and transmission line. At the moment, a group from New South Wales and Queensland is doing that work.

**Mr FITZGERALD:** We were told that the capacity of the proposed interstate connection is the equivalent of a 500 megawatt generator. That is a dual 500 kilovolt line, is it not?

**Mr McGRADY:** Yes.

**Mr FITZGERALD:** If you are going to double that, as Mr Breslin said, does that mean you are putting in separate towers in parallel or along another route?

**Mr BRESLIN:** I am sure the engineers can correct me. We are looking at something in the order of 500 megawatts, not kilowatts. It is possible,

depending upon its design, to double that—possibly to even more than double it over time. Once you have the corridor and the towers, you would design it with spur capacity so that it could be increased. From what the Minister and the Commissioner were saying, that link with New South Wales, if it goes ahead and is completed, would only be one option of a series of options to meet the State's power requirements. It would not be the only option; it would just be one of a series to meet the State's future requirements.

**Mr FITZGERALD:** I wish to correct something that I said before. I know the capacity is equivalent to a 500-megawatt capacity generator. I said the line was 500 megawatts. I understand that the plant in New South Wales uses dual 300 kilovolt lines.

**Mr HILLESS:** They use 330 kV.

**Mr GILMORE:** I understand that it is costing \$300m with the plugs in the end. Because we are apparently proceeding with this corridor at some expense, one would have thought that some negotiations would have taken place between your Department and your New South Wales counterpart in the respect of the likely cost of electric power generated in New South Wales and transmitted to Queensland through this link. Could you please indicate to the Committee the outcome of those negotiations and the likely cost to Queensland consumers of that power?

**Mr McGRADY:** Obviously, there have been lengthy and frequent negotiations at a Federal Government level and also with the New South Wales Government. As I mentioned before, Mr Breslin participates in those negotiations. I indicated that the interconnection between New South Wales and Queensland was one of the options which we were giving consideration to. It is an option which the Federal Government is pushing to some extent. Queensland has participated in this because we believe it will be in the interests of Queensland. I suppose you have to take into account that, whilst we can access power from New South Wales, we can also sell power from Queensland into the southern States. But that is something which we have given a lot of thought to. A lot of work is being done.

**Mr GILMORE:** So you do not know a price? You are proceeding with this, but you do not know how much it will cost.

**Mr McGRADY:** We are now proceeding to identify a corridor for an eventual route. As you know—you of all people would know, because you have been involved in a number of corridors around the northern part of the State—consultation takes place. We have advertised the fact that we are trying to identify a corridor. We have contacted the local governments in the area and people for their points of view. We are still some way off.

**Mr GILMORE:** What is the time line on this acquisition?

**Mr HILLESS:** The time line that we are working to is a very tight time line which would enable us to actually get a connection made by 1998, if—and only "if"—it proves to be an economical

proposition. It has to be recognised that the most difficult part of getting transmission lines in places is the environmental and public consultation that needs to be gone into in order to find that route. That is where we are at the present time. Until such time as we are clear on the ability to get that line, it is very hard to make definite planning time horizons as to when you would build it. But let us be clear that no decision has been made to build a transmission line between Queensland and New South Wales. We are simply trying to acquire the necessary easements so that we maintain that option, either for 1998 or for any year thereafter.

**Mr GILMORE:** In respect of that answer, quite clearly we are aiming at 1998. That has been well canvassed. We have just been told that this corridor is only one of those options. You have outlined the other options. Could you please explain to the Committee the time lines on the other options to meet necessary generating capability by 1998?

**Mr McGRADY:** As I mentioned before, we hope to announce the option towards the end of this year. As the Commissioner indicated earlier on, we are expecting a 300 megawatt increase on an annual basis. That is not something about which you simply make a decision for September or October this year and say, "That is the end of the story." It is an ongoing process.

**Mr GILMORE:** I am requesting information in respect of the time lines for the other options. How long does it take to put them on stream, and can we meet the deadline for 1998 with options other than the interconnection?

**Mr McGRADY:** We can. But things are changing on almost a daily basis. You would have seen in the *Courier-Mail* this week the interest being shown in the Collinsville Power Station. A number of people have expressed interest in reopening Collinsville. I think from memory that it is 160 megawatts.

**Mr FITZGERALD:** That is six months' growth, is it not?

**Mr McGRADY:** That is one. But Collinsville is part of a strategic area of the State. It is one of a number of options. Obviously, if we make a decision to build a major coal-fired power station, such as another Stanwell, that would obviously meet our requirements well into the next century.

**Mr FITZGERALD:** With respect, you told us before that that option only becomes available to you in seven years at the minimum.

**Mr McGRADY:** What I am saying is that we are increasing our demand by 300 megawatts a year. There are a number of options available to us. A decision will be made and announced some time this year for the next stage. It is under ongoing consideration.

**Mr GILMORE:** Has there been any consideration whatsoever about the corporate structure of that interconnection between us and New South Wales?

**Mr McGRADY:** There has been some consideration given, and one of the suggestions has

been a joint venture between the various Governments, but to my knowledge no final decision has been taken. Obviously, the interconnection will be owned by, say, New South Wales and Queensland, and we have to establish how the management will be—

**The CHAIRMAN:** Those chimes signify that the time allotted to non-Government members has expired. I now call on Ms Power.

**Ms POWER:** Minister, you know that I have been quite interested in the Alternative Energy Advisory Group. I refer you to page 314 of the Budget Papers and page 13 of the QEC Estimates statement referring to funding for Corporate Services of some \$431.7m. Can you confirm that this figure includes funding for activities of the Alternative Energy Advisory Group and explain what the Government is doing about lack of access to safe and reliable electricity for people in remote communities?

**Mr McGRADY:** This is one area in which this Government, I believe, is leading the way. I set up an Alternative Energy Advisory Group about nine months ago under the chairmanship of Rod Welford, who is a member of this Parliament. I indicated to him that I wanted him to get the group up and running, and once that happened I wanted him to step down. The group has achieved that position and Mr Welford has in fact stood down and the chairman of that group is now Mr Ted Coulson, who is a well-known and well-respected person.

In the first year of the operations of this group, it established detailed plans for projects in the Bouli area. The reason why I requested the group to investigate alternative power in Bouli was that there are still a number of rural properties in this State which do not have access to grid power, and in fact the cost of getting onto the grid system in the case of some of the properties in Bouli is some \$200,000, and that is provided that some of the neighbouring properties participate in the scheme. Being realistic, the chances of them getting grid power are very, very limited.

So we have done some work and some pilot studies are taking place in the Bouli area. The other area that I asked the group to look into was the Daintree, and that is a totally different problem in that there is a point of view that that part of the State should not have transmission lines and should not have pylons, and in fact should not be developed in the way in which some people want it to be. So the alternative to that could be some alternative types of energy.

Since our Government initiated this group, the Federal Government has also come to the party and it has allocated, I think it was, a quarter of a million dollars, which we received. We then called for expressions of interest from people who wanted to experiment with alternative power and we received about 276 applications from right around the State. We selected the best we could in the different regions of the State. A few weeks ago, I went to Gregory, and the people there were just over the moon because they have been selected. What it means to people in remote areas is that they will have

a reliable, cheap and efficient source of energy which the traditional methods cannot give them. The QEC allocated \$5m in the first year for the work of this group, and I think we have spent about \$600,000 this year. It is a way in which people can see that the Government cares, and they appreciate the work that is being done in this field.

**Mr BENNETT:** Minister, I would like to refer you to the Gladstone Power Station. On page 2 of the QEC Estimates statement there is reference to the sale of the Gladstone Power Station. The sale to Comalco NRG in March was described on many occasions as the largest and most complex transaction occurring in the world at that time. Would you indicate how the sale will affect Queensland's future prosperity?

**Mr McGRADY:** As members would be aware—in particular, the member for Gladstone—the sale of the Gladstone Power Station, which took place about three months ago and about which we have had some discussion already today, has certainly made a massive difference to the economy of Queensland. As a result of the sale of the Gladstone Power Station, the third potline will be built at Gladstone. This will inject millions and millions of dollars into the economy of Gladstone and the surrounding district; it will provide thousands of jobs in the district, and again it will provide additional revenue to the Queensland Government. I think every one of us accepts the fact that if the Gladstone Power Station sale had not been completed, the extension at the smelter at Gladstone would not have eventuated.

I recall that, when Cabinet took the decision to sell the Gladstone Power Station, I was sent to Gladstone to convey the news to the work force. I must say that I was not the most popular person in the City of Gladstone that day. However, I returned, like all good generals do, to Gladstone to join in the celebrations when the sale had been concluded, and you were there yourself. I must say that there was a total transformation in the attitude of the work force and the people of the city and the surrounding areas. They understand and appreciate what the sale means to themselves as individuals and also to the city and the district in which they live. Again, I think it is a very positive move on behalf of our Government and I think it is appreciated by the people of Gladstone, but you would know better than I do.

**Mr BENNETT:** Yes, it certainly has been well received in the area. Page 1 of the QEC Estimates statement refers to corporatisation of the industry on 1 January 1995. Can the Minister assure electricity consumers that allowing private competition within the electricity supply industry allowed by corporatisation will not be detrimental to domestic and industrial consumers?

**Mr McGRADY:** The corporatisation of the electricity industry is intended to facilitate continuing improvements in the performance of the industry as we have experienced in previous years, and I thought I made that clear this morning. It will be achieved by giving the industry a clear commercial focus, subject of course to a strategic direction by the Government through the two shareholding

Ministers who in this case will be the Treasurer and the Minister for Minerals and Energy. I note in the question that the industry is being restructured to promote competition—competition particularly in generation. This move in Queensland is constant with the moves right across the nation to bring competition into the industry. I believe—and the Government believes—that corporatisation could lead to savings in supply costs through reductions in fuel costs, re-evaluation of design standards with a view to cost reductions, and by increasing the initiatives to minimise power station construction and operational costs. There is no reason at all why the gains which the industry has achieved over the last number of years cannot be held in, and we believe that will be the case.

As we mentioned before, there will also be scope for the private players to move into the industry. Everywhere I go—and I am sure Keith Hilless does the same—I say to people that, based on the information we have, the Queensland electricity supply industry is the most efficient of all the mainland States. Of course, we do not really have any yardstick; we do not have the competition in the industry to see if we could do better. I believe that the introduction of competition into the industry will certainly ensure that we become more competitive, and therefore we can give our consumers and our clients a more efficient and obviously cheaper service.

**Ms POWER:** I would like to move to environmental issues. Page 3 of the QEC Estimates statement refers to major strategic issues which are key drivers for the generation business unit. Environmental issues are included as one of those strategic issues. Earlier this month, we celebrated World Environment Day. In view of the growing community concern about the environment, would the Minister indicate what the Queensland Electricity Commission is doing about being more environmentally responsible in producing power in Queensland?

**Mr McGRADY:** On World Environment Day last week, I announced that the mining of the Gold Coast beaches would not take place. I acknowledge the supportive remarks of the Mayor of the Gold Coast and also the member for Surfers Paradise in congratulating me on taking that decision. It should be acknowledged that electricity is used every day in almost everything we do. As a progressive society, we depend on its ready availability and reliability for our homes, industry and indeed for commerce right across the State. However, the business of generating and transmitting power throughout Queensland has some impact on the environment. With this in mind, the QEC must continue to find an acceptable balance between its responsibilities for protecting the environment and for providing the community with safe, economical and reliable power.

A few years ago, the commission and the seven electricity boards around the State developed a comprehensive environmental policy in consultation with a broad cross-section of Government, community and business groups. That policy has been subjected to continual review, and the QEC

has established special environmental management committees at all of its major power stations. Air and water quality are critical to the operation of power stations. To ensure that it complies with air and water quality environmental licences, the QEC has developed an environmental monitoring and reporting system. For example, the new Stanwell Power Station in central Queensland incorporates a treatment plant to remove suspended solids from the discharge water. As well, gas emissions are monitored and ground-level concentrations are measured.

The answer to your question is that QEC, as a good corporate citizen, understands the responsibility it has to the environment, and I believe it is fulfilling that role.

**Mr BENNETT:** I want to return to the Queensland/New South Wales interconnection easements. I refer to page 10 of the QEC Estimates statement, which states that \$1.5m has been allocated to those easements. You referred earlier to consultation with local governments. I believe it is important to ask what community consultation has been undertaken with regard to those easements. In the past throughout Queensland, there has been some opposition to the establishment of such easements. Is it really necessary to link up with the southern grids?

**Mr McGRADY:** I touched briefly on this earlier. I believe it is important that we link up with our cousins in the south. We are talking about a national electricity system. There could be major benefits for Queensland from that, both in buying electricity from the south if it is cheaper or in selling the electricity which is generated in this State. Provided the costs are right, as the Commissioner said before, and provided that things turn out the way we as a sovereign State want them to, I believe that we should become involved.

As to the actual link itself—there has been and there will continue to be community consultation. This is one issue about which I feel strongly. I believe the days have gone when electricity authorities simply imposed a corridor or indeed a route on people in certain areas. There has to be consultation. People have to be allowed to make a contribution to these decisions, and that happens in Queensland today. Certainly, with this interconnection, it will happen between New South Wales and our State. There will be public consultation, and notices will appear in the local media in the very near future. Has that occurred yet?

**Mr HILLESS:** They have been advertising locally.

**Mr McGRADY:** It is only in recent days, anyway, but we have approved the advertising for it. It is vital that people have an input. At the end of the day, decisions have to be made, but they are based on the best possible advice, and they are taken after there has been genuine community consultation.

**Mr BENNETT:** I want to refer to the construction of power stations plants. The most recent power station plant to be constructed is the one at Stanwell, which is almost completed. Pages 3

and 4 of the Estimates statement refer to that project. What was the overall cost of constructing the Stanwell Power Station compared with the initial estimates?

**Mr McGRADY:** Stanwell has been mentioned a number of times today. As the honourable member would be aware, Stanwell Power Station is now operational and capable of producing 700 megawatts of electricity, which is 50 per cent of its total and final capacity. Innovations in design and technology have resulted in the station being constructed cost efficiently and certainly on schedule. In fact, the projected final cost to the Queensland Electricity Commission is \$1.5 billion. That is a saving of 22 per cent on the initial target estimate in real terms. Of course, the QEC has ensured that Stanwell Power Station is as efficient as present technology will permit. It incorporates a number of world firsts, including improved safety and, as I mentioned before, environmental strategies.

**Mr BENNETT:** I have a supplementary question regarding the Stanwell Power Station. What benefits has that construction brought to residents of central Queensland?

**Mr McGRADY:** I suppose there is the work force that the construction of Stanwell generated during those years and the benefits that any major undertaking brings to the city closest to it. In this case, that is Rockhampton. Undoubtedly, there have been major benefits to the people in the surrounding area but also in the city through contracts and other works. One of the greatest benefits that I can see are the jobs and the work skills that the construction of the Stanwell Power Station has brought. Previous power station construction projects have imported skilled workers independent of the local area. However, more than 72 per cent of the workers employed during Stanwell's construction actually lived in central Queensland. In fact, more than 40 per cent of the labour force had no previous experience in the construction industry. It has given these people skills that they never had before.

Unskilled people have been able to join the project labour force after gaining recognised skills through the innovative Stanwell Skills Development Project, which was developed by the Queensland Electricity Commission. In that connection, I pay tribute to the work that has been undertaken by Dave Clark, which I feel is far beyond the call of duty. He has been deeply involved with that project. More than 1 100 people participate in the program, which has the full support of the unions, the workers and indeed the ACTU. The courses delivered are nationally accredited, and the skills learned and the TAFE certificates awarded are portable within the Australian construction industry. The Stanwell Skills Development Project has created opportunities for central Queensland workers to gain these skills, and there is some talk of moving offshore with some of the plans they have. What started as the construction of a power station has brought all these benefits to the people of central Queensland, far beyond what anyone would have expected when the original decision was taken to develop and to build a power station.

**Ms POWER:** I would like to take up the issue of future supply. I have noted the huge expenditure of \$16.1m in capital works for future power stations. I ask: is it true that Queensland could possibly experience power shortages in 1998? If this is the case, what is being done to ensure that our State does not run out of power?

**Mr McGRADY:** As we have mentioned before—and we have had a fairly good discussion on this—there is no way that the lights will go out in Queensland. As we said before, present indications are that we need 300 megawatts per year to keep up with the demand. We are in fact looking at these options and, as I said, I will be making some announcements towards the end of the year. But in a State the size of Queensland, a State which is growing, where people are falling over themselves to come and invest, we have to ensure a plentiful supply of power and energy to them. I can assure you and the people of Queensland that the Queensland Electricity Commission is mindful of this. So, too, is the Government, and we will ensure that there is a supply of power to the people of Queensland as and when they require it.

**The CHAIRMAN:** There are now 20 minutes remaining in the current time that is allocated to this hearing. Under the Sessional Orders, what would normally happen is that the time would be divided equally between Government and non-Government members. The Government members have indicated to me that they have no further questions of the Minister, so what I propose to do is to hand over the remaining time to the non-Government members.

**Mr GILMORE:** I understand that the most urgent need at the present time in Queensland for power generation is not for base load generation but rather for peak demand generation. It is my understanding that hydro-generation satisfies that requirement. Is the Tully/Millstream hydro-electric scheme currently being considered as the next or one of the next major power stations in Queensland?

**Mr McGRADY:** The question of the Tully/Millstream has been debated long and hard in our State for many years and people have very firm, fixed and strong views on it. You will appreciate that it is not solely a decision of the Queensland State Government, but there are also implications for the Federal Government, and they, too, have a say in this. Because of the time frame, Tully/Millstream will not be considered in the next round, which we require by 1998, for obvious reasons. I think you would be aware of those reasons. That is not to say that some way down the track Tully/Millstream could not come into being, but it is something in regard to which there has to be a lot of discussion between the relevant Governments. We certainly have not closed our mind to a Tully/Millstream, but, as I say, there are other Governments involved, there are other instrumentalities involved and, obviously, before a decision can be taken, you need the cooperation and assistance and support of those other people.

**Mr GILMORE:** It sounds like you are playing

taps to me. In any case, how much has been spent on the Tully/Millstream scheme to date and how much will be spent this year?

**Mr McGRADY:** I will answer the second question. To my knowledge—and I stand to be corrected—nothing will be spent.

**Mr GILMORE:** How much to date? Do you have that, or do you want it on notice?

**Mr HILLESS:** I can answer that. The total amount that has been spent throughout all of the investigations and drilling of the tunnel in the mountain and all of that sort of thing up to date is in the vicinity of \$30m.

**Mr GILMORE:** What is the cost of providing water to the Wivenhoe Pump Storage Hydro Scheme? If you can express that in dollars per megalitre, I would appreciate that.

**Mr HILLESS:** I am sorry, I cannot answer that question. I could certainly get you some information on the costs of water.

**Mr GILMORE:** If you would not mind, and while you are on that, if you could provide me with the value of each megalitre once it is put through the turbines in terms of electricity—how much power you get out.

**Mr HILLESS:** Yes.

**Mr GILMORE:** What time of day do we generate power at Wivenhoe?

**Mr McGRADY:** Keith?

**Mr HILLESS:** Wivenhoe is generally, in its most routine sense, used to generate power during the peak loads on the system, which can be in the winter time principally night time. In the summer time, peak load is spread right throughout the day. However, the use of Wivenhoe is not solely for peak load generation. It is also a very valuable station in relation to its ability to make capacity available quickly on the system so that in the event of a failure of some piece of plant somewhere else in the system, we can have Wivenhoe available very quickly to restore system frequency and to get the system back to normal. So, under those circumstances, it can in actual fact operate at any time of the day and for reasonably extended periods of that day, and it is limited only by the quantity of water that is stored in the upper reservoir.

**Mr GILMORE:** In normal circumstances, though, it would be operated for peak demand?

**Mr HILLESS:** It is essentially for that purpose, but it is also, as I say, very valuable to the other one because it enables us to run a much tighter spinning reserve policy on the rest of the system and not have so much plant available.

**Mr GILMORE:** That also could be said of the other two hydro stations in the State, could it not?

**Mr HILLESS:** It can also be said of the other ones. The difference between the two is that there is essentially no limited water supply at Wivenhoe; it is limited only by the ability to pump to the top and let it run down, where the others are based on storage systems which can be at any sort of capacity, depending on the season.

**Mr GILMORE:** While you are on that job, would you provide to me on notice the cost of water to the turbines at both Kareeya and Barron Falls and the value per megalitre in terms of electricity? Generally speaking, do we turn the turbines at Barron Falls, Kareeya and Wivenhoe in parallel or do we operate them at different times of the day for different reasons?

**Mr HILLESS:** Most of the time they are operated in parallel. Again, we operate the Barron one depending on the water supply available to us to maximise the value of that electricity generation and to minimise the losses on the system into north Queensland as well as to maintain the reliability of the system in that area, and the same applies to Kareeya. We have some undertakings with the rafting companies in that area, as you would be aware, to operate those stations at particular capacities for certain times of the day in order to provide water for rafting operations.

**Mr GILMORE:** Is there a penalty suffered by the QEC because you are operating to the schedule of rafting companies rather than to demand?

**Mr HILLESS:** Only very minor, but also remember that we earn revenue from the rafting companies by charging them for that water that is released.

**Mr GILMORE:** How much do you charge them for the water?

**Mr HILLESS:** I am sorry, I cannot answer that question. It is most likely commercial, but I will take advice.

**Mr GILMORE:** After you have taken advice, if you find that it is not commercial, if you would provide it on notice, I would appreciate that. We have spoken today about a number of methods of bolstering our generating supplies in Queensland, and co-generation with sugar mills is one of those that has not been mentioned at any great length today. Would you indicate the estimated cost of upgrading a sugar mill to provide continuous generation throughout the year and the likely cost of power to the grid from that source?

**Mr McGRADY:** As you mentioned, there have been numbers of discussions about the possibility of using bagasse from the sugar mills and actually selling into the system. I personally have had negotiations with a number of individuals and groups, as has the QEC. The costs of converting I certainly would not know; I do not know if the Commissioner would. That would be a commercial decision for the mills.

**Mr GILMORE:** What price would we be paying for that power? There has to be some sort of commercial consideration here—dollars in, dollars out. What are we going to pay for it?

**Mr HILLESS:** We currently have a set of arrangements which we use in this area for small co-generation plants, including the sugar mills, and we have satisfactorily signed up a number of sugar mills on these new arrangements in recent times. The actual price that we would be prepared to pay depends on the quality of the electricity supply that we can get from the mills, both in terms of its

"scheduleability"—in other words, can we rely on it being there—and, in turn, the gross time of the year in which it will be available. The break-even price that you would be prepared to pay is a function of all of those types of things. Therefore, there is no one fixed amount of money that we would be prepared to pay.

**Mr GILMORE:** You do not have a sliding table that takes those issues into consideration?

**Mr HILLESS:** The arrangements that are currently in place for the small ones—less than 10 megawatt—are equivalent to a sliding scale.

**Mr GILMORE:** Would you be prepared to provide that sliding scale on notice?

**Mr HILLESS:** That information is readily available as public information. I can make it available to you.

**Mr GILMORE:** Thank you very much. I would appreciate that. What would you consider to be the ideal reserve plant margin for Queensland's electricity system?

**Mr HILLESS:** We are currently of the belief, based on our studies on loss of load probabilities, that the relevant figure for Queensland at the present time is in the vicinity of 25 per cent.

**Mr GILMORE:** We had a reserve plant margin of 25.8 per cent prior to the commissioning of Stanwell. Is it still around 25 per cent?

**Mr HILLESS:** No, the current reserve plant margin would be in excess of that.

**Mr GILMORE:** What do you project it will be in a couple of years' time?

**Mr HILLESS:** By the year immediately preceding when we add any new capacity to it, it will be down towards 25 per cent again. Because capacity comes along in discrete lumps of stuff, you end up running from 25—up high—and then rolling down again. So 25 is our planning reserve plant margin.

**Mr GILMORE:** Would you be kind enough to explain to the Committee how you calculate reserve plant margin? Is it based on 100 per cent of installed capacity, or do you take into consideration factors of availability of plant?

**Mr HILLESS:** We take into account factors of availability of plant and factors associated with the load curve on the electricity system, because that dictates the type of plant, when it is available and what amount of energy we need to provide. We also take into account what we believe is an acceptable reliability level in terms of the number of gross system minutes that can be lost on the system in any one year. There are a whole range of issues which need to be taken into account in arriving at a reserve plant margin, which is the reason why the correct reserve plant margin is unlikely to be the same in two different systems.

**Mr GILMORE:** I turn to the electrification of the Torres Strait islands. The State and Federal Governments jointly funded that electrification process for the Torres Strait islands. Would the Minister provide to the Committee the full costs

associated with that project and the sources of funding?

**Mr McGRADY:** Could we take that question on notice?

**Mr GILMORE:** Yes, that is not a problem. As part of that process, I understand that individual homes were wired free of charge; that there were no requirements for capital contributions or consumer guarantees. Why did your Government choose to wire private homes without charge?

**Mr McGRADY:** As you stated before, this was a jointly funded project between the Federal Government and the State Government. It was a plan to bring power to the people who lived in the Torres Strait islands who previously had a very unreliable method of power, and it was a way to assist those people. As I said, it was jointly funded by the State Government and the Commonwealth Government.

**Mr GILMORE:** Having received that benefit, are these consumers able to access full benefits of tariff equalisation?

**Mr HILLESS:** They pay the same tariffs as anywhere else in Queensland.

**Mr GILMORE:** Would you anticipate that other Queenslanders in poor socioeconomic circumstances will have their houses wired free of charge in the future?

**Mr McGRADY:** The point I was making before is that I think there is something different about people living in the remote islands of this State and this nation who do not have access to the normal methods of power which most Queenslanders do. I think I also made it clear before that the work we are doing in the alternative energy area, where we are attempting to bring power to people in the remote parts of the State, is a demonstration by this Government of the actions and the finance we are prepared to put into bringing benefits to those people who do not have them. I think the people of the Torres Strait fall into this category. So, too, do the people of Boulia and the other people who have benefited from the programs which our Government has introduced in cooperation with the Federal Government.

**Mr GILMORE:** That brings me to the alternative power matter, which you canvassed after a question from one of the Government members a few moments ago. You indicated that \$600,000 has been spent on that project so far this year. Could you give me a breakdown of that \$600,000? How much of it has actually been spent on hardware and how much on travel and consultants' fees?

**Mr McGRADY:** I said \$600,000 had been spent in the financial year that we are working on. We have spent approximately \$54,000 on consultants; we have spent approximately \$46,000 on staff and telephone; we have spent \$2,800 on contract labour; we have spent \$19,000 on air fares—and the reason for that figure is that we do have a Committee. That Committee has met in Boulia; that Committee has met in Cairns, and that Committee has been around to some other places as well. So that is a total of \$172,000. Let me say this, that the work that has been spent on the Daintree, or

the total budget in the Daintree, is \$265,000; in Boulia, \$230,000 and other schemes, obviously, take up the balance. I make no apologies to anybody for spending that sort of money on projects that are going to bring great benefits to the people involved.

The other point I want to make is that we did allocate \$5m. As I said, we are now seen as a leader in alternative energy in Australia, and we have been able to achieve this at very much below the budgeted allocation.

**Mr GILMORE:** People involved in alternative energy schemes around the State who come into the scheme after this one are going to be required to pay for the entire installation costs, the on-costs, maintenance and replacement costs of the plant. As part of your broader view of things for remote areas of Queensland, is your Government considering giving those people access to tariff equalisation or some other kind of subsidy, either for plant installation or running costs?

**Mr McGRADY:** Mr Gilmore, what you have to understand is that this is a pilot scheme where we are experimenting with various options available to us. We are seeing how the scheme works. We are seeing what type of alternative power would be suitable in the various locations around the State. At this point in time, after nine months of this group being in existence, there is no way in the world we have got down to those sorts of details.

The bottom line is that this Government, for the first time ever, is in the process of bringing power to Boulia. You go out to Boulia and you talk to those people, or you go to a School of Distance Education barbecue, as I went a few weeks ago, and listen to what those people are saying. Those people said to me that, for the first time in their lives, they have seen a Government really doing something for the people of the outback. These points you raise now may be valid; they certainly will be taken on board, but it is not for me at this point in time to say whether or not those conditions would apply.

**Mr GILMORE:** They certainly are valid, particularly for the people north of the Daintree, who are the only people in Queensland who may not have power by royal decree. Other people may not have it by isolation, but they are in a unique position. One would have thought that their position would have been considered a little more than you have indicated today.

**Mr McGRADY:** Is that a question or a comment?

**Mr GILMORE:** It is a comment. I note that there is an indication that your Government is moving towards a user-pays philosophy. I wondered whether user-pays was going to apply to electrical installations, particularly those in rural and remote areas, including the upgrading of SWER lines to two and three phase. Is that likely?

**Mr McGRADY:** That has not been discussed, but while you are talking about people in remote areas, can I just emphasise here, despite some of the scurrilous rumours that have been circulating in country Queensland, that there are no plans by this Government under corporatisation to do away with

tariff equalisation. While we are talking about costs to rural consumers, I want to take this opportunity today to emphasise that these people who are running around the countryside stating that tariff equalisation will be abolished—that is totally and utterly untrue and without any foundation. In fact, in the legislation which will come forward, that is quite clear. Tariff equalisation in this State will remain for many, many years to come.

**Mr GILMORE:** Policy area, 091 Energy, Program Outlays, under Current Grants and Subsidies, there is an estimate for 1994-95 of \$35m. Would you please explain to the Committee what that is for?

**Mr McGRADY:** From memory, that \$35m is the community service obligation.

**Mr GILMORE:** That is the half-year CSO for tariff equalisation?

**Mr McGRADY:** That is the half-year figure.

**Mr GILMORE:** I think I am satisfied with that.

**Mr FITZGERALD:** There is only one question I have. Back to whitewater rafting. Do you charge all rafting companies for the use of released water? If not, why not?

**Mr HILLESS:** As far as I know, I can answer "Yes" to that question.

**The CHAIRMAN:** There being no further questioning, that concludes the examination of the Estimates for the Department of Minerals and Energy. I wish to thank the Minister and his officers for their cooperation and attendance here today. I also wish to place on the record our appreciation, Minister, for your assistance in allowing quite a wide-ranging discussion on your portfolio.

**Mr McGRADY:** Mr Chairman, can I take this opportunity, before you close this session, to congratulate you on the way in which you have handled the proceedings. It was the first time you have done this, and it augurs well for my two ministerial colleagues who have to come before you later on today. I also congratulate you on the way in which your Committee members have obviously done their homework before they came here today. I think the questions were asked in the spirit of cooperation; that applies to both Government and non-Government members. I also congratulate your research officer, who has obviously had a lot to contend with in the last week or so with a group of people such as yourselves.

**Mr GILMORE:** If I might just say in conclusion, Minister and to the panel, thank you very much for the frank way in which you answered the questions. It was very much appreciated. I look forward to getting the answers on notice at a later time. Thank you very much.

The Committee adjourned at 3.37 p.m.

The Committee resumed at 3.40 p.m.

**DEPARTMENT OF PRIMARY INDUSTRIES**

**In Attendance**

Hon. E. Casey, Minister for Primary Industries  
 Mr Tom Fenwick, Director-General  
 Dr Rob Smith, Deputy Director-General  
 Mr Peter Bevin, Executive Director, Water Resources  
 Mr Norm Clough, Executive Director, Forest Service  
 Mr Roly Nieper, Executive Director, Agricultural Production  
 Mr Noel Dawson, Executive Director, Land Use and Fisheries  
 Mr Peter White, Acting Executive Director, Agribusiness  
 Mr Shaun Coffey, Director, Research and Extension  
 Mr Terry Johnston, Director, Strategic Policy Unit  
 Mr Brian Smith, General Manager, Finance  
 Mr Jim Varghese, Executive Director, Corporate Services

**The CHAIRMAN:** The next item for consideration is the Department of Primary Industries Estimates. The time that has been allotted is three and a half hours. Firstly, I welcome the Minister and his officers to this hearing. As I said to the previous Minister, we trust that your stay with us is an enjoyable one. For the benefit of the officers of your Department and any visitors we may have, I take this opportunity of introducing the Committee. On my right-hand side, the first gentleman is Mr Pearce, the member for Fitzroy; then there is Mr Bennett, the member for Gladstone; and then there is Ms Power, the member for Mansfield. On my left is Ms Cornwell, who is our Research Officer and Deputy Clerk of the House; then there is Mr Perrett, the member for Barambah; and then there is Mr Connor, the member for Nerang. Mr Gilmore, the member for Tablelands, is not here at the moment because he is taking a quick break.

For the information of new witnesses, the time limit for questions is one minute, and three minutes for the answer. 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 and the next 20 minutes will be taken up with questions 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 that is taken is less than the allotted 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 officers to identify themselves before they answer a question.

Before I declare the expenditure examination open, there are a couple of things that I would like to point out quickly. Firstly, in terms of the time frame, we are going by the clock behind us on the wall which is five minutes slower than all the other clocks. We are going by that clock, so do not be alarmed if it appears that we are going over time. Secondly, as I said to the previous Minister and visitors, in the spirit of harmony and cooperation this Committee has worked well to date. If needs be, we have agreed that there will be some flexibility. If, at the end of the three and a half hours, all questions are not completed, we may continue for up to another 15 or 20 minutes.

I now declare the proposed expenditure for the Department of Primary Industries to be open for examination. The question before the Chair is—

"That the proposed expenditure be agreed to."

Minister, is it your wish to make a short introductory statement?

**Mr CASEY:** Yes. Thank you, Mr Chairman and Committee members. One of the contexts in which the Department's Estimates this year should be viewed is the further move forward in so far as the primary industries of this State are concerned. Queensland's primary industries have a gross value of production of something like \$5 billion. Our export income from those products is between 35 per cent and 40 per cent, depending on commodity prices at a given time, and that is very important to our State.

I think I should remind members of the Committee that, for the first four years of the Department's operations, the situation was that three former Departments of the previous Government were put together to form one integrated approach as far as the management approach was concerned and a bigger emphasis was placed on the management of natural resources. Of course, the primary sector of this State is more reliant on natural resources, as evidenced by the effects of the great drought that has occurred in the last few years, than on any other particular sector of Government activity. We have tackled those problems and have moved to get everything together. The integration is now complete.

Regionalisation is largely in place, which was another strategy we undertook to get service delivery, the management of services and the determination of those services back out in the regions where they ought to be. The situation now is that the Department has clearly identified its core business. It has set out its priorities and the way in which we formulate those priorities and also has set out the allocation of its resources in an accountable fashion. The Department has also eliminated wastage and duplication that had existed in many areas in the three Departments and even within the new Department itself.

This has all been accomplished by undertaking a great consultation process with industry, by modernising and enhancing industry structures, and by developing systems of sustainable resource use in this State by, for example, making greater use of

the improved technology development and transfers that are done in the Department as well as elsewhere. That is the framework under which our Budget Estimates for 1994-95 have been formulated. We believe that it will set us on the track towards achieving those goals and objectives.

**The CHAIRMAN:** Thank you, Minister. The first period of questions will commence with the non-Government members, and I will hand over the questioning to Mr Perrett.

**Mr PERRETT:** The Department of Primary Industries will have a total budget of \$606.05m available to it in the financial year 1994-95. This represents 2.75 per cent of the total State Budget from all funds. The departmental program summary which is set out at page 170 of Budget Paper No. 2 indicates a budget overrun by the Department in the region of \$22.8m. What was the source of the funds to meet this blow-out?

**Mr CASEY:** First of all, you have clearly identified that the Department's Estimates so far as this year's Budget is concerned have been given a lift or an increase, which is the first time for a couple of years. As I said before, we have been following the strategy of getting into place our modernisation and rationalisation programs together with the integration of the Departments and the regionalisation process. What we are finding for the first time is that we have an increase of something like 5.9 per cent in so far as the budget is concerned for DPI for this financial year. It is true that there was some overexpenditure during the previous year compared to the period we are moving into. This was due more than anything to the higher than expected drought subsidy payments. We had looked at a much lower figure for the drought subsidy payments. There had been a \$12m estimate initially in the Budget Papers, and the direct contributions and payments amounted to over \$19m.

We also found that we had additional Commonwealth funding for the Department's projects of \$3.7m, and much of that had to be on a matching basis, particularly in relation to research programs and work that goes on in that area. Initially there was another \$5m which resulted from underestimating the sugarcane payments in the sugar industry infrastructure package. That related to the cane railway from the Plane Creek mill, which was an amount of \$5m, and that made a difference as well. That is the way in which most of the blow-out went. There was also \$4.6m for a Treasury recoverable loan in relation to information technology projects and quite a number of other matters. They are the main ones that cover that particular field.

**Mr PERRETT:** The 1993 review of research, at page 28, refers to the workload imposed by reviews. The document noted that in the 12 months from the beginning of the December quarter 1992, there were 44 separate reviews. How many such reviews were undertaken in the financial year 1993-94? What did they yield? What was the commitment of staff time to those reviews?

**Mr CASEY:** Your question relates to the review of the research project that was part of an ongoing process put in place in the previous year.

Can you relate that at all to expenditure in the budgetary process?

**Mr PERRETT:** It obviously has to have a budgetary allocation.

**Mr CASEY:** A Budget allocation for what?

**Mr PERRETT:** To take care of reviews, in terms of staff time.

**Mr CASEY:** There are constant and ongoing reviews within the Department—within every department—at all times. It is not a matter of sitting in judgment saying, "You are going to do this." Many of those review teams have people on them who are involved in some of the other work. Much of that is carried out by the Strategy and Policy Unit of the Department. That expenditure would show up in the normal departmental expenditures—salaries, wages, and so on.

**Mr PERRETT:** If you are happy to provide me with the detail of those reviews, I would be happy to place that question on notice.

**Mr CASEY:** I think you had better provide me with a more specific question first.

**Mr PERRETT:** I have too much to do. Rather than waste too much time, I will move on to the next question. Page 140 of Budget Paper No. 2 deals with receipts for goods and services. The Department of Primary Industries is shown as having collected \$46.625m in the current financial year—a figure which is some \$3.338m above Budget expectations. Will you supply the Committee with a list of the charges that the Department collects and the amounts collected against each charge? How were the charges determined?

**Mr CASEY:** I think that question is going a bit overboard. You are asking us to supply all of the details for every charge. If, for instance, we looked at the income that we are getting from the different water projects through charges, that would produce a document an inch and a half thick. And that is just one example. The Forest Service has different and specific charges—for example, royalties or payments made by sawmillers to carry out certain undertakings in this State. The sawmillers are all licensed under different charges, depending upon where they are licensed. For example, in agricultural production there are charges in relation to feedlots. These vary with the size of the feedlots. In all, across the length and breadth of the State and all of the different activities of this very big and diverse Department, there would be thousands of different and separate charges. These charges, and changes to them, have been discussed and worked through with industry.

If you look at our potential income for 1994-95, which is one of the main aspects of this Committee's work, you would see an increase in the actual revenue that we are receiving. That is because each year, as we expand projects, we get more income—for instance, as we expand the Burdekin project, we can sell more water. Our forest plantation program is making more timber available for sale. Once again, we find that there will be more sales in that area. Costs and charges are ongoing. A Cabinet decision was made well back in our Government's period that any major changes in charges will be

subject to a Cabinet decision before they can be imposed. That Cabinet decision can only be on the basis of full consultation with industry.

**Mr PERRETT:** That does not provide me with the information that I was looking for in relation to that extra \$3.338m. Still on page 140 of Budget Paper No.2—can you tell the Committee what provision is made for the funding to cater for new legislation being passed from time to time? I refer, for example, to the new Meat Industry Act.

**Mr CASEY:** The handling of legislation within all departments is ongoing. It is handled by the normal staff of the Department. There is no special additional allocation for that. We have a legal and legislative group within the Department. Several people are constantly working not only on legislation required for the Parliament but also on various regulations and Orders in Council. Cabinet deals with these on a weekly basis. There is no specific allocation for legislation; it is ongoing. The people from the Strategy and Policy Unit are involved in that, as are people from my own ministerial office. Under the consultative process, staff are constantly working on these tasks. We are clearly working ahead.

You mentioned the meat industry legislation. For instance, the meat industry legislation was developed over about three and a half years. The first new legislative program that we attacked related to the sugar industry. We then started on the meat industry. We had a report undertaken in relation to that. Then we proceeded with quite a deal of work in consultation with the industry. Papers went backwards and forwards all of the time. There is no specific detail anywhere in the Budget about what it costs to provide legislation. It is part of the ongoing program.

**Mr PERRETT:** Returning to my previous question—I am still a bit concerned about that extra collection of funds. Would you be prepared to provide the Committee with figures for the charges collected, say, for extension services, stock inspectors, advisory services and the like?

**Mr CASEY:** For what year? The estimates for 1994-95?

**Mr PERRETT:** Yes.

**Mr CASEY:** Our estimates for 1994-95 are as follows: sale of tick vaccines, \$752,000; herd recording, \$902,000; water charges, \$36,702,000; other receipts of goods and services, \$1,135,000; and minor components of charges, \$725,000. There will be a one-off receipt from the finalisation of the sale of artificial breeding materials, or sales on behalf of other people and overseas visitors fees of \$332,000—that is, overseas visitors who come here on training programs formulated by our Department, by ACR or one of the other Commonwealth aid programs. For testing services that we carry out on behalf of people, we received \$2,167,000. For consulting fees that we undertake, we received \$3,270,000.

Again, many of those fees are paid to us through Commonwealth programs or by someone else, because the expertise is there within our

Department—for example, in tropical agriculture, tropical animal health, tropical plant production, and so on. We are the only people in Australia with a department that covers those areas and is able to do that type of consulting work for and on behalf of the Australian Government as part of its aid program. Other countries come to us seeking advice and support in those particular areas. They would provide most of the programs.

**Mr PERRETT:** As to trust funds—on Budget Paper No. 2, page 154—and I will ask this question for interest's sake—there is mention of the Poultry Industry Fund. What has happened to that fund and what is it used for?

**Mr CASEY:** Are you referring to any specific trust and special funds? We get a lot of trust and special funds from the Commonwealth or from industry. They contribute for specific programs and specific work that we might want to do. Do you have a specific one, or is that a general question?

**Mr PERRETT:** I mentioned the Poultry Industry Fund for interest's sake. Poultrymen have told me that they do not know what has become of it.

**Mr CASEY:** They do not know what has become of the Poultry Industry Fund?

**Mr PERRETT:** I am prepared to place it on notice if you want a bit of time.

**Mr CASEY:** All of these change. They change from time to time. In relation to the Poultry Industry Fund, for instance, where research work was being done for the Commonwealth, I think it was you or somebody else from the Opposition who made comments publicly about research funds that were being returned. We had a program in relation to the poultry industry regarding egg industry research and development, which was the prediction of the Hauf unit values in fresh and stored eggs and the development of the management strategies to improve egg quality attributes in laying hens. I am not quite sure how you make hens lay more eggs, or whatever was in there, or what the Hauf values are. But, nonetheless, we finished the program under budget and therefore several thousand dollars was returned back into the system. The Poultry Industry Fund is now closed and the functions are being handed back to industry. The fund was closed following the introduction of the new Act in relation to the poultry industry in Queensland in 1993-94. From now on, it will be handled by the industry. Those who are making inquiries of you had better go and ask their industry leaders what is happening.

**Mr PERRETT:** I refer now to page 141 of Budget Paper No. 2 where there is a heading "Miscellaneous Receipts". It mentions "Primary Industries—Industry Related Grants" with a figure of \$11.329m. Will you explain the basis of those collections?

**Mr CASEY:** Collections or grants?

**Mr PERRETT:** Well, the grants—whatever. That is what I am asking.

**Mr CASEY:** The figure that you are referring

to, that is about \$30m for the Estimates for this year; is that the one?

**Mr PERRETT:** The figure I have is \$11.329m. It is on page 141 of Budget Paper No. 2 under the heading "Miscellaneous Receipts".

**Mr CASEY:** We make a number of grants to various organisations throughout a year, and we get a number of grants in, too, from industry groups for whom we do research. It might be some of the Commonwealth Research and Development Corporation grants that are being split up through the system. In this case, the one that you are referring to is \$11.329m. That was the expenditure last year—the figure from last year. The estimated receipts this year will be \$9.8m. Is that the one?

**Mr PERRETT:** Yes, that would be the one.

**Mr CASEY:** They vary from time to time. For instance, the banana industry may have a problem with a scare of black sigatoka or some other disease and the Commonwealth might decide to put an injection of funds in very quickly, or industry decides to put in an injection of funds. Last year, we had a scare in the pawpaw industry—Mr Bennett will be aware of it—and the fruit and vegetable growing industry itself very quickly put up some additional moneys and we added moneys to it to undertake research in the pawpaw industry to deal with the problem that may have been created if this disease was to spread. I am quite happy to provide you with information, if you wish, on any particular grant.

**Mr PERRETT:** I would be quite happy to accept that offer, Minister.

**Mr CASEY:** Just to clarify the point, you are not asking about any specific industry, you just want to know generally—

**Mr PERRETT:** Where that \$11.329m went.

**Mr CASEY:** Where that \$9.866m is going to come from.

**Mr PERRETT:** Yes, that is correct.

**Mr CASEY:** We will take that on notice, Mr Chairman, and advise exactly the breakdown for it. Even some of the tables that I have here are a little different in relating to grants that come in and grants that go out. If you understand, Mr Perrett, we provide a considerable amount of grants ourselves within the department to various industry groups and sometimes to local authorities for work that they may do or undertake for us.

**Mr PERRETT:** In each of the program statements contained in Budget Paper No. 3 there is a line heading of "Current Grants and Subsidies" for the Financial Year 1993-94. Because we do not have an annual report, could you also provide detail of those particular headings that are listed there for us?

**Mr CASEY:** For 1993-94? They will be published in the annual report.

**Mr PERRETT:** We do not have the advantage of that as yet.

**Mr CASEY:** Neither do I. It is not published yet.

**Mr PERRETT:** You cannot provide that detail to the Committee at this point in time?

**Mr CASEY:** I would suggest, Mr Chairman, that we are looking at the Estimates for 1994-95, and quite clearly if the honourable member wants some details of some of the subsidies or grants that we might provide in relation to that, again I am happy to provide them here. In relation to the grants and subsidies for 1993-94, we cannot give a clear outline.

**The CHAIRMAN:** That is the end of the time period allotted to non-Government members. We now move to the Government members and I will ask Mr Bennett to commence.

**Mr BENNETT:** Minister, in Budget Paper No. 3 on page 295 under "Key Achievements" for 1993-94 it mentions "Twelve projects . . . were approved under the Queensland Sugar Industry Infrastructure Package" at a cost of \$117m. Page 94 of the departmental Estimates statement states that all planning will be completed for projects in the infrastructure package and that construction will commence on all 12 projects at a cost of \$18.4m in 1994-95. Can you outline what benefits this package will be to the sugar industry and the Queensland taxpayer?

**Mr CASEY:** It will be one of the best projects that has ever been undertaken in Queensland. There are several milestones that were achieved in relation to this. First of all, it is an agreement between the State Government, the Commonwealth Government and industry on a sharing basis to go down the track of providing this \$117m package. The main core of it is the \$38m provided by both the Commonwealth and the State as a part of the package. But in addition to that the State Government has put a lot more of its own money into it to spread the load, so to speak—or to spread the "benefits" is a better word to use—of the whole of the project.

It is related to different sugar industry projects, most of them related to water. Of that \$117m, I think that something like \$81m relates to water-related projects. However, there are a number of others. The two big tag items are for the Teemburra Creek Dam in the Pioneer Valley near Mackay, and the Walla Weir on the Burnett River near Bundaberg. I think something like \$9m will be spent by our Government in this financial year as well as the money that will come in from the Commonwealth to match it. The total construction is to be done over a four-year period. The two big dams will provide the major core for irrigation work in the Pioneer Valley. However, there is a part contribution from industry and local government. The State Government has picked up more of the tab in relation to that project.

There are other projects as well. For instance, in the north there is the Russell and Mulgrave water management project on the Russell and Mulgrave Rivers. A report is being prepared to set out where they are going and where they can go in the future with drainage matters. The Murray Valley infrastructure project is in the Tully area. That will allow the opening up of additional cane lands. It will also allow for tramline extensions. In the Herbert River area we are taking about amalgamating five different water boards into one and extending their operations. Drainage is their big problem up there,

not water storage. That will be the major assistance provided in that area.

About 34 projects were sought in Queensland. We had the finance under the package to meet only 12. However, some projects outside the package are being met by the State Government. Those projects are very interesting, because they vary greatly. We are undertaking trial work on a small weirs irrigation project just north of Mackay. That may expand into other areas. There is the Eli Creek effluent irrigation project near Hervey Bay. Under that project, water is taken from a sewerage effluent plant to service about eight farms and a local water board. The main point is that the package was negotiated with industry, and industry is contributing to it.

**Mr BENNETT:** How well has this package been received by the industry?

**Mr CASEY:** It has been very well received by industry. Industry is very keen on it, and it is putting its own money where its mouth is. Under this \$117m package, we will see a further expansion of the sugar industry after the next five or so years. Once all the construction is completed over the next four to five years, the benefits will start to flow. The current expansion program within the industry will take us to the year 1998 or 1999, and the infrastructure package will take us past the turn of the century.

We are also examining yield problems within the industry. We are undertaking a lot of biotechnology work to develop new varieties of cane. The success of that research will mean even further expansion. Therefore, the expansion of the sugar industry in Queensland will not be limited by the amount of land that we can put under production. The vertical expansion—if you like to use that term—of the industry will bring about much greater economic benefit to the towns and cities of provincial Queensland, where the sugar industry is expanding.

Through the biotechnology work being undertaken, we hope to develop varieties of cane that will grow in drier areas. I am sure that Mr Gilmore would be interested to know that we are also looking at developing varieties of cane that are more frost resistant to counter some of the problems experienced in the Tableland region in order that the industry can expand in that area. The infrastructure package is merely a start to a new future for the sugar industry in Queensland.

**Ms POWER:** I turn to south-west Queensland. I refer you to the departmental Estimates on pages 21 and 22 and to risk management and drought subprograms. I ask: what does the south-west Queensland strategy aim to achieve, and what consultative mechanisms have been put in place to ensure that the funds are used properly?

**Mr CASEY:** One of the first mechanisms was the consultation undertaken with the people in the area. The initial work was done by members of my committee in conjunction with members of the Premier's Rural Task Force. Ms Power and Mr Pearce are both members of the Premier's Rural Task Force. I thank them and the other members of those groups for the early work that they undertook. That was the important leg work—getting out there and talking to

the people in the area. If people in my Department want to know something about south-west Queensland, they talk to the people of Charleville, Quilpie and Cunnamulla; they do not talk to somebody in Queen Street or Ann Street in Brisbane.

The work undertaken by those committees and the work undertaken by my Department in preparing reports on the areas showed clearly that the economic situation in south-west Queensland required stabilising. That work was done in our first term of Government. As a result of that work, straight after our re-election in September 1992, I consulted with the Premier on this matter. He agreed that my Department should proceed with further work on it. It has been a long, hard haul, but we have now reached the stage at which the people of south-west Queensland have accepted the fact that drought is the norm rather than the exception. That is the first stage.

Many of the properties that were split up and sold under settlement schemes after World War I and World War II are now of insufficient size to provide an income for the families who operate them. In addition, we have experienced a great depression in the wool industry and the worst drought in the history of the settlement of Queensland. If we are to continue with the development of sustainable pastoral practices in those areas and adopt proper rangeland practices rather than merely pushing over a bit more mulga scrub to solve the problem of feeding sheep, we must consider whether the property is too small, whether there are too many sheep there, and how to keep people in the area and provide them with an income.

As a result of the identification of those issues, we consulted with people in the area. We have developed a new initiative that is being driven by my department in conjunction with DEH and DBIRD. This financial year, between the three departments, funding of well over \$1m is available to start this work. We have also talked the Commonwealth into backing us. It will commit \$2.5m or \$3m over a period of three years to that initiative.

**Mr PEARCE:** I would like to ask a question on the Burdekin River Irrigation Area. Budget Paper No. 3 on page 295 and the departmental Estimates statement on pages 29, 92 and 94 refer to the development of the Burdekin River Irrigation Area, the sales of 29 farms and water allocations to the value of \$13.2m. I ask: how successful has this program been, and what does it mean to the Burdekin region?

**Mr CASEY:** The project has been most successful. Already, 113 new farms have been developed in the area, most of them since 1990. Some of the farms that were developed under the previous Government were of a multi-functional nature. People could grow rice and perhaps horticultural products. Unfortunately, that venture was not too successful. At present, no-one is growing rice commercially in the Burdekin region. In the 1991 Sugar Industry Act, we included a clause whereby, through Government schemes such as this, we could immediately allocate an assignment in the

sugar industry. That would allow persons who purchased farms at auction or ballot—and we conducted a successful ballot—to go straight onto the farm, start a crop and earn an income. That scheme has been a success.

We have received a lot of support from the region. In fact, buyers from all around Australia have purchased some of the farms. We recently sold the 100th farm on the left bank, and 13 farms have been developed on the right bank of the Burdekin. This year's budget includes an allocation of over \$22m for further work on the Burdekin scheme. That funding will ensure the continuation of the scheme. The Government has a very firm commitment to push ahead with that scheme. We have support for that expansion from the canegrowers and the business community in the region.

We also have the support of the millers in the area. All mills in the Burdekin and lower Burdekin area are controlled by CSR. It is undertaking a major expansion program in its mills in order to cover the additional cane that will be generated by the work being carried out in the Burdekin. As I said, it is a very successful scheme.

We have also put in place better financial arrangements. Under those arrangements, people pay for their water allocations under, say, a two-year moving figure. They pay for full water allocations once they have a full crop, but they are not paying for a full water allocation from day one. That has been very successful. Last year, the gross farm sales were about 13 and a half million dollars. All in all, we are really getting down the track with a good scheme and we are putting the infrastructure in as we go so that that is not falling back onto the local authority.

**Mr PEARCE:** As you are aware, we are in the grip of a drought; in fact, about 34 per cent of the State is still severely drought affected. I am proud to say that, since the Goss Government came to power, we have done a lot of work in that area with the whole-of-Government approach to drought management led by your Department. What funds does your Department have available to assist drought-stricken rural producers? Where do those funds come from and how important is it for the Government to stand up for rural producers?

**Mr CASEY:** Let me divide that question into two separate issues. The Commonwealth has responsibility for RAS funding—Rural Adjustment Scheme funding—and it provides the direct finance through the banking system or elsewhere that enables and allows the farmers to carry on in their work. However, our Government provides the direct subsidy arrangements for cartage and transportation of fodder, cartage and transportation of water and also for moving stock back after agistment onto the properties so that people can get under way again. Now, it has been very successful. For that, this Government has provided something like \$42m direct out of State funds. The Commonwealth Government has provided \$33m in RAS subsidies. Some of our payments include about \$11m on RAS subsidies as well. We pay a catch-up figure on the interest subsidy arrangements there, and that is the way in which we have been able to do that. We

reached agreement with the major banks, pastoral houses and lending houses in Queensland that we would support them on their normal lending basis to their clients so that we were not going to pull everybody into some form of Government fund. We said that we would provide that subsidy support for those farmers who were on RAS funding. Since 1 June 1992, freight subsidies have cost us about \$26.77m. As I stated in the House this morning in answer to a question on this matter, the Government is determined to keep going with payments.

We have got \$15m set aside for this in the 1994-95 year. But it is not just there that we have stopped. We have gone into a special crop loans and restocking loans scheme. That has cost us about \$1.5m to date for special schemes. The pilot scheme, as Mr Perrett would know, was in the South Burnett region a couple of years ago; that was very successful. In social support we have provided \$1.6m. Local authority drought loans received \$1m, because their income has been badly affected. That money has enabled them to continue to work. All in all, in Queensland, drought support from Commonwealth and State Governments totals about \$75m to date.

**Ms POWER:** I wonder if we could look at the Great Artesian Basin. I refer you to page 285 of Budget Paper No. 3 and page 30 of the Departmental Estimates. What costs will be incurred and what steps have been taken to reduce wastage of water from the Great Artesian Basin through the bore pipe rehabilitation program?

**Mr CASEY:** I think it is a very important question and it is one in which we are still doing some pilot work and pilot schemes. Wherever you go in the Great Artesian Basin—and, again, yourself and Mr Pearce would have struck this as you moved around with the Premier's Rural Task Force—you find people saying, "The bore is not putting out the water it used to do, it is down to a trickle", or else they are complaining of some other problems with the bore, that it has burst or that it is flowing out because of some fissure underneath the ground. Each year, we will provide a total of \$2m for this bore rehabilitation work. That will comprise \$800,000 from our Budget, \$800,000 from the Commonwealth and \$400,000 from the land owners concerned. So it is on a 40:40:20 basis that we will fix these bores. Since 1989, we have repaired or fixed about 144 bores. It is not cheap; it has been at an average cost of about \$44,000 to do that work. However, it is important to take note that the flow saved has been about 23 000 megalitres per annum, which is a saving of about the same yield that comes from the Bjelke-Petersen Dam in Kingaroy each year. That provides a major source of water for some of those areas in the South Burnett. We are providing that money for fixing bores each and every year now, and we will continue to do so as.

Also, The Commonwealth Government has agreed to help to provide for that south western study that you asked about earlier. It is going to approve a couple of pilot projects there as well whereby we will be piping into bore drains rather than run them into the open-flow channels where

there is another great wastage because of evaporation. It is estimated that only about 10 per cent of the water that comes out of the bores and goes down open-flow channels is actually used for stock or for other purposes on those properties. Most of the rest of it is either evaporated or is used by kangaroos and feral pigs because they are assured of water, too. So, we will put in piping and stock points.

There is already a trial under way known as the Kawayna bore area just west of Goondiwindi where we are looking at doing this work, in conjunction with a group of farmers, from a subartesian flow, not one of the artesian flows. I believe that is going to be highly successful because we are conserving the water and we are building the pressure back up again. I believe that we will be able to put new life back into the Great Artesian Basin once more, which is the only water supply for something like about a third of Queensland.

**The CHAIRMAN:** That completes the block of 20 minutes for the Government members. We now revert to the non-Government members.

**Mr PERRETT:** Still on the issue of funding, at page 98 of Budget Paper No. 2 the Government sets out the forward Estimates for allocations from the Consolidated Fund to the financial year 1996-97. The Department of Primary Industries allocation from that fund is to fall from \$483.7m in 1994-95 to \$424.6m in 1996-97. The notes to that table talk about a decline in drought freight subsidy costs, but that would hardly account for savings totalling \$59.1m over that period. So what other cuts are to be made to meet this target?

**Mr CASEY:** I think what you really have to look at is what goes into that particular fund in this financial year. Some of the things that will start dropping out by then relate to the sugar package and things such as that where we get a cut-back in figures. Can I have the figures again where we are cutting back?

**Mr PERRETT:** You are cutting back from \$483.7m in 1994-95 to \$424.6m in 1996-97, which is a reduction of \$59.1m.

**Mr CASEY:** They are forward Estimates and plans on current programs that are in place. Now, they adjust from year to year as we move ahead with our program measures on that; they are entirely flexible. They are only just forward estimates at this stage. We now have a different system within the Department. Prior to a meeting held in February each year, the different groups within the Department start to work up their needs and requirements for the new financial year, and this is where we start looking at the new initiatives that we are going to need or require within our Department. When they have got them, they gather them and bring them forward to sit down with me to work out exactly what is going to happen and what is going on there. Then we find out what we are going to do for the next year. Then our full bids go up to Treasury from that. For the actual figures that you refer to—I will ask my Director-General, Mr Fenwick, who might like to comment further on those figures in the forward plan.

**Mr FENWICK:** Some of the major changes are reflected in those forward Estimates, for instance, drought subsidies. There is an allowance of \$15m this year. We are forecasting perhaps \$5m. That accounts for \$10m of the change. There are carryovers of about \$6.8m involved in next year that we are not showing in 1996-97.

In terms of the Capital Works Program—the program is projected at \$8m as against \$16m this year, but that simply reflects the fact that there are projects coming through the system that the Government will have to address. If they get approved, then they would go on the program, and the forward Estimates would get adjusted accordingly. There is a whole range of those sorts of things that account for that change. As the Minister said, they are issues that will be addressed each year as we adjust our forward Estimates over time.

**Mr PERRETT:** I refer to page 289 of Budget Paper No. 3 and the proceeds of sales of native and plantation timber. With respect to the export of woodchip from the Wide Bay area, I ask: what will be the real return to the budget from these sales?

**Mr CASEY:** The real return from that woodchip project is to the people of Queensland, or the economy of Queensland, through the sale, the work and the operations there. That has been estimated at about \$124m over a period of about 10 to 11 years for the project. The project itself is reliant on the thinnings coming out of the State plantation program in a particular area of Queensland from Maryborough through to Gympie. It is being done by a company that has been formulated between Sumitomo and Hyne of Maryborough. The whole thing really means that in sales over that period and in income that is actually coming to the Department itself by way of royalties, there will be—I will just ask Mr Clough, our Executive Director of Forestry, to give us an indication of the amount that will come directly to the Queensland Budget.

The important thing that I want to stress is that it is \$124m that is coming to Queensland. Much of that was wasted previously. It is a new program and a new project. The exports will be made through the Port of Gladstone. It will be loaded through there. The chipping will be done in the Maryborough region.

**Mr CLOUGH:** The revenue to the State over approximately 10 years will be of the order of \$17m. I would point out that what is intended with this sale is that it is essentially an operation to remove the defective and small part of the plantation area to convey benefit to the trees that are then going to go forward for the full length of the rotation. So we are not looking at this sale so much to create direct revenue to the State; it is the benefit that will accrue to the State and the region by releasing those plantations that currently are overstocked. By removing these smaller and somewhat more defective stems, this will then enable us to derive greater benefits when those plantations reach maturity. It will mean we will have larger stems, and the final crop price that accrues to the State will increase quite significantly.

**Mr PERRETT:** I refer to page 285 of Budget Paper No. 3 and the Government's references to resource management in the fishing industry. With respect to the Grand Sea operation—the one that exports live reef fish to Asia—what is the return to the budget, and what is the extent of resource depletion as shown by objective measurements such as the ratio of live fish exported to the collateral damaged and non-target species?

**Mr CASEY:** There is no additional pressure on the fisheries from this particular work. The Grand Sea itself is a holding vessel. The idea of the Grand Sea is that it takes the fish in any case through people who hold existing licences. In this case, the company that has the boat has also purchased additional fishing boat licences—commercial licences. They take directly either from that boat or they buy from commercial fishermen and commercial fisheries.

I think the important thing about the program is that it is not so much a matter of Government expenditure at all. There is no additional Government expenditure other than perhaps the licence fee that they would pay to have a holding vessel. But it gives to Queensland another bow in those exports industries. It gives us a bow that says we can export live fish, just as we export live cattle, live sheep or any other live animals. They bring in a much better price from the restaurant and hotel trade in places like Hong Kong, Japan and anywhere else. It is the opening up of another type of operation, where we will have Queenslanders learning more of the skills that are involved in that particular work. In all, the whole operation is one that brings no additional pressure at all.

**Mr PERRETT:** So there is no direct money coming into the Budget out of that operation?

**Mr CASEY:** Only the licence that the fishermen pay—in the same way as any other commercial fisherman pays in Queensland. That is what we get from that.

**Mr PERRETT:** Do they pay the same licence?

**Mr CASEY:** It is no different from a person from some other country who wants to start up a trucking operation in Queensland; he pays no more of a licence fee than you or I would pay.

**Mr PERRETT:** I move to research. In the Program Statements contained in Budget Paper No. 3 there are a few direct references to research, which most people agree is vital to the future of primary industries in this State. Why has research been played down in the budget?

**Mr CASEY:** Research has not been played down in the budget—not at all. Research by the Department in Queensland is still an ongoing factor at a very high cost. Something like 39 per cent of our total budget operations in Queensland goes into research development and our extension program work. That is a very vital part of it, too.

In the forthcoming year, 1994-95, we will be spending \$97,306,000 in so far as research and development work is concerned, and a further \$79,276,000 on extension work. If you add those together, it is a pretty big sum—\$176m. In addition

to that, we are anticipating about \$22m from the Commonwealth—various research and development corporation groups. We are anticipating a further \$22m from industry groups going into the budget. So we will be spending well over \$200m on research in Queensland in this coming financial year.

What you have to do in the Budget Papers is go right through and have a look in the different areas—\$34.9m in natural resource management, plus a similar amount for extension; our industry services will be \$59m, plus another \$36m in extension work and so on; product marketing and development work; our community services work; our forest production; our water services work; and all the research that goes on in there. You will find that it is that considerable sum that I mentioned. So it is not just a figure in the Budget paper that says, "Research"—this is it—it is a figure that you have got to look at and go through the different programs that are in there in the budget and then you will find what is there.

The other important aspect, of course, about the new research strategy that we have in Queensland is that we are doing it more cooperatively than it was ever done before. Only yesterday, I opened a unit at Queensland University that cooperates with three universities, the CSIRO and the DPI in Queensland. So we are getting better value for our dollar if we mix it together with others.

**Mr PERRETT:** What was the cost in general terms of the *Review of Research* published in 1993 and what influence did its recommendations have in framing the Budget for this year?

**Mr CASEY:** I will take the latter part first: the influence that it had in framing our Budget is exactly what I have pointed out, that is, the mode now is for more and more cooperative research roles. We are doing research projects in conjunction with all Queensland universities. None of them are left out. We are bringing the universities closer to industry by way cooperation with the DPI. That is very, very important, too. I have always felt strongly about the fact that within our universities we have a lot of brilliant people who do theses on various things but they end up being wrapped up and put on a shelf, and no good ever comes of them.

What we are trying to do is achieve a more cooperative research role, and that is the way we are doing it. You will find that, more and more, we are spending moneys that show clearly that cooperative research factor. For instance, at Narrabri in New South Wales we are involved with the Commonwealth in a cooperative cotton industry research centre. New South Wales has a bigger cotton industry than we do, but we are getting the benefit of that research. We are getting the benefit of combined research with the Commonwealth and the New South Wales Government. So I guess you could say that that is a better way of doing things. It is going to give us a better spread of the research dollar, plus it becomes more attractive to get the corporate dollar thrown in as well. That is perhaps one of the big problems that we have in Queensland. It is probably only the sugar industry—there is one other—

**Mr PERRETT:** The cotton industry.

**Mr CASEY:** Yes, sugar, cotton and dairying would be the only three industries that are really contributing the funds they ought to be for cooperative research. The ones that are dragging the chain badly are in the beef industry.

As to the first part of your question—the review probably cost us \$100,000. It was prepared part-time by three people over a couple of years. Most of the other work was done by the Department. It related to normal departmental allocations.

**Mr PERRETT:** That particular review on page 39 attempted to determine staff resources devoted to research within the programs.

**Mr CASEY:** Page 39 of the review or of the Budget papers?

**Mr PERRETT:** Of the review.

**Mr CASEY:** I do not think that the review report is under scrutiny here.

**Mr PERRETT:** The review is not, certainly, but what I am trying to ask is: what is the relevance to the Budget of some of those recommendations? So you are not prepared to answer that?

**Mr CASEY:** No. It is not a matter of not being prepared; I have answered the question you put initially. Your question was: how did the review relate to the Budget strategy that we have put in place? I have indicated clearly to you how it related. I have indicated clearly to you the value of money that we are putting into research this year in relation to the Budget. If you want to question the review, ask me a question about it in Parliament tomorrow.

**Mr PERRETT:** Obviously, it is taking the time of the staff, administration, and all that.

**Mr CASEY:** Me and you, if you have read it.

**The CHAIRMAN:** I think the Minister has indicated clearly that we perhaps should move on.

**Mr CONNOR:** Can I put a question on notice to the Minister? I bring the Minister's attention to page 282 of Budget Paper No. 3 and, in particular, the section Capital Outlays. I also note that in previous years this line item was broken down into fixed capital expenditure, plant and equipment, capital grants and subsidies, and other capital outlays. I ask: would the Minister detail the Estimates in these areas in each program area?

**Mr CASEY:** What is the total figure there that you are talking about? Are you talking about capital outlays on the Water Resources Program? You want it in each program? Capital outlays so far as buildings and improvements are concerned?

**Mr CONNOR:** I was after each program area for this coming financial year. In previous Budgets, it had been broken down into those four areas. It would be the normal process, I would expect, of your Department to do that, and I was wondering if they could take that on notice.

**Mr CASEY:** Well, the thing is—

**Mr CONNOR:** Would you take that on notice?

**Mr CASEY:** Wait a minute, whatever was there previously related to other Budgets. That is not

under debate here now, but the information is there within the Budget papers.

**Mr CONNOR:** Where? It is not broken down.

**Mr CASEY:** Wait a minute—

**The CHAIRMAN:** Order! You have asked a question, Mr Connor. I think you should allow the Minister to at least answer.

**Mr CASEY:** If you look in the Water Resources Program and the various other programs there, you would find that capital works items are accounted for within the Budget papers as you go through. Treasury requirements change; other things change, and we have got it set out within the programs and not just lumped into one huge item. For argument's sake, in capital works buildings, we have got a major expenditure going on in Bundaberg with a major—

**Mr CONNOR:** With respect, that is not the question I asked.

**Mr CASEY:** We have got a major expenditure going on—

**Mr CONNOR:** The question I asked was if they were down in those four areas.

**Mr CASEY:** We have a major expenditure about to start in Charleville for a major, new building there that puts the Department together. We have got many other things, such as that, with buildings. I said earlier in answer to a question—

**Mr CONNOR:** So I gather you are not prepared to answer the question?

**Mr CASEY:**—from Mr Bennett, I think it was, in relation to the Capital Works Program so far as the Water Resources Commission is concerned. There is \$22m going into the Burdekin alone. In addition to that, we have the water infrastructure program. If you turn to page 90 of the Capital Works paper in the State Budget, you will find many of those things that I am referring to set out there. So it is a matter of you being familiar with the programs as set out in the Budget.

**Mr CONNOR:** I am quite familiar with that, Minister.

**The CHAIRMAN:** The time has expired. That is the end of the 20 minutes. Over to Government members. I now call on Mr Bennett.

**Mr BENNETT:** On page 21 of the departmental Estimates statement under Forward Estimates Subprogram, Integrated Catchment Management, the budget for 1993 was \$8,547,000 and for 1994-95 it is \$12,087,000. Can the Minister explain the jump in funding and how successful the Integrated Catchment Program has been?

**Mr CASEY:** The jump in funding has been brought about because of the way in which catchment management work has been so well accepted by the people of Queensland. We started off with pilot programs in five systems. We started off with pilot programs in the Mitchell River, the Johnstone River—actually, the Johnstone River was the first one that we put into place—the Pioneer River, the Mary River and the Lockyer River. They were the five that were chosen first. It has now been

extended. We have four catchment coordinating committees established in the Murray/Darling Basin alone, and that is because we decided that we would go into the Murray/Darling commission work in order to help us with our Catchment Management Program. It has been a great help in that respect. We have another four catchments in Queensland: the Herbert, the Russell/Mulgrave, the Tully/Millstream and the Dawson River systems, where CCCs, or catchment coordinating committees, have been formed as well.

The acceptance of it by communities has been so good that they are out there wanting to keep extending this work in Queensland, particularly once its success becomes known. Three steering committees have been formed: one up in Barron River—Mr Gilmore would be familiar with that—the Nagoa/Comet system and also the Fitzroy system, which is a very broad one covering the whole of the Fitzroy Basin. It will be broken down into groups.

The success of the work to date has led to the drafting of catchment management strategies for the Johnstone and Pioneer catchments, which have been the two most progressive groups. These groups are not Government bodies. These groups come out of the communities and comprise local authorities and industry groups such as the dairy industry, the sugar industry, the cattle industry and the cotton industry in the Murray-Darling area. The local conservation groups are also involved. The different groups are all working together. Instead of the conservationists versus the others, we have got some of the best conservationists in Queensland within these farm industry groups, and they are really working very hard and very cooperatively with the different conservation groups on work that is involved in catchment management. They are doing this because they realise the great value of it.

The demand is present and we are going to have to set up more catchment management groups, because the people who live in these communities are not going to wait until we can catch up with providing the program. They want to get their Catchment Coordinating Committees in place and under way, and they want to get them under way now. The work that is being done is very, very good. It is taking knowledge into those local communities. We are finding that school groups, scout groups and service club groups are all combining with the local Catchment Coordinating Committees to do some of the work of integrated catchment management.

**Mr PEARCE:** I note on page 21 of the Estimates statement that there is a table showing the forward Estimates subprograms, risk management and drought. I see that \$26,406,000 has been allocated. Could you explain how this will assist drought-affected rural producers? What will the money be used for?

**Mr CASEY:** Okay. Mr Pearce, this is a very important question, and I thank you very much for it. This allocation does not mean that we are just pulling money out of our pockets and paying it to drought-affected farmers for their costs or for feeding their cattle, sheep and other animals. What we have done is extend the drought relief program over all primary producers in Queensland. First and foremost, the

very important part of that is the establishment of 12 Property Management Planning Centres throughout Queensland. In the financial year 1994-95, these will cost approximately \$3.25m.

The idea is that the farmer goes along to the Property Management Planning Centre where officers will sit down with him and use all the latest in modern technology, particularly the technology that is available to us from satellite imagery and photography, to develop for him or her a plan. In the development of the plan, an examination is made of where the drainage problems are, where the run-off problems are, where soil erosion will occur if they do not do certain things, and where reversing the lack of a treeing program will perhaps help them. Once that plan of the property is developed, the farmer can then go to the Department's farm financial counsellors who will be able to help them to see how, through an analysis of their income and outgoings, they may be able to borrow additional funds to put into place some of the drainage work or water storage work that they will need for their property. If this program will assist any individual farmers to put in an additional dam on their property that will enable them to survive for three weeks longer during the next drought, then this State will gain from it and the farmers will gain from it. Assistance is also given in helping them to monitor pastures and crops.

Through the extension program, the new extension work that is being done and because of the way in which it is being done, all farmers will be assisted in having the opportunity to do their own research on their properties in relation to risk management and drought alert procedures. What is happening now is that they are able to keep good records. They know what has happened on their property previously, and they know the percentage risk factor and what will happen ahead.

**Mr PEARCE:** I now refer to page 45, which sets out the Industry Services Program in the Estimates statement. I note that expenditure for tick eradication is to increase by \$460,000 to further implement the tick eradication policy that was outlined in 1992 in the State Government's policy document *Building Rural Queensland*. Not wishing to suck additional funding from your Department, I nevertheless wish to ask: just how successful is the tick eradication program and does it have the support of the cattle industry?

**Mr CASEY:** Again, this is a very important question. The announcement of the program came as an initiative of this Government some two years or so ago. We made the declaration that we would look at driving the tick-free line in Queensland back to the Townsville-Mount Isa railway line in a period of 10 years. The reason why that area was chosen is that it has mainly Bos Indicus cattle that have tick and drought resistance built into the breed. However, for the areas south of the line, it became a very important proposal, particularly for people whose properties are along what has been known as the tick line itself. With this eradication program, there was initially a bit of derision. People said, "You're going to get rid of the ticks—ha, ha!" Ticks cost the cattle

industry something like \$100m a year. We cannot afford, particularly as we are competing with other countries in the world on export markets, to throw \$100m in costs down the drain by saying, "You can't do it." Our attitude was, "Let's have a go", and all of a sudden there was the greatest turnaround that I had ever seen.

The industries are now very supportive of the program. Sure, there are still individuals who are deriding the whole scheme, but I suggest that they go to the Taroom Shire area where the pilot program has commenced. That pilot program is going so well that neighbouring areas such as the Boondooma-Wondai area are breaking their necks to get into it too. We will probably be starting a program in that area during the 1994-95 financial year and in the Auburn River area in 1995. We are already starting to move the tick line back. I will ask the Executive Director of Agricultural Production, Mr Nieper, if he will explain how this is being done.

**Mr NIEPER:** Yes, Minister. The support is certainly coming from people who are along the tick line because they can see a market advantage in the area's being clean and, in particular, an advantage in a reduction in the use of chemicals, which is vitally important in our clean and green image and the push in that direction. We can save quite a lot of money and perhaps avoid quite a lot of problems associated with residues later on by eliminating the dipping when the cattle are tick-free. As we demonstrate that we can secure areas and show people that we can maintain the area as a tick-free area, we will get more support as we push the tick line further and further east.

**Mr CASEY:** It is also important to note that to encourage people to move into it we have undertaken a costing structure in these pilot schemes that are under way at the moment that is 75 per cent borne by the Government and 25 per cent borne by the producer. That may have to change as we go down the track. If we are operating this program over an area that is too broad, we will not have the funding to be able to do it. However, industry has now seen the value of the work, and I think that industry will be contributing more funding as we go along.

**Ms POWER:** Minister, I note that it is proposed to extend the Community Rainforest Reforestation Program to the Mackay-Proserpine region in the 1994-95 Budget. The departmental Estimates on page 28 highlight \$0.45m for this extension. The Community Rainforest Reforestation Program in north Queensland is attracting a great deal of attention in other States as an interesting model for cooperation between the three levels of Government and the community in achieving worthwhile land protection goals. What are the relative contributions of the three levels of Government? What have been their achievements?

**Mr CASEY:** Yes, you are correct; it is attracting a lot of interest interstate. Recently, I spoke about forestry matters at a seminar in Canberra. I received a lot of questions from interested people from other States. It is the sort of thing that should have been put into place several

years ago when the row was on between the previous State Government and the Commonwealth over the Wet Tropics rainforest being set aside for World Heritage.

For the private lands that have been degraded in the past, we are providing forestry support with Commonwealth and State funds for planting programs. The local authorities are also providing physical support. Our projected program budget for 1994-95 will be \$1.5m from the State Government and \$1.4m from Commonwealth funds. There will be about \$55,000 provided in local authority funds. In addition, those authorities are providing the use of their depots for planting work—trucks, tools, wheelbarrows, and so on.

The private landowners are also contributing. In many cases, they are digging holes for the planting programs. Once the plants are in the ground, those people will also maintain and water the plants to get them growing. Also, one of the highlights of this year's program will be its extension into the Mackay and Proserpine region as well. Until now, the program was confined to 11 shires—from the Hinchinbrook Shire, to Mossman and the tablelands area. It is being very well received by property owners in those regions.

The extension of the program into the Mackay and Proserpine region is very important. We are negotiating to close down rainforest logging in that area. For 95 per cent of Queensland, that has already been done—this is the last 5 per cent. We are doing this in such a way that people are not thrown onto the unemployment scrap heap. Projects such as this, and its extension, will provide an additional 23 permanent jobs in the Mackay area.

One of the other very important parts of this program is that we have also been using a lot of trainee people. Some 50 per cent of people we have employed to date have gained permanent jobs as a result of the work experience they have gained under this program. So the economic benefit to the regions concerned has been enormous.

**Ms POWER:** On page 27 of the Estimates Program Statements, under the heading "Policy Changes", it is noted that the National Forest Policy, to which Queensland is a signatory, commits Government to providing certainty and security for existing and new wood products industries to facilitate significant long-term commitments in value-adding projects in the forest products industry. Can the Minister indicate what resources have been allocated in the 1994-95 Budget to provide planning certainty to Queensland's wood products industry?

**Mr CASEY:** The Greater Planning Certainty Project is a national project. We, as a State Government, are a signatory, along with the Commonwealth and the other Governments of Australia who have committed themselves to this policy. The broad aim is to make sure that, of the natural forests that we do have in Australia, we set aside those areas that will be required for future generations for national parks, environmental parks, and so on. This will give the timber industry the knowledge of areas from which it can cut its timber in the future. The program sets aside areas from which

timber may be able to be taken on a sustainable basis in the future.

It requires a comprehensive regional assessment of all of the different native forest resources that we have in the State, and the establishment of guidelines for how we can continue ecologically sustainable management of those native forests. It will provide stability of investment, because the timber industry will know from where it will be able to find timber for wood products and for the building and construction industry in the nation and, in our case, the State. It is not only our Department that is involved in this; we are doing work in conjunction with the Department of Environment and Heritage as well. In this year's budget, \$450,000 has been allocated within DPI as one of the new initiative projects for 1994-95. In addition, DEH has been allocated \$320,000 to meet its share of this work. We will be setting out new codes of practice for industry. Industry is very supportive of this program. It is wanting to know now where it is going in relation to investments in new sawmill equipment and new technology in sawmills. Much of that new technology is already being put into place. Our plantation program is well known. I refer to the Hyne & Son sawmill in Maryborough—it is in the Tuan forest area just south of Maryborough—as an example of what you can achieve with new technology. So that the industry can continue to invest on that basis, it is very keen for us to get on with the comprehensive regional assessment of the Greater Planning Certainty Program, so that everybody knows exactly where they are going.

**Mr PEARCE:** A goal of the Government has been to foster self-reliance so as to reduce the impacts of natural disasters such as drought on the community. What programs has the DPI developed and put into place to assist rural enterprises—and individuals for that matter—to become self-reliant? Could you detail the budget allocations made to these programs?

**Mr CASEY:** I did indicate earlier when I was talking about drought, drought management, and so on, that one of the big keys is our property management planning work. This is a very important factor. From that can come our extension work and all of the various other things. Funding for property management planning work in 1994-95 is up to \$3.2m. Industry is making great use of this work. Since we set this work in place, some 2 500 primary producers in Queensland have participated and have had their properties properly planned for future management. In addition, the research programs that we have in place are targeted on the crucial factor of helping producers to achieve self-reliance. As well, our extension program goes very much into this work.

The other thing that I would like to point out at this stage is that this work is totally and absolutely backed by industry organisations, and especially by the Landcare movement in Queensland. We now have about 130 Landcare groups. Each of those has numerous subgroups in many areas of Queensland. The Landcare movement is very strong in this State

on a percentage basis compared with some of the other States. Through our Landcare programs as well, we are doing a lot of the work that helps us to make sure that we foster self-reliance for primary producers on their properties. It is a supportive and educational program.

**The CHAIRMAN:** That completes that block of questions for Government members. Before we move on to the next lot of questions from non-Government members, I propose to adjourn proceedings for about 10 minutes. The Committee has been sitting since 2.30 p.m. We have a long night ahead of us, so we are going to have a short adjournment for about 10 minutes.

The Committee adjourned at 5.03 p.m.

The Committee resumed at 5.13 p.m.

**The CHAIRMAN:** Thank you for your indulgence. As I said prior to the adjournment, it is now the allotted time for the non-Government members and I will hand over to Mr Perrett.

**Mr PERRETT:** Minister, the total estimates for the Consolidated Fund of the DPI on page 98 of Budget Paper No. 2 show only a small percentage change from the 1993-94 year. I am concerned by imbalances in the architecture of the Budget and note that Water Services, the former program of the Director-General, gets an increase of 15.5 per cent while Industry Services received an increase of less than 1 per cent. I am concerned by the apparent lack of priority to Industry Services. The economic health of Queensland and the delivery of products to consumers depend on the efficiency and competitiveness of producers. They require robust technologies, a constant stream of workable innovations and access to good information systems to support their initiatives in farm production. Where can the Government demonstrate a commitment in this Budget to the necessary research in extension services?

**Mr CASEY:** You talk about the overall Budget. Quite clearly, I have already indicated to you that the overall Budget expenditure is up by 5.9 per cent this year. If you go through the Budget you will see that in some industry services there has been a change in program. I mentioned to you earlier that we have a system in place now whereby each of the executive directors, regional directors, senior management staff and I sit down in February and go through the whole procedure and work out what our priorities are going to be. That has been one of the very, very big tasks that we have undertaken in the Department. There is a prioritisation of work, of programs and also, of course, of our research work, which is one of the major recommendations of the report into our research work.

If you look at the program you will see that some of those have changed. I have already mentioned, for instance, that property management planning is a program that comes within the natural resources management area. There has been an increase in the natural resources management area whereas there has been a reduction in industry services, specifically in some of the industries such as the beef industry. Instead of spending that money

on some of the older programs that have been in place since Moses was a boy on horseback riding across the seas, those programs now come within natural resource management. We are doing the property management planning work first. That will change again next year. Flexibilities will develop. Once we have the property management planning work done, it will change into another area. You should not really look at the total figure, you should look at where the programs have changed, and that information is available in the Budget.

**Mr PERRETT:** Does this have something to do then with the decrease in retention and recruitment of scientists to the Industry Services program? The DPI is not only losing experienced scientific support and extension staff but distinguished scientific talent. I cite the recent early retirements including Robin Barke, the former Director of Horticulture; John King, the former Director of the Division of Animal Industry; John Leslie, the former Director of the Agricultural Production Group; Warren Muirhead, the former Director of Plant Protection; Brian Wand, the former Director of the Queensland Wheat Research Institute; Lyle Winks, the Director of Beef Cattle Husbandry and Tom Ryan, the Conservator of Forests. What are the figures for each of the last five years for numbers of scientists in the Industry Services programs?

**Mr CASEY:** I am not quite certain. In a moment, I will ask the Director-General to respond to the specific cases that you mentioned. I believe that most of the people that you mentioned retired voluntarily from the department. Sometimes a lot of emotion is kicked into the scene through the misinformation spread by some people. Recently in Toowoomba, the chappie who was in charge of our feedlot program—a very well-qualified and very experienced man—resigned from the department. Somebody made the comment, "He retired because of the low morale in the department. We are chasing these good people out—blah, blah, blah." In fact, that fellow resigned to hang his own brass plaque on a door somewhere and set himself up in private consultancy. He is now making a darned sight more money than he ever would have made by staying with DPI. That was the incentive for him to go.

We do not mind it when our experienced scientists seek to enter the private sector. That is quite positive, because it means that they are DPI trained first and foremost, and they understand the Department and its policies. In addition, it gives us the opportunity to employ young graduate scientists off the floor or straight from university, which gives them the opportunity to work their way up in the Department, train themselves and develop their own skills program. The Director-General, Mr Fenwick, might respond to the specific cases that you outlined.

**Mr FENWICK:** Quite a number of the people you mentioned simply retired. For instance, John Leslie was well past the age of 60, and he chose to retire. You mentioned Dr Brian Wand from the Queensland Wheat Research Institute. In Brian's case, he was certainly able to stay on with the department. There was never any difficulty with a

position for Brian, but he chose freely to retire from the organisation. You mentioned Ian Muirhead—I think you might have called him "Warren" Muirhead—at Indooroopilly. I sat down and discussed at some length with Ian his reasons for retiring. He wanted to set up his own private consultancy. It was a very similar situation to the one that the Minister outlined with the gentleman in Toowoomba. All of the people that you mentioned had opportunities to stay with the Department, and they chose to either voluntarily retire or go into private business. Tom Ryan is another good case in point. I think that many people reach the point where they make judgments about their superannuation, and Tom chose to move where the superannuation was running. In fact, he is following a career in forestry elsewhere in Australia at the present time.

**Mr PERRETT:** Would you be prepared to provide to me on notice the number of people who have either resigned, retired or been terminated and also the numbers who have been recruited to replace them?

**Mr CASEY:** I think you are talking in the past tense there. However, I can give you that information now. Since the amalgamation of the three former departments into one department, naturally one would expect that savings would have been effected, and that has been the case. There have been savings through the restructuring of programs. One way of looking at it is that, within the Department, we have been able to downsize. Another way of looking at it is that we have been able to save the taxpayers of Queensland an enormous amount in the contribution that they had been making to the operations of the Department of Primary Industries and the two former departments of Water Resources and Forestry. That has been achieved in various ways, including new management programs, the teaching of new skills and regionalisation.

It is not the prerogative of this Committee to consider who resigned in 1991 or 1992 or at whatever time. It can be gleaned from the Budget papers that from 1993-94 to 1994-95—that is, from 30 June this year to 30 June next year—we expect that there will be only eight or nine changes in staff numbers. Most of those will occur because people have reached the age of retirement, and those people will not be replaced. We have had to provide retraining to a few people within the Department. We have done that very successfully. Over a number of years, we have retrained 113 people to perform other jobs within the Department. That is about twice the number that DEVETIR has been able to retrain on behalf of all Government departments.

It must be borne in mind that people's tasks are changing. On one of the first visits I made to a research station at Julia Creek, I recall discovering that a young female scientist who had just graduated from university was given the job of early each morning, at midday and each evening, testing the vaginal temperature of 10 ewes in order to study the fertility cycle in sheep. That was the last thing we wanted. If we did not know that by now, something was wrong. Instead, at that stage we needed

financial counsellors in the sheep industry, and that is what we put in place.

**Mr PERRETT:** For the past five years, what are the number of scientist positions transferred from research to extension or extension to program management?

**Mr CASEY:** I do not know that we would have exact figures for the individual disciplines. As I have already pointed out, there have been a number of changes to programs. A person whose main area of training was the blowfly problem in sheep cannot be converted overnight into a counsellor on pasture work for the beef industry in central Queensland. There have been a number of changes, and it would be very difficult to trace the path of individuals.

I have already mentioned the successful retraining programs that we have undertaken. At present, only three officers engaged in old programs do not want to retrain. They have that choice under the redundancy or retrenchment programs. The individual scientist has a choice about whether he wants to convert from being a sheep blowfly expert into a plant pathology expert. A number of staff have gone into the extension program and are training in the new extension work. That training is being carried out at the Gatton campus of the Queensland University. That institution has been very successful in training our people in the new extension work as they come back into the scene. Some of our researchers are currently undertaking field work, which is also very positive, because it improves their knowledge and skills in their particular discipline.

**Mr PERRETT:** I am concerned at the seeming inability of the Department of Primary Industries to remain within Budget Estimates each year. I have no argument with DPI spending what it has to spend in order to get the job done, but in the days of user-pays, I think producers deserve a degree of certainty. Funding for the Industry Services Program in 1994-95, as shown at page 290 of Budget Paper No. 3, is estimated at \$123.323m; that is a rise of \$437,000 on estimated actual expenditure for the year ending 30 June 1994. Estimated net funding for the program for 1993-94, as shown on page 319 of Budget Paper No. 3, was \$119.306m. Why was the program Budget exceeded by the amount of \$3.58m?

**Mr CASEY:** Let me take the first question that you raised in relation to Department overruns. I do not believe that there have been massive overruns, which I think was the term that you used. Rather, within our Department, our people have very much learned to live within Budget, compared with what was the practice under the previous Government where, if there was an overrun, they would simply get voted some extra money by the Cabinet of the day and it would come off some other program somewhere else. Sure, we have had very tight Budgets, and we have now learned to live within those Budgets, and I believe because we have learned to do that, we have a better, more functional, more operative Department and one that is providing a more concise and direct service to the primary sector within the communities. I would just like to ask

the Director-General if he would comment on the figures that you used.

**Mr FENWICK:** Could I perhaps ask you to refer back to the page that you referred to?

**Mr PERRETT:** The pages that I referred to were page 290 and page 319 of Budget Paper No. 3.

**Mr FENWICK:** I would simply reiterate the Minister's statement. The Department has not overspent its budgetary allocations. What happens during the currency of the year is that certain adjustments are made, we reallocate funds, we go through a reallocation process with Treasury that looks at the way we are running our programs and we make bids on Treasury for supplementation for various elements of our programs. I think what the changes reflect between 1993-94 and the actuals for 1993-94 is that we are going through an adjustment process during the currency of the year. I think it would be remiss of us if we did not make those adjustments. We look at all of our programs right across-the-board. I think that you will find in all of the Budget Estimates for 1993-94 and the estimated actuals for 1993-94 that there is a wide range of individual differences that are all part of that reallocation process to keep on track.

**Mr PERRETT:** The Department's corporate plan estimates the State component of funding for the Industry Services Program at 73 per cent and the Commonwealth component at 8 per cent. The other 19 per cent is attributed to other special funding sources. Exact percentages might vary from year to year, but 19 per cent of an amount like \$120m is a lot of money. Where does that money come from and how much of it is charges against industry?

**Mr CASEY:** I have already pointed out that it is not really a charge against industry. Let me use the Sugar Infrastructure Package as an example. This Government has been very successful in getting the sugar industry to contribute to some of the programs and some of the work that we are doing. That has been one of the great successes. In conjunction with us, the sugar industry is contributing money to the BSES, as are various industry groups. I think much of what you are referring to comes from the research and development corporations. That, of course, is a source that is reliant on industry contributions. As I pointed out earlier in one of my answers, the contributions, for instance, into those research development corporations are not as good from some industries when it comes to matching funds from the Commonwealth. That is one of the areas that we are hoping to better in this financial year. We hope to get industry itself to contribute more funds, which means that we get more funding from the Commonwealth.

**Mr PERRETT:** The Department's corporate plan at page 41 tells us that 43 per cent of expenditure within the Industry Services Program is devoted to research. Page 291 of the Program Statements tells us that external funding of research will reach almost 35 per cent this coming financial year. Industry is thus paying directly for \$18.55m worth of research, leaving the State Government to fund less than \$35m. Do you regard that as a satisfactory level of support for industries which

generate, as you said earlier, \$5 billion in exports and 11 per cent of the State's employment?

**Mr CASEY:** I do not think you have your figures right there. If you go right into it, as I mentioned earlier, when it comes to research and development, we are providing \$97.3m and a further \$79.276m for extension work. That is what is being provided out of this Department at the moment, plus we are getting \$22m from the Commonwealth and \$22m from industry groups. I think it is important to set targets and goals for research work. For instance, the timber industry contributes up to 50 per cent towards research. Only this morning, one of my ministerial colleagues, after he had been for his early morning run, told me that he had met another runner, who trotted along with him, who was from one of the timber industry groups. He said how happy the industry was with the way research was going now. In fact, the 50 per cent that we are providing is now a much higher amount than what we were providing before because industry is prepared to put in its 50 per cent. It is the industry that gets the real value out of that research work; that is the important point we have to focus on. Industry will not pay any more for anything other than the value that it gets from a contribution or a portion of that value and if there is not a dollar in it for industry, it will not put up a dollar.

For instance, the grain industry, which is one I understand you know fairly well, has said that they will not put in up to 50 per cent for research work. However, we are working on a new cooperative program with them to try and see what can be done. I have already mentioned the beef industry. It makes a 35 per cent contribution towards the research work that is done for it. Really, it is up to industry.

**The CHAIRMAN:** That completes that block of questions from the non-Government members. I will now turn to the Government members and call on Mr Bennett.

**Mr BENNETT:** Forest plantation timber is starting to play a big role in the economy of the Gladstone area with the woodchip coming from the Gladstone port and the stick makers factory in the Gladstone area that you would be aware of. I refer to Forest Production on page 289 of Budget Paper No. 3. It states that in 1991-92 the Forest Production Program had a cash deficit of \$8m and in 1993-94 a surplus of \$10m and is expected in 1994-95 to have a surplus of \$16m. This represents a \$24m turnaround since 1991-92. Can you advise the Committee of the reasons for the big turnaround and what progress has been made to put this business on a commercial basis in the lead-up to the corporatisation of this enterprise?

**Mr CASEY:** Most of the turnaround is because of a 90 per cent increase in the amount of material sold from plantations over the last four years. Our Forestry Plantation Program is now really coming into its own and more and more of those plantation forests are reaching the stage at which we can sell contracts for millable timber. There has also been, in exactly the same way as in other sections of the Department, a reduction in costs in forest services; in other words, we have become a little leaner, a little meaner and a little hungrier, just as we have right

across the Department, which has enabled us to effect considerable savings. The whole thing, of course, means that the economic production of timber in Queensland is increasing. Over the next two to three years, we will probably have further increases. This will bring us into the corporatisation program within the Forest Service. But there will still be a major return to the Government each year from the forests through the sale of timber.

**Mr BENNETT:** I refer to page 85 of the departmental Estimates statement. It mentions that 3 000 hectares of softwood plantation are to be established in 1994-95. Can the Minister outline how much this will cost and what benefits this will bring to the Queensland taxpayer? What is the current size of the softwood industry and its prospects for the future?

**Mr CASEY:** We will probably expand the industry by a further 3 000 hectares in this coming financial year. The sum of \$6m has been set aside for that particular work. In following years, there will probably be additional expenditure again, because if you are expanding your production areas you have to continue that growth to meet the expansion within the community of timber use.

We are getting to the stage now where plantation timber harvests for the 1993-94 year are expected to be in excess of 1.1 million cubic metres. We will not know the full figure until the end of the financial year. We have something like 50 processing plants—sawmills—in Queensland that are wholly or partially dependent on Crown plantations. Some are small. Some are very major ones, such as the Tuan one in Maryborough that I mentioned a short while ago.

We have just let out further major contracts over some of the softwood plantation areas to CSR on the north coast and to Hancocks of Ipswich. They will be able to expand their shifts and do extra work in relation to it and thus create more industry in the area, more jobs in the area, and move into that bigger plantation work.

Add to that in value the thinning program which we have started, and which I also mentioned before, in the Gympie/Maryborough area in relation to the woodchip program. New sales of something like 200 000 cubic metres of plantation log timber are expected to be made across the State during the 1994-95 financial year, which is going to contribute greatly to the economic wellbeing of the timber industry in the State.

**Mr BENNETT:** Earlier you referred to the fact that, in the Industry Services Program for 1993-94, some 50 per cent of the timber research was externally funded. Could you outline the extent to which the timber industry contributes to timber research and the mechanism your Department employs to ensure that the industry plays a significant role in determining the direction of timber research?

**Mr CASEY:** I have to go back a little and relate to the Public Sector Management Commission's report on the Department in 1990. From that report, they looked at the value of research in the timber

industry and the need for us to look at the fifty-fifty funding program. We sat down and formulated a Timber Research Liaison Committee between my Department and the industry. They set out to initiate—in part, initially, and then as a whole—the PSMC recommendation. I guess the answer came to me this morning from my ministerial colleague and his jogger mate as to how happy the industry is that we have now done this.

Annual expenditure on timber research is somewhere around \$800,000. From a figure of 35 per cent in 1991-92, the industry has now moved up to that 50 per cent. It is going really well, and it is very successful for the industry. It is leading to more economic input and different types of work being done within the industry. Much of the sawdust and small stuff is ground up in an industry in the Gympie area and then pressed back into architraves and things such as that. This is also providing an export market. Formerly, it was considered as waste within the timber industry. Those sorts of things have been very beneficial.

**Mr BENNETT:** Do you believe that an industry is sustainable with the new plantations being set up?

**Mr CASEY:** Yes, so long as we keep up our plantation program, which I mentioned before. If we keep up our plantation program and keep increasing our plantation program in all areas of Queensland where it is possible to do so, we will have not only a sustainable industry but an industry that is going to sustain the needs within the community. It is not going to be done with wholesale clearing of native timbers around the place. For instance, our CRRP program was mentioned by Ms Power. The work that we are doing in the plantation work there means that, once more, in 30 to 35 years' time we will have a major cabinet wood and hardwood timber industry in north Queensland. That is very important because, over a number of years, it has been in very serious decline.

**Ms POWER:** I refer to the State Water Conservation Strategy. I refer to page 285 of Budget Paper No. 3 and the departmental Estimates statement on pages 27, 29 and 91. What action has been taken to plan for future water needs of the community, and what ongoing costs will be incurred?

**Mr CASEY:** This is a very important question. What is happening in 1994-95 is coming on the tail of what we decided to undertake after the 1992 election, when our Government was re-elected, to look at a long-term strategy for the water industry.

If you look at all the major water construction and conservation projects in Queensland, you will see that they all came about as a result of political pressure somewhere. When I became Minister, I found a dam, for instance, in the Callide Valley area—the Kroombit Dam—was under construction, and we had to continue funding it. Our major capital works funding, other than the stuff for the Burdekin, for the next two years went into the completion of that Kroombit Dam. It is not holding a drop of water at the moment. We are still waiting for an opening date. I am not going to go up there and open an empty dam; that is for sure. Obviously, it was built in the wrong place. It should not have been proceeded

with. It just did not have a priority for a water strategy program.

We had another one that was built near Mitchell to satisfy the requirements of a former State Government Minister in the previous Government. The Government of the day was advised by people from the Water Resources Department that it would fill up with sand. We get the big floods out there in south-west Queensland, and it is full of sand. It is the only dam or weir structure in Queensland where you can hold horseraces instead of boat races.

We wanted to get away from that political implementation of things and get onto a strategy where things would be of use to industry in those areas. That has been the style of our water strategy. That work is continuing, as is the Sugar Infrastructure Package.

The Kelsey Creek irrigation project is being put into place for \$6.5m in the Proserpine region. We are building the Eden Bann Weir on the Fitzroy River for \$5.1m, which will provide the necessary water for a new power station in that region. Three major storages will start in Queensland this year, including the Teemburra Dam in the Mackay region and the Walla Weir—parts of the Sugar Infrastructure Package—plus the Francis Creek Dam on Palm Island. They are very important programs that are under way, and they have all come about because we are looking at needs, requirements—especially industry requirements—and where the pressures are there.

We are doing a further series of strategic reports coming down from the major plan on each of the smaller areas of the State. We have already released one for the Port Curtis region, because of the future pressure that is going to come there as a result of the expanding industrial development. The Pioneer region, or the Mackay region, was done because of the need for the Teemburra Dam—for work not only for irrigation but also for industry and for local government purposes. I think up in the Cairns region is one of the next ones. Where we have got that population increasing pressure and the need for more water, that is where we are working.

**Mr PEARCE:** One of the great initiatives of your Department has been the Rural Communities Water Supply and Sewerage Scheme, which has benefited a number of small rural communities. I know some small communities in my area have already benefited from that scheme. Could you please detail the funds already allocated to this scheme and advise if the scheme will continue? If it is to continue, what funds have been allocated in this Budget? Also, are Aboriginal communities included in this scheme?

**Mr CASEY:** First of all, I would like to have the Committee know that I acknowledge your own individual role in this very, very early in the piece in the little township of St Lawrence, which was then in your electorate. As a young contractor 30 years ago, you helped to put in a water supply scheme there that was dreadful. It was coloured water all the way then. We have now got, thanks to this particular scheme, a packaged treatment plant in place there. That is what it is all about. We did a survey and we

found that there were 300 small towns and localities in Queensland that had either an insufficient water supply, a poor water supply, a bad quality water supply or none at all. The same applied with sewerage. With this program, we did pilot work with it and, thanks to your good work, one of the first of those was St Lawrence. Having done that work now and seen the appreciation that has come from local authorities in relation to it, we are expanding this program this year.

It is one of the great rural initiative programs that we have had in place that was announced by Cabinet a month ago, and which was included in the Budget. Over the next three years, we have upped the ante. We are going to be spending something like \$25m in meeting these requirements of the small communities throughout Queensland where people did not have a decent drink of water. I believe every Queenslanders living in communities is entitled to that.

We have gone a bit further in this Budget. In our last Budget, we set \$400,000 aside and spent that in setting up an Asset Management Unit to assist the Aboriginal and Islander communities. Again, they just do not have a decent drink of water. They are Queenslanders; they are Australians. They are just as entitled to good water as is each and every one of us. So we set this in place. As a result of that, the Federal Government is prepared to put up \$10m for seven Island communities to put a proper water supply in place. We have undertaken—and I think that it is nearly \$500,000; yes, \$578,000—as one of our new initiatives in this coming financial year, 1994-95, to carry out the maintenance work in relation to those schemes, to do the necessary operational work and, more importantly, to do the necessary training work of people in those Aboriginal and Islander communities so that they can then learn and get the knowledge and the understanding of how to operate their own plants for their own benefit in their own areas.

Both of those are very, very, important initiatives—the extension of that Rural Community Water Supply and Sewerage Scheme, and also the work that we are going to do for the communities in the Torres Strait Islands. Believe you me, it is very much appreciated by the Torres Strait Islander people as well. As we move down the track with our asset management in the Aboriginal communities—Mornington Island is a classic example where they had real problems. We have fixed those up for them. They have now got a good water supply.

**Ms POWER:** I refer the Minister to Budget Paper No. 3, page 283, in regard to primary and secondary school education programs about Waterwise being established to assist in student education about water conservation. This is a major extension of the Waterwise program. I wonder if the Minister could inform the Committee of how successful this Waterwise program has been?

**Mr CASEY:** It has been very successful indeed because, again, we have the cooperation of the people. We have gone out to the people and said, "Hey, look, this is a problem. We are using too much water. If you can do these things, particularly

through your local authorities, you can save anything up to \$40m in water production costs annually." You can save anything up to another \$40m deferring the need for additional capital works as you go down the future program with it. It is important. You mentioned the educational programs with children, right through from primary to secondary school, in how they can save water. Let me, first of all, tell you just some of the results that are happening in this financial year. The Maroochydore Shire Council reports a 25 per cent reduction in water consumption for that shire. So that is a 25 per cent reduction in pumping costs. That is a 25 per cent reduction in maintenance costs right along the track that was achieved through following the Waterwise program. Toowoomba City Council—\$130,000 saving in water production costs just in the first year. Hinchinbrook Shire Council—\$60,000 saved in lower pumping costs alone for the township of Ingham. The Hervey Bay City Council has been one of the most successful. It reported a 30 per cent reduction in water consumption figures. That saves the major cost for another major storage somewhere up there to provide a water supply for the area. Hervey Bay can now go about five to eight years further before having to meet that need and that requirement at. So it is a very good program. It is a very successful program. It is one that is a very, very simple program.

Most of you have probably seen the television ads about Waterwise—with the big drop of water—and how you can save. Turn off the tap while you are cleaning your teeth; broom down concrete before you wash it—all of those types of simple little things. Do not leave hoses running in your yard. Make sure you stop all your taps leaking. It is absolutely amazing. If people become a little bit more water wise, a little bit more water conscious, savings can be effected to them as individual ratepayers.

**Mr BENNETT:** I refer to page 21 of the departmental Estimates statement which states that the Land Assessment and Protection Subprogram Budget for 1994-95 is \$17,078,000. With reference to this program, what is the Department doing to protect food productive, agricultural land from urban sprawl?

**Mr CASEY:** The protection of valuable agricultural land is a very, very important thing so far as Queensland and its future is concerned. Although we are a big State and we have plenty of room in the State of Queensland, people do not realise that only 4 per cent of the surface area of our State can be considered as being valuable agricultural land. Most of the rest that is not used for either urban development or for agricultural land is pastoral land in one way or another—some of it good, some of it not so good. As Mr Hobbs from western Queensland, whom I see here, would well and truly know, the carrying capacity varies tremendously over the different areas of the State. But something like only 4 per cent of it is what we call valuable agricultural land. It is necessary for us to look at where we are expanding other uses of the land to make sure that we do not encompass our valuable agricultural land and that it is going to be there for the production of food in the long term. Some of the foodstuffs that we grow in Queensland at the

moment are scarce. We do not have a great deal of them. We certainly are major exporters and we are big producers of food, but maybe not always—

**The CHAIRMAN:** That completes the allocation of time for the Government members in that block. I will now hand over to the non-Government members.

**Mr HOBBS:** I seek leave to ask a question of the Minister.

**The CHAIRMAN:** Mr Hobbs, the member for Warrego. Leave is granted, Mr Hobbs.

**Mr HOBBS:** Mr Minister, what funding was provided for legal defence in the Water Resources Section in 1994-95 and what increase or decrease is this figure over the previous year?

**Mr CASEY:** So far as I am aware, there are no specific budget items in relation to legal costs. Are they in the Budget Papers there?

**Mr HOBBS:** That is why I am asking. I believe that there probably should be something in there, and I just have not been able to take them down. I thought perhaps you may be able to provide them.

**Mr CASEY:** I will throw the ball back straight to you. You tell me the page and the line number and you might like to look it up and answer the question.

**Mr HOBBS:** The thing is that they are not shown in the budget, but I know that somebody must have—

**Mr CASEY:** Where are they shown in the budget, then?

**Mr HOBBS:** I am saying to you that they are not shown in the budget, and that is what I am asking you through this Committee. What is provided?

**Mr CASEY:** You were not here earlier, but I did answer a question that related to it a little bit. In answer to that question, I indicated that we have a legal and legislative section in our Department. Mr Perrett, I think you asked a specific question somewhere down the track on it. I indicated clearly to you that there is no specific allocation for that. It is stuff that is done by staff. There is no breakdown in the budget of what the Director-General does all day, every day, either.

**Mr HOBBS:** That is right. Therefore, if funding is required—

**Mr CASEY:** If funding is required for legal activities, it comes out of the normal allocation. The salaries of the people concerned are paid in relation to it and it becomes a necessary expenditure of government. If you can find the line item there, keep looking and speak to me later.

**Mr HOBBS:** How many legal cases is the Water Resources Commission committed to this financial year?

**Mr CASEY:** How many cases - of what?

**Mr HOBBS:** Legal cases, for or against the Government.

**Mr CASEY:** I think that is a silly sort of a question, quite frankly. Who is going to sue you—

**Mr CONNOR:** Do not cast aspersions on the Committee, please.

**Mr CASEY:** I would say the same to you if it was the same question. How many people are going to take a legal writ against us?

**Mr HOBBS:** No, the ones that are committed.

**Mr CONNOR:** Do not cast aspersions on the Committee.

**Mr CASEY:** Mr Connor, how many people are going to take out a legal writ against you tomorrow? Who knows?

**Mr CONNOR:** I am not here to answer your questions.

**The CHAIRMAN:** Order. Any remarks should be made through the Chair.

**Mr CASEY:** I am sorry, Mr Chairman.

**The CHAIRMAN:** That is okay.

**Mr CONNOR:** The Minister should not be casting aspersions on the Committee.

**The CHAIRMAN:** Any remarks should be made through the Chair. I think the Minister has indicated to Mr Hobbs that the item is not in the 1994-95 Estimates, so I will ask Mr Hobbs if he would perhaps like to move on to his next question.

**Mr HOBBS:** Thank you, Mr Chairman. Your Department would be familiar with a recent court case that occurred at Warwick on 4 February 1994 between Mr Broderick and Mr Reynolds where \$17,614 was awarded in costs against your Department. In view of the costs to the taxpayer, are you aware that the two officers of your Department, including Mr John Amprimo, conspired to obstruct the course of justice in order to obtain a conviction, fabricated their evidence, and provided documents containing false admissions by the land owner? Are you aware of the case? Have these costs been adequately been provided for in the 1994-95 Budget? What positions do these officers presently hold in your Department?

**Mr CASEY:** I mentioned earlier that legal cases are normally funded out of wherever—within the normal section of the budget—the Corporate Services section, or wherever it might be. I do object to the terminology that you used in relation to two officers of my Department. I strongly object to the implications, whether a court case found against them or whether it did not.

I understand that in so far as the case involving Mr Amprimo is concerned or the case against Reynolds, the prosecution action was initiated after complaints were lodged with the Department against Mr Reynolds and that it was a normal follow-through in relation to that aspect. The court found against the Department, and that is it. We accept and obey the actions of the court and the awarding of costs in so far as the court is concerned, and that will come out of the normal operating budget of the Department.

**Mr HOBBS:** Thank you, Minister, for that answer. Were legal proceedings administered and advised from the Brisbane office? If so, by whom?

**Mr CASEY:** I think the question is drawing the longbow. I have answered the question in relation to

the costing arrangements which is what we are really looking at in the budgetary Estimates. I think that the question you are now asking is one that ought to be addressed to me in a letter or, if you want to ask me a question in Parliament, do so. It is an operating matter rather than a budgetary matter.

**Mr HOBBS:** Thank you, Minister, for your answer. I refer to the proposal for corporatisation of the Water Resources section and I ask: when is this likely to come into effect? Will it be on a revenue-neutral basis, or will Water Resources be expected to make annual contributions to Treasury? If so, how much?

**Mr CASEY:** The latter part of your question is yet to be determined. At the moment, we have set a target date of 1 July 1996 for the corporatisation of Water Resources, which is being done in order so that it can act commercially and be adjudged commercially. The major factors relating to how that will be done have yet to be worked out. As has been the case with other corporatisation objectives of the Government, that will be worked out. We are doing the same as far as the Forest Service is concerned in the coming financial year. Hopefully, the Forest Service will be corporatised by 1 July 1995.

The parts of your question that relate to what is going to be paid to the Government and what is not going to be paid to the Government still, as yet, have to be determined. They are a long way down the track. It is a long way down the track to us reaching the stage where we can say what sort of a return we would be looking for from it. We are a long way from determining what sort of further contribution the Government will have to make in relation to the services that we now provide through that section. All water impoundments in Queensland - or most of them, anyhow - have some sort of recreational facility where we allow camping and charge a fee for it. That return will come to the Government, but we also have to pay Water Resources or the Forest Service, whichever is looking after the facility, some money for the maintenance of those facilities and we also have to make contributions as far as the structures that are really needed are concerned, for example, the toilet blocks, the picnic areas and, in the case of water sports, boat ramps, etc. Where do we go in the future? What do we do for Teemburra Dam and the Waller Weir? All those things have yet to be determined, so your question is a little bit premature.

**Mr HOBBS:** You said that you are looking for a return. Therefore, we can expect that there will be a contribution to Treasury.

**Mr CASEY:** Sure. There is no point in corporatising a group unless it is in order for us to establish some sort of return.

**Mr HOBBS:** You could not have a revenue-neutral arrangement?

**Mr CASEY:** It is a return to the taxpayers of Queensland for the asset which they own. It is not your dam or my dam; it is not your water or my water. It is water that is put in place because the taxpayers of this State have been prepared to make major contributions - I emphasise "major contributions" - to put those facilities in place. The taxpayers of

Queensland are entitled to a return from that in exactly the same way as the water users who use the water are entitled to get a better return from their property for the water that they get.

The water impoundments do not belong to a group of irrigators downstream; they belong to the taxpayers of this State. They are the ones who have put up the money for it, and they are the ones who want the contribution in place. That is why in some of the new stuff that we are doing - and the Sugar Industry Infrastructure Package is a classic example - industry is contributing to a system. We are saying, "Okay, in the Teemburra Dam case, the money that is coming from industry will be used to fund the reticulation aspect. A water board will be formed among the people who are getting the benefit from it and they will be in control of the reticulation, the operating and maintenance costs, and if there are any savings that can be effected, those savings go back into their pockets." That is the whole idea behind it. The assets structure will still remain the assets of the taxpayers of Queensland.

**Mr HOBBS:** I refer to water charges on privately owned water sources and ask whether any Government charge will be placed on these sources?

**Mr CASEY:** I am sorry?

**Mr HOBBS:** I refer to water charges on privately owned water sources and ask if any Government charge is likely to be placed on those sources, either this year or in the following year?

**Mr CASEY:** Mr Hobbs, I think I have answered this question for you on about six different occasions in the press throughout Queensland and in the Parliament as well. I have chastised you and others for the misinformation that you have been spreading around Queensland about this work. The summary of our water charges investigation has come about—and it will be going to Cabinet within a month or so—because of a major report that we have compiled, which we have released publicly in Queensland. We have held a series of public meetings around the State. At those meetings, Water Resources officers have explained the misunderstandings and mischievous representations about this work.

Again, I repeat that the whole of that report and the recommendations that will go to Cabinet will relate wholly and solely to assets owned by the people of Queensland. It will relate to the assets that have been put in place by my Department. A dam or bore on your property is your affair at this stage, unless you are in a controlled ground-water area, where there may be a charge because of the complexities of assessing and monitoring bores. That is already the case. That was also the case for a long time under a Government of another political ilk prior to our coming to office.

**Mr HOBBS:** If a landowner has a very old Victorian freehold title that gives ownership to minerals and so on, does that give total rights to underground water as well? That is a difficult question, but I will place it on notice, if you wish.

**Mr CASEY:** My initial answer would be, "No".

**Mr HOBBS:** That is what I thought, but I do not know whether that is right.

**Mr CASEY:** You are talking to the wrong bloke when you are talking about old Victorian titles. I prefer to refer to the titles that have been given to people under the hand of the State of Queensland.

**Mr HOBBS:** Could you provide that information to me?

**Mr FENWICK:** I am unaware whether the Act clearly makes ground water a Crown asset.

**Mr HOBBS:** When will adequate legislation be enacted to provide the real framework to address agricultural drainage problems in Queensland?

**The CHAIRMAN:** Mr Hobbs, I think both the Minister and I, as Chairman, have been reasonably tolerant of your line of questioning, but I fail to see how this line of questioning relates to the Estimates for 1994-95. I am not trying to be difficult. As I said, I am being fairly tolerant. I need you to refer, if you can, to the Estimates.

**Mr HOBBS:** In that case, I refer to page 295 of Budget Paper No. 3, and I ask: what funding has been made available to local authorities in planning to implement necessary drainage provisions within those shires?

**Mr CASEY:** Within which shires?

**Mr HOBBS:** Within any of the shires that will be affected by the drainage and flooding problems that we have in Queensland, mainly in the north.

**Mr CASEY:** The direct answer is that there is no specific provision in the Budget for legislative programs and work. I have already explained that in answer to other questions that I have received from Mr Perrett on this subject. He accepted the answer I gave.

**Mr HOBBS:** In north Queensland, not enough is being done in relation to drainage. It is mentioned in the Budget Papers on page 295. You have not answered my question adequately. What are you going to do, mainly in the legislative sense, to enable these local authorities to carry out the task before them?

**Mr CASEY:** Again, it is rather a pity that Mr Hobbs did not come into the Chamber for the previous line of questioning. He would have heard me speaking about the Queensland Sugar Industry Infrastructure Package and about how this issue is being addressed in the Herbert River Water Management Expansion Plan. There will be \$1.34m from the State Government in this year's Budget. In that area, total work will amount to about \$6m. There are also the Murray Valley infrastructure program and the Riversdale water management program. Again, about \$8m will go into those schemes. About \$1.5m will be spent on the management of the Russell Mulgrave weir. Actually, \$1.5m has been budgeted; only about a quarter of a million dollars will be spent, because a report will be written, for which consultants have already been engaged. Do you want some more?

**Mr HOBBS:** No, thanks. I refer to Teemurra Dam in north Queensland, for which some \$7.6m has been provided this year. The dam will cost over

\$60m. What is the expected completion date and what will be the progressive flow of funds for that? What will be the user cost for water—that is, the allocation and water use charges?

**Mr CASEY:** The Teemurra Dam is the biggest of the projects being undertaken under the Sugar Industry Infrastructure Package. There will be a total expenditure of \$61m. The sugar package moneys will be spent in the first few years of that project in order to make sure that we meet the deadline of four years that the Commonwealth Government has set for expenditure. The work will probably be completed in the 1998-99 financial year—that is, the reticulation to the farms, and so on. That work will be funded by the State Government and, in part, by the industry.

We have arranged the whole package so that we can spend the Government moneys first. That is why our funding is up front. There will be no industry contribution at all this financial year. The work done to date includes the part-cleaning and drilling on the site. During the coming financial year, we will be constructing the access road. We will be getting everything prepared and ready—opening up borrow pits, and so on—so that we can call tenders, which we hope can be let before the end of this financial year so that work can commence on the site by a contractor following the 1995 wet season, if we have one. The work will proceed straight through from there. It will not be like the long, drawn-out projects that we saw in the past. We will get in and do the job so that people can benefit.

As to the charges—the final details have yet to be worked out. A broad program has been set in discussion with local industry and in consultation with the local area. Again, I would compliment the Mackay Sugar Cooperative for the work that it has done and for its preparedness to fund \$10m of the \$15m-odd that the industry is going to contribute to it. It is setting an example for other millers throughout Queensland.

**The CHAIRMAN:** There are now 47 minutes remaining in the time allocated for this hearing. Under the Sessional Orders, this would normally be divided equally between Government and non-Government members. However, as I indicated at the commencement of this hearing, as these Estimates committees are a first for the Queensland Parliament, this Committee is committed to ensuring that it is seen to be working well and in a cooperative manner. The Government members are prepared to forgo any further questioning to allow non-Government members to continue with their line of questioning. I emphasise that they must ensure that they stick to the topic of the Estimates in pursuing their lines of questioning.

**Mrs McCAULEY:** I seek leave to ask the Minister a question. On page 287 of Budget Paper No. 3 it states that key achievements during the year included the establishment of a women's focus group. Is this women's group Queensland Rural Women, and what is the estimated actual expenditure for 1993-94 and the estimated expenditure for 1994-95 for this initiative?

**Mr CASEY:** My Department was one of the first in Queensland to recognise the need to have the

involvement of women in our programs and in our work and of trying to see if we could help women through a support group in this State that in actual fact was a little bit different from most other women's groups. I will never be derogatory, as some people have suggested, of such groups. I have had a long association with the QCWA down through the years. I know of and understand full well the work that it does. Another one that I know very, very well is the Catholic Women's League.

I think the major drought that we have gone through in Queensland highlighted the fact that, particularly in rural Queensland and in the pastoral areas as well as the agricultural areas—perhaps even more so in some respects in the pastoral areas because many of the properties are very, very isolated—women were playing a major role in the operation and management of the properties and they ought to be taken further into consideration.

In my period as a Minister, I have worked to see if we could get more and more of our industry organisations to accept women into their groups and have women as their spokespersons and so on. That is happening now in some of our industries. Last year, we saw the development of the Queensland Rural Women's Network. It sort of came straight out of the ground. I did close the first conference that they had in gathering these groups together on the Sunshine Coast. I spoke to them and then attended a little seminar that they had on all of this work. We are very supportive and we are prepared to help them and work for them as much as we possibly can. A lot of the women who came into this group were women who had got themselves involved in the Landcare movement and the Landcare groups, for instance. I know that, particularly from your own electorate and your own area, people such as Jan Darlington have been the leaders in this particular movement to get more of a focus on women's activities in rural matters and on rural industries.

We have set up in the DPI a Women's Liaison Network which is going to ensure that there is local DPI support in the areas for work that is being done by women. Many of the leading women within our department are involved in that as well, both from Brisbane and out in the commercial areas. It is a very, very important task. I am supportive of it. We have no actual budget figure as such, I believe, in relation to it; it is just part of the general funds that we have with which we are prepared to support them and have done so.

**Mrs McCAULEY:** I give up.

**Mr ROWELL:** Mr Chairman, I seek leave to request some responses from the Minister on questions that I wish to ask.

**The CHAIRMAN:** Leave is granted.

**Mr ROWELL:** Minister, there has been some talk here about the Integrated Catchment Management and the Coordinating Catchment Committee members and those programs that have been introduced throughout certain areas in Queensland. I have to say that I have been supportive of the program that the Government has brought in. However, there are some factors that I

would like to put before the Minister, namely, that those programs appear to be having some difficulty in relation to the time in getting responses in and the fact that they could run for two and three years. I think this will seriously erode the level of finance that is made available to them if this happens. There are probably a couple of options for the Minister to look at. One might be when there are difficulties, to legislate, and the other one possibly could be to extend the finances of those committees. Minister, would you be prepared to do either one of those or both of them if necessary?

**Mr CASEY:** The question is a pretty general question. Unfortunately, we have the same situation again where it will be repetitive to the rest of the Committee. Unfortunately, the person now taking part in the debate was not here to hear earlier comments in relation to this. Mr Chairman, I seek your leave to be a bit repetitive again.

**The CHAIRMAN:** You may, Minister.

**Mr CASEY:** First of all, let me put two things aside. You talk about legislation. At this time I do not know that there will be legislation. This is the old idea that everything you want to do you control somehow or other by Government legislation. The great success of the Integrated Catchment Management movement in Queensland has been that the move is coming from the community. The work is coming from the community. The operations are being done by the community. The planning is being done by the community. The amount and volume of the work that we are doing right now with Integrated Catchment Management work is being done on virtually a shoestring budget. I beg you yourself personally not to leave off from any of this work in your own electorate because there is no legislation in relation to it. I think the last thing that industry and the community want is for us to say, "There is the legislation. That is what you are going to have to do." In catchment management work we are saying to them through our pilot groups, through our catchment coordinating groups, "There are your guidelines within which you can work and operate. See what you can do in your own area in relation to it, but also do it cooperatively and also do it as cheaply as you possibly can."

Another thing that comes with legislation is that you set up some big functional activity that eats up all the money that is there. There is no money being spent in catchment management work on capital works programs, for instance. We are not buying a fleet of cars and a fleet of trucks for everybody to run around the countryside and do things in because we find that the local bloke who has a truck and who is a part of the committee will bring his truck along if something has to be moved on the weekend when they are doing a program. We find that the local Lions group will also do that if they are doing part of the program. We find within the school structure that a parent who has a vehicle available will come and move things. It is the community that is doing the work itself. It is the community that is looking after its own programs in its own way, in its own area, in keeping within guidelines. If we reach the stage where some people object or some people are

clowns in the community—and there are always those—I believe that we would be able to cover any problems that arise under our natural resources management legislation that we will be putting into place shortly, or under some of the existing legislation such as the Water Resources Act. It is the voluntary work that is most important in this regard. The other aspect—and I would repeat it and repeat it—is that it is not a program whereby the Government says, "This is what you have got to do." They get out there and do it because they want to do it. They know their guidelines and they know the needs and the requirements, and we help.

**Mr ROWELL:** Newspaper articles attributed to the North Queensland Regional Director of the Department of Primary Industries have reported that tenders will be called in May or June this year for the construction of the Wet Tropics Research Institute at Innisfail. Could the Minister advise when it is anticipated that this complex will start and be completed? This facility is important to the future of a range of agricultural industries on the tropical coast.

**Mr CASEY:** That is a very important question in relation to the region. I know that the member feels that way, too, because it was his predecessor, Mr Bill Eaton, who as Lands Minister worked very, very hard with me to dispose of the Kamerunga facility and replace it with the tropical agricultural institute in Innisfail, which will bring about five different cooperative groups of the Department that are involved in that particular area into the one scene. That planning work has been very complex, but it is almost complete. Only in recent days the Director-General has sighted the plans for the centre. The estimated cost at this stage is about \$4.2m. It is very important for the region. Construction will definitely start in the 1994-95 financial year and will be completed in the 1995-96 financial year.

**Mr ROWELL:** It is dragging out, though, Minister; that is the point I am making.

**Mr CASEY:** What do you want? Do you want a half-baked facility, or one that is good? You make the choice, and then you will know whether you are going to complain or not.

**Mr ROWELL:** I refer to the Community Rainforest Reforestation Program. I heard some of the comments that you made earlier in the day. Could you provide information regarding the future of the displaced timber workers whose continued funding was not supported by the last Federal Budget? It is really the SAAP Program. According to media reports, the Wet Tropics Tree Planting Scheme and the Community Rainforest Reforestation Program may be combined. Your comments today seemed a little more positive than some of the newspaper reports. If this is to occur, how long will the program be funded for, and will those workers in the scheme remain in the areas in which they are now working?

**Mr CASEY:** Mr Chairman, matters in relation to the SAAP program, which is a Federal program, would have to be asked during the examination of the Federal Government Estimates. However, if you are tolerant with me, I can go back through the information that I gave earlier in the day.

**The CHAIRMAN:** Given your comments, I would ask Mr Rowell to move on to the next question.

**Mr ROWELL:** I am really asking whether these two programs will be combined and whether those workers will be able to remain in the areas in which they are working.

**Mr CASEY:** The combined program will mean that in 1994-95 an amount of \$2.9m will be pumped into the total program, including the additional \$450,000 in the Mackay region. It is a continuing program. It is designed to run for 30 years.

**Mr ROWELL:** It will continue not only in the Mackay region?

**Mr CASEY:** No, the whole program. I think you should follow previous statements that have been made on this, Mr Rowell.

**Mr ROWELL:** That is fine. Budget Paper No. 3 at page 291 referred to the integrated pest management research to reduce chemical usage and the cost of pest control. Implementation of such strategies require a high level of observation by primary producers. Recognition of the benefits of predators and their habits is a prerequisite to determining when and what control to use with those pests which damage crops and affect livestock, and requires the assistance of competent advisers. Does the Budget make provision for this assistance? I notice that the personnel in this particular area have been reduced by 32 in the next year.

**Mr CASEY:** Can you give me the Budget reference to that?

**Mr ROWELL:** Yes. It is on page 291 of the Budget Estimates. It has minus 32 on that particular program. The program is Industry Services, page 290. For 1993-94, there were 1 493; this year, it has been reduced to 1 459.

**Mr CASEY:** The member is referring to the Industry Services Program generally.

**Mr ROWELL:** That is right.

**Mr CASEY:** The reduction in numbers has nothing to do with integrated pest management control or pest control at all, really. The major reduction in staffing numbers is due to factors such as the completion of the divestment of the dairy genetics and Australian Friesian Sahiwal program at Wacol. That represents the major difference between 1993-94 and 1994-95. There has also been a management restructuring program at the agricultural production group at the central office, which will result in some decrease in staff numbers. That will be finalised in that year. That can be attributed to natural attrition in low priority areas. The unions and industry have been informed about this. I cannot see the connection with integrated pest management.

**Mr ROWELL:** I can explain. The connection is that additional staff will be required in a program such as integrated pest management. It is fairly comprehensive. It requires a lot of research officers on the ground to carry out that sort of program. If you are to become involved in something like that, it is essential that it be adequately funded and adequately staffed.

**Mr CASEY:** The integrated pest management work is very important. A number of commercial operators are undertaking work in this area. For instance, I have done a full inspection of the work being undertaken in the Bundaberg region with the Bundaberg fruit and vegetable growers. That work has been very successful. They contribute to it themselves on a cost basis. The department is not without work in the area of pest management. We oversee a lot of training programs in relation to it, and we oversee a lot of work to ensure that there is not indiscriminate spraying of chemicals around the countryside, because that is a big problem in many areas. I know that it can be an emotional problem, but some of it is very real. It is important to keep an eye on that sort of work, but it is only part of Industry Services that we provide from our department. If you want a further focus on that for 1994-95, I would ask Mr Nieper to provide a more detailed outline.

**Mr ROWELL:** I would certainly be interested in what Mr Nieper has to say.

**Mr NIEPER:** Integrated pest management is a major platform of the Industry Services Program. It is one of our major goals. We are very conscious of the use of chemicals. Australia as a whole is trying to market the "clean and green" image, and it is part and parcel of that particular approach. Therefore, within our program, it takes a major priority not only within the plant industries, where you are probably are more familiar with it—in the likes of the pawpaw industry and the banana industry—but we are also now introducing this philosophy into the animal industries, with the use of chemicals on stock for clearance. It is a major part of our program. It is a high priority, and therefore funds will be directed to it in increasing amounts.

**Mr PERRETT:** Producers and DPI staff complain that a number of research projects have been wound up or severely curtailed in the past four years or so. What funds and resources have been committed in 1994-95 for the Queensland dairy herd recording system, and how does this compare with 1993-94?

**Mr CASEY:** Your question is directed specifically to the dairy herd recording system. I thought I quoted this figure earlier when I read through a list of what we do. An amount of \$1.19m was allocated to the dairy herd recording system in 1993-94. This fund is one of those to which the dairy industry itself is making a major contribution. The dairy industry will be contributing a similar figure to that which it contributed last year. The amount of \$0.9m will be its contribution.

**Mr PERRETT:** If the industry is contributing, I assume that the dairymen themselves will be providing the staff, so how will that effect staffing numbers in the Department? Will it mean more redundancies?

**Mr CASEY:** Well, the same staff will be providing the same service. There will not be any change.

**Mr PERRETT:** But they will not be working for

the DPI; they will be working for Suncoast, or whatever?

**Mr CASEY:** I am saying that we provided \$1.1m for 1993-94 and the dairy industry provided \$0.9m towards the program. The funding will be the same for the next financial year from both bodies.

**Mr PERRETT:** So you are saying that there is no reduction in that area?

**Mr CASEY:** That is right.

**Mr PERRETT:** I want to move now to consultants and contractors. The figure that is quoted in the Budget of 5 465 DPI staff; does that actually include all contractors and consultants used by the Department?

**Mr CASEY:** What you have to understand is that consultants and contractors are people who are engaged on a time-to-time basis. Within our Department, for instance, we use various consulting engineering groups to do work for the Water Resources Commission. We use those major groups, for instance, in professional and technical areas. Those consultancies are costing anywhere between \$1m and \$1.5m. For instance, in that technical area, in 1991-92 we spent \$1.29m, in 1992-93 we spent \$1.58m, and in 1993-94 we spent \$823,000. So you have a variation of the costing. In earlier years, we had consultants in looking at our communications facilities, the Forest Service, and even Water Resources. That cost has dropped considerably because they are no longer employed at this work. Consultancies come and go. The estimates will come from the various programs.

We have consultants who are doing the design for the Teemburra Dam road; we have other consultants who are doing work on environmental projects. The cost of the consultancy for the Teemburra Dam road will come out of the Budget program for Teemburra Dam, where we are going to spend six and a half million dollars this financial year. We employ consultants for a lot of things. We get consultants when we are looking at new computer programs to be put in place within the Department. We employ consultants in conjunction with either the Commonwealth and/or the universities for some of the work that we are doing.

**Mr PERRETT:** So you are saying that the consultancies are not coming out of that allocation of \$194m-odd for salaries and wages and other related costs; they are coming out of the programs?

**Mr CASEY:** Yes, they are coming out of the various programs. That wages figure relates to the permanent and temporary staff that we employ.

**Mr PERRETT:** In the audited financial statements for the year ended 30 June 1993, the cost of consultancies was listed at page 86 of the annual report. I believe you probably answered that one in your last answer.

**Mr CASEY:** I did, I covered that, and do not forget that you are talking about an audited report that is published in the financial report of the Department. Also, in this particular case, there was a separate matter so far as the Auditor-General's report was concerned. We made specific inquiries on it.

**Mr PERRETT:** I realise some consultants' contracts are signed with companies, but how many people actually performing consultancy work for DPI are former departmental employees? I do not seek exact numbers; just a fairly accurate estimate will do.

**Mr CASEY:** There really would not be any direct trace on that. Some of those former employees of the Department could be working for other companies; they could be working as individuals. If you or I went out into consultancy, we would probably call ourselves Primary Industries Consultants Pty Ltd, or some name such as that, so who is going to know whether it is you or I directly? We are employing those people who can do something for us.

**Mr PERRETT:** What about in the areas of ground information—

**Mr CASEY:** What I am really saying is that it is virtually an impossible task to focus on or to get some information on. I know this was the subject of a previous question in Parliament a few years ago, and I can well recall on that occasion one of the only two people who had been former departmental employees whom we could identify was a plumber out in Longreach who was fitting some taps for us somewhere who had been a former departmental employee with the Water Resources Commission. Government policy regarding re-engagement of former employees is that former employees can be re-employed in the public sector in Queensland, either on a full-time, part-time or casual basis, if their skills are those that are suitable for the job that we want somebody to undertake.

**Mr PERRETT:** DPI staff have complained to me that much of the work was being done by former staff who had been displaced by redundancy programs. Are you saying that that is not correct?

**Mr CASEY:** Again, I would point out that this is a debate about Estimates, not about complaints of individual people.

**The CHAIRMAN:** We might move on, Mr Perrett.

**Mr PERRETT:** We are looking now at the major consultancies, and I know it is in the Estimates that it is obviously prudent for the Department to do various jobs from time to time. I think that as it is a practice, some of the questions I am asking do have some relevance. But in the area of major consultancies, what expectations does the Department have of the work now being done by Drake International, and what will that work cost?

**Mr CASEY:** Where does that relate to the Budget Papers?

**Mr PERRETT:** Well, there must be an Estimate there for it.

**Mr CASEY:** I do not even know whether we are employing Drake consultants or not. Does it say that in the Budget Papers?

**Mr PERRETT:** We are talking about consultancies. Obviously, these consultants do not work for free, do they?

**Mr CASEY:** That is what I tried to point out to you earlier. Through our different programs, we

employ consultants all over Queensland, whether it is Drake consultants or McDuck consultants.

**Mr PERRETT:** At page 291 of Budget Paper No. 3, the Government promises to implement the DPI extension strategy. What resources will be expended on each of the extension programs in the financial year 1994-95? What are the major extension activities proposed?

**Mr CASEY:** As I mentioned earlier, one of the major and key points of our platform in Government, one of the great things that I believe we have done, is to change the whole thrust of our extension work around Queensland. Our spending on extension for the 1994-95 Budget is in the order of \$79m, and there will be further funding on top of that again that is contributed by the Commonwealth and the State.

I do not want to go over the individual programs again. So far, under our property management planning and the workshops that are conducted there—and our extension officers come in after this—we have already done 2 500 properties in the couple of years that it has been going. We expect a further 1 730 in the 1994-95 financial year.

We are doing an innovative group process with people whereby they are contributing themselves. It is working very well. I have sat in on a couple of these workshops and seen 70-year-old farmers alongside 18 and 19-year-old farmers, each with the greatest respect for each other's point of view. They are operating in the same areas with the same problems, but they have never really got down and discussed their problems together. So they are contributing to each other. Through these innovation groups, just in the grazing areas of central Queensland alone we have covered 15 per cent of producers in that region so far.

Our Landcare management group in Queensland has a target and hopes that we will be able to extend this work to something like 50 per cent of producers by the turn of the century. We look like well and truly achieving that target with the way we are going about it now. In the central Queensland area, following those workshops that I talked about with the innovative group process, we have had farm business management workshops. So we are covering all the different groups in relation to farm work with our extension programs. It is not just, "This is what you do with this or that", or "This is how you run your property"; it is focused on the different problems that they find on the farm or on the property.

In that same scene, about 700 people have been involved just in central Queensland in the property management planning centres alone and in the extension program workshops. So it is a combination of those activities that are really achieving, whereas under the previous Government, when we took a survey we found that only 28 per cent of primary producers in Queensland were receiving extension work service.

**Mr PERRETT:** At page 283 of Budget Paper No. 3, the Government talks about the establishment of five regional community self-help information centres as an integral part of the extension strategy.

What do these centres cost to establish and maintain for a year, and what objective measurements have been applied to establish their real value to industry?

**Mr CASEY:** The figure varies with these information centres. It depends whether there is physically a building available in the area. We have got six operating in centres like Toowoomba, Nambour and the tropical beef centre in Rockhampton—just to name a few of them. This year we hope to extend that to 16 major centres. We have another 21 that we are starting to do our planning for in relation to information services. These vary according to the region and the needs and requirements of the particular primary producers in that region.

The extension officers are developing the skills out there with the farmers and teaching the farmers how to come in and use those information centres for themselves, so that they can sit down and run through a library system to help them get what they want. This is why we are looking at the major centres initially, where there are sufficient staff in place, so that they can then sit down and get explained to them exactly what their additional needs and requirements are.

I have already mentioned Nambour. There are ones at Gympie, Redlands, the tropical beef centre in Rockhampton, Dalby, Longreach—they cover a pretty extensive area of the State—Ayr, Mackay and Townsville. As I said, most of these—the Level 1 information centres—are already in areas where there is sufficient room in a building. For instance, with the Mackay one, when the new building extensions were planned an area was provided so that the information centre could be included.

In 1995, they will be in Bundaberg and Kingaroy. So in June 1995, I will be happy to open the one in Kingaroy for Mr Perrett. There will be others in Ipswich and Parkhurst in Rockhampton, and further work will be carried out on the one in Toowoomba in Level 1. In 1996, it will be Gatton and Deception Bay. Nobody misses out in this; everybody gets a prize.

If it is not a Level 1 centre, we will have Level 2 centres at Caboolture, Maryborough, Monto, Beaudesert, Gayndah, Emerald, Biloela, Roma, Applethorpe, Charleville, Mount Isa, Bowen and Charters Towers. We are a very widespread Department, as you can see. And just in case, there are also Level 3 ones that we can also put in place. I will not give you the full list of those.

**Mr PERRETT:** Given the importance of extension work, and still recognising the work that is carried out by people such as beef husbandry advisers, sheep and wool advisers, dairy advisers and whatever, what facilities are made available to those staff in terms of money to cover fuel, office costs, hardware and so on?

**Mr CASEY:** They are all included in the overall Budget. I think it is in the Corporate Services area.

**Mr PERRETT:** Do they have a limit placed on them?

**Mr CASEY:** That is in the management control of how they operate there. The management control

of those is now out in the regions. The regions themselves control the set-up and the operation of those. There is an allocation for the different projects and programs. They are not done directly within the regions. The Director-General might elaborate on that.

**Mr FENWICK:** As far as our program budgeting is concerned—when we budget out the program and the subprogram, right down to project level, salary costs, operating costs, vehicles, computer costs, fuel, office, FBT, telephones and all that are costed in at the project level. So the program budgets that you have include all those aspects.

**Mr CASEY:** I do not allocate the petrol within the Department, I just make sure my driver has a full tank when he has to take me somewhere.

**Mr PERRETT:** Corporate Services contains a number of subprograms with the potential to duplicate the work being done in other parts of the Department. Prime examples are found in Information Management, Corporate Communications, Human Resource Management and the Strategic Policy Unit. The Information Management subprogram employs 78 people, according to the departmental Estimates statement. What do these 78 people do that is unique to the Department of Primary Industries, and how do you justify setting up a structure which duplicates work done in other areas of Government?

**Mr CASEY:** What do they do? Work their butts off, I hope. The Information Management people within the Department—40 of them—provide operational support within the structure; six work in the infrastructure provisions; 22 on the application and development; and 10 on information technology planning. If you understand what that means, you are doing better than I am. Mostly it is in the computer area; it is the people who operate computers, and they talk a different language from you and me, unfortunately. But believe you me, I did mention earlier that they work their butts off, I hope. That is very true. They do that. I have not seen anybody yet in that computer programming area who does not. They are very skilful people. They are highly intelligent people. The work they do saves an enormous amount of money for the Department.

**Mr FENWICK:** It might be worth mentioning that, in the IT area, our Department has 10 major computers, 97 mini-computers; 23 file servers; about 2 800 PCs; and 44 network sites. That is a major IT structure by any standard. I think 78 people are wrapped up in managing that process. It is a relatively small part of the organisation.

**Mr CASEY:** And I do not have one. I find it easier to ask all those people who do have one to tell me what I want to know.

**Mr PERRETT:** But you have about five and a half thousand people working for you. Good grief! You do not need one, do you?

**Mr CASEY:** I hope they are all working, yes.

**Mr PERRETT:** How much of the Department's Budget is devoted to so-called equity issues such as equal employment opportunity and anti-discrimination activities?

**Mr CASEY:** I do not think that that can be gauged anywhere from the papers at all. What you are talking about is a policy and the implementation of a policy.

**Mr PERRETT:** There is an item in the programs for this coming year.

**Mr CASEY:** Whereabouts?

**Mr PERRETT:** It is in the programs—I just cannot pick it up there.

**Mr CASEY:** Try another one of your questions, Trevor, you are running out.

**Mr PERRETT:** It refers to the training of disabled people, Aborigines and Torres Strait Islanders. It is a program initiative for the coming year.

**Mr CASEY:** We have got training programs right across-the-board within our Department including, as I mentioned earlier, the training and retraining programs for scientists into different disciplines, or wherever they might want to go.

**Mr PERRETT:** Page 287, "Program: Corporate Management and Support."

**Mr CASEY:** All right.

**Mr PERRETT:** What I am getting at—

**Mr CASEY:** It is over a range of things, but the total employee equivalent is three people who are operating in that area. We do a lot of training programs, as I was just mentioning, in relation to disadvantaged and handicapped groups. Because the Department covers such a vast area—in every area of the State you will find the DPI—we have more people on the ground than the police in many areas; probably not as many as the Education Department, but certainly more than the Health Department. Those three full-time equivalents have to cover the whole of that range of areas and activities right across the State.

**Mr PERRETT:** I am not saying that such activity is not important but, to me, why duplicate the work that is being done here by, say, the Public Sector Management Commission?

**Mr CASEY:** Have you ever tried to teach a handicapped person?

**Mr PERRETT:** No, I have not.

**Mr CASEY:** You want to try it some time. You have to put a little extra effort into it, and you have to have people who are better trained. The same applies in so far as Aboriginal and Islander people are concerned. I think that you would have seen that. You would have the instance in your own electorate at Cherbourg of seeing how difficult it is in some aspects to train them. I have seen some of the programs, for instance, in the past, up in the Torres Strait where they have put new tractors on to communities there, and nobody taught anybody even how to change a tyre. They had no idea. The tractor just stopped—got a blow-out and stopped. Nothing could be done with it. I am not saying that that is the work that we are doing, but they are the sorts of things in the community that Governments really have to take cognisance of. Again, it is not a matter of using taxpayers' funds and not caring what

happens with them. We have a responsibility. We have an accountability not only for the actual dollar figures that are there but also we have an accountability to make sure that where we are spending them, they are being put into effect. That is a very, very, important aspect of the work of this Department. Whether it is that, research work, or extension work, every dollar that we spend has to be an accountable dollar and an effective dollar. Of course, the real value of that, then, in the long term is not only a better developed staff but, more importantly, it is a better dollar in the pocket of the primary producers of this State, it is a better input into the economy of the rural and provincial areas of this State and it means a better economic return so far as Queensland is concerned.

**Mr PERRETT:** I take it, then—

**Mr CASEY:** The policy on these areas is usually set, as I understand it, by the PSMC.

**Mr PERRETT:** I take it, then, that you could supply the Committee with the results of some objective measurements in regard to the equity effort by the DPI?

**Mr CASEY:** We will write you a letter and tell what you it is all about, or do you want the Committee supplied with it?

**Mr FENWICK:** I think that it would be worth making the comment that the PSMC does set policy. There is nothing that the organisation does with those three full-time equivalents that in any way duplicates what the PSMC does.

**Mr PERRETT:** I believe that it would be prudent to send it to the Committee.

**The CHAIRMAN:** Minister, if you could send that to the Committee rather than to Mr Perrett?

**Mr CASEY:** Okay.

**The CHAIRMAN:** The time allotted for consideration of the Estimates of expenditure for the Department of Primary Industries has now expired. I wish to thank the Minister and his officers for their cooperation and assistance both this afternoon and this evening. The Committee's hearings are now suspended and will resume at 8 p.m.

**Mr CASEY:** Thank you very much. I thank the members of the Committee for their intelligent, piercing and very, very good questions. Thank you.

The Committee adjourned at 7.05 p.m.

The Committee resumed at 8 p.m.

**DEPARTMENT OF BUSINESS, INDUSTRY AND REGIONAL DEVELOPMENT**

**In Attendance**

Hon. J. Elder, Minister for Business, Industry and Regional Development

Mr Ron Boyle, Director-General

Mr Geoff Cooke, Director, Industry and Technology

Mr Mark Bermingham, Cabinet Legislation and Liaison Officer

Mr Bruce Peng, Manager, Finance

Mr David Eagle, General Manager, QSBC

**The CHAIRMAN:** The hearings of the Estimates Committee are now resumed. The next item for consideration is the Department of Business, Industry and Regional Development, and the time allotted is three hours. Firstly, Minister, I welcome you and your departmental officers this evening. I must say I am impressed by the size of the gallery.

**Mr ELDER:** It is family.

**The CHAIRMAN:** It must say something for the Minister. I know only too well the sacrifice that you have made to be here this evening, Minister, but one makes these sacrifices in the name of good accountability and open government, so I am pleased to see that. I am sure that your rewards will come later on in life.

For those who are present and who do not know the Committee members, I would like to take this opportunity to introduce the Committee members. From my right, there is Mr Pearce, the member for Fitzroy; Mr Bennett, the member for Gladstone; and Ms Power, the member for Mansfield. On my left is Ms Cornwell, our Research Officer and Deputy Clerk of the Parliament; Mr Connor, the member for Nerang; Mr Gilmore, the member for Tablelands; and I understand that Mr Perrett, the member for Barambah, will be here a little later on this evening.

For the information of new witnesses, the time limit for questions is one minute, and three minutes for answers. 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 and the next 20 minutes will be questions 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 taken which is less than the allotted 40 minutes, that time will be shared equally. The end of these time periods will be indicated by three chimes.

Having said that, this Committee has agreed on some degree of flexibility to ensure that the questions by members are able to be asked within the appropriate time frame. For the benefit of Hansard, I ask departmental officers to identify themselves before they answer a question.

I now declare the proposed expenditure for the Department of Business, Industry and Regional Development to be open for examination. The question before the Chair is—

"That the proposed expenditure be agreed to."

Minister, is it your wish to make a short introductory statement in relation to your portfolio, or do you wish to proceed direct to questions?

**Mr ELDER:** I will make a short introductory statement, Mr Chairman.

**The CHAIRMAN:** If you do wish to make a statement, the Committee asks that you limit that to three minutes.

**Mr ELDER:** Certainly. And I wish you a fair journey in life from this point onwards, Mr Chairman. First, I will introduce the officers who are with me at the table: the Director-General of the Department, Mr Boyle; my Legislative Officer, Mr Bermingham; to my right is my Finance Manager, Mr Peng; the QSBC General Manager, Mr Eagle; and the Director of the Industry and Technology Division, Mr Cooke. The Department of Business, Industry and Regional Development has traditionally supported the development of the manufacturing sector in this State. This Government has shown a continuing commitment to this sector. Queensland is a State which, as we all appreciate, is rich in primary resources. The development of a manufacturing sector will help us to get the best value out of those raw materials. It is something that has not happened in the past but has commenced over the past few years.

In the past year, the Department has also moved into support for the services sector. This is an area where Queensland has an economy advantage over our trading partners and there is a lot of scope for increased export earnings and therefore job creation. This budget, the Department of Business, Industry and Regional Development has increased its funding from \$75.1m to \$103.8m. A significant part of this increase is an extra \$5m for industry and technology, of which \$3.2m is extra money for research and development grants. Assistance of this nature directly benefits small and medium businesses in Queensland and helps to make their products more internationally competitive.

The \$23m increase in the regional and project development part of the budget allocation from \$37.1m to \$60.1m mainly reflects an increase in the Department's Capital Works Program and loan repayments. With that short statement, I am willing to answer questions from the Committee.

**The CHAIRMAN:** Thank you, Minister. The first period of questions will commence with non-Government members, and I will hand over the questioning to Mr Connor.

**Mr CONNOR:** Thank you, Mr Chairman. First of all, I would just like to mention that I am very happy to take any answers on notice, especially detailed answers, to save the time of the Committee. Before I start, I also request for the Committee a copy of the program evaluation of the QSBC, if the

Committee has not already received one. I am not aware.

**Mr ELDER:** The evaluation of the QSBC is a Cabinet document.

**Mr CONNOR:** So it is not available.

**Mr ELDER:** No. I believe there was an executive summary prepared at some stage or another, or points raised in relation to it. But in terms of the QSBC evaluation, that is a Cabinet document.

**Mr CONNOR:** The point-form briefing or whatever it is, could you make that available to the Committee?

**Mr ELDER:** If it is not covered under that same requirement. I can actually investigate that for you. If it is not covered, then I will have it available for the Committee; but if it is, then it will not be available.

**Mr CONNOR:** Thank you. I bring to your attention page 98 of Budget Paper No. 4, Capital Works, which details the industrial estates, expenditure on them and the Estimates for the next financial year. What is the process which determines the positioning of new industrial estates?

**Mr ELDER:** Budget Paper No. 4—what was the page?

**Mr CONNOR:** Page 98.

**Mr ELDER:** Over the last few years, we have moved away from the industrial estates program of the past—and of past administrations—which was based primarily on providing industrial estates around commercial centres and, in many cases, around regional and rural centres throughout Queensland. We had a significant number of industrial estates in areas where there was not a strategic advantage of sorts.

Going on from there, we have looked at how we can use strategic land and other inducements— if we can use that term—or other enhancement measures to create opportunities for business to locate. Through the Capital Works Program we have been targeting the strategic lands and divesting ourselves of that which is surplus to need or which is, as we see it, probably better catered for through being handled by local authorities, cities or towns.

Working within our own Department, we have set up a Planning and Information Services Branch that looks at strategic land holding. We have looked at where land needs to be maintained, where there has been growth, and where we need to access new industrial estates. Obviously, we have been concentrating our efforts on those growth centres throughout Queensland—in other words, north Queensland, central Queensland and here in the south-east corner.

Through our work with local councils and other departments, including the Department of Housing, Local Government and Planning, we have adopted a whole-of-Government approach in locating these estates. On becoming Minister, I was frustrated that we had a number of industrial estates throughout Queensland and that we were still repaying a significant debt on them. At the time, the debt was—and Mr Peng can correct me—about \$75m.

**Mr CONNOR:** At what time was that?

**Mr ELDER:** That was in January 1989. At that time, the other frustrating thing was that we were locked into long-term interest provisions of some 14 per cent. That was what the QTC had negotiated at that time. So we have been trying, as I said, to divest ourselves of those estates, to look for market failures and to target those areas of market failure that are not picked up by the private sector—along with the strategic planning with other departments and local government—to fill the need, to fill the gap.

**Mr CONNOR:** I refer to a couple of points that you made. You mentioned advantage of "source". I gathered you were referring to raw materials and that type of thing.

**Mr ELDER:** I said of "sorts", not "source". I was not referring to resources such as coal, iron, and so on.

**Mr CONNOR:** I see. You also mentioned that you have a whole-of-Government approach. Could you expand on your consultation process through that whole-of-Government approach, and also how you would look at market failure?

**Mr ELDER:** The concept of market failure is fairly obvious. It basically comes about when sites are not picked up by the private sector for one reason or another. If we see the need and if the private sector does not pick up that need, we have to do that. A good example of that is the larger sites. In most cases, the private sector would see smaller sites as those that are most advantageous for returns at the end of the day. The larger sites, which are needed for the bigger industries, are those that are generally the hardest to cater for.

Simply, you need look only at the type of planning that we have been doing in Gladstone—and the member for Gladstone would be aware of this. There have been market failures. There has not been a drive by real estate industry to pick up the larger sites, and we have had to move ahead with strategic planning and acquisition in those areas. Another example of market failure would be, say, the Gateway ports. Again, you can see a need. And I think you would understand that there was a need in terms of meeting demand from industry. Yet the private sector has not picked up that need. Again, that is an area where we have to intervene.

In terms of planning with other departments— it is a matter of working within the SEQ 2001 process to develop a strategic approach to land acquisition. The best way to paint that would be to say that not all local authorities in south-east Queensland will want industrial estates as a rates base. They can see that it would be an advantage for them to have residential A or residential B type zonings within their constituency, because it is advantageous in terms of return on the rate base. So by working with those councils, by working with other departments—and, in this case, the Department of Housing, Local Government and Planning in particular, because that is the prime agency for SEQ 2001—we can demonstrate where there has been a market failure or where we see there is a need for further acquisition.

That is why I said that we have set up that planning and information service within the Department.

At the end of the day, as I said, it is about working with other Government agencies so that we do not duplicate. It is about working with local authorities to try to persuade them into taking a more regional approach than they have in the past so that we can cater for what will be a growing need for industrial land in the future.

**Mr CONNOR:** Again, I refer to industrial estates. I would be quite happy for you to take this question on notice; it is quite detailed. For existing estates, could I have the vacancy rates—in other words, available sites—in each industrial estate, and also the rent arrears for them?

**Mr ELDER:** I do not think we have that. It is not readily available. We might have it by the end of the evening for you, but we will take it on notice.

**Mr CONNOR:** When you detailed the reason by which you determine the sites for new industrial estates, you did not mention the local unemployment rates. I was wondering whether you consider that at all when you position industrial estates.

**Mr ELDER:** There is a whole range of criteria that would be used for that. If you want to go into detail, I have my subprogram managers here, or Mr Boyle might like to contribute.

**Mr BOYLE:** In answering that particular question—obviously, decisions as to the location of industrial estates are taken quite some years in advance of the actual placement of industry on those and have regard to a whole raft of factors including availability of work force, infrastructure including ports, proximity of power and gas, road infrastructure, rail and factors such as that. Obviously, with our general industrial estates such as those at Carole Park and Marsden, which are good examples, I think, we are cognisant of the fact that there is a ready availability of labour in the approximate areas, and clearly in areas such as that the availability of work force is a factor. But I think it has to be stressed that there is a long lead time between the actual purchase of the land and it coming on stream.

**Mr CONNOR:** I bring your attention to the fact that in a number of regions of Queensland there are consistent long-term unemployment problems on a regional basis. For instance, the south and east Moreton area statistically has about a 3 per cent higher unemployment rate than Brisbane. This has been the case over the last 12 months especially. Also, the north and west Moreton area has a 50 per cent higher unemployment rate than Brisbane. We also have areas such as Wide Bay and Burnett that also have much higher rates of unemployment than Brisbane. Again I ask: are they taken into consideration when you position the industrial estates?

**Mr ELDER:** Let us go back to where I started. We already have industrial estates in many of those centres, and you will probably find that out when we answer that question on notice. Many of them are yet to be filled. Many of them were placed there back in the 1980s as a means of attracting manufacturing and

other enterprises into those districts, and it failed dismally; it did not do that. Industry does not move there because there are high unemployment rates there. Industry moves for a whole lot of market reasons, but it does not move for that alone. The fact that there are high unemployment rates there would say that there is a readily available work force, but it is only one of a whole range of other measures that business would assess in terms of siting their industry or their business in those areas. Those areas that you outlined already have industrial estates. The strategic need, if you are talking about new industrial estates, exists in many of the larger growth areas, not necessarily in the areas that you outlined.

**Mr CONNOR:** Just offhand, do you have any idea if there are any available sites in industrial estates on the Gold Coast?

**Mr ELDER:** I will have to find that, too. Just offhand, I do not have the information. My subprogram manager tells me there are available sites on the industrial estates on the Gold Coast.

**Mr CONNOR:** There are?

**Mr ELDER:** Yes.

**Mr CONNOR:** On the Sunshine Coast?

**Mr ELDER:** Yes, there are available sites on the Sunshine Coast estate. However, I might add in relation to the Sunshine Coast that whilst there are available sites there, there is still a need for more industrial land on the Sunshine Coast. The Sunshine Coast is a good example of an area that is growing, and growing fast, and that has its limitations in terms of industrial land provision. That is why I have asked councils on the north coast to look hard at their new strategic plans, to look hard at their new development control plans in terms of that, because if they are not careful in areas such as the Sunshine Coast they will outstrip themselves in terms of their residential growth and leave very little capacity for business and industry to follow, and that will have serious implications for areas such as the Sunshine Coast.

**Mr CONNOR:** Are there any new industrial estates planned, which are not in the Budget Papers, for the Sunshine Coast, Gold Coast or Wide Bay/Burnett?

**Mr ELDER:** No. What you see in the Budget Papers is the Capital Works Program and the provision for the next year.

**Mr CONNOR:** So there are no new ones at this stage?

**Mr BOYLE:** One of the charters of our Planning and Information Services section that the Minister referred to earlier is to continually look at the availability of industrial land throughout Queensland. Clearly, the major growth areas of Queensland such as the Gold and Sunshine Coasts are priorities for that area in determining land availability. Again, there is a long lead time before a decision is taken which would be reflected in subsequent Capital Works Programs.

**Mr CONNOR:** I would just like to make a point that there is a need, especially on the Gold Coast with its rapid growth, for additional industrial land.

Obviously, the private sector does fulfil a fair amount of that, but the industrial estates in the past played a strategic role within certain industries in making them a catalyst to initiate new industries. Does the Minister have any plans for attracting new industries to the Sunshine Coast, the Gold Coast or Wide Bay/Burnett?

**Mr ELDER:** Industries themselves would look at areas that are suitable for them in terms of relocating or in terms of developing, and lifestyle would be one of the issues that they would consider. I suppose you could not get a better lifestyle than that on the Gold Coast or the Sunshine Coast, unless you lived in Capalaba.

If I go back to a point that you mentioned and address that in terms of it as well—areas such as the Gold Coast have not shown market failure. Areas such as the Gold Coast are likely to be picked up by the private sector in terms of development, and our strategic role is to look at those market failure areas and areas where we should intervene.

The other consideration that you have to have is that it is not just State Government, and State Government alone. The local authorities play a very important part in this planning process in that when looking at the opportunities to develop, and develop industrial estates, they have to take into consideration the business need, and I refer back to that answer I gave in relation to the Sunshine Coast because it applies equally to areas such as the Gold Coast. But they do not necessarily have that aspect of market failure that I referred to before. The important thing to realise is that we are out there and attracting business into the State in a whole range of industries. With some of the incentive schemes that we have, one of the provisions and one of the elements of it is looking at industrial land and where we can actually place those businesses. We have with MPIS quite a few projects under way, and some of them have been offered assistance with land and some of them have been offered assistance in other areas. But the land element comes back to, I guess, what is readily available in those areas such as the Gold Coast and the Sunshine Coast and whether or not we can accommodate the need. Primarily, they make the decision initially and we follow on from that point.

**Mr CONNOR:** You made mention, Minister, of market need. On reading through page 98 of the Capital Works Program, I see reference to Carole Park and Lytton as well as Rockhampton and Townsville. Do you believe that in those areas there is a lapse by the private sector in supplying the industrial estates?

**Mr ELDER:** Those particular sites themselves, as I said to you earlier, are areas of growth. In fact, Carole Park, for instance, provides one of the largest industrial estates and industrial land opportunities at the moment in Brisbane. All of them are areas where there has been a need and where there is a need for planning for industrial park—planning for provision of support for industry development. The only thing I can say or add to whatever I have put before in terms of this is that when we look at the capital works projects for this budget, we tend to look at

areas, as the Director-General says, that have a strategic location such as being close to ports, close to the available work force, so that there is a growth factor there from industry itself—in other words, an interest from industry itself in terms of location in those areas. We consider all those and then look at ramping up the Capital Works Program to meet the need. The areas on page 98 from Carole Park through to Bohle in Townsville are those in which we are seeing growth in various types of industries. We have had to ramp up our capital works program to meet that need.

**Mr CONNOR:** Again on the same page, there is \$2m allocated for special assistance in 1994-95. Would you like to expand on what you have in mind with that \$2m?

**Mr ELDER:** I might come back to that.

**The CHAIRMAN:** The time for the first bracket of questions has been completed. You might want to return to that in the next block. I will now hand over to Government members for their block of 20 minutes. I ask Ms Power to commence.

**Ms POWER:** I refer to your Business Program and, in particular, to regulatory reform. Page 7 of the DBIRD 1994-95 Estimates statement refers to the systematic review of business legislation and regulations being undertaken by the Business Regulation Review Unit in your Department. Would you please explain what this unit has done to remove the red tape burden, how much this has cost in 1993-94, and what the budget bid is for 1994-95?

**Mr ELDER:** The systematic review of business legislation and regulations is tangible evidence of our commitment and the Government's commitment to cutting red tape. For the first time in Australia, business is being consulted—and that is important—on every piece of legislation and regulation that impacts upon it. At the end of the day, that ensures that the private sector can operate with minimal Government interference. By March this year, 157 reviews had been completed through the review program and 44 regulatory regimes had been repealed, and we are undertaking more at this time.

Savings arising from the review program have only been estimated by departments at this stage. In relation to the number of regulations, we estimate that the saving to business is about \$6.7m, to Government \$28.5m and to the community generally \$230m. Importantly, a study by Coopers and Lybrand has identified \$20.3m in savings over 10 years at net present value. We had Coopers and Lybrand look at the Bread Industry Act, the Hen Quota Amendment Act, the Meat Industry Act and Nursing Act. I know that Mr Perrett would be interested in those Acts. As I said, through that process, Coopers and Lybrand found savings of \$20.3m over 10 years at present net value. The major positive financial impact has been upon the consumer. The same consultants identified a benefit to consumers of around \$105.4m.

The expenditure to 31 May of the Business Regulation Review Unit was \$621,758. It can be seen that there has been a reasonable return from the BRRU in those program efforts alone. The proposed

budget in 1994-95 is \$547,000. The major outcome that we expect next year is completion of the systematic review. We expect that reforms resulting from the program will continue and will continue to reduce the operating costs on business in Queensland.

This year, I recognised the need to improve the policy-making framework for regulatory activity. At my request, we are working on setting up a methodology to assess the costs and benefits of regulatory regimes. Over the years, it has been too easy for Governments to pluck a figure from the air and say, "That has been the benefit to business or to Government." We are putting a methodology in place that will be used across departments that will give us a complete cost-benefit analysis, and that will assist in policy-making provisions in the future.

**Ms POWER:** Continuing with that Business Program, I turn now to GOBIS. I refer you to page 4 of DBIRD's Estimates statement. The Budget Estimate for this subprogram in the coming financial year is stated to be in excess of \$1.6m. One service provided from this allocation is the Government Business Information Service. How much of the budget is allocated to GOBIS, and what can Queensland business expect to gain from this expenditure?

**Mr ELDER:** GOBIS is one of the three business units that make up the Business Information subprogram of the Department. The budget for this year is \$320,000. The service has been operating in Queensland for a year, and it is unique in Australia. I might add for interest that earlier this year it received a silver award at the Government Technology Productivity Awards, so it is viewed as a leader in these types of information services. In fact, we are a clear leader in the field of business information services for business. The Commonwealth is currently working on a network of similar services across Australia through a Business Link Program, which will have an integrated approach and interface with business. My officers are supporting the Commonwealth in that endeavour.

GOBIS helps business to access relevant Government services and programs. It achieves this by providing instant access to information on a whole range of services that are available from the Queensland Government. We are currently negotiating with the Commonwealth regarding the expansion of information available under this program. GOBIS is a free service. Ready access to that type of information by business raises the level of take-up of available Government programs, and in the long term businesses are strengthened and become more competitive as they gain benefits from the use of those services.

Along with a number of other information services, this has been a very successful program for us. It improves the level and quality of services that we provide. It also addresses another need, that is, it makes those services available to regional Queensland. That is an important element of the program. A 008 telephone number makes information instantly available to businesses in remote areas—again, at no cost. We can guarantee same-

day mailing of the relevant information, which makes receipt of that information far more prompt. As I outlined to you earlier, that is the basis of the program.

In its first year of operation, the service has received around 5 300 telephone inquiries, and those inquiries have been processed. As a result of those inquiries, more than 2 800 information packages have been sent to clients throughout Queensland. Roughly 40 per cent of those packages have gone to areas outside Brisbane. That reinforces the point I made earlier about making information available to regional areas, and businesses in those areas have made good use of the service.

The database is also being used by a number of Commonwealth agencies for planning and rationalisation of their services to business. You would have noted in their Budget that they are looking hard at those services, and they are tending to use our programs as a good example.

**Ms POWER:** I turn now to the Queensland Business Licence Information Centre, which is referred to on page 5 of the Estimates statement. I imagine that the majority of the clients of services such as this would be new users and that extensive advertising would be required to sustain demand. What percentage of the budget was spent on advertising this financial year? What benefits has business gained from the services provided by the Queensland Business Licence Information Centre?

**Mr ELDER:** In 1993-94, we spent \$8,000 on promotional and advertising activities. In 1994-95, \$27,000 has been set aside out of a total Budget of \$353,000, and that is basically there to maintain market presence and top up the demand that is out there. Again, QBLIC is one of those programs that helps business identify all the Commonwealth and State Government licensing requirements for doing business in this State. Information like GOBIS is packaged for each client and it is posted to them within 24 hours of actually receiving the clients' call. The packages themselves would contain application forms and they would describe the application process that was required for each of those licences, be it State or Commonwealth.

I suppose the question you have raised regarding the advertising costs is a legitimate concern. My officers have worked steadily over four years since QBLIC was established to build a system which would ensure that demand stays high, which is important, with minimal advertising. The main thrust of their strategy was to develop a comprehensive network of referral points throughout Queensland. QBLIC promotional material has been systematically placed in metropolitan and regional offices of many agencies that might be approached for business and in tenders and others that are seeking licensing information. If you go into many of the major business centres you will see those "Licensed to Kill" brochures—well, "Licensed to do Business", in this case; "Licensed to Kill" if you are a 007 agent. That type of promotional material is readily available in a whole range of places throughout the State.

At the time the brochures were distributed, my officers in the locations were thoroughly briefed

about the nature and the benefits of the service. Again, it is briefings to those officers who then can brief further users and further promoters of the service. The network is just continually maintained through visits as we move up and down the State. Brochures have been distributed to interstate and overseas sources to target business clients wishing to do business in Queensland or to relocate. It is again promoting what is available in terms of 24-hour Government information services. We have also targeted accountants and solicitors; they have been specifically targeted because of the professional services they provide, and professional societies similar to theirs are also used for promoting the services.

I suppose the best indicator is just the growing awareness and the number of calls that we have had to date. We have handled 25 000 telephone inquiries and distributed over 17 500 information packages this financial year. As best we can put it, estimated savings to the business sector are about \$2.5m in 1993-94. As we see it, those results are fairly encouraging, and we see that that program will go from strength to strength.

**Ms POWER:** In the 1992-93 annual report, a number of interesting activities are mentioned in relation to the Business Program and, in particular, under the Business Development Subprogram. I also see that the proposed allocation to this subprogram is some \$850,000 in 1994-95. One of the activities that interested me was the liaison activities that this subprogram engages in with the business sector. I think it is particularly important for this Government and, for that matter, any Government, to develop meaningful relationships with the business sector so that the consultative processes utilised by the Government when considering issues of importance to the sector are properly carried out.

I am especially interested in the Peak Bodies Liaison Scheme, which was mentioned in last year's annual report. What does this scheme involve in terms of payments of financial support? What outcomes have been achieved so far? What are your plans in this area for 1994-95?

**Mr ELDER:** The objective of the Business Development Subprogram is primarily to improve the environment in which business operates in Queensland, that is, by increasing the Government's awareness and understanding of business issues, by improving Government/business communication particularly, and delivering programs to improve business efficiency and growth. Under the Peak Bodies Liaison Scheme, financial support was provided in 1993-94 to the three peak business organisations in Queensland, namely, the Queensland Confederation of Industry—QCI—the State Chamber of Commerce and Industry—SCCI—and the Metal Trades Industry Association—MTIA. An assistance level of \$49,000 per annum per organisation was provided, and it covers the salary-related costs of a dedicated business liaison officer in each of those peak bodies.

The scheme is primarily designed to improve Government/business relations and to facilitate direct input by the peak organisation into Government's

reviews and inquiries on issues that are very important to the business sector. So far, as you would appreciate, the scheme has been focused on the regulatory review matters, given the importance and the size of that review process that is being undertaken by BRRU. Most of that input has been directed into those areas. It has enabled the peak bodies to have substantial input into the drafting of various legislation through their responses to those particular reviews, that is, environmental issues, workplace health and safety issues, mutual recognition, product labelling, regulatory issues, and all those issues that impact on business. Having people there who can actually negotiate for those associations has assisted them immensely in being able not only to understand it but also to have a constructive input into Government.

As a result of the merger between the QCI and the SCCI in May of this year to now form the Queensland Chamber of Commerce and Industry, we will provide support for the two bodies next year in 1994-95; in other words, that chamber and the MTIA. A review of the scheme has been undertaken and, as a result of that, provision has been made, as I said, to continue the scheme next year. We see that as important. I suppose overall the review concluded that the scheme did have some positive benefits in terms of building those relationships with the peak bodies and providing them with a capacity to respond to those issues that were important to us in terms of regulatory reform and in terms of business policy.

At the end of the day, I think it has been a worthwhile program. One of the things that we will probably do through the review is look at advancing payments to them to be made on a quarterly basis rather than the half-yearly basis. That way, the payments are related directly to the reporting mechanisms, which are done on a quarterly basis, not on the normal half-yearly basis.

**Ms POWER:** I would like to refer now to the Management Skills Development Scheme. Again, it was in the 1992-93 annual report and is included as a Business Development Subprogram. In today's challenging business arena, the need for enterprises to equip themselves with the relevant management skills to compete is as important as technical and operational knowledge. This scheme is obviously targeted at business associations, but how does the scheme address the needs of businesses in the management skills area, what funding is involved and which business associations have benefited from the scheme? What were the outcomes from the scheme's operation in 1993-94 and will the scheme be offered again in 1994-95?

**Mr ELDER:** Well, the scheme was launched as a pilot activity in 1993-94. It provides financial assistance of up to \$10,000 to business associations to improve training. This builds base services for those association members. There are over 137 000 businesses in Queensland. About 97 per cent are classified as small business by the Australian Bureau of Statistics, that is, businesses with less than 20 employees, except for the manufacturing sector where it is less than 100 employees. The sheer

numbers involved presents a challenge in reaching as many businesses as possible with the message of improved business practices and how that can increase your chances of survival and growth in the marketplace, and that is what the scheme was about. I suppose in this case it aimed to utilise the multiplier effect of working with business associations to improve the standards of service so that, at the end of the day, we could deal with and improve the members' skills and the members' management abilities.

In the 1993-94 year, we have made \$78,700 available to 10 associations for a range of projects. I can give the Committee an example of some of those associations that we have dealt with: the Australian Society of Association of Executives, which is a body within the Australian Institute of Management; the Private Hospitals Association of Queensland; the Motor Trades Association of Queensland; the Australian Institute of Export; the National Institute of Accountants; the Queensland Potters Association; the Association of Competitive Employment; the Retirement Villages Association of Queensland; the Association of Australian Banana Wholesalers; and the Institute of Surveyors.

I can give you some examples of the types of activities—I will not have the time to go through that in the three minutes, but I can go through the types of activities that some of them undertook. For instance, the Australian Society of Association of Executives was targeted to develop a number of specialised course units on skills requirements of business association executives within the structure of the AIM's existing certificate of business management practices; in other words, specifically based on certain executive skill requirements and building up the course units within their business management practice. For instance, the Motor Trades Association was targeted to the development of generic documentation for the introduction of TQM and QA systems for automotive-related enterprises. In this case, seminars were delivered in eight cities right throughout Queensland.

**The CHAIRMAN:** That completes the block of questions from Government members. We now turn our line of questioning to non-Government members and hand back to Mr Connor.

**Mr CONNOR:** I will go back to where we were, that is, the special assistance under capital works.

**Mr BOYLE:** A provision of \$2m is included for factory buildings and single site acquisitions during 1994-95. In fact, this is a standing part of the Capital Works Program, and commitment is on a case-by-case basis subject to a detailed analysis of the economic benefits of individual projects. So it is a very specialised service that we provide, either in terms of providing a factory building or a site off a normal industrial estate.

**Mr CONNOR:** Again on notice, could you supply me with a list of those for this current financial year?

**Mr BOYLE:** There were none.

**Mr CONNOR:** None this financial year?

**Mr BOYLE:** No, the money was not taken up.

**Mr CONNOR:** I would like to follow up some of the points made in the last 20 minutes. In your opening address, you said that the debt when you took over in 1989 was \$75m. I was wondering if you could detail—and again this would probably be best taken on notice—the current debt, the debt of each estate and the debt-to-equity ratio broken up on a park-by-park basis. Is that possible?

**Mr ELDER:** I can give you the debt for this year. The debt presently stands at around \$63m across-the-board. I am not sure whether we can give it to you in terms of break-up, because they were consolidated loans. I do not think that is available for you at all. If it was consolidated loans through the QTC, I would not have it.

**Mr CONNOR:** Would you have any sort of financial ratios from industrial estate to industrial estate?

**Mr ELDER:** In terms of borrowings?

**Mr CONNOR:** Against its borrowings or its performance—some form of performance indicator on a park-by-park basis?

**Mr ELDER:** I am not sure what you mean. In terms of the borrowings, it is a consolidated loan through the QTC. We have not borrowed against that since 1991, I would have thought. The best we could give you would be what our fixed asset base was. Is that what you are looking for?

**Mr CONNOR:** I would imagine that each of these estates would be looked at as a commercial venture. You are out there supplying a product for an industry, and it would have a return. I would imagine that you would have some sort of indicators of the performance on an estate-by-estate basis.

**Mr ELDER:** No. If you want that, we can look for it and find whatever detail is available to provide for you on notice. I can tell you that we have fixed assets, and I can list them for you. In terms of those fixed assets, we currently review the program year in, year out. Those that we see as non-performers, I suppose—and those are the estates that I told you before that we did not see as strategic—we remove from the system through sale. I will see what we can find. If we can find something that is relevant to try to answer the question for you, we will do it. But as I said, we probably have a more global figure in terms of that. We will see what we can provide you.

**Mr CONNOR:** You are about to invest \$15.6m this coming financial year in industrial estates. Again, if you could answer this on notice, that would be fine. Could you detail the projections of the performance of each of those estates and also factory buildings?

**Mr ELDER:** What I said in my first answer was that the Government, in terms of these estates, provided the market failure gaps. We do not look for a commercial return. If we looked for a commercial return on it, we would be charging commercial rates.

**Mr CONNOR:** I was not asking for a commercial return; I was just looking for some sort of performance indicator. You are saying that some are not performing. If you do not have performance

indicators, how do you determine the ones that are not performing?

**Mr ELDER:** The ones that are not performing are the ones that are not turning over, or the ones that are not strategically placed, or the ones where they run cattle—where we have cattle agistment in the west.

**Mr CONNOR:** You would have indicators of that?

**Mr ELDER:** I can tell you how many head of cattle on some that are out there west of the range. As I said, we are in the role of filling the gap. Where there is market failure or where we see the strategic need, we are there. We provide land to develop those industries that would play an important part in broadening the economy in this State. If we were in it for a market return—

**Mr CONNOR:** I was not after that, with respect. You made a statement that the previous Government was putting in estates that were not performing. I was wanting to get a copy of the methods by which you determine that—the performance indicators.

**Mr BOYLE:** In planning our industrial estates we take into account population projections and some of the things that I mentioned previously. However, the primary role of our industrial estates is to fill a market gap where land is not being provided by the private sector. That occurs in the five to 10-hectare sector, but particularly above that in the above-10 hectare sector where you are specifically talking about special industries, such as noxious, offensive or hazardous-type industries. The private sector does not cater for those.

It is almost impossible to forecast the take-up rate of various estates, because those decisions are not made by Government but rather by the private sector, which chooses the time and place and when to invest its money. Because we have to purchase the land well ahead of the time that it becomes available, because of residential encroachment, etc., those projections are not entirely possible.

**Mr CONNOR:** I am as much in the dark as I was before. I will move on. You mentioned that you were going to continue the Peak Bodies Liaison Scheme with the combined chamber and QCI, but you did not say what you were going to do with the MTIA.

**Mr ELDER:** Those are the two.

**Mr CONNOR:** One is going to be dropped?

**Mr ELDER:** Until now you had three organisations. Now you only have two. The two organisations that currently stand will be funded.

**Mr CONNOR:** So there will be one less staff; there will be one for combined—

**Mr BOYLE:** The State chamber and the QCI are combining.

**Mr CONNOR:** I know that. So there will be one less position between the two organisations that become one?

**Mr ELDER:** That is right, we are funding one position.

**Mr CONNOR:** So there will be two in total?

**Mr ELDER:** They have got an amalgam of it.

**Mr CONNOR:** There was one person there who was a bit worried about his job.

**Mr ELDER:** It is not up to us. Maybe he ought to still be worried about it. It is not up to the Government. We will fund the program, but it will be one for the new combined QCCI and one for the MTIA.

**Mr CONNOR:** You said in the Government members' 20 minutes that you were working on methodology for determining a cost-benefit analysis for regulation review.

**Mr ELDER:** Yes.

**Mr CONNOR:** What process have you presently been using to evaluate regulations for exemption purposes under the Regulatory Reform Act? I mention in the Budget papers, page 99, under the program statements where it relates to the outlook for 1994-95, the Business Regulation Review Unit. All I am saying is that it is just part of an expenditure item. So it is a relevant question. I will repeat the question. What process have you presently been using to evaluate regulations for exemption purposes under the Regulatory Reform Act, in that you said that you have not determined the methodology for determining the cost-benefit analysis of regulations.

**Mr ELDER:** There are methodologies there but there is no standing methodology across Government. There are various methodologies and models—Treasury models, there are generic models—that are developed within individual Departments, right across Departments. What I said earlier was that it was important, when looking at the process of cost-benefit analysis, when you are looking at impacts of legislation on business, it is important to have a standard form across-the-board so there are methodologies in place. What I want to see happen through this particular process of working is to establish the standing methodologies to see that we all use the same method and that, at the end of the day, apples are compared with apples.

What brought me to this decision at the end of the day was simply that other Governments throughout Australia have a knack of throwing figures up in terms of savings to business, or to the community, or to Government generally when it comes to the removal of red tape. As we found when we inquired throughout Australia of their standard methodologies, there was nothing in place. There was nothing in place right throughout Australia of standard methodology across Departments within Governments that could best be used as a standard format. That is the purpose behind the move to having the standard methodology.

**Mr BOYLE:** We have employed a cost-benefit analysis and, during 1994-95, the Department will be enhancing skills across the public service by inclusion of this cost-benefit model into the schedule of training courses for all Departments.

**Mr ELDER:** So what we will do is move forward with it and grow it, I suppose, if I can put it

in those terms, across Departments because it is important, at the end of the day, that you do have a standard format, a standard way of evaluating a cost-benefit analysis across Departments.

**Mr CONNOR:** Thank you, Minister. Moving on again to something that was mentioned before, that your advertising budget was \$353,000.

**Mr ELDER:** For the—

**Mr CONNOR:** It was QBLIC you were talking about. The question was on QBLIC and its advertising and you said, "\$8,000", and next year it would be \$25,000 of \$353,000. I assume that the \$353,000 that you mentioned was the advertising budget across the Department?

**Mr ELDER:** No, it would have been the program funding for QBLIC.

**Mr CONNOR:** That is the program funding?

**Mr ELDER:** The other element was the portion of advertising for that budget.

**Mr CONNOR:** If that is the case, could I have the total budget for advertising across the Department, number one, including the QSBC, and also the methodology used for determining the type of advertising? Again, on notice is fine.

**Mr ELDER:** We will take that on notice. We do not have it here.

**Mr CONNOR:** Thank you.

**Mr ELDER:** If I could just add to something you asked before that I did not answer in complete terms for you—we have not developed any industrial estates. We are into that process issue in terms of capital works at Lytton, but that estate was there. The 68 estates were all developed under DID, under the previous administration and, at the time, they were providing land at a significantly subsidised rate—on a hectare rate. What we have tried to do, as I say, is to bring it back to market rates. If you are talking about what we are looking at in terms of return, I said before that that is hard to measure. The reason it is hard to measure globally is that it has never been the format of the Department. In fact, we have actually dragged it back to a more marketable, focused endeavour. Previously, it was subsidised somewhere at the rate of about \$1,500 a hectare.

**Mr CONNOR:** I refer the Minister to Budget Paper No. 3, page 98.

**Mr ELDER:** Yes.

**Mr CONNOR:** The program description "improves the environment in which business operates"—that is the section I am talking about—which includes collecting and analysing data affecting business. I note that the Department publishes documents of this sort. They have been sent to me, and I thank the Minister.

**Mr ELDER:** Can you repeat that? What did you say again?

**Mr CONNOR:** I note that the Department publishes documents relating to that, that is, collecting and analysing statistical data affecting business. You put out an economic report on issues affecting small business. What I am saying is that that particular section would relate to publications that

you put out. All I am doing is relating it to a line item within the Budget so that I could ask the question. That is all I am doing. Okay?

**Mr ELDER:** Yes. What is the question?

**Mr CONNOR:** This year's Budget did not allow an increase in the threshold for payroll tax. This meant that this year, unlike previous years, the payroll tax, when you allow for inflation, is impacting more on smaller businesses. Last year, we saw the threshold move from \$650,000 to \$700,000. This year, we have seen the threshold left the same. As I said, allowing for inflation, this means that it is impacting on businesses that are smaller, and I ask the Minister responsible for keeping the Government informed of matters affecting small business: what has your Department done in this Budget to lessen the impact of payroll tax on small business?

**Mr ELDER:** First off, how does that relate back to what you asked me in the line item? You have just rolled across the turf of Treasury in terms of payroll tax and taxation matters. So how does that all relate back to the line item that you mentioned? What are you questioning my Department on in terms of our response to a decision taken by Treasury?

**Mr CONNOR:** As I understand it, the QSBC and other aspects of your Department are there to keep the Government informed, to liaise with business, small business especially, and the Government to let them know what is going on.

**Mr ELDER:** Information flowing—

**Mr CONNOR:** Publications and the like. So the question I put, again, is what has your Department done in this Budget to lessen the impact of payroll tax on small business?

**Mr ELDER:** The simple fact of the matter in Queensland is that the majority of small businesses do not pay payroll tax. You and I both know that. I do not want to get into a payroll tax argument across the table because, as I said, it does not necessarily deal with my Estimates. Quite simply, it is through, I guess, the feedback that comes through this Department and through the Queensland Small Business Corporation that Governments are able to respond in a global sense in terms of taxes and charges. It would be people like me and others who would report to the Treasurer from time to time about the impact of taxes and charges on small business. I guess, as a measure of that, what you have seen—if I can range across this area, Mr Chairman; I did not bring it up—is an increase in the threshold and a decrease in the top marginal percentage rate on payroll tax over the four years of this Government.

I do not want to sit here and pound you about taxation policy in relation to other States of Australia and the comparative advantage that Queensland companies have, but I could. Quite simply, our role as a Department is to scan the business community through the Department and the QSBC, as I said to you. That scanning is ongoing, I suppose I could say. That information flows back to us and we provide that information to Government. We use that information in terms of responding with adjustments to policy, and you have seen clear evidence of adjustment of taxation policy over the four years of

this Government, that is, a reduction in payroll tax so that some 20 000 companies or small businesses in this State do not pay payroll tax whereas if they were in New South Wales or Victoria, they would. In terms of the top marginal rate, you are talking about a flat 5 per cent across-the-board whereas they are paying up to 7.5 per cent in payroll tax in other States. If you are asking what role we play, the answer is that we are playing a scanning role. If you are asking us what we do, the answer is that we provide that information to Government about impacts on a whole range of policy areas, and this Government responds by having probably one of the most competitive taxation bases in this country.

**The CHAIRMAN:** We will stop there, Mr Minister. That completes the allotted time for the block of questions from the non-Government members. Before I hand over to the Government members, I have a short announcement. The front doors of Parliament House are now locked. If anyone wants to leave Parliament prior to 11 p.m., he or she should see one of the attendants who will show people the way out through the Annexe. I understand that other arrangements will be made at the completion of the hearing. I will now hand over the questioning to Ms Power from the Government side.

**Ms POWER:** Thank you, Mr Chairman. Minister, I refer you back to the Estimates and, in particular, to your Business Program. I have just one more question on the Main Street Program. What does this activity involve? How does it relate to the business development objectives of the Department? What level of assistance was provided under the Main Street Program in 1993-94? What groups have participated in the program? What outcomes have been achieved by the Main Street Program? What are the plans for the future of this activity? What level of funding will be involved?

**Mr ELDER:** The Main Street Program, as you outlined, is administered by the Business Development Subprogram. As a program, it is designed to enhance the business performance of local traditional strip shopping centres. The programs, at the end of the day, aim to stimulate a more self-help approach by working with the businesses, local authorities, the owners of buildings and the retailers themselves to help to improve, I guess, the management practices and improve the performance of traditional main street types of shopping centres.

The viability of those strip shopping centres has been under enormous pressure, as you can imagine, through the proliferation of stand alone shopping centres, and that is one of the points. This is because those centres have centralised marketing expertise. Over the last three years, we operated it as a pilot program and we recently reviewed it. There are five locations, namely, Maryborough, Goondiwindi, Ipswich, Redcliffe and Coolangatta. The seed funding provided to those five locations in 1993-94 was \$70,000.

As I said, there are many types of assistance. We can provide assistance in marketing and promotion, business development and trading, and in

looking at how we can enhance the environment of those centres—in other words, in developing themes for those main streets to create an attractive marketplace and an attractive business entity in itself. We can also give them advisory assistance in establishing their committees. We provide support for coordinators through dollar-for-dollar funding. We can help with the education and training of those particular people and in assisting those small retailers with management skills and that type of thing.

I suppose the best way to illustrate it would be through example. In Maryborough, you now have the "Mary" dollar. If you have ever been to Maryborough and have picked up the "Mary" dollar, you would know that it is a great asset in terms of promoting the city. There is also the Light Up the City campaign and the Main Street Program itself. If you go into town on market day once a week at a particular time of the day, you will see what I mean by a vibrant market activity that has developed through initiatives in the main street. The Sunday Markets in Redcliffe is another good example. Recently I went over there, and what I saw was a good initiative. It is thriving, and it has the full support of the retailers in the area. In Ipswich, the promotion is more focused on streetscapes and the theme of making Ipswich more user-friendly. At the other extreme, Coolangatta's treescape involves a broader picture because it gets support from local government. In Goondiwindi, there is some townscaping and some cooperative advertising between those businesses. It is on a smaller scale but, then again, it is a smaller centre.

**Mr BENNETT:** Minister, I refer to your Business Program and the Retail Shop Leases Registry. I understand from page 5 of the departmental Estimates statement that the registry provides at a cost to the Government an advisory type of service to the retailing industry on the Retail Shop Leases Act and a process for resolving problems between the parties to a retail lease. Firstly, does the registry's process contribute to the success of Queensland business? Secondly, is the registry a cost-effective organisation, given that any disputes or problems between parties to a lease could be handled through another forum for dispute resolution such as the courts, which the Government already funds?

**Mr ELDER:** The Retail Shop Leases Registry has been in operation since the enactment of the Retail Shop Leases Act in 1984. You are right: the registry administers the Retail Shop Leases Act, which sets out landlords' and retailers' rights and obligations under their lease arrangements. Through the registry, a low-cost forum is provided for the resolution of disputes between landlords and retail tenants.

The registry has been identified by Commonwealth reports such as the Beddall Report on Small Business, as probably the best model in Australia for the landlord/tenant dispute resolution process. I think it is worth continuing with it on that basis, even though there are other options open. A professional-active approach to that dispute resolution has been adopted by the registry and that involves on-site interviews with retail tenants and

landlords. That has resulted in over 650 potential disputes being informally resolved in 1993-94, thus eliminating more importantly—and this relates to your reference to the courts—the need for further action through the courts. I think that is a good and positive indicator.

The success of that informal dispute resolution process is attributable in part to the good rapport that the registry has with the main industry bodies such as BOMA, the Retailers Association of Queensland, and the Retail Traders and Shopkeepers Association. It is an attractive mechanism in terms of dispute resolution because, through a lodgment fee of \$100, you can get in there early and resolve the disputes. Formal disputes can be resolved within a period of two weeks, if it gets into that resolution process. Beyond that, it normally takes probably about three to four months to resolve it within the tribunal. Of course, if it is not resolved there, people have the option to go on to the courts.

I will finish the point on this note: the 1993-94 budget for the registry is around \$368,287, for which \$291,781 relates to salaries, administration costs. If you look at savings to Government to date in terms of those resolutions, it would probably be double that and somewhere in the vicinity of \$730,000. So I think it is a good, cost-effective mechanism for resolving those disputes and for dealing with those sometimes difficult relationships that develop between landlords and tenants. Following a review of the Retail Shop Leases Act this year, it simply means that we will just broaden the role. If there is a greater demand for the services, we will broaden the role of the registry.

**Ms POWER:** I refer to business information and QINDIS. It is the third component of the business information subprograms mentioned on page 5 of the DBIRD Estimates. I note that QINDIS has been relocated to the Business Program from the Industry and Technology Program, where it was located at the time of the 1992-93 annual report. What impact does this shift have on the Budget for QINDIS, and does this relocation reflect a change in the direction and emphasis of QINDIS, particularly in regard to the services offered to the business community in Queensland?

**Mr ELDER:** No. The relocation has not had an impact on the operating budget. The full budgetary allocation of \$481,000 for 1994-95 was moved over to the Business Program. The relocation was motivated largely by the prospect of possible efficiencies and productivity gains made possible by co-locating DBIRD's core information services in the one unit, which was GOBIS and the other elements of the Business Program.

QINDIS has two roles: firstly, to manage the information system for targeted support in the coordination of our programs to individual firms to stimulate future program development; and, secondly, to direct support to Queensland firms in the manufacturing and traded services sector by providing a certain capability for those individual firms. This aspect has tremendous implications in the import replacement field, because there is a lot of information flowing between those companies. In

this regard, officers of QINDIS work fairly closely with the Industry Search and Opportunities Office.

Both functions will have an important role to play in the future. They will remain unaltered by that relocation. However, in line with the findings of a working party which looked at the future of QINDIS, in the coming years we will see a consolidation of the increasing emphasis on its management information role, maximising the leverage of such information. We deal with a whole range of other Government agencies through that data base—the Department of the Premier, Trade Development, DEVETIR, and the CHEM Unit. To date, I think over 25 000 searches have been conducted on behalf of public and private sector clients—that is, in 1993-94. These searches have generated more than a quarter of a million referrals to Queensland firms. The feedback from clients to us indicates a pretty high level of satisfaction with the service QINDIS provides. In that sense, benefits have been accruing to the economy because of the service.

**Mr PEARCE:** I have a question under the Industry and Technology Program, in particular about the Business Advisory and Support Service. I note that the Federal Government announced in its recent industry statement that it would create the office of Austindustry to improve the coordination and delivery of Government programs for industry. It will also commission a review of all Government business programs to determine overlap, duplication and opportunities for rationalisation. I read on page 12 of the Estimates statement that you intend to rationalise the delivery of Government services through the introduction of a new Business Advisory Support Service. Can you tell the Committee more about this service and outline the Budget implications?

**Mr ELDER:** I am glad to be able to say that, again, this is another example of where Queensland is leading the way in the rationalisation of Government programs with BASS. The review of the primary industry export activities conducted last year by the Premier's Department, the Department of Primary Industries and my Department did reveal some dissatisfaction with the proliferation of Government programs across the board.

It was apparent that the programs were less effective than they could have been. Sometimes, business found them confusing and, on the odd occasion, difficult to use. In response to all of that, the three departments have set up a pilot project known as BASS, the Business Advisory Support Service. Initially, it will target firms in the agribusiness sector. It is a whole-of-Government approach to the provision of information for the agribusiness sector, both advice and services at a Commonwealth and State level—in other words, being able to provide that entire assistance. The service will be provided through both my officers—that is, DBIRD officers—and officers of the DPI.

It is a one-stop shop for that business sector. The BASS officer becomes an account executive who guides the client firm through all of the relevant programs and ensures that they are aware of the comprehensive range of assistance packages out in

the marketplace. The emphasis is on the officer going to the client, taking the active role in the provision of services, not just simply making the information available and wandering off. It is a very pro-active measure for dealing with that sector that is being provided through my Department and through the DPI. It is not a new program. It is just a new way of operating. It is being far more pro-active.

The total budget for the six-month pilot project has been under \$140,000. That money was largely spent on training for the field officers on computing equipment to enable them to have access to those data bases that were readily available through Government services. Again, early feedback from those in the field and from the businesses is that this has been very positive indeed. I add that \$125,000 has been included in my Budget in relation to the provision of that service.

**Ms POWER:** In the Industry and Technology Program, the Queensland Grants for Industrial Research and Development appear. The Federal Department of Industry, Science and Technology has an innovation program with an annual Budget in excess of \$40m per annum. Why does the Queensland Government have the Queensland Grants for Industrial Research and Development Scheme, which appears similar to grants schemes operated through the Federal innovation program?

**Mr ELDER:** The need for QGRAD to assist Queensland businesses has arisen as a direct result of some of the shortcomings in the Federal Government's innovation programs, in particular how they impact on Queensland. Under different names, the Federal Government has provided grant schemes to industry to undertake product research and development activities over the last nine years. Unfortunately, the level of the business research and development expenditure in Queensland has remained consistently at half the Australian average. As you would be aware, market-driven product process research development is probably the key to developing competitive advantages in firms—that is, using R and D to bring about an outcome. It is also a high commercial risk activity, with many projects at the end of the day being unsuccessful.

We tried to complement the Commonwealth innovation program by supporting good projects for the reasons that I outlined before. We have committed \$6.5m to assist 44 projects across a broad range of manufacturing industries. Early results indicate that the scheme itself is expected to—and these are good results, for early results—leverage in excess of \$24 in sales for every dollar of grant; comprising around \$17 in exports and \$7 in import replacement; leverage about \$1.39 for every R and D investment for each dollar of grant; and create 1.5 permanent jobs for every \$100,000 of grants being given. The firms that have been using it have also reported significant other benefits from receiving the grants; namely, improved product knowledge, skill development in core technologies, new product development, improved R and D project management, improved market share and market penetration.

These are the types of things that you would expect to increase the attractiveness of firms to financiers. At the end of the day, these factors have improved the overall competitiveness of companies. We see QGRAD as increasing the competitiveness of many of Queensland's most dynamic small enterprises. They have been able to benefit from this innovation scheme in a way that, in some cases, they would not have been able to through the Commonwealth. As I said, it supplements what had been a gap in the R and D area for some time in this State.

**Mr PEARCE:** Under the same program in the area of defence contracts, a number of recent reviews, reports and policy statements at both Federal and State levels, including the Price report into defence policy in the industry and the Bevis report on Australian Government purchasing policies, have called for greater Australian industry participation in defence procurement. In particular, Federal Government policy is directed at fostering an individual base for the development, production and maintenance of stores and equipment through timely and independent local provision of prime importance to the Australian Defence Force. Could you tell the Committee what the Queensland Government is doing to increase the participation of Queensland industry's share of the defence procurement Budget?

**Mr ELDER:** In December, we actually conducted a review of Queensland's industry participation in defence contracting. We found that Queensland industry in many cases did not have the critical mass to, I guess, acquire some of those major capital equipment projects. We just did not have the critical mass at all in Queensland industry, not without substantial assistance from Government to ramp them up. However, we found that Queensland industry is well placed in terms of niche-type products that are available through defence acquisition—in other words, minor capital acquisition, programs and projects under, say, \$20m in value.

In February this year we actually embarked on a program to raise the level of participation in defence contracts through, firstly, increasing industry's awareness of defence purchasing plants, in other words, going out there and letting them know what was available and, secondly, increasing defence awareness of the capabilities of Queensland—in other words, a two-way street—making sure that that market intelligence is flowing both ways. Thirdly, we created business defence networks. They have actually been formed, and since their formation the members of the networks have tendered for or won new contracts in excess now of some \$19m. I will give you some outcomes of that just as an example. The successful outcomes include the award of \$2m to Mitec for the supply of microwave subsystems for modular earth systems for the Parakeet communications network, and just over \$2.7m for service contracts on the Jindalee operational radar network to the same company.

Two members of the network will be tendering for niche product contract that now exceeds \$350m. By working as a network, by being able to work

together to create some sort of mass, it has enabled them to move into bigger tendering arrangements. If they are successful, I think what you will see at the end of the day is a significant technology transfer as well, because this has a twofold effect. The networks work well in being able to ramp those companies up to work as a group to access bigger projects within defence, but as they do that, of course, it enhances that technology transfer, which again starts to drive the industry growth.

**The CHAIRMAN:** The time allotted for questions by Government members has now expired. We turn again to the non-Government members.

**Mr CONNOR:** You mentioned before in relation to QGRAD that there was \$6.5m involving 44 projects. Again on notice, could I have a list of those projects?

**Mr ELDER:** I could give you a list of the companies involved in the projects. In terms of grants, many of them are commercial and confidential, as you would appreciate.

**Mr CONNOR:** I do not want the amounts; I just want to know who received them. At a later stage will do. There is no hurry.

**Mr ELDER:** We have those available. We can give you the names of the companies themselves that are involved. Do you want me to go through them now?

**Mr CONNOR:** No. Just make them available.

**Mr ELDER:** It is my three minutes, isn't it?

**Mr CONNOR:** If you want to read them, you can read them.

**Mr ELDER:** Let me give you the names; it will save you having to wait later. They are Acacia Galvanising, Agen Biomedical, AKT Consultants, Autoscreed, BHA Pty Ltd, CAD Systems, Cavlana Pty Ltd, CSIRO Manufacturing Ltd, Elpro Technologies, Excel Infotech, Gensys Power and Refrigeration, Franna Cranes, Greenspan Technology, Hamilhaven Pty Ltd, JCU Tropical Biotechnology, Latronics Pty Ltd, Marky Industries Pty Ltd, MJA Scientific Pty Ltd, Panbio Pty Ltd, Precision Power Products Pty Ltd, Nu-Lec Pty Ltd, Pirie Enterprises Pty Ltd, Polycane Australia Pty Ltd, Pozzolanic Enterprises Limited, Realworld Business Systems Pty Ltd, Ron Richards Technologies, two grants to RSM Research Pty Ltd, Runge Mining Pty Ltd, Rural Fuels Pty Ltd, Scales and Systems Pty Ltd—or SASTEK, as they are known—Seabird Aviation Pty Ltd, Spectra Lighting Pty Ltd, Stallion Technologies Pty Ltd, Stockyard Industries/Uniquet Ltd, Synthetic Grass Maintenance Services Pty Ltd, Toby Coatings Pty Ltd, Total Control Pty Ltd, Zillmere Engineering, Mitec and Tasman Sheepskins. How is that!

**Mr CONNOR:** I appreciate the Minister's accuracy. I also bring the Minister's attention to something else he mentioned in the last 20 minutes. In relation to the Retail Shop Leases Act he was commenting on the registry, which of course also involves a mediator. The Minister might remember a letter dated 13 April this year that I wrote to him in

relation to the mediator's report for 1992-93. That letter questioned the problem that the mediator had. I congratulate the writer of your reply because I could not understand a word it said.

**Mr ELDER:** I will not state the obvious.

**Mr CONNOR:** I would ask if the Minister would like to illuminate me on what the reply meant.

**Mr ELDER:** I can do that for you. Let me do it on this basis: early in the current financial year a change in the mediation process was implemented on a trial basis. The purpose was to determine the impact of regionalisation on the success or otherwise of the dispute resolution process available under the Retail Shop Leases Act, particularly in the light of possible increases in demand for the services under the forthcoming amendments to the Act.

**Mr CONNOR:** I have already got that.

**Mr ELDER:** Do you understand what that paragraph means?

**Mr CONNOR:** Could you—

**Mr ELDER:** I have just said what it means. It is my three minutes. What it means is that we are concerned about the impact of regionalisation on the ability of the register to be able to meet the need in regions. As we change the Act and as the registry takes on a broader role, we want to know whether or not—and we are concerned about this—we could meet the requirement in regional Australia, because there would be an increased role for the registry. As a consequence of the trial, it has been found that, due to the specialised nature of the process, we have to give special consideration to the resources and how we actually spread those resources across the State. What we have actually been trying to do is—if I can put it in these terms—where there is a specialised need for the mediator, in other words, special skills that are needed, then the mediator should be involved in that dispute resolution process, whatever that process might entail. Where we see that it is just a broad assistance measure, what we can do is use our regional officers to actually support—

**Mr CONNOR:** This is DBIRD officers?

**Mr ELDER:** These are DBIRD officers, in support roles. That does two things. It enhances the knowledge and the skills of our officers so that they can play a far more proactive role in the future in terms of the registry activity, but we will use it in areas where the resolution or the dispute is not of a significant nature. In other words, if it is significant, the mediator is there and plays the role. If it is not, then we can use our people to actually support the registrar in relation to the business.

In short, over 25 per cent of our staff act outside Brisbane. It is feasible that we should be using those resources, those officers, to provide support and assistance and to provide these types of programs where it is possible. This was simply a trial in doing just that. At the end of the day, if we can use our officers in those low-level cases, then, one, it saves money for a start; and, two, it resolves the situation a lot quicker than it would have been

resolved because we can actively deal with it in the regional centre.

**Mr CONNOR:** Thank you, Minister. But the mediator obviously had a problem with it otherwise it would not have been mentioned in the report. Firstly, what was the problem that the mediator had with it and, secondly, will this trial program continue?

**Mr ELDER:** I did not see, in my understanding of it, the mediator having a problem with it. What he demonstrated was a concern about whether or not it may work at the end of the day. If we are going to move into areas where we utilise our officers and utilise the services of the Department more efficiently and effectively over Queensland, including rural Queensland, where there will be a need—I repeat: where there will be a need—then we have to look at measures of being able to respond. One of them is using those officers. I think you will find from the trial that it has worked effectively, and maybe that concern does not exist.

**Mr CONNOR:** I will quote what the mediator said. He stated—

"In the procedural area, the management"—

**Mr ELDER:** In his report?

**Mr CONNOR:** Yes.

**Mr ELDER:** I know what he said.

**Mr CONNOR:** This is my minute. He stated—

"In the procedural area, the management decision made in the latter part of the year without consultation and without adequate information will undoubtedly have a detrimental effect on the functioning of the mediation process in the coming year."

I would like your comments on that.

**Mr ELDER:** He expressed a legitimate concern about that change. We trialled it. We appreciated and addressed some of his concerns and, as such, the changes that are in place that I just outlined have evolved. Where the disputes themselves are of a significant nature, he will play the major role in determining the resolution. Where they are of a lesser nature, we will use officers. That has been the outcome of that and the trial of the project.

**Mr CONNOR:** I return to the capital works program. I bring your attention to Budget Paper No. 4, Capital Works, and in particular page 98, where it states that the total budget for 1994-95 for Business and Industry will be \$15,616,000. I further bring your attention to the total of your Department's capital outlays according to Budget Paper No. 3—pages 98, 100 and 102—when added across the different program areas. If you add that up, you will find it is \$50,000, \$199,000 and \$15,498,000, which adds up to a total of \$15,747,000. What is the discrepancy between the \$15,616,000 as per the capital works program in Budget Paper No. 4 and the total added up in Budget Paper No. 3?

**Mr ELDER:** What, capital outlays?

**Mr CONNOR:** Yes.

**Mr ELDER:** What was the total you say it added up to in Budget Paper No. 3?

**Mr CONNOR:** Budget Paper No. 3 says \$15,747,000, and Budget Paper No. 4 says \$15,616,000. There is about a \$150,000 difference. I would like to know how the \$15,616,000 outlined in the capital works program relates to the other programs and why there is a discrepancy.

**Mr ELDER:** We will take that on notice. I will get that information for you. I give up! I am sure that it is an administrative cost arrangement across capital works programs, but let us see whether I am right at the end of the day.

**Mr CONNOR:** I do not know the answer; I am just asking the question. I bring your attention to the 1994-95 capital works program, which shows a budget for next year of over \$15m.

**Mr ELDER:** Over \$15m?

**Mr CONNOR:** We do not know exactly what it is.

**Mr ELDER:** We do, but you say over \$15m.

**Mr CONNOR:** I do not have that information. I remind you that last year you budgeted for \$17m and spent about \$6m; the year before that you budgeted for \$13m and spent about \$4m; and the year before that you budgeted for over \$9m million and spent less than \$2m. I ask: do you overestimate the capital works funding each year to make the figures look good; have you just had a number of years of bad luck in which projects did not quite come together; are you having trouble getting things through the red tape; or is there some other reason?

**Mr ELDER:** I have been around for the last couple of years, but let us deal with last year. As I said to you before, over the last couple of years we have been winding back the Industrial Estates Program and ramping up our new Industrial Location Scheme. Primarily, we budgeted for needs and requirements as we saw them at the time. There are a number of reasons why some of those capital works programs were delayed and carried over. Primarily, our aim was divesting ourselves of those industrial estates that were superfluous to need; meeting the debt requirement that had been laid down over some period and that we needed to get off the books; and then looking at what was needed in terms of developing the capital works program on a year in-year out basis.

There were a number of delays last year to this year. Bad weather held us up with the Lytton Industrial Estate. There were other deferments with the Clunies Ross Science Centre. That was based on formulating a business plan. We needed to work with the Clunies Ross centre itself—the national centre—in terms of developing that business plan. That delay caused the carryover into this year. There was deferment of infrastructure on the magnesium metal pilot plant. That was caused by the proponents of the project, not by us. We were committed and ready to go with that. Delays in the extension to the QMI were caused by a major increase in the project through a much larger participation of the partners in the project. In other words, they created a demand that we needed to do more work on before we would move in and commit.

All of those things have occurred. I would not necessarily call it bad luck. The delays were created by a little bit of bad weather at certain times last year and decisions by others with whom we work in terms of ramping up some of those other capital works programs. In framing the budget for the capital works program within a department, one always looks at the need. Based on the best advice available at that time, one may see that it is necessary to move ahead with the development of a new estate or a new building. Conditions change throughout the year. However, it can be seen that the projects have carried over; the funds have been available. There has been no extra call on consolidated revenue. Where problems have arisen, we have used a more appropriate timing. Based on information from some of those project proponents, we have considered when we needed to move into a project and have developed it on that basis.

This year, we have had a clear indication from those proponents that we will need to move ahead with those developments. We have had a clear indication that we will need to develop Lytton Stage 2—and it is not raining!

**The CHAIRMAN:** Your time for answering that question has concluded.

**Mr CONNOR:** I do not think the Minister was quite finished. Rather than waste time here, if possible, I would be happy to receive on notice a fully detailed list of the delays with the various estates and factory buildings that have occurred over the last couple of years.

**Mr ELDER:** I think I have basically gone through the delays during my term as Minister. I think I have addressed those issues.

**Mr CONNOR:** Thank you. Over the last two or three years, how much of the unspent capital works has been carried over in each year? Could I place that question on notice, too?

**Mr ELDER:** We can endeavour to do something for you. We have—

**Mr CONNOR:** I just want to—

**Mr ELDER:** Just bear with me. We may have that information here. Let us deal with 1993-94 and compare that with the Estimates for this year. Projects not completed or deferred were construction of Stage 2 of the Lytton Industrial Estate, the Hamilton Industrial Estate, which was site improvements—

**Mr CONNOR:** I am looking for the capital—

**Mr ELDER:** I can give you the entire figure. Projects were not included in 1993-94 as a result of delays during construction and protracted negotiations with relevant authorities and companies. As I said to you, these projects amounted to \$11,386,000.

**Mr CONNOR:** I refer you to page 98 of Budget Paper No. 3 where it details current grants and subsidies and it has an estimate of \$6,728,000 for 1994-95. Why has the detail from last year that shows the actual amounts of grants to industry organisations been deleted? What amount has been granted to industry organisations next financial year?

Will you detail the particular industry organisations and by how much they were subsidised and for what purpose?

**Mr ELDER:** So you are talking other grants—

**Mr CONNOR:** Right across-the-board, yes.

**Mr ELDER:** You are talking about other grants and subsidies from \$5,026,000 to \$6,728,000—is that what you are looking at?

**Mr CONNOR:** That is right. Again, on notice.

**Mr ELDER:** I will come to that in a couple of ticks for you.

**Mr CONNOR:** You detailed earlier the number who were getting the management skills development under the business associations and QCI and MTIA, but I wanted it on notice, if I could, right across-the-board.

**Mr ELDER:** You want to know what all our grants and subsidies are?

**Mr CONNOR:** Exactly.

**Mr ELDER:** Hang on.

**Mr CONNOR:** I will take it on notice.

**Mr ELDER:** You do not have to do that. Grants and subsidies across business organisations is what you are looking for?

**Mr CONNOR:** I want the detail of the \$6,728,000.

**Mr ELDER:** The majority of it is the Queensland Small Business Corporation.

**Mr CONNOR:** I wanted that break-up. I want to know exactly what is what.

**Mr ELDER:** Queensland Small Business Corporation is \$6,425,000. What are we looking for, \$300,000?

**Mr CONNOR:** I will take it on notice.

**The CHAIRMAN:** Just before you do that, the Minister has made it quite clear that he is happy to answer it rather than take it on notice, so I might suggest that you come back to that in the next round of questioning.

**Mr ELDER:** I will have that for you.

**The CHAIRMAN:** You can do that in the next 20-minute block allocated for the non-Government members, Minister. You can come back to that. We now revert to the Government members. I call on Mr Bennett.

**Mr BENNETT:** I refer to the Industry and Technology Program and, in particular, the National Industry Extension Service. I understand that NIES was established in 1985-86 to assist firms to become internationally competitive, to provide an entry point into other Government programs, and to increase the skills of management consultants servicing NIES clients. What has been achieved in Queensland and why should the Queensland Government continue to fund firms to implement better business practices? Furthermore, as there are numerous agencies involved in assisting industry, how can you justify NIES activities as this could be seen as duplicating the work of other agencies and overservicing some clients?

**Mr ELDER:** NIES has been operating in all States and Territories, and over 10 000 Australian firms have received NIES support in some shape or form to date. NIES helps small and medium-sized firms in the manufacturing and tradeable services sectors to become what is important in this day and age, that is, internationally competitive through enterprise improvement. Industry in general has suffered from what we have seen as out-moded manufacturing and operational processes and, more particularly, poorly planned investment in technology. Queensland firms now have to operate in what is an international marketplace and the competition in the long run for new ideas, products and markets has never been more intense than at this stage in our history. As world trade grows, standards and benchmarks have been far more vigorous.

I can say that my NIES officers have been out there to assist those firms meet those challenges. I believe that in Queensland, NIES is offering a world class range of information, referral and advisory services which, at the end of the day, is helping Queensland firms achieve their full potential. In 1993-94 alone, over 400 firms have been assisted to implement enterprise improvements with, more importantly, a 95 per cent satisfaction rating from the clients. An independent review that was conducted by Reark Research was completed in July 1993 and it revealed that 76 per cent of firms undertaking business planning stated that NIES had made them far more competitive. Firms in this review which were able to estimate financial benefits, which is important, because we are talking about outcomes at the end of the day, indicated a financial benefit of around five to one in terms of a return on their investment in the program. I think that is a good measure. This supports previous findings from Price Waterhouse, which indicated an average of ten to one return for firms undertaking the NIES subsidies value-adding management program.

I can say that, at the end of the day, NIES does not purport to be the quick-fix for all ills. Its role is to work with firms to position themselves for growth and expansion and provide opportunity for export and import replacement activities, and in a number of firms that takes several years. NIES business advisers not only assist the firm's suitably qualified private sector experts, but also provide links with other Government programs that actually complement NIES, and in this way I suppose the role of the NIES business adviser is important in its own right; it has an intrinsic value in its own right. To date, subsidies of around \$3,787,531 have been paid to firms to develop and implement the strategies and, again, that is another area that is working well and working well in terms of industry support programs.

**Mr PEARCE:** I have a question under the same program, in particular, NIES regional business improvement. This Government has had a strategy to develop regional centres in Queensland. I understand that there have been some significant developments in the area of Government services offered to regional centres and, in particular, the services available for business assistance. The NIES program is available to assist firms improve their export and import replacement activity. What impact

on regional areas is evidenced since the NIES program was regionalised in 1992 and, apart from the services delivered directly through regional offices, what other services are delivered to regions from Brisbane on a Statewide basis and how effective have they been?

**Mr ELDER:** I know, Mr Pearce, that you would have a keen interest in this issue and you are aware of the NIES program and the benefits, more importantly, to regional Queensland. The simple fact is that we have 12 regional offices now in addition to our Brisbane office. Each region now is resourced with officers trained to deliver NIES services as well as our other programs. These offices market and deliver NIES and network with other agencies able to deliver and able to assist NIES clients; in other words, they play a very pro-active role out there in the business community. Since mid-1992, each region has been empowered to approve applications for assistance through NIES—so there is the second important measure, that is, empowering the regions to be able to do just that—and programs are marketed and approved in the regions, again, importantly to the benefit of the client—so, first, where they are resourcing it; and, secondly, empowering the regions to make the decisions. The local presence has resulted in an increase in regional activity, and I can demonstrate that by the following: in the regions, from May 1992 to date, 426 firms have been assisted compared with 457 over the previous seven years. In this regard, 548 services were delivered to these firms compared with 539 over the last seven years. In other words, in that short period of time we have been able to outstrip it by that measure. Forty-nine per cent of the firms assisted by NIES are now regional. There are 21 NIES networks in various stages of development in the regions, with six based in Cairns and five in Ipswich. Many regional clients have reported positive results, and so they should: commitment to capital investment, increased employment, new orders and increased turnover. These are all positive flow-on benefits.

There are now 38 regional consultants registered on the NIES database, and some of them have been trained in the NIES services. We have a dedicated field officer in information technology marketing that particular program Statewide. Information technology firms across the State now report increased turnover in export and employment levels as a result of many of those NIES programs—in other words, a new area of endeavour where NIES has been introduced—and we are already seeing the positive flow-ons from that.

We have NIES field officers actually located in the MTIA. They have a Statewide role in assisting that organisation with its NIES eligible members. The best measure there within the MTIA is that there are 223 MTIA members involved in the program. These firms have undertaken 475 NIES services, and it represents an increase of 53 per cent in services since that field officer was involved with the MTIA. So I think that is a good, practical demonstration of the integration of NIES officers with those organisations and in regional Queensland as well.

**Mr BENNETT:** I refer to the Industry and Technology Program. In particular, I want to focus on import replacement. Recent Federal Government reports, job creation initiatives and a review of Government purchasing policy have made observations about the need to address opportunities in import replacement. Recent media articles have addressed similar comments. What is the Queensland Government doing to address opportunities for Queensland industry to replace imports, bearing in mind that they create a lot of jobs—replacing imports?

**Mr ELDER:** The Department has two principal programs for addressing opportunities for import replacement. These are funding and support for the Industry Search and Opportunities Office—or the ISO—and also the Import Replacement Unit within my Department. The ISO has been operating effectively in Queensland for a number of years. It continues to be probably the most effective use of Government funding to implement new business growth and opportunities through the replacement of imports. It addresses a weakness in information flows, particularly between buyers and suppliers. It is there to link those. Rather than having our buyers looking at imports, it is linking those with the suppliers to create that flow within the State itself.

In the past two years, the program has been successful in replacing almost \$50m in imports, which generated almost 1 500 jobs throughout the State. The majority of those opportunities in terms of that \$50m went to Queensland companies—Queensland industry. It provides a valuable service to assist those in major projects and procurement activities to consider the competitive capability of our own industry. In other words, that market intelligence that I guess filters through many of our programs is evidenced here in making business aware of what is available out there within Queensland itself and how they can actually tap into it. We provide grants for the ISO, and we will be providing a grant of \$700,000 again this year. That has been included in the Budget for that purpose.

In late 1993, my Department established the Import Replacement Unit, which is the other element within the Industry and Technology Division, not only to work more closely with those ISO programs—because they are important in their own right—but also to emphasise the importance of import replacement across programs and activities in my own Department.

The unit addresses imports in Government purchasing and looks at the strategic capability of Queensland's industry base to meet those supply gaps. So it looks at what we are doing in terms of purchasing and where we can actually fill those particular gaps. There are some examples there, but I think that deals with the two programs, namely, the ISO and that particular unit—both very important. Import replacement is just as important as growing our export business. The impacts are just the same in terms of employment growth.

**Mr BENNETT:** It is quite remarkable the number of jobs they create—about 30 jobs for every \$1m in import replacement.

**Mr ELDER:** Exactly.

**Ms POWER:** I would like to ask a question about the Industry and Technology Program. In particular, I refer to the Queensland Manufacturing Institute.

**Mr ELDER:** Something dear to your heart.

**Ms POWER:** A bit of personal interest. One of the key results outlined on page one of the 1992-93 DBIRD annual report was the establishment of the Queensland Manufacturing Institute. I was present at the institute, which is in my electorate, when it was officially opened by the Government late last year. Page 16 of the DBIRD Estimates statement refers to enhancements to the Queensland Manufacturing Institute, including for the regions. Could the Minister explain what is the institute? What does it do to assist business and industry? How does it support your Department's stated priority of fostering industry competitiveness through innovation, science and technology?

**Mr ELDER:** You are right. It is a dynamic program—and situated in what you would agree is a very dynamic growth area of Brisbane, of course, at Eight Mile Plains. It is a joint venture between my Department, TAFE Queensland, the CSIRO and the Queensland University of Technology. The institute itself pulls together some \$6m worth of public sector infrastructure, improving the efficiency of its utilisation and its access to industry. The important element of the rationale to establish the institute is based on improving the efficiency and effectiveness of Government services and resources—in other words, taking a whole-of-Government response in terms of that. As I said, it is strategically located at Eight Mile Plains and close to all those major road networks.

I guess it is an important part of what is needed in this State, that is, smart infrastructure. It focuses on assisting firms to improve products and processes through the development and application of new technology and manufacturing technology in particular. In the last 12 months, it has worked with over 100 different companies. It provides that important linkage between industry and the research community in particular with universities and the CSIRO. Access to and application of advanced technology by firms is listed as a weakness in our firms achieving international competitiveness. In other words, if it is not there and it is not being driven, then it is a weakness that we need to address. The problem was identified on a more global scale—an Australian scale—by Senator Cook.

In terms of the recognition of the work in establishing the QMI and actually ramping up Queensland business in terms of its use of new technology to meet that competitive drive—probably the best example would be Ken Porter, who chairs the task force that was built around this. He is the Managing Director of Whitco. He knows only too well the advantages of using this type of smart infrastructure. He used the stereo lithography unit that was down there, which is a moulding unit. Through the use of that new technology, he was able to win a \$4m contract in the hardware market in the US, which is a very tough market. By use of that

new technology that was available through that joint venture at QMI, he was able to access that market and do it quite well.

*Working Nation*, the Commonwealth White Paper, pointed out that if we were to grow as an economy and that if we were as an Australian economy to become world competitive, particularly our manufacturing sector—more particularly in this State—then we needed QMI-type smart infrastructure in place to be able to help drive that and to help give our companies that competitive edge. It is important that we grow and develop projects such as the QMI, and we have allocated money in this Budget to do it. We will be spending money in the Capital Works Program to enhance its presence and to have leverage more from the private sector in terms of the use of AMT technology. It works by having a place for their technology where companies can actually see it in action and then use it and diffuse it across into their own organisations.

**Ms POWER:** Also in the Industry and Technology Program, I refer to the information technology and telecommunications industry. How has DBIRD's expenditure on the Information Industries Board, referred to on page 11 of the departmental Estimates statement, assisted the development of the information technology and telecommunications industry, in particular to increase industry exports, to attract multinational firms to relocate to, or invest in, Queensland, and to assist small to medium firms in the industry to improve their business strategies and objectives?

**Mr ELDER:** And objectives?

**Ms POWER:** Yes.

**Mr ELDER:** This is another important area. I said that QMI was smart infrastructure at that end, but the IT industry end, the telecommunications industry, is another industry that needs to be delivered. We have actually done that development and built that industry in Queensland. In September 1993, the IIB, or the Information Industries Board, appointed an IT export manager to develop exports and import replacement activity within our local IT industry.

The Information Industry Board is developing a database of the capabilities of local companies as a marketing tool for the industry to be used in nexus with those overseas markets, and overseas markets generally. The IIB led a mission of 25 firms to the world's premier IT exhibition in Germany, which is another good example, in March this year and reportedly, from those firms, \$10m worth of export sales may be generated by that particular program.

The IIB is also developing exporting programs for local firms to address the enormous potential for these types of products and services in Indonesia. I mentioned that in the House the other day. What we have is a growing market on our doorstep that just needs to be accessed, and the program is aimed at researching the market trend, educating Queensland firms and then leading them on target business missions into Indonesia.

As I said, the IT industry is worth establishing and growing in its own right. It is important as an

enabling industry generally, if we are to link it with opportunities that are out there to build our managing and services sector.

The IIB has been successful, and very successful, as a Government project because what you have seen it do is, I guess, convince one of the largest IT brokerage firms, which is the Gartner Group, to locate its Asian operations, its Pacific regional headquarters here in Brisbane. We have also been able, through the IIB, to attract Telecom's largest division, which is its Consumer and Commercial Division, to relocate here. We are having, and the IIB is having, discussions with five multinational corporations now with regard to investment in either information or telecommunications technology in the State. Again, it is another area where we have dedicated NIES officers working in an outpost with the IIB to assist it in business improvement strategies—whether that be marketing or export business planning—and to assist it generally.

I guess, to finish the question, it is just continually focused on how we can maximise benefits in this industry and how we can actually grow this industry in this State, as I said to you before, not only for the benefit of the industry in its own right but, more importantly, as an enabling industry that enables us to grow a more broader and sophisticated economy in this State in areas of the services of the manufacturing sector.

**The CHAIRMAN:** I think that we have just about completed the Government members' block. There is only 30 seconds left. I propose a short adjournment for five minutes.

The Committee adjourned at 10.12 p.m.

The Committee resumed at 10.17 p.m.

**The CHAIRMAN:** The time remaining for questions is 47 minutes. Under the Sessional Orders, the time would normally be divided equally between Government and non-Government members. However, as the Government members have completed their questioning, the remaining time will be used for questions from non-Government members.

**Mr CONNOR:** This question could be answered on notice. We will save a great deal of time, and I am sure that we will finish on time. Could the Minister table the complete list of all grants that his Department partially or fully administers—including those where funds are supplied by other Government Departments, both State and Federal—the recipients, their names, but not the amount?

**Mr ELDER:** All grants and subsidies paid by the Department?

**Mr CONNOR:** Administered.

**Mr ELDER:** Administered by me?

**Mr CONNOR:** Yes.

**Mr ELDER:** QSBC, regional development—

**Mr CONNOR:** You can put it on notice.

**Mr ELDER:**—research and development grants, NIES consultancy subsidies, special purpose

boards, regional economic development grants, the Queensland Innovation Centre, the Queensland Enterprise Workshop, Government subsidies program to industry generally, industry organisations, industry and industry organisations regional project investments, cooperative research centres—any others? There are a couple of miscellaneous ones, but that is basically it in major terms. Do you want the amounts?

**Mr CONNOR:** I would like the names of the recipients without the amounts that each recipient has received. Again, I will take it on notice.

**Mr ELDER:** I am not going to provide you with that if they are NIES consultancy subsidies.

**Mr CONNOR:** You are not prepared to—

**Mr ELDER:** No, it is commercial-in-confidence. A lot of those grants are commercial, as I said to you before.

**Mr CONNOR:** I said that I did not want the amounts. I just want the names of the recipients.

**Mr ELDER:** That will be up to the companies as well. Some companies will not want amounts or names mentioned for one purpose or another. It depends on the agreements that we have with a number of them. I will just confirm that with Ron. We can provide names of the companies.

**Mr CONNOR:** Thank you, Minister.

**Mr ELDER:** Have you got a truck or a utility for that purpose?

**Mr CONNOR:** This is my minute, Minister. During the last 20-minute section, you spoke on import replacement and purchasing policy. I remind the Minister that late last year the Supreme Court found that the State Purchasing Policy was not subject to the Judicial Review Act; that it was purely a guideline and that the Government was not bound by it at all. A number of businesses have contacted my office complaining about that situation because of the size of Government business in their industry and the fact that they are forced to either move interstate or to at least consider moving interstate because of it. Many argue that it is open to favouritism and lacks accountability. With this lack of certainty, many small businesses simply do not tender and prefer to do their business interstate. What effect does the Minister believe that this will have on the ability of small businesses to do business with Government?

**Mr ELDER:** I think that is a question that you should direct to the Minister responsible for the State Purchasing Policy, Glen Milliner, tomorrow.

**Mr CONNOR:** I am referring this question to you because you answered questions before.

**Mr ELDER:** I heard the question, but it is more appropriate—

**Mr CONNOR:** Earlier you answered questions from Government members, and I am specifically asking it in relation to small business and how it will affect small business. As I said, I have had a number of complaints.

**Mr ELDER:** Let me—

**The CHAIRMAN:** Order! I think the Minister is saying that it is not in the Estimates. Is that correct, Minister? Is that what you are saying?

**Mr ELDER:** It is not in the Estimates of my Department because it falls within the province of the Administrative Services Department. I did not mention the State Purchasing Policy in that sense previously; I mentioned the Industrial Supplies Office, which does fit within the ambit of my responsibility. But I think it would be appropriate, if you want to ask that question, that you do so tomorrow.

**Mr CONNOR:** The QSBC is allocated funds in the Estimates to give advice to small business in relation to dealing with Government and so I have asked what advice you are giving to small business in relation to this.

**Mr ELDER:** What? The QSBC gives advice on the State Purchasing Policy?

**Mr CONNOR:** DBIRD and the QSBC give advice to small business in relation to dealing with Government.

**Mr ELDER:** Right.

**Mr CONNOR:** In particular, they give advice to small business on selling to Government. What we have is a problem in that the State Purchasing Policy will not stand up at law. It cannot be challenged. The Supreme Court has determined that. What advice are you giving small businesses if they do have a dispute in relation to that? How do they deal with it? You can take it on notice.

**Mr ELDER:** No, you do not have to do that. We are trying to reconcile the fact that it is a question that you should ask of the Minister in charge of Administrative Services because if there are disputes that come through either the Queensland Small Business Corporation or through my Department and if we are there to provide some sort of advice, then we tell them to take it up with the State Purchasing Council. The State Purchasing Council's activities relate to the Department of Administrative Services.

**The CHAIRMAN:** I think you have answered the question, Minister.

**Mr CONNOR:** Yes, he has. What is the future of the Queensland Small Business Corporation? Will it continue to be a Government operation or will this organisation in any way come under the control of another body?

**Mr ELDER:** Yes; no.

**Mr CONNOR:** Thank you, Minister. I further note that in the business section of last year's Budget Paper No. 3, the total of current grants and subsidies was estimated for the year 1993-94 to be \$5,957,000—which, I might add, includes grants to the Small Business Corporation. I note in this year's Budget Paper No. 3 that the estimated actual total of current grants and subsidies was only \$5,026,000, which represents a \$931,000 shortfall. This is almost \$1m less in expenditure in this area which, as I said, includes the Queensland Small Business Corporation. Why was there a shortfall in expenditure? In what areas did the shortfall occur?

**Mr ELDER:** It sounds like an underspend, but you might like to answer that, Bruce.

**Mr PENG:** The Queensland Small Business Corporation had a couple of new initiatives. One is called the Business Plus Scheme and the other one was the upgrading of the office's services. Both were underspent and there is a substantial carryover into the next financial year.

**Mr CONNOR:** Could you detail the amounts?

**Mr PENG:** Both together are \$850,000.

**Mr CONNOR:** And separately?

**Mr PENG:** Separately, the Business Plus Scheme was approximately \$654,000 underspent, and the other one was \$196,000.

**Mr CONNOR:** I bring to the Minister's attention page 99 of this year's Budget Paper No. 3 and, in particular, the second point of the Outlook for 1994-95, which states—

"Implementation of the recommendations of the Program Evaluation of the QSBC will provide positive benefits for small business clients."

Given that you have said that it is a Cabinet document, how exactly will the implementation of these recommendations affect the day-to-day running of the QSBC? How will those recommendations provide positive benefits for small business clients?

**Mr ELDER:** The three main changes, if we talk about it in those terms, is that, firstly, we have reduced the board from seven participants to five, which will give it a far tighter business focus. They are all small-business people and they are fairly regional in terms of their participation. We have one from Cairns, one from central Queensland, two from the Brisbane area and Ron Boyle, of course, the Director-General. I am tightening up the board to give it a far more strategic focus as a board. We will put in place a policy coordination group which will deal with the policy issues in relation to small business across departments. In other words, there will be far more coordination between the Department and the QSBC to give it a formal role to enhance that cooperative arrangement.

**Mr CONNOR:** So it will be an intermediary group or a liaison group?

**Mr ELDER:** It is informal. It is a group there that will be set up—

**Mr CONNOR:** Who will make up that group?

**Mr ELDER:** It will be made up, if I can recall, of the Director of Strategic Planning—

**Mr BOYLE:** It will be made up of the Director of Strategic Planning, the General Manager, and the Executive Officer or the person heading up the secretariat.

**Mr CONNOR:** What will their responsibility be?

**Mr ELDER:** It is another of those measures that came out of the evaluation. What they will be is a stand alone group that will provide a coordinated policy response. It is not going to be a group in the

QSBC. It is an informal group or a formal group, whichever one you may call it. You may look upon it as informal, but I look at it as formal in terms of the relationship between the Department and the QSBC. It will be a group that will be targeted at building a policy direction, but what I will also look to is having in place a small research unit within the QSBC.

**Mr CONNOR:** Is that one of the recommendations?

**Mr ELDER:** That is one of the changes, but it is not necessarily a recommendation. It is one of the changes that I am going to put in place. It will be a small research team that can assist in dealing with a lot of those small-business issues that come through on a day-to-day basis. But beyond that, any changes in the QSBC itself can be looked at by the new board. That will be the responsibility of the new board. I am giving them the charter to be able to look at the QSBC and take on board some of the recommendations out of that program evaluation so that, at the end of the day, we can work at having a fairly pro-active QSBC in the market place.

**Mr CONNOR:** On what basis were the members of the new board appointed? What were their qualifications, experience and backgrounds? What payments and allowances will they receive? You may wish to take this question on notice.

**Mr ELDER:** I will give you the names of the board members. The new chairman of the board is Andrew Stewart. The member from the north is one of the current members, Ronald Tong. The member from central Queensland, a new member of the board, is Robert Armstrong. Jenny Rixon, a current member, is continuing as a board member. Of course, Ron Boyle, as the Director-General of the Department—

**Mr CONNOR:** What about the details of payments?

**Mr ELDER:** The payment scales, on the current rates, are under category E1 of the remuneration schedule. The chairman receives \$210 per meeting and \$180 for special assignments. The members receive \$170 per meeting and \$150 for special assignments.

**Mr CONNOR:** Who appointed them, and how were they appointed? Who determined their selection criteria?

**Mr ELDER:** Cabinet appointed them. The criteria were judged in basically the same way as any criteria for board appointments—that is, their skills, expertise, knowledge of industry, regions and gender equity. All of those elements are important.

**Mr CONNOR:** Who did the vetting?

**Mr ELDER:** The Cabinet. The Cabinet appointed them. The Cabinet makes the decision in relation to the appointment of board members for approval by the Governor in Council.

**Mr CONNOR:** Who determined the short-list?

**Mr ELDER:** When you come to board memberships, you take submissions in relation to board memberships to Cabinet. Cabinet makes the determination.

**Mr CONNOR:** Did you make the recommendations on them?

**Mr ELDER:** Ministers make recommendations to Cabinet, but Cabinet makes the final decision on appointments.

**Mr CONNOR:** Thank you, Minister.

**Mr ELDER:** But you asked me who makes the decision. Cabinet makes the decision.

**Mr CONNOR:** Yes, I understand that. I again bring the Minister's attention to the current grants and subsidies line of page 98 of Budget Paper No. 3. It shows that the estimate for 1995 is \$6,728,000, or approximately a \$1.7m increase on last financial year. I ask: why is this increase required and where is it going?

**Mr ELDER:** I think Bruce answered that before.

**Mr PENG:** Part of that is that \$850,000 carry forward. That is the bulk of it. Then there are three or four smaller grants.

**Mr ELDER:** You asked that before.

**Mr CONNOR:** So the Business Plus Scheme money will extend over to next year?

**Mr PENG:** Yes.

**Mr ELDER:** You asked about the other business grants. The Peak Bodies Liaison Scheme was funded through there. The Management Skills Development Scheme and the Main Street Program are the other programs that you needed in answer to the question you asked previously.

**Mr CONNOR:** Again, this question can be taken on notice, if the Minister requires. I bring the Minister's attention to page 102 of Budget Paper No. 3, in particular to the section dealing with financial transactions of \$23,412,000 and capital outlays of \$15,493,000, and I ask: given that the Consolidated Fund is only a bit over \$12m and the estates maintenance is a bit over \$8m and that the Industrial Estates Construction Fund shows \$39,617,000, could the Minister detail the \$13m-plus financial actions? What were they made up of?

**Mr ELDER:** The financial transactions would have been payments. Is it \$13m?

**Mr CONNOR:** It is \$23m.

**Mr ELDER:** That has to be loan repayments.

**Mr PENG:** There is a one-off extra \$17,143,000 repayment to the QTC in addition to the normal \$13.7m per year.

**Mr CONNOR:** Why was that?

**Mr ELDER:** I told you before in relation to this issue earlier in the night that we are locked into a long-term debt arrangement at some 14 per cent or 15 per cent. Because we have been able to rid ourselves of some of those industrial estates that play no strategic advantage, we are endeavouring to meet loan repayments to meet that debt commitment earlier—

**Mr CONNOR:** Instead of building industrial estates?

**Mr ELDER:** No. We are doing both. If you look at the Capital Works Program, you would see that we

are doing both. You tell me where we are limited in terms of meeting both.

**Mr CONNOR:** As I explained in an earlier question, over a number of years you have made projections of the money that you would spend and have only spent a very small portion of that each year. As we see here, you are paying off an additional \$14m. The Industrial Estates Construction Fund had \$39m withdrawn. What was the actual return from the Industrial Estates Fund that year? That was what was taken out of the fund, I gather, to partially repay for the early retirement of debt. But what was the actual income from the industrial estates into the Industrial Estates Construction Fund for that year?

**Mr ELDER:** Bruce can find that out in a minute. I will correct your implication that, because we are trying to retire debt more quickly—particularly since we are stuck into a debt regime that came about because of the bad planning of the previous administration—for some reason we are doing that ahead of developing industrial estates in this State. The simple fact of the matter is that we have—and, again, I will repeat this—numerous industrial estates around this State that play no positive role in the provision of industry development at all. We will rid ourselves of those and retire debt and look at acquisition of strategic sites, as a responsible Government Department should, over the coming years.

Earlier, I gave to you the reasons for delays in part of the Capital Works Program. Whether you accept them or not, they are the legitimate reasons for the delays in the Capital Works Program. There has not been one area of this State ignored by this Department in the development of industrial estates. There is not one area in this State where we have not looked and planned for future activity that has been disadvantaged in any sense of the word by this Capital Works Program or previous capital works programs.

**Mr PENG:** At the end of this financial year, the construction fund will have a balance of about \$22.8m. Next year, we will receive \$20m from the anticipated sale of land. From the sale of land and building, we will receive another \$700,000. The total expenditure, including capital works for next year, is estimated to be \$39,617,000. After contributing towards that, we will still have a balance of \$3.97m

**Mr CONNOR:** What about the rents paid by the industrial estates?

**Mr PENG:** That goes into a different account.

**Mr CONNOR:** Is that the Estates Maintenance Fund?

**Mr PENG:** That is right.

**Mr CONNOR:** Could I ask what the balances will be?

**Mr PENG:** At the end of this financial year, the maintenance fund will have a balance of \$1.7m. Next year's receipts are estimated at \$8.2m. Will have expenditure of about \$8.3m, with a balance at the end of next year of \$1.6m.

**Mr CONNOR:** What will be the income?

**Mr PENG:** The income will be \$8.2m.

**Mr CONNOR:** The Minister is well aware of the complexities of the quality assurance scheme and the costs involved for small business. Has the Minister completed an inquiry or any other research relating to the cost to small business and the overall effect of quality assurance on small business? If so, will the Minister make the report available?

**Mr ELDER:** I think Geoff has been dying to answer a question, but I am not sure that he wants me to flick this one. So you want to know whether we have done any research in relation to quality assurance—

**Mr CONNOR:** And the cost and overall effect of quality assurance on small business.

**Mr ELDER:** We have ramped up the quality assurance program within the Department. We have established a Quality Development Unit. The State Government has some 8 000 regular suppliers and an additional 4 000 irregular suppliers. We spend about \$3.4 billion or \$3.5 billion per year on the purchasing of goods and services. We have tried to encourage companies to adopt the philosophy of achieving a zero defect acceptance level.

If you just have a one percentage level of defection, it costs Governments somewhere in the area of \$34m. In light of that, we are committed to the quality assurance area, and we have taken some fairly proactive stances in establishing working relationships with industry associations. We provide financial support for the development and delivery of training programs in that area. We have been driving this quality assurance area for some time. We realised that there had been gaps in the system—gaps in the system from the time that the previous Government was in administration. We have looked at what we could do to give clear directives to Government purchasing officers to give advantage to quality-assured suppliers, because that has an impact on business.

You are talking about the impact on small business. We have been looking at what we can do in terms of clear directives there and giving guidance on the types and how the weightings of advantages should be applied across-the-board in quality assurance. As I said, we have a Policy Development Unit in place that is working with all these organisations now to ramp up quality assurance and quality assurance procedures within companies. The organisations that we are currently working with to try and skill them up, to try and drag them up in terms of meeting the quality needs, are the Chamber of Commerce, the Metal Trades Association, the Public Relations Institute of Australia, the Electrical Contractors Association, the Institute of Management Consultants, the Master Plumbers Association, and a number of others that are there now that we were involved in formal discussions with to see how we can assist and train industry generally.

We have done a number of assessments with the business community generally and there have been a whole lot of working papers with business on the impact of quality policy. That is why there has been this response—the response to us getting out

and proactively working with them. Most of those would be informal arrangements that we develop with them, or informal discussions that we have had with them, or input from one to one or from any group-to-group activity. I do not even know if David could add anything.

**Mr CONNOR:** I am happy for Mr Cooke to go again for another three minutes.

**Mr ELDER:** Oh, you don't like it from me?

**Mr CONNOR:** He just looked fairly enthusiastic, that is all.

**Mr ELDER:** Maybe you would like to ask Mr Cooke whether he would like to add anything.

**Mr CONNOR:** Yes, please.

**Mr COOKE:** The major thrust of what we are intending here is aimed at the small-business sector to try to overcome some of those perceptions that we know are out in the marketplace about the perceived cost of implementing quality assurance. The main thrust really has been at introducing a number of seminars and courses that we run internally for the private sector and suppliers. We have already run about a thousand suppliers through those in the last six months. We have run through about 400 purchasing officers in Government because that is the other end of the equation, to make sure that they fully understand what the policy is and how to apply it correctly. We have implemented a 008 free-call number to this Quality Development Unit where people can make inquiries about and receive a response on quality assurance. As I said, we are working with the industry associations, multiplying our effort through the private sector.

For example, with the major peak bodies it involves subsidising the cost of them bringing in an in-house resource within their associations to advise their members and other non-members that fall within their sectors, and other different types of mechanisms with other industry associations. We want to work very closely with the private sector. In relation to those private sector organisations, one of the requirements that we make for the grant is that they develop cheap self-help courses around about the \$500 mark, and so on. We are very conscious of the small-business perception about it. We think that there have been probably some misconceptions, and to some extent the consulting fraternity have not done themselves or us a favour by saying to people that they need systems which are not really required.

**Mr ELDER:** In terms of support for those industry organisations that Geoff outlined, in the Budget this year is a grant of \$72,000 to both the Queensland Chamber of Commerce and Industry and the Metal Trades Industry Association to assist them to actually develop those training programs in the quality assurance area and to try to help them in the delivery of those services Statewide.

**Mr CONNOR:** In that it would seem that there is not a formal inquiry in relation to it, may I request from the Minister that he should consider it, that is, in relation to the actual cost to small business and the overall effect? I would also ask: has the Minister

considered a partial or full exemption for small business? If so, how would it work?

**Mr ELDER:** In terms of quality?

**Mr CONNOR:** Quality assurance, yes.

**Mr ELDER:** Geoff might like to add to the first part.

**Mr COOKE:** We are negotiating with the QUT chair in quality, which the Department also funds to undertake a longer-term study to try to gauge the impacts across approximately a three-year period. From the case studies that we have, we find that there is a higher cost of the investment in quality in the early years, but that starts to be recouped as the full benefits are undertaken. We have not finalised that yet. That will be the first study of its kind in Australia, if not the world.

**Mr ELDER:** The second part of the question was: am I considering—

**Mr CONNOR:** Full or partial exemption.

**Mr ELDER:** For small business?

**Mr CONNOR:** Yes.

**Mr ELDER:** What sort of business do you mean?

**Mr CONNOR:** This is where the inquiry would come in. What I am saying is: in dealing with Government departments a lot of very small businesses, retailers and the like, have this ludicrous situation where they are required to have a level of quality assurance which is totally impractical, and I am sure Mr Cooke would be fully conversant with that.

**Mr ELDER:** So is the Minister.

**Mr CONNOR:** Would the Minister like to answer that question?

**Mr ELDER:** Sure. You have to consider that in small business there is a significant diversity. Even some small businesses could be supplying to Government some fairly sophisticated equipment in one form or another. But if you are talking about—

**Mr CONNOR:** I am not talking about a blanket exemption.

**Mr ELDER:** Let me give you an example. If you are talking about, say, the bookshop or the newsagent that may supply books to the Charleville school library and because of the quality standards and the quality push that we have got in place—and rightly so, because if we are going to be world competitive then we need to be out there with the rest of the world in terms of this and you need to have Australian standards and ISO standards or those equivalents in the major marketplace—what we need is to have them in place, and that is what we are actually doing. Our work through those industry associations is working up informal-type arrangements that enable them to have simple documentation in place that does not cost them, to use the old cliché, an arm and a leg, and it meets the requirement of the various Government agencies.

**Mr CONNOR:** Will the Minister be releasing the Retail Shop Leases Act draft Bill? If so, when? What was the delay in releasing the draft Bill?

According to last year's Budget Papers, the amended Retail Shop Leases Act was expected to be presented to Parliament this financial year. Did the changes to the trading hours have anything to do with it?

**Mr ELDER:** No. You will have realised from my answers in the House and the forays in the House that if there is one thing that I have done on this Bill, because it does have a significant impact on the retail sector in Queensland, it is to consult continually with the various partners, that is, the Business Owners and Managers Association, the retailers—

**Mr CONNOR:** So it is only just problems with consultation that has caused—

**Mr ELDER:** Hang on. It is my three minutes. Consultation was had with those bodies. I did say that I would work through this process with them and get it right. I will not move ahead—

**Mr CONNOR:** How far off is it?

**Mr ELDER:** My three minutes! I will not move ahead with a Bill that is not going to meet market expectation nor market need. As you are aware, we have gone through that consultation process. The Bill is now being drafted by the Parliamentary Counsel. After that drafting is complete, I will again consult with the industry to ensure that there are no legal dilemmas for them. When that is complete, I will be bringing it to the Cabinet.

**Mr CONNOR:** When is that?

**Mr ELDER:** We are looking at this stage at July/August, somewhere around that period. A lot will depend on whether Parliamentary Counsel can finish that drafting for me.

**Mr CONNOR:** Again, this question could be taken on notice. Will you detail the number of staff you had in 1992-93, 1993-94 and also what you estimate it to be in 1994-95, detailing each salary package—no names—and the grades under which they are employed?

**Mr ELDER:** Yes, I can do that now.

**Mr CONNOR:** If you answer it on notice, we will get through this.

**Mr ELDER:** I think it is important that you ask the questions. If I have the information here, I do not want to bog down the Committee with a large amount of information that could be supplied now. I can give you 1993-94 figures and 1994-95 figures, because they are the appropriate figures in relation to staff. If you are talking staff profile, there are 365 staff in DBIRD—

**Mr CONNOR:** No, I was only after the ministerial officers.

**Mr ELDER:** Sorry, was that the ministerial office? You do not want the department?

**Mr CONNOR:** No.

**Mr ELDER:** That is easy—10.

**Mr CONNOR:** I did ask for ministerial staff.

**Mr ELDER:** My apologies. You had me talking about the Department and you tracked back to ministerial. The answer is 10.

**Mr CONNOR:** That is both 1993-94 and 1994-95?

**Mr ELDER:** There have been 10 in my ministerial office since I have been there.

**Mr CONNOR:** Salary packages and grades?

**Mr ELDER:** I can send you their work description, but salary packages and the like are my prerogative in terms of employment as a Minister. I can give you their total salaries, and I can give you that now, actually. Wages and salaries in 1992-93 were \$451,619; in 1993-94 they were \$484,950; and in 1994-95 they will be \$489,183.

**Mr CONNOR:** What was the total travel allowance paid to DBIRD staff in 1939-94, and what is budget projected for 1994-95?

**Mr ELDER:** Travel for DBIRD staff?

**Mr CONNOR:** Yes. You can provide that on notice.

**Mr ELDER:** No, I have it here. You are looking at travel—

**Mr CONNOR:** Yes.

**Mr ELDER:**—or travel allowance? What are you asking for?

**Mr CONNOR:** Travel allowance—both if you have it.

**Mr ELDER:** Both?

**Mr CONNOR:** Both will do. Whatever figure you have there—to save time.

**Mr ELDER:** You want to know what we spent on travel?

**Mr CONNOR:** And travel allowance, if you have both there.

**Mr ELDER:** We spent \$963,000 on domestic airfares and \$137,000 on overseas. That includes meals and accommodation.

**Mr CONNOR:** How many DBIRD cars were home garaged in 1993-94 and how many are budgeted for home garage in 1994-95?

**Mr ELDER:** Do you want to know how many cars I have as well?

**Mr CONNOR:** No.

**Mr ELDER:** I have it here if you would like it. There are 63 vehicles in the fleet—35 are Brisbane-based, 28 are regional and 12 are allocated to SES or contract officers. All Brisbane vehicles except three are taken home by officers who have after-hours requirements on a regular basis. The other three are retained for ad hoc and operational requirements, and all regional vehicles are home garaged for security.

**Mr CONNOR:** What was the total value of all DBIRD contracts with individuals valued at more than \$50,000 in 1993-94?

**Mr ELDER:** Sorry?

**Mr CONNOR:** What was the total value of all DBIRD contracts with individuals—

**Mr ELDER:** What, consultants?

**Mr CONNOR:** Exactly. You can provide that on notice, if you wish.

**Mr ELDER:** We might even have that here for you, too. Over—

**Mr CONNOR:** \$50,000.

**Mr ELDER:** How many in 1993-94—is that what you are looking for?

**Mr CONNOR:** Yes.

**Mr ELDER:** Six.

**Mr CONNOR:** How much was spent on overtime in 1993-94 and how much overtime is allocated for 1994-95? That can be provided on notice.

**Mr ELDER:** We do not have that here. We will provide it on notice. We do not work a lot of overtime; we just do it, as they will all tell you, for the common good.

**Mr CONNOR:** What was the total number of staff employed on contract in 1993-94 and to be employed on contract in 1994-95?

**Mr ELDER:** There are 356 staff in DBIRD in total, including part-time, temporary, trainees and secondees. There are 263 full-time permanent staff. There are 61 temporary full-time staff. There are 15 temporary part-time staff. There are 20 part-time staff. There are nine staff at the senior executive level in the service.

**Mr CONNOR:** They are on contract? Are they the only ones on contract?

**Mr ELDER:** Only the nine at SES.

**Mr CONNOR:** Are they staff equivalents or real people?

**Mr ELDER:** Bodies.

**Mr CONNOR:** What was the total cost of employment packages for Senior Executive Service members employed by DBIRD in 1993-94 and forecast for 1994-95?

**Mr ELDER:** For SES profiles—that is, those with contracts—the total annual remuneration package was \$711,405. Do you want to know how it is made up?

**Mr CONNOR:** No. That is for 1993-94?

**Mr ELDER:** Yes.

**Mr CONNOR:** Projected for 1994-95?

**Mr ELDER:** That will not change much. They are all on contracts. It will depend on CPI increases, whatever that might be, and whether they have a benevolent Minister. We have enterprise bargaining ahead of us, but that does not apply to those people.

**Mr CONNOR:** What was the cost of engaging private legal practitioners by DBIRD in 1993-94 and budgeted for 1994-95?

**Mr ELDER:** We will provide that on notice.

**Mr CONNOR:** How many workers' compensation claims were received in 1993-94 by DBIRD?

**Mr ELDER:** On notice.

**Mr CONNOR:** How many workers' compensation claims were settled in 1993-94 by DBIRD? On notice?

**Mr ELDER:** Pass.

**Mr CONNOR:** How many workers' compensation claims were lodged on stress-related grounds in 1993-94 by DBIRD employees? On notice?

**Mr ELDER:** I doubt we would have any. There would be none. There might be a few after this evening, but they will be only from those sitting behind me.

**Mr CONNOR:** How many employees on workers' compensation had their employment terminated in 1993-94 by DBIRD?

**Mr ELDER:** None.

**Mr CONNOR:** In the course of 1993-94, how many departmental cars were assigned to the Minister's office, for what period and at what total cost? How many departmental cars had private number plates? On notice?

**Mr ELDER:** No. Three are assigned to the Minister's office. I will find the operating costs for you. You want to know the operating costs of the ministerial car fleet—is that what you are looking for?

**Mr CONNOR:** Basically, yes.

**Mr ELDER:** Three cars, plus whatever costs. You wanted that information only for the ministerial fleet and not the whole department?

**Mr CONNOR:** That is the next question.

**Mr ELDER:** There is only one. The other two are "QG" cars.

**Mr CONNOR:** The next question relates to the departmental cars. I would like the same data.

**Mr ELDER:** Answer that, Ron.

**Mr BOYLE:** There are 63 vehicles overall. The number of private-plated cars is 14, of which nine are SES and three are specific contracts.

**Mr CONNOR:** Many of these questions have been already asked by the Government members.

**Mr ELDER:** Would you like us to give you a list of vehicles?

**Mr CONNOR:** On notice, I would.

**Mr ELDER:** I can give them to you now.

**Mr CONNOR:** No.

**Mr ELDER:** I can give you the whole folder, if you like.

**Mr CONNOR:** In recent years, a whole-of-Government approach in regionalisation has directly influenced the development of public policy. Given this, what strategic plan has DBIRD put in place incorporating the development of small business in Queensland which takes into account these factors? This is a secretariat question. I thought I had better get at least one of them in.

**Mr ELDER:** What strategic plans have we put in place? What is it?

**Mr CONNOR:** It is a secretariat's question.

**Mr ELDER:** DBIRD's strategic plan focuses on promoting the growth, diversification and competitiveness of all business throughout Queensland. The strong emphasis on small business is intrinsic, for this sector accounts for approximately 95 per cent of all business in the State. Key strategies in DBIRD's strategic plan reflect a strong commitment to facilitating investment, developing and improving the overall operating environment for business, as you would appreciate. To facilitate this, DBIRD and the QSBC have established a network of regional offices which provide various forms of assistance to business, and these include the administration of the BARA Scheme, or the Business Advice to Rural Areas Scheme, at some 11 locations right throughout the State.

How will the Department reconcile the two developments? Well, we have developed an integrated regional development strategy for Queensland; it is a priority within our strategic plan. The development of the strategy is being undertaken by a team centred on the regional economic development branch and drawing on its input from all areas of the portfolio, but, in particular, from the regional offices network. It was recognised at the outset that coordination and collaboration of the other State and Commonwealth Departments—and you would appreciate just what is needed in terms of that collaboration—would be important, I guess, at the end of the day to the successful implementation of the strategy, more so now with the regional initiatives of the Federal Government.

Similarly, the facilitation of major investments in Queensland through the MPIS, or the Major Projects Incentive Scheme, has relied on cooperation with regulatory agencies that provide approvals for projects—this is another element. These agencies include local authority approvals and, again, the Department's regional presence is instrumental in being able to facilitate that. I suppose the challenge for us is how we work with the Federal Government in the coming years to look at how we can interface and integrate the programs and policies of this Department with their particular initiatives. How that will impact is yet to be determined.

We need to work fairly closely with the Federal Government in terms of its response to regional development through the Working Nation statement. I can say that my Director, Grahame Baker, and John Hine and I have worked tirelessly at endeavouring to develop a policy that builds on providing that growth and strength that is needed not only in the regional economies but in the regional businesses, and we will work continually to, at the end of the day, maximise what we can in terms of a cooperative arrangement from the Commonwealth, but that is an ongoing exercise.

**Mr CONNOR:** In the year 1994-95, regional and project development—page 103—will experience a 34 per cent cut in staffing levels. Will services be affected as a result of these cuts? What will happen to the staff? Will they be redeployed within your Department or made redundant? Note again, another secretariat question with an add-on from myself.

**Mr ELDER:** You are looking at estimated full-time equivalents from 93 to 87?

**Mr CONNOR:** The 34 per cent cut in staffing levels according to the secretariat.

**Mr ELDER:** I am not sure how it is factually based. I mean, regional and project development, salaries, wages related payments for 1993-94, that is the estimated actuals, will be \$3,750,000. You said 34 per cent, and that is what I am trying to work out. From 93 to 87 is not 34 per cent.

**Mr CONNOR:** Just put it on notice, if you could. That is the last question.

**Mr ELDER:** But that is not 34 per cent.

**Mr CONNOR:** Whatever the percentage might be, if you could just reply on notice.

**Mr ELDER:** I will say from my looking that the numbers are around 6 per cent and it is probably because part-time future search coordinators have been moved from those programs and are now probably employees of regional development organisations. It is just not factually based.

**The CHAIRMAN:** The time allotted for consideration of the Estimates of expenditure for the Department of Business, Industry and Regional Development has now expired. I wish to thank the Minister and all his departmental staff for their cooperation and their assistance this evening in responding to a wide-ranging number of inquiries. Although this hearing is now completed, the Committee has not finished its work. It will meet on Tuesday, 21 June at 10 a.m. to consider a draft report and a report will be presented to the Parliament on Thursday, 23 June. In closing, I would like to particularly thank my parliamentary colleagues on the Committee for their assistance today; it has been a very long day. I also want to place on record our particular thanks to Michelle Cornwell and our other research officer Pat Turner, who has been keeping a close eye on the time. I want to particularly thank those people for their assistance. Minister, did you want to say something in closing?

**Mr ELDER:** If I can, I do have an answer now to one of the questions that was raised in relation to advertising Budgets that I will table for the Committee's use. Can I just in passing thank the Committee for a very enlightening and enjoyable evening and I am sure that my presence would not have been missed at Mal's table, although I will say that this was probably a little bit more brisk in terms of the exchange that may well have gone on at that table. Can I just thank my staff, and particularly those who have come along this evening, for the work that they have done in contributing to what I think is an historic exercise. I thank all of them for that. I just say to the General Manager of the QSBC, David, three hours and no questions, I am sorry.

**Mr CONNOR:** On behalf of the non-Government members, I would like to thank all of the research staff and the other members of the Committee and especially I would like to thank the Minister and his staff for being very cooperative and very illuminating. I do appreciate it, thank you.

**The CHAIRMAN:** That concludes the Committee's consideration of matters referred to it by the Parliament on 28 April 1994. I now declare this public hearing closed.

The Committee closed at 11.09 p.m.